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## **Young People's Prospects Have Nosedived Since Financial Crisis**

A new measure of young people's prospects, launched today, reveals that they are losing out badly, relative to older generations, and the situation has accelerated since the financial crisis of 2008.

The UK's first annual Intergenerational Fairness Index (IF Index) – a new open-source measurement of how governmental policies affect young people – reveals a worsening by 6-7 points over the past two years compared to an annual average deterioration of 2 points up to 2008.

Angus Hanton, Co-founder of IF and joint creator of the Index, comments, "The IF Index shows that poorer young people are financing richer old people as our society grapples with demographic change and increasing longevity. It puts into stark relief the real plight of younger generations."

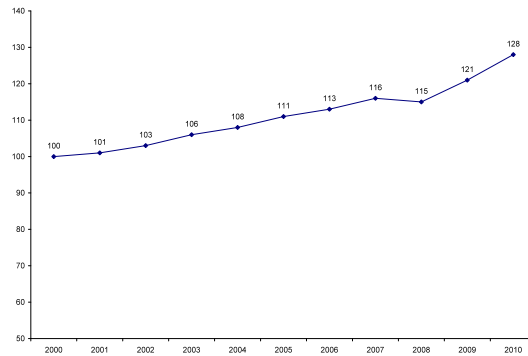
Professor Laurence Kotlikoff, Professor of Economics at Boston MIT, and the creator of intergenerational accounting for the World Bank in the 1990s, comments, "Intergenerational inequity is the moral issue of our day and, like an adult report card, the Intergenerational Foundation's vitally important Intergenerational Index makes it vividly clear that the UK is failing its young. The UK, like other developed economies, has engaged in fiscal, educational, health and environmental child abuse."

The Intergenerational Foundation ([if.org.uk](http://if.org.uk)) took nine indicators that most affect young people's lives and outlook – unemployment, housing, pensions, government debt, participation in democracy, health, income, the environment and education, – and put them together to create an aggregate of how things have changed over the past 20 years.

Setting the Index at 100 in the year 2000, it has risen in its measure of unfairness from 84 in 1990 to a level of 128 by 2010, based on the latest available data. The sharp decrease in younger generations' prospects after 2008 can be seen in the graph overleaf. (Not all the indicators have got worse – some, such as UK carbon emissions, have improved.)

IF intends the Index, which uses government figures, to be published annually, and to be extended internationally, in order to chart UK intergenerational gains and losses over time and against other countries.

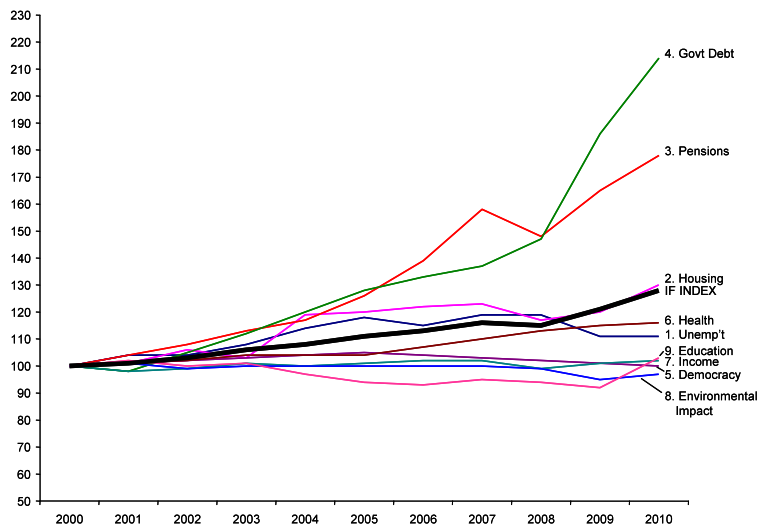
**Chart of IF Index – 2000 to 2010 (base level of 100 in the year 2000)**



IF calls for the government to take action to push the Index down to pre-2008 levels, in order to swing the pendulum back towards “intergenerational balance”.

Jeremy Leach, joint creator of the Index adds, “The significant factors influencing the Index are clearly signposted: public sector pension liability increases between 1990 and 1995, government debt, public sector pensions and houses prices doubling between 2000 and 2005, tuition fees, government debt and pensions from 2005 to 2011. We have used GDP deflators, accounted for inflation and avoided double counting to give what we believe is the most thorough quantitative assessment of intergenerational fairness to date.”

**Chart of IF Index and the Nine Content Areas - 2000 to 2010 (from the Index base of 100 in the year 2000)**



IF welcomes additional data series and scrutiny.

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**Note to Editors:**

1. All data series go back as far as 1990.
2. GDP deflators have been used to exclude the effects of inflation.
3. The effects of population growth have been avoided by using numbers on a per head basis.
4. Britain's net debt passed the £1 trillion mark in March 2012 (66% of GDP).
5. 3.8 trillion state pension obligation was announced by ONS in May 2012.
6. Public sector pension obligation has been estimated at over £1.2 trillion, *ibid*.
7. The average age of a first time buyer is 37 years of age.
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The Intergenerational Foundation ([www.if.org.uk](http://www.if.org.uk)) is a vehemently independent, non-party-political think tank that researches intergenerational fairness on behalf of younger and future generations.

**For interview enquiries please contact:**

[liz@if.org.uk](mailto:liz@if.org.uk) mob: 07971 228823