

# A New Intergenerational Contract

Intergenerational justice in principle and policy

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## About the Intergenerational Foundation

The Intergenerational Foundation ([www.if.org.uk](http://www.if.org.uk)) is an independent, non-party-political charity that exists to protect the rights of younger and future generations in British policy-making. While increasing longevity is to be welcomed, our changing national demographic and expectations of entitlement are placing increasingly heavy burdens on younger and future generations. From housing, health and education to employment, taxation, pensions, voting, spending and environmental degradation, younger generations are under increasing pressure to maintain the intergenerational compact whilst losing out disproportionately to older, wealthier cohorts. IF questions this status quo, calling instead for sustainable long-term policies that are fair to all – the old, the young and those to come.

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## Preface

Intergenerational justice is no longer some niche idea or abstract philosophy. Countries all over the world are waking up to the reality that we are at risk of raising future generations who will be worse off, with poorer housing, and without the skills required in an age of increased technology and automation.

In 2015, Wales became the first UK country to legislate for future generations, when the National Assembly for Wales passed the ground-breaking Well-being of Future Generations Act (Wales).

The Act is about improving the economic, social, environmental and cultural well-being of the people in Wales. It places a legal duty on the Welsh public sector to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.

Echoing the United Nation's 17 Sustainable Development Goals, Wales has set seven national well-being goals, setting an aspirational vision for the kind of Wales we want for our future generations.

But having this vision alone is not enough. For public bodies to break the habits of short-term thinking and immediate fire-fighting, more work needs to be done to ensure the voices of future generations are heard. This means more research, more awareness-raising and changing the ways we work.

The work that the Intergenerational Foundation have done with this paper adds clarity and legitimacy to the philosophical arguments underpinning intergenerational justice. Through exploring the consequences and impacts of certain policies on future generations, this paper provides practical insight for policy-makers and those making decisions.

The intergenerational contract offers a useful starting point for governments to reconsider the way younger generations are treated and to seek to eliminate inequalities and injustice.

We cannot ignore the well-being of our future generations. This paper reminds us why it is so vital that we are acting today for a better tomorrow.

**Sophie Howe**

**Future Generations Commissioner for Wales**

## Foreword

Although concerns around intergenerational justice have recently started to gain traction in popular discussion, there has so far been very little attempt at setting out the philosophical underpinnings of these concerns in a way that is accessible to the general reader.

Certainly, the philosophy is there – intergenerational justice and themes that relate to it have been analysed and discussed by some of the greatest minds of political philosophy – but a large gap exists between this philosophy and current rhetoric. This paper hopes to fill that gap by explaining the philosophical basis of a concern for intergenerational justice, developing a thesis around precisely what intergenerational justice requires – what an intergenerational contract should look like – and describing how this philosophy can be applied to contemporary policy questions.

There are two reasons why such a project is important. First, without elucidating the philosophical underpinnings of intergenerational justice, there is a danger that policy debates on this topic will be shallow, unproductive and, ultimately, at cross-purposes. This paper aims to help avert this danger by getting to the heart of what intergenerational justice is fundamentally about on a philosophical level, and setting a standard against which opinions about it can be judged.

Second, by first establishing the philosophical basis of intergenerational justice, it will become easier to see what policies should be followed on any particular issue and to evaluate whether proposed or existing policies are intergenerationally just.

In short, it is our hope that this paper will be of interest to both the philosopher and the policy-maker; and that it will advance both the theory and the practice of intergenerational justice.

### The Intergenerational Foundation

# 1. The basis of an intergenerational contract

An intergenerational contract is a type of social contract, that is to say a contract specifying the fundamental terms that all of society must abide by, where these terms are such that all members of society would agree to them. An intergenerational social contract specifies the fundamental terms that all *generations* of a society would agree to.

The idea of a social contract has a rich history; it has been proposed, in different forms, by some of the greatest political thinkers, including Hobbes, Locke, Rousseau, Kant and, more recently, John Rawls. Although important distinctions can be made between the different forms of social contract theory, for the most part it has been a theory that justifies the authority of a state by reference to what *would* be agreed to by any rational person, were they in a position to choose whether or not to consent to its authority.

In Hobbesian theory, for example, it is stated that without the overarching authority of the state, man would find himself at war with every other man, in the “state of nature” – a state in which his life will be “nasty, brutish and short” (Hobbes, 1994, p.76). This danger can be overcome by all citizens waiving certain individual rights – e.g. the right (if it can be called a right) to kill others – and consenting to live under the authority of a state that will protect them. Any rational individual would, if faced with such a choice, choose to so consent. Therefore, people who live now within such a state who did not have the opportunity to decide whether to live under its authority are nonetheless obliged to do so because they *would* have made such a decision if only they had been able to. This is a theory of *hypothetical* consent.

John Rawls, who is widely credited with having brought “political philosophy” back into the academic mainstream through his *A Theory of Justice* (first published in 1971), brought social contract theory to, in his own words, a “higher level of abstraction” (1999, p.10). He did this by imagining that rational choosers deciding upon principles of justice to regulate society had to do so behind a “veil of ignorance”, in what he called the “original position”. The veil of ignorance designates all choosers as free and equal moral persons, and prevents each from knowing facts about their own life, such as their position in society, wealth, intelligence, class or natural abilities. However, the choosers do understand basic facts about how the world works (Rawls, 1999, pp.118–123, 131–2). The result of this ignorance is that the self-interested choosers are completely impartial in their concern for each sector of society. They will not favour the rich over the poor, for example, because they do not know whether they themselves will be rich or poor when the veil is lifted. Therefore, the choosers will decide upon principles that are fair for all. Rawls’s later work, *Political Liberalism* (1993), clarified that the

right principles for the regulation of society would be those that were justifiable to all reasonable people.

In particular, these choosers are ignorant about the particular generation they will be born into, or (amounting to the same thing) the stage of civilisation that their society will be at when the veil is lifted (Rawls, 1999, p.254). As a consequence, they (who are contemporaries – i.e. living at the same time as one another) will choose principles which are fair across all the generations. Rawls thus entrusts himself to the question of intergenerational justice (1999, pp.251–8); his approach to this question is the basis of the approach taken in this paper.

Rawls focuses on the correct principle of “*just savings*”: the rate at which each generation should abstain from consumption in order to invest wealth in ways that will bring good results for future generations. Citizens implementing the principle of just savings must do so on the condition that it is a principle they would want all previous generations to have followed (Rawls, 1993, p.274); this stipulation explains why the self-interested citizens choose to follow a savings principle at all. The correct principle of just savings, then, is “that which the members of any generation (and so all generations) would adopt as the one their generation is to follow and as the principle they would want preceding generations to have followed (and later generations to follow), no matter how far back (or forward) in time” (Rawls, 1993, p.274). As Rawls (1999, p.256–7) puts it, if every generation follows this principle, then “it is immediately obvious that every generation, except possibly the first, gains ... the ethical problem is that of agreeing on a path over time which treats all generations justly during the whole course of a society’s history. What seems fair to persons in the original position defines justice in this instance as in others.”

In considering the contract between the generations, this paper focuses on the question of *distributive* justice – the just distribution of benefits and burdens between the generations. Rawls (1999) specified that the basic liberties, such as the right to vote and freedom of speech (1999, p.53), must be prioritised above distributive justice. He also specified that ensuring fair equality of opportunity (1999, p.73) – in which everyone has equal access to whatever position they aspire to (and so is constrained only by natural ability) – takes priority over addressing material inequalities. Hence, although this paper is concerned only with distribution between the generations, it should be remembered throughout that a concern for the fulfilment of people’s basic liberties and fair equality of opportunity are of higher priority than concerns about distribution. However, it is only if these principles come into conflict that we need worry about this ordering of priority; otherwise, we can try to address all of them simultaneously.

## Intergenerational justice between present generations and future “unborn” generations

One problem that arises for intergenerational justice is that while citizens can pursue policies of capital accumulation and growth that will benefit future generations, there is no hope of future generations helping past ones. How, then, to conceptualise the asymmetrical duty of justice between present and future generations?

Rawls regards this concern as misplaced (1999, p.254). It is unavoidable that “actual economic benefits flow only in one direction. ... so the question of justice does not arise.” Rather than worry about insuperable facts, justice demands that institutions work within the limitations of nature, and that they are set up in such a way as to make good use of historical possibilities. Here, this means deciding upon a principle of just savings sufficient to ensure that each generation is able to benefit from the investments of previous generations, while also working to improve the lot of future generations. This paper takes this principle to be a correct principle of intergenerational justice because, as explained above, it will that ensure every generation is as well-off as it could be, and therefore it is the principle that would be chosen behind the veil.

Rawls does not attempt to calculate the precise level of this principle, claiming rather that different levels of saving will be appropriate for different generations; a lower rate of saving should be required of a poor people (for whom saving is difficult) than of a wealthier society (1999, p.255). However, he offers one helpful clarification: when just institutions have become “firmly established” (i.e. when the public systems of rules, such as parliaments and markets, that determine things such as what is permissible and the distribution of rights and duties,<sup>1</sup> are just and are firmly established as such), and the basic liberties “effectively realized”, the level of accumulation demanded by justice falls to zero. “At this point”, he writes, “a society meets its duty of justice by maintaining just institutions and *preserving their material base*. ... If its members wish to save for other purposes, that is another matter” (1999, p.255, my emphasis).

In other words, the agents behind the veil may not be interested in endless economic growth:<sup>2</sup> the principle of just savings applies only to what a society must save “as a matter of justice” (1999, p.255), and therefore requires only a level of material development that is sufficient for the full realisation of justice.

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<sup>1</sup> This is how Rawls defines institutions. See Rawls (1999, pp.47–8).

<sup>2</sup> For an argument to the effect that we should not be aiming for endless growth, see Skidelsky and Skidelsky (2012).



After this full realisation (in terms of basic liberties and just institutions), justice will require just that this level of material development is maintained, in order to support the institutions of justice.

Nonetheless, for as long as justice is *not* fully established in society, assuming that this is (at least partly) due to lacking the requisite material base, the principle of just savings requires that a level of material development sufficient for the full realisation of justice is still pursued – i.e. that people spend and save in proportions that will ensure future generations will be wealthier than present generations (assuming that this greater wealth will further the full realisation of just institutions).

Rawls's thinking, according to the interpretation of this paper, is that, up to a point, material development will help with the realisation of justice. That makes sense, because economic growth tends to help the realisation of the basic liberties through enabling more funding to be spent on goods<sup>3</sup> such as education and the institutions of justice, and through removing or decreasing some of the incentives for criminal actions (such as burglary or corruption) that would harm people's basic liberties. Economic growth also tends to increase people's opportunities to realise their natural talents, and therefore to increase equality of opportunity in society – provided, that is, there is also justice in *distribution*, and the gains are not only accruing to the rich. Yet Rawls also clarifies that the full realisation of equal liberties and just institutions may not require abundant wealth – average income does not have to be especially high (Rawls, 1999, p.257). Therefore at one point justice will no longer require societies to save for the sake of future generations.

Our question is how all this applies to contemporary societies. There can be little dispute that for just institutions to be fully established, some societies would have to see an increase in their level of material development. But what of the world's most wealthy societies, such as the US and the UK? Although it could be argued that the material base in these countries is sufficient for justice, and so the citizens of these countries need no longer be concerned that future generations are better off than present generations, there are two reasons why this claim can be rejected. First, the fact that the US and UK have a high level of *mean average* wealth (i.e. GDP per capita) does not mean that the level of material development experienced across these countries is sufficient for the full realisation of justice. Rather, for it to be possible for justice to be fully realised, it would have to be the case that *every citizen* is sufficiently wealthy to have access to the basic liberties; for example, every citizen would need to be wealthy enough to receive a level of education sufficient for being able to hold public office, because the right to public office is one of the basic liberties given by Rawls (1999, p.53). If this is not the case then the principle of just savings will require that wealth is invested at a level that will enable a higher proportion of future people to have access to the basic liberties. And it clearly is not the case, anywhere in the world: in even the most developed countries, there are some people whose level of wealth is too low for them to be able to access the basic liberties.

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<sup>3</sup> "Goods" here simply means objects that are of benefit to people.

Second, although Rawls's specification of the "basic liberties" was quite limited, a convincing case can be made for, first, adding other goods to the list of basic liberties; or, second, adding certain goods to the list of what is required in order that all the basic liberties would be fulfilled. An example of the former: many people in Western countries would regard the ability to move out of one's parents' house as a basic liberty, essential to becoming an adult. The starting point for such an argument could even be Rawls's "right to hold personal property", which he gives as one of the basic liberties (Rawls, 1999, p.53). An example of the latter: access to the internet might, if society implemented a scheme for which all voting was to be done online with one's own computer or smartphone, become necessary for a full realisation of the right to vote (another of Rawls's basic liberties). The importance of the latter, in particular, cannot be overstated – the need for such goods is *entailed* by Rawls's theory, because it would be incoherent to suggest that we need certain basic liberties but do not need the particular goods that are necessary for securing these liberties. And it is clear that, as in the example, some goods not originally mentioned by Rawls *will* often be required for the full realisation of the basic liberties in society. Therefore, since even in countries such as the US and the UK many people lack such goods, the need to follow a principle of just savings still stands.

It may be objected that what is required is not savings but redistribution. For, so the objection might run, in the wealthiest societies there is already ample total wealth for all citizens to be able to possess all these goods. In other words, there *is* a sufficient material base for the full realisation of justice – and all that is required is for this wealth to be adequately redistributed from the rich to the poor. Yet this objection is at right-angles to our question, which is whether contemporary societies still need to be concerned to improve the material base of future generations: if some people lack sufficient wealth to be able to access all the basic liberties, then the material base (which, as specified above, must refer not to total wealth or even mean average wealth, but rather to the material prospects experienced by *everyone* in society) needs to be increased until all future people are able to access all of these. Whether this is to be done by further saving or by redistribution, or a combination of the two, is a question of how to fulfil this principle – not of whether the principle holds.

Moreover, such redistribution would, in effect, be a form of saving: it would require that wealth currently held by the rich is *invested* in ways that would enable everybody to realise their basic liberties, for example in house-building or subsidies for university education. Indeed, Rawls (1999, p.252) explicitly refers to "investment in learning and education" as a possible form that such saving may take. This possibility therefore falls within the meaning of the term "just savings". Since there is no society in which justice has been perfectly realised, the principle of just savings therefore requires that we should, now and for the conceivable future (i.e. until justice *has* been perfectly realised), aim for *each future generation to be better off (considered over the whole lives of all individuals, rather than only in terms of mean average wealth) than the previous one.*

At the point when everyone's material prospects are such that justice can be perfectly realised, the requirement will then become that each future generation experiences a level of material development at least as high as that experienced by the current generation, in order that the institutions of justice be maintained.

Post-Rawls, the requirements of intergenerational justice have been expressed in terms of a "Principle of Intergenerational Neutrality" (see Sunstein, 2007, pp.269–71; cf. Howarth, 2005, pp.99, 103–7). According to this principle, the concern of policy-makers should be *neutral* between the welfare of the present generation and every future generation. That seems perfectly reasonable, because to the disinterested eye of justice (i.e. behind the veil of ignorance) every generation is equally important; this principle therefore underpins the principle of just savings. As Sunstein (2007, p.269) writes, "According to this principle, the decade of one's birth has no moral relevance, any more than does one's skin color or sex. Those born in 1950 violate their obligations if they treat those born in 2050 as worthy of less concern by virtue of their date of birth." This principle has been particularly discussed with regard to environmental policy, but Sunstein (2007, p.270) clarifies that its scope goes beyond this: "Such a principle might easily be used to orient analysis of climate change, ozone depletion, asteroid collisions, and other problems with intergenerational features." Although this paper follows Rawls in focusing on the economic demands of intergenerational justice, such as the appropriate rate of savings between current and future generations, it should be borne in mind that the paper's more abstract conclusions about intergenerational justice will also have implications for these sorts of issues. For example, there would be no point in accumulating wealth in ways that would lead to profound environmental degradation, because wellbeing and the full realisation of justice depends in large part upon a safe and healthy environment: if climate change were to make the planet uninhabitable then what would be the point of a big pot of savings? To put it another way: although this paper will not refer to them hereafter, factors such as the quality of the environment fall (implicitly) within the "material base" that the principle of just savings requires us to increase, or at least maintain, for future generations.

## **Intergenerational justice between currently living generations**

Rawls's principles of distributive justice pay particular attention to the worst-off in society. Indeed, Rawls's theory is especially famous for its "difference principle", according to which inequalities are just if and only if they are to the benefit of the worst-off (for example because the prospect of a greater-than-average-wage motivates someone to spend many years training as a doctor, a job that will benefit the worst-off).

In fact, Rawls (1999, p.258) envisaged the just savings principle as a constraint on this difference principle. According to some contemporary thinkers such as Sunstein (2007, pp.269–70), this concern for the worst-off should play a key part in our thinking about the effect of our policies on future generations.

But while that may be true of policies on topics such as climate change, it does not generally seem true in the case of just savings. Thinking about the worst-off is only relevant to the extent that the right level of savings will not be so high that the worst-off are unable to receive the assistance they need. The fact that we must avoid this when determining the right level of just savings is implied by the principle's balancing of concern for future generations against the needs of the present generation. Beyond this, questions of fairness *within* a generation, and particular concern for the worst-off, whether the worst-off people or the worst-off generation, while highly important, fall outside the ambit of intergenerational justice. The correct distribution within a generation is a different question from ours; and if the principle of just savings is being followed then the worst-off people will presumably be within the worst-off generation (considered over their whole life), which will be the oldest generation, to whom redistribution would be impossible because it would have to go backwards in time.

This echoes Rawls (1999, p.254): because the worst-off generation will be an earlier generation, “There is no way for later generations to help the situation of the least fortunate earlier generation. Thus the difference principle does not hold for the question of justice between generations and the problem of saving must be treated in some other manner.” Moreover, as Rawls (1999, p.254) also points out, the difference principle considered across the generations (from the current generation to future generations) would not yield an appropriate savings principle: each generation would consider themselves to be the worst-off generation, and therefore would either save nothing or not enough to help with the future generations' effective realisation of the basic liberties. We can therefore set the difference principle aside in considering the question of intergenerational justice.

However, there is one case in which such concerns, and the need for a particular theory of distribution, do come into play. That is the question of distribution between currently living generations, for whom intergenerational distribution – both backwards and forwards – *would* be possible. The appropriate principle here seems to be that unless an inequality between the generations is to the advantage of the least well-off (possibility 1), or unless it is in some way due to factors that mean it is *fair* (possibility 2), the inequality is unjust, and so must be eliminated. This, as will be explained below, is a combination of Rawls's principles and concerns around desert and responsibility raised by other schools of thought.

When would either of these cases arise? To begin with possibility 1, although the general principle that “inequalities should be permitted if they benefit the worst-off” is relevant to Rawls's wider position,

it holds little sway in the case of intergenerational justice. For when would an intergenerational inequality benefit the least well-off?

The primary case that Rawls had in mind when he talked about an inequality benefiting the worst-off is one in which people need the incentive of a higher wage in order to be motivated to embark upon a career that will benefit the worst-off, perhaps because it is difficult or requires a lot of training. The example mentioned above is becoming a doctor – a job that will benefit the worst-off, but which is difficult, stressful and requires many years of study. A higher wage would often be needed to *incentivise* someone to train as a doctor, but the difference principle would regard the inequality between an average wage and the wage of a doctor as just, because it would thereby be to the benefit of the worst-off.

But how could such an “incentive effect” arise in the case of intergenerational justice? The possibility of attaining a high wage might motivate somebody to strive for a particular job or position, but this motivation is based on the person believing that they could attain this; it seems implausible that it could have such an incentive effect when it is a whole *generation* that is doing better, because the welfare of a whole generation is not something that an individual could attain.

Another case in which an intergenerational inequality might benefit the worst-off is with direct acts of charity from the more wealthy generation to the less wealthy: Millennials accruing housing assets through “the bank of mum and dad”, because mums and dads are part of the baby boomer generation that is richer in housing assets than the Millennials are expected to be (over their whole lives), could be an example.<sup>4</sup> However, such an inequality would *tend* not to benefit the worst-off generation (the Millennials), because such charity will be discriminate – helping some young people and not others – whereas an elimination of the inequality between the Millennials and the boomers, through a compulsory intergenerational transfer of housing assets for example, could improve the house-buying ability of *all* Millennials.

In general it seems hard (if not impossible) to conceive of a realistic case in which an intergenerational inequality would benefit the worst-off. Furthermore, the principle case in which an inequality would meet this criterion – the incentives case – does not hold water intergenerationally. Thus, although an intergenerational inequality that benefited the worst-off would, in Rawlsian terms, be a just inequality, this paper will simplify matters by assuming that such a case will not arise and so does not need to be considered: intergenerational inequality will *not* benefit the worst-off.

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<sup>4</sup> The term “baby boomers” refers, roughly, to those born between 1946 and 1964; “Millennials” to those born between 1980 and 2000.

So much for inequalities that benefit the worst-off. What of possibility 2: inequalities between the young and the old that are not unfair – or at least, not *entirely* unfair? Consider again inequalities favouring the older generations between the baby boomers and the Millennials in terms of house-ownership. If such inequalities were very large then, *other things being equal*, they would undoubtedly be of concern, but up to a point such inequalities need be neither unfair nor unexpected. For example, older generations will have had longer to climb up the housing ladder, and to boost their incomes, than younger people, so a certain degree of inequality between young people and older people in housing and incomes is not *prima facie* unfair. Furthermore, young people may have freely chosen to rent rather than buy houses, perhaps because they want to be more mobile than did older generations, and so do not want to be tied down to a particular house. If this was the reason for the inequality in home-ownership, it would not be an unfair inequality. That is to say, it is only when the size of the inequality exceeds that which would be explained by “fair” factors which apply equally to all generations, such as needing a few years to save for a housing deposit, or freely choosing to spend money elsewhere, that, *to that extent*, the inequality is unjust.

An “unfair inequality” means that the inequality is due to arbitrary (i.e. morally irrelevant) factors that the other generations alive today have not faced. For example, if the cost of housing deposits is significantly higher as a proportion of Millennials’ incomes than it was for the baby boomers then, *other things being equal*, any inequality in house ownership between the baby boomers and the Millennials that results from this is unjust. It is due to an arbitrary (i.e. morally irrelevant) factor (the cost of housing deposits as a proportion of one’s income, for that person’s generation) that favours one generation over another.

Another example. If Dennis is in the same job as Sandy but earns less than her because Sandy has more relevant experience in the job, we would not say that the resulting wage difference was unfair. For it is a not an arbitrary inequality, but rather an inequality that is due to morally relevant factors (experience level in that particular job) that apply equally to Dennis and Sandy. In the same way, if an older person earns more than a younger person because the older person has had more years in a particular job in which to build up her skills and gain relevant experience then, to that extent, the resulting intergenerational inequality would not be unfair. On the other hand, if the experience level of the two people were the same then, *other things being equal*, a difference in their real wage levels over their whole lives, in which the older person earned more than the younger, would then amount to an unfair (because it results from an arbitrary factor: the wage levels of that person’s generation), and therefore unjust, intergenerational inequality. By “morally relevant”, then, this paper is referring to the factors for which people can be held responsible – the factors that flow from their effort and choice – which apply to everyone equally, such as years spent in the workforce.

Now, it may be that some inequality is based on factors for which people can be held partly but not entirely responsible, such as skill level: someone's skill level is at least partly a result of the natural lottery, which leaves some people naturally more skilled than others. Whether a factor such as skill should count as a morally relevant factor in the distribution of income is therefore a difficult and contentious question. Rawls, for example, would say that it should not, but that if it can be used to benefit the worst-off then an inequality that incentivises someone to develop and use their skills would not be unjust. The point here, however, is that a factor such as "natural skill level" is not something that could favour one generation over another. At least, not to any noticeable extent within the sort of time-frame we are considering. Therefore, it could not be an explanation for intergenerational inequality. For example, nobody would claim that the baby boomers have higher incomes than the Millennials because they are more intelligent. Hence, we can set aside difficult factors such as these in trying to explain (and determine the justice of) intergenerational inequality, and focus instead on the factors that *could* plausibly explain intergenerational inequality, such as career experience (which would be morally relevant), or the cost of university education for each generation (which would not).

Assessing whether an intergenerational inequality is just is not always so easy. For example, without looking into the causes of inequality between the incomes of Millennials and baby boomers, it would be hard to say whether – or, more reasonably, *to what extent* – that inequality is unjust. However, before we start worrying about troubling cases such as these, there are likely to be many types of intergenerational inequality that we *can* identify as being due to arbitrary factors. For example, perhaps the cost of university education is higher (in real terms) for young people today than it was for young people of the past. Or perhaps state pensions are higher (in real terms) for the baby boomers than they will be for the Millennials – and there is no non-arbitrary factor that can explain this, such as older generations having paid more into their pension pots than the young are presently paying. These are both cases which are due not to young people today doing anything differently from previous young people, but simply due to their *being born into a different generation with different policies*. Hence, they are intergenerationally unfair (and therefore) unjust inequalities that should be addressed. Some cases might be hard to assess, but we can start by setting the more difficult cases aside and identifying and addressing those inequalities which are clearly unfair. Later, we can then move on to identifying the extent to which other intergenerational inequalities are unfair.

And in fact, due to economic growth and the principle of just savings discussed above, young people should expect to be doing *better* in these sorts of respects than previous generations of young people – other things being equal, they should expect higher pensions, higher real incomes over the course of their lives, and to have access to *more* affordable housing and education, for example.

One final point. When analysing the extent to which a certain distribution of goods, or a particular policy, amounts to an intergenerationally unjust inequality, it is crucial to consider these over *the whole lives* of the individuals in question. For example, imagine that a society always looks after the old but neglects the young, so that the young are always poor and the old always rich. Such a case may be considered unfair, and perhaps would be improved by reducing the inequality between the old and the young, but it would not be a case of *intergenerational* injustice as such because every generation, considered over the whole lives of its members, would experience the same costs and benefits (lack of money when young, and lots of it when old) as every other. The fairness of some of the “fair inequalities” discussed above, such as older people owning more houses than younger people simply because they have had more time to save for the deposit, could also be explained by this consideration.

## Conclusion: the intergenerational contract

The correct principles of intergenerational justice, which would be chosen by agents behind the veil of ignorance who do not know what generation they will be in, can be summarised in the following two-part intergenerational contract:

**1. Just savings: save enough to improve the lot of each future generation.** With respect to future generations which have not yet come into existence, for now and for the conceivable future (i.e. until justice has been perfectly realised) the correct principle of distribution between generations is one of just savings: each generation should spend and save in proportions that enable it to benefit from the investments of previous generations, and to meet its social needs (such as helping the worst-off), while also doing its best to *ensure that each future generation (considered over the whole lives of all individuals, rather than only in terms of mean average wealth) is better off than the previous one.*

**2. Just distribution: eliminate unfair inequalities between living generations.** With respect to distribution between the currently existing different generations, the correct principle is that *unfair inequalities between living generations (considered over their whole life) should be eliminated*, where unfair means that the inequality is due to arbitrary (i.e. morally irrelevant) factors that other generations alive today have not faced.



Because all generations *would* agree to these principles behind the veil, in the knowledge that all previous generations have followed the principle of just savings, justice requires that every generation follows them now. These principles therefore constitute a hypothetical social contract.<sup>5</sup>

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<sup>5</sup> This assertion sets aside some complications concerning the precise way that Rawls formulated this social contract in his *Theory of Justice*, and how he went on to modify the formulation in *Political Liberalism*.

## 2. Objections

Among others,<sup>6</sup> two important objections could be raised against the two respective parts of the intergenerational contract.

### **Parfit's non-identity problem (a challenge to part 1 of the intergenerational contract)**

Perhaps the most serious, and certainly one of the most discussed, philosophical objection(s) to the idea that we should be concerned about future generations is the non-identity problem, which became widely known in the early 1980s as a result of work by Kavka, Woodward, and principally Parfit, who coined its title and with whom the problem is principally associated. "Identity" here does not mean the class which someone belongs to, as in "identity politics", but rather refers to the fact of existing as a particular individual. Parfit (1976, pp.100–102) was one of the first to discuss the problem, and chapter 16 of his pioneering book *Reasons and Persons* (1987, pp.351–79) is the most full and influential piece that has been written on the subject.

The problem is neatly summed up in Parfit's depletion example (Parfit, 1987, pp.361–3); what follows is his example mixed with an original storyline, to make it clearer and more vivid. Imagine that a small community lives on a desert island, and the only available source of heat and energy is a forest of trees. The community must decide whether to follow a policy of Depletion, in which they choose to cut down and burn trees on a massive and unsustainable scale, or Conservation, in which they will limit the number of trees they cut down and burn so that over time the stock of trees will be stable. If the community chooses Depletion, those alive now and those who will be born over the next two centuries will enjoy a "slightly higher" quality of life than under Conservation – they will be able to enjoy more dances around the fire. Yet after those two centuries are up, everyone will experience a much lower quality of life: the trees will have all been cut down and burned, and as a result the community will no longer have any ability to generate heat or energy. As Parfit (1987, p.363) puts it, "The great lowering of the quality of life must provide *some* moral reason not to choose Depletion". So far so good.

The problem arises when we consider that those whom we think of as being harmed by "Depletion" would, under Conservation, almost certainly not come into existence at all. That is because a certain individual is born only as a result of a unique combination of sperm and egg, which itself is the result

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<sup>6</sup> See Meyer (2015) for an overview of the various philosophical issues, and their most prominent thinkers, thrown up by intergenerational justice.

of very particular circumstances: a change of just a few moments would likely lead to different inseminating sperms (of hundreds of millions) being closest to the ovum, and so even just slight changes will completely change which person is conceived. For example, we can imagine that after choosing Conservation the locals have longer conversations than they would have had if they had chosen Depletion, because they spend time congratulating themselves on their environmentally responsible choice. These longer conversations, in turn, cause them to arrive home slightly later, and hence for their next sexual encounter to take place a little later in time. That slight change will inevitably alter the particular combinations of sperm and egg which result that night (even if we assume that no one would have a different partner from the partner they have under Depletion), and hence the children that are conceived. That is, so long as we accept (as seems reasonable) that the distinction in sperm and egg cells will generally be sufficient to ensure the conception of a different child (Parfit, 1987, pp.351–5).

Therefore it seems strange to claim that Depletion is a morally bad course of action: it is true that under a policy of Depletion those born after the two centuries (call them “group D”) would enjoy a lower quality of life than those who would be born at that time under Conservation (call them “group C”). But the point is that under Conservation group D would *not exist at all* – the particular combinations of sperm and egg that give rise to group D under a policy of Depletion would, after the different course of events that follows from the villagers choosing Conservation (such as the villagers talking for longer, and therefore arriving home later), not be the combinations that result. Therefore, as long as it is better for members of group D to exist than not to exist, i.e. as long as they have a *life worth having* (something that they would probably agree with unless their quality of life were *very* bad), they cannot say that they were harmed by Depletion. Depletion would have harmed no one; the only people who could complain about its effects (group D) would exist only *because* of the happenstance of timing and location, and thus of sperm and egg, that resulted from Depletion having been chosen. And yet, we want to be able to say that the choice of Depletion is bad.

The non-identity problem can be summarised by three intuitions,<sup>7</sup> where 1 and 2 contradict 3:

1. Any action that is “bad” must be “*bad for*” someone (Parfit, 1987, p.363); and, by logical implication, any action that is not bad for anyone cannot be bad.
2. If someone will have a life worth having, even if it is a flawed life, then the act which brings that person into existence does not harm, and so is not “bad for”, him or her.
3. There are some cases in which an action that gives someone a life worth having (i.e. which brings into existence someone for whom existence is better than non-existence), and has no bad implications for anyone else, is bad.

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<sup>7</sup> This presentation of the problem is adapted from Roberts (2015, section 1).

Thus, 3 is logically contradicted by 1 and 2: an action that brings into existence a person whose life is worth living is, hence, not bad for him or her (intuition 2); therefore, if it is also not bad for anyone else, it must not be bad for anyone – hence, the action is not bad (intuition 1). Yet there are cases in which such an action *is* bad (intuition 3), such as the Depletion example. Actions which privilege present generations at the expense of future generations are a case in point: such actions appear unjust and unacceptable, but how can we say that they are bad, or unjust, for future people if those people would actually only come into existence *because* of those actions? As long as they have lives worth living, it seems that the actions that bring them into existence do not harm them (intuition 2), and so could not be called “bad” or “unjust”.

The non-identity problem has evoked a significant amount of literature from some of the greatest contemporary minds in moral philosophy; this paper cannot hope to do justice either to the problem itself, or to any of these great minds. But it would be disingenuous to make a philosophical case for intergenerational justice without at least considering the problem, and offering something of a solution to it. So, with the above caveats in mind, the following explains how, consistent with the project of this paper, the non-identity problem can be met. The “solution” offered does not attempt to dissolve the non-identity problem, but rather to show that it does not count against the project of intergenerational justice.

A policy such as Depletion will cause the welfare of an entire future generation (or generations) of people to drop; thus, the case for intergenerational justice made in Section I means that this policy should not be carried out. This is true *regardless* of the particular individuals who are going to be affected by it. That is not to say that intergenerational justice is not concerned with individuals: as argued by Rawls (1999), assuring people’s basic liberties is of higher priority than distributive concerns. But concern for intergenerational justice means that such a drop in welfare for future generations would be unacceptable. The fact that the individuals who would suffer under an intergenerationally unjust policy such as this would not otherwise exist might imply that those *individuals* are not wronged, but that does not mean that the policy is just, because justice here is also concerned with distribution between the *generations*. In short, the Rawlsian approach adopted in this essay is consistent with a denial of intuition 1: an action that is not bad for anyone in particular can still be bad, by virtue of its impact on the intergenerational distribution. Thus, at best the non-identity problem could establish that Depletion would not wrong the individuals whose lives are made difficult because of it; but the resulting intergenerational inequality would nonetheless be unjust, and so justice would require that we implement Conservation instead.

An additional consideration. How would the non-identity problem relate to the veil of ignorance? The people behind the veil will actually exist in society, as contemporaries, once the veil is lifted. Thus for them the non-identity problem is irrelevant because if they will definitely be born, they will choose

principles that will guarantee their liberties and which, beyond this, will ensure a distributional pattern such that, whatever generation they are born into, their prospects will be as good as possible. As explained above, the parties in the original position must follow the just savings principle because this is the principle they would want all previous generations to have followed (and for all subsequent generations to follow). Because they agree to follow the principle themselves, they will by definition act in a way that will benefit future generations. Such an approach would clearly lead to the rejection of Depletion, because the principles chosen will be ones that benefit later generations.

### **Why this theory of justice between living generations (and not other distributive theories)? (A challenge to part 2 of the intergenerational contract)**

Distributive justice – roughly, the project of working out what a just distribution of goods would consist of – is a topic comprised of many competing theories. It would be impossible to do justice<sup>8</sup> to any of these here, let alone to refute their individual claims. The aim of this section, instead, is to roughly position the demands of the second part of the intergenerational contract within the literature, and to make a point or two about why the theory of justice that it entails is more appropriate than the other theories.

Aside from Rawlsianism, the main schools of distributive justice are:

- strict egalitarianism, which advocates absolute equality of goods and burdens;
- luck egalitarianism, which argues for the elimination of unchosen “luck” as a determinant of people’s experiences and permits only inequality that results from choices for which the relevant parties are responsible;
- desert-based principles, which argue for a distribution of goods that corresponds to what people deserve, in terms of factors such as the effort that they put into their work;
- principles of self-ownership, which reject “patterned” forms of redistribution because such redistribution does not respect people’s liberty: self-ownership principles uphold people’s right to keep what they own (in particular: their wealth) without having it taken from them (through tax), so long as what they own was acquired in a just way;
- utilitarianism, which aims to maximise aggregate utility (roughly: welfare/happiness);<sup>9</sup>

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<sup>8</sup> Please excuse the pun.

<sup>9</sup> For an informative account of these different theories and the main arguments made for and against them, see Lamont and Favor (2017).

Clearly, the central thesis of this paper is broadly Rawlsian. But when “fair” and “unfair” inequalities are discussed, how does that fit into Rawlsian theory; and why should we endorse Rawlsian theory over other theories anyway?

Rawlsian theory offers a perfect method for realising what intergenerational justice would entail, because his “veil of ignorance” eliminates *by definition* the sorts of concern that would lead to an unfair choice of principles that favoured one group (or generation) over another.

Furthermore, this paper’s central moral thesis can be seen to *build* on Rawlsian theory, in a rough and ready way, by starting with an analysis of his principle of just savings, and then moving on to consider justice between currently living generations – a question that fell outside the explicit scope of Rawls’s treatment. For the latter question, we began by considering as legitimate inequalities which benefit the worst-off generation, and then incorporating the sorts of concern that are espoused by the desert and luck egalitarian schools about desert and responsibility – these concerns underpinned the above stipulations about “fair” and “unfair” inequalities.

This paper’s argument is that these principles would be chosen behind the veil of ignorance, were the choosers to be asked about the right distributive policies between still-living generations. As shown in the examples given above it is intuitive, for example, that an inequality in wage between an older and a younger employee is acceptable if it is due to a factor, such as experience level, that the young person would be able to develop just as easily as did the older person. A principle deeming such inequalities to be “fair” would therefore be accepted behind the veil. We can set aside, however, the question of whether the concerns of the desert and luck egalitarian schools should be incorporated more generally (i.e. outside the intergenerational context) into questions of distributive justice. That question lies outside the scope of this paper.

In particular, by allowing for the possibility that some inequalities *could* be fair, for example if they are due to non-arbitrary factors such as poor choices over how to spend one’s money (i.e. responsibility and choice), and such as working for more hours than others and therefore being able to save up more money (i.e. desert), we surpass strict egalitarianism because, rather than considering our egalitarian intuition in isolation and ignoring conflicting principles, we synthesise it with them. Thus, the principle underpinning the second part of the intergenerational contract is an egalitarian principle that incorporates important principles of desert, responsibility and choice– principles that come from luck egalitarianism and a concern for desert.

To be clear, however, the idea that distribution should be based on what people deserve because of their effort is not a Rawlsian way of thinking. On the contrary, his contention, in fact, is that individuals with greater natural endowments than, or a superior character to, others do not have a right to obtain

further benefits from these advantages if these benefits do not help others (Rawls, 1999, p.89). This is because our natural endowments are not deserved, and neither is our character, since they depend largely on family and social circumstances in our early life which we cannot take any credit for. In the same vein, Rawls (1999, p.274) also argues that rewarding desert based on a factor such as effort is “impracticable”, because someone’s effort will be influenced by their natural abilities and skills, and the options available to them. Generally, Rawls argues, it is the better endowed who are most likely to “strive conscientiously”.

What response could be made to Rawls’s position? Let us consider it more closely. The strong form of Rawls’s premise would be: “someone’s effort level is solely due to factors outside of themselves – they are not at all responsible for their level of effort, and so they could not deserve any more or less favourable distribution on account of it.” It follows from this premise that the correct shape of a just distribution does not depend upon desert. But in its strong form, Rawls’s premise seems both wrong and harmful. It seems wrong because, surely, at the very least people are *partly* responsible for their level of effort; and it seems harmful because this sort of argument, if believed, would encourage people not to take responsibility for their level of effort, and thus could support an attitude of expecting benefits in distribution without feeling obliged (or being prepared) to give anything back to society in return. And that runs contrary to Rawls’s (1999, pp.90–91) principle of fraternity, according to which people would not want to accept benefits unless doing so will benefit those who are worse-off.

Rawls in fact gives this premise in a weaker form: he says that “the effort a person is willing to make is *influenced* by his natural abilities and skills and the alternatives open to him”, and that the superior character which propels us to make effort in cultivating our abilities “depends *in good part* upon fortunate family and social circumstances in early life for which we can claim no credit” (my emphasis, Rawls, 1999, pp.274, 89). But he then concludes these two passages, respectively, with “the idea of rewarding desert is impracticable”, and “the notion of desert does not apply here”. Yet these strong conclusions do not follow from the weaker form of the premise. All that follows from the weaker form is that a person cannot be held *entirely* responsible for their level of effort.

Let us accept the weaker premise, which seems absolutely correct: people are *partly* responsible for their level of effort. The question we must now ask is: is this level of responsibility sufficient for determining whether certain inequalities are just? The contention of this paper is that it is, for the reasons already alluded to. First, as a matter of fact, people have more control over their level of effort than almost any other factor about themselves, and it seems disingenuous to suggest that someone would not be able to put any effort into something simply because they were brought up in a “lazy” way, for example, even if such an instance would require a little more effort for that person to apply the same level of effort as other people. Second, this conclusion seems much more likely to foster in

people attitudes of responsibility and reciprocity (being prepared to give back to society), attitudes that are surely necessary to the spirit of “fraternity” that Rawls regards as an important part of a just society. For these reasons, then, factors such as desert and responsibility are valid concerns when deciding what a just distribution would look like; and the presence of these factors can give rise to “fair” and “unfair” inequalities.

Finally, self-ownership theories can be rejected because sometimes it is *not* correct for people to hold onto their superior wealth, even if it was acquired in a just way – the value of liberty (and the right to hold onto what you own) must be balanced against other concerns, such as the rights of the poor to a good education and to material subsistence.<sup>10</sup> And we reject utilitarianism because we are interested in intergenerational principles that are fair to all generations, and would not accept a utilitarian distribution between the generations that maximised utility at the expense of one generation over another.<sup>11</sup>

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<sup>10</sup> See Cohen’s (1995, pp.19–37) response to Nozick’s famous “Wilt Chamberlain” example for another powerful argument against self-ownership theories.

<sup>11</sup> See Rawls (1999, p.253).



### 3. What policies would (not) fulfil an intergenerational contract?

This chapter aims to illustrate what it would mean in practice to follow the intergenerational contract sketched in Section I. It does this by way of example, combining some UK policy cases with a splash of imagination, and analysing whether or not these fulfil the intergenerational contract. In all of these, it should be assumed that “other things are equal”. Six are considered: incomes, pensions, student debt, housing, vote-seeking and short-termism.

#### Incomes

During the 2008 recession, all groups of wage earners suffered a significant drop in their hourly wage. As a result, multiple generations found themselves, post-2008, doing less well than previous generations. Now, whether that is a case of intergenerational injustice depends in part on whether those multiple generations were set to do worse *over their whole lives* than previous generations. If the drop in hourly wage was only temporary, and the average hourly wage (in real terms) that they enjoyed over their whole lives was higher than that of previous generations, then from a broader perspective there was no economic inequality to speak of that favoured previous generations. However, if such economic crashes happened more regularly then this might nonetheless raise issues around other types of intergenerational inequality, such as current generations having to endure a higher degree of economic instability than previous generations.

Turning away from the historical facts, let us imagine that the crash could be blamed *entirely* on selfish, myopic behaviour on the part of bankers; that the bankers all belong to the same generation (call it generation B); and that that generation is comprised *only* of bankers. Further, imagine that the bankers themselves are hit hardest by the crash, and as a result the incomes of generation B over their whole lives are lower than those of all other generations alive at the time of the crash.

Is this intergenerational inequality *unfair*, and therefore contrary to the second part of the intergenerational contract? This question can be answered by a further one: is the inequality the result of arbitrary factors? Clearly not. The bankers themselves are responsible for the drop in their incomes, so the resulting intergenerational inequality between generation B and other living generations is not unjust.

That is not to say that such a generation should not ever be helped – if they found themselves in particularly dire straits then the case for helping them might be compelling. But the point is that such help would then be an act of charity, motivated by compassion for the people in that generation; the government would not *owe* them any help as a matter of intergenerational *justice*.<sup>12</sup>

Returning to reality for a moment, different generations were harmed by the 2008 crash to different respective extents, and it was young people who experienced the biggest drop in incomes (EHRC, 2015). They also disproportionately bore the brunt of government austerity after this crash (Kingman, 2015). More broadly, there is a growing “intergenerational pay gap”: since 1997, the ratio of older workers’ wages (people in their 50s) to those of younger workers (people aged 18–21) has increased by more than 50%: from 1.7 to 2.6 (Kingman and Seager, 2014). Indeed, the dual struggle of declining wages and rising prices of necessary goods (such as rent) has led to a decline in the spending power of young workers; consequently, they have missed out on the wealth enjoyed by the baby boomers (Kingman and Seager, 2014, p.4). The median incomes of pensioners rose by 13% from 2008 to 2016, while falling 1.2% for working households (Eaton, 2018, p.24). Indeed, many economic thinkers contend that those in their 20s today are, over the course of their lives, likely to be significantly worse off than their parents (Kingman, 2013, p.6).

Let us extrapolate from this and imagine, then, first that Millennials are currently poorer than baby boomers were when they were the Millennials’ age, and second that the Millennial generation will, over the rest of their lives, continue to experience incomes that are lower than the incomes enjoyed by the baby boomers. Furthermore, let us assume that the Millennials do everything that the baby boomers did/do to make and hold onto money – they work just as hard, invest their money just as carefully, etc. This situation would imply that the intergenerational inequality between the incomes of the boomers and Millennials is due to the arbitrary fact of Millennials being born into a different generation than the boomers, and not to any factors which the Millennials could be said to deserve, or for which they could be held responsible. Thus, the inequality is unjust: it contravenes the second part of the intergenerational contract, and so it must be addressed.

It may be objected that while some intergenerational inequalities can be blamed directly on government policies, for example if they are due to changes in government benefits, others are the result of independent market processes and therefore correcting them is not the responsibility of government. But such a claim cannot vindicate the government; even if these inequalities are the result of independent market process and were not created, or exacerbated, by government, at the very least they have been ignored by it.

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<sup>12</sup> This answers the following important objection to luck egalitarianism: if a motorcyclist chose not to wear a helmet and then an accident left him helpless at the roadside, we would not want to leave him there just because he *chose* not to wear a helmet (see Anderson, 1999, p.296).

The normative recommendations for intergenerational justice given by the intergenerational contract suggest that government has a positive responsibility to identify and eliminate such unjust intergenerational inequalities, not sit by passively while “market processes” create and perpetuate them.

## Pensions

While the past few years have seen the young facing rising student debt and cuts to programmes such as Educational Maintenance Allowance, the old have been afforded several generous financial concessions. One of these is pensions. The state pension has been protected by the triple lock<sup>13</sup> since 2010 (which is due to remain in place until 2020). Arguably, the pensions system, including factors such as the *type* of pension that most money is spent upon, has bestowed significant favour upon the older generations. In this vein, Hitchens (2016, p.5) writes: “A situation has arisen in which older Britons are enjoying a golden retirement at the expense of the broader economy.”

Without worrying about the details, let us assume that Hitchens is correct and, further, that the lavish way in which pension pots are being used means that after the baby boomers pass away the Millennial generation and two subsequent generations will have to live with a pension pot that is significantly smaller (in real terms) than the pot which the boomers are currently enjoying.

How would such a set-up look to the eye of intergenerational justice? In a word: not good.<sup>14</sup> The first part of the intergenerational contract has been broken: pension wealth is not being saved/invested at a rate that meets the needs of the present while ensuring that it will be greater for future generations, but quite the reverse – it is being spent on the boomer generation at a rate that will leave future generations in their old age not only no richer than the boomer generation, but *poorer*. Such a pensions policy would therefore break the first part of the intergenerational contract; intergenerational justice would require, rather, a policy that allowed pensioners to meet their needs while at the same time that was saving and investing at a level that would enable future generations to enjoy a *greater* pension pot than the one enjoyed by the boomers.

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<sup>13</sup> Meaning that it would rise by the highest of inflation, average earnings, or 2.5%. Pensioners also saw their means-tested Pension Credit, and universal benefits such as free bus passes, free TV licences, and winter fuel payments, protected; also, the pensioners did not face social security cuts, allowing David Cameron to keep his campaign promises to the grey voters.

<sup>14</sup> Make that two.

## Student debt

In 1998, tuition fees were made mandatory for all UK students. They have since increased a number of times. In 2010, the Conservative-Liberal Democrat coalition tripled them from £3,000 to £9,000. At the time of writing they stand at £9,250 in England. In 2002, the higher education minister Margaret Hodge justified the raising of tuition fees on the basis that a degree confers an average of £400,000 of extra earnings on the graduate over his or her lifetime. Defenders of high tuition fees have continued to tout this figure ever since. Yet more recent research estimates that figure at just £100,000. A study by the Intergenerational Foundation (IF) suggests that this much smaller figure is still too high, but that even if correct it is unable to cover the interest accruing on student loans (Kemp-King, 2016). Another study by IF (Burney-O'Dowd, 2017) notes, further, that there is evidence to suggest that the cost of providing undergraduate education tends on average to be less than the tuition fees charged, especially in the case of the arts and humanities.

Let us imagine, then, that Millennials are not only paying for a university education that the baby boomers got for free, but that they will actually end up paying back *more* than the financial value of the education itself. Further, let us suppose that the savings that the government is making by transferring this financial burden onto the Millennials is being used not to invest in the future, but to pay for the old to enjoy free TV licences and bus passes, significant subsidies on winter fuel costs, and a large pension pot. We can also imagine that this money is being spent in an unsustainable way: more money is being spent on these boons for the old than the government actually has in its coffers, leading to an increase in debt, which will have to be paid off by future generations. Thus, it is only the baby boomer generation who will enjoy the fruits of this student debt policy; let us suppose that the Millennials, once they reach old age, and two subsequent generations (at old age) will have to make do with significantly smaller pension pots and benefits from the government than the baby boomers, and the young people in each generation will have to pay progressively more for their university education as the government tries to increase its revenue in order to pay off its debts.

Such a case breaks both parts of the intergenerational contract. The first part is contravened because two future generations will actually be *poorer* in their old age, and (with respect to university education) in their young age, than the baby boomers: the principle of just savings is not being respected, because no money is being saved at all – spending on current generations is not being balanced against a concern to save money for the sake of future generations, but quite the reverse. And the second part of the contract is not being fulfilled because there is an unfair inequality between the Millennial generation and the baby boomers: the baby boomers are enjoying undeserved economic benefits which the Millennials are paying for through their student debt.

Since this intergenerational inequality is no fault of the Millennials, but rather the result of the arbitrary fact that the Millennials were born at a time when tuition fees had been introduced, alongside other government policies that favoured the baby boomers, it is unfair and therefore breaks the second part of the intergenerational contract.

## Housing

Young people are likely to spend longer living in the private rental sector and in their parental homes than previous generations (Rugg and Quilgars, 2015, p.5). Indeed, home ownership among the young in England has been decreasing for a number of years, a trend that was exacerbated by the 2008 recession. The proportion in which under-35s make up the homeowner population has almost halved in 15 years, with the ownership rates of young people on low/middle incomes falling from 56% in 1998 to 25% in 2013–14 (Corlett et al., 2016, pp.36–7). A report from the Institute for Fiscal Studies (Cribb et al., 2018) illustrated the difference in house-owning prospects between the Millennials and those born before them: in 1995–96, 65% of 25–34 year olds whose family income fell in the middle 20% owned their own home. In 2015–16, it was just 27% of that group. This drop in home-ownership is explained by the rise in house prices over this time: nearly 90% of those aged 25–34 face average house prices in their region of more than four times their annual after-tax family income; and for nearly 40% of this group, they are more than 10 times as large. But two decades ago, in contrast, fewer than half of young adults faced house prices of more than four times their income, and fewer than 10% faced house prices greater than 10 times as large.

Suppose, now, that sufficient investment in house-building schemes now would cause cheaper house prices in the future, perhaps because a greater supply will reduce the competition for houses that pushes up their price. But, let us suppose, there is little investment in such schemes, and as a consequence house prices look set to just keep going up. Finally, imagine that the money young people have to spend on rent and mortgages goes straight into the pockets of baby boomers, who then spend it on expensive holidays and luxury furniture.

Such a case clearly breaks both parts of the intergenerational contract. To fulfil the first part of the contract, money would have to be saved in order to be invested in the houses of future people, so that future houses are more affordable for future generations than current houses are for current generations. But instead the reverse is true: the baby boomer generation is spending the money they earn from rent and mortgage on their own enjoyments and investing nothing in the future, with the consequence that houses will actually be more expensive for future generations, not less.

And the second part of the contract is broken because there is a significant inequality between the baby boomer and Millennial generation: considered over their whole lives, more baby boomers own houses than will Millennials, and baby boomers will have spent significantly less on housing (as a proportion of their incomes) than the Millennials. Furthermore, this inequality is not due to any choice or fault of the Millennials, but simply due to the arbitrary fact of their being born at a time when house prices are increasing faster than incomes. Therefore it is an unfair inequality that runs contrary to the second part of the intergenerational contract.

## Vote-seeking

Evidence suggests that politicians are mainly self-interested and therefore vote-seeking: their policies tend to prioritise the groups who vote for them in the greatest numbers. In recent UK elections, the turnout among young voters has been significantly lower than that of older voters. For example, in the 2010 election the turnout among 18–24 year olds was 44%, and among those aged 65 and above it was 76% (Ipsos MORI, 2010). The corresponding figures in the 2015 election were 43% and 78% (Ipsos MORI, 2015). The 2017 election was significantly better (although still bad for the young in comparison to the old), with corresponding turnout rates of 54% and 71% (Ipsos MORI, 2017). 2017's rise in youth turnout is disputed, however – but if it happened, then it is thought that it was the result of a surge in support for the Labour Party among the young, due to a feeling that Jeremy Corbyn, with policies such as abolishing university tuition fees, was listening to young people. Nevertheless, the overall trend is for the young to vote in relatively small numbers, vote-seeking politicians to thus ignore their needs, and hence for young people to feel neglected by politics and so not turn up to vote, etc., in a vicious circle that is to the detriment of both intergenerational justice and representative democracy (Sloam, 2007, p.565; Birch et al., 2013, pp.16, 20; Lijphart, 1997, p.4; Tozer, 2016, pp.18–19).

A paper by Birch et al. (2013) examined the evidence for the notion that governments display preferential treatment towards its key voters, privileging high-turnout groups over groups with low electoral turnout, such as the young and the poor, by analysing Britain's 2010 spending review. The evidence studied in their paper strongly supports this conclusion.

Such an approach runs contrary to the very basis of the intergenerational contract because citizens behind the veil, not knowing what generation they will be in, would want policies that are fair to all generations, and would not have any interest in whether they are policies that would win votes for the ruling party.

And in practice, for obvious reasons, the consequence of vote-seeking behaviour is very likely to be that either the first or the second part of the intergenerational contract (or both) is neglected. This shows that the intergenerational contract has implications not only for actual policy cases, but also functions as a guide for the goals and motivations of policy more generally.

## Short-termism

The combination of short election cycles and self-interested, vote-seeking politicians means that political decision-making is often defined by short-termism. First, no ruling party on a five-year term wants to invest in a project whose benefits will only be felt more than five years from the beginning of their term, because it fears that the voters, unable to experience the benefits of the investment before the party's term is complete, will not re-elect them. Second, conversely, the party may be happy to spend money on, or at least ignore, something with harmful effects if these effects will not be felt until a long time after the next election, because it assumes the voter will therefore not be thinking of these at the time of this next election cycle.

As an example of the first, imagine that investing significantly in renewable energy now means that present generations will have to pay slightly more in taxes, but future generations, in 40 years' time, will be able to enjoy just as much energy as we do now, but even more cheaply and without any negative environmental consequences. A short-termist government would not be interested in such an investment. As an example of the second, imagine that governments are currently spending money on subsidising the building of new airports and new aeroplanes that are due to be completed within the election cycle and which will enable people to fly slightly more cheaply. Imagine also that thirty years from now, taxes will have to increase massively in order to build the infrastructure necessary to protect us from extreme weather that will result from the increased air travel, and that the government that spent money on the airports and aeroplanes knew that this would be the result.

Both examples are conceivable for a short-termist government, but both break the first part of the intergenerational contract: by spending and saving at a level that does not allow future generations to do any better than present generations (as in the first example), or by saving and spending at a level that actually leads to future generations being poorer than present generations (as in the second), the principle of just savings is being contravened. Put simply, short-termism falls foul of the first part of the intergenerational contract because it is interested only in what is beneficial for present generations, without concern for, and even being prepared to pursue policies that will be at the expense of, the material prospects of future generations. This is the opposite of ensuring that each future generation is better off than the previous one.

## 4. Applying the intergenerational contract

In reaching a full assessment of whether something amounts to an intergenerational unfairness, many factors not considered in this paper would have to be taken into account. For example, if someone experiences a slightly lower income each day of their life than the previous generation, but lives significantly longer (and so, in total, receives more income), would that be a case of intergenerational unfairness? Such questions lie outside the scope of this paper.

However, a full assessment will rarely (if ever) be necessary: as with most analyses, we can start by identifying and simplifying into assumptions, or (if appropriate) disregarding, the factors that are less important and those that are harder to know. If possible, then later we can add these complicating factors back into the analysis (or, if they are already there, add more detail to them). This approach also applies to analysing whether a particular intergenerational inequality is unfair, as defined by the second part of the intergenerational contract. Moreover, as mentioned in Section I, we can start by analysing and addressing more obvious cases of intergenerational injustice, and then later move to the more difficult cases.

Another important point. If a young person experiences less of a particular good than previous generations, then before we conclude that there is an intergenerational inequality we have to consider whether it is counter-balanced by an equivalent, and similar-sized, benefit they experience that previous generations did not. For example, if young people no longer receive free televisions from the government, but now get a free iPhone (of higher real value than that of the television, and which enables them to play videos on the internet, which, let us imagine, has mostly replaced television-watching), then their not having a free television would presumably not constitute an intergenerational unfairness. However, the good in question might, if it is sufficiently important for living a fulfilled life, such as owning a house, require its own intergenerational analysis, separate from an analysis of a generation's prospects more generally. The specification of "an equivalent" benefit is important, because when they are not equivalent it will often be more useful and appropriate to analyse the two benefits separately, even if they are of similar financial value. For example, suppose that young people find that the cost of new clothes is higher than the new-clothes-cost faced by previous generations, but the cost of good food is lower than it was for previous generations. Rather than trying to compare these and say that they cancel each other out, because they are so different it would be better to analyse them separately. The conclusion might be, for example, that there is an issue of intergenerational fairness involved in the increase in the cost of clothes, but that the price of good food has decreased gradually in a way that is consistent with the principle of just savings (perhaps because the government has been investing VAT charged on food into more efficient – and equally good – methods of agricultural production).



With the above caveats in mind, however, assessing the standing of intergenerational justice need not be so difficult. The examples given in the previous section were intentionally simplified so as to make an assessment of whether they fulfilled the intergenerational contract easy and straightforward, in order to show the key considerations that would guide such an assessment. The necessary approach for analysing real-life cases is the same, even if it involves a more complex and difficult analysis. Essentially, it involves just two steps:

1. With regards the particular matter in question, identifying the distribution of benefits and burdens between living generations and future generations, and between different generations alive today.
2. Assessing these two distributions against the first and second parts of the intergenerational contract, respectively.

A complete assessment of intergenerational justice in society, and devising policies to correct any intergenerational *injustice*, is a big job. Yet as Rawls (1999, p.3) famously stated, justice is the “first virtue of social institutions” – and if a society wishes to be just, such an assessment is essential. Determining and allocating the resources for such a project should therefore be a government priority.

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