SETTING THE YOUNG AGAINST THE OLD IS A SMOKE SCREEN TO PROTECT THE MEGA RICH

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So the House of Lords Committee on “Intergenerational Fairness and Provision”, chaired by Lord True, recommends a redistribution of benefits from older people to younger people, but isn’t he missing the point? Surely rather than setting one generation against another he should be confronting the widening income inequality and increasing poverty in our society with the redistribution of wealth from the superrich to lift old and young alike out of poverty? It is not an inter-generational issue; but one of the widening gap between the rich and the poor.

At just 29% of national average earnings Britain has one of the lowest state pensions in the developed world, with much of Europe paying in excess of 90% (100.6% in Holland, 94.9% in Portugal, 93.9% in Italy, 91.8% in Austria and 81.8% in Spain), and there are 1.9m older people living in poverty many of whom were forced into retirement and condemned to spending the rest of their lives in poverty.

According to Philip Alston, special rapporteur on extreme poverty to the UN, Government Ministers are in a "state of denial" about poverty. During a twelve day visit to the UK last year he said that despite being in one of the world's richest countries he had encountered "misery". Quoting figures from the Joseph Rowntree Foundation, he said that more than 1.5 million people were destitute at some point in 2017, meaning they lived on less than £70 a week or went without essentials such as housing, food, clothing or heating. A fifth of the population, amounting to 14 million people, are living in poverty, Prof Alston said.

In contrast the pay of Chief Executives at businesses on the FTSE 100 index surged 11% on a median basis during 2017 while average earnings failed to keep pace with inflation, rising just 1.7% with inflation at 2.8% which means the majority of people were worse off. There was widespread concern during the banking crisis that whilst the majority suffered austerity those we were led to believe brought about the crisis prospered. For example as a result of the crisis the share value of the banks fell, but after the Government bailed them out share values rose and half the money paid to RBS went straight out in bonuses which were related to share values.

During the banking crisis I promoted a petition on the Number 10 Website calling upon the Government to legislate to restrict the pay of the highest paid Director / Employee of a company (including the banks and utilities and Chief Executives and Chairmen) to an agreed multiple of the lowest paid and that bonuses should be restricted to an agreed percentage of profits (not related to share values or multiples of salaries) and shared pro-rata amongst all who contributed. Clearly this would not apply to people who get royalties from record or book sales or patents or fill theatres etc but to all those who are appointed to jobs in pre-existing companies, and especially those who circulate around major companies creaming off millions. The salaries of the superrich often run into millions as do their bonuses. For example it is thought that Bob Diamond, a former Chief Executive of Barclays, took £125m out of the bank for his own personal use during his five year tenure whilst making 30,000 people redundant before moving on to pastures new leaving counter staff over worked and customers queuing for service.

A consequence of this widening inequality is that there are now 3.9 million children living in poverty in the UK. This represents an increase of 200,000 in just one year. The Government has focused on making work pay, but two in three children who are in poverty have a parent who is in work. These parents are no more able to do anything to help their children than are older people who have no earning capacity or borrowing power, many of whom were forced into retirement and condemned to spending the rest of their lives in poverty. Children brought up in poverty are less likely to do well at school, more likely to have health problems, making a demand upon the NHS, and have a shorter life expectancy. This is unacceptable.

Britain does not have a very good record when it comes to children or older people with age discrimination in the work place one of the last human rights issues to be recognised. Until 2011 it was perfectly legal to deny people employment and forcibly retire them on grounds of age alone: there was no other group of people who could be discriminated against in this way. Just imagine the outcry had someone been refused employment or “retired” on grounds of gender, race, religion or disability? And yet until 2011 it was perfectly legal to deny people employment on grounds of age alone and many of today’s retired people were victims of just this.

Pensions are frequently raided to top up Government coffers. For example in 1997 Gordon Brown abolished the tax relief pension funds earned on dividends from stock market investment which sent many pension funds from surplus to deficit within a decade and led to the demise of many final salary index linked pensions. And the rules are frequently changed unilaterally after people have joined a scheme. For example in 1971 the index linking of public sector pensions changed from earnings to RPI and then in 2011 from RPI to CPI – even for pensions in payment – and more recently from final to average salary. Over the last ten years pensions index linked to CPI have increased by 26.6% when had they still been increased by RPI they would have gone up by 32.4%. Average earnings have gone up by 41.7%. Therefore the longer one lives the poorer one becomes and one is powerless to do anything about it. Prices are about the cost of living: earnings are about the standard of living and quality of life. As the economy grows so too do the expectations and necessities of life. For example in the 1950s very few people had fridges or telephones: it would be difficult to manage without them today.

Even the State Pension has not escaped – it was Margaret Thatcher who abolished the earnings link in 1980 causing a year on year erosion. And the raising of the State Pension Age has meant that many women, born in the 1950s, may have spent over twenty years of their working lives paying National Insurance in the knowledge they would draw their State Pensions from the age of 60. They now have to wait until they are 66 losing up to £40,000 of what they considered to be an entitlement and were never informed individually of this change.

Lord Trust attacks the “triple lock”, bus passes, TV licences and the “winter fuel allowance”. The “triple lock”, whereby the State Pension increases in line with prices, earnings or 2.5%, whichever is the greater, was introduced by the Coalition Government, when Steve Webb was Minister for Pensions, in an attempt to restore the pre 1980 value of the State Pension and has still some way to go in that one cannot reverse 30 years erosion in just eight years. Bus Passes contribute to the economy rather than costing money in that they help combat social isolation and enable older people to undertake voluntary work keeping many of our charities afloat. They are also a form of subsidy keeping uneconomic routes open for all thereby helping to combat global warming by reducing car usage. And if bus passes were withdrawn Local Authority subsidy would have to increase.

In a recent survey 73% of older people said that the television was often their only form of company. Perhaps the BBC should look at some of the salaries they pay to their permanent staff in that unlike ITV, where the value of an artiste can be judged by the amount of advertising they attract, the BBC offers permanent contracts with no such market forces. The “winter fuel allowance”, which has been under constant attack, helps reduce deaths from hyperthermia and winter pressures on the NHS. However rather than introducing “means testing”, as many would suggest, which has a poor take up due to the stigma attached and is costly to administer, why not add these benefits to the state pension which of course is part of one’s personal tax allowance and therefore taxable.

I have argued elsewhere that the way to deal with the funding crisis in health and social care is to increase the state pension, and reduce demand, in that 4/5ths of the expenditure of the NHS goes on older people with a correlation between income and demand upon the NHS. At just 29% of national average earnings Britain has one of the lowest pensions in the developed world and it is therefore hardly surprising that £19.6b was spent by the NHS on treating malnutrition amongst older people in 2017.

If people did not draw their State Pension until they retired, with phased arrangements, and went on paying National Insurance whilst ever they were working, this together with the savings on the NHS (90% on malnutrition and just 10% over-all) would be sufficient to cover the cost of raising the State Pension to 60% of National Average Earnings and also of removing the need to take one’s savings and equity in ones house into account in the financial assessment for long term care. People would simply hand over their income up to the cost of the care home less their personal allowance.

What is required is a whole systems approach to the social issues and inequalities of our times. Playing the young off against the old to hide the inequalities and shield the super-rich is shameful. This is a rich and poor issue: not an old and young one.