

Canada 150: The End of Progress?

By FRANK GRAVES

Presentation to the Queen's Policy Review

April 27, 2017



EXOS



- 1) The End of Progress?**
- 2) The Meaning of Middle Class**
- 3) Causes of Middle Class Decline**
- 4) Values and Identity**
- 5) Conclusions**

A troubling syllogism?

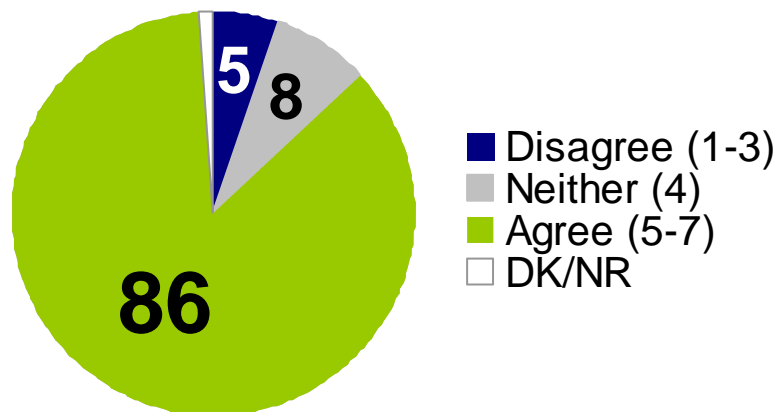
Proposition 1: **IF** a healthy society and a strong economy require a growing, optimistic middle class

Proposition 2: **AND IF** the middle class is *neither* growing nor optimistic

Implication: **THEN** societal health and economic progress will be in peril if these negative conditions persist

Q. Please rate the extent to which you agree or disagree with the following statement:

“A growing and optimistic middle class is an essential component of societal progress”



Q. Overall, which of the following choices do you believe best describes Canada's middle class?

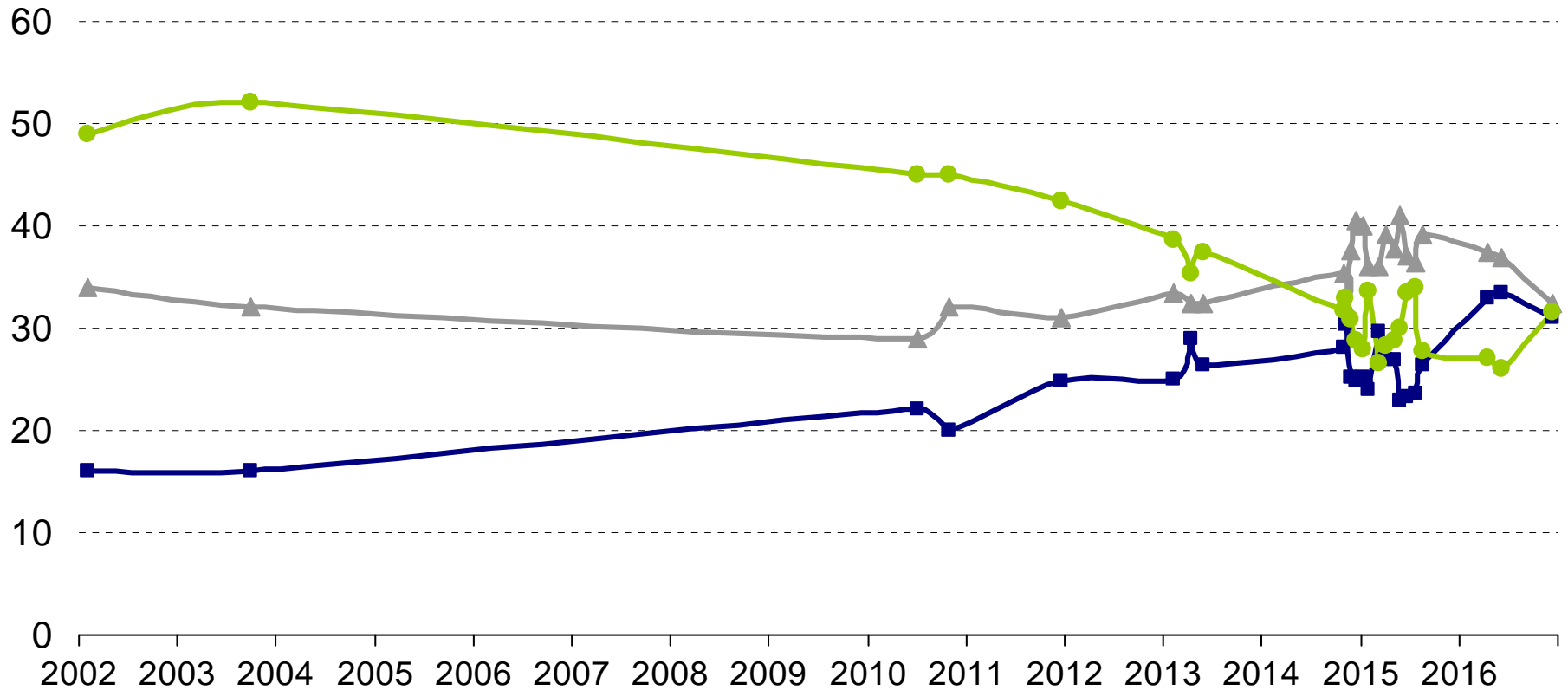


BASE (left): December 7-10, 2015 (n=1,811), MOE +/- 2.3%, 19 times out of 20

BASE (right): Canadians; July 16-23, 2014 (n=2,620), MOE +/- 1.9%, 19 times out of 20

Medium-term financial outlook

Q. Thinking ahead over the FIVE YEARS or so, do you think your personal financial situation will be better or worse than it is today?



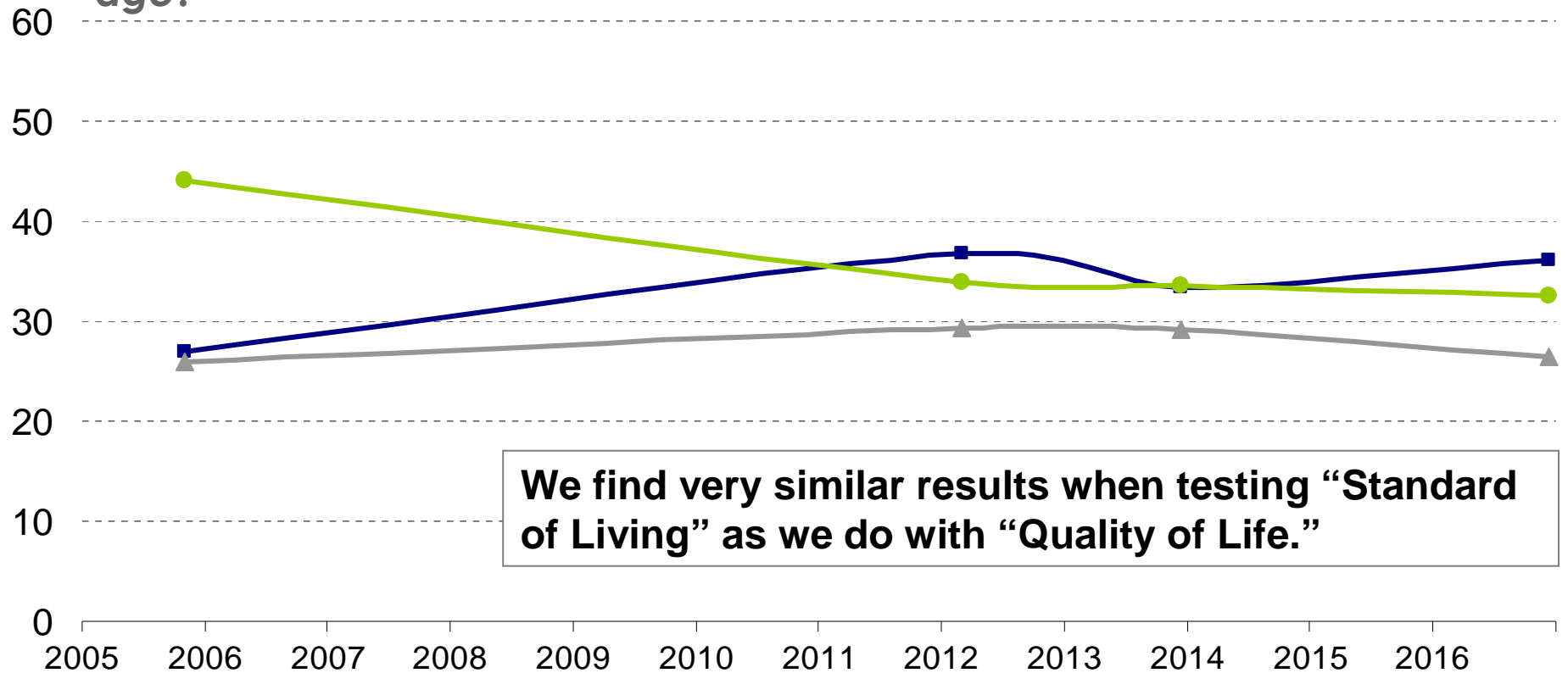
■ Worse (1-3)

▲ The Same (4)

● Better (5-7)

Changes in quality of life over last 25 years

Q. Thinking about your overall quality of life, would you say that you are better off, worse off, or about the same as the previous generation was 25 years ago?



We find very similar results when testing “Standard of Living” as we do with “Quality of Life.”



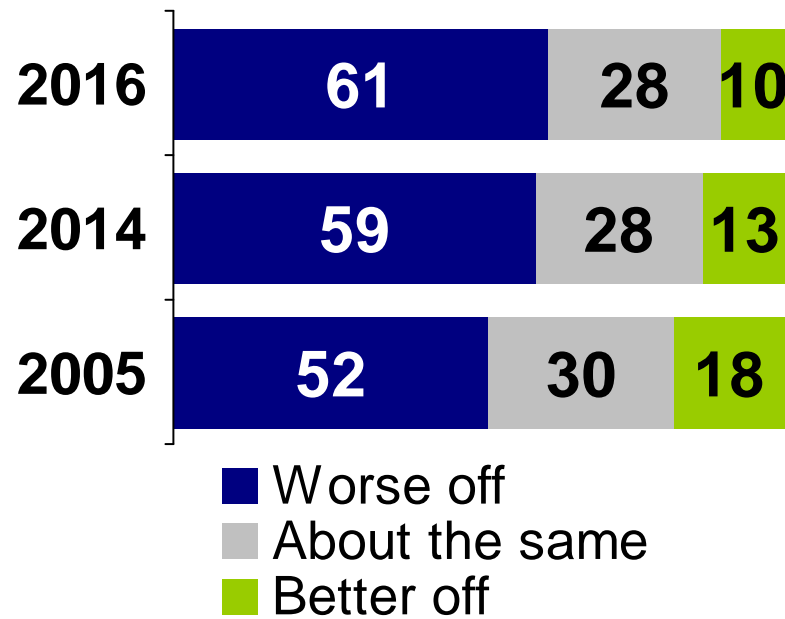
■ Worse off
▲ About the same
● Better off

Generational outlook & social class

- » Fears are highest when turned to the future
- » The grey outlook on the present turns almost black as the public ponder the fate of future generations
- » It appears that we have at least temporarily reached the end of progress, the defining achievement of liberal capitalism

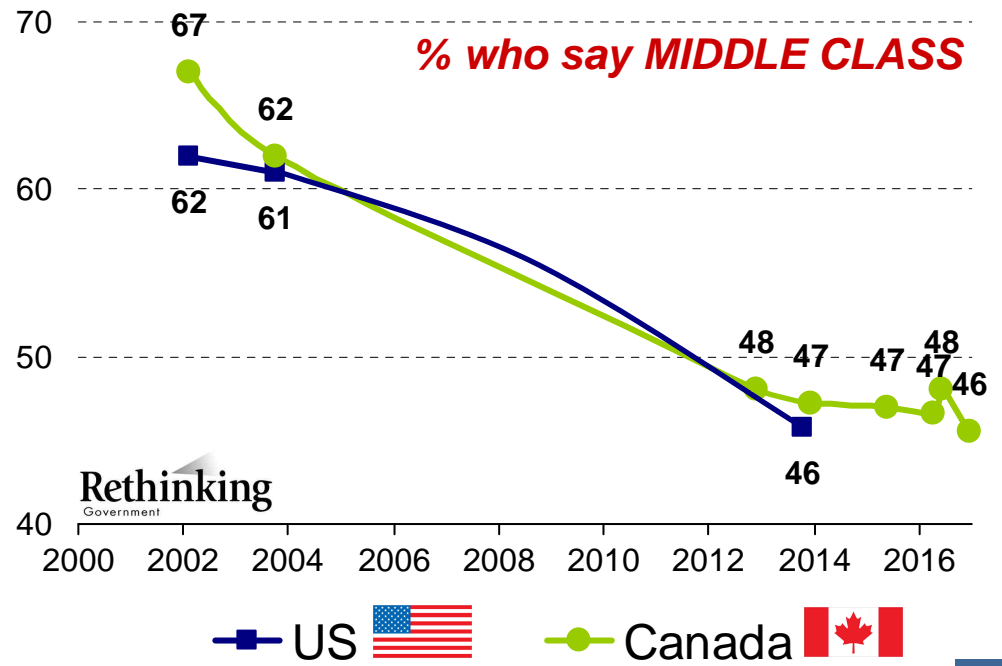
Generational Outlook

“Thinking about your overall quality of life do you think the next generation will be better off, worse off, or about the same as you are 25 years from now?”



Self-Rated Social Class

“Would you describe you and your household as poor, working class, middle class, or upper class?”



BASE (left): Canadians; December 8-11, 2016, n=2,433, MOE +/- 2.0%, 19 times out of 20

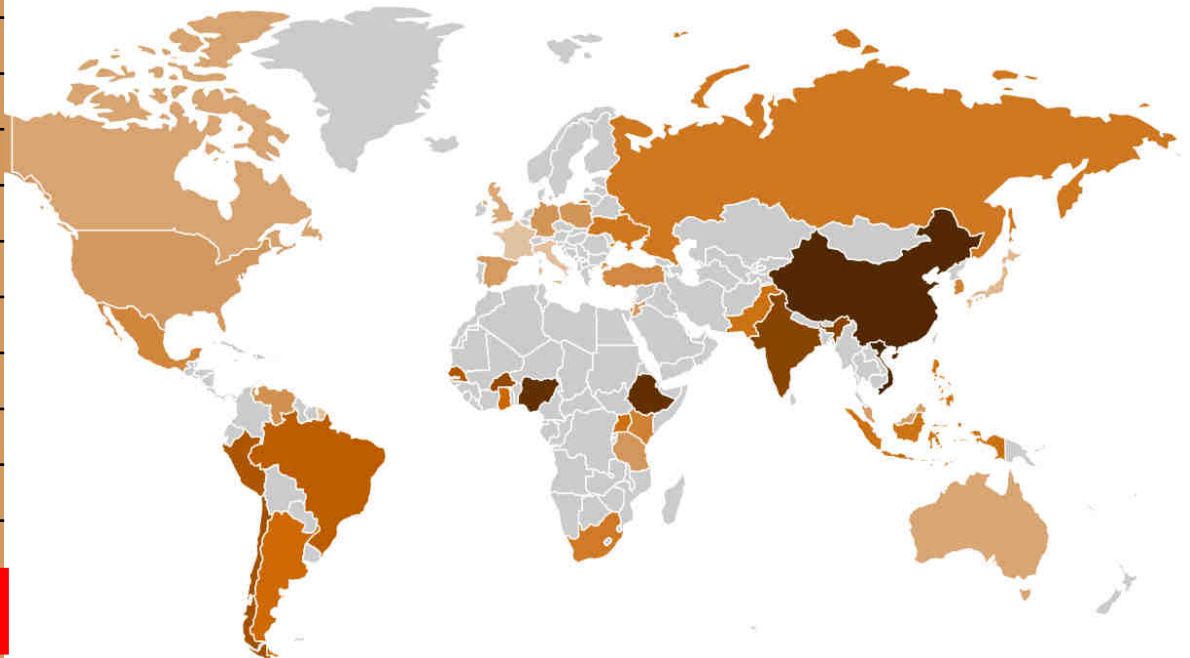
BASE (right): Canadians; April 14-15, 2016, n=611, MOE +/- 4.0%, 19 times out of 20

Copyright 2017. No reproduction without permission.

International comparison

Q. When children today grow up, will they be better off financially than their parents?

Country	2015	Country	2015
Vietnam	91%	Kenya	43%
China	88%	South Korea	43%
Ethiopia	84%	Mexico	41%
Nigeria	84%	Turkey	40%
India	74%	Venezuela	36%
Burkina Faso	71%	Germany	34%
Chile	67%	Poland	34%
Peru	65%	Tanzania	33%
Senegal	64%	Jordan	32%
Brazil	61%	U.S.A.	32%
Ghana	56%	Palestine	31%
Argentina	55%	Spain	31%
Uganda	52%	Malaysia	30%
Indonesia	51%	Canada	27%
Israel	51%	Australia	26%
Pakistan	51%	U.K.	25%
Philippines	51%	Lebanon	24%
Russia	48%	Japan	18%
Ukraine	48%	Italy	15%
South Africa	47%	France	14%



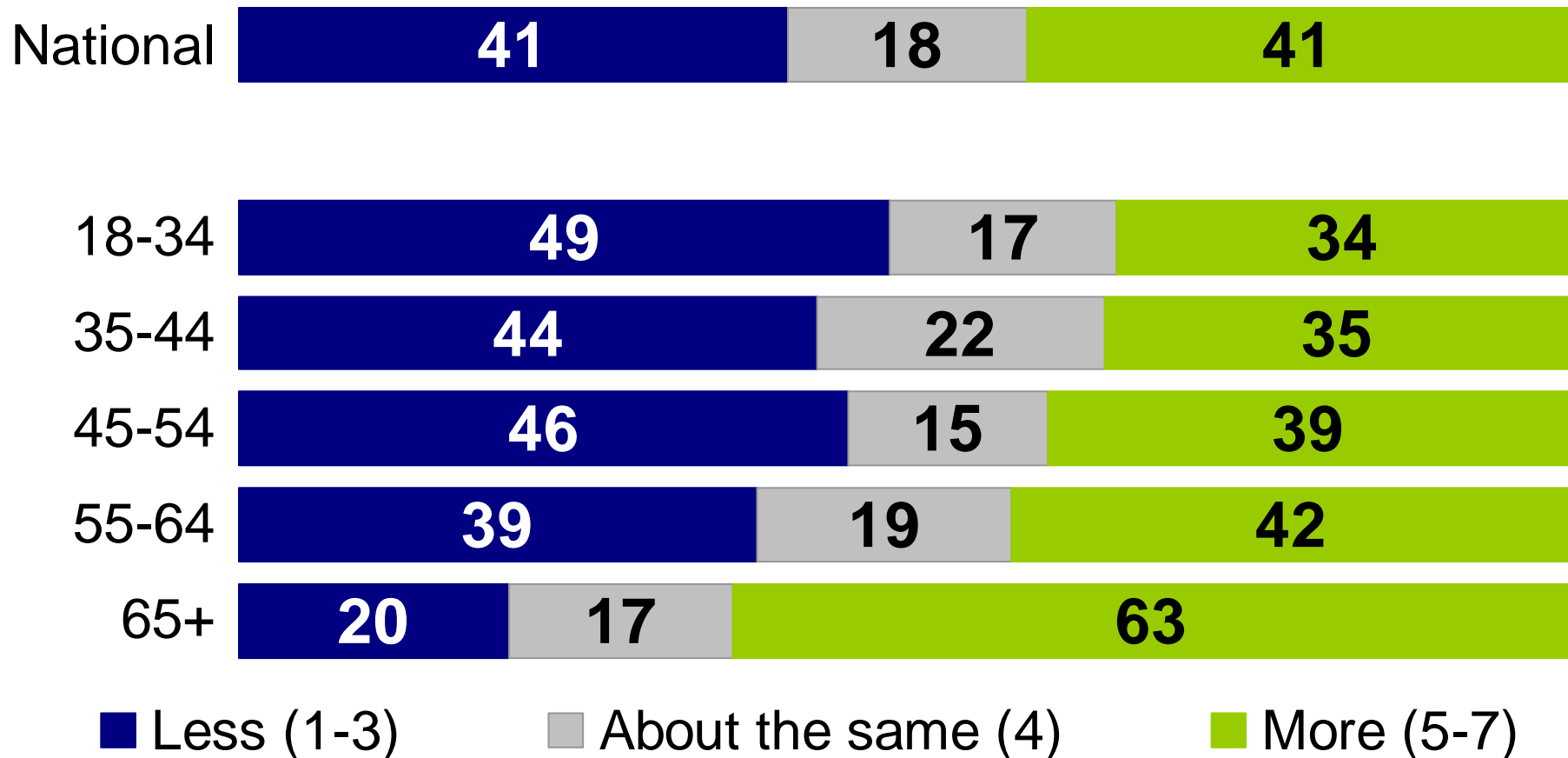
% saying better off

■ 75%+ ■ 50-74%+ ■ 25-49%+ ■ <25%+

Source: Pew Research Center, Global Indicators Database (2015)
Available online at: goo.gl/iPGgza

Intergenerational mobility

Q. Thinking about your current annual income and comparing that to what your FATHER earned at the same age as you are now, would you say that, using inflation-adjusted dollars, you earn more, less, or about the same as your father?



Note: Figures adjusted to exclude those who skipped the question.

BASE: Canadians; December 7-10, 2015 (n=1,956), MOE +/- 2.2%, 19 times out of 20

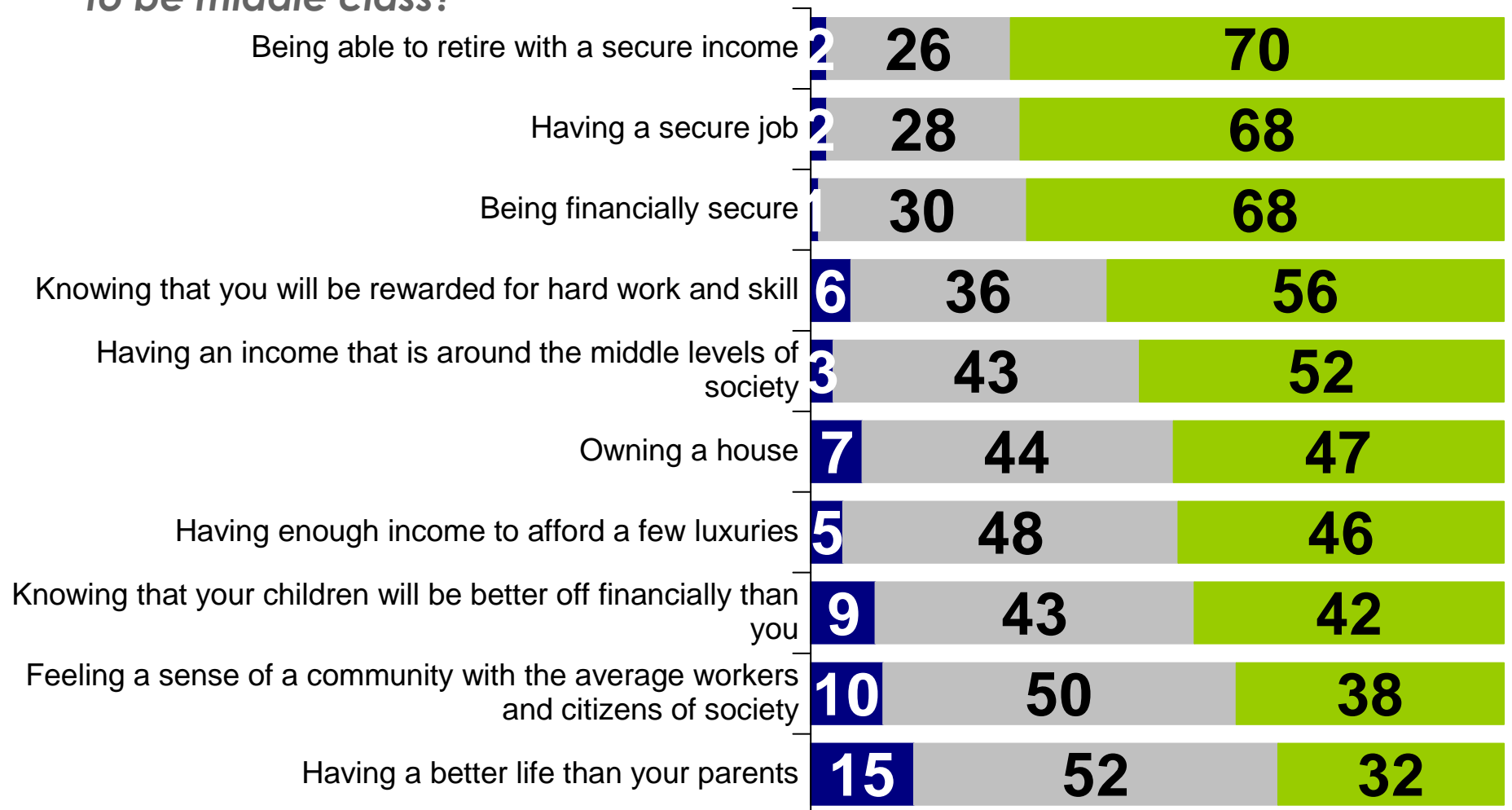
Copyright 2017. No reproduction without permission.



- 1) The End of Progress?
- 2) The Meaning of Middle Class
- 3) Causes of Middle Class Decline
- 4) Values and Identity
- 5) Conclusions

Meaning of “middle class”

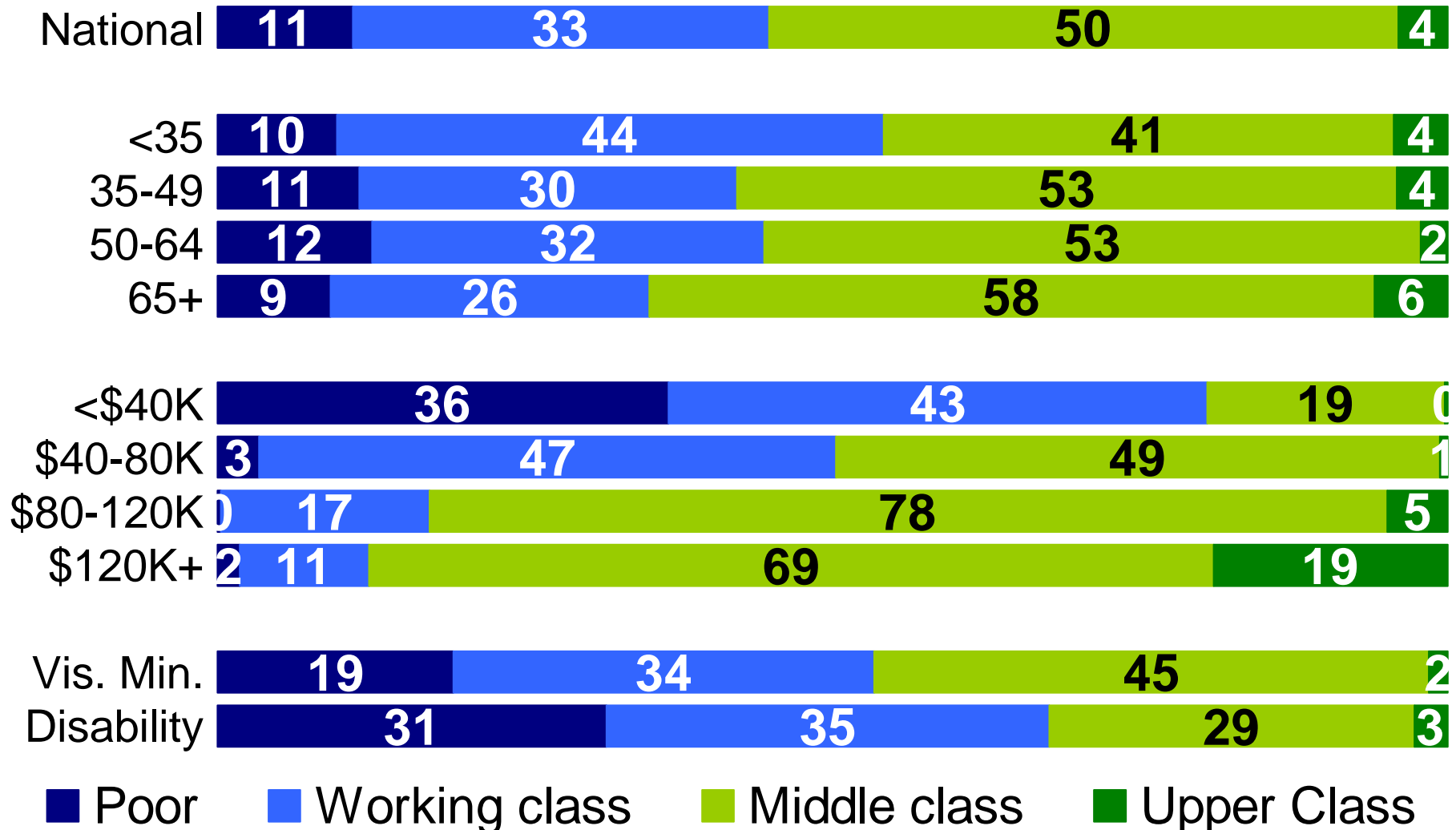
Q. How important are the following aspects to your definition of what it means to be middle class?



■ Not important (1-2)
 ■ Somewhat important (3-5)
 ■ Important (6-7)

Self-rated social class

Q. *Would you describe you and your household as poor, working class, middle class or upper class?*



Personal health rating by social class

Q. How would you rate your health?

Poor



Working class



Middle class



Upper class



■ Poor (1-2)

■ Fair (3)

■ Good (4-5)

Life satisfaction by social class

Q. How satisfied are you with your life as a whole right now?

Poor



Working class



Middle class



Upper class



■ Dissatisfied (1-4) ■ Neither (5-6) ■ Satisfied (7-10)

Change in social class vs. 10 years ago

Q. How would you have described you and your household ten years ago?

Current social class: Poor



Current social class: Working class



Current social class: Middle class



Current social class: Upper class



10 years ago

Poor
 Working Class
 Middle Class
 Upper Class



- 1) The End of Progress?
- 2) The Meaning of Middle Class
- 3) Causes of Middle Class Decline**
- 4) Values and Identity
- 5) Conclusions

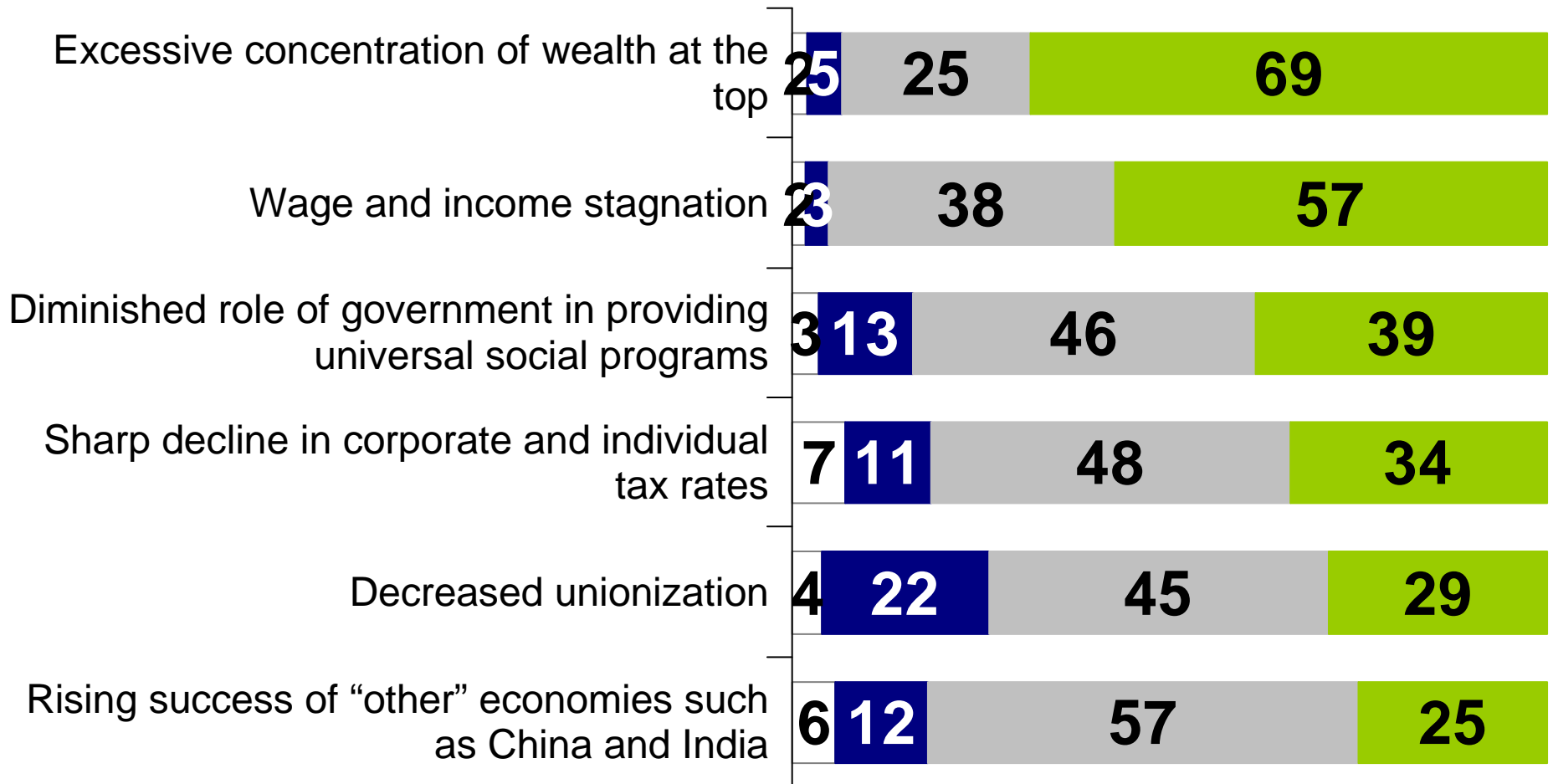
Why has middle class progress stalled?

- » Incentive systems are broken; rising inequality
- » Public sphere and taxation in decline
- » The corrosive economic impacts of the post-9/11 security ethic
 - Closing of the Canadian (Western) mind?
- » Eroding workplaces
- » Innovation not generating the advances of past innovations



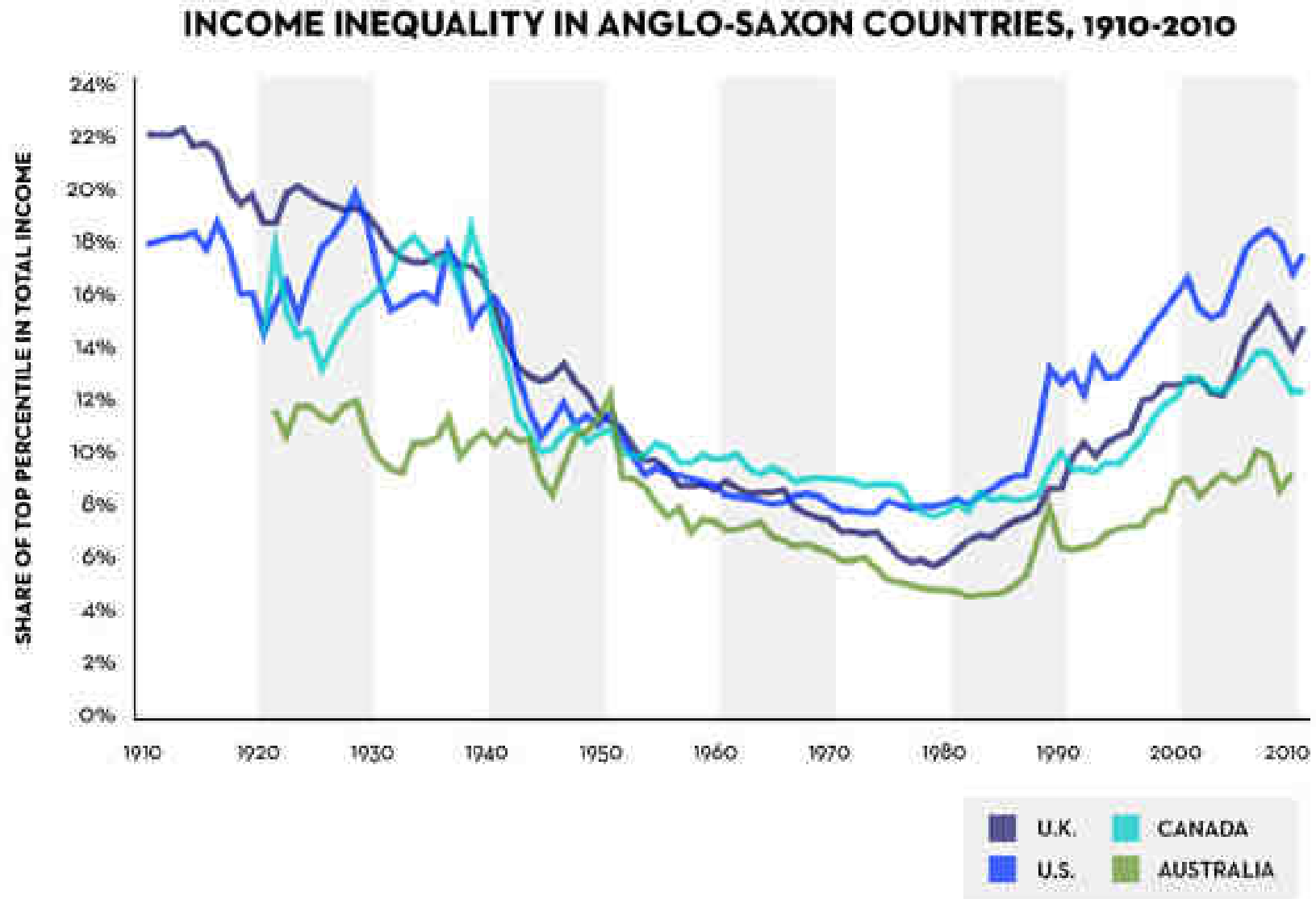
Causes of middle class stagnation/decline

Q. How important are each of the following factors in causing the stagnation or decline of Canada's middle class?



DK/NR
 Not important (1-2)
 Somewhat important (3-5)
 Important (6-7)

Income inequality in Anglo-Saxon countries

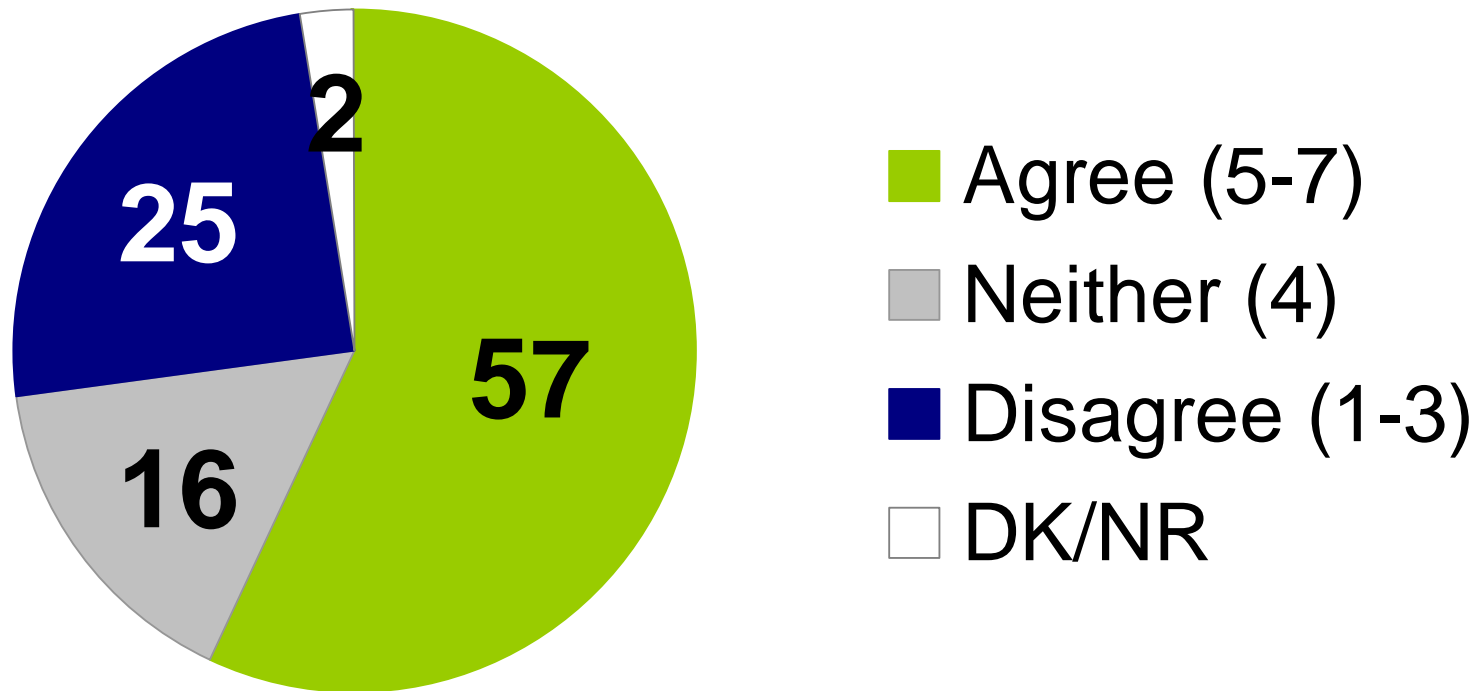


Source: Piketty, Thomas, and Arthur Goldhammer. *Capital in the twenty-first century*. Cambridge Massachusetts: The Belknap Press of Harvard University Press, 2014. Print.

Consequences of inequality

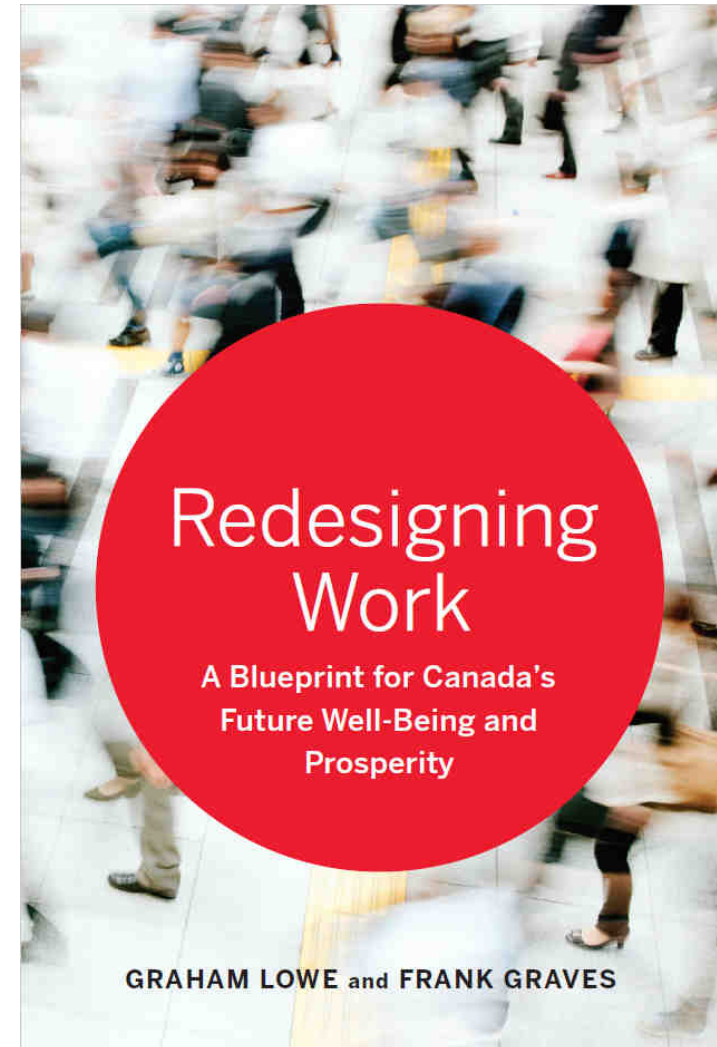
Q. Please rate the extent to which you agree or disagree with the following statements:

“If the current patterns of stagnation among all except those at the very top continue, I would not be surprised to see the emergence of violent class conflicts”



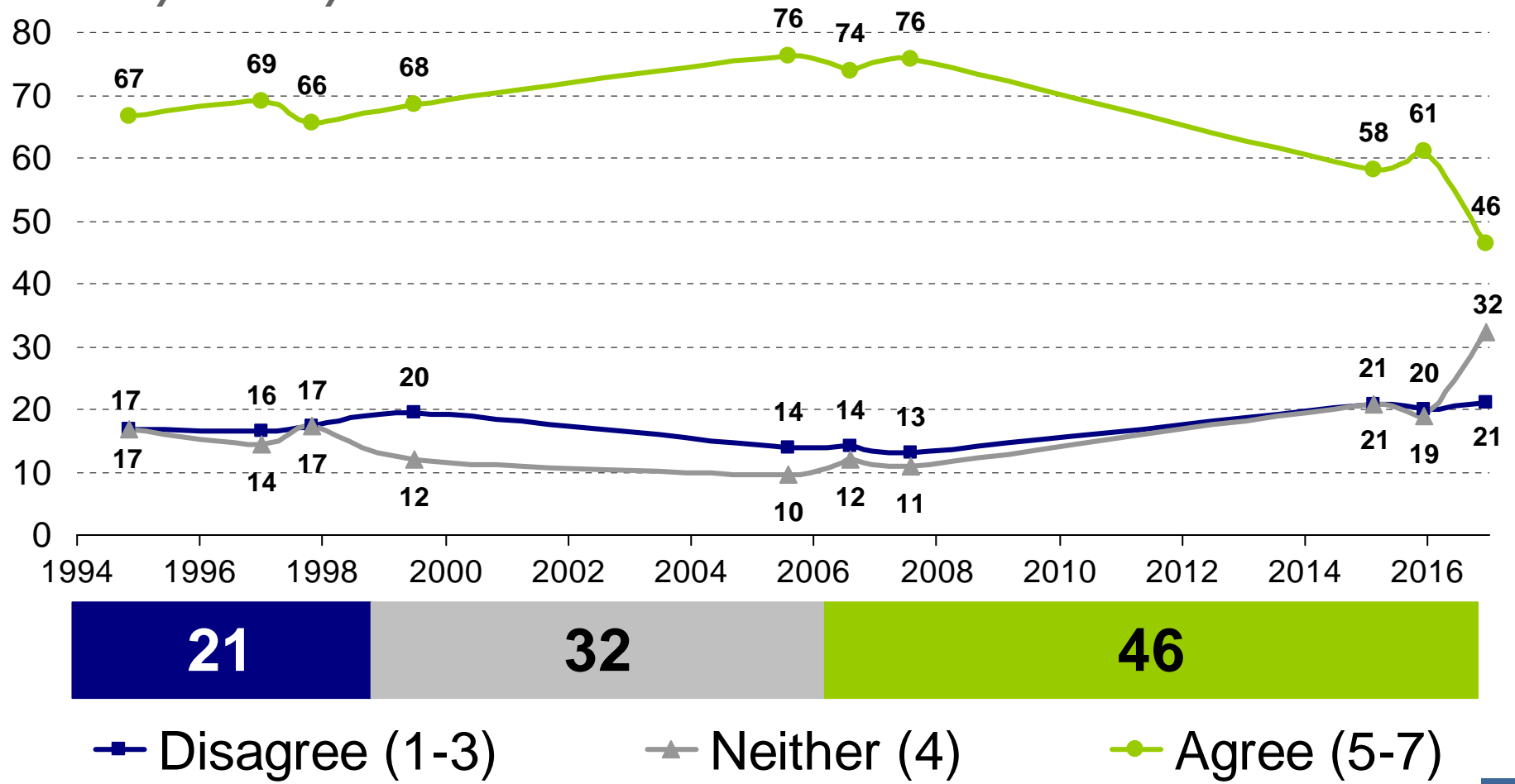
Rethinking workplaces

- » Workplace values, morale, and quality of working life have all declined
- » Confidence in skills has declined as workplace training has declined
- » What works for older workers isn't working for younger workers
- » In the midst of this malaise, workers are hunkering down, which evades solutions



Confidence in job skills

Q. Please rate the extent to which you agree or disagree with the following statement:
I am confident that I have the skills and knowledge necessary to move easily in today's labour market



Note: Figures adjusted to exclude those who skipped the question.

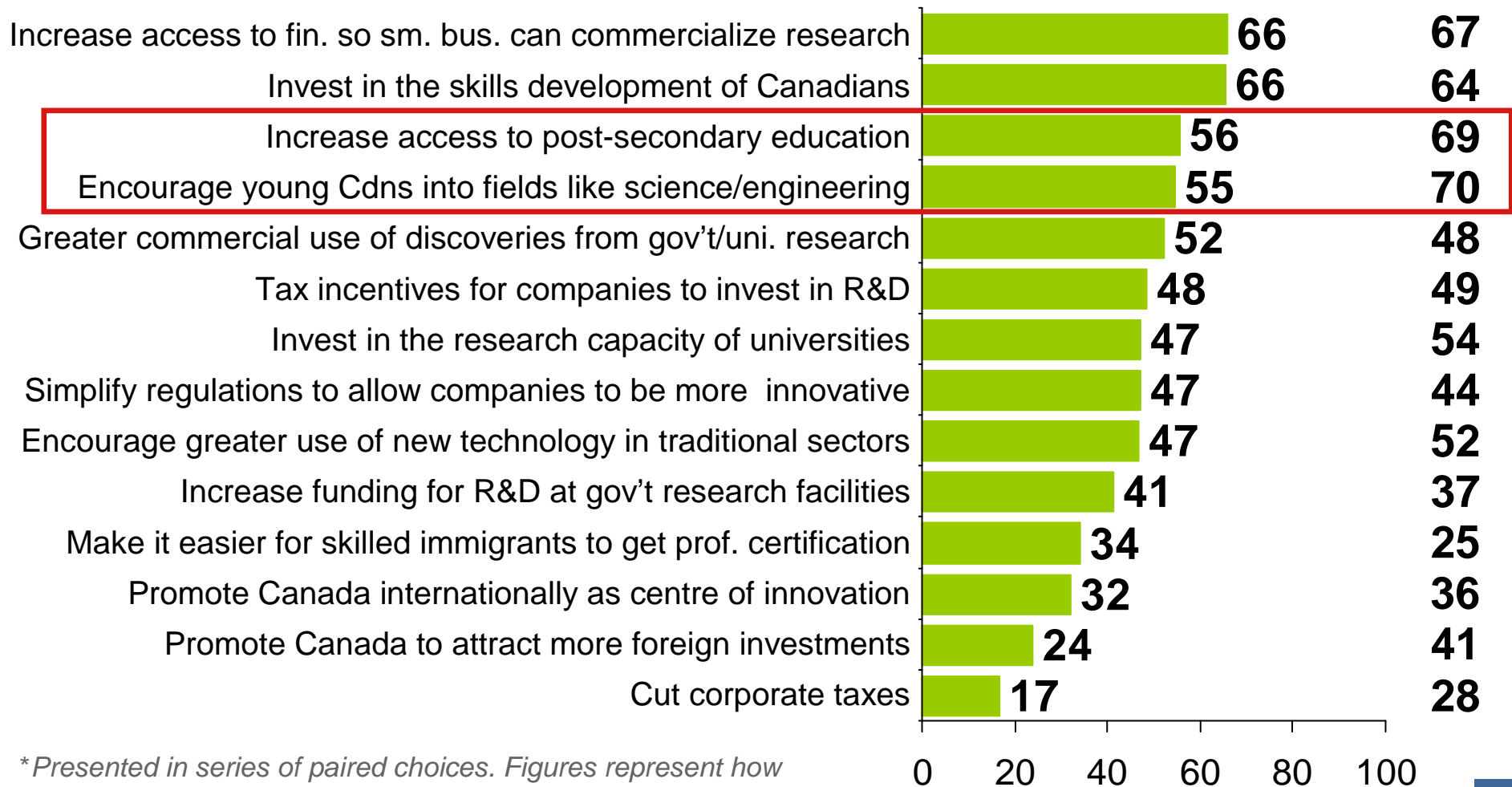
BASE: Canadians; December 8-11, 2016, n=1,209, MOE +/- 2.8%, 19 times out of 20

Copyright 2017. No reproduction without permission.

Best way to improve innovation

Q. *If you had to decide what was the best way for the Government of Canada to improve the overall level of innovation in the country, would it be...*

2001



**Presented in series of paired choices. Figures represent how often each item was selected over the other items tested.*

BASE: Canadians (online only); October 12-18, 2016, n=1,622, MOE +/- 2.4%, 19 times out of 20 Copyright 2017. No reproduction without permission.



- 1) The End of Progress?
- 2) The Meaning of Middle Class
- 3) Causes of Middle Class Decline
- 4) Values and Identity**
- 5) Conclusions

Why values? (i)

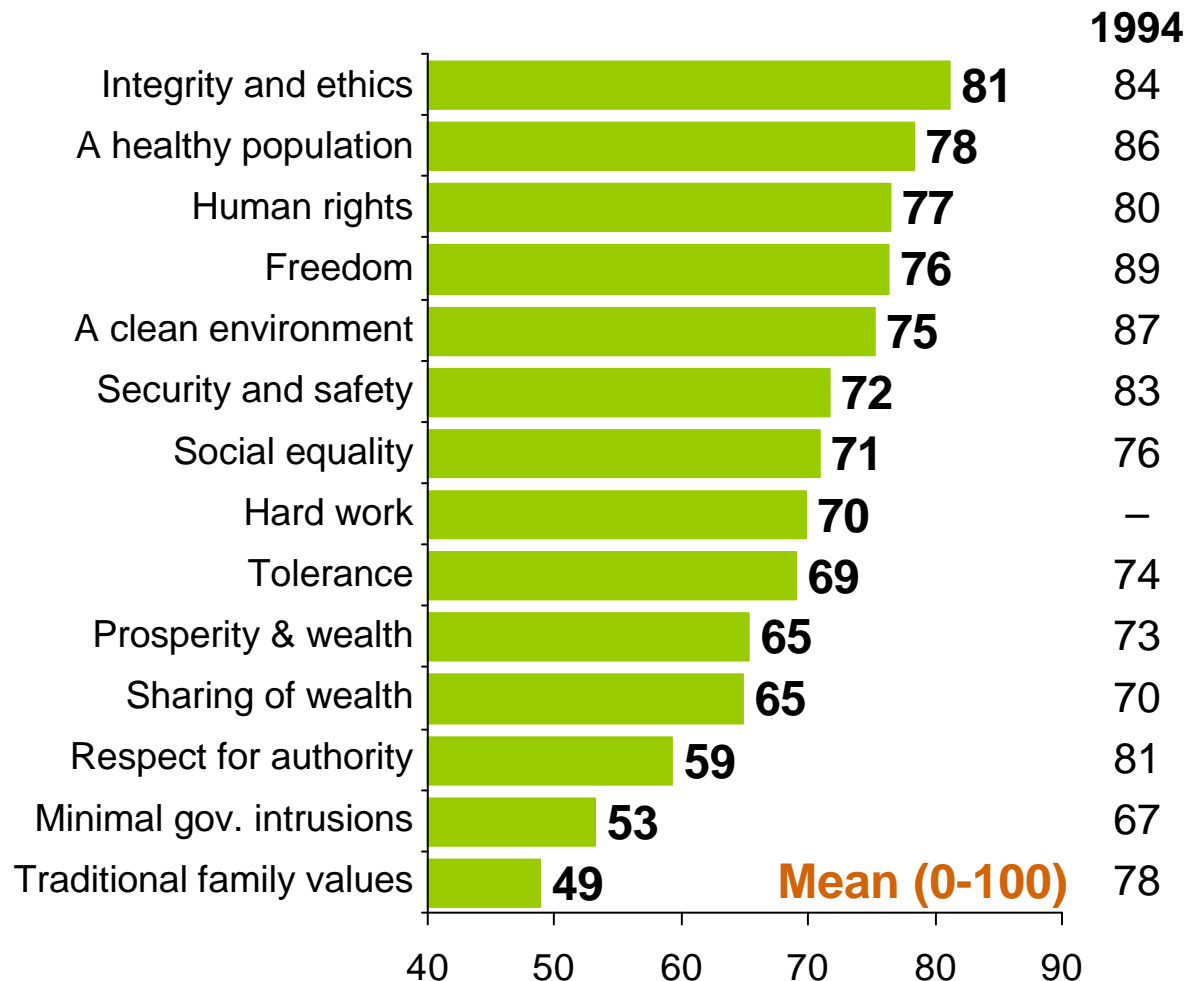
- » Ultimate yardsticks of societal preference; normative indicators of right/wrong, good/bad
 - Glacial, not mercurial
- » No monolithic consensus possible in increasingly pluralistic society
- » Long-term trends showing some profound declines in traditional values (traditional family values, respect for authority, minimal government, etc.)

Why values? (ii)

- » Identification with country increasingly salient
 - This notion of identity and belonging is also linked back to an expectation that the country will reflect a sense of moral community
- » Importantly, identification with ethnic group has declined profoundly over the last 20 years, despite the large influx of immigrants in that period
- » Despite warnings about ‘selling illusions’ and ethnic enclaves, it appears the reverse is true

Goals and values

Q. *If you were to direct the federal government as to which goals or values should be most important in shaping its direction, how important would you say each of the following goals or values should be?*

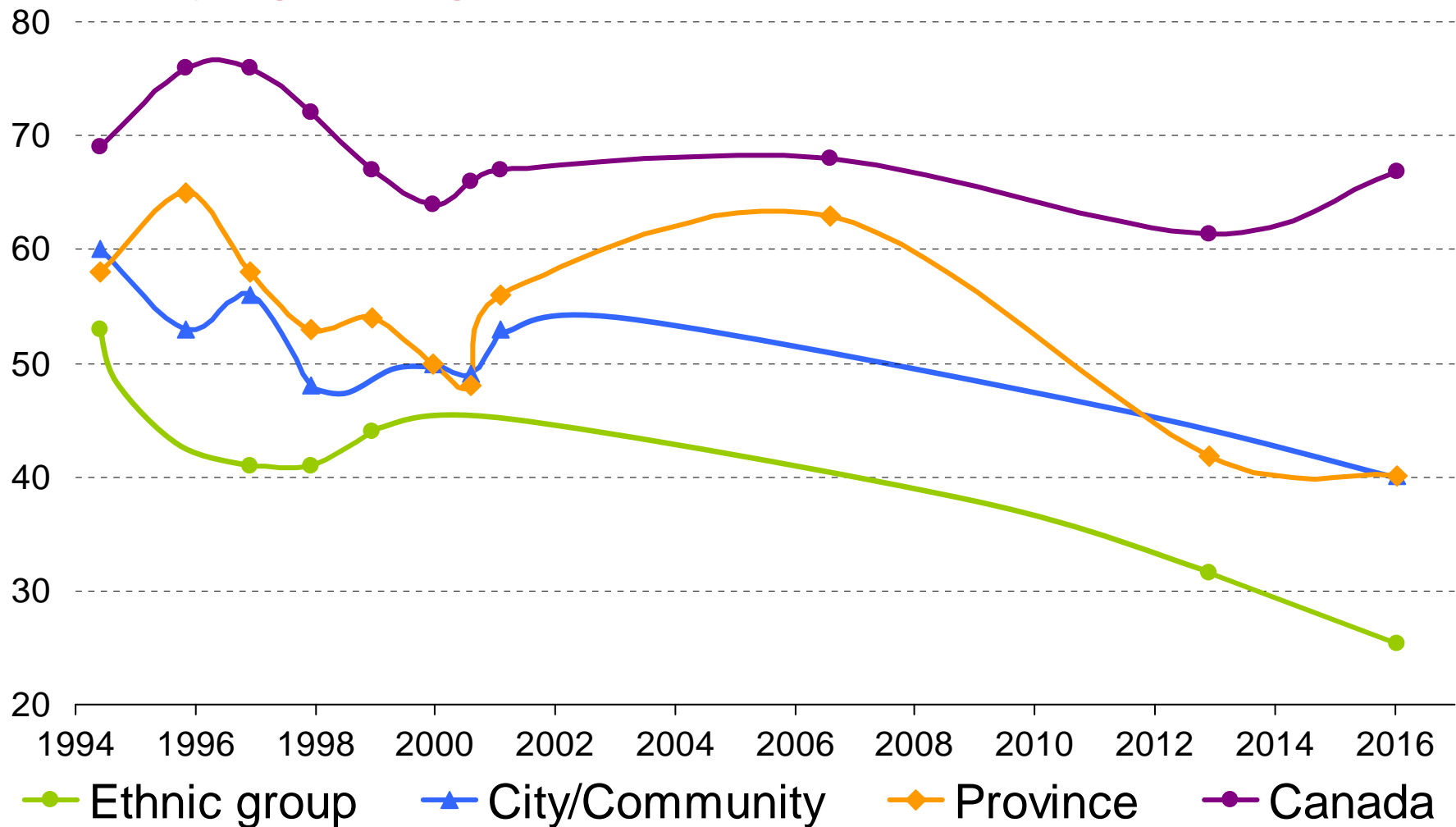


BASE: Canadians (half-sample); January 11-18, 2016 (n=1,283), MOE +/- 2.7%, 19 times out of 20 Copyright 2017. No reproduction without permission.

Tracking sense of belonging

Q. How strong is your own personal sense of belonging to...

% saying strong (6-7)

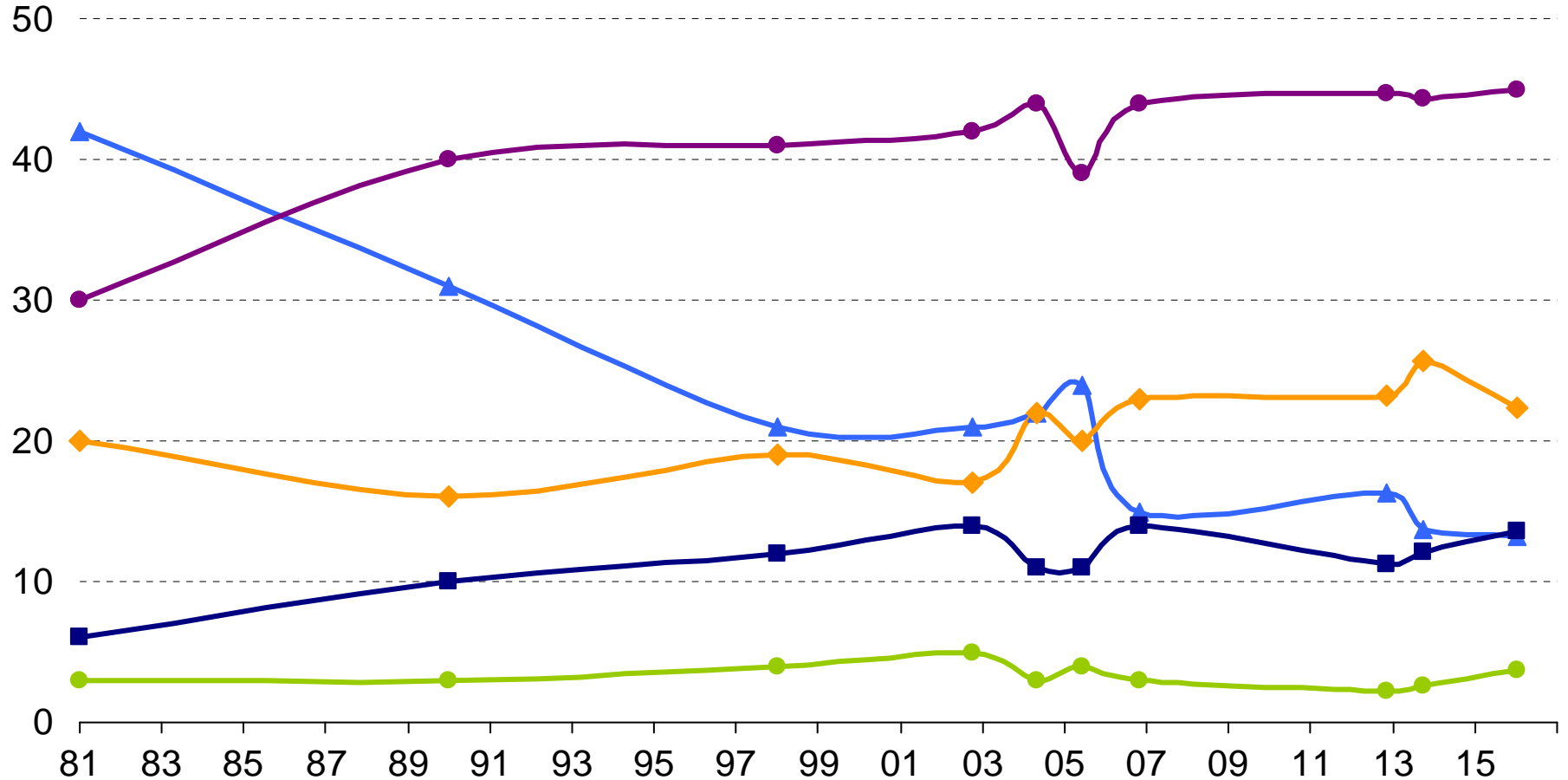


BASE: Canadians; January 11-18, 2016 (n=2,312), MOE +/- 2.0%, 19 times out of 20

Copyright 2017. No reproduction without permission.

Tracking sense of personal belonging

Q. To which of these groups would you say you belong to first and foremost?



● North America
 ▲ Town
 ■ The world
 ◆ Province
 ● Country



- 1) The End of Progress?
- 2) The Meaning of Middle Class
- 3) Causes of Middle Class Decline
- 4) Values and Identity
- 5) Conclusions**

Conclusions (i)

- » Collapse of middle class bargain defining problem of our age
 - Trickle-down economics has been laid bare as a cruel hoax
 - The public have given the government a strong mandate to pursue a bolder, more ambitious, more progressive federal government
 - Public have largely abandoned the minimal government model

Conclusions (ii)

- » The public are looking for a new blueprint to restore shared prosperity
- » The End of Progress and Middle Class decline has mutated into a rise of authoritarianism.
- » Closing of the Canadian mind and growing search for 'order' may preclude some of the essential solutions
- » Trump and Brexit driven by economic stagnation and class resentment
 - These forces are at play in Canada
 - Racism, nativism, xenophobia are by-products of deeper economic angst and resentment.

Conclusions (iii)

- » Workplaces are revealing disturbing declines in morale, skill confidence, and innovation
 - Rising stress and declining work-family balance
 - The problems are more acute for younger workers
- » Sharp decline for federal involvement in education/skills is a problem as Canadians are looking for a smarter, more agile, and value-added economy
- » The dominant view that a smarter Canada would be a more successful Canada has eroded.



For more information:

FRANK GRAVES

EKOS Research Associates

fgraves@ekos.com

(613) 235-7215

Copyright 2017. No reproduction without permission.

ekos.com