



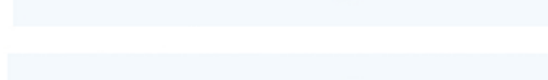
Why should we care about future generations?

What obligation do we have (if any) to take account of the well-being and rights of people who will be alive in the future when we make our decisions in the present?

This question is one of the primary concerns of intergenerational justice, a branch of philosophy which is relevant to many of today's key political debates, including those surrounding the environment, the economy and the national debt.

Most people would agree that it is not fair to saddle young and future generations with the consequences of the extravagance and profligacy of a living, older generation.

These might seem like vague, unwritten rules of good conduct that we should aspire to, but in fact there are also a number of philosophical theories that underpin such concepts of intergenerational justice. Let us take just one. The American philosopher John Rawls (1921-2002) approached the subject by applying the "veil of ignorance". This asks how you would choose to regulate society if you entered the world knowing nothing of your own position in it: your status, wealth, intelligence,



without compromising the ability of future generations to meet their own needs."

It is acceptable that there are some differences in status and wealth between living generations: older generations have lived and worked longer, and they might be expected to live in bigger, or more valuable houses. What is not fair is if one generation has easy access to something when young (such as affordable housing, higher education, or generous pension schemes) then later makes it difficult for a younger generation to acquire these same benefits. This is an offence against "distributive justice", the fair distribution of benefits between generations.

The trouble is that, these days, young people are likely to be significantly worse off than their parents were over the course of their lives, indicating that the older generation have failed in their duties and obligations towards "just savings" and "distributive justice" – and intergenerational justice.

COMMISSIONERS FOR FUTURE GENERATIONS

Governments can indeed act on behalf of future generations, and create institutions that look across generations to the long-term future.

Wales has a Commissioner for Future Generations, whose job it is to undertake intergenerational impact assessments on all major policy and draft legislation. Many people believe that the UK's Westminster parliament should – like Wales – have a Commissioner for Future Generations, and that a similar role should be created at the United Nations.



INTERGENERATIONAL JUSTICE IN PRACTICE

We might all agree on the principle of intergenerational justice, but how is this put into practice in today's world? The answer, too often, is "badly".

Despite more than 40 years of warnings from scientists about global warming, so little effective action has been taken that we are now facing a "climate emergency"; young generations are worried about the future of the planet.

Many governments tend to be short-sighted, because they focus on winning the next election – a horizon not of generations, but of four or five years at most. Environmental policy, housing, pensions, the health service, prisons, education: too often policies are short-term fixes. But it is not all bad news. For example, a campaign group called the Next Generation, the Indian state of Goa, has had considerable success in placing Goa's natural resources under the trusteeship of the state.

Who exactly owns the natural resources of a country – the minerals, the water, the air that we



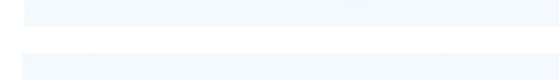
What can older generations expect from the young?

Question: The media frequently refers to Britain having an ageing population – but what does this actually mean?

Answer: an ageing population is one in which the median age of the population is rising.

The term "Baby Boomers" refers to the unusually large cohort of post-war babies who were born during a period of high fertility following World War 2. Britain actually underwent two periods that can be described as "baby booms". The first one was a very sudden increase in the birth rate which immediately followed the end of the conflict, lasting from 1946 to 1949. These people are now in their 70s. The birth rate then underwent a lull before it began a remarkable rise again in the 1960s, peaking in 1964. The bulk of this second group of boomers are now in their late 50s. The UK's birth rate then fell again and has never recovered to the levels witnessed during the baby boom era.

The result of the UK's high birth rates during the baby boomer period and then the subsequent fall during the 1980s and 1990s is that the number of retirees is growing relative to the number of working-age people. This has many implications for Britain's economic future – most urgently the



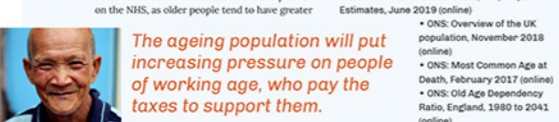
question of how the country will afford to pay for looking after its elderly population.

OLD-AGE DEPENDENCY

The age at which someone reaches State Pension age (i.e. normally the age of retirement) in the UK is now about 65½, but the average age of death is 85 for men and 88 for women, so retirees which last at least 20 years are now enjoyed by vast numbers of people.

This has significant costs because pensioners in the UK are given various forms of financial support from the government – including the basic state pension and several other pensioner benefits such as free bus passes and winter fuel payments – which are largely paid for by taxes on younger people.

The State Pension alone currently costs about £94 billion a year, or about 12% of public spending. These costs are forecast to rise dramatically in line with our ageing population, and there will also be a substantial increase in the demands placed on the NHS, as older people tend to have greater



health-care needs than younger ones.

The ageing population will put increasing pressure on people of working age, who pay the taxes to support them, simply through growing numbers. Today, there are 296 people over State Pension Age for every 1000 people of working age (this is called the "Old Age Dependency Ratio"); it is predicted that by 2041, this will rise to 366:1000.

THE INTERGENERATIONAL CONTRACT

Britain has historically paid for services for its older generation through the unwritten "intergenerational contract". In effect, each generation accepted that their taxes should be used to fund pensions and health care for the elderly; and the next generation providing the same services for them. However, there have never been as many elderly people in Britain as there will be over the coming decades, raising the likelihood of increasing political conflict over how much a smaller cohort of working-age people



Are young people being fleeced?

Economic analysis is usually concerned with how wealth is generated and shared, often focusing on the gap between rich and poor. However, these issues can also be looked at across time – in other words how they affect

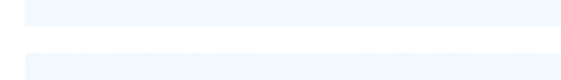
is now over £1.8 trillion, or about £66,000 for each UK household.

Such borrowings have to be paid by future taxpayers, and so in intergenerational terms they are a burden which we are passing on to them, even though most of this government spending will only directly benefit those who are around today. This approach is often branded "shady" "germism".

Among those who are around today, age has a very big impact on their personal economic circumstances. For instance, the over-45s own 87% of all the UK's asset wealth, which includes property, pensions and investments.

DIFFERENT IMPACTS

The majority of younger people are borrowers (to pay for university education, for instance, or to buy a flat), whilst older people are more likely to be savers. This means that the same economic policies are likely to have a different impact depending on how old you are.



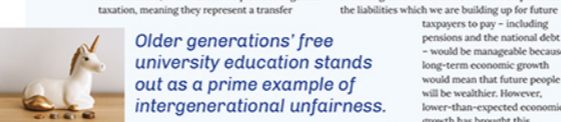
A PLACE TO LIVE

Part of the reason why young borrowers are so indebted is that over the last 30 years house prices have grown on an unprecedented scale, especially in London and the South East of England. Rents have also increased steeply because of the rising value of property, and more young people have to rent for longer as they cannot afford to buy property at today's prices.

House-price increases and higher rents have generally been beneficial to older people, who own most of the UK's property. Current property owners form a powerful lobby group, making it less likely that the government would implement policies which act against their interests.

PENSIONS CRISIS

A clear example of short-termism has been the very large pension promises made by the government which are "unfunded" – that is to say, no actual money has been put aside to pay for them. Instead, these have to be paid out of general taxation, meaning they represent a transfer



of wealth largely from young workers to older retirees.

This was less of a problem in the past when people lived shorter lives, but the longevity of the current older generation means this will become an increasingly significant burden for younger taxpayers over the coming years. These pension promises already amount to some £76 trillion (if you include the liabilities for both the state pension – which nearly everyone gets when they reach a certain age – and pensions for former employees of the public sector and private sector companies. Altogether, these liabilities amount to more than £280,000 for each UK household.

STUDENT DEBT

Following changes to the student loan system in 2012, UK students now have to pay £9,250 a year in fees for most higher education courses, as well as take out further loans to cover their living costs. From 2019, these loans have to appear in

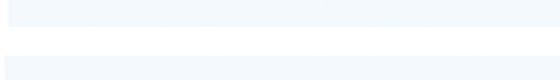


Who is responsible for the future?

Governments should try to balance the interests of people who are alive today with those of future generations. However, politicians often focus on short-term gains in order to please their electorates and win votes.

The question therefore arises as to how far into the future political leaders should look. If we choose to build a new bridge or airport should the cost of building it be borne by both current users and future users? A government could achieve that by borrowing part of the money to pay for the project, on the basis of a long-term loan to be paid some time in the future. But what about financing which benefits the current generation exclusively?

Take the national debt, for instance. Recent governments have allowed the national debt to rise to over £1.8 trillion (in 2002 it stood at about one-fifth of this sum). This has mostly been caused by borrowing money to finance current spending – including the NHS, welfare benefits, pensions etc., as well as combating the post-2007 financial crisis. One day a future generation will have to accept

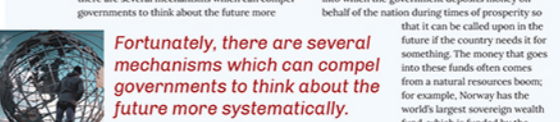


a certain age). The cost of these is rising thanks to the fact that the post-war "Baby Boomer" generation is now retiring, and people are living longer in old age.

Until recently, generous government pension promises have been based on the assumption that the economy – and with it the income from taxes – would grow enough in the future to cover the costs. But this has not happened; the forecasts have been wrong, and future generations will have to pay the price. At the same time, if a government can see that such pension promises are becoming unaffordable, it faces the difficult task of trying to reform them against the wishes of voters who will be adversely affected – notably the older segment of the electorate known as the "Grey Vote".

SOLUTIONS

So the incentives for the politicians are weighted very heavily towards pursuing short-term policies. What can be done to stop them? Fortunately, there are several mechanisms which can compel governments to think about the future more



systematically.

National constitutions can bind governments to respecting the rights of both current and future generations. A surprisingly large number of countries (for example, Germany) have national constitutions which refer explicitly to protecting the rights of future generations. Often these concern the natural environment, over which – it can be argued – each generation has a clear duty of stewardship towards future generations.

Some other types of legal protection can be used to prevent excessive financial short-termism by today's politicians, such as the USA's debt ceiling, and the balanced budget amendments which exist in many European countries. These are methods of placing strict legal limits on how much debt governments are allowed to accrue and pass on to future generations.

Another strategy is giving some kind of government representation to future generations, with the aim of reviewing current policy and



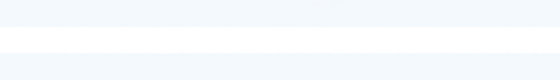
Is your vote useless?

Democracy is about representation – giving ordinary people a say in how they are governed, and the power to change things if they disagree. The usual instrument for delivering democracy is the vote, in elections.

In elections, voters choose the candidates who will best represent their interests. By the same token, candidates for election will try to win over voters by promising to pursue policies that match the voters' interests. That is how democracy is supposed to work.

But what happens if one particular group of voters – with a particular set of interests – is numerically dominant? The result is that this group will always prevail in elections, to the exclusion of others. A bias can arise if a particular age-group dominates an electoral constituency, or indeed the whole voting system. The interests of that age-group will be prioritised by the government it elects.

In Britain – as indeed in most Western countries – the population is getting older. In

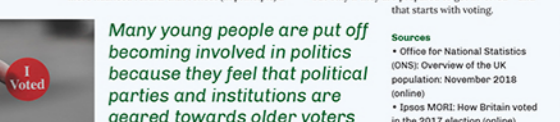


All these factors increase the power of the so-called "Grey Vote": political candidates see that they have more chance of winning if they promise to protect the interests of older voters once in government. That's where the votes are.

CHANGE THE SYSTEM?

Can this age bias in elections and government be avoided? Changing the voting system might be one answer.

The "first-past-the-post" system – under which every voter votes for just one candidate, and the candidate with the most votes wins (whether or not they get a majority) – is a fairly blunt instrument, which provides no representation for people who didn't vote for the winner. Proportional Representation (PR) is an alternative system which awards seats proportionally, according to the overall percentage of votes cast, often taking into account peoples' second and third (or even more) choices; it produces more nuanced results that reflect (in principle) a



broader consensus of opinion. The interests of all age groups across the spectrum might be better represented by such a system, but given that Britain decisively rejected – in a referendum in 2011 – the proposal to introduce another electoral system called the Alternative Vote (AV) for general elections, there seems to be little prospect of change in the near future.

Some people have argued that the demographic ageing of the electorate could be counterbalanced by extending the vote to 16 and 17 year-olds – as Austria has already done, and as Scotland did for the 2014 referendum on Scottish independence. After all, 16 and 17 year-olds are treated as responsible adults in many respects: they can join the armed forces, get married (with parental permission), and pay taxes. Statistically, giving the vote to 16 and 17 year-olds is likely to have only a marginal effect on the outcome of elections: that age group consists of about 1.5 million potential

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 - Kingman, D. (2017): "Generation Remain: Understanding the Millennial Vote"; Intergenerational Foundation (online)