

ISSUES & IDEAS

Growing productivity starts at birth

Increasing Canada Learning Bond enrolment will create a brighter future for our children and our country

BY MARTIN CONNELL
AND ROGER MARTIN

Now that our children are back at school, we are reminded that our investments in their education today will have a big effect on their — and Canada's — future prosperity. If we want higher living standards for everyone, we need more of our youth graduating from university or college.

Post-secondary education is one of the most effective antidotes to poverty and the attendant social costs. Workers who are more educated are more productive and more innovative. They earn more money and pay more taxes. Indeed, the days of securing a well-paying job with a high-school diploma are over.

We're encouraged by Canada's rising post-secondary enrolment. However, even with the various types of assistance available — such as loans, debt forgiveness and tax credits — the gap continues to grow between those who can afford higher education and those who can't.

Among students with an A+ high school average, there is a 10-per-cent gap in university participation between high- and low-income groups.

Most of this stems from the persistently lower rate of university applications by low-income students; their actual acceptance rates match higher income counterparts.

We all lose when individual Canadians fall short of their skills potential, and we're shortchanging our prosperity as a result. Nor can the economic return on investment from educating young people be matched by educating adults later in life.

The rising cost of post-secondary education is a very real deterrent to applications from low-income youth, with students from low-income families stuck in a vicious circle: Student-aid funding is only available after a student has been accepted to university or college, but many don't apply because they fear the costs and underestimate the benefits. The result is wasted human potential.



REUBEN MUNOZ ILLUSTRATION

In order for Canada to remain competitive, we must raise the educational aspirations and expectations of low-income youth. Helping them save for education from a young age can do that.

Research suggests that children as young as 11 will increase the effort they put into their school work if they think higher education is financially possible. Youth with savings for education are 50-per-cent more likely to pursue it. Low-income children with as little as \$3,000 in savings are more likely to graduate from high school. Savings bolster confidence, changing the question from "Should I go?" to "What should I study?"

The resources needed to achieve this outcome already exist, but they are not reaching a large proportion of

those who could benefit. The Canada Learning Bond is a federal program that contributes up to \$2,000 to registered education savings accounts (RESPs) for low-income children. It is available to any child born since 2004 whose family's net income is below \$40,000. Although no family contribution is required, more than 90 per cent of families who secure the bond find ways to contribute more to the RESP — on average, more money than the bond itself. This seems surprising given eligible parents' incomes, but is quite understandable given the priority parents place on higher education for their children.

And yet, only one in five children eligible for the bond is benefiting from it. More than a million eligible Canadian children don't receive the

benefit because their parents don't know about the bond or how to start an RESP.

It is a lack of promotion and general red tape that limit the spread of the program, not a lack of need or interest. That's why the Omega Foundation, through its SmartSAVER program, is exploring ways to improve Canada Learning Bond enrolment.

Each child motivated by the bond to pursue university will earn on average over \$800,000 more throughout a working life than someone who ends their education with a high-school diploma. A third of this extra income will go right back into government coffers in the form of higher income taxes. That's a very solid return on a \$2,000 investment — and it doesn't even count the avoided costs of social supports for those left behind or the greater productivity and innovation from the Canadian businesses that will employ them.

This kind of return is too significant to be left to chance. Enrolment in the bond should be automatic and should cover all eligible children. The federal government could combine enrolment with other tax credits or benefits. Provinces should hasten to enrol eligible children as, at even moderate levels of increased post-secondary participation, they would realize billions of dollars in long-term economic benefits and tax revenues at no cost to their treasuries.

Just as a farmer plants in springtime for a summer harvest, Canadians must plant the seeds of higher education to grow a more productive workforce. Starting education savings for low-income children is an investment that will help drive Canada's future prosperity. Increasing productivity starts at birth. It starts with the Canada Learning Bond.

Martin Connell is the chairman of the Omega Foundation, a Canadian charity that develops and supports initiatives that promote financial self-sufficiency through microfinance and enhancing the savings capacity and financial literacy of low-income families. Roger Martin is dean of the Rotman School of Management at the University of Toronto.

She saved Reagan, but Lady Luck won't come to Obama's rescue

DAN GARDNER



In conventional political classification, Barack Obama and Ronald Reagan are in quite different categories. But still there are remarkable parallels between the two.

Both Obama and Reagan first campaigned for the presidency in dark times. Both were inspirational speakers. Both entered office on a wave of enthusiasm. Both saw their popularity plummet when the economy slumped and unemployment soared.

Both were condemned for being indecisive and ineffective. And both were dismissed by pundits as hopeless one-termers doomed to join Jimmy Carter on the list of failed presidents.

Right now, Obama's approval rating is at 42 per cent, according to Gallup. At the same point in Reagan's presidency, his rating was 47 per cent.

In Republican lore, Carter's loss to Reagan in the 1980 election was all but inevitable. Carter was hopeless. Stagflation was strangling the American economy and the liberal Democrat, with his Big Government ideas, had no clue what to do about it. Unlike Reagan.

To get control of inflation, Reagan's chairman of the federal reserve, Paul Volcker, raised interest rates to punishing levels. The economy suffered. But this was essential medicine. And it worked. By 1983, inflation was beaten. The Federal Reserve then let interest rates fall. The new inflation-free environment, in combination with Reagan's legendary tax cuts, created an unprecedented economic boom.

What is seldom mentioned in this little tale is that years earlier, the man whose theoretical work lay behind Reagan's approach — Milton Friedman — had convinced Carter of the need to tackle inflation and how to do it. Carter made Volcker fed chairman in 1979.

And it was during the Carter administration that Volcker began his war on inflation — which is one reason why the economy was weak in 1980 and Carter became a one-term president. It's also been forgotten that many Reagan administration officials wanted the president to fire Volcker because of the damage his policy was doing to the economy and Reagan's approval rating. To Reagan's eternal credit, he refused.

But at least in part, Reagan was lucky. He inherited the right policy. And the economy rebounded rapidly at exactly the moment he needed it to — the year before he sought re-election.

Barack Obama is not lucky. Kenneth Rogoff, professor of economics at Harvard University, argues that the recession of 2008-09, and the next dip (if there is one), is an economic retraction caused by the implosion of a financial bubble. That's the sort of thing that may happen only once in a lifetime. And it's nastier than any ordinary recession, however severe.

Working with economist Carmen Reinhart, Rogoff analyzed centuries of data from fiscal crises in 66 countries. The result was the book *This Time Is Different*, which was published amid the turmoil of 2009.

Reinhart and Rogoff showed that following a severe financial crisis, it typically takes the economy four years just to get back to where it was before the catastrophe. Based on that work, Rogoff said early in the crisis that the end of the recession would be followed by years of very weak growth in the United States and elsewhere. That and much else has played out as Rogoff expected.

If Rogoff is right, there is essentially no hope of a swift economic rebound like the one that lifted Ronald Reagan from ignominy to glory. And without that, there will be no landslide re-election for Barack Obama (although squeaking back into office is still possible given the weakness of the Republican alternatives).

Rogoff's analysis also suggests that those who condemn Obama for the continued malaise in the United States are being very unfair.

Responsibility for the current state of the American economy lies with the presidents — mostly Clinton and Bush — who allowed the financial system to become a catastrophe waiting to happen. The malaise that followed was something no president could avoid: There was literally nothing Obama could have done to restore strong economic growth in his first term.

Postmedia News

Baby boomers: The next arthritis generation

BY JOHN ESDAILE
AND CHERYL KOEHN

The *Vancouver Sun's* series "The New Age-ing" neatly occurred during national arthritis month. Possibly the biggest challenge facing British Columbians as the senior population soars over the next 20 years will be the growing rate of arthritis.

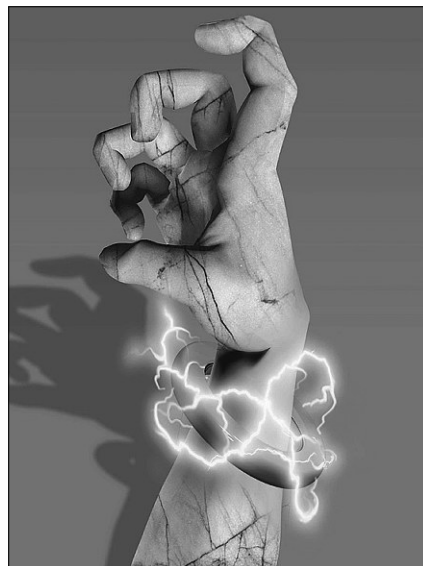
As co-leaders of the National Arthritis Awareness Program, Vancouver-based Arthritis Consumer Experts (ACE) and the Arthritis Research Centre (ARC) have met primary care physicians, pharmacists and media educators who are seeing a growing number of aging baby-boom Canadians who are coming to their clinics with questions about arthritis.

Indeed, baby boomers everywhere are just starting to approach what they thought they never would: old age. An increasing number of people born between 1946 and 1965 will be eligible for senior citizen discounts at restaurants and movies and on public transit. And many have sore, creaky joints, the ultimate badge of aging. They also account for 80 per cent of health care product purchasing. This demographic is also not fond of old stereotypes associated with aging.

In British Columbia, baby boomers account for nearly one-third of our population. If this large group intends to keep up their healthy lifestyles and youthful attitudes, then they need to immediately take steps toward early diagnosis and prevention of arthritis.

At the primary care conference, we met Leonard Wolf, a family physician from Kamloops, who at 49 is at the younger end of the baby boom spectrum. When playing with his dogs or his two school-aged boys, he seemed younger still. But even at his age, he was no stranger to the pain of arthritis; he has severe bursitis in each elbow. And thanks to an incredible list of rugby and skiing injuries from his high school and university days, it may only be a matter of time before osteoarthritis creeps into his knees. "I am very concerned I won't be able to do the things I want when I retire," Wolf said.

Scientific experts at ARC say he is justified in his concern, since knee



RICK NEASE ILLUSTRATION

injuries are the most common type incurred in sport and a single knee trauma sustained before age 18 triples the chance of getting osteoarthritis later in life.

People in Wolf's generation are putting a new face on arthritis. According to a report from the Public Health Agency of Canada, aging baby boomers are at the centre of a growing epidemic. Today, more than 4.2 million Canadians (16 per cent) aged 15 years and older reported that they had arthritis. With the aging population, this number is expected to increase to approximately seven million (20 per cent) in 2031.

If Wolf ever does need a cane, he'll have plenty of company.

Dr. Linda Li, research scientist at ARC and a Vancouver-based physical therapist, points out an encouraging trend is that many boomers, like Wolf, have sustained interest and participation in high-level sport over the whole length of their lives; other baby boomers are re-engaging in competitive physical activity as they get older, after having "outgrown" sport in their mid-20s. Part of the reason this is happening, suggests Li, is that boomers see it as "an opportunity to reclaim an identity that they had many years ago."

Like Wolf, most baby boomers aren't ready to take their advancing age lying down. Instead, they're running and

swimming and shooting jump shots. Clearly, today's boomers are much more active than previous generations. And that's part of the problem.

In short, baby boomers may be asking too much of their joints. All of that running, jumping and pounding can easily damage tendons, cartilage or bone. According to ARC, such injuries often lead to arthritis years down the road. If a person already has arthritis, those sprains, tears and breaks will only add to the pain.

Even if you aren't an athlete, your joints may suffer from normal wear and tear. According to the most recent data from Statistics Canada, about 23,000 hip replacements and 38,400 knee replacements were done in 2006-07 and that number is expected to grow. Osteoarthritis was the most common diagnosis among hip replacement patients, 29.5 per cent, and knee replacement patients, 40 per cent. ARC research suggests that B.C. will spend more than \$250 million a year in 2010 dollars on joint replacement by 2020.

The good news is that with joint replacement surgery, many people with severe arthritis can still lead an active life.

Arthritis experts agree: baby boomers are redefining what it means to age. "The traditional stereotype is that you should slow down, rest and, for the sake of your body, don't do competitive sport," Li explained. If boomers are up for the challenge, "this trend may actually change social norms for what we expect is possible for people as they get older."

That is, baby boomers will be the most physically active senior generation we have ever seen. What's important in terms of arthritis prevention for aging athletes and fitness enthusiasts is to remember that medical attention and rehabilitation after injury is also crucial to preventing arthritis types such as osteoarthritis, which affects one out of every 10 Canadians.

Such numbers should sound a warning to boomers everywhere. Arthritis or not, now is the time to start taking care of their joints. Wolf told ACE at the Primary Care Conference that he plans to trim down his rugby-player physique, a step that would take some

of the strain off his knees, hips and ankles.

Most of all, he intends to keep moving — sensibly. Whether it's a brisk walk with the dogs or a bike ride with his boys, regular exercise will keep his joints functioning for as long as possible. With these types of regular physical activity, muscles become stronger, better supporting weight-bearing joints and minimizing pain and stiffness.

Experts at ARC offer the following tips to help baby boomers avoid injuries that increase the risk of arthritis:

- Before engaging in vigorous exercise, take the time to warm up for three to five minutes with a walk, slow jog or stationary bike ride, and then move your joints through their full range of motion and stretch major muscles, such as hamstrings, quadriceps and those of the upper body.

- Avoid the "weekend warrior" syndrome. Instead of pushing yourself to the limit two days a week, try to get at least 30 minutes of moderate exercise every day.

- Use the 10-per-cent rule. If you want to boost your activity level (a noble goal), do it just 10 per cent at a time. If you normally jog one mile a day, next try going 1.1 miles, not four.

- Invest in good equipment — and yourself. Good shoes and other gear often make the difference between a healthy workout and an injury. If you're taking up a new sport — tennis, for example — consider taking a class to learn the proper techniques to avoid injury.

Leonard Wolf isn't willing to just wait for arthritis. He sees his physician regularly and is ready to do anything it takes to protect his joints. In the future, that very same doctor will likely have to help Wolf manage pain and stiffness in his knees and ankles.

Despite the potential pain in his future, Wolf doesn't regret all of those rugby games in his past. "Sports taught me a lot about teamwork," he said. Teamwork got him into this situation, and it will help get him out.

John Esdaile is professor of medicine at the University of British Columbia and scientific director of the Arthritis Research Centre of Canada. Cheryl Koehn is president and founder of Arthritis Consumer Experts.

COMMENTARY

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