

## **The Reappearance of an Intergenerational Equity Debate in the UK**

By John Macnicol

### **Introduction**

Intergenerational equity has once again become a topic of public debate in Britain. Against a background of economic recession, massive cuts in public expenditure and something of a change in the political culture, a debate has reappeared - some twenty years after its earlier incarnation - popularised by recent books (apocalyptically titled, and of varying degrees of seriousness) by David Willetts, Francis Beckett and others,<sup>1</sup> frequently discussed in the media, the focus of a new pressure group (the Intergenerational Foundation) and even taken up by research funding bodies like the Equality and Human Rights Commission and the Leverhulme Trust. The idea that our current economic woes have in part been caused by 'over-generous' redistribution to older people has become an integral part of prevailing political discourses, intruding into many debates - from the 2012 'granny tax' to the right of wealthy pensioners to receive the winter fuel allowance. It even made an appearance in Niall Ferguson's first Reith Lecture, when Ferguson declared that 'the biggest challenge facing mature democracies is how to restore the social contract between the generations'. He observed that it was

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<sup>1</sup> David Willetts, *The Pinch: How the Baby Boomers Took Their Children's Future - and Why They Should Give it Back* (2010); Francis Beckett, *What Did the Baby Boomers Ever Do for Us?* (2010); Ed Howker and Shiv Malik, *Jilted Generation: How Britain Has Bankrupted Its Youth* (2010).

perhaps not surprising that a majority of current voters should support policies of intergenerational inequity, especially when older voters are so much more likely to vote than younger voters. But what if the net result of passing the bill for baby-boomers' profligacy is not just unfair to the young but economically deleterious for everyone?

Having blamed older people for the UK's debt crisis, Ferguson then went on to declare, with deliciously unconscious irony, that 'as our economic difficulties have worsened, we voters have struggled to find the appropriate scapegoat'.<sup>2</sup>

The bigger context is, of course, the concern that, in the near future, all western economies will experience ageing populations as the large baby-boom birth cohorts move into retirement and will therefore have to deal with rising pension, health and social care costs and labour shortages. The indirect effects may include declining stock market values with fewer savers, reductions in aggregate demand and stagnant economic growth. It is alleged that, as a consequence, younger generations will inevitably experience a lower standard of living than did their parents and remedial action should be taken to correct this injustice.

There can be no doubt that younger people now face extremely discouraging economic prospects. The number of 16-24 year-olds not in employment, education or training has risen to just over 1,000,000 (a jobless rate of 20 per cent); many young people are effectively priced out of an over-inflated housing market that provided the collateral for the long, debt-fuelled boom that ran from the early 1990s to 2008; rising university tuition fees will impose

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<sup>2</sup> Niall Ferguson, 'The Rule of Law and Its Enemies', *The Reith Lectures*, BBC Radio 4, broadcast 19 June 2012, [www.bbc.co.uk/programmes](http://www.bbc.co.uk/programmes). Ferguson did not seem to be aware that older voters are more likely to vote Conservative.

debts of up to £50,000 per person on graduates at the start of their careers; and younger generations face years of public expenditure cuts (only one-eighth of which have currently been implemented) and welfare state contraction.

But what has caused this - intergenerational inequity or the catastrophic failure of neoliberal economic policies over the past thirty-five years? The former explanation masks the latter and, in its most extreme version, argues that one particular 'welfare generation' has manipulated the public policy agenda in its own favour - covertly, concertededly and conspiratorially. In this form, it is a human agency explanation *reductio ad absurdum*, with little cognisance taken of structural economic factors. It remains unsupported by any convincing evidence from policy-making case-studies. For example, the most scholarly presentation of an earlier version of this thesis was by the New Zealand social historian David Thomson some twenty years ago. Thomson's contention was that the New Zealand welfare state had been youth-oriented in the 1950s and 1960s, when members of the welfare generation were young and raising families; but it changed in the 1980s, as they approached retirement, and became more fiscally oriented towards retirees. However, close reading of Thomson's book reveals little more than allusion and speculation where the policy process is concerned.<sup>3</sup> Elsewhere, he even suggested that this welfare generation had been able to influence the inflation rate to its own advantage; again, the evidential basis for this remarkable claim was, at best, allusive.<sup>4</sup> Nevertheless, despite its empirical shortcomings

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<sup>3</sup> David Thomson, *Selfish Generations? How Welfare States Grow Old* (1996 edn.)

<sup>4</sup> David Thomson, 'The Welfare State and Generation Conflict: Winners and Losers', in Paul Johnson, Christoph Conrad and David Thomson (eds.), *Workers Versus Pensioners: Intergenerational Justice in an Ageing World* (1989), p. 48.

today's debate has given rise to calls that, in the interests of intergenerational justice, a redistribution of public resources should take place in favour of the young. Inevitably, it has become yet another argument supporting the view that working lives should be extended and state pension ages should rise.

Generational politics has become fashionable. Generations are once again being pitted against each other, just as 'workers' were set against 'pensioners' in the 1980s, and working-age 'producers' against passive, retired, burdensome 'consumers' before that. For example, the 1954 *Report of the Phillips Committee* asserted that

the burden of old age involves the transfer to the elderly of income currently derived from the exertions of others. To the extent that such transfers take place, the elderly are a burden on the rest of the community.

After some intriguing passages warning that expenditure on state pensions might hinder the process of capital accumulation, the report urged the government of the day to raise minimum state pension ages 'ultimately' - after a transitional period - to 68 (men) and 63 (women) and suggested equalising men and women's eligibility ages.<sup>5</sup> Again, in 1985 the American demographer Samuel Preston reiterated this human capital logic:

Expenditure on the elderly is almost exclusively consumption expenditure, in the sense that it does not appreciably affect the future productive capacity of the economy. Most types of expenditure on children are both consumption and investment.<sup>6</sup>

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<sup>5</sup> *Report of the Committee on the Economic and Financial Problems of the Provision for Old Age*, Cmd. 9333, 1954, pp. 33, 49-51.

<sup>6</sup> Samuel Preston, 'Children and the Elderly: Divergent Paths for America's Dependents', *Demography*, 21, 4, Nov. 1984, p. 452.

In many ways, what has happened is yet another example of a new identity politics being fashioned in order to obscure class issues. As Lester Thurow approvingly observed some fifteen years ago,

In the years ahead, class warfare is apt to be redefined as the young against the old, rather than the poor against the rich.<sup>7</sup>

Likewise, David Thomson's stern admonition was that

There is little to be gained any more in studying the welfare states simply as battlegrounds between rich and poor, employer and employee, and our other synonyms and apologies for class.<sup>8</sup>

Accordingly, recent popular movements by young 'Facebook activists' have been presented as age conflicts rather than class conflicts - for example, the student protests in Britain against higher tuition fees and the slow privatisation of higher education, or the 'Arab Spring' movements for regime change that have spread rapidly across many Middle Eastern countries (in many of which, as much as 60 per cent of the population are aged under 30). Will we shortly see, as some commentators warned twenty years ago, a 'war between the generations'?

The current sensationalist hijacking of generational analysis and its use as the handmaiden of neoliberal policies should not obscure the fact that age-based social analyses *are* potentially very useful. Generational conflicts of a low-level kind are an integral part of family life, and figure prominently in popular culture (for example, in the way that the film *Mama Mia!* celebrated the triumph of the middle-aged woman). Intergenerational tensions and conflicts

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<sup>7</sup> Lester Thurow, 'The Birth of a Revolutionary Class', *New York Times Magazine*, 19 May 1996, p. 47.

<sup>8</sup> Thomson, 'The Welfare State', *op. cit.*, p. 34.

over such issues as land allocation have always existed:<sup>9</sup> the question of what should be a 'just' distribution across generations has been central to all human relations and societal organisations. Prehistoric tribal societies observed complex rules of reciprocity and obligation across the generations within the extended family, such as food-sharing practices.<sup>10</sup> The young have always been perceived as mildly threatening to the staid cultural practices of the middle-aged - from the flappers of the 1920s, to the jitterbugs of the 1930s, to the counter-cultural hippies of the 1960s and the ecstasy-fuelled ravers of the 1990s. The greatest generational conflict of recent times probably occurred in the USA during the Viet Nam War. Again, warnings about age rivalries in public policy began to appear in the middle of the 20th century, in response to the growing 'gray power' activism in both the UK and the USA (for example, the Townsend Movement).<sup>11</sup> So generational conflicts are not exactly new.

Intergenerational relationships are also central to the study of ageing and old age. It is a truism in gerontology that a lifecourse perspective reveals the complexity of this give-and-take between and within generations at various stages of the ageing process. As Vern Bengtson has observed,

The problem of generations is how to deal with the periods of dependency and independence dictated by the course of individual development and ageing.

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<sup>9</sup> Nancy Foner, *Ages in Conflict: a Cross-Cultural Perspective on Inequality Between Old and Young* (1984); Richard Wall, 'Intergenerational Relationships Past and Present', in Walker, *New Generational Contract*, pp. 37-55.

<sup>10</sup> John B. Williamson and Diane M. Watts-Roy, 'Framing the Generational Equity Debate' in John B. Williamson, Diane M. Watts-Roy and Eric R. Kingson (eds.), *The Generational Equity Debate* (1999), pp. 4-5.

<sup>11</sup> John Macnicol, *Age Discrimination: an Historical and Contemporary Analysis* (2006), pp. 50-1; Phillip Longman, *Born to Pay. The New Politics of Aging in America* (1987), p. 32.

This we do by means of lifecourse and generational reciprocities, receiving, giving and receiving over time, at both the family and macrosocial level.<sup>12</sup>

For social scientists, the challenge is how to unpick these complex, interactive generational exchanges across the lifecourse.

The analysis of society according to age is thus central to social science itself - with one interesting lacuna. Despite some pioneering work by John Rawls, Bruce Ackerman and a few others, moral philosophers have given surprisingly little thought to the question of age as a social division and the problem of distributional justice between age cohorts, tending instead to assume fixed populations over short time periods. For example, two recently-published definitive texts consider inequalities of gender, race/ethnicity and disability, but say little or nothing about age.<sup>13</sup> Allegations of intergenerational inequity thus lack a clear theoretical underpinning. Of course, this may be explicable by the fact that intergenerational concerns are associated with neoliberalism, and neoliberalism tends to disavow explicit theories of distributional justice, believing instead that only the market should allocate rewards. Finally, one positive and important application of intergenerational equity would be in the area of climate change: what obligation do current generations have towards their children to leave them an ecologically sustainable world?<sup>14</sup>

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<sup>12</sup> Vern Bengtson, 'Will "Generational Accounting" Doom the Welfare State?', *The Gerontologist*, 33, 6, 1993, p. 813.

<sup>13</sup> Will Kymlicka, *Contemporary Political Philosophy. An Introduction* (2002); John S. Dryzek, Bonnie Honig and Anne Phillips (eds.), *The Oxford Handbook of Political Theory* (2006).

<sup>14</sup> David Piachaud, John Macnicol and Jane Lewis, *A Think-Piece on Intergenerational Equity* (Equality and Human Rights Commission, 2009), pp. 68-72.

### **Three lifecourse perspectives**

Analytically, it is helpful to draw a distinction between three lifecourse perspectives. First is the 'cohort effect'. Until now, every generation has been (on average) wealthier, healthier, better housed, more highly educated, and so on, than the ones preceding it. This is a consequence of rising living standards and hitherto the assumption has been that it will always continue. The implicit generational contract is based upon the view that today's old people helped to bring about the rising prosperity enjoyed by the non-old - and therefore the non-old should support them. Those concerned with intergenerational equity argue that progress is now being halted; living standards will henceforth stagnate or even fall, since all industrial societies face a very serious fiscal perfect storm made up of several toxic elements - an economic recession (the likely duration of which is uncertain), the need to reshape economies to reverse global warming, the growing challenge from developing countries like India and China and the public expenditure consequences of future ageing populations.

Second, the paradox is that, at any one time, old people appear to consume a disproportionately large amount of social security and health care resources. Pensions are by far the largest single item in modern social security budgets, and morbidity is now so concentrated in infancy and extreme old age that roughly 80 per cent of an individual's lifetime health care costs are consumed during their first six years and their last three. On the face of it, therefore, a cross-sectional, instantaneous view would seem to reveal substantial generational inequity in the distribution of public resources in favour of the old. Hitherto this age bias in resource allocation has been deemed acceptable because pensioners are 'our future selves' and have paid taxes in the past, as well as supporting their own children. This is the implicit welfare contract that a future ageing population will allegedly undermine.

Third is the claim that the baby boomers comprise a uniquely selfish 'welfare generation' which has gone through life at every stage absorbing a disproportionate share of public resources, and has ended up in old age with 'over-generous' provision (particularly in regard to state pensions). However, complaints of this nature were not made when the baby boomers were younger. Those who believe that intergenerational inequity in resource allocation has taken place are essentially combining the most pessimistic interpretations of all three lifecourse perspectives.

### **Why the recent revival?**

If the analysis of intergenerational relations is absolutely central to the social sciences, a most pertinent question is why a political debate has resurfaced very recently; for what we are witnessing is a second iteration of a controversy that first arose nearly thirty years ago in the USA, during the neoconservative hegemony. The ostensible impulse in the 1980s was the concern that poverty rates for American children had not fallen as fast as those for old people, and that retirees were now taking out of the social security system more than they had paid in. However, on a deeper level the debate was a manifestation of the restructuring of welfare states that was then taking place, a consequence of which was the attempt to forge a 'new generational contract' - one that was more individualist, in which benefits to retired people would be cut as part of a wider undermining of the solidaristic basis for postwar welfare states. Ostensibly, this arose from post-1970s concerns over sluggish economic performance, public expenditure constraints, apprehension over future ageing populations and uncertainty over the long-term fiscal viability of social security. However, all economic and social phenomena are filtered through the distorting lens of political ideology. Reflecting on this, Alan Walker argued that the debate was essentially 'a socio-political construct':

Stripped of all its euphemisms the newly emerging contract between age cohorts in some western countries consists of cuts in social security for both current and future pensioners and reductions in rights of access to health care.<sup>15</sup>

In a broader sense, the intergenerational equity debate has also been a product of the slow but dramatic changes in the old age agenda which are rooted in the post-1973 economic restructuring in western societies, the expansion of labour markets via part-time jobs and the resulting neoclassical strategy of attempting to achieve sustained, non-inflationary economic growth by expanding labour supply and driving down wages. As the US neoconservative think-tank, the Hudson Institute, suggested in 1997, three strategies were henceforth needed - expanding the pool of available workers, increasing labour force participation and promoting upward labour mobility:

All three sets of remedies begin with the premise that an aging America needs to increase its supply of highly skilled workers willing to enter or remain in the labour force.<sup>16</sup>

The intergenerational equity debate is thus only one manifestation of the view that all citizens, regardless of age, gender or disability status, should be expected to support themselves through paid employment, at any wage and under any conditions. Raising state pension ages and forcing older people to work later in life is an obvious outcome of this. The new old age agenda - what I would term 'the neoliberalisation of old age'<sup>17</sup> - is part of a broader process whereby twentieth century welfarist constructs like 'disability',

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<sup>15</sup> Alan Walker, 'Intergenerational Relations and the Provision of Welfare', in Alan Walker (ed.), *New Generational Contract. Intergenerational Relations, Old Age and Welfare* (1996), pp. 11, 16.

<sup>16</sup> Richard W. Judy and Carol D'Amico, *Workforce 2020: Work and Workers in the 21st century* (1997), pp. 7-8.

<sup>17</sup> John Macnicol, 'Anti-Ageism and the Neoliberalisation of Old Age', *Paper to the International Sociological Association Conference, Gothenburg, July 2010*.

'unemployment' and 'retirement' are being defined down. Old age is slowly being reduced to a residual category, applying only to the oldest-old and associated with extreme infirmity.

As has been thoroughly documented,<sup>18</sup> in 1980s and 1990s America pressure groups like the Concord Coalition and Americans for Generational Equity (AGE), were very active in arguing that an unjustifiably large share of public resources had been allocated to older people, that reductions in old age poverty had been too great (allegedly at the expense of the young) and that, as a remedy, social security should be privatised or at the very least reformed and moved closer to an individual savings model. It was said to be unjust that, in 1980s America, a child was twice as likely to be poor as an adult; the fact that an old African American woman was five times more likely to be poor than an old white man aroused little comment.<sup>19</sup> At a populist level, the American media reiterated the brutal message that a selfish generation of 'greedy geezers' had demanded far too much.

The campaign was a well-orchestrated one, munificently bankrolled by corporate money through neoconservative think-tanks and part of a wider strategy by the big American corporations since the 1970s to change the socio-political agenda in Washington. Against a background of budget cuts, the campaign has resurfaced again. In many cases, funding organisations and individuals are those who would benefit directly from the privatisation of social security and Medicare. They have extensive links with neoconservative think-tanks and the Republican Party. Only one example need suffice: Peter G. Peterson has been a leading campaigner against intergenerational inequity, authoring the populist *Gray Dawn: How the Coming Age Wave Will Transform America - and the World* (1999). Peterson

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<sup>18</sup> For example, Jill Quadagno, 'Generational Equity and the Politics of the Welfare State', *Politics and Society*, 17, 2, 1989, pp. 353-76.

<sup>19</sup> John Macnicol, 'Ageing and Justice', *Labour History Review*, 55, 1, Spring 1990, p. 79.

served in the Nixon administration in the early 1970s, before going on to found the private investment firm, the Blackstone Group in 1985. Peterson set up the Concord Coalition and contributed financially to it (in 2008 the Peter G. Peterson Foundation donated \$12,307,671 to various right-wing lobbying groups, including \$1,500,000 to the Concord Coalition).<sup>20</sup>

The current Mission Statement of the re-constituted AGE is interesting. It warns that, for the first time in the US's history, future generations of workers could experience 'falling levels of non-health consumption', and continues:

Averting this outcome will require our leaders to do more than simply raise taxes or cut benefits. They must also create a sustainable generational contract - and, in so doing, change the expectations of every age group with respect to patterns of work, saving and retirement.

The policy suggestions are to cut the budget deficit by reducing the scope of Medicare, Medicaid and social security (partly to disincentivise retirement), encouraging more saving and adjusting taxes in favour of the young. However, other underlying geopolitical fears regarding America's mission in the world are revealed by the intriguing statement:

The boomers will be retiring in a world that is fast being transformed by economic competition from low-wage emerging economies, rising fiscal pressures throughout the developed world, nuclear proliferation, the spread of anti-western values in conflict-ridden youthful societies, and even global warming.<sup>21</sup>

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<sup>20</sup> [www.sourcewatch.org](http://www.sourcewatch.org)

<sup>21</sup> Americans for Generational Equity, 'Mission Statement and Plan of Action', [www.americanbenefitscouncil.org](http://www.americanbenefitscouncil.org)

## Some analytical questions

### *The concept of a generation*

What exactly is a 'generation'? Classically, the term has referred to a fifteen- to thirty-year age group, with most definitions suggesting twenty-five years. However, it is arguable that it could be applied to smaller birth cohorts, occupying between one and five years. Within the family, the meaning of 'generation' is relatively straightforward, referring to biological divisions between children, parents, grandparents and (possibly) great-grandparents. Of course, with increasing family diversity has come a blurring of the old age-based generational boundaries: aunts and uncles may be younger than nephews and nieces, and the time between generations can be attenuated (where there are teenage births) or age-gapped (with delayed childbearing producing the 'beanpole' family).<sup>22</sup> At the macro-social level, a 'generation' is a definitional construct externally imposed - often for opportunistic reasons - upon a series of one-year birth cohorts.

We can see this in the way that the start- and end-points of the baby boom generation have been artificially constructed, even though they do not necessarily possess any demographic or cultural significance. In the UK, the quantitative definition seems to apply to those born between 1941 (when the birth rate began to rise from its historic low-point in the 1930s) and 1970. The USA definition is slightly different, encapsulating the 76,000,000 Americans born between 1946 and 1965 (with 'Generation X' born 1965-81). However, in both countries annual birth rates varied within this time-span. In Britain, the total number of births averaged 800,000 per annum between 1941 and 1981, and peaked at just over 1,000,000 in 1947 and

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<sup>22</sup> For a much more detailed discussion, see Vern L. Bengtson, 'Is the "Contract Across Generations" Changing? Effects of Population Aging on Obligations and Expectations Across Age Groups', in Vern L. Bengtson and W. Andrew Achenbaum (eds.), *The Changing Contract Across Generations* (1993), ch. 1.

1964. There are therefore 'first wave' and 'second wave' boomers. In 1953 the number of UK births was 733,000 - a mere 10 per cent above the average for the 'baby bust' 1930s and as low as in 1991. In the USA, there was a rise from 1940 onwards, and then a consistently high birth rate between 1950 and 1960, but a steady decline in the 1960s. Canada, Australia and other European countries had slightly different fertility patterns: France experienced a rise between 1941 and 1947, and then a steady fall to the mid-1970s; Germany's postwar birthrate was high until the early 1960s, and then it declined.<sup>23</sup> Clearly, those UK citizens born in small-cohort years (notably the early 1950s) would rightly feel aggrieved at being included with large one-year cohorts - an obvious case of guilt by association. Again, a legitimate question to ask is whether in the year 1971 a one-year-old baby boomer had a shared cultural location with a thirty-year-old one born in 1941.

To add further confusion, those involved in the 1980s debate were pointing the accusatory finger at the generation *before* the baby boomers and just about to retire (i.e. born around 1920). Two populist texts of the time, Paul Light's *Baby Boomers* (1988) and Phillip Longman's *Born to Pay* (1987), argued that the baby boomers were suffering. Light commented that

Under Reagan the baby boomers' real income has declined, their housing ownership has lagged, their savings rate is nil, and their promotion prospects are lousy.<sup>24</sup>

Longman saw the rise of gray power as slowly cumulative: many of the trends that were weakening the bonds between young and old had 'quietly been at work for many decades'. The present generation of retirees (in the late 1980s) had 'little to fear' but the baby boomers who followed faced

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<sup>23</sup> Jane Falkingham, 'Who Are the Baby Boomers? A Demographic Profile', in Maria Evandrou (ed.), *Baby Boomers. Ageing in the 21st Century* (1997), pp. 18-21.

<sup>24</sup> Paul Light, *Baby Boomers* (1988), pp. 45-6.

abandonment in old age. For it is they, along with their children, who will inherit the consequences of this spendthrift era.<sup>25</sup>

David Thomson also identified the 'welfare generation' as the *pre*-boomers born in the 1920s, 1930s and early 1940s. These were 'the big winners' whose contributions would 'cover only a fraction of their costs'. As a baby boomer himself, Thomson (born in 1953) wistfully complained of

witnessing the declining prospects of my contemporaries and successors as they sought careers, families and homes in deteriorating circumstances and in the face of increasingly unsympathetic governments.<sup>26</sup>

Academic responses accordingly tried to assess whether the preboomers had done too well at the expense of the subsequent baby boomers, who were seen as innocent victims. Hence a thoughtful and meticulous analysis by Richard Easterlin et al in 1993 empirically tested the 'common perception',

that, compared with their predecessors at the same age, the economic status of the baby boom generation (their material level of living) has declined, both absolutely and relative to older generations; that their retirement prospects have correspondingly diminished; and that tensions across age groups have risen.<sup>27</sup>

Sociologically, the concept of a generation is also problematic. It is a truism in gerontology that the ageing process involves interaction between different conceptions of time or age. How generational units position themselves in time and across time is therefore crucial, as is

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<sup>25</sup> Longman, *Born to Pay*, pp. 32-4.

<sup>26</sup> Thomson, *Selfish Generations?*, pp. 1, 6.

<sup>27</sup> Richard A. Easterlin, Diane J. Macunovich and Eileen M. Crimmins, 'Economic Status of the Young and Old in the Working-Age Population, 1964 and 1987', in Bengtson and Achenbaum, *Changing Contract*, ch. 4, p. 67 (quote). See also John Hills, 'Does Britain Have a Welfare Generation?', in Walker, *New Generational Contract*, op. cit., ch. 3.

the question of shared identity and consciousness.<sup>28</sup> In his classic if rather opaque essay on 'The Problem of Generations' (1928), Karl Mannheim argued that mere similarity of historical location or chronological contemporaneity was insufficient; members of a generation had to experience the same concrete historical problems.<sup>29</sup>

The key questions, therefore, are how far one generation possesses shared values and a common identity, and how far its members have acted concertedly as collective agents of change. Most intergenerational inequity narratives founder on the question of agency. This brings one to a related issue: should one consider *collective* resource consumption by the whole generation, or average *individual* per capita consumption? Clearly, the former would be flawed, since it would be primarily a function of total numbers. Bizarrely, the locus of blame would need to be placed on the generation that preceded the baby boomers, for it was they who decided to have large families. If, on the other hand, the argument is that individual baby boomers have been over-resourced then we come up against the problem that there are enormous inequalities within a generation. How would we decide exactly which individuals have been over-resourced and which under-resourced?

### *Intragenerational divisions*

A frequent allegation is that the baby boomers have such a strong collective shared identity that they have kept their '1960s values' as they have aged, carrying them intact into old age

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<sup>28</sup> For an excellent discussion, see Gunhild Hammarstrom, 'The Constructions of Generation and Cohort in Sociological Studies of Ageing: Theoretical Conceptualisations and Some Empirical Implications', in Britt-Marie Oberg et al (eds.), *Changing Worlds and the Ageing Subject* (2004), pp. 41-64.

<sup>29</sup> Karl Mannheim, 'The Problem of Generations', in Mannheim, *Essays on the Sociology of Knowledge. Collected Works Volume Five* (edited by Paul Kecskemeti) (1957 edn.), pp. 276-320.

and re-fashioning retirement into a paradise of hedonistic self-actualisation - a curious kind of cultural determinism. There is an interesting sub-text here, reflecting a neoconservative dislike of the 1960s as the time when there allegedly occurred the fatal liberalisation of culture and an expansion of welfare that set in motion all the dysfunctional economic trends that have beset America ever since.

In reality there is within one generation considerable heterogeneity and many inequalities - of class, gender, ethnicity, age, income, wealth, health status, educational attainment, religion, location, and so on. There are even differences in age structure. For example, most ethnic minorities in Britain possess a youthful age structure, implying that they should be excluded from blame; by contrast, the 'white Irish' are relatively old. Income differentials among pensioner households are also striking. On average, retired households in Britain live at just over half the living standards of non-retired households, and there is a marked gap between the top quintile and the rest:

**Annual household final income by quintile groups, 2009/10:**

	<b>Top</b>	<b>4th</b>	<b>3rd</b>	<b>2nd</b>	<b>Bottom</b>
<b>Non retired</b>	£63906	£38536	£31169	£25524	£17213
<b>Retired</b>	£31351	£21576	£17067	£15381	£11874

**Source:** Office for National Statistics, *The Effects of Taxes and Benefits on Household Income, 2009/10. Further Analysis and Methodology* (2011), pp. 53, 59.

In addition, there is very high reliance on cash benefits on the part of the poorest 60 per cent of retired households: 78 per cent of gross income for the bottom quintile, 72 per cent for the fourth and 68 per cent for the middle; by contrast, the top quintile receives only 30 per cent

of its gross income from cash benefits. The question is, therefore: are we morally justified in making nearly two-thirds of pensioner households poorer, in the name of intergenerational justice?

Attitudinally, there is also great variation - for example, in voting behaviour. In the May 2010 general election, the voting behaviour of 55-64 year-olds (the core of the boomers) was: Conservative, 38 per cent; Labour 28 per cent; Liberal Democrat, 23 per cent.<sup>30</sup> As Robert Hudson succinctly puts it,

Despite their iconic demographic standing, the boomers by no means all look the same, and equally important, they also very much resemble people from other generations in obvious ways.....the world of the boomers is marked by both intracohort differences and intercohort similarities.<sup>31</sup>

It is therefore difficult to see how one generation could have overcome all its internal divisions and acted in concert to monopolise public resources.

### *Equity or equality?*

'Each generation should pay its own way' declares the newly-formed Intergenerational Foundation.<sup>32</sup> But what exactly does this mean - intergenerational equity or intergenerational equality? 'Equity' implies fairness, which is an arbitrary and contentious notion. Arguably it has always been the basis for the implicit risk-pooling that underpins the British welfare

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<sup>30</sup> Cited in Alan Walker, 'The New Ageism' (unpublished paper, 2012). For the USA, see Robert Binstock, 'The Boomers in Politics: Impact and Consequences', in Hudson, *Boomer Bust Vol 1*, ch. 8.

<sup>31</sup> Robert Hudson, 'Preface' in Hudson, *Boomer Bust Vol 2*, p. vii.

<sup>32</sup> <http://www.intergenerational.org.uk>

state. Manual workers die prematurely and have shorter survival in retirement. They are therefore much less likely to claim the state pension and live long on it. The higher social classes on average live longer and earn more; they pay more into the National Health Service, but have lower levels of recorded sickness. A 'postcode lottery' means that where one lives can determine access to new, expensive pharmaceuticals. People who remain childless pay for state education. Healthy people support those with disabilities. The lines of redistribution are complex and cross-cutting - by age, class, gender, ethnicity, income, health status, region, and so on - but have hitherto not been subject to popular challenge. We know relatively little about how ordinary citizens internalise this implicit intergenerational contract, but we do know that opinion surveys have consistently shown strong public support for welfare policies that protect older people. For example, the British Social Attitudes Survey found that the proportion surveyed who regarded extra spending on retirement pensions as the highest priority rose from 41 per cent in 1983 to 59 per cent in 2003, and in the latter year fully 73 per cent of respondents thought that governments should 'spend more' on benefits for retired people.<sup>33</sup> Likewise, Martin Kohli has provided cross-national survey evidence to show that there is still strong support for the traditional generational contract, in which retired people's benefits are protected.<sup>34</sup>

On the other hand, 'equality' implies each generation receiving identical amounts of resource allocation, via a 'generational accounting' exercise. Quite how this would be done - adjusting for changes in GDP and inflation, for example - is difficult to envisage. Complex formulae have been constructed with this aim,<sup>35</sup> but the practicality of this whole approach must be

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<sup>33</sup> M. Phillips and R. Hancock, 'Planning for Retirement: Realism or Denial?' in A. Park et al (eds.), *British Social Attitudes: The 22nd Report* (2005), p. 173.

<sup>34</sup> Martin Kohli, 'Ageing and Justice', in Robert H. Binstock and Linda K. George (eds.), *Handbook of Aging and the Social Sciences, 6th Edition* (2006), pp. 456-78.

<sup>35</sup> For example, Laurence J. Kotlikoff, *Generational Accounting. Knowing Who Pays, and When, for What We Spend* (1992).

questionable. The greatest difficulty - alluded to above - would be identifying the 'over resourced' and the 'under resourced', and then effecting a fair redistribution. To take but one example, women on average live longer than men, have higher levels of sickness and disability and form a majority of those on state pensions and/or means-tested social assistance in old age. On the face of it, rectifying alleged intergenerational inequality would involve punishing women; but counterbalancing this would be a host of factors that disadvantage women (for example, the contributory principle meant that until recently only 24 per cent of women qualified for the full basic state pension).

Concerns about intergenerational equity generally focus on public transfers - in particular, social security and health care costs. However, private transfers between generations within an extended family, via inheritance of financial capital or cultural capital, are also 'unfair' in that they are a major generator of socioeconomic inequality. Again, an accurate generational accounting exercise would really have to list *all* experiential variables across the lifecourse, and then attribute causality. Relatively few attempts at this have been made: one, by Francoise Cribier, examined two birth cohorts of Parisians; another, by Paul Light, balanced out all the experiences of the baby boom generation, rightly emphasising the divisions within it.<sup>36</sup>

Even at the level of averages, a quick glance at the baby boomers shows that their path through life has not been all gain. Maria Evandrou has made the simple yet effective point that the first wave boomers were born into austerity but reached maturity in times of relative prosperity; with the second wave boomers, it was the reverse.<sup>37</sup> Just taking those born at the

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<sup>36</sup> Francoise Cribier, 'Changes in Life Course and Retirement in Recent Years: the Example of Two Cohorts of Parisians', in Johnson et al, *Workers versus Pensioners*, ch. 10; Light, *Baby Boomers*.

<sup>37</sup> Maria Evandrou, 'Introduction' in Evandrou, *Baby Boomers*, pp. 9-10.

peak of births, in the late-1940s, we can see that they experienced higher infant mortality, lower average family incomes, large class sizes in school and much poorer results in public examinations compared with schoolchildren today. Only five per cent of this birth cohort went to university. These peak boomers were becoming established in the labour market in the late 1960s, when unemployment was low, but they then experienced rising unemployment and inflation in the 1970s, when membership of occupational pension schemes was beginning to decline; and from 1980 the state pension fell in value relative to average earnings. They are now entering retirement at a point when returns from savings are lower than inflation: little wonder that increasing numbers of them have had to postpone retirement and continue working past state pension age. All in all, they do not seem to have been very adept at manipulating the public policy agenda in their own favour. In short, it would be very difficult to give weightings to all of these experiential factors, in order to decide which birth cohorts were 'winners' and which were 'losers'. How, for example, would one factor in falling death rates?

### *Corrective justice*

Those who argue that an egregious injustice has been perpetrated by the baby boomers appear to be implying that remedial action should be taken via a confiscation of resources (although they are not exactly eager to suggest new, punitive inheritance taxes). One early suggestion by the Intergenerational Foundation was that older people with excess housing space should take in a young lodger who was experiencing difficulty in finding rented accommodation. This was met with considerable ribaldry.

On a philosophical level, there is the interesting question of whether such corrective justice really requires collective human agency to be demonstrated (just as, in law, intent is everything): arguably, a generation can only be 'punished' for monopolising a disproportionate share of public resources if it has acted deliberately and concertedly. If, on the other hand, unequal generational outcomes have been caused by structural economic factors over which human beings have had relatively little control then remedial action would be morally unjustified.

Even if collective human agency could be proved, the problem is that corrective justice could only be applied at the very end of a lifecourse, and by then it would be too late. Can one really envisage an eighty-year-old 'baby boomer' having his or her accumulated savings confiscated by the state on the grounds that he or she was a member of a generation that had been 'over resourced' in the past? Apart from anything else, this would only deny a younger generation its rightful inheritance. It would therefore be counter-productive.

### **Old age in the post-war years**

Finally, a brief glance back into recent history shows that the status of older people was somewhat ambiguous in the postwar welfare state. On the positive side, the founding of the National Health Service in 1948 extended free-at-time-of-use, comprehensive and universal health care to them for the first time in history, and geriatric medicine began to develop. Against a background of labour shortages and full employment in the 1950s, much research was undertaken on retirement, age discrimination and the problems of older workers generally. However, concerns over the increasing 'burden' of old age featured prominently in

the reports of the Royal Commission on Population (1949) and the Phillips Committee (1954).

By the mid-1960s, unemployment was beginning to rise, and from the 1970s onwards official policy (supported by a tripartite agreement between governments, employers and trades unionists) encouraged early retirement. This was assisted by a number of policies, notably the Job Release Scheme of 1977-88 - rightly described as 'the most explicit policy of generational substitution yet seen on the statute book'<sup>38</sup> - under which older workers were permitted to retire early, on condition that their jobs were filled by unemployed school leavers. In addition, in the 1980s there were governmental moves to reduce old age protection - most notably, in the cutting back of the State Earnings Replacement Pension Scheme and the decision in 1980 to index the state pension only to prices (resulting in a steady fall in its relative value). Interestingly, the Thatcher government even contemplated raising the state pension age in 1989.<sup>39</sup> Social and economic policies of the 1970s and 1980s were therefore biased *against* older people. Indeed, by the 1990s there was growing concern that older workers were suffering high levels of age discrimination in employment - a somewhat erroneous explanation for the economic restructuring that had deindustrialised older men. It is clear, therefore, that the status of older people in the postwar world has been somewhat mixed, with both gains and losses. To argue that current policies have been the result of the machinations of one particular 'welfare generation' is to trivialize history, and almost reduce it to conspiracy theory.

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<sup>38</sup> Philip Taylor and Alan Walker, 'Intergenerational Relations in the Labour Market: the Attitudes of Employers and Older Workers', in Walker, *New Generational Contract*, p. 162.

<sup>39</sup> David Hughes, 'Thatcher's Work-to-70 Plan for the Old', *Sunday Times*, 29 Jan. 1989.

## **Conclusion**

From this brief exploration, we can see that intergenerational relationships and tensions have always been central to the study of ageing and old age in particular, and the social sciences in general. However, the latest reincarnation of concerns over alleged intergenerational inequity has greatly simplified the issues at hand and is the latest in a long line of neoclassical attempts to redefine old age into a residual category, removing the protective walls which have hitherto shielded the old and attacking the notion of retirement as a social right.