HOUSE OF LORDS

Library Briefing

Intergenerational Fairness and Government Policy

Summary

On 26 October 2017, the House of Lords is due to debate a motion moved by Baroness Smith of Newnham (Liberal Democrat) "that this House take note of the need for intergenerational fairness to form a core part of government policy across all departments".

The issue of intergenerational fairness has risen up the agenda in recent years, and various bodies, including the House of Commons Work and Pensions Committee and the Social Mobility Commission, have considered the issue and published reports in recent months which have examined the issue of intergenerational fairness. It is in this context that this briefing provides background information on issues that have featured prominently in the debate on intergenerational fairness and the intergenerational distribution of wealth. This is a wide-ranging area, and thus this briefing does not seek to examine every potential issue relating to this multi-faceted debate. Rather, it focuses on those which have been particularly prominent themes in the debate, including employment and earnings; pensions and pensioner benefits; and housing, including housing supply and affordability and tenure. The briefing also considers calls for the issue of intergenerational fairness to inform government policy making across the board.

In particular, the briefing cites the following estimates:

- The share of the population aged 65 and over is projected to grow from 18 percent in 2014 to 24 percent in 2039.
- By 2020–21, many millennial households will have reached their mid-30s and yet might still be no better off than members of Generation X were at the same age.
- In the last ten years, the number of under-25 year old homeowners has more than halved.
- Pensioner households now have incomes that are £20 a week higher than those of working age households.

This Library briefing should be interpreted as an introduction to the debate, rather than a comprehensive summary of relevant issues. To that end, suggestions for further reading are made in the final section.

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20 October 2017

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1. Introduction

The issue of intergenerational fairness has risen up the agenda in recent years, particularly in the light of widespread concern that the millennial generation, comprising young people born between 1981 and 2000, potentially faces being the first in modern times to be financially worse off than its predecessors.[1] For example, the House of Commons Work and Pensions Committee has summarised the economic situation between generations as follows:

> The UK economy has become skewed. Rapid and sustained rises in house prices have concentrated wealth in the hands of those who own property. Far too many young people cannot afford homeownership and instead have to pay costly private rent. Life expectancy has risen faster than anticipated at a time when the large baby boomer cohort, born between 1945 and 1965, are reaching retirement. As the taxes of working people support the retired, the ageing population places strain on those in work. Pensioners have been protected from public spending cuts that have largely been felt by younger groups. Pensioner poverty has been drastically reduced and average pensioner household incomes now exceed those of non-pensioners after housing costs.[2]

The Social Mobility Commission has also considered the issue and summarised aspects of this "new generational divide" in a recent report looking at successive government policy on social mobility, much of which echoes the previous observation:

> Poverty among pensioners halved [between 1997 and 2017] and their income today on average exceeds the income of adults who are in work. Meanwhile young people's earnings have fallen. More fundamentally, the twentieth century expectation that each generation would do better than the last is no longer being met. Those born in the 1980s are the first post-war cohort not to start their working years with higher incomes than their immediate predecessors. Home ownership, the aspiration of successive generations of ordinary people, is in sharp decline, among the young especially. In the last ten years, the number of under-25-year-old homeowners has more than halved. As wages have fallen, house prices have risen. Today's young generation is more reliant than ever on their parents for help to buy their first home: three times as many buyers used inherited funds to do so now compared to a decade ago. Britain's deep social mobility problem, for this generation of young people in particular, is getting worse not better.[3]

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[1] House of Commons Work and Pensions Committee, *Intergenerational Fairness*, 6 November 2016, HC 59 of session 2016–17, p 3.
[2] ibid.
[3] Social Mobility Commission, *Time For Change: An Assessment of Government Policies on Social Mobility 1997–2017*, 28 June 2017, p 5.

As the result of a number of issues, some of which are cited above and a selection of which are explored in this briefing, it has been argued that the intergenerational contract—the implicit understanding that benefits and public services for the current pensioner population are funded by the taxes of the current working-age population who in turn expect to receive similar benefits and services when they retire—is under strain.[4]

Calls for government policy to address the wider issue of perceived generational inequality has been a feature of the ongoing debate and has received explicit attention from the Prime Minister, Theresa May. On assuming office, Mrs May pledged to tackle the "growing divide between a more prosperous older generation and a struggling younger generation" as part of a "mission to make Britain a country that works for everyone".[5] It is in this context of the issue's increasing profile in debates on public policy that this briefing provides information on certain areas which have featured prominently in the debate on intergenerational fairness—namely employment and earnings; pensions and pensioner benefits; and the housing market.[6]

In so doing, it acknowledges existing comment on the lack of comprehensive data on the issue of intergenerational fairness as a whole. For example, the House of Commons Work and Pensions Committee, in its November 2016 report *Intergenerational Fairness*, observed that there appeared to be a "dearth of reliable and comprehensive information about the intergenerational distribution of public and private resources".[7]

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[4] House of Commons Work and Pensions Committee, *Intergenerational Fairness*, 6 November 2016, HC 59 of session 2016–17, p 3. However, academics from Swansea University observed in a 2015 paper authored for the Government Office for Science that the "rhetoric around the existence of intergenerational conflict remains largely unsupported" (Government Office for Science, *Intergenerational Relationships: Experiences and Attitudes in the New Millennium*, July 2015, p 4).

[5] House of Commons Work and Pensions Committee, *Intergenerational Fairness*, 6 November 2016, HC 59 of session 2016–17, p 6. See also: Conservative Party, 'We Can Make Britain a Country that Works for Everyone', 11 July 2016; and Prime Minister's Office, 'Statement from the New Prime Minister Theresa May', 13 July 2016.

[6] It should be noted that the debate on intergenerational fairness is fast moving and multi-faceted. For example, in recent weeks the House of Commons Education Committee has launched an inquiry into value for money in higher education in the context of the "considerable financial investment" this represents for many young people, and there have been press reports in recent days of possible tax breaks for younger workers in the forthcoming Budget to address perceived intergenerational inequalities (House of Commons Education Committee, 'Value for Money in Higher Education: Committee Launches Inquiry', 15 September; Agnes Chambre, 'Philip Hammond Mulling 'Age Tax' in Bid to Address 'Intergenerational Fairness'', Politics Home, 16 October 2017; and Maria Espadinha, 'Old for Young Pension Tax Plan Shunned by Industry', FT Advisor, 16 October 2017). The House of Lords Economic Affairs Committee is also considering the economics of higher, further and technical education (House of Lords Economic Affairs Committee, 'Economics of Higher, Further and Technical Education Inquiry', accessed 17 October 2017).

[7] House of Commons Work and Pensions Committee, *Intergenerational Fairness*, 6 November 2016, HC 59 of session 2016–17, p 4. In addition, an earlier report authored for the Government Office for Science argued that there was a "need for further research and investigation in order to better understand and appreciate the complexities of

However, it utilises the concept of generations to explore the issue of intergenerational fairness. This concept is one of the main methods by which the evolution of populations across time can be studied.[8] Specifically, it examines literature that refers to the following commonly used generational phases:

- Silent Generation (those born between 1926 and 1945).
- Baby Boomers (those born between 1946 and 1965).
- Generation X (those born between 1966 and 1980).
- Millennials (those born between 1981 and 2000—sometimes also known as Generation Y).
- Latest (those born between 2001 and the present).[9]

2. Demographic Context

The House of Commons Work and Pensions Committee provided a summary of the relative sizes of these generational cohorts in its 2016 report:

> During the post-war baby boom of 1946 to 1965, the children of which are now aged between 51 and 70, there were around 800,000 to one million UK births per year. In the 'Generation X' phase that followed, the UK went from 'baby boom' to 'baby bust'—the number of births per year fell below 700,000 by the latter half of the 1970s. Subsequent generational phases are characterised by between 700,000 and 800,000 births in most years.[10]

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intergenerational relationships which impact on individuals, families and society" (Government Office for Science, *Intergenerational Relationships: Experiences and Attitudes in the New Millennium*, July 2015, p 5). This paper also noted that consideration of intergenerational fairness and equity should take into account the various differences within generations, including regional variations (p 5), and that while "headline data might suggest potential for conflict", the "statistical presentations often fail to identify micro-level issues" (p 18).

[8] Government Office for Science, *Intergenerational Relationships: Experiences and Attitudes in the New Millennium*, July 2015, p 7. This paper considered the issue of conceptualising intergenerational relations and argued that there were "four main assumptions about generations that are particularly important". These assumptions were expressed as follows: "generations exist at both societal and family levels and are intersecting; generation is both objective and subjective, determined by birth year or kinship relationship or through the social construction of shared characteristics or familial obligations; generation is related, but not equivalent to, age; and generations are not static, but change and evolve over time" (p 7). In particular, the paper argued that 'societal generations' have three components: "shared temporal location", which could also be described as 'birth cohort'; "shared exposure to common historic events", such as war, economic growth or economic depression; and "shared socio-cultural location", which could also be expressed as a subjective 'generational consciousness' (pp 7–8). For further detail on identified "gaps and tensions around thinking about societal generations", see pages 27–8.

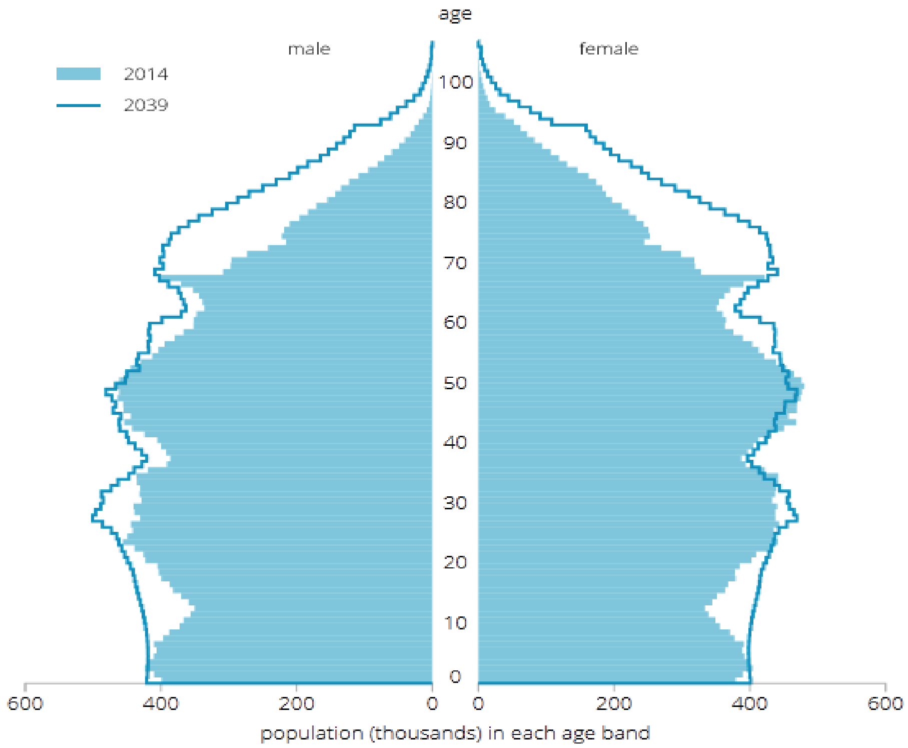
[9] House of Commons Work and Pensions Committee, *Intergenerational Fairness*, 6 November 2016, HC 59 of session 2016–17, p 8.

[10] ibid.

The Committee noted that substantial rises in life expectancy have accompanied the 'baby boomer' generation as this cohort has aged. The Committee further observed that the combination of trends in birth rates and life expectancy was forecast to result in "substantial change to the age structure of the UK population over the next 25 years".[11]

The following population pyramid published by the Office for National Statistics (ONS) visualises this expected change in the population of the UK, as estimated in mid-2014 and projected for mid-2039:

Figure 1: Age Structure of UK Population, mid-2014 and mid-2039



(Source: Office for National Statistics, 'National Population Projections: 2014-based Statistical Bulletin: Changing Age Structure', 29 October 2015).[12]

The projection shows the working aged population remaining broadly similar in 2039 as compared to 2014, but a marked increase in the population at older ages over the same period.[13]

[11] House of Commons Work and Pensions Committee, *Intergenerational Fairness*, 6 November 2016, HC 59 of session 2016–17, p 12.
[12] Each bar in the pyramid represents a single year of age and the length of the bar relates to the number of people of that age in the population. The solid bars represent the estimated population for mid-2014 and the lines represent the projected population for mid-2039. The next bulletin is scheduled to be published on 26 October 2017.
[13] Office for National Statistics, 'National Population Projections: 2014-based Statistical Bulletin: Changing Age Structure', 29 October 2015.

The House of Commons Work and Pensions Committee summarised the changes represented in this pyramid as follows:

> The share of the population aged 65 and over is projected to grow from 18 percent in 2014 to 24 percent in 2039, while the proportion 80 and over is expected to grow from 5 percent to 8 percent over the same period. Increases will be proportionately highest in the oldest age groups.[14]

In its report, the House of Commons Work and Pensions Committee found that demographic trends had "placed considerable stress on the intergenerational contract". Commenting on the stresses imposed by the aging of the large 'baby boomer' generation and the challenges faced in mitigating this issue, including further increases in the state pension age, it added:

> The post-war baby boomer cohort entering retirement is particularly large and people within it will tend to enjoy longer retirements than was anticipated. This puts a strain on the working age population. Increases in the state pension age reduce the ratio of pensioners to working age people and therefore have counteracted demographic trends. For many people, however, working into their late sixties or seventies is not an option.[15]

The Government Office for Science has also commented on the fact that the age structure and composition of the UK population is changing. A paper authored in 2015 for the body by academics at Swansea University argued that forecast increases in the proportion of the population over the age of 65 relative to younger and middle-aged cohorts would "affect relationships among different age cohorts in society in areas such as wealth, housing, employment and debt".[16]

Looking further ahead, the House of Lords Public Service and Demographic Change Committee took evidence in 2013 from Guy Goodwin, Director of Population and Demography Statistics at the ONS. He cited predictions that the UK could expect a doubling of the population aged over 65 over a 50-year period, and a "very substantial—four times or more—increase in the main projection of those aged 85 and over".[17]

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[14] House of Commons Work and Pensions Committee, *Intergenerational Fairness*, 6 November 2016, HC 59 of session 2016–17, p 11.
[15] ibid, p 12.
[16] Government Office for Science, *Intergenerational Relationships: Experiences and Attitudes in the New Millennium*, July 2015, p 4.
[17] House of Lords Public Service and Demographic Change Committee, *Ready for Ageing?*, 14 March 2013, HL Paper 140 of session 2012–13, p 19. For further information on demographic trends in relation to intergenerational fairness, see: Intergenerational Commission, *Live Long and Prosper? Demographic Trends and Their Implications for Living Standards*, January 2017.

3. Incomes

The debate on intergenerational fairness between those of working age and those of pension age takes place in the context of the finding of the House of Commons Work and Pensions Committee that the younger generation can expect to be net contributors to the welfare state while the older generation are expected to be net beneficiaries:

> More work is required to assess the intergenerational distribution of tax contributions and public spending on services and benefits. What research exists suggests that today's young will be net contributors to the welfare state, while the baby boomer generation will be net beneficiaries. The effect is likely to have been exacerbated by policy decisions to protect pensioner benefits while targeting welfare cuts on working age payments. The limits of that approach have been reached. If further measures are needed to ensure the fiscal sustainability of welfare spending in the medium to long term then pensioner expenditure should not remain out of bounds.[18]

3.1 Employment and Earnings

The issues of employment and earnings have featured prominently in the debate on intergenerational fairness. The Intergenerational Commission, run by the Resolution think tank, has contended that the issues of jobs and pay "clearly play a central and interconnected role" in the "wider question of intergenerational living standards".[19] It added:

> The labour market is the major source of household incomes over working lives (especially so with a working-age welfare state currently in retreat), the vehicle through which saving for retirement takes place, and the main means (outside of the family) of putting together a deposit on a home. On this basis, the finding that millennials who have entered work so far have made no earnings progress on Generation X before them is a cause for concern.[20]

The Social Mobility Commission echoed this point on a lack of earnings progress for the millennial generation when it described the situation for young people in relation to their earnings when compared with previous cohorts:

> In our lifetimes, something profound has happened in the labour market. Those born in the 1980s are the first post-war cohort not to

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[18] House of Commons Work and Pensions Committee, *Intergenerational Fairness*, 6 November 2016, HC 59 of session 2016–17, p 21.
[19] Intergenerational Commission, *Study, Work, Progress, Repeat? How and Why Pay and Progression Outcomes Have Differed Across Cohorts*, February 2017, p 4.
[20] ibid.

> start their working years with higher incomes than their immediate predecessors.[21]

The Social Mobility Commission added that the current generation of workers was facing "poorer career prospects and lower living standards than their parents".[22] This contrasts with the 20th Century trend of generation-on-generation income growth rates of around 50 percent.[23] The Intergenerational Commission has forecast that the trend in the younger generation not being better off than older cohorts was expected to continue in the near-term:

> By 2020–21, many millennial households will have reached their mid-30s and yet might still be no better off than members of Generation X were at the same age.[24]

Specifically on the issue of earnings, the Social Mobility Commission observed that median hourly earnings of 28-year olds dropped in real terms by 15 percent between 2009 and 2015. In contrast, the earnings of 35-year olds dropped by an estimated 9 percent in the same period, while those of 55-year olds fell by 4 percent.[25]

More recently, the Social Mobility Commission analysed government policy in respect of social mobility between 1997 and 2017 and gave a red rating, the lowest possible, to policy areas linked to 'young people' and 'working lives', though it believed there had been individual policies, such as widening participation at university and creating jobs, which had been successful in each area.[26] The Commission's findings regarding young people and work included the following:

> - Labour market outcomes for young people are poor—while youth unemployment has fallen, the number of young people who are NEET (not in employment, education or training) has barely changed [over the 20 year period].
> - Young people's wages have fallen 16 percent—taking pay to below 1997 levels.
> - The number of young people receiving careers advice or work experience has fallen and more new apprenticeships have gone to older workers than younger ones.

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[21] Social Mobility Commission, *State of the Nation 2016: Social Mobility in Great Britain*, 16 November 2016, p 152.
[22] ibid, p 126.
[23] Intergenerational Commission, *Study, Work, Progress, Repeat? How and Why Pay and Progression Outcomes Have Differed Across Cohorts*, February 2017, p 3.
[24] ibid.
[25] Social Mobility Commission, *State of the Nation 2016: Social Mobility in Great Britain*, 16 November 2016, p 126.
[26] Social Mobility Commission, *Time For Change: An Assessment of Government Policies on Social Mobility 1997–2017*, 28 June 2017, p 5.

- Wages have stagnated in real terms with living standards falling—particularly for young people.[27]

The Intergenerational Commission identified many possible causes for such a lack of earnings progress in an analysis pay and progression outcomes across cohorts. In its report, *Study, Work, Progress, Repeat? How and Why Pay and Progression Outcomes Have Differed Across Cohorts*, the Commission found that 'compositional effects' had played an "important role" in the fact that there has been little or no pay growth (and even some pay falls) between cohorts and those at the same age ten years before.[28] It elaborated:

> Higher qualification levels and a shift towards higher-paying occupations have provided a compositional boost to pay for older cohorts in the recent period compared to those who came previously, but for cohorts born in the 1980s the compositional effect is zero or even negative. This is driven by much smaller boosts from rising educational attainment than older cohorts have experienced, combined with shifts towards part-time working and lower-paying occupations.[29]

The report identified a number of possible reasons for the lack of earnings progress of the millennial generation when compared to Generation X before them. It stated that many of the changes were connected to the financial crisis and the "pay squeeze that followed it".[30] However, it also found that a "broad range of factors" had contributed to stagnating pay growth between cohorts and slower progression rates within them, including growth rates in educational attainment; the impact of changing occupational structures; the rise of atypical working (including an increase in part-time working amongst younger workers); a structural decline in job mobility; and the enduring impact of lower pay rises when employees stay with firms for long periods.[31]

In response to the findings in its most recent report, the Social Mobility Commission urged the Government to make a number of policy changes, including refocusing apprenticeships policy on young people and on higher quality apprenticeships; ensuring careers advice and support was available in all schools via greater emphasis on post-school destination measures (for example, whether a student goes on to sustained employment or study, entry into a top-third university, or periods of inactivity) plus increased training and time in the curriculum; encouraging universities to focus on helping students succeed in the labour market by measuring graduate

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27 Social Mobility Commission, 'An Analysis of Two Decades of Efforts to Improve Social Mobility', 28 June 2017.
28 Intergenerational Commission, *Study, Work, Progress, Repeat? How and Why Pay and Progression Outcomes Have Differed Across Cohorts*, February 2017.
29 ibid.
30 ibid.
31 ibid.

outcomes and offering better careers advice and work experience opportunities; and working with employers to "improve career progression underpinned by increased investment in skills policies—including high-quality apprenticeships".[32]

3.2 State Pension and Pensioner Benefits

State Pension

The issues of pensions and pensioner benefits have also featured prominently in the debate on intergenerational fairness, particularly in the context of flat or falling living standards for younger people and in the light of observations that typical pensioner households now have incomes that are £20 a week higher than those of working age households.[33]

In its report, *Intergenerational Fairness*, the House of Commons Work and Pensions Committee found that "great strides against the scourge of pensioner poverty" had been made over the past 25 years.[34] Elaborating on this observation, it stated:

> After housing costs, pensioner households are far less likely to be in poverty than households of working age, particularly those with children. Pensioner incomes have also rapidly caught up those of other households. This is a triumph. This success, however, has implications for policy. This is particularly true at a time when people in their 20s and 30s may struggle to attain—never mind exceed—the incomes of their forebears.[35]

It is in the context of this economic picture for younger people that the Committee concluded that, broadly, the UK economy had become "skewed in favour of baby boomers and against millennials".[36] It cautioned that "unless governments adapt to these changed circumstances the intergenerational contract that underpins the welfare state is under threat".[37]

As a means to resolve this perceived threat to the intergenerational contract, the Committee recommended that the Government not continue its 'triple lock' policy, under which the basic state pension is uprated annually by either price inflation (measured by the Consumer Price Index), average

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[32] Social Mobility Commission, 'An Analysis of Two Decades of Efforts to Improve Social Mobility', 28 June 2017.
[33] Intergenerational Commission, *As Time Goes By: Shifting Incomes and Inequality Between and Within Generations*, February 2017, p 4.
[34] House of Commons Work and Pensions Committee, *Intergenerational Fairness*, 6 November 2016, HC 59 of session 2016–17, p 23.
[35] ibid.
[36] ibid.
[37] ibid.

earnings growth or 2.5 percent, whichever is greater, beyond 2020.[38] The Committee argued that the policy was "inherently unsustainable", adding, in particular, that it had found "no objective justification for the 2.5 percent minimum increase".[39] In urging the Government to discontinue the policy beyond 2020, the Committee added:

> By then, the value of the new state pension relative to average earnings will be close to the historic high for the headline state pension rate. If maintained, the arbitrary boost the triple lock gives to the state pension relative to both earnings and prices will become ever harder to justify both in fiscal terms and from the perspective of intergenerational fairness. We urge political consensus before the next general election [then expected in 2020] on a new earnings link for the state pension.[40]

In its response, published in January of this year, prior to the most recent general election, the Government stated that although it welcomed the Committee's report, it was "committed to the triple lock for the length of the [expected 2015–2020] Parliament".[41] It added that spending on pensioners as a percentage of GDP was expected to fall, from 6.1 percent in 2010 to 5.6 percent in 2020.[42]

The Government has also since confirmed, following the recent general election and the confidence and supply agreement reached between the Conservative Party and the Democratic Unionist Party, that there would be "no change" to the triple lock policy for the duration of the current Parliament, expected to run until 2022.[43]

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[38] House of Commons Work and Pensions Committee, *Intergenerational Fairness*, 6 November 2016, HC 59 of session 2016–17, p 34. For further information on the state pension 'triple lock', see: House of Commons Library, *State Pension Triple Lock*, 29 June 2017.
[39] House of Commons Work and Pensions Committee, *Intergenerational Fairness*, 6 November 2016, HC 59 of session 2016–17, p 29.
[40] ibid, p 34. The Committee elaborated: "We recommend the Government benchmark the new state pension and basic state pension at the levels relative to average full-time earnings they reach in 2020. The triple lock should then be replaced by an earnings link. In periods when earnings lag behind price inflation, an above-earnings increase should be applied to protect pensioners against a reduction in the purchasing power of their state pension. Price indexation should continue when real earnings growth resumes until the state pension reverts to its benchmark proportion of average earnings. Such a mechanism would enable pensioners to continue to share in the proceeds of economic growth, protect the state pension against inflation and ensure a firm foundation for private retirement saving. The new state pension and basic state pension it replaced would track average earnings growth in the long term. That is more fiscally sustainable and more intergenerationally fair" (ibid).
[41] House of Commons Work and Pensions Committee, *Intergenerational Fairness: Government Response to the Committee's Third Report of Session 2016–17*, 25 January 2017, HC 964 of session 2016–17, p 2.
[42] ibid.
[43] Prime Minister's Office, 'Confidence and Supply Agreement Between the Conservative and Unionist Party and the Democratic Unionist Party', 26 June 2017.

Pensioner Benefits

As observed by the House of Commons Work and Pensions Committee, universal pensioner benefits comprise of the following cash and non-cash benefits:

Cash benefits:

- Winter Fuel Payment (introduced in 1997); and
- £10 Christmas bonus (introduced in 1972).

Non-cash benefits (benefits-in-kind):

- Free TV licences for those aged 75 and over (introduced in 2000);
- Free prescriptions and eye tests for those aged 60 and over in England; and
- A statutory concessionary travel scheme providing free off-peak bus travel in England to people aged above the female state pension age (since 2006).[44]

After considering the issue during its inquiry, the Committee concluded that the winter fuel payment, in particular, was a "universal benefit that is not focused on those who need it most".[45] The Committee argued that there was "no case for future governments to contemplate any increase in the value or range of universal pensioner benefits" and further stated that the existing benefits "should also not be off limits when spending priorities are set in future Parliaments".[46]

In its response to the Committee's report, the Government did not specifically comment on the recommendations relating to this area. However, the confidence and supply agreement reached between the Conservative Party and the Democratic Unionist Party following the recent general election stated that there would be "no change" to the "universal nature of the winter fuel payment".[47]

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[44] House of Commons Work and Pensions Committee, *Intergenerational Fairness*, 6 November 2016, HC 59 of session 2016–17, p 35. Regarding the concessionary bus fare scheme, the House of Commons Library briefing *Concessionary Bus Fares* (15 July 2015), explains: "The concession initially applied to women over the age of 60 and men over 65, but this had to be altered following a legal judgment that found it discriminatory. The eligible age was subsequently lowered to 60 for all, but has been increasing since April 2010 when the female state pension age began to rise" (p 4).
[45] House of Commons Work and Pensions Committee, *Intergenerational Fairness*, 6 November 2016, HC 59 of session 2016–17, p 38.
[46] ibid, p 4.
[47] Prime Minister's Office, 'Confidence and Supply Agreement Between the Conservative and Unionist Party and the Democratic Unionist Party', 26 June 2017.

4. Housing

The issue of housing—which is a devolved matter—has also been prevalent in the debate on intergenerational fairness. The Intergenerational Commission has argued that although "many disparities exist" between the generations, "none is as acutely felt than the question of housing".[48] The House of Commons Work and Pensions Committee has also contended in its report on *Intergenerational Fairness* that housing "is central to intergenerational fairness".[49] It summarised what it saw to be the housing issue, arguing:

> Rapid and sustained rises in house prices, most marked in London and its surrounding areas, have concentrated wealth in the hands of those who have owned property for decades. At the same time far too many young people have been priced out of homeownership. High private rents make it difficult to save for a deposit. The opportunities that were open to baby boomers to buy a home with a relatively small deposit are closed to today's young. Though wealth will be passed to younger people through inheritance, this risks exacerbating inequality within generations. Successive governments have palpably failed to act effectively on the housing market".[50]

This section considers intergenerational fairness in the context of two broad but intrinsically linked areas, which have been the focus of recent debate: housing supply; and affordability and tenure.

4.1 Housing Supply

In its report, the Committee drew attention to the fact that the supply of houses has not met growing demand over the course of recent decades. The Department for Communities and Local Government (DCLG) has produced a historical calendar year series showing permanent dwellings completed, of all tenure types, between 1946 and 2016.[51] Table 1 shows the number of completions of all tenure types in England over the past 20 years; and Table 2 shows the number of completions of all tenure types in England at ten yearly intervals between 1947 and 2007.

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[48] Intergenerational Commission, *Home Affront: Housing Across the Generations*, September 2017, p 4.

[49] House of Commons Work and Pensions Committee, *Intergenerational Fairness*, 6 November 2016, HC 59 of session 2016–17, p 46.

[50] ibid.

[51] Department for Communities and Local Government, 'Table 244: House Building: Permanent Dwellings Started and Completed, by Tenure—England Historical Calendar Year Series', 24 August 2017.

Table 1:

Date	Number of Completions
1996	149,090
1997	149,490
1998	142,650
1999	141,010
2000	135,100
2001	129,510
2002	136,800
2003	144,060
2004	154,070
2005	159,450
2006	160,850
2007	176,650
2008	148,010
2009	124,970
2010	106,720
2011	114,020
2012	115,590
2013	109,440
2014	117,810
2015	142,460
2016	140,850

Table 2:

Date	Number of Completions
1947	120,860
1957	256,360
1967	342,740
1977	261,600
1987	189,300
1997	149,490
2007	176,650

(Source: Department for Communities and Local Government, 'Table 244: House Building: Permanent Dwellings Started and Completed, by Tenure—England Historical Calendar Year Series', 24 August 2017)

The most recent data shows that, in 2016, 140,850 permanent dwellings, of all tenure types, were completed.[52] However, demand is reported to be higher than recent supply. In July 2016, the DCLG published its household projections for England. These estimated that the "number of households in England is projected to increase from 22.7 million in 2014 to 28.0 million in 2039" and that "annual average household growth is projected to be 210,000 per year between 2014 and 2039".[53] The DCLG also projected that between 2014 and 2039, the number of one person households would increase by 68,000 per year and account for 33 percent of the total household growth during this period.[54] In February 2017, Sajid Javid, Secretary of State for Communities and Local Government, stated that the supply of homes was not enough to meet demand:

> This country doesn't have enough homes. That's not a personal opinion or a political calculation. It's a simple statement of fact. For decades, the pace of house building has been sluggish at best. As a result, the number of new homes has not kept pace with our growing population. And that, in turn, has created a market that fails to work for far too many people.[55]

The Social Mobility Commission has contended that young adults in particular have found it increasingly difficult to find and afford suitable housing, and that a lack of supply needs to be addressed. It reported that to enable more working families to achieve their aspiration of home ownership will also require more radical action on housing supply.[56]

In July 2016, the House of Lords Economic Affairs Committee identified a number of issues which it felt had not been sufficiently addressed relating to housing policy over recent decades, which had impacted supply. In addition to matters surrounding increased demand fuelled by demographic change, these included that:

- The planning system, in restricting the supply of land, contributes to higher prices;
- private builders have not built enough homes to meet requirements for a number of years and there is little incentive for private builders to increase their output significantly; and
- local authority building has effectively stopped for the last

[52] Department for Communities and Local Government, 'Table 244: House Building: Permanent Dwellings Started and Completed, by Tenure—England Historical Calendar Year Series', 24 August 2017.
[53] Department for Communities and Local Government, *2014-Based Household Projections: England, 2014–2039*, 12 July 2016, p 1.
[54] ibid, p 1.
[55] Department for Communities and Local Government, *Fixing Our Broken Housing Market*, 6 February 2017, Cm 9352, p 7.
[56] Social Mobility Commission, *State of the Nation 2016: Social Mobility in Great Britain*, 16 November 2016, p xii.

> 30 years and has not been fully replaced by housing associations, building on the scale required has only been achieved previously when the public sector has contributed.[57]

The Social Mobility Commission has explained that as a result of a lack of supply over recent decades, the older generations are typically homeowners, and younger adults are not.[58] As a consequence of a lack of supply, concern has therefore been raised about a "gap" between homeownership in older generations and young adults (ownership is addressed more fully in the section 4.2).[59]

On 6 November 2016, the House of Commons Work and Pensions Committee's report on *Intergenerational Fairness* discussed a number of solutions to improve housing supply. The Committee noted that the evidence that it had received mainly focused on proposals for increasing the supply of housing through an expansion of housebuilding and a relaxation of planning laws.[60] In addition, the Committee contended that, alongside housebuilding, there should be more efficient use of under-occupied housing. It noted, for example, that Ashley Seager, co-founder of the Intergenerational Foundation, advocated incentivising downsizing by the over-60s by removing stamp duty and adjusting the planning system to facilitate "downsizing-in-situ", whereby a house is split into two flats and the occupier remains in one of them.[61] The Committee recommended that "there is a strong case to consider innovative policies to encourage downsizing and to more efficiently distribute the existing stock".[62] The Government published its response to the Committee's report in January 2017, though it did not explicitly address the Committee's recommendation with regard to housing.[63]

In November 2016, the Social Mobility Commission also examined the issue of the supply of housing and made a number of recommendations to improve Government policy in order to help "close the gap between housing haves and have-nots".[64]

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[57] House of Lords Economic Affairs Committee, *Building More Homes*, 15 July 2016, HL Paper 20 of session 2016–17, p 15.
[58] Social Mobility Commission, *Time For Change: An Assessment of Government Policies on Social Mobility 1997–2017*, 28 June 2017.
[59] ibid.
[60] House of Commons Work and Pensions Committee, *Intergenerational Fairness*, 6 November 2016, HC 59 of session 2016–17, p 15.
[61] ibid.
[62] ibid.
[63] House of Commons Work and Pensions Committee, *Intergenerational Fairness: Government Response to the Committee's Third Report of Session 2016–17*, 25 January 2017, HC 964 of session 2016–17.
[64] Social Mobility Commission, *Time For Change: An Assessment of Government Policies on Social Mobility 1997–2017*, 28 June 2017.

With regard to supply, it suggested that the Government needed to:

- Intervene more actively in the house-building market and set a target of three million homes to be built by 2026, with the public sector playing a role in commissioning or supporting one-third of these homes; and
- enable this step change in house-building by dramatically expanding the sale of public sector land for new homes and by allowing targeted house-building on Green Belt land, including around London.[65]

Government Housing White Paper 2017

The Government published a housing white paper in February 2017, which included measures to promote the supply of new homes. Proposals in the paper, *Fixing Our Broken Housing Market*, included:

- Amending the *National Planning Policy Framework (NPPF)* to give local authorities the opportunity to have their housing land supply agreed on an annual basis, and fixed for a one-year period.
- Options for introducing a standardised approach to assessing housing requirements and on making it easier for Build to Rent developers to offer affordable private rental homes.
- Introducing a new housing delivery test to ensure local authorities are held accountable for their role in ensuring new homes are delivered in their area.[66]

The consultation period ran from February to May 2017. The Government has not responded to the summary of responses at the time of writing. Following the proposals in the white paper to amend the *NPPF*, on 14 September 2017 the Government ran a consultation setting out proposals on reforming the planning system to increase the supply of new homes and increase local authority capacity to manage such growth. The consultation is due to end on 9 November 2017. In its manifesto for the 2017 general election, the Conservative Party committed to delivering the measures outlined in its housing white paper. With further regard to supply, it also pledged to meet its 2015 commitment to deliver a million homes by the end of 2020, and half a million more by the end of 2022. These were in addition to other measures in the manifesto regarding the affordability of housing.

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[65] Social Mobility Commission, *State of the Nation 2016: Social Mobility in Great Britain*, 16 November 2016, pp xii and xviii.

[66] Department for Communities and Local Government, *Fixing Our Broken Housing Market*, 6 February 2017, Cm 9352, pp 18, 24 and 90.

In response to the publication of the white paper, the Senior Policy Officer at the British Property Federation, Will Bushby, stated that his organisation "warmly welcome[d]" it, and that although there was "still quite a way to go" to get local authorities and planners to understand the build to rent models, the proposed changes were "a promising start".[67]

In contrast, the Joseph Rowntree Foundation (JRF) contended that the white paper demonstrated that the Government "recognises the scale of the problem", yet that the proposals "could go further".[68] Subsequently, the JRF proposed a "long-term strategy to build more affordable homes of all types" and the development of a Living Rent framework. The Living Rent framework would deliver new homes for rent, based on a starting figure set at 28 percent of gross local lower quartile earnings figure in the United Kingdom.[69]

Other Recent Party Proposals on Housing Supply

The Labour Party pledged in its 2017 general election manifesto to build at least 100,000 council and housing association homes for rent or sale every year. It also committed to establishing a Department for Housing, which among other things, would be tasked with improving the number of homes.[70] Further to the proposals outlined in the manifesto, the Leader of the Labour Party, Jeremy Corbyn, announced in his party conference speech on 27 September 2017 that Labour would be launching a review of social housing policy, including its building, management, planning and regulation.[71] Mr Corbyn outlined that regeneration of social housing under a future Labour government would involve people living on a redeveloped estate getting a home on the same site, under the same terms as before, with councils having to win a ballot of existing tenants and leaseholders before any redevelopment takes place.[72]

In the Liberal Democrats' manifesto for the 2017 general election, the Party pledged to reach a housebuilding target of 300,000 homes a year by 2022, including half a million affordable and energy-efficient homes.[73]

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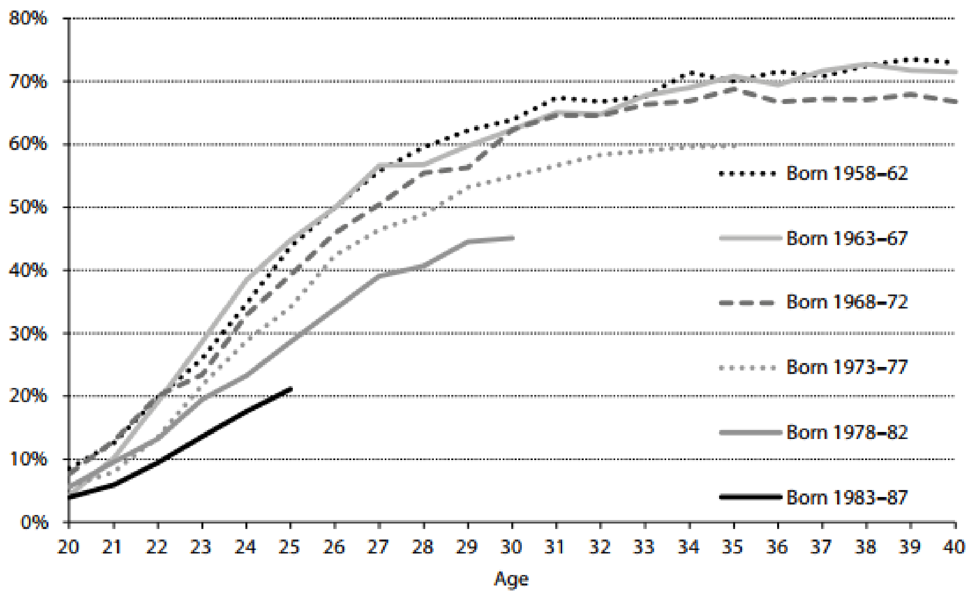
[67] British Property Federation, 'The Welcome Launch of the Housing White Paper', 8 February 2017.
[68] Joseph Rowntree Foundation, *JRF Response to the Housing White Paper Consultation*, 11 July 2017, p 2.
[69] ibid, p 3.
[70] Labour Party, *The Labour Party Manifesto 2017*, 16 May 2017, p 70.
[71] Labour Party, 'Jeremy Corbyn Speech to the Labour Party Conference', 27 September 2017.
[72] ibid.
[73] Liberal Democrats, *Liberal Democrat Manifesto 2017*, 17 May 2017, p 57.

4.2 Affordability and Tenure

Another key issue in the debate around intergenerational fairness is concern about the affordability of housing. Debate on this issue has focused on the increase of young adults living in private rental properties and the amounts spent on rent; the impact that rent prices have on saving for a deposit to buy a house; and the impact that these have on intergenerational fairness, particularly where rents are paid to those who already have property assets.

The House of Commons Work and Pensions Committee has referenced data, published by the Institute for Fiscal Studies in 2014, showing generational home ownership rates:

Figure 2: Home Ownership Rates by Birth, Year and Age



(Source: Institute for Fiscal Studies, *Living Standards, Poverty and Inequality in the UK: 2014*, 15 July 2014, as reproduced in House of Commons Work and Pensions Committee, *Intergenerational Fairness*, 6 November 2016, HC 59 of session 2016–17)

Evidence from the Institute for Fiscal Studies (IFS) has also shown that homeownership rates have declined in successive birth cohorts.[74] According to the IFS, someone born in the mid-1960s, for example, had a 45 percent chance of owning a home aged 25. This fell to 34 percent for the mid-1970s cohort, and 21 percent of those born in the mid-1980s. The rate has therefore halved in 20 years.[75]

[74] House of Commons Work and Pensions Committee, *Intergenerational Fairness*, 6 November 2016, HC 59 of session 2016–17, p 13.

[75] ibid.

This decrease in home ownership is arguably not a result of reduced demand. The House of Commons Work and Pensions Committee reports that a "large majority" of renters aged under 35, and particularly those in the growing private rented sector, "remain attached to the aspiration of ultimately owning their own home and expect to become homeowners at some point in the future".[76] The Committee argued, however, that for many rising house prices and rents have meant this has not been possible. Evidence given to the Committee included that from Dr Jay Ginn, Centre for Research on Ageing and Gender at Surrey University, who explained that such factors had "dashed" in particular, younger people's "justifiable expectation of an affordable home".[77]

The rising cost of rent is reportedly a particular problem. An analysis on rental prices over time by the Resolution Foundation has suggests rental costs have risen substantially since the 1980s due to growth in the private rented sector and the "weakening" of regulation. As a result, it estimated that the average millennial spent £25,000 more in real terms on rent in their 20s than the previous generation, and £44,000 more than the average baby boomer did.[78] The Resolution Foundation added that, while it was wrong to view rent as "wasted" money, it was "easy to understand why millennials aspiring to ownership would be frustrated" by this situation.[79] Indeed, £44,000 was reported to be "comfortably more" than the average first-time buyer deposit in today's market.[80]

In addition, Laura Gardiner, in the Resolution Foundation's *Stagnation Generation* report, argued that rent expenditure of the younger generations contributes to income for the older generations, thereby increasing the generational gap. The report contended that the "inability of millennials" to enter the housing market meant that "assets are becoming increasingly concentrated in the hands of older generations".[81] For example, the report calculated those born between 1946 and 1965 (so-called baby boomers) received half of all rent that goes to private landlords.

The Head of Health and Welfare at the Institute for Economic Affairs (IEA), Dr Kristian Niemietz, has also observed that housing shortage concentrated assets among the older generation. He wrote that:

> One of the effects of this politically-induced housing shortage is a massive transfer of income and wealth from the younger generation to the "Baby Boomers". But it is not a zero-sum transfer: there is a net

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[76] House of Commons Work and Pensions Committee, *Intergenerational Fairness*, 6 November 2016, HC 59 of session 2016–17, p 13.
[77] ibid.
[78] Resolution Foundation, *The Housing Headwind: The Impact of Rising Housing Costs on UK Living Standards*, June 2016, p 34.
[79] ibid.
[80] ibid.
[81] ibid.

> social cost, and it is gigantic. The housing shortage depresses living standards, especially among the least well-off.[82]

The House of Commons Work and Pensions Committee has explained that, as young adults were less able to own a home, they were building up less savings and wealth. As a consequence, James Sefton, Professor of Economics at Imperial College London, stated that "the young's main resource is their current and future labour income, whereas the old have a significant share of the wealth invested in real estate".[83] He added that, "implicit in this price appreciation is a large intergenerational transfer from young to old".[84]

In addition to rising spend on rent, the Resolution Foundation has argued that the rising cost of renting "creates a potential vicious circle" for those struggling to access home ownership with regard to saving.[85] It explained:

> [W]ith more of their income being diverted towards rents, younger generations can find themselves less able to save for a deposit.[86]

PricewaterhouseCoopers (PwC) has also suggested that people aged 20 to 39 faced continued housing affordability problems with regard to saving to buy their first home, in contrast to the experience of those saving in the 1990s. Describing those aged 20 to 39 as 'generation rent', PwC argued that:

> Our new research into housing affordability for 'generation rent' shows that buyers may now have to save for 19 years in order to buy their first home (assuming the deposit has to be raised entirely from their own savings without family assistance). In 2000, the same group would have been able to buy after saving for just six years; and in 1990 it took only around two years.[87]

Help to Buy Scheme

The Government's Help to Buy scheme in particular has sought to address some of the challenges with saving for a deposit. In 2013, the then Chancellor of the Exchequer, George Osborne, announced that the Coalition Government would be creating a Help to Buy scheme to support first-time buyers.[88] As part of the scheme, buyers would receive a low-interest loan from the Government towards their deposit. To do so,

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[82] Institute of Economic Affairs, 'Unaffordable Housing: Causes, Consequences and Solutions', 12 March 2015.
[83] House of Commons Work and Pensions Committee, *Intergenerational Fairness*, 6 November 2016, HC 59 of session 2016–17, p 42.
[84] ibid.
[85] Resolution Foundation, *The Housing Headwind: The Impact of Rising Housing Costs on UK Living Standards*, June 2016, p 34.
[86] ibid.
[87] PricewaterhouseCoopers, *UK Economic Outlook*, July 2016, p 17.
[88] HM Treasury, 'Budget 2013: Chancellor's Statement', 20 March 2013.

buyers would need a 5 percent deposit, with the Government providing an equity loan of 20 percent, or 40 percent on properties in London.[89]

However, there has been criticism of the scheme. A report published by the Social Mobility Commission in July 2017 looked at the impact of low-cost home ownership schemes, such as Help to Buy. The report found that those benefitting from schemes earned more than one and a half times the national working age median income.[90] Around three in five first-time buyers said that they would have bought anyway and that the scheme "merely enabled them to buy a better property, or one in a better area, than they were originally looking for".[91] The research also found that the average income for the Help to Buy buyers was £41,323. It noted that "fewer than half of all working age households have incomes over £30,000, meaning that this scheme is unlikely to be able to help those households without more specific targeting". A press release from the Social Mobility Commission stated:

> The research points out that the high cost of housing means many low cost home ownership scheme are beyond the reach of almost all families on average earnings. Only 19 percent of Help to Buy Equity Loan completions to date were for homes worth less than £150,000. If households put down a 5 percent deposit, the researchers found that this exceeded the 40 percent limit of affordability for a median income working age household. It recommends new action to help more low income buyers including targeting financial subsidies on households with incomes up to one-and-a-half times median income and setting different levels for different regions.[92]

In September 2016, the Chancellor of the Exchequer, Philip Hammond, announced that the scheme would be ending by the end of that year. He stated that with 30 commercial lenders offering 90 to 95 percent loans outside the scheme, the "specific purpose" of the scheme had been "successfully achieved".[93] However, in his speech at the Conservative Party conference on 2 October 2017, Mr Hammond announced that the Government would be extending the Help to Buy scheme. He told delegates that the Government would be spending an extra £10 billion in funding to provide loans under the scheme through to 2021. According to Mr Hammond, the extension would help an estimated 130,000 more homebuyers over the next few years.[94]

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[89] Gov.uk, 'Affordable Home Ownership Schemes', accessed 3 October 2017.
[90] Social Mobility Commission, 'Government Housing Schemes Have Little Impact on Social Mobility', 3 July 2017.
[91] ibid.
[92] Social Mobility Commission, 'Government Housing Schemes Have Little Impact on Social Mobility', 3 July 2017.
[93] Helen Cahill, 'Chancellor Philip Hammond to Close Help to Buy Mortgage Guarantee Scheme at End of 2016', *City AM*, 29 September 2016.
[94] Conservative Party, 'Hammond: Conference Speech', 2 October 2017.

Responding to the Chancellor's announcement, the Executive Chairman of the Home Builders Federation, Stewart Baseley, supported the scheme, stating that it "hasn't just helped 200,000 people buy a home; it has helped them to buy a new build home which is, in turn, boosting supply and generating huge benefits for communities, councils and the Exchequer".[95] However, the Chief Executive of Shelter, Polly Neate, criticised the announcement, arguing that the scheme had "barely helped" first-time buyers. Ms Neate argued that Help to Buy had both "increased house prices and propped up a speculative development model in need of reform".[96]

Recent Government Proposals

On 4 October 2017, the Prime Minister, Theresa May, made a speech to delegates at the Conservative Party conference. In the speech, Mrs May announced that the Government would invest an additional £2 billion in affordable housing, which the Government contended could supply approximately 25,000 homes "at rents affordable for local people".[97] In response to the announcement, the Chief Executive of the National Housing Federation, David Orr, stated that the investment would "make a real difference to those let down by a broken housing market" and that building homes for social rent would "help bring down the housing benefit bill in the long run by moving people out of costly private lets".[98] In contrast, the Chief Executive of Shelter, Polly Neate, stated that although the Prime Minister's announcement was "welcome", she argued that "the reality is that with over 1.2 million households on waiting lists already, this is only a fraction of the long-term investment required".[99]

5. Cross-Departmental Government Policy on Intergenerational Fairness

A number of reports over recent years have argued for greater consideration of intergenerational fairness across all policy areas.

In November 2016, the House of Commons Work and Pensions Committee contended that there were "growing concerns" about the intergenerational contract—examples of which are drawn upon above.[100] For the Committee, this meant that it was "vital" that policy making should incorporate

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[95] Home Builders Federation, 'Housing Pipeline Help to Buy Q2 2017', 29 September 2017.
[96] Jasper Jolly, 'Theresa May's Help to Buy Extension to Deliver Big Boost to Housebuilders', *City AM*, 1 October 2017.
[97] Department for Communities and Local Government, '£2 Billion Boost for Affordable Housing and Long Term Deal for Social Rent', 4 October 2017.
[98] National Housing Federation, 'National Housing Federation's Response to Theresa May's Announcement on Social Housing', 4 October 2017.
[99] Shelter, 'Shelter Response to Prime Minister's Announcement on Social Housing', 4 October 2017.
[100] House of Commons Work and Pensions Committee, *Intergenerational Fairness*, 6 November 2016, HC 59 of session 2016–17, p 42.

consideration of intergenerational fairness.[101]

However, the Committee drew upon evidence which suggested there was a lack of available information on potential intergenerational impacts, such as those as mentioned below, and which it argued created a barrier to considering intergenerational fairness in policy; it stated that "information is key".[102] For example, the Academy of Social Sciences noted gaps in knowledge of intergenerational redistribution over the whole lifecycle:

> We lack a full or even partial set of age-specific accounts that include not just cash receipts by age groups through social benefits but the age breakdown of public services. Recent analyses focus on pensioner benefits but neglect social care […]. Such accounts would need to include the recent expansion of student loans, both as a benefit and a liability as well as policies (such as apprenticeships and the national minimum wage) where the direct cost is being moved out of public spending to company balance sheets.[103]

James Sefton, Professor of Economics at Imperial College London, said that he thought there was an "awareness of intergenerational sharing" and also argued that what was lacking was "a conversation and figures to base that around".[104] Michael Johnson, research fellow at the Centre for Policy Studies, suggested that new legislation should be accompanied by "intergenerational impact assessments" which would "express in cash flow terms the impact on the burden of taxation in the future".[105] This, he argued, would introduce "at the heart of the legislative process" a way of "bringing to the surface the cash flow or tax burden consequences of the future generation of the promises that we are making to ourselves today".[106]

According to the House of Commons Work and Pensions Committee, when it came to information to inform policy with specific regard to intergenerational fairness, "such information is scant".[107] It noted that there was a range of administrative and survey data sources that could be drawn upon to develop a life-cycle analysis, not just of net fiscal contribution by different cohorts, but potentially encompassing private economic transfers between generations. The Committee cited "hugely valuable" information by Professor John Hills, from the London School of Economics and Political Science, which had estimated the intergenerational distribution of social protection expenditure and receipts over lifetimes.[108] However, the Committee explained that research was more than a decade old, and was

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[101] House of Commons Work and Pensions Committee, *Intergenerational Fairness*, 6 November 2016, HC 59 of session 2016–17, p 42.
[102] ibid.
[103] ibid.
[104] ibid.
[105] ibid.
[106] ibid.
[107] ibid.
[108] ibid.

based on "even older" data.[109] The research therefore did not take account of economic trends and policy changes in the interim period. Ashley Seager, Co-founder and advisory board member of the Intergenerational Foundation, described this kind of generational lifecycle analysis as "an enormous undertaking that does need to be done", but which the Intergenerational Foundation has not yet been able to attempt.[110]

The Committee highlighted that without such information, intergenerational concerns were being overlooked. The Committee concluded that "greater awareness of the intergenerational implications of decisions would make for better policy". The Committee therefore recommended that the Government:

> [M]ake available the necessary information and resources to enable updated research estimating the balance of fiscal contributions and withdrawals by different generations over their entire lifetimes to be carried out. We further recommend the Government undertake a forward-looking assessment of the intergenerational distribution of private income and wealth.[111]

Although the emphasis of the Committee was on intergeneration fairness, it cautioned that this focus on "imbalances between generations should not detract from the important issue of disparities of wealth and opportunity within each generation".[112] The generational perspective, it added, was one of many that needed to be considered in the formulation of policy to "ensure a cohesive society that works for everyone".

Responding to the Committee's recommendations, the Government explained that it was "not convinced that the Committee's recommendations would be the best use of its resources".[113] However, it welcomed the work that was being undertaken by the Resolution Foundation's Intergenerational Commission. The Government also noted that, as part of the Intergenerational Commission, it understood that Professor Hills would update his previous analysis and would "be happy to consider requests to support the work of the Intergenerational Commission".[114]

The Government added that it was "important to consider in any debate about intergenerational fairness that since 2010 Government has focused on reducing the deficit and getting public spending under control, to protect

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[109] House of Commons Work and Pensions Committee, *Intergenerational Fairness*, 6 November 2016, HC 59 of session 2016–17, p 42.
[110] ibid, p 43.
[111] ibid, p 42.
[112] ibid, p 48.
[113] House of Commons Work and Pensions Committee, *Intergenerational Fairness: Government Response to the Committee's Third Report of Session 2016–17*, 25 January 2017, HC 964 of session 2016–17.
[114] ibid.

future generations from unpayable public debt".[115]

The idea of intergenerational fairness as a concept has also been questioned. Indeed, political commentator at the *Financial Times*, Janan Ganesh, has argued that:

> Generational injustice is simultaneously borne out by data and untrue to anyone who lives in the actual world. Economists can trace the decline in real wages over time, the forbidding ratio of earnings to property prices for young workers, the relative prosperity of pensioners and twentysomethings. They cannot account for the dazzling consumer gains that come with technology and competition multiplied by the passage of time.[116]

Mr Ganesh also suggested:

> It is a weirdly modern notion that each generation should be happier and better off than the last. The universe does not owe us a teleology of linear progress. But since 1945, and in much of the world, we have had more or less that.[117]

[115] House of Commons Work and Pensions Committee, *Intergenerational Fairness: Government Response to the Committee's Third Report of Session 2016–17*, 25 January 2017, HC 964 of session 2016–17.
[116] Janan Ganesh, 'The Millennials Do Not Know How Lucky They Are', *Financial Times* (£), 18 March 2016.
[117] ibid.

6. Further Information

This briefing should be read as an introduction to the issue of intergenerational fairness and the associated debates. The following material may be of interest for further information on this complex public policy issue.

- Government Office for Science, *Intergenerational Relationships: Experiences and Attitudes in the New Millennium*, July 2015
- Social Mobility Commission, *State of the Nation 2016: Social Mobility in Great Britain*, 16 November 2016; and *Time For Change: An Assessment of Government Policies on Social Mobility 1997–2017*, 28 June 2017
- House of Commons Work and Pensions Committee, *Intergenerational Fairness*, 6 November 2016, HC 59 of session 2016–17; and *Intergenerational Fairness: Government Response to the Committee's Third Report of Session 2016–17*, 25 January 2017, HC 964 of session 2016–17
- Reports from the Intergenerational Commission, run by the Resolution Foundation think tank and chaired by Lord Willetts (Conservative):

    - *Consuming Forces: Generational Living Standards Measured Through Household Consumption*, September 2017
    - *Home Affront: Housing Across the Generations*, September 2017
    - *The Millennial Bug: Public Attitudes on the Living Standards of Different Generations*, September 2017
    - *The Generation of Wealth: Asset Accumulation Across and Within Cohorts*, June 2017
    - *The Pay Deficit: Measuring the Effect of Pension Deficit Payments on Workers' Wages*, May 2017
    - *Study, Work, Progress, Repeat? How and Why Pay and Progression Outcomes Have Differed Across Cohorts*, February 2017
    - *As Time Goes By: Shifting Incomes and Inequality Between and Within Generations*, February 2017
    - *Live Long and Prosper? Demographic Trends and Their Implications for Living Standards*, January 2017
    - *Votey McVoteface: Understanding the Growing Turnout Gap Between the Generations*, September 2016
    - *Stagnation Generation? The Case for Renewing the Intergenerational Contract*, July 2016

    The Commission is comprised of commissioners including: Lord Filkin (Non-affiliated), Chairman of the Centre for Ageing Better; Carolyn Fairbairn, Director General of the Confederation of British Industry; Frances O'Grady, General Secretary of the Trades Union Congress; and Paul Johnson, Director of the Institute for Fiscal Studies.

- Financial Conduct Authority, *Understanding the Financial Lives of UK Adults: Findings from the FCA's Financial Lives Survey 2017*, 18 October 2017 (see in particular the executive summary, pp 12–27)