

MAKING BAD TIMES GOOD

Many are finding the recession can deliver unexpected benefits

BY COLIN CAMPBELL • In hard economic times like these, most of us live in fear of getting laid off. But when Rick Geister got his pink slip he saw it as a lucky break. For the past 15 years, the 40-year-old had toiled away at the auto parts company Kitchener Frame, first as a welder, then for seven years as a quality control inspector. It wasn't the best job, but it was well-paid, regular work and he had a good pension. So when the Kitchener, Ont., company hit hard times and Geister recently found himself jobless, it was scary at first. But he quickly came to see the upside to his situation. Here, at last, was a chance to pursue the career he'd dreamed of since high school, but never pursued because a

policing as a really good job." His wife, who previously stayed home to look after their seven-year-old son and two-year-old daughter, is also using the disruption to explore new opportunities. She's looking to go back to work, perhaps training to be a nurse.

As Geister and his wife are discovering, Canada's new financial reality is forcing changes in people's behaviour and attitudes, and not all of them are for the worse. The negative changes—the reduced expectations, the stress and the financial strain—have been well documented. But the downturn has also affected Canadians in some surprisingly positive ways. After all, if you still have a job—and despite the surge in unemployment levels, most working-age Canadians still do—a recession is not necessarily all bad. Prices tend to drop, the cost of living goes down, and most

families found themselves priced out the market for starter homes. At the peak of the market early last year, the average price of a detached home in Vancouver was nearing \$1 million, and an average homeowner would have to fork over a full 75 per cent of his or her household income just to own a standard detached bungalow. More and more, for most families, buying a home meant taking out massive, risky, long-term mortgages.

Today, the real estate market is cooling fast—bad news for those who bought into the market at its height, but a welcome relief for first-time buyers. In fact, for the first time in almost a decade, a buyer's market is emerging, says Peter Simpson, the chief executive officer of the Greater Vancouver Home Builders' Association. The prices of some Vancouver single-

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AFTER Floyd Holborn was laid off, he started up his own custom kitchen business: 'I've always wanted to do this. This is perfect timing.'

guidance counsellor had advised against it: he would become a police officer. "Losing this job is kind of a blessing, because it's given me a second chance to do something I really want to do," he says. "Hopefully I can get in and make a career of it."

Geister hopes to get accepted into the Ontario Provincial Police training program this fall. Money will be tight, but the roughly \$40,000 he expects as part of his plant-closure contract makes for a once-in-a-lifetime opportunity. "I'm just happy to have the chance right now to do this," he says. "I see

people's salaries tend to at least hold steady. Perhaps more importantly, there's less pressure to keep up, and hard times can bring out both empathy and a renewed sense of gratitude for what you have. For some Canadians, the coming months might not be quite as terrible as they might think.

The truth is, while the booming economy of the past several years has been good for many, it was also putting pressure on many middle-class families. Nowhere was this more apparent than in real estate. In big cities like Toronto and Vancouver, even double-income

family homes have dropped by as much as \$130,000 already, he says, and house prices across the rest of the country are following suit. The average price of a home in Canada is down by more than three per cent since last summer, according to the Teranet-National Bank Composite House Price Index, and the index's forward market shows prices dropping by a full 20 per cent in total.

The real estate speculators that helped drive up the market and made buying a home so difficult are now gone, says Simpson. "We're not seeing these lineups at condominium

projects that are sold out literally overnight.” That has sellers suddenly going to great lengths to lure buyers back into the market. Last month, one Vancouver company was offering a free \$70,000 Mercedes SUV as an incentive to purchase a new home. Free cars have also been offered up in Toronto to get people buying again.

Just as real estate prices kept many from realizing the middle-class dream, education has also long presented a major barrier to those looking to get ahead. The costs of post-secondary schooling have been rising steadily in recent decades, while funding for all but the poorest of middle-income students has been increasingly scarce. But here too, there is suddenly new breathing room. In Ontario, which has been hardest hit by the manufacturing slump, the government pledged last year to put \$1.5 billion toward retraining workers. Over 4,000 laid-off workers in Ontario have already gone back to school, whether to become welders, nurses or small business owners. Colleges, particularly in the manufacturing regions in southern Ontario, have been expanding to handle soaring enrolment numbers.

For many, this has meant new opportunities to pursue careers that once seemed out of reach. Liaison College, a culinary school in Hamilton, Ont., has been taking in aspiring chefs laid off from the local steel industry, some of whom have secured as much as \$28,000 in provincial government funding to take the 15-month program. “It’s a second career for many people who have wanted to do this, but had the responsibility of a family, mortgages and car payments, and felt they couldn’t leave and start all over again,” says Murline Mallette, the school’s owner. “We’re not recession-proof, but the jobs are still there.”

For others, a new career direction isn’t so much about money as simply re-evaluating their priorities in hard times. That’s been especially true in the financial industry. Tal Dehtiar, who heads up Canada’s MBAs Without Borders (MWB), a charity that helps send business people to work on development projects around the world, says the number of applicants is way up this year. “We’ve seen people saying, ‘I’ve been let go by Bear Stearns or Morgan Stanley, and it’s finally time to do something positive with my life.’” Those who do get overseas postings in places

like Kampala and Liberia are often choosing to stay to wait out the recession, he adds. “There is no rush to come back.”

Last year, Elayna Yussen was working for a struggling financial services firm when she decided to take a position through MWB in Tanzania. “I made a very good move,” she says, noting that a few months after she left, her former company closed its doors. Yussen is now back in North America and looking for work again, but she has no regrets. Her stint overseas has given her not just a new perspective, but has convinced her to pursue a career doing more socially minded work. “I think it most definitely forces people to sit down and evaluate what they really care about, and it opens people up to things they wouldn’t have tried,” she says.

Those who experience these kinds of major

RESEARCH SHOWS THAT IN HARD TIMES, PEOPLE AREN’T HAPPY AT FIRST, BUT THEY RETURN TO THEIR OLD SELVES



HOLBORN at home: he misses his old paycheck, but not necessarily the work

life changes are, of course, in the minority. For most, the recession is still a trying period fraught with worries about job losses and declining retirement savings. But one of the things that’s easily forgotten amid all the bad news and plummeting consumer confidence is that for those who still have jobs, disposable income levels haven’t really changed. Putting off big-ticket items and choosing to pay down debts is a prudent reaction to hard times. But many will also find that the prices of some goods they buy on a daily basis are

falling along with the cooling economy.

Take, for instance, the price of gas. Last summer, it was topping nearly \$1.40 per litre. At that price, keeping two daily drivers on the road could cost families a few hundred dollars a week. Lately, that bill has been nearly cut in half as the price of oil has fallen dramatically. Many consumer goods have also seen price declines. In fact, the latest U.S. retail sales figures shocked many analysts when they showed a slight rebound in January, which some attribute to the discounts retailers are offering as they try to move growing inventories. Sales at electronic and appliance stores were both up.

But perhaps the most surprising bright spot in this economy is that people aren’t really all that unhappy. Research has shown that during hard times, people do experience lower levels of happiness at first, but once things stabilize, they return to their usual selves. “People are really good at adapting,” says Sonja Lyubomirsky, a psychologist at the University of California, Riverside, who studies happiness. What’s more, people are very attuned to relative status and social comparisons, she says. Meaning that if you keep

your job while others around you are losing theirs, you might find yourself feeling slightly happier. One recent study, notes Lyubomirsky, also found that if you live in a region of high unemployment, you’re not made as unhappy by being unemployed yourself.

One of those who counts himself among the “recession happy” is Floyd Holborn. He, like Geister, was laid off from Kitchener Frame after over a decade on the job there. But after spending a few uncertain months among the ranks of the unemployed, Holborn decided to turn his woodworking hobby into a new career. He’s taking some small business courses, and

with the help of a local development agency, he’s started Floyd’s Custom Kitchens. So far, says Holborn, things have been going pretty well. He misses the steady paycheck from his \$20- to \$30-an-hour manufacturing job, but “I don’t necessarily miss the work,” he says. Lately, the 37-year-old has been busy drawing up quotes for design and remodelling projects he hopes to land, and he already has a few contracts on the go. He has the recession to thank for it. “I’ve always wanted to do this. This was perfect timing.” **M**