

# ANXIETY OF YOUTH

Precarious work, unaffordable housing and low incomes, it's no wonder young people are worried, but the ideas are out there to help them says Claire Tyler

Young people are reporting the most stress and unhappiness since The Prince's Trust began its UK Youth Index in 2009.

Today, more than half experience mental health problems, and a quarter admit to feeling 'hopeless'. There is real concern about the mental health of students both at further education colleges and universities and the lack of mental health support services.

When they are asked why, most young people cite reasons related to financial insecurity; more than half regularly report feeling stressed over jobs and money. To most of us who regularly talk to young people this won't come as any surprise.

To others, this might sound a bit puzzling. Haven't young people heard the prime minister and chancellor chorusing about falling income inequality and record high youth employment?

## SERIOUSLY MISLEADING

But their chorus is seriously misleading. Far from being frivolous as some commentators have unhelpfully suggested, increased anxiety is clearly linked to a fraying social contract. There are serious and growing disadvantages and insecurity faced by young people in contrast both to older generations at the same age, and older generations now. This means that younger generations can no longer expect to be better off than their parents.

Too often, the government response sounds tone-deaf; they deflect serious justified concern by continually citing the cherry-picked Office for National Statistics figures that income inequality is falling.

Many agree this metric is inaccurate: it ignores housing expenses and doesn't fully record the incomes of the highest earners.

Meanwhile Government ignores income inequality between generations. Millennials are the first generation to earn less than their parents. Whereas incomes of over-60s have surged since the recession and their pensions beat inflation, millennial incomes have slumped below their pre-recession peak. While pensions are triple-locked, working-age benefits have been cut and frozen — and trail behind inflation.

And of course Incomes are only half the story. The Government's favourite metric also ignores ballooning wealth inequality.

Wealth inequality has doubled as a percentage of national income since the 1980s, while the amount of tax we collect from it has remained practically frozen. More than three-quarters of our wealth gains, which have disproportionately benefitted baby boomers, are not the result of any added value in the economy, but simply from the luck of owning a house before prices sky-rocketed.

Homeownership remains a central British aspiration and means of security, but it is increasingly out of reach for young people; one in three millennials may never own their own home.

While too few homes are built, the private rental sector gets more expensive. Young people today spend about twice as much of their income on rent as their parents did. When combined with stagnating wages, only the richest young people can save even a modest financial cushion, to fix a car or a computer, let alone enough for a down payment on a home.

Recently the mental health charity Mind has emphasised the link between precarious housing and mental health problems. They reported that nearly eight out of 10 people with mental health problems say a housing situation has caused or worsened their problem.

Though employment may be high, many young people are insecure and working precariously. One in five of those on zero hour contracts cannot turn down shifts and one in 10 are given less than 48 hours' notice before shifts are changed or cancelled. T

he resulting financial insecurity has tangible and expensive consequences on their health and wellbeing; those on zero-hours contracts are significantly more likely to suffer from mental health problems than those on more secure employment contracts. Moreover, atypical workers have comparatively low job progression and mobility, which reduces both their morale and their economic output.

For most young people on hand-to-mouth budgets, cash flow problems can easily spiral out of control, and young people with 'thin' credit histories, are often excluded from mainstream lending opportunities and can be forced to visit predatory payday lenders and other forms of extortionate lending to make ends meet.

Citizens Advice reports an increase of more than a third in the number of under-25s seeking help for high cost credit.

Despite the Government's refrain on inequality, the public is not convinced; almost three-quarters of the UK say they want them urgently to address the gap between rich and poor.

Perhaps sensing a strong wind, Theresa May recently admitted: "Young people without family wealth are 'right to be angry' at not being able to buy a home".

So what should politicians — and particularly Liberal Democrats — be doing about what can sometimes feel like a counsel of despair?

The more encouraging news is there are plenty of potential solutions available. What's really needed is the political will and, as ever, some electoral courage.

To bring back equity to the housing market, the Government should take the Liberal Democrats' suggestion of letting local councils levy more tax

from second homes and foreign 'buy to leave empty' investments, to fund desperately needed lower cost housing. Furthermore, the Government ought also to take our suggestion on better protecting rental tenants and capping upfront payments. Variations on these suggestion have recently been taken up by the Resolution Foundation's Intergenerational Commission which recently published its final report and recommendations in a report A New Generational Contract.

Crucially, and sometimes overlooked in these debates, the Intergenerational Commission has stressed that the problem is not binary: we do not live in a nation of homogenously rich pensioners and starving young people.

Rather there are significant inequalities within generations too. Policies need to redress inequalities and risks on both sides of the generational spectrum. More stability is needed for the young as they set out in their careers and more stability is needed for older generations as they start to rely more heavily on the health and social services.

Improving security for both will undoubtedly require more taxation, and here we must be sensitive to variance within generations.

Our current inheritance tax system has the misfortune of being both tremendously unpopular, and woefully ineffective. The final report of the Intergenerational Commission suggests a sensible redrawing of inheritance tax, at a lower marginal rate, but properly enforced. This would raise an extra £5bn in taxes.

The report also suggested that this could fund a 'citizen's inheritance' given to all young adults to give them the security and flexibility needed to better train their skills, pay off debt, or make a down payment on a home.

Additionally, the report proposed making earnings of working pensioners subject to National Insurance contributions. If properly implemented this should only materially affect larger pensions and wealthier individuals but could help go some way towards paying for the increased health and social care costs of the baby boom generation.

To boost the incomes and wealth of younger generations, we must first reverse Conservative freezes and cuts to working age benefits and uprate them at least to inflation. We must also make more secure environments for young people working precariously.

The Intergenerational Commission suggests protecting zero hours contract workers with minimum notification periods for shifts and minimum contracts. We should also extend parental leave and contributory Jobseeker's Allowance to those who are self-employed.

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The government, the private and third sectors also need to invest far more in skills training for young people to give them the skills for the digital economy.

Currently many young people are feeling increasingly excluded and marginalised, but this need not be the case.

## **SHIFT THE DIAL**

The Liberal Democrats' longstanding proposal to reduce the voting age to 16 would help engage and empower young people, and potentially start to shift the dial on the constraining electoral politics around these issues. With creative, evidence-based policies in housing, taxation, and the labour market, a fair intergenerational contract can eventually be restored and protected.

But to ensure young people are hopeful, happy and secure we need to approach all policy with a comprehensive view on wellbeing.

We must put mental health resources in step with physical care, integrate wellbeing into school Ofsted inspections, provide better mental health support to young people in apprenticeships, further education colleges and universities and incentivise employers – perhaps through tax breaks - measurably to improve their employees' wellbeing.

Strong Liberal Democrat policies in these areas need to demonstrate that we are the only party committed to putting wellbeing for all at the forefront of our policy agenda.

Finally we need to start a proper national conversation about inter-generational fairness which conveys both the complexities of both inter and intra generational inequalities.

I am delighted that my proposal for a Lords Select Committee on Intergenerational Fairness has been accepted and look forward shortly to serving on that committee which will report by March 2019.

As a cross party select committee it will need to embrace a wide range of views but I very hope it will help stimulate the short of national conversation we so desperately need.

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Claire Tyler is a Liberal Democrat member of the House of Lords