What does the middle class want?

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What they don’t want today...
...and yesterday

"Looks like it's going to cost more than ever to learn to be unemployed."
How is the middle class doing?
Historically, pretty well...

- Median net worth $243,800 in 2012, up 44.5% from 2005 and 80% from 1999

- Real hourly wages increased by 14% between 1981 and 2011 (in 2010 dollars)
  Wage Growth over the Past 30 Years: Changing Wages by Age and Education, René Morissette, Garnett Picot, Yuqian Lu, Statistics Canada, 2013-05-02

- We’re #1! Canada’s middle class outpaces the US, according to Luxembourg Income Study Database
But taxes take a big bite...

1961: average income $5000, 34% taxes vs. 57% for food, shelter and clothing

2013: average income $78,000, 42% taxes vs. 36% for food, shelter and clothing

The Canadian Consumer Tax Index, Charles Lammam and Milagros Palacios, Fraser Institute, August 12, 2014
...and debt is sky-high

- 2013 average household net worth $442,000, up 8% over 2012, composed of $564,000 in assets minus $122,000 in debts

Wealthscape 2013, Environics Analytics
So how does the middle class *think* it’s doing?

- Perception of stagnation, decline and fear for future – 74% say the middle class is falling backwards

Frank Graves presentation, EKOS research, August 18 2014
Fear of losing jobs as manufacturing sector erodes, their kids not finding jobs, foreign workers competing
The middle-class dream is becoming less affordable and slipping away
But it’s not just one “middle class”

Canadians self-identify as:

- 5% lower-class
- 19% lower-middle class (70% < $30K)
- 56% middle class (even distribution from $30 - $100K)
- 18% upper-middle class (42% > $100K)
- 1% upper class

Focus Canada 2012, Environics
And within those groups, there are differences...

- Old / young / in-between
- BC / Prairies / Central Canada / Quebec / Atlantic
- Urban / suburban / exurban / rural
- Unionized / non-unionized
- Professional / skilled trade
- Immigrant / native born
- Kids / no kids
What do they want?
Depends who you’re asking….

- The same / better life than their parents
- The same / better life for their children
- Improved work / life balance
- Affordable child care choices
- Help caring for elderly parents
- Job security
- Retirement security
But they have some things in common

- Anxiety over the future
- Desire for security
- Dislike of the time crunch
- Sense of playing by the rules, but not getting ahead
How does this play out politically?

- Ontario election 2014: we want a better life but we don’t want to trade security for it
- Federal election 2015: each party talking to its own middle class
- Fear factor looms large
- Middle class is the new “catch-all”
- Liberals stand to benefit most from this rhetoric
What should policy makers do?

- Recognize there are different subsets of middle class, with different needs and priorities
- Respect the fear factor but give it a reality check
- Try and minimize unintended consequences of policies that seek to help
- Seek common ground and goals where possible so policies don’t work against each other
Someday they’ll be happy again…