Section 1

Introduction

Why generational analysis when there is so much else going on

The second year of the Covid-19 crisis has, like the first year, had sharp and often devastating consequences to people of all ages. Some people may ask why we undertake generational analysis when there is so much else happening in the economy. But it is precisely when there is a lot going on that it is particularly important to consider the effects on people of different ages. Generational analysis builds on the idea of distinguishing between different groups of people in society according to when they were born.

Using generations as an analytical framework has a long tradition and its importance derives from two related phenomena. The first is that generations have at least to some degree a shared economic experience, values and cultural norms, particularly those shaped during the formative years of growing up. This results in a degree of collective identity within each generation. For example, at different points in time there will be exogenous shocks which cut across generations. Historically, these have been wars in the early 20th century; the referendums of Economic Communities in 1975, Alternative Vote in 2011 and the EU in 2016; and recessions in the 70s, 80s and 90s, and the 2008 financial crisis. We are currently living through the most recent exogenous shock: the Covid-19 pandemic. It is already clear that the pandemic will have (had) very different impacts on different generations, and will potentially shape their lives in different ways going forward.
FIGURE 1: The Covid-19 crisis will have a large ‘period effect’ for working-age generations’ living standards

A framework for intergenerational analysis: generations, life stages, and period effects: UK

NOTES: Period effects shown include world wars, technical recessions, pandemics and national referenda. This is an updated version of Figure 6 in: L Gardiner: Stagnation generation: The case for renewing the intergenerational contract, Resolution Foundation, June 2016.

If the impact of the Covid-19 pandemic is profound enough to shape longer-term outcomes as generations age, we might start to see what are called ‘cohort effects’. It is not yet possible to know enough about the longer-term implications of the Covid-19 pandemic to be able to distinguish between its short-term (period) and its longer-term (cohort) effects. In this audit we will limit ourselves to observing what we can, and we will leave the important evaluations of longer-term cohort effects to future generational evaluations.

The second phenomena that supports a generational framework for analysis is that the relative size of generations can play an important role in determining their shared experiences and outcomes. Looking at the raw birth numbers is a good starting point for this. Birth numbers have tended to fluctuate with birth booms and busts, as shown in Figure 2. There are three main birth cycles that are of interest to policy makers today: Baby Boomers with a (second) birth peak in the 1960s; the millennials with a peak in the 1980s; and generation Z with a peak in the 2010s. The booms and busts of these generations have implications for public spending across various domains, such as funding for state pensions, schools and early years education. Based on past birth numbers, the country will see a large cohort of young Baby Boomers turn 65 and enter...
retirement age over the next decade. At the other end of the age distribution, there will be an increasing number of 18-year-olds going through the education system and entering the workplace over coming years.1

FIGURE 2: The start of a generational shift in the labour market
Births per year and generational averages: UK

NOTES: Northern Ireland data is unavailable for 2020, and so is estimated based on births in 2019.
SOURCE: ONS, Birth Characteristics (England and Wales); NRS, Births Time Series Data (Scotland); NISRA, Live births, 1887 to 2015 (Northern Ireland).

Intergenerational issues continue to rise up the policy agenda in Britain, but it is far from the only analytical lens

Intergenerational issues continue to rise up the agenda and have gained even more attention in the wake of the uneven impacts of the Covid-19 pandemic. As our Intergenerational Audits have noted in previous years, the publication of The Pinch renewed policy debates around intergenerational fairness. The Resolution Foundation’s 2016-2018 Intergenerational Commission, inquiries by the Financial Conduct Authority, various parliament select committees including the Lords’ Intergenerational Fairness and Provision Committee and the Youth Unemployment Committee, and others, are indications of the growing appreciation of the importance of intergenerational analysis.2

1 For a more detailed discussion on the implications of demographic changes and, specifically, the effect on public services, like education, see: M Gustafsson & D Willetts, A return to boom and bust (in births): How birth cycles will affect public spending pressures over the coming decade, Resolution Foundation, October 2021.
But of course looking at generational differences is not the only useful analytical lens. Other established traditions of analysis are those of gender, ethnicity, region, income group and social class. We do not think of these perspectives as competing, but as complementary. Indeed, these frameworks are often particularly useful in combination, which is why our analysis – and particularly the online data and materials that accompany it – includes intra- as well as inter-generational comparisons.

Nor should our focus on generational differences be seen as a spurring competition between different generations or cohorts, or as pitting different generations against each other. That would bear no relation to how we live our lives within families, or the strong public support for a society where people of all ages can experience living standards improvements. This been demonstrated vividly during the Covid-19 pandemic when generations were impacted in different ways, but all contributed to limiting the spread of the virus for the sake of one another. If we have learned one lesson from our research into generational issues, it is not that there is a generational war afoot, but that a generational focus helps us to better understand Britain’s opportunities and challenges.

The focus of this audit

This report – produced by the Resolution Foundation with the support of the Nuffield Foundation – takes stock of generational living standards differences in Britain according to the data available to us. It does this by considering living standards within four domains:

- Jobs, skills and pay;
- Housing costs and security;
- Taxes, benefits and household income; and,
- Wealth and assets.

In each of these domains, we summarise the latest developments in cohort living standards up to the current crisis, drawing on the most comprehensive data and honing in on what’s changed in recent years. However, most of this data pre-dates the onset of Covid-19 in the UK. Therefore, we also provide novel and up-to-date analysis of the impact of the Covid-19 crisis across generations in the UK, drawing primarily on data from surveys we have commissioned throughout the crisis but also on other timely data sources. Some of these sources and techniques have limitations, which we set out throughout this report.

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In each of these four domains we also zero in on one area where we dig deeper – providing a Spotlight analysis that seeks to stay on the pulse of what’s changing in Britain today, and move research and policy debates forward accordingly. These pieces of analysis were all released separately during 2021, and in this report we provide abridged versions.

Throughout this analysis, our focus is mainly on five-year birth cohorts. In order to bring these findings together and aid interpretation, we sometimes talk about generations using the definitions that are commonly used in the UK. As shown in the figures above, these are:

- The lost generation, born 1881-1995
- The forgotten generation, born 1896-1910
- The greatest generation, born 1911-1925
- The silent generation, born 1926-1945
- The baby boomers, born 1946-1965
- Generation X, born 1966-1980
- The millennials, born 1981-2000
- Generation Z, born 2001-2015
- Generation Alpha 2016-2030

Finally, accompanying this audit is our microsite, https://www.resolutionfoundation.org/major-programme/intergenerational-centre/dashboard/, which contains interactive data for many of the key indicators covered in this report – including breakdowns by region, gender and other subgroups – and a range of other generational resources.