

THOUGHT PROVOKING IDEAS OF THE GLOBAL ESSAY COMPETITION 2022

Mitigating The Intergenerational Democratic Deficit: A New Intergenerational Contract In Political Governance

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Introduction

As Edmund Burke (1790) wrote, a social contract is a “partnership not only between those who are living, but also between the dead and those who are to be born”. The youth of the past decades have willingly supported the older generations for they were assured that they would in turn be supported by their younger counterparts when they enter their twilight years.

Central to the intergenerational contract is the democratic process, through which a people empower a government to deliberate and determine what one would contribute and receive across various life stages. Historically, democracies have successfully maintained intergenerational solidarity through periodic feedback from the electorates via the ballot box, which grants governments the mandate to renegotiate the contract amongst all parties (Wilson, 2021). However, this intergenerational contract is under threat today as the younger generation believes that the “pursuit of welfare by the [older] generation diminishes opportunities for a good and decent life” for themselves and for succeeding generations (UN, 2013).

Indeed, intergenerational fairness has already been challenged within the realm of political governance. This is primarily due to growing intergenerational democratic deficit arising from the demographic transition towards an ageing population. Granted, democracies could ensure the intergenerational contract keeps up with changing times if governments treat every generation equally as though they were behind the Rawlsian (1971) “veil of ignorance”. However, recent evidence has robustly rejected this claim, revealing that representative democracies have a proclivity to prioritise the welfare of larger, older cohorts and are amenable to burdening today's young and future generations.

Thus, this paper suggests three proposals: (i) improve pre- and post-policy assessment; (ii) codify political commitment to upholding intergenerational fairness; and (iii) increase age diversity in policymaking. These recommendations would reduce the intergenerational democratic deficit, which in turn ensures that outcomes of the intergenerational contract would be as fair as possible not just for today's young and old, but also for the unborn.

Demographic Transition

Presently, most developed economies are experiencing or have experienced a dramatic shift from a young population to an ageing one, driven by rising life expectancy and falling birth rates. According to the UN (2013), average life expectancy at birth in Organisation for Economic Co-operation and Development (OECD) countries have increased from 75 years in 1990 to 81 years in 2018. Meanwhile, the average fertility rate has fallen by 15%, from 1.95 to around 1.66, over the same timeframe (Gosseries & Meyers, 2009). Consequently, the population pyramid has inverted, with the large cohort of baby boomers now forming the tip of the top-heavy inverse population pyramid. Concomitantly, the median age of OECD population grew by 8 years, from 33 years to 41 years between 1990 and 2010, and is projected to rise to nearly 47 years by the middle of this century. Notably, this demographic transition is not limited to more economically developed countries; studies have shown that developing countries would also experience this transition but “at a much faster rate” (UN, 2003).

This demographic transition towards an ageing population has created profound ramifications for many socio-economic policies previously agreed upon in existing intergenerational contracts. For example, in the European Union, 4 working adults supported 1 pensioner in 2010, but the figure is predicted to halve to just 2 working adults by 2060 (European Commission, 2015). Consequently, a higher dependency ratio demands increased fiscal expenditure to supply healthcare for the elderly (WHO, 2009), increases calls for tax reforms (OECD, 2001) and imposes greater financial strain on today’s young and future generations (OECD, 2020).

On top of the greater contributions today’s youth are expected to make, today’s youth are already lagging behind the older generations in terms of real income gains, wealth accumulation and home ownership (Resolution Foundation, 2018). Socio-economic indicators reveal that today’s youth are worse off compared to when the older generations were the same age. For instance, today’s youth are only half as likely to own their own home by the age of 30 as compared to the post-war baby boomers when they were the same age. Additionally, today’s youth receive the same average real income as the age cohort 15 years older than them.

Thus, the combined effects of future socio-economic policy reforms disadvantaging the younger generation and the relative lack of socio-economic advancement vis-à-vis the older generations have accentuated the unfairness they feel about the intergenerational contract. Notably, when asked whether today’s youth would have a better life than their parents, a majority of respondents in countries such as Australia, Belgium, France, Germany, South Korea, Spain, Sweden and the UK replied “no”. Such pessimism for the future is symptomatic of the intergenerational unfairness today’s youth feel – an issue which at its roots can be traced back to the intergenerational democratic deficit they also face today.

Intergenerational Democratic Deficit: Root Source Of Intergenerational Unfairness

The representative democracy is the main platform where the aforementioned socio-economic inequalities may gain attention and be mediated. However, the demographic transition innately disadvantages the younger generation at the ballot box. In most ageing populations, due to the sheer size of the post-war baby boomer cohort, voting power is concentrated in the hands of the older generations.

Across OECD countries, the median age of all eligible voters was 46 in 2010, but this figure has increased to 47 this year and it is expected to further increase to 51 by 2050. An illustrative case is Germany, where voters above the age of 60 are dominant at the polls, forming 36% of the electorate. Meanwhile, voters below the age of 40 only comprise 29% of all voters (DW, 2021). The corresponding figures were about 50% and 27% respectively back in 1972. Similarly, in the UK today, voters above the age of 50 form the most sizeable proportion of the electorate; there are approximately 900,000 eligible 50-year-old voters as compared to only 700,000 eligible 18-year-old voters (Gardiner, 2016). Studies have shown that differences in potential votes translate into greater differences in actual votes due to a lower turnout rate by the younger generation. Even if all eligible voters cast their votes, the younger age group would be consistently outvoted by their older counterpart due to the sheer numerical disadvantage the former faces (Kingman, 2015).

However, some argue against the existence of an intergenerational democratic deficit on two grounds: firstly, they do not believe that voters of a particular generation should be viewed as a monolithic block with identical voting preferences; secondly, the intergenerational democratic deficit would be moot if governments formulate policies from behind the “veil of ignorance” (Rawls, 1971). They contend that Rawlsian governments make decisions not knowing which generation they would be born into. Thus, they would ensure that their policies are equally fair for all generations – born and unborn.

While it is true that the composition of voters in an age cohort is heterogeneous, empirical studies have shown that age has become one of the strongest predictors of political attitudes (Kingman & Leitch, 2020).

As Furlong & Cartmel (2012) found using data from the 2010 UK general elections, people of the same generation “share formative experiences and develop common perspectives”. Thus, political parties tear away the Rawlsian “veil of ignorance” to exploit this shared understanding by aligning their manifestoes with these generational perspectives to canvass for votes. Indeed, it is unsurprising Birch et al. (2013) record how governments treat its key voters preferentially; given the dominance of the older cohorts at the ballot box, the game theoretic dominant strategy would be for political parties to propose policies that targets the grey vote. As such, political observers have cautioned about the perils of a “parliamentary gerontocracy”, with former German president Roman Herzog warning against the emergence of a “pensioner democracy” (DW, 2008; Kingman, 2015).

The dominance of the older generations at the ballot box is fundamentally unfair from an intergenerational perspective. The concerns of the younger electorate should not be ignored since they would be living with the long-term consequences of policy decisions made today more so than the older voters.

Additionally, the inverting of the population pyramid is a recent phenomenon (Berry, 2012). Modern representative democracy has traditionally operated with the young people being the dominant core of the electorate. Indeed, most intergenerational contracts – such as the welfare state – were established when the baby boomers were the dominant cohort in their youth. Given their relative size, the baby boomers enjoyed a demographic dividend when they were young as dependency ratios were lower, which made pensions economically viable. Furthermore, the baby boomer cohort also could lower tax rates back then as the same amount of tax revenue could still be raised given their larger tax base.

However, the smaller cohorts that followed the baby boomers now not only struggle to finance these welfare schemes, but also face an uphill task in modifying them via the democratic process given their numerical disadvantage. As the OECD (2018) highlights, there is a real risk of “pro-elderly spending bias” by governments, which not only results in the younger generations failing to secure a more prosperous future for themselves and future generations, but also raises the risk of marginalising them in the democratic process.

Recommendations

The imbalance in voting cohorts would persist in the short to medium term. However, actions can be taken to mitigate this intergenerational unfairness in political governance, which also helps prevent the unravelling of the legitimacy of the democratic process we so cherish.

Improving Pre- and Post-Policy Impact Assessment

Presently, during the conceptualisation phase, there does not exist an established framework that enables governments to assess if their policy is intergenerationally fair. Varying discount rates should be used in Cost Benefit Analyses to reflect the differentiated impact on varying segments of the population, in contrast to calculating the net welfare effect for the population as an entirety. For example, the Greater London Authority assesses the impacts of policies on three different age groups (under 16, between 16 and 25, and above 65) as opposed to the population as a whole.

Additionally, governments should build up its data-collection capabilities to facilitate post-policy impact evaluation. As Lord Bichard noted in the British House of Lords, to tackle intergenerational unfairness, one to understand it first, but “we do not yet have the data to understand it well” (UK Parliament, 2021).

Thus, governments should collect more comprehensive longitudinal age-disaggregated data on health, income, housing, employment, and other dimensions to facilitate quantitative policy evaluation. Governments should also endeavor to standardize such surveys to enable cross-country comparative studies to be conducted.

Codifying Political Commitment To Intergenerational Fairness

In most cases, governments are not held politically accountable for decisions they make concerning the young and future generations. To reflect their political commitment to intergenerational fairness, an independent commission similar to Wales’ Future Generations Commissioner or Finland’s Committee for the Future could be established to keep the government in check. The commission should be empowered to investigate the impact of any policy on the young and future generations as well as modify or reverse said policy if required to protect their interests.

Additionally, governments could also officially codify their political commitment to pursuing intergenerational fairness. For instance, governments could seek inspiration from the 2015 Well-being of Future Generations Act adopted by Wales, which legally enshrines the importance of sustainable work not for people living not only today but also in the future. Furthermore, inscribing this commitment to pursuing intergenerational fairness into law is the best panacea to myopic policymaking.

Increase Age Diversity In Policymaking

It is imperative that the voice of the younger generations be heard when policies are crafted. Governments should spearhead the creation of platforms for young people to convene and discuss issues if such platforms do not yet exist. The UK Youth Parliament is a good example, as it not only galvanises the youth to discuss issues that affect their future, but also provides a platform for the youth to work with their Members of Parliaments to impact formal politics.

Conclusion

The younger generation today are already struggling to lead a life better than the ones their parents had, and the intergenerational democratic deficit stacks the odds against them even more. Governments ought to pursue the aforementioned recommendations not only to mitigate this intergenerational unfairness in political governance, but also prevent the unravelling of the democratic process.

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