

**GENERATION DEBT** by Julie Gordon

*[NOTE: Names and personal details of the people interviewed for this story have been changed to protect their identities... particularly from creditors.]*

When I first moved to Victoria five years ago, I had the good fortune to buy a modest house in one of the city's more affordable neighbourhoods. I call this act good fortune because it certainly wasn't a premeditated attempt at financial investing. No, at the time I was simply responding to an urge to "settle down" after a decade of near constant moving and several years of storing my belongings.

Despite rather benign intentions, however, my nesting impulse turned into a smart investment. My home is now worth more than double what it was in 2002. Paradoxically, at the same time as my "investment" is growing at an unexpected rate, I have assumed a debt load I never imagined myself capable of... never mind comfortable with.

**According to Stats Canada, by 2005, Canadians owed \$1.16 for each dollar of disposable income.**

Thankfully, I am not alone in my bewildered plight. Canadians are experiencing unprecedented levels of personal debt - more than twice as much as in 1982. According to Stats Canada, by 2005, Canadians owed \$1.16 for each dollar of disposable income. In the same year, Stats Canada reported, the average personal debt carried by Canadians was \$28,390. Based on the steady rate of annual increase since 1980, that figure is now likely over \$30,000.

Averages, however, can be deceiving. Along with a growing debt-income ratio is an ever-widening gap between the haves and have-nots in this country. This adage - which is most often used to refer to wealth or assets - can be equally applied to debt. Some groups tend to shoulder a far greater portion of the debt burden.

Generation X'ers - those born between roughly the early 1960's and the mid 1970's - and the Gen Y's who succeed them through to roughly 1986, are particularly versed in the language of consumerism and debt. Many of these unlucky individuals emerged into a disappointing job market with daunting student loans (the average loan amount owing for

new graduates today is \$20,000). And while income rates have virtually flatlined, the increasing cost of living has not. An article published by the Vanier Institute in January of this year states that per capita, hourly incomes have risen just \$0.25 in the past 15 years. Compare that to the increase in costs for housing, vehicles, food, and well, virtually all consumer goods, and it's easy to see why we're getting behind at exponential rates.

Now, marry the above trends with easy credit and a consumer mentality that revolves around instant gratification - in short, a pavlovian response to the ubiquitous "buy now, pay later" advertising - and voila: debt reigns supreme. Generation X/Y has been labeled "Generation Debt" for a reason.

Statistics are all well and good, but I am curious to see how my comrades are coping. In particular, I am wondering how they handle their finances, and, if debt is involved,

the type of stress that can distract him from his art. While he has little in the way of savings, Jack's approach is based on trust; he chooses to do what he loves, and to trust that there will be enough income to support him.

And then there's Stan, a freelance producer. Already close to \$50,000 in the hole and without a consistent source of income, Stan's debt increases steadily thanks to credit cards, a line of credit and indulgent relatives. Yet he insists that the mounting debt doesn't stress him out. While he sees the debt growing on paper, it has yet to impact his lifestyle. Money is merely a construct of the human imagination, he rationalizes, and therefore fictional in nature. When and whether Stan's story will unravel is to be continued. All I know for sure is that somehow he's kept it going for at least three years now.

I chat with just about everyone I know, and each has a unique financial scenario and an outlook that is almost as individual. Some are wallowing in debt, yet claim to be unworried; others are relatively debt-free and too cautious to use credit for even the smallest expense. The only real common thread I can find amongst my fellow Gen X'ers and Gen Y'ers perspectives on money and debt is the high value placed on freedom. This is as true for the artists who choose to pursue their creative dreams as it is for the professionals who accept high interest rates so they can buy what they want. The common denominator is the desire for freedom of choice to live how they want now, not some time in the future. Money is the key to this type of freedom, debt the barrier.

As for me, all this thinking, talking and writing about debt has raised my own stress level. I turn on the TV to unwind and find myself watching *Rich Bride, Poor Bride*, a show that follows a couple as they plan and carry out an extravagant modern day wedding, and then contrasts their budget with a frugal wedding from a few decades ago. In this episode, the modern couple spent just under \$46,000 - 13 per cent more than their original budget of \$40,000. The bride, her dream day realized, insists it was worth every penny. Her closing words: "I don't have any kind of respect for saving and investing. It's just not any fun."

*Julie Gordon is a freelance writer who lives and works, house-poor, in Victoria's Vic West neighbourhood.*

how they cope with it psychologically as well as practically. As it turns out, the responses I get are almost as varied as the bank account balances must be.

Take Tom, a specialized medical student completing his final year of residency abroad. Expecting a costly four months, Tom borrowed \$50,000 for the term - a loan granted solely on the basis of his pending academic credentials. On graduation, Tom's total amount owing will be around \$200,000. Extreme? Perhaps, but Tom is confident that he will recoup the money in time. Not only does he refuse to worry about the burden of debt, he also has no intention of putting his life on hold. His plan after school? To set up practice on the west coast and look for waterfront property.

Perhaps at the other end of the spectrum is Jack, an artist who makes little, if any, money from his craft. He works part time to support himself and lives simply - a rented apartment, a moderate budget for entertainment, minimal travel and no extravagant purchases. Jack is debt free and chooses to keep it that way in order to maintain a level of creative freedom, as well as to minimize