Stagnation Generation: Exploring Intergenerational Fairness

Georgia Gould
Labour Councillor, London Borough of Camden

Omar Khan
Director, Runnymede Trust

John Hills
Richard Titmuss Professor of Social Policy, LSE

David Willetts
Chair, Resolution Foundation

Nona Buckley-Irvine
Labour Party activist and former General Secretary of LSESU

Hosted by the Resolution Foundation and the International Inequalities Institute

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February 2017
Britain has gone through baby boom and bust

Births per year (millions) by generation: UK

Dashed lines show generational averages
Generational pay progress was the 20th Century norm…

Median real weekly pay by age for each generation: UK (RPIJ-adjusted)
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Generation X (1966-1980)
Generational pay progress was the 20th Century norm...

Median real weekly pay by age for each generation: UK (RPIJ-adjusted)

Intergencommission.org
The British home ownership rollercoaster

Home ownership rates by age for each generation: UK

Silent gen
(1926-1945)
The British home ownership rollercoaster

Home ownership rates by age for each generation: UK
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The recession hit those born in the 1980s hardest
Median hourly pay by age, % change 2006-08 to 2013 (%)

Source: Labour Force Survey, full-time employees only
Housing costs and benefit cuts compounded this

Change in median income after housing costs by age, 2007/8-2012/3 (%)

Source: CASE/DWP analysis of HBAI dataset
Austerity hit the young harder than the old

Protected:
- Schools
- Higher tax allowances

Cuts:
- Child Benefit
- Allowances for staying at school
- Youth provision

Cuts:
- Working age benefits (CPI/ limits on totals/ 3 years of real cuts)
- Disability benefits
- Housing Benefit
- Council Tax Benefit
- Tax credits
- Student loan repayments

Protected:
- NHS
- State pensions (better for some)
- Winter fuel etc.

Cuts:
- Local Authority care for elderly
- Age allowance in income tax
- Higher pension age (but longevity)
But it may still all come out OK in the end?
Projected lifetime receipts from health, education and social security, and taxes paid towards them by five year age cohort, 1901-2051, GB.

Cumulative totals in years of GDP per capita

- Incomplete lifetimes:
  - 1971 (to 80)
  - 1966 (to 85)
  - 1961 (to 90)

- Complete lifetimes:
  - 1956
  - 1951
  - 1946
  - 1941
  - 1936
  - 1931
  - 1926
  - 1921
  - 1916
  - 1911
  - 1906
  - 1901
The big issue is now wealth differences by age?

Household wealth by age, £, 2010-12
The big issue is now wealth differences by age – and within age groups?

Household wealth by age, £, 2010-12
… which will make (unequal) inheritances far more important than for earlier generations

Household wealth by age, £, 2010-12
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