



intergenerational foundation

Fairness for Future Generations

A response to the Parliamentary Enquiry on Growing Giving

Who we are...

The Intergenerational Foundation (www.if.org.uk) is a think tank which researches fairness between the generations in the UK, in order to protect the interests of younger and future generations, who are at risk of being ignored by current policy-makers.

Our response...

The Intergenerational Foundation (IF) is pleased that the Charities Aid Foundation (CAF) is taking such a keen interest in how as a society we can encourage younger people to give more of their time and money to good causes. Too often, young people are compared unfavourably to older people for not doing enough to support charities, but this ignores the complex set of economic and social disadvantages which the current generation of young people are being forced to navigate. IF would like to present two main points for the parliamentary enquiry to consider:

1) Giving to charity isn't a competition between the generations

IF would like to express its concern about the tone of much of the rhetoric surrounding differences in giving habits between the different generations, which too often seems to present giving as a kind of competition in which young people are failing to match the level of generosity displayed by members of the older generation.

Examples of this type of damaging rhetoric are regularly seen in the media and in publications which address issues of charitable giving. Even CAF, on occasion, has been guilty of using the language of competition to refer to differences in charitable giving between the generations. For example, the foreword of CAF's 2012 research paper *Mind the Gap: The Growing Generational Divide in Charitable Giving* included the phrase "this new report reveals that there could be trouble ahead, as our younger generations fail to keep up with their forebears in the generosity stakes"¹ (p.2). IF finds this tone problematic for several reasons: firstly, because generosity is an expression of individual choice which it is inappropriate to view as a form of competition; secondly, because how much of their time and money a person gives to charity provides only a narrow view of how generous they are (young people may have different ways of expressing their generosity which established charities lack sufficient knowledge and expertise to engage with); and thirdly, because how much someone is *able* to

¹ Charities Aid Foundation (2012) *Mind the Gap: The Growing Intergenerational Divide in Charitable Giving – A Research Report* London: CAF

give in practice does not equate to how much they would be *willing* to give if only they had sufficient resources to do, and younger people are more likely to suffer from a lack of resources compared to wealthier older people.

2) The biggest barrier preventing many young people from giving is a lack of resources

The most significant reason why young people are unable to give more to charity is the range of economic disadvantages which they face compared to older generations. As CAF's own research has shown, the proportion of households aged under 30 who give to charity has fallen during the last 30 years (Fig.1).

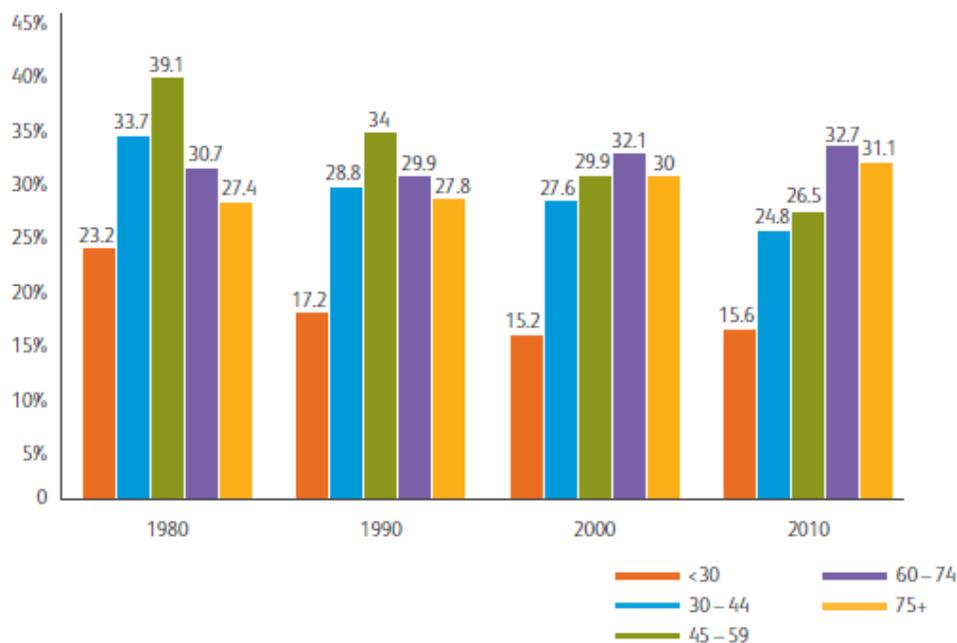


Fig.1 Proportion of households giving by age group, 1980–2010²

This period coincides with a steady worsening of the economic position of young people in society, while the typical older household has seen their situation improve over the same timeframe. Some of the characteristics of these trends are summarised in the following list:

- **Housing** – Between 1975 and 2007, the average UK house price more than trebled in real terms. As a result, young peoples' housing costs have risen dramatically, reducing their disposable income. Almost 2 million people aged under 35 now live in the private rented sector, where rents in over half of local authority areas are classed as unaffordable (meaning they cost over 35% of median full-time take-home pay).³ This has led to the situation demonstrated in Fig.2.

² Ibid.

³ Shelter (2011) *Shelter Private Rent Watch, Report 1: Analysis of Local Rent Levels and Affordability* London: Shelter

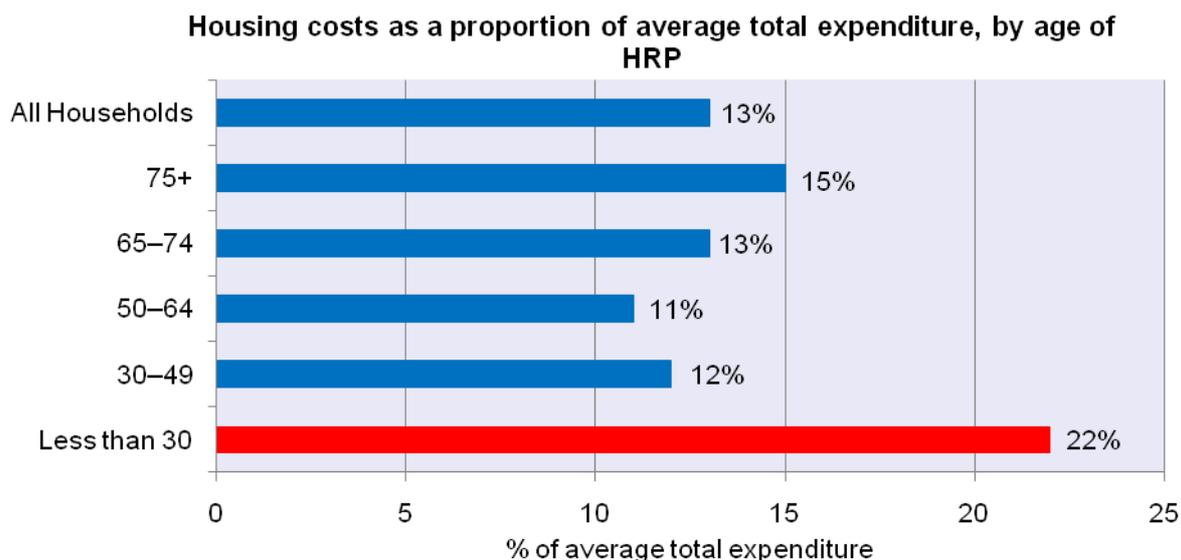


Fig.2 Housing costs as a proportion of average total expenditure, by age of Household Reference Person⁴

- **Jobs** – Young people have been hit especially hard by unemployment since the beginning of the recession in 2007. Over a million of those aged 16–24 are officially categorised as “NEET” (Not in Education, Employment or Training).⁵ Even when they are able to find work, young people are disproportionately affected by low-paid, insecure and short-term employment practices such as zero-hours contracts and unpaid internships.
- **Education** – Following the increase in maximum tuition fees at English universities to £9,000 per year, students now face some of the highest education costs to be found in any publicly-funded university system in the developed world, according to IF research.⁶ The typical student is likely to graduate with debts which are in excess of £32,000, repayments towards which are then subsequently deducted from their salary at a rate of 9% on all earnings above the current repayment threshold of £21,000 per annum. This means they will effectively be paying an additional 9% income tax which will reduce their disposal income even further.
- **The Great Recession** – Research from the Institute for Fiscal Studies has shown that young people have been the biggest victims of the Great Recession. Median incomes among people in their 20s fell by 12% between 2007/08 and 2011/12 in real terms, a bigger fall than that suffered by any other age group; by contrast, median incomes among the over-60s rose by 2–3% during the same period.⁷
- **The changing face of poverty** - The prolonged economic downturn has exacerbated a long-term trend which has seen the incomes of pensioner households almost doubling in

⁴ ONS (2012) *Table A10: Household expenditure as a percentage of total expenditure by age of household reference person 2011* Swansea: ONS

⁵ ONS (2013) *Young People Not in Education, Employment or Training, May 2013* Swansea: ONS

⁶ White, J. (2013) *Squeezing our Students? An English/OECD Comparison* London: Intergenerational Foundation

⁷ IFS (2013) *Living Standards, Poverty and Inequality in the UK – 2013* London: IFS

real terms since 1979, while they rose by only 50% for the average working age family with children and 33% for working-age people without children. According to the Joseph Rowntree Foundation, during the 1960s and 70s pensioner households were significantly more likely to be living in poverty than members of any other age group, but they are now the least likely. They have been replaced by children and young families with children, the two groups who are now the most likely to be living in poverty by far.⁸

Clearly, it is unfair to argue that young people are becoming less generous without taking full account of the economic context in which they find themselves. The difference in the level of giving between older and younger age cohorts should not be viewed as a reflection of differing levels of generosity, but as the result of older people becoming relatively wealthier and younger people becoming relatively poorer over the last few decades, with obvious knock-on effects on the ability of members of both age groups to give to charity. Many young people would love to have the opportunity to do more to support charities, but until their economic position improves, it is unlikely that they will be able to do so.

Conclusion...

In order to help promote the interests of younger and future generations, IF would be willing to discuss any of these ideas further with CAF.

For more information about the Intergenerational Foundation and its work, please visit www.if.org.uk or contact Liz Emerson, Co-Founder at liz@intergenerational.org.uk.

Author:

David Kingman

⁸ Joseph Rowntree Foundation (2013) *Long-Term View of Poverty* York: JRF