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Welfare and Generational Justice

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Abstract

My research project aims to identify which are the main political instruments to obtain a fair generational distribution.

I will discuss the welfare generational contract as the main instrument, associated with fair and ad hoc GJ Institutions, to promote intertemporal equity.

My main focus is not on which transfers among stages of life are the ones we want social institutions to help us occur but whether we can theorize a social model that neutralizes birth cohort conflicts and private contract model. The effects of private transfers within a family should be neutralized because they do not respect publicity standard and furthermore they are not economically efficient as far as they are asymmetrical between parents and children. Furthermore unequal private transfers among age groups signal a public failure insofar young generation will defend a welfare system that privileges the elder generation, trusting more private redistribution than the public one.

Current youth is relatively worse off in an indirect comparison with other generations.

It is possible, analyzing European and National surveys and reports, to point out the alarming fall of influence of the young generation (YG) both in the political and economical field corresponding to unequal welfare distribution.

The fall of influence has probably a multivariable explanation but to provide the basis for new criteria of welfare distribution, taking into account intertemporal injustices, seems to me the most concrete way out.

The structure of my project reflects my argument: Justice between generations (overlapping or not) can be defined and should be considered as a political objective *per se* in order to increase social justice (part 1), the political instruments to pursue GJ are ad hoc institutions (part 2) and a new Welfare compact (part 3).

The first part is about **IDEAS**. The principle of equality among generations is a matter of both social justice and sustainability. If our priority is ecological GJ then the definition of sustainability considers the dynamic equilibrium (same input and output over time) as the main feature, independently from the concept of social just distribution. On the contrary if we equally weight inter and intra GJ, the dynamic equilibrium is just one aspect and social justice must be included. Furthermore if we opt for a full coincidence of GJ with the idea of sustainability we risk to lose the main instrument to pursue Generational Justice: Welfare System.

GJ has probably the same relation with social justice as Global justice. The difference between global and social justice is the space dimension, social justice usually refers to a well defined community in which at least some welfare utopia is feasible. Global justice is referred to the World and the Institutions in charge of pursuing it are the International organizations. The comparison between global and generational justice is challenging for various reasons:

- concept of humankind community;
- difficulties in employing contractualism;
- emerging of new categories of rights;
- new institutions and mechanism of rights implementation and control;
- developing a new kind of responsibility, encompassing classical political communities.

Finally both in social and generational justice the objective of fair distribution is an utopia, nevertheless we are concretely responsible if we act unjustly. The utopia of a fair distribution both among age groups and birth cohorts is a matter of social justice and can be dealt with by developing a GJ speech on democracy and welfare state theory.

Many traditional approaches to political philosophy cannot conceive the time dimension: the social contract theory should be seen in a new light, considering non existing people, not just part of the social contract with their contemporaries but even element of an existential contract with descendants and ancestors. But first of all, and in my opinion this is the common ground between liberal and communitarian approach, the generations share responsibility for maintaining the institutions and practices that enable democratic coexistence and civil rights respect.

The central argument of my thesis is about politics, divided into two parts: Institutions and Welfare.

In the chapter of **INSTITUTIONS** I will present the debate about eternal constitution introducing new ad hoc agencies to defend GJ. Political decision, influenced by short term urgency of re-election, scarcely accounted for long term projects but I will show some best practices that could enforce GJ: the Knesset experiment in Israel and the Ombudsman for Future Generations in Hungary. Finally, non-governmental actors at national and international level are engaged to ensure that generational justice is taken into account in political decisions.

In the **WELFARE** chapter, considering the framework of social democracy, I will argue that the function of welfare state has been shifted from a class distribution to a generational one. In most European countries the elderly (E) have become the main clients of the welfare state redistribution, mostly through pensions and health care with a consequent decrease of Young Generation welfare

share (education, job allowances, cultural resources). Nevertheless the most important risks that need social insurance today are no longer poor old age, poor health or accidents but outdated skills, relocation requirements and lack of competitiveness.

Whether an alternative path is possible depends on whether welfare policies can be restructured in a form which is acceptable for both current generations and future generations. From an efficiency standpoint, there is a clear advantage to investing in children and education. There are however developments that tilt political power away from them.

An example of this challenge lies in the pension system reform and Italy is a perfect example. The age of the median voter in Italy is expected to rise drastically from 47 years in 2010 to 57 years by 2050 and there is a growing perceived frustration of Youth in Italy about Welfare distribution. I have tried to synthesize the perception of Young Italian people about their welfare system in a survey I conducted.

The main conclusions of my survey in Italy are two:

1. Italy, as a conservative welfare state system, is unfair. The demand for Generational Justice is high and clear, "pay as you go" pension system and the rigidity of the job market was considered unfair from the youth perspective
2. the same values of a conservative regime, based on corporativism and the central role of male breadwinner are not shared by the sample.

Future generations may be less willing and able to pay continually rising taxes to support a growing share of economically inactive people. The practical way to measure the welfare effects of the pattern of inter-generational fluctuations could be the dynamic model of inter-generational fairness "Fixed proportion rule" proposed by Musgrave's recently re-discovered by Esping-Andersen and Myles and the so called "economic sustainability indicator", defining five sets of capital, to measure how much net capital is being handed down from the current generations to future ones as a percentage of how much net capital these current generations have inherited. This economic methodology has been presented by Peer Ederer, Philipp Schuller and Stephen Willms.

My main conclusions are that generational equity is to be understood dynamically through time; there aren't two kinds of people but rather different ages in each individual's life cycle.

The tools to achieve it could be:

- ecological and financial generation clauses should be institutionalized in national constitution and pursued by an ad hoc agency or commission,
- more gradual reform and adjustments to social expenditure or legislation that affects welfare distribution when a long-term trend requires adjustments, and

- a horizontal accounting system that analyses the welfare situation of specific target groups and age bands cutting across the vertical budget administrations and monitors check-sums of resources and effects obtained.

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