

Interrogating the Political Economy of Age

KATE ALEXANDER-SHAW

Abstract

This article considers the argument by Tim Vlandas, in this issue, that an ageing electorate may undermine democracies' ability to make the right economic choices. Vlandas suggests that the emergence of gerontocratic politics may give rise to 'gerontonomia': an economy run for the old, at the expense of younger generations and of future prosperity. However, evidence from the UK suggests a more mixed picture. Age-based voting patterns have been consequential around single issues, not least the 2016 Brexit referendum. However, voters' interests in broad economic policy models are not easily reducible to age dynamics, and intergenerational politics are filtered through a set of normative and affective considerations beyond straightforward self-interest. Moreover, since the rational interests of different age groups do not speak for themselves, cueing by political elites is potentially significant and may be contributing to older voters' relative tolerance of a poor economic record.

Keywords: political economy, ageing populations, gerontocracy, intergenerational fairness, UK politics

IT HAS LONG BEEN recognised that ageing populations would pose some serious fiscal challenges for European governments. As far back as 2004, the Turner Commission on pensions warned the UK's Blair government that the dependency ratio of pensioners to working-age people was likely to double and that the ensuing pension shortfall would require some combination of increased public spending, increased private saving and a higher retirement age. Societies across western Europe have confronted similar dilemmas, including in France, where hundreds of thousands of people took to the streets this year to protest a pension age increase. But, beyond the pension arithmetic, does an ageing population also imply deeper structural problems in the political economy? Does an ageing electorate begin to undermine democracies' ability to make the right economic choices? That is the argument made by Tim Vlandas in his provocative essay, which suggests that the emergence of gerontocratic politics may give rise to 'gerontonomia': an economy run for the old, at the expense of younger generations and of future prosperity. That is an alarming proposition and it deserves careful consideration. The evidence, however, may be more mixed than Vlandas allows.

First, however, an aside: while it is right to ask whether the age profile of an electorate does something particular to its politics, we should pause before deciding *tout court* that an ageing population is deleterious to democracy. Lest we forget, both the fact of population ageing and the relative prosperity of today's pensioners are significant achievements of welfare states, which do not exist solely to promote economic efficiency, but also to mobilise a society's collective willingness to support vulnerable citizens. Ending pensioner poverty has been a great social achievement of the rich democracies where, in general, old age no longer threatens destitution. The shrinking population share of the working-age cohort poses actuarial problems for governments, but we should beware framing the existence of a large cohort of older people as inherently problematic.

Vlandas does not go quite so far, but his article is nonetheless a stark warning about the risk that when older voters have an electoral majority, economic policy may become gerontomic; indeed, he suggests that we are already some way down that road. So, let us reduce the argument to its essentials: older people, having retired from the labour force, are economically unproductive and have few

incentives to care about future productivity; as they come to dominate the democratic mechanism, the policy mix they vote for will also skew unproductive; because of this, economies risk becoming sclerotic and younger generations will pay the price. The thesis is logical, if unsettling; the question is whether we have good evidence for such claims.

In the UK, the question of gerontocracy received new attention after the referendum on EU membership in 2016, in which age was strongly correlated with voting. Retired people were by far the most strongly in favour of leaving the EU, with six out of ten over-65s voting to leave; in the 18–24 age group this ratio was reversed, with seven out of ten young people voting to remain. Age polarisation was a prominent theme in media coverage of the referendum, which portrayed the older generation as having enjoyed the benefits of EU membership only to withdraw them from the young.¹ Focus group evidence also revealed the dismay of many younger voters, who felt that their long-term interest in EU membership had been overridden by an older generation that would not have to live with the long-term consequences.² On the face of it, Brexit could be interpreted as a case study of the kind of gerontonomia that Vlandas warns about, whereby an economically costly policy hinged on the votes of older people who were less concerned with economic outcomes than their younger counterparts. Some have suggested that the generation gap in property wealth, in particular, may have played a part in referendum voting, since older homeowners' housing equity may have insulated them from the economic downsides of leaving the EU, allowing them to vote on non-economic preferences around sovereignty

and national self-determination.³ So far, so gerontonomic.

Besides Brexit, older citizens in the UK have proven themselves a constituency capable of voting for their interests in certain circumstances, and particularly where their perceived interests can be narrowed down to a single issue. In 2017, then Prime Minister, Theresa May, flirted with the possibility of taxing property wealth to pay for social care, in the name of intergenerational fairness. The press swiftly dubbed the policy a 'dementia tax' and the unpopularity of the measure contributed to unusually low turnout among older voters at the 2017 general election. May's misjudgement, combined with a spike in youth voting at the height of the Corbyn-led Labour Party's popularity, contributed to the loss of the Conservatives' parliamentary majority and the episode now stands as a cautionary tale about the riskiness of intergenerational redistribution. For the UK Conservatives, at least, gerontocracy may impose some real constraints on policy.

However, it is one thing to acknowledge that the electoral choices of older people will be affected by policy changes with large and easily discernible marginal consequences for them. It is quite another to suggest that retirees have inalienable preferences for a certain kind of economic policy model. After all, economic interests rarely speak for themselves and the politics of economic policy cannot be assumed to be a straightforward projection of demographic trends. Even if we assume that voters are motivated primarily by calculations of self-interest, it is quite a leap to assume that older people are uniformly opposed to growth-supporting measures, or that they have a common position on the optimal level of inflation; still less that they vote consistently enough to secure these as policy through democratic channels.

To begin with, we should beware the assumption that older voters have uniform age-based economic preferences that make them a barrier to growth. In the UK, 60 per cent of over-65s see the economy as one of the most important problems facing the country, compared with half of young adults under 24, suggesting that

¹For an example see S. Abbasi, 'Nostalgic elderly Brexiters have stolen my future', *The Guardian*, 25 June 2016; <https://www.theguardian.com/commentisfree/2016/jun/26/education-erasmus-brexit-referendum>

²S. Mejias and S. Banaji, *UK Youth Perspectives and Priorities for Brexit Negotiations*, Report for the All Party Parliamentary Group on a Better Brexit for Young People, London, LSE, October 2017; <https://www.lse.ac.uk/media-and-communications/assets/documents/research/A-Better-Brexit-for-Young-People.pdf>

³J. Green and R. L. Pahontu, *Mind the Gap: Why Wealthy Voters Support Brexit*, SSRN, 12 January 2021; https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3764889

voters do not suddenly become disinterested in the performance of the economy when they retire.⁴ Of course, they may have a qualitatively different understanding of what should be done about the economy, compared with younger cohorts. Vlandas identifies the politics of inflation as one such area, suggesting that older generations will tend to have a preference for hawkish inflation control, where younger generations might prioritise employment or growth; and that they have, for the last several decades, mostly had things their own way. There is no doubt that the institutional changes of the last thirty years have given primacy to inflation control over other social and economic policy objectives. The generalised move to central bank independence in the 1990s was explicitly justified on the grounds that low and stable inflation should be the overriding goal of monetary policy. The long period of low inflation that followed partly reflected that policy model, though it was also arguably a product of global economic conditions, particularly the emergence of China and other developing economies as major manufacturing centres. However, the fact that these trends coincided with population aging in the West does not prove a causal chain from the electoral power of European pensioners, through central bank reforms to low inflation. Institutional reforms tend to reflect elite ideas as much as electoral pressure. And, of course, a low-inflation environment did not benefit all pensioners or only pensioners; it was above all favourable to certain kinds of business and capital (which not all older people possess). Viewed as such, the politics of inflation are not easily reducible to age dynamics.

Assuming that the older generation (or any generation) has a materially-given interest in particular economic policies also requires us to assume that our views on policy reflect our interests as rational maximisers of our future utility. However, there is a broad tradition of scholarship in sociology, and in the more constructivist branches of political science, which emphasises that people's policy preferences are not materially given, but instead are filtered through a variety of normative and affective considerations. That is, voters' sense

of their own interest, or of optimal policy, is not only based on a cost-benefit analysis at the individual level, but is guided by perceptions of what is generally fair, morally supportable, or beneficial to other people who matter to us.⁵ This has obvious relevance to the political economy of generations, where perceptions of fairness are seldom calculated individualistically. There is strong evidence that while people of all ages are becoming worried about declining living standards for the young, this does not imply resentment across generations or a politics of generational conflict.⁶ Instead, strong bonds of intergenerational solidarity can generate support for policies where the direct benefit to one's own cohort may be limited, but the wider benefit to society or to other age groups is a motivating factor. For example, four in ten UK pensioners believe education spending should be higher; only three in ten say pension spending should be higher, perhaps recognising the relative generosity of triple-lock pensions over recent years. Naked self-interest cannot explain such strong support for spending from which pensioners themselves cannot benefit, except indirectly through cross-generational family ties.

The idea that the older generation is actively driving economically damaging policy is a strong claim. A weaker version of it, which is also present in Vlandas' article, is that the old are simply more tolerant of a weak economy than the young would be, so that democratic accountability for economic policy failure is blunted. Here, there is indeed some evidence, at least in the UK case, that older people are

⁵For example, see C. Hay, 'Ideas and the construction of interests', in D. Béland and R. H. Cox, eds., *Ideas and Politics in Social Science Research*, Oxford, Oxford University Press, 2011, pp. 65–82.

⁶K. Alexander-Shaw, *Baby Boomers versus Millennials: Rhetorical Conflicts and Interest-Construction in the New Politics of Intergenerational Fairness*, Report for the Foundation for European Progressive Studies and SPERI, University of Sheffield, January 2018; <https://feps-europe.eu/wp-content/uploads/2018/02/Baby-Boomers-versus-Millennials-Kate-Alexander-Shaw.pdf>; see also Intergenerational Commission, *A New Generational Contract: The Final Report of the Intergenerational Commission*, London, Resolution Foundation, 2018; <https://www.resolutionfoundation.org/app/uploads/2018/05/A-New-Generational-Contract-Full-PDF.pdf>

⁴Youngov, 'The most important issues facing the country', 8 May 2023; <https://youngov.co.uk/topics/education/trackers/the-most-important-issues-facing-the-country?crossBreak=1824>

perhaps more open to persuasion that the economic conditions are not so bad. Recent polling shows that while most Britons think the government is doing a bad job of responding to inflation, approval ratings have begun to improve in the over-65 group, but not among younger cohorts.⁷ That lends some support to the argument that a subset of retirees are economically insulated (or poorly informed, or both), and therefore more tolerant of economic difficulties than younger groups. This may, however, be specific to the UK case, where economic policy is in the hands of a governing party that a majority of older voters support and which has been in power for thirteen years; political sunk costs may incline older voters to downplay the weakness of the Conservatives' economic record.

There is also a possibility that older generations have a special susceptibility to messaging in the UK's right-leaning press, which tends to promote a benign view of Conservative policy on the economy, or else steer the conversation to different issues. There is not a large generation gap on whether the economy is seen as an important problem. However, there is a very large difference in how much age groups worry about immigration, which half of older

voters consider a top priority, compared with just one in ten young people. One plausible explanation for this is that older generations are more likely to read daily newspapers and are therefore susceptible to agenda-setting that steers them away from economic questions. Contrary to the popular view of young people as being over-invested in identity politics, it may be that older voters are more distractible with social issues and more willing to tolerate a weak economy in order to prioritise their social concerns. In that case, older voters' policy preferences are not so much a product of their rational interest as a reflection of broader ideas and values. Such values are not prior to politics; they may be significantly shaped by messaging by political parties and their intermediaries, in which case, the preferences of different groups are not inevitabilities, but contingent political outcomes. Demography is not destiny and rational interests do not speak for themselves. The politics of age are just that: political.

Kate Alexander-Shaw is a Research Officer at the London School of Economics and Political Science.

⁷Yougov, 'How the government is handling the issue of inflation in the UK', May 2023; <https://yougov.co.uk/topics/economy/trackers/how-the-government-is-handling-the-issue-of-inflation-in-the-uk?crossBreak=65plus>