



YOUNG PEOPLE & YEAR ONE OF THE COVID PLAGUE

Intergenerational Fairness in debt, tax, jobs, unis and pensions
- possible consequences of crashing the economy

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GOVT COSTS OF FIRST AID

- Public Services £16bn
- Furloughing £40bn
- Rates Holidays £13bn
- Self Employed £10bn
- Welfare £7bn
- Small Business £15bn
- Payments deferrals (Tax, NI, VAT)
- CBIL loan scheme
- Bounce back loans
- Rough total at least £200bn?

BUILD UP OF UK NATIONAL DEBT

- OBR estimates debt will go up to £2 trillion
- Additional debt/commitment of state pension
- Very large drop in tax revenues (payroll taxes = 45% of tax take)
- With drop in GDP (maybe 35%) this makes % debt much higher
- Debt could be 150% of GDP - 4x Gordon Brown's Golden Rule
- Low interest rates now essential for govt and private sector
- Young and future taxpayers (mainly) to pay the debt
- ALSO, build-up of company debt (at least £100bn extra)

TAX - TO PAY FOR IT ALL

- - with unemployment, tax take drops and benefits costs rise
- - tax currently falls heavily on earned income
- - unearned income more likely amongst old (rents and dividends)
- - tension likely to emerge about who pays
- - maybe government will have to look at a property tax on homes
- - or abolish CGT relief on private residences? !

UNIVERSITIES IN CRISIS

- - existential question for some unis
- - became dependent on overseas students and conferences
- - battle over payments by current students (story of two boys)
- - risk of numbers dropping
- - different delivery models but is £9,250 too much?
- - student debt means 9% extra tax for young grads

PENSION ISSUES POST COVID

- Pensions not downwardly flexible - private or public
- Increase in deficits (eg divis dropping from £100bn to ? £50bn?!)
- Problem of “pension funds with company attached” (eg IAG)
- What incentives have YP to save? (low ir, doubtful returns, lower incomes and moral hazard)
- Uncertainty - discount rates, life expectancy, value of assets (eg property)

SUMMARY – LIKELY LEGACY

- - national debt burden for YP
- - unemployment, especially for young
- - reshaped economy – how?
- - increasing struggle over fair tax system
- - universities crisis (and job crisis you non-HE young people)
- - pension imbalance between young & old/state sector & private
- - young people – can they and will they save?
- Discussion....