

Gulbenkian Intergenerational **A commitment with the future**



CALOUSTE GULBENKIAN
FOUNDATION

FUTUREFORUM

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The Gulbenkian Foundation, through the Future Forum, whose Scientific Commission is chaired by Miguel Poiares Maduro, aims to contribute to the identification, study and discussion of the fundamental challenges of society's future. It aims to promote critical mass about these topics and to entail the reflection about today's public policies based on the challenges ahead.

With these objectives in mind, an initiative, coordinated by the Foundation's Director of Planning and Strategy, Luís Lobo Xavier, is being carried out to introduce Intergenerational Fairness on the public agenda and to encourage the different public representatives to address the Intergenerational impact of public policies.

These are complex and ambitious objectives: on the one hand, because the focus is on covering the rights of people that, in many cases, are not yet born and, for this reason, still don't have a voice in the public space; on the other hand, because we attempt to counter what the Spanish political philosopher Daniel Innearity named "short-termism" in public policies design, whose benefits are frequently dominated by the short-term interests.

One of the key elements of this initiative is the creation of knowledge, with the elaboration of a set of studies, engaging various researchers and universities. It was assessed, in a concrete way, the impact of the different public policies on the different generations, measuring all the costs and benefits of these public policies. This is particularly important in structural and long term areas with high impact on people's lives: housing, public finances, labour market and environment.

At the same time, and in order to support the future approval of fair public policies for all generations, were analyzed the factors that contributed to the successful implementation of long-term policies, and has been developed an innovative methodology to assess the impact of public policies on current and future generations.

We believe that the Intergenerational Fairness initiative, along with other initiatives in the pipeline, can provide an important contribution to the reflection on the great future challenges that the country faces, providing methodological tools to define the long term strategical options that Portugal should assume to address them.

Isabel Mota

President of the Calouste Gulbenkian Foundation

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1.

**WHAT IS
INTERGENERATIONAL
FAIRNESS AND WHY
IS IT IMPORTANT**



Intergenerational fairness is a social contract that promotes a fair distribution of resources among different generations, the ones from today and the ones from tomorrow.

This commitment with future generations is at the basis of the concept of Sustainability, defined in 1987, in the Brundtland report "Our Common Future", from the United Nations.

"Sustainable development meets the needs of the present without compromising the ability of future generations to meet their own needs."

Brundtland report "Our Common Future",
United Nations, 1987

In turn, the decisions we take today frequently have impacts on the world we will leave to our children and grandchildren. Therefore, the principle of equal dignity of human beings should be applied, not only to all men and women that are alive, but also to the ones that will live in the future.

In this regard, fairness between generations will ensure that the current generations will assume their responsibilities to the future generations, that cannot be left out of the discussion, even though they don't have a voice, once they will face the profound consequences of the current decisions and policies.

"If the present generation does not assume its responsibilities towards future generations, when the latter are born or reach maturity, they are not able to claim their rights. Therefore, it is important to have a debate today on how to regulate the present generation's choices that impact the future generations, and also to assess mechanisms which allow compliance with these regulations."

"Challenges to Intergenerational Justice", based on the original work of Axel Gosseries, 2018

Intergenerational fairness has been gaining relevance in the last years, due to the gradual sensation that the future will be worse than the present, and that the contract to leave a better world for our children is being broken. In fact, it starts foreshadowing a conflict between generations, which represents great danger for democracy in the 21st century.

Ensuring that the best decisions are made today is a way of preserving the democratic legacy, leading to the consideration of the needs of all generations: the eldest, the youngest and the ones that aren't born yet.

Fairness between generations is the reassurance that the fundamental social contract between the different generations will be respected.

2.

THE FOUNDATION'S ACTION





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The Gulbenkian Foundation, through the Future Forum, aims to contribute to the identification, study and discussion of the fundamental challenges of society's future.

In this regard, the Foundation launched in 2018 an initiative with the aim of bringing Intergenerational Fairness to the public discussion and to the political agenda.

Once the intergenerational fairness concept is itself part of its essence as a perpetual institution, the Gulbenkian Foundation assumes itself as a privileged entity to address this topic.

“The trustees of endowed institutions are the guardians of the future against the claims of the present. Their task in managing the endowment is to preserve equity among generations.”

What Is Permanent Endowment Income?,
James Tobin, 1974

WORK PLAN

This initiative started with a clarification of the main conceptual challenges in regards to intergenerational fairness (1). It was also made a broad diagnostic about the presence of the topic on the public discussion, trying to know the perceptions and opinions of the citizens and decision makers about intergenerational fairness. In this scope, we interviewed Portuguese decision makers (2), we inquired the Portuguese population (3), and we analyzed the presence of this topic on parliamentary and media speeches (4). Finally, we promoted discussions and focus groups with more than one hundred young Portuguese people from all over the country (5).

On the following stage, four studies were promoted with the goal of assessing, in an objective way and based on statistical data, the main inequalities between generations in different areas of public policy: housing (6), public finances (7), labour market (8) and environment (9).

At the same time, and in order to identify the mechanisms that lead to the adoption of fair public policies for all generations, we identified the factors that contributed to successful implementation of long-term policies (10), and we developed an innovative tool that allows the assessment of the impact of public policies on present and future generations (11).

The following chapters present the main outputs and conclusions of the studies, that are also available, in Portuguese and English, in a dedicated website: <https://gulbenkian.pt/de-hoje-para-amanha/en/>.

The project has generated a high level of receptivity and attention in many national and international institutions, and enabled the creation of an interdisciplinary network of researchers about the topic (authors, peer reviews, and others), from dozens of national and foreign universities.



Diagnosis

Know what do **citizens and policy makers** think

Analyze the presence of the theme in the **press and in parliamentary speeches**

Promote the debate with **Portuguese youth**



Studies

Evaluate the main **inequalities among generations** within different areas of public policy:

**Housing
Public Finance
Labour Market
Environment**



Proposals

Identify the conditions that allow the **implementation of long-term policies**

Create tools that **evaluate the impact of public policies on present and future generations**

INTERGENERATIONAL FAIRNESS STUDIES

- | | | |
|-----------|--|---|
| Diagnosis | | 1.
Challenges to Intergenerational Justice,
based on the original work of Alex Gosseries, 2018. |
| | | 2.
Perceptions of the Portuguese Political Class on Intergenerational Justice,
Catherine Moury with Daniel Cardoso and Maria Cerejo, 2018. |
| | | 3.
Intergenerational Preferences of the Portuguese Population,
Sandra Maximiano, 2018. |
| | | 4.
Intergenerational Justice and Sustainability – An Analysis of Parliamentary Speeches and the Media,
Joana Gonçalves de Sá with Paulo Almeida and Lília Perfeito, 2020. |
| | | 5.
A Vision of the Youth on Intergenerational Justice – #GenerationsWithAVoice,
Margarida Gaspar de Matos and Cátia Branquinho, 2021. |
| Studies | | 6.
Home Ownership in Portugal from an Intergenerational Perspective,
Romana Xerez with Elvira Pereira and Francielli Dalprá Cardoso, 2020. |
| | | 7.
Public Finances, An intergenerational Perspective,
Francesco Franco with Luís Teles Morais, Tiago Bernardino and João Jalles, 2021. |
| | | 8.
Intergenerational Fairness in the Portuguese Labour Market,
Pedro S. Martins, 2021. |
| | | 9.
Environmental Boundaries. The Intergenerational Impacts of Natural Resource Use,
Tiago Domingos and Ricardo da Silva Vieira, 2021. |
| Proposals | | 10.
Governing for the Next Election or for the Next Generation,
Catherine Moury and Daniel Cardoso with Ana Paula Costa and Mafalda Escada, 2021. |
| | | 11.
Framework for Intergenerational Fairness,
SOIF – School of International Futures, 2021. |





3.

**DIAGNOSIS:
WHAT DO
PORTUGUESE
PEOPLE THINK?**



3.1 WHAT DO CITIZENS THINK?

Portuguese people want more intergenerational fairness, but they don't want to have more burdens today.

Although 77% of the inquired people consider that each generation should leave more resources to the following generations than those it has received from previous generations (Figure 1), when, during the inquire, people were faced with hypothetical scenarios, they did not show willingness to make sacrifices for the next generations.¹

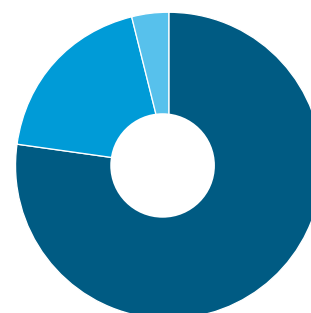
Another recent study² points out the same direction: the majority of the inquired people with more than 60 years believes that future pensions (of the people who are 40 or 50 years today) are not ensured. However, 76% of the inquired people wouldn't accept to reduce their pension in 10% to ensure the future pensions of younger people.

Another interesting fact reveals that more than half of the inquired people considers that the policy makers are not doing enough for the future generations.

In concrete, 85% of the inquired people consider that Social Security won't give future generations the same benefits that it gives to the generations that are retiring today (Figure 2).

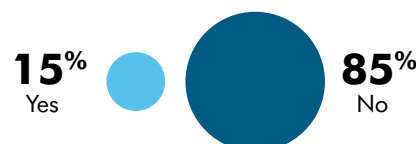
In this way, citizens consider that measures should be taken to protect the wellbeing of future generations: more than 80% of the inquired people agree with the creation of limits to debt, allowing the restraint of costs for the next generations (Figure 3), and almost 70% considers that there should be a state organism focused on the defense of the future generations wellbeing, such as a Future Generations Ombudsman or a State Department for the Future (Figure 4).

Figure 1
In your opinion each generation should transfer to the future generation...¹



- **77%**
More resources than those received from the previous generation
- **19%**
The same resources as those received from the previous generation
- **4%**
Fewer resources than those received from the previous generation

Figure 2
In your opinion, do you think Social Security will give to future generations the same benefits that is giving to the people retiring today?



¹ Maximiano, 2018, <https://gulbenkian.pt/de-hoje-para-amanha/en/publication/intergenerational-preferences-of-the-portuguese-population/>

² VI Sondagem do Instituto BBVA de Pensões “Longevidade e os Desafios da Poupança Após a Reforma” (2019)

Figure 3
Do you believe that limits should be set on public debt, in order to leave a smaller burden to the future generations?

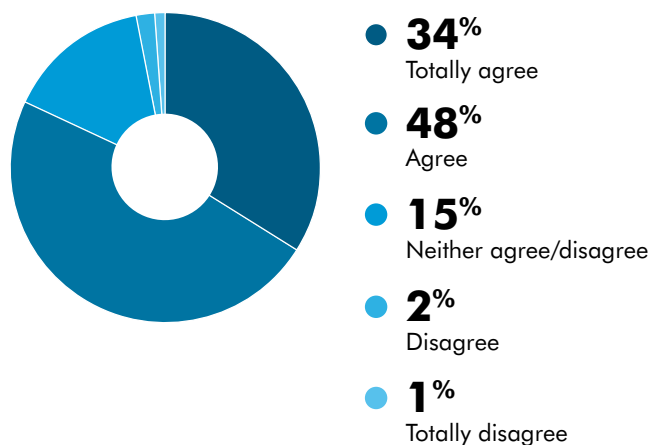
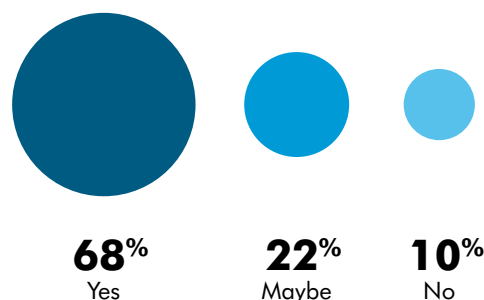


Figure 4
In your opinion, do you believe there should be a state organism to defend the interests of future generations?



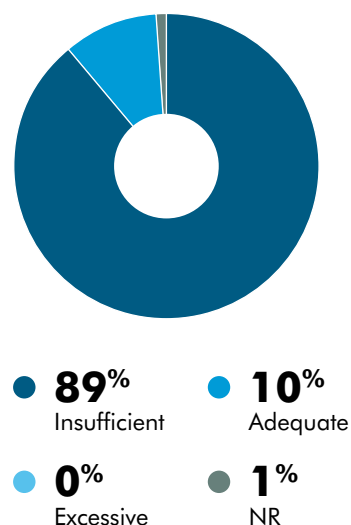
3.2 **WHAT DO POLICY MAKERS THINK?**

Policy makers, regardless of their different ideologies, agree on the diagnosis: 89% of the inquired people consider the presence of intergenerational fairness in the political debate insufficient³ (Figure 5).

This answer is in line with the lack of references to future generations in the parliamentary discussions about relevant topics with long term impacts, such as public debt, environment, or pensions. In fact, between 1976 and 2018, only 3% or less than the parliamentary speeches about these topics mention future generation⁴ (Figure 6).

This is remarkable, once next generations will pay the public debt in the future, they will be the future recipients of the pensions system, and they will be highly impacted by climate change and other environmental phenomena, and they cannot, therefore, be out of the debate.

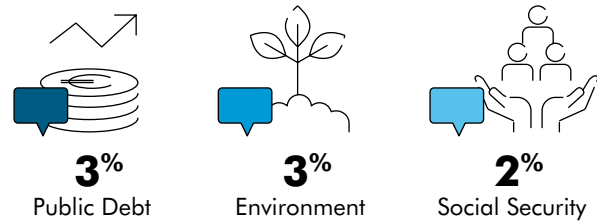
Figure 5
How do you evaluate Intergenerational Justice presence on public debate?



³ Moury, 2018, <https://gulbenkian.pt/de-hoje-para-amanha/en/publication/perceptions-of-the-portuguese-political-class-on-intergenerational-justice/>

⁴ Gonçalves-Sá, 2020, <https://gulbenkian.pt/de-hoje-para-amanha/en/publication/intergenerational-justice-and-sustainability/>

Figure 6
Parliamentary speeches that mention Future Generations, by topic:³
 % of the total speeches by topic



72% of the inquired deputies consider that few resources are being transferred to future generations (Figure 7) and, in this regard, they were asked to pronounce about the different proposals of public policies designed to protect the wellbeing of future generations.

- Almost 90% support the introduction of taxes on highly polluting consumer goods, such as detergents or plastic recipients, and investing this revenue in the preservation of natural resources (Figure 8).
- 78% are favorable to social support for families with children or the elderly in their charge, thus sharing the intergenerational burden with all society (Figure 9).
- Almost no inquired policy makers opposed to a mandatory assessment of the financial sustainability of public policies, based on social, demographic and economic projections (Figure 10).

Many of the policy makers interviewed think that intergenerational fairness should be understood in terms of reciprocity: from the older to the younger generations and from the younger generations to the older generations. For example, as an interviewee observes, an intergenerationally fair society is one where “every generation contributes proportionally towards a common goal”.

Figure 7
In your opinion, current generations will transfer for the future generations:

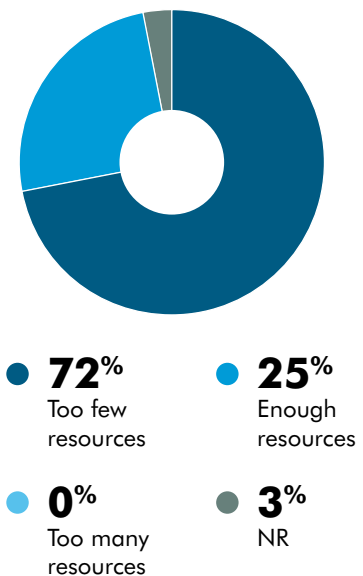


Figure 8
What's your position regarding the increase of taxes on highly polluting consumer goods, such as detergents or plastic recipients, and investing this revenue in the preservation of natural resources?

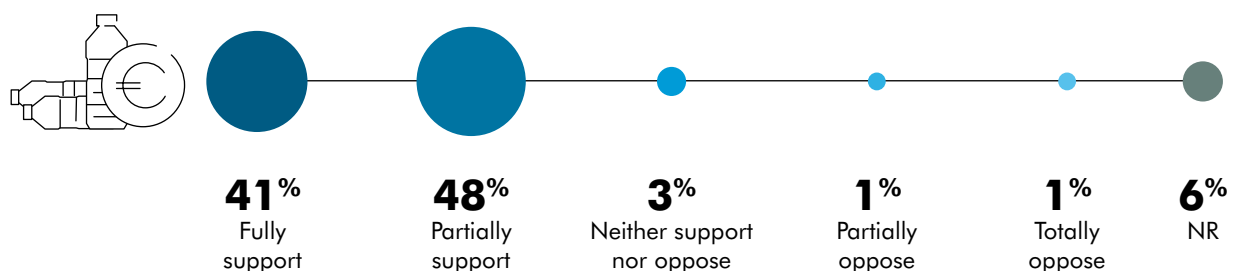


Figure 9

What's your position in regards to increase social support for families with children or the elderly in their charge, thus sharing the intergenerational burden with all society?

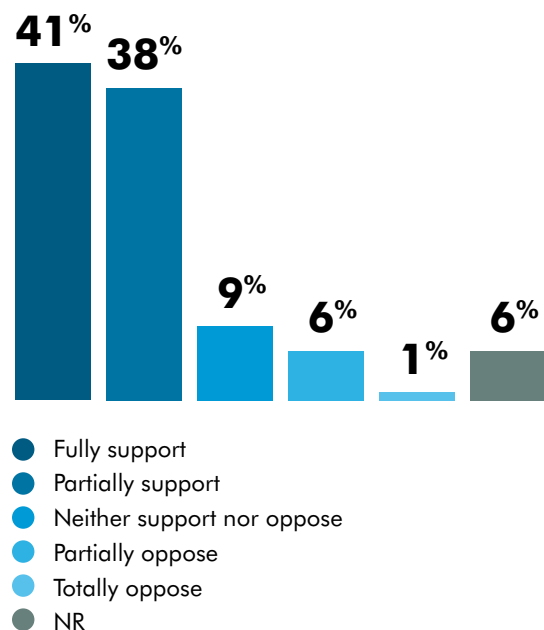
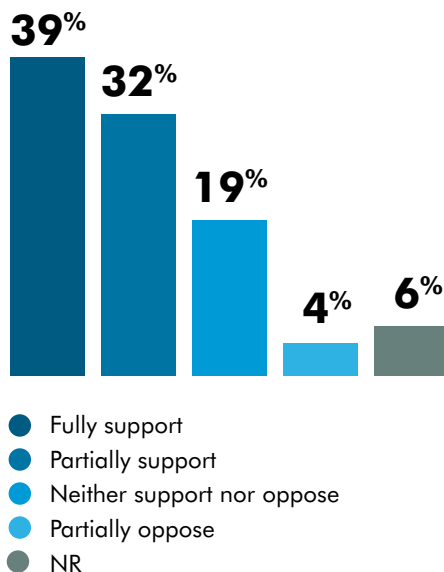


Figure 10

What's your position in regards to mandatory planning financial sustainability of public policies, based on social, demographic and economic projections?



For almost all the interviewees, the main explanation for the incapacity to act to create more intergenerational fairness is the absence of political incentives to do so. As one interviewee explained: “Nobody wins elections talking about demography, nobody wins elections talking about the countryside (...) there must be broad consensus. (...)”. This interviewee cites Reagan who said: “governments do not govern for the next generations, they govern for the next elections”.

Almost unanimously highlight the need for more studies on the concrete problems associated with intergenerational fairness and, above all, on the need to raise public awareness. This would allow civil society to organize, lobby and therefore motivate parties to put sustainability issues on the agenda.

“We all know what to do, but we don’t know how to get re-elected once we have done it.”

Jean-Claude Juncker, Former President of the European Commission, 2007

3.3

WHAT DO YOUNG PEOPLE THINK?

Young people believe that their generation has a far higher level of concern, knowledge and action when comparing to the generations of their parents and grandparents, in particular in relation to environmental issues⁵ (Figure 11).

In spite of this, they recognize that their knowledge and action capacity are below the level of concern they expressed. They also believe that their descendants will have a higher level of knowledge and action capacity.



The Intergenerational dialogue is an important process in deconstructing beliefs and myths among generations.

Before the dialogue with their parents, grandparents and other reference people, young people apportioned “the blame” of the current problems to the past generations, mainly in issues connected to the environment; after the dialogue, young people framed these issues with another angle, taking into account the lack of resources of old times, and they understood that, even so, there were lots of sustainable actions, such as the use of cloth bags to buy bread, glass bottles to buy milk, the reuse of cloths by the families, as well as a lower usage of particular vehicles.

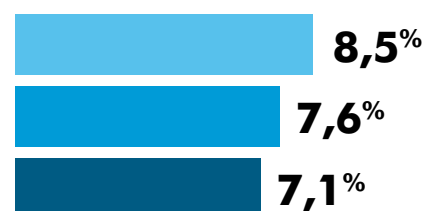


School is the central scenario and the main engine for the implementation of the biggest part of the strategies suggested by young people.

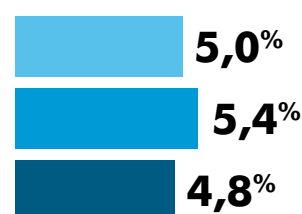
Young people seek from school more awareness and capacitation for skills development in areas such as youth political participation, financial management, and others. They consider that the development of programs, platforms and enquiries (with digital support) that allows the research and promotion of Intergenerational Fairness and the youth participation on the definition of public policies, may also facilitate the Intergenerational dialogue – on a familiar, school and community level.

Figure 11

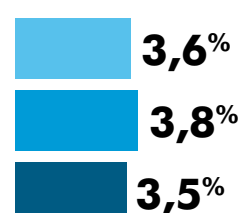
Young people



Parents' generation



Grandparents' generation



Future descendants



- Concern
- Knowledge
- Action

⁵ Matos, 2021, <https://gulbenkian.pt/de-hoje-para-amanha/en/publication/a-vision-of-the-youth-on-intergenerational-justice/>





4.

**WHAT ARE THE
MAIN INEQUALITIES
IN PORTUGAL?**



Policy makers and civil society argue that current generations have a duty to leave to the following generations goods and resources at least similar to those they inherited from previous ones. But is this what is happening?

The Foundation promoted four studies that assess in a objective way the main inequalities between generations in different public policy areas:



- The study **Home Ownership in Portugal from an Intergenerational Perspective**⁷, approaches the access to home ownership in Portugal, identifying the inequalities between generations, as well as the social risks that they represent.
- The study **Public Finances: An Intergenerational Perspective**⁸, analyzes the contribution of the different generations to the State budget and public debt, as well as the charges left to the future generations.
- The study **Intergenerational Fairness in the Portuguese Labour Market**⁶, analyzes the evolution of the different generations in the labor market in the last decades, identifying the diverse levels of incomes and contracts. The study presents data about the education wage premium, the access of the different generations to social benefits, and the impact of a financial crisis on the career evolution.
- The study **Environmental Boundaries. The Intergenerational Impact of Natural Resource Use**⁹, calculates the impact of the natural resources use by different generations in Portugal, identifying the legacy (or the burden) left to the next generations.

The studies map a challenging scenario to the future generations, that might compromise the social mobility and the intergenerational social contract.

6 Martins, 2021, <https://gulbenkian.pt/de-hoje-para-amanha/publication/a-equidade-intergeracional-no-trabalho-em-portugal/>

7 Xerez, 2020, <https://gulbenkian.pt/de-hoje-para-amanha/en/publication/home-ownership-in-portugal/>

8 Franco, 2021, <https://gulbenkian.pt/de-hoje-para-amanha/en/publication/public-finances/>

9 Domingos, 2021, <https://gulbenkian.pt/de-hoje-para-amanha/en/publication/environmental-boundaries-the-intergenerational-impacts-of-natural-resource-use/>

4.1

BUYING A HOUSE AT 30 YEARS OLD? OR STAYING AT THE PARENTS' HOME?

The analysis of the evolution of the access to house ownership in Portugal, reveals a challenging scenario for the most recent generations.

The average annual expenditure of households with housing more than doubled within 26 years (Figure 12). Conversely, public housing expenditure decreased by almost half between 1995 and 2017.

The percentage of young people up to 29 years old who own their home has been decreasing dramatically since the beginning of the century. It is estimated that, in 2017, only 1/4 were home owners (Figure 13).

The percentage of young adults (18-34) living with their parents has been increasing steadily. In 2018, it had already reached 64% (Figure 14).

Figure 12
Evolution of the weight of the families' housing expenditure

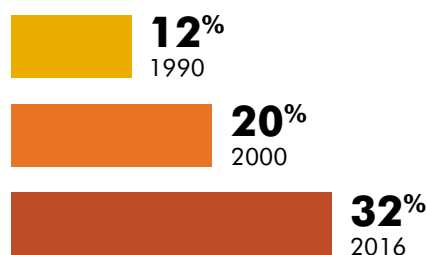
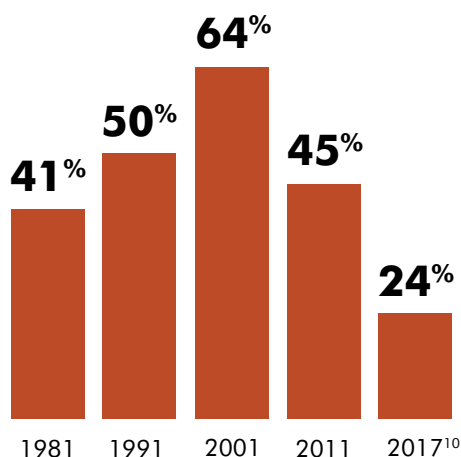
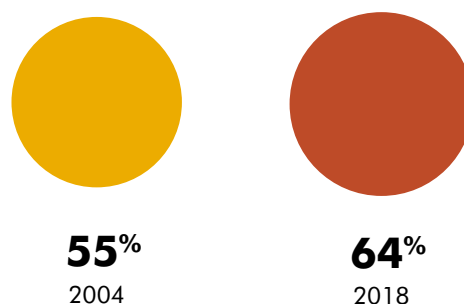


Figure 13
Percentage of young adults until 29 years who hold their own home



¹⁰ The source for the 2017 data is ICOR, and for the other years is Censos

Figure 14
Percentage of young adults (18-34 years) living with their parents



Unlike previous generations, Millennials have a low percentage of homeowners with mortgages before age 30 (Figure 15). However, when surveyed, 88% stated that they would like to live in their own home within 5 to 9 years¹¹.

The explanation for this low percentage could be related to the fact that, according to Bank of Portugal data, younger households have seen a net wealth reduction of over 50% since 2010 (Figure 16).

Another relevant data shows that, in 2018, 55% of home loans were held by people who would only finish paying them after the legal retirement age (Figure 17).

¹¹ Source: Century 21, 2019 – II Observatório do Mercado da Habitação em Portugal)

Figure 15
Evolution of the homeowners mortgage

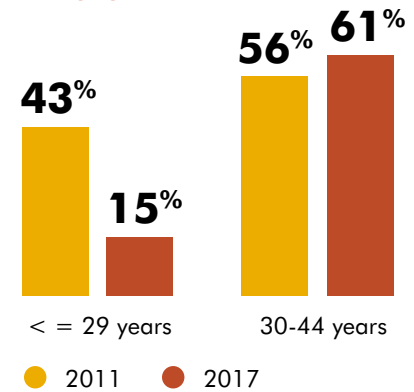


Figure 16
Evolution of households' net wealth between 2010 and 2017

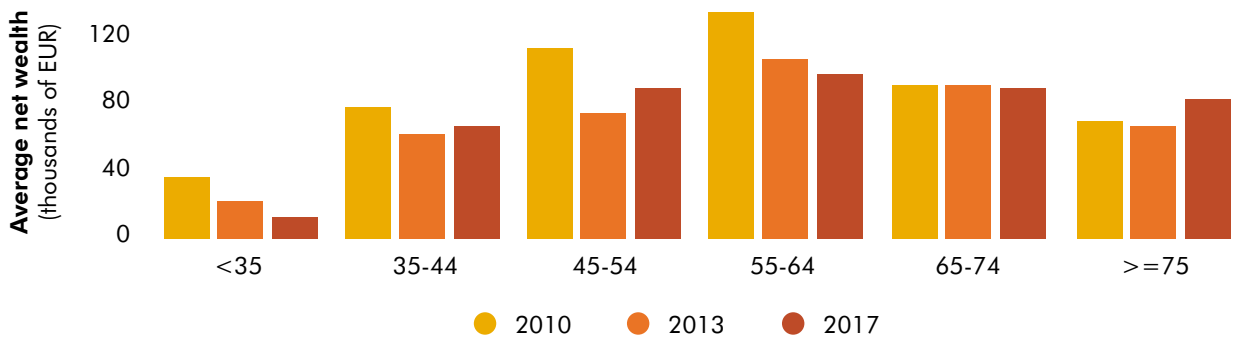
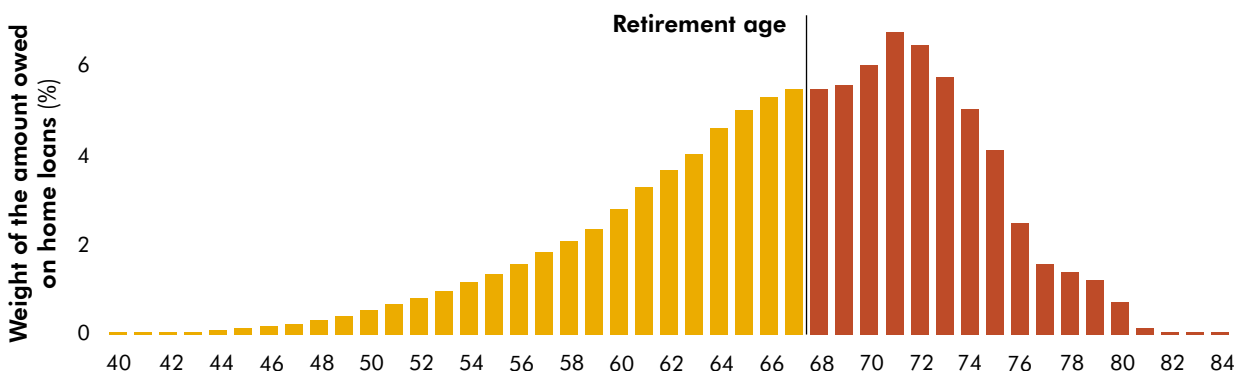


Figure 17
Distribution of the amount owed on home loans by households, by the borrower's age when the contract reaches its term (in percentage, data from June 2018)



In conclusion, younger generations can't buy a house, and when they do it, it's in a later life stage, which has as a consequence that the costs with home loans will end after the retirement.

4.2

ARE PUBLIC FINANCES SUSTAINABLE IN THE LONG RUN?

Sustainable public finances matter for intergenerational fairness. If they are not sustainable, households in the future will be required to pay more taxes, receive lower benefits or enjoy less public goods and services.

Taxes payments and benefits received (health, education, pension, etc.) vary a lot over the life cycle. Working-age population pay more taxes than what they receive in social benefits. The opposite happens during youth and retirement (Figure 18).

Between 1995-2017 tax payments and benefits received in the different life stages changed from generation to generation. During childhood, between 0 and 10 years, the most recent generations continuously received lower benefits. In contrast, during retirement, between 70 and 80 years, the increase in benefits was higher than the increase in tax payments for the most recent generations (Figure 19).

Figure 18
Benefits and taxes distribution throughout the life cycle (data from 2017)

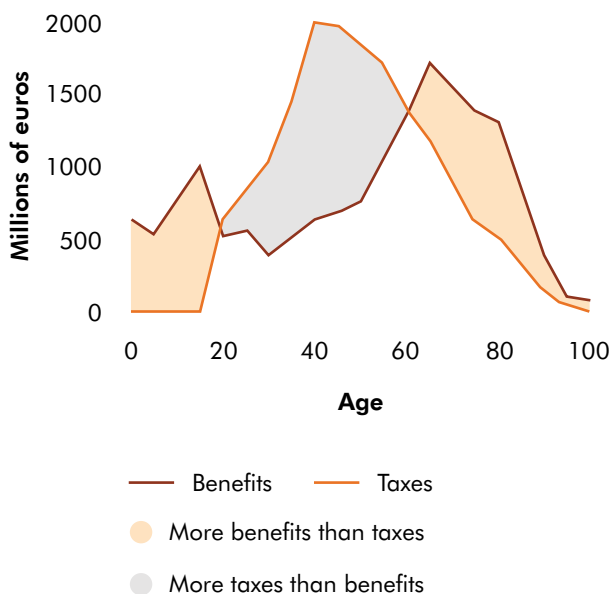
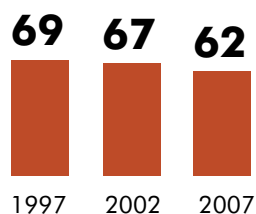
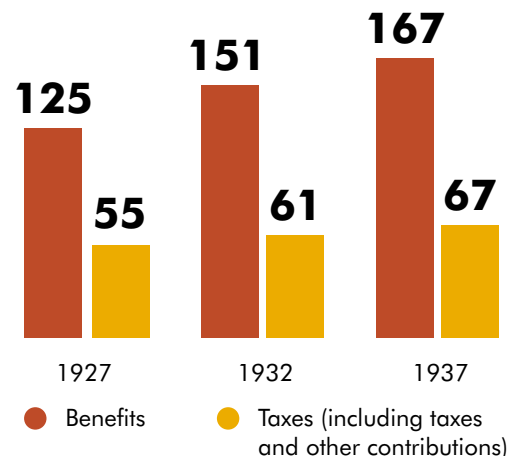


Figure 19
Benefits and contributions of the different generations between 1995-2017 (thousands of euros)

Childhood (born in...)



Retirement (born in...)



The rise of the average lifespan and the low fertility rate are leading to a profound change of its age distribution. In the future, there will be less people paying taxes, and more older people receiving benefits. Without taking any measures, the 2017 budget surplus will turn into a permanent deficit as of 2030, leading to an unsustainable public debt (Figure 20).

With this scenario, to ensure the long-term sustainable public finances¹², it will be necessary to reduce now, and permanently, to increase the tax burden in (+22%), or to reduce the public expenditure in (-19%) (Figure 21).

Figure 20
Evolution of the primary deficit according to the demographic projections

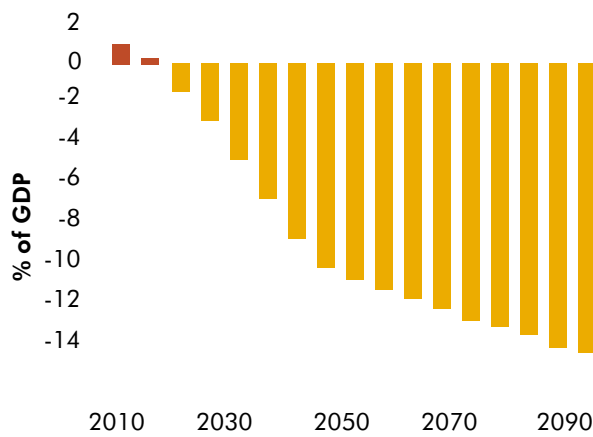
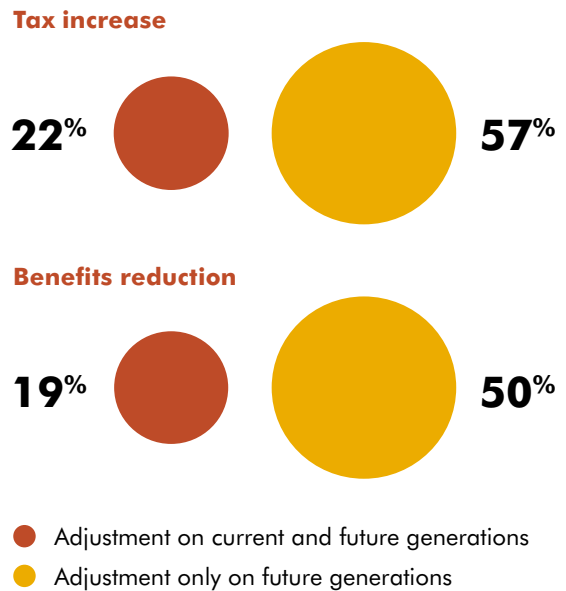


Figure 21
Adjustment needed to ensure the public finances sustainability in the current conditions



The later we act, the worse. If nothing is done, the necessary adjustment will be bigger, leaving future generations burdened with taxes, or with much less benefits.

¹² If the ratio between taxes and benefits paid/received by the younger and paid/received by the older remained similar to 2017

4.3

IS THERE EMPLOYMENT FOR THE MOST EDUCATED GENERATION EVER?

Labour is a crucial activity to assess and to promote intergenerational fairness. In labour market we can find simultaneously and dynamically many generations, with diverse levels of income, social protection, and types of contracts.

Several intergenerational fairness questions that have been affecting generations of workers on the last decades were identified.

There is a huge convergence on the median base salaries between different generations, although in a particular low level of income and productivity (600-650€), even if we consider the total median salary, that amount doesn't exceed 700-800€ (Figure 23).

The average salary increase by each additional education year has been falling significantly for the younger generations (from 10% to 5%) (Figure 22). Although younger generations are more qualified than the elder ones, this is not being reflected in higher salaries.

Figure 22
Average salary increase by each additional education year (born in...)

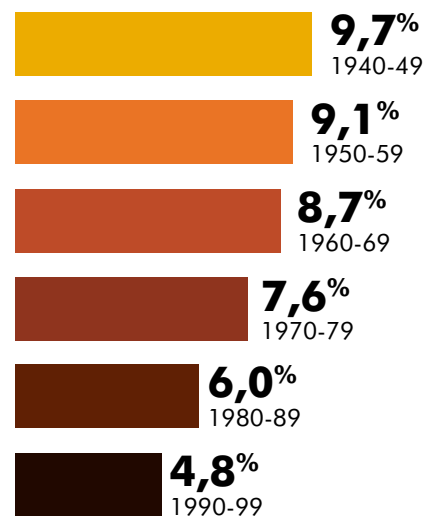
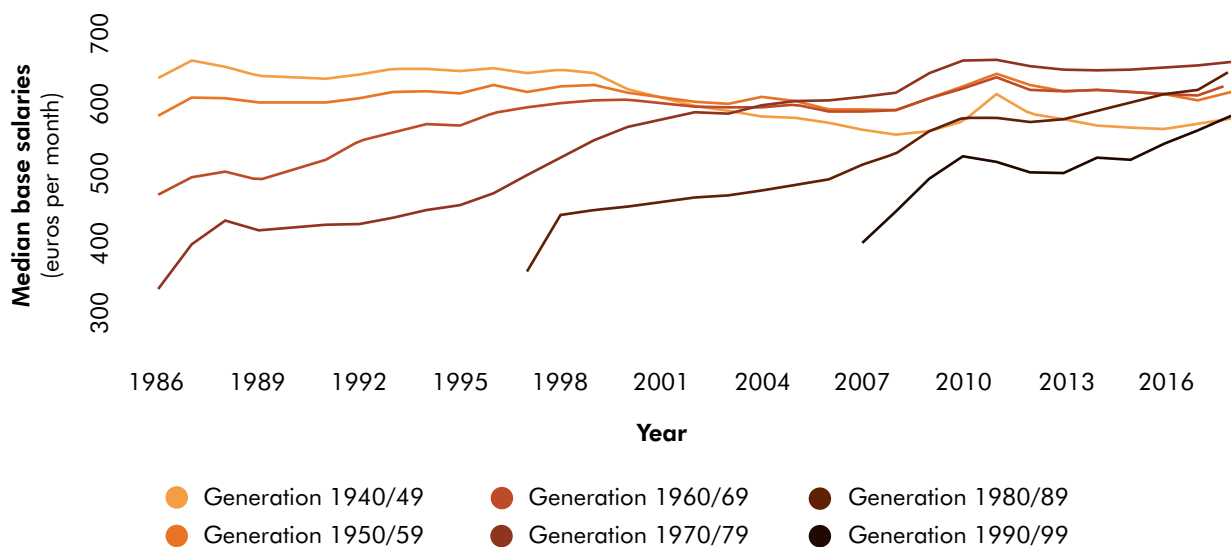


Figure 23
Evolution of the median base salaries by generation



The professional evolution of a generation entering the labour market during a financial crisis is damaged when comparing to other generations. For instance, an employee entering the labour market when the unemployment is 5% higher than the average, is going to have 5% lower salaries during its entire career (Figure 24).

Additionally, two thirds of the people born in the 90's work with fixed-term contracts, almost the triple comparing to the ones born before 1980 (Figure 25). And this scenario doesn't change as far as the workers grow older, once less than 15% of the fixed-term contracts are converted in permanent contracts.

Figure 24

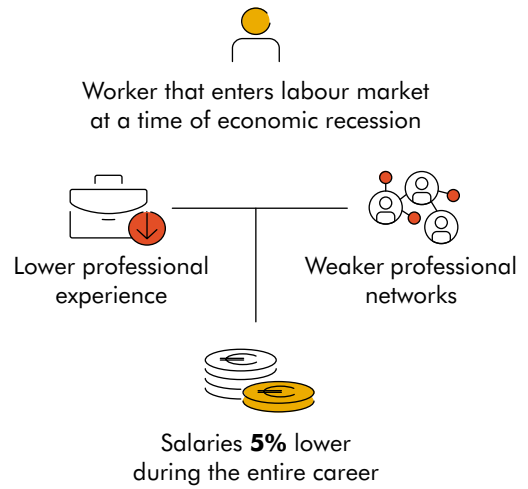
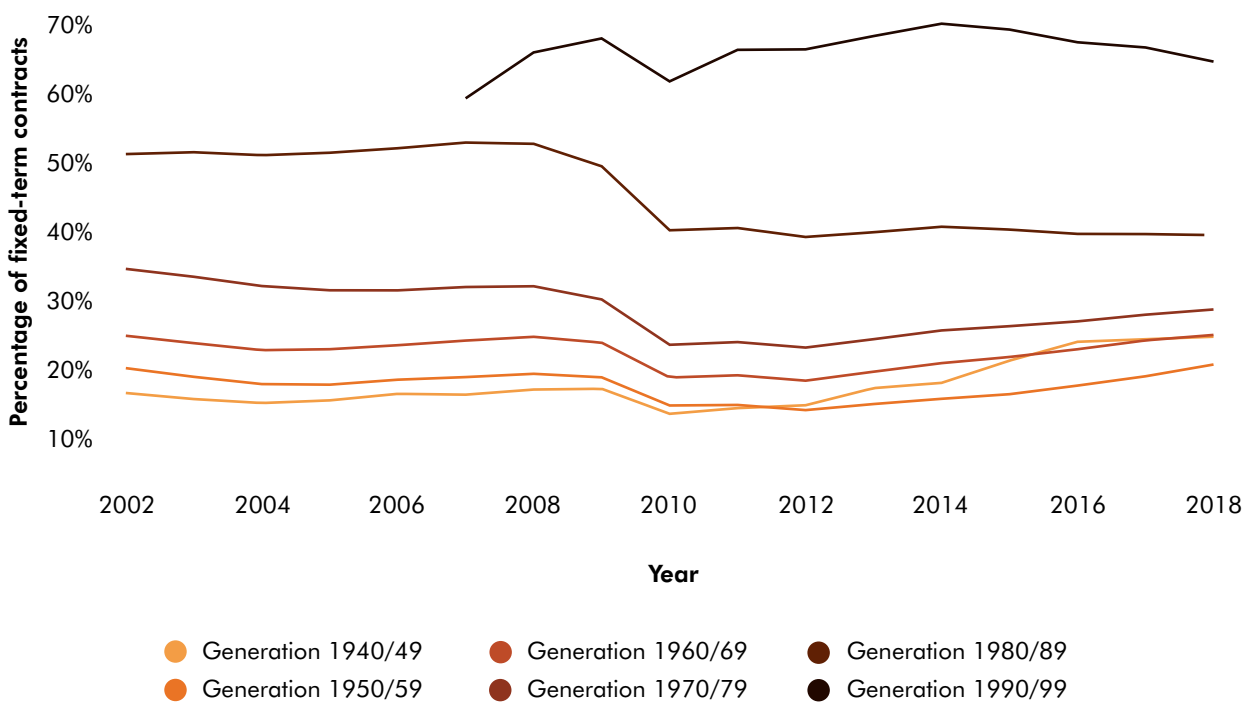


Figure 25
Evolution of the % of fixed-term contracts by generation



There are also significant differences between generations in the access to unemployment benefits. The employees born in the 40's received an amount correspondent to 69% of its contributions. In sharp contrast, for the generations born after the 60's, this amount was only 22% of the contributions made (Figure 26).

Although Portugal has a very high youth unemployment rate, the unemployment benefit has a remarkable weight among people over 50 years old (Figure 27). This fact indicates the possibility that the unemployment benefit might be being used as a bridge to retirement rather than as a social benefit.

Figure 26
Ratio between the benefits received (unemployment, disease and parental leave) and the contributions made

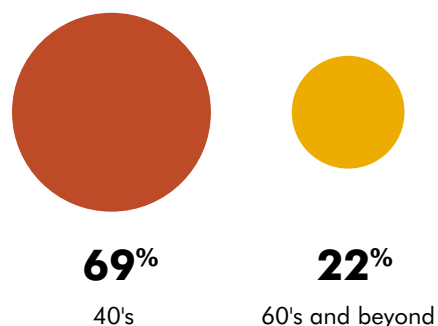
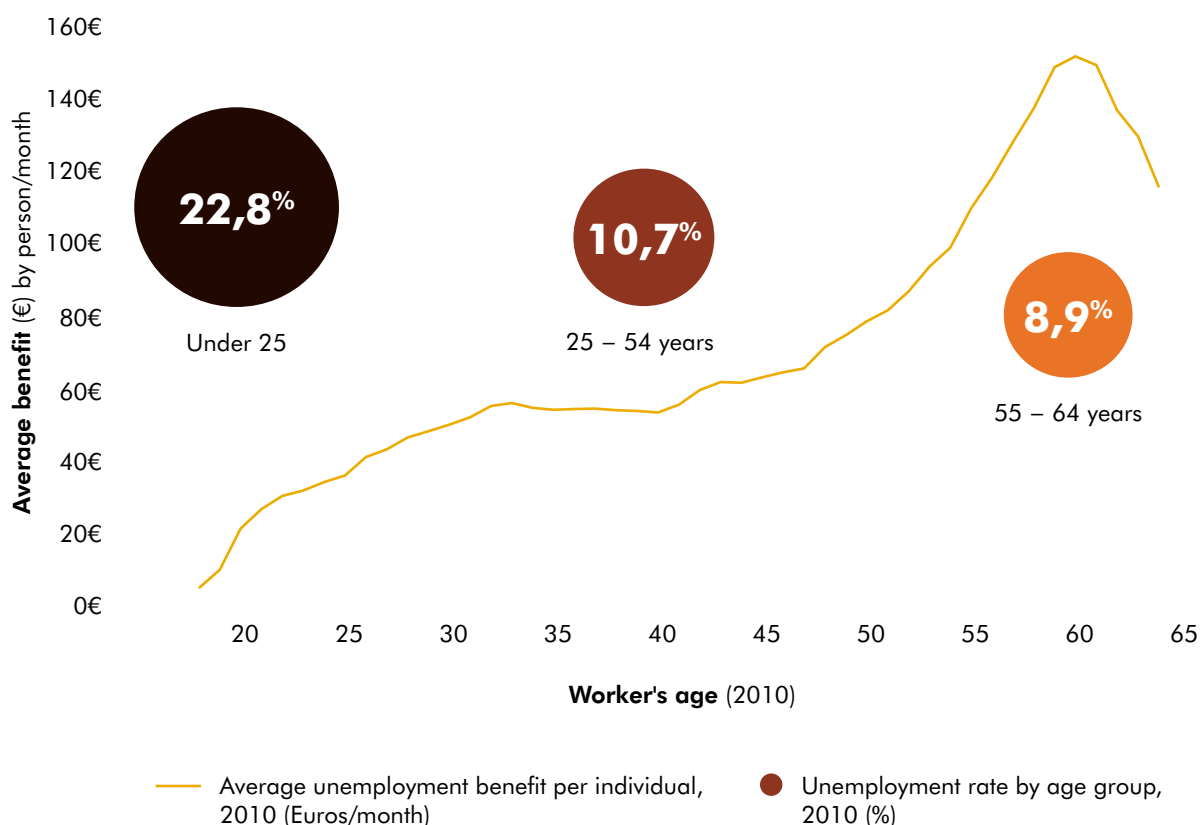


Figure 27
Comparison between unemployment taxes and the average unemployment benefit, by age group



4.4

WHAT NATURAL RESOURCES ARE WE LEAVING FOR FUTURE GENERATIONS?

Human development patterns and economic activities have resulted in sustainability challenges of unprecedented scale and urgency, such as climate change and global biodiversity loss.

In this scope, justice between generations can be at stake if the pressure induced by certain generations exceeds planet Earth’s environmental boundaries.

Portugal is above the environmental boundaries in all categories, and the key areas of concern are greenhouse gas emissions, waste production, water and air pollution, that are highly above the boundary, and/or with a pronounced growth rate (Figure 28).

Additionally, elder generations have higher environmental impacts per capita than younger generations when concerning to Water Pollution (Figure 29) and Pressure on Ecosystems.

Figure 28



Figure 29
Water pollution by generation

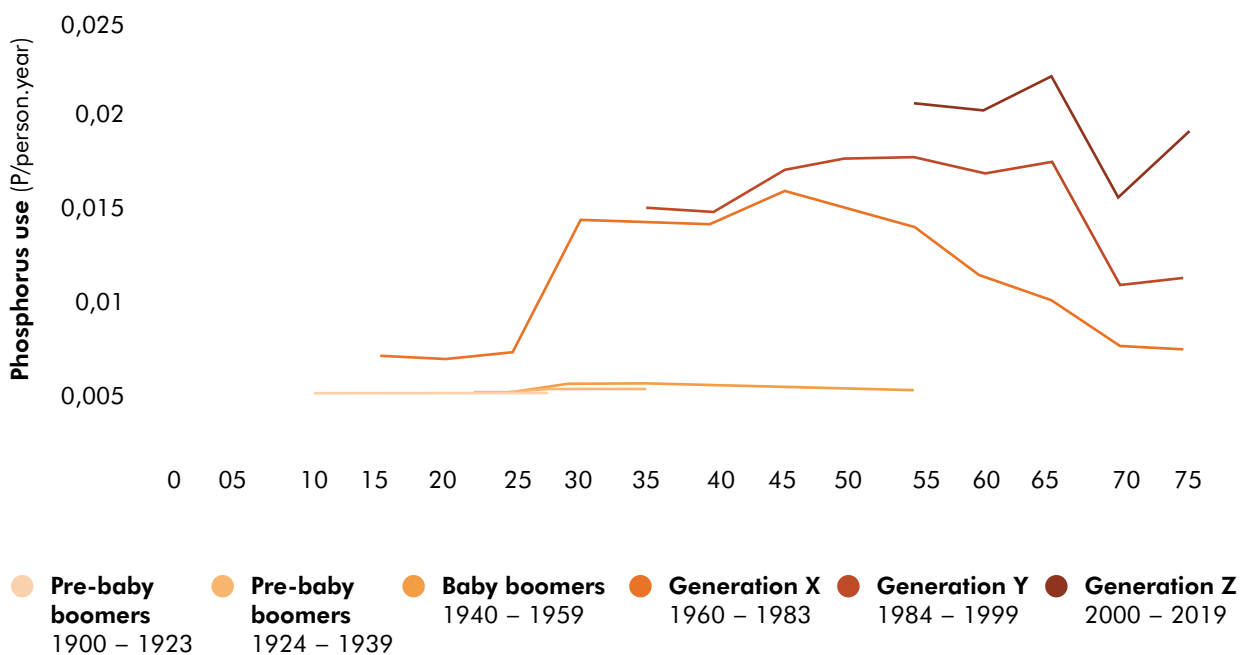
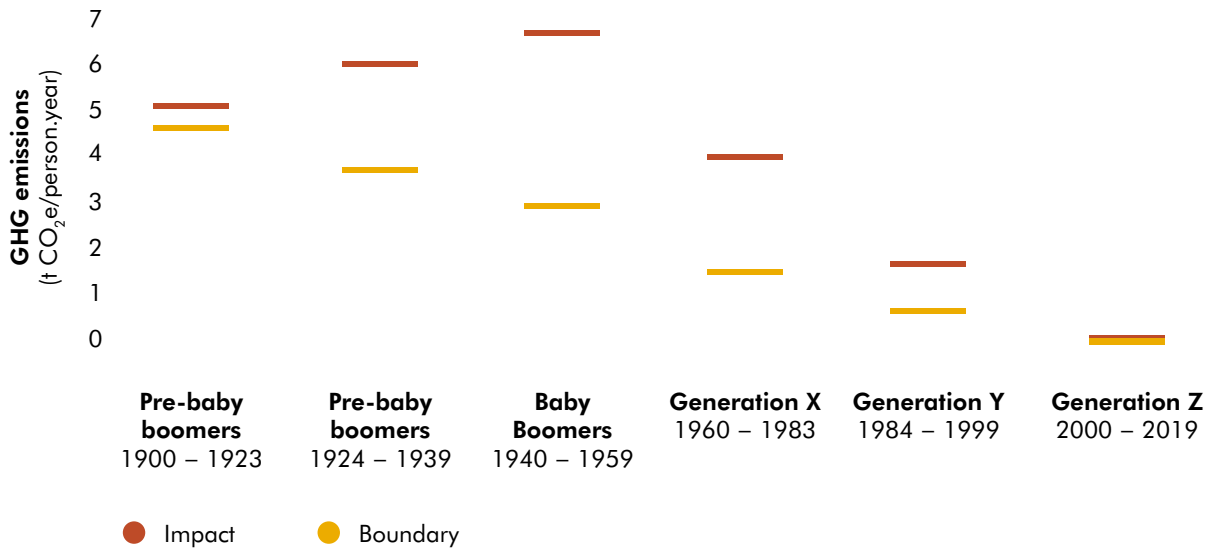


Figure 30
Climate change: average impacts and boundaries by generation



In any case, all generations have been exceeding the ecological boundaries, and the economic growth is the main cause for this transgression. The only exception is Gen Z that, however, haven't still reached the age where typically the level of consumption is higher (energy demand, water consumption, waste production, etc.) (Figure 30).

It should be noted that past generations heritage has a significant weight on climate change. To be sustainable, present and future generations have a carbon emission budget 41% lower than what used to happen until the 90's (Figure 31).

Although elder generations have exceeded the boundaries in many indicators, they have also contributed to the implementation of policies that helped partly decoupling the environmental indicators from GDP.

These policies, implemented from the 90's onwards, such as the introduction of natural gas, the investment in renewable sources of electricity, the energy efficiency measures, the policies promoting cleaner vehicles and fuels, and the policies on waste valorisation (Figure 32), reduced the environmental impacts of its own and of the younger generations.

Figure 31
Carbon emission boundaries budget

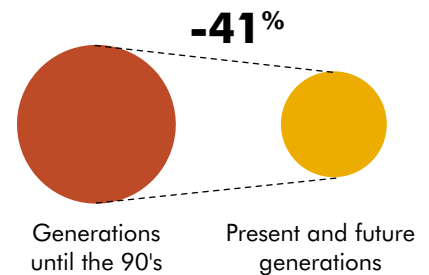


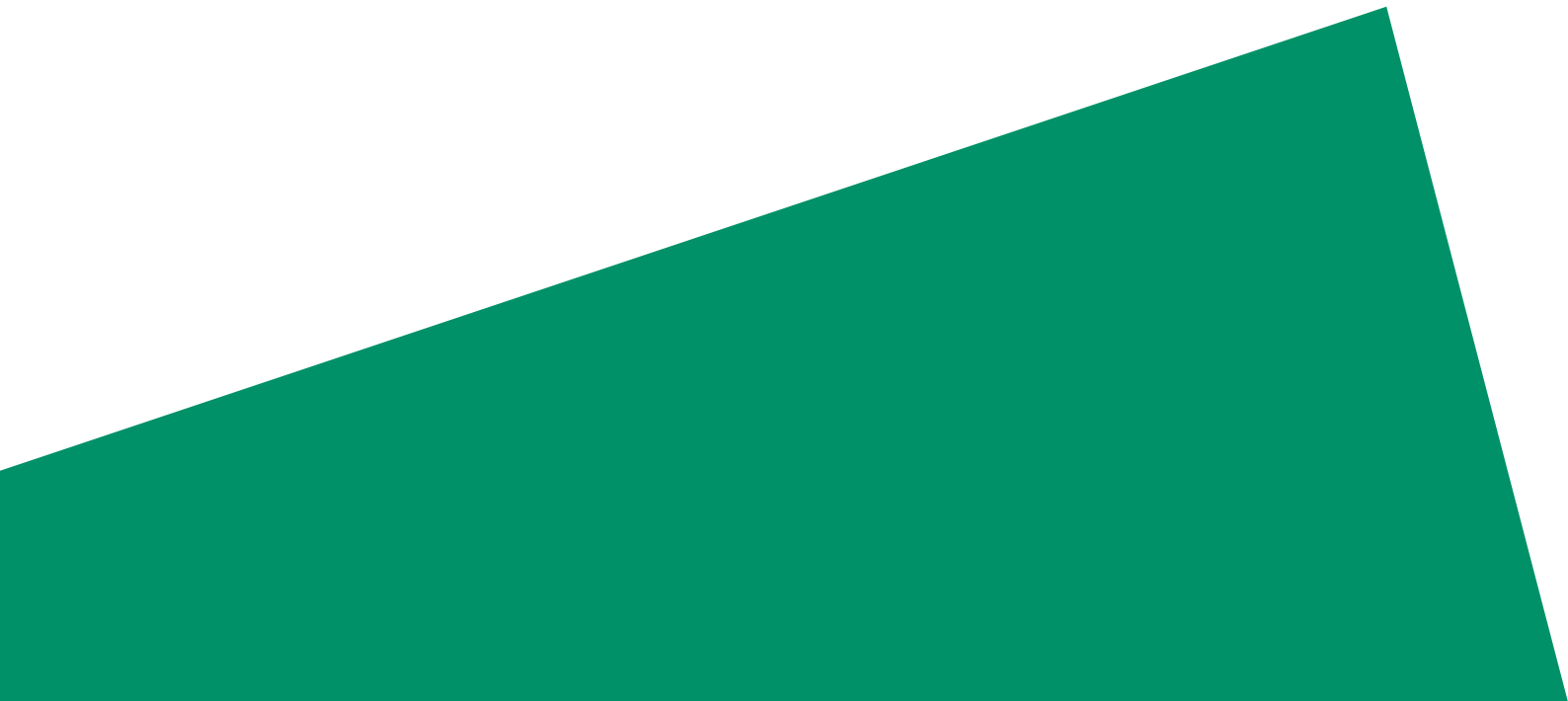
Figure 32





5.

**FAIRER PUBLIC
POLICIES FOR ALL
GENERATIONS**



Ensuring the well-being of everyone, including future generations, involves making long-term decisions. However, thinking on the long-term is difficult, because the future is uncertain and the present is challenging, originating decisions oriented for the short-term, and choices that are not the best to all involved, now and in the future.

To treat all generations in a fair way is important, but it's a difficult task to achieve: future generations aren't represented and there is few information about public policy impact on the long term.

In response to this challenge, the Calouste Gulbenkian Foundation and the School of International Futures have spent two years developing a methodology that helps policy-makers, media, think-tanks and civil society assessing the impact of public policies on present and future generations¹³, promoting an informed discussion about difficult decisions and making the long-term political choices clearer.

Still in this scope, policy makers face many obstacles when trying to introduce long-term policies, among which are people's general resistance to change, and the risk aversion of politicians.

Having in mind the unfavorable context to to the implementation of this kind of policies, the Foundation promoted an analysis to 10 concrete (successful and unsuccessful) attempts to implement policies that aimed to solve social problems on the long-run (imposing costs in the present in the name of future generations), identifying successful cases in the last decades - some of which were extremely innovative and made the country an international reference¹⁴.

¹³ SOIF, 2021, <https://gulbenkian.pt/de-hoje-para-amanha/en/publication/fair-public-policies-for-all-generations/>

¹⁴ Moury, 2021, <https://gulbenkian.pt/de-hoje-para-amanha/en/publication/governing-for-the-next-election-or-for-the-next-generation/>

5.1

FRAMEWORK FOR INTERGENERATIONAL FAIRNESS

What is it?

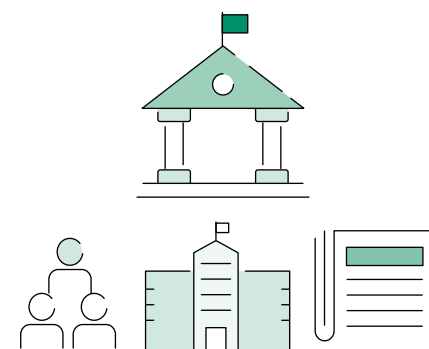
The Framework for Intergenerational Fairness is a tool for systematic and impartial assessment of public policies for their impact on all generations, present and future, helping to identify potential intergenerational imbalances.

What is it used for?

- To provide information about policies' impacts over the long-term;
- To include voices and perspectives not currently heard;
- To promote informed discussion about difficult decisions, making the political choices clearer;
- To mobilize citizens as a constituency;
- To encourage policy makers to consider intergenerational impacts when defining public policies;
- To align with initiatives from international organisations such as the EU and OECD to improve policy making.

To whom is it addressed?

- **Public sector experts**, whose function is to prepare formal recommendations to the government.
- **Civil society**: universities, think-tanks, media and other entities or citizens, whose purpose is to make their own judgement, to be better informed and to pressure political power.



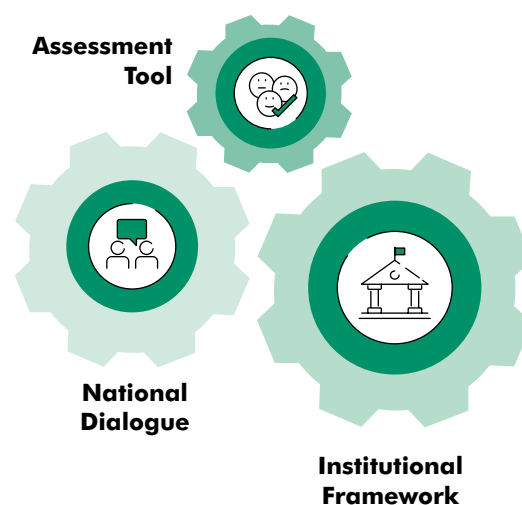
How it was designed:

- It is based on the best and most recent practices in policy assessment, risk management and strategic foresight;
- It is inspired by successful international experiences, from countries like Japan, Singapore, Wales and France;
- It was received inputs from experts in law, philosophy, economics, sustainability, design, forecast and public deliberation;
- It was tested out and applied to real questions happening in Portugal right now, and reviewed by national (Bank of Portugal, Council of Public Finances, Court of Auditors, UTAO and UTAIL) and international institutional experts (OECD, European Commission, United Nations, etc.).

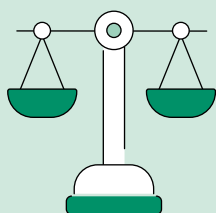
How it is structured:

- It starts with an **institutional framework**, that ensures:
 - Legitimacy within representative democracy;
 - Independence of the process;
 - Ownership by civil society.
- It requires an **inclusive dialogue** at the national scale that enables:
 - Wide comprehension of how inequality, privilege and exclusion are transmitted through generations;
 - Identification of different perspectives between generations and groups of people;

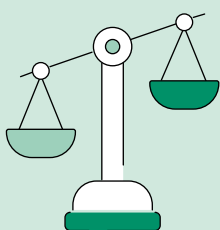
- Negotiation of a collective vision of what is fair for future generations and what are the trade-offs between the present and future;
- The shaping of collective objectives for the future of Portugal.
- It works through a **useful and practical policy assessment tool**, that provides:
 - Concrete criteria to policy assessment based on the vision of the future that society has for Portugal;
 - Greater clarity about questions of intergenerational fairness associated with each policy;
 - Detailed recommendations for any necessary changes to make the policy fairer.



What is a fair policy to all generations?



A policy is **fair** to all generations when it allows people of all ages to meet their needs of the present without compromising the ability of future generations to meet their own needs¹.



A policy is intergenerationally **unfair** when:

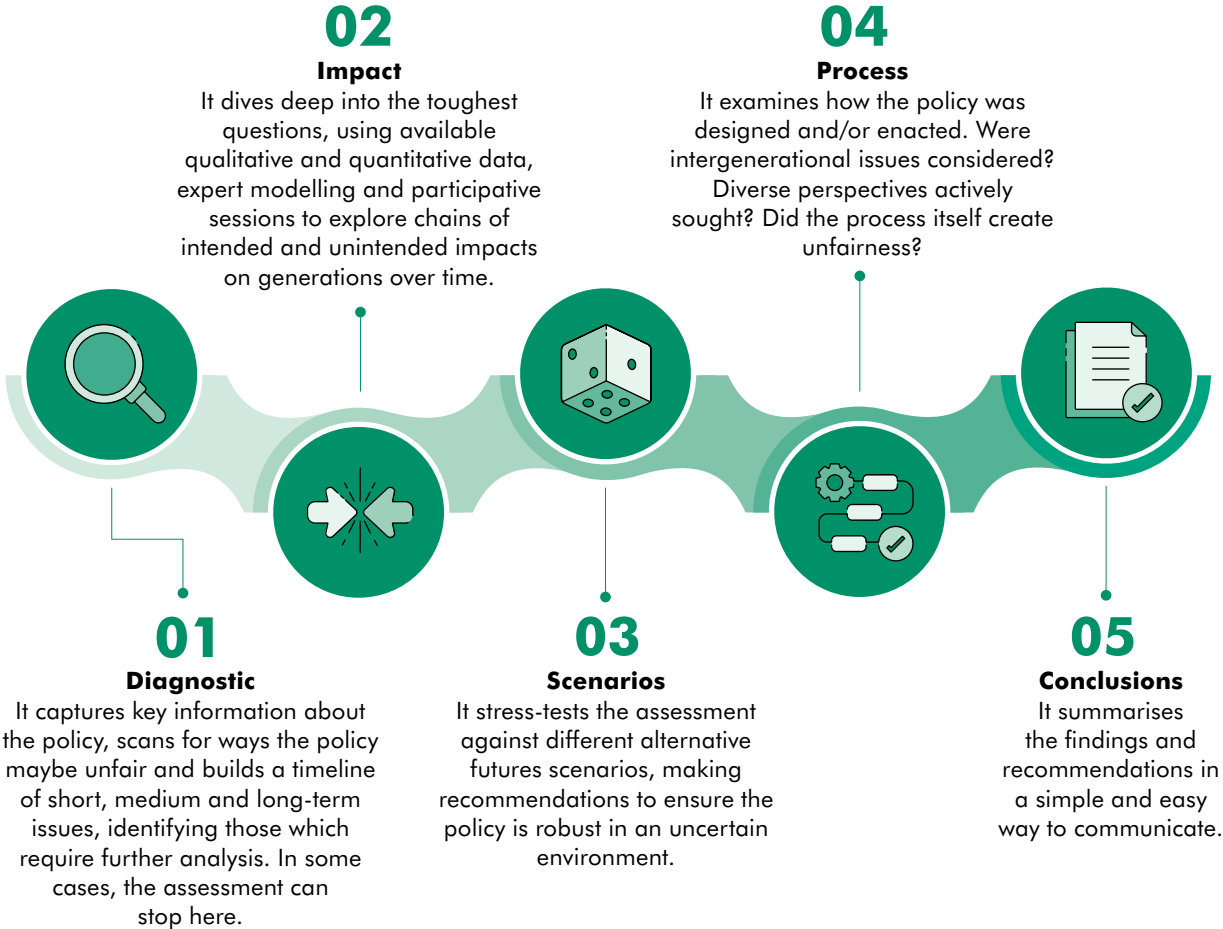
- Moves Portugal away from its vision for the future
- Disadvantages any generations, alive now or in the future
- Disadvantages people at any specific life stage
- Strengthens the transmission of inequality through generations
- Restricts the choices of future generations

1. Adapted from the Brundtland Report "Our Common Future" (1987)

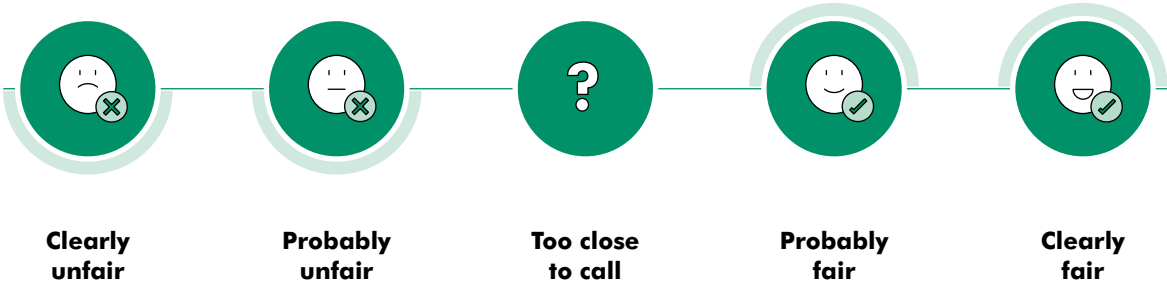
How does it work?

This tool attempts to identify the diverse consequences of any public policy on people's lives and in the environment they live in, in the short, medium and long term. Recognizing that the future is uncertain, it tests the policy in different future scenarios to ensure it is resilient to change.

It includes **five flexible stages** that may be applied to any kind of policy or strategic decision.



The findings of each assessment are reported with recommendations for policy-makers and an overall conclusion:



This new tool is available to the political system and to civil society to promote better intergenerational fairness, and places Portugal in the forefront of an international movement to make democracy more resilient to the challenges that lies ahead. Although it doesn't substitute the decision making processes, it adds information to them and it is aimed to promote decisions and public policies that are fairer for all: the elders, the young, and the ones who aren't born yet.

5.2

WHICH CONDITIONS ARE FAVOURABLE TO THE INTRODUCTION OF LONG-TERM POLICIES?

The costs of long-term reforms are frequently predictable, visible and concentrated, although the promised benefits are diffused and less visible. These observations raise the following fundamental questions: in which circumstances the political makers are capable or have willingness to impose costs today to invest in a solution for social problems in the future? What factors have a decisive role in the implementation of long term policies?

The analysis done shows that **searching for consensus** with stakeholders, meaning the willingness of government to involve the opposition, relevant stakeholders and make commitments is the most important requirement. It is even more important than the electoral mandate. Some examples of successful cases in this scope are the decriminalisation of consumption and possession of drugs for personal use, the extended parental leave, the implementation of the Water Resources Tax (TRH), and the change in the criteria for dismissal due to the dissolution of the workpost. The single employment contract was one unsuccessful case due to lack of consensus.

Scientific production and communicating the benefits of the measure was found to be important to the drafting of the laws, the justification of their adoption and thus their legitimation, such as experienced in the case of the implementation of the Water Resources Tax (TRH) and the decriminalisation of consumption and possession of drugs for personal use. Due to little evidence production or communication of the benefits, both the tax on inheritance, and the mapping of natural habitats, weren't approved, although they were proposed.

The existence of **European constraints** and other external influences (ex.: crisis) proved to be a favourable factor to long term reforms, which reflected on the approval of water resources tax (TRH), the extended parental leave, and on the new criteria for dismissal.

Social pressure coming from public opinion, organised civil society (NGOs, social partners, social movements) and the media, were also found to be effective to implement long term reforms, such as the case of the decriminalisation of consumption and possession of drugs. The lack of social pressure contributed to the non-approval of the mapping of natural habitats.



The **electoral mandate** was not found to be one of the most relevant facts, as there are many long-term policies that were part of electoral programs and were not implemented.



Recommendations

- 1.** The **most important** requirement is **involving stakeholders**. Be willing to **make concessions**, for example, by enabling the reform to be phased in rather than taking immediate effect, is more important than being included in the electoral program. In fact, the combination of **search of consensus** with salience of the problem by the population (generating social pressure), seems to be enough to ensure the adoption of resilient policies in the long-term. Every time these conditions were met, the policies were approved and withstand.
- 2.** It is also important to **invest in the production of knowledge and scientific evidence** about the measure and **effectively communicating** the gains it will bring and the losses that will come from non-implementation.
- 3.** If the measure is not salient to the population, it might be useful to **use European constraints to get around sectorial vested interests**. But, being aware of the risk of reversals in the post-crisis phase, is therefore important to consider mechanisms that can “lock in the policy”, seeking consensus with the stakeholders and the opposition.



6.

CONCLUSION AND ACKNOWLEDGMENTS



6.1 CONTRIBUTION TO RESEARCH AND PUBLIC DEBATE

At the beginning of the project, in 2018, few or no national researchers had fairness between generations on their work agenda. In 2022, after 11 studies promoted by the Foundation and several policy briefs published, the current scenario is considerably different. There is an interdisciplinary network of researchers on the subject, from dozens of national and foreign universities, and the Gulbenkian Intergenerational initiative contributed to change the research agenda of many of them.

The Gulbenkian Intergenerational initiative and the several published studies have been widely disseminated in the media (TV, radio, written and online press) and on social networks. The studies “Home Ownership in Portugal from an Intergenerational Perspective” and “Intergenerational Fairness in the Portuguese Labour Market”, among others, continue to be regularly quoted until today.

“Your project really changed the researchers' agenda, I just wrote an ERC project that proposes to measure, explain and improve the 'long-term policy capacity' of governments. Your project was fundamental in getting me interested in this topic.”

Study author

+300

articles or news, with a potential reach of about 24,5 million of people

~5 millions

of people reached on social media, and ~2 millions of interactions

+70 thousand

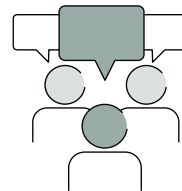
views on the website dedicated to Intergenerational Fairness

+6500

downloads of the publications

2022 is also marked by the the international conference “The state of the future: a commitment between generations”, commissioned by Pedro Pita Barros, which brought together political decision-makers, academia, and civil society at the Foundation to debate a new social contract that ensures a fairer future for all generations.

Currently, the Foundation is regularly invited to speak on the subject at conferences, seminars and other events, having become an unavoidable reference in this area.



150

on-site audience

~2000

online audience

conference “The state of the future: a commitment between generations”

6.2

CONTRIBUTION TO PLACING THE ISSUE ON THE NATIONAL AND INTERNATIONAL POLITICAL AGENDA

In this scope, one of the key points involved the development of the Framework for Intergenerational Fairness, which was tested and reviewed by the Bank of Portugal, the Public Finance Council, UTAIL, UTAO and the Court of Auditors, who gave very positive feedback on their participation in the project.

The reach of the methodology went beyond the institutions involved in the project, as several organizations were trained to use this tool, allowing them to experiment this evaluation method applying it to concrete policies. Among the several training sessions carried out, stands out the one held in May 2022 with the team of the Civil House of the President of the Republic, at the invitation of the President himself.

“The qualitative questions were very valuable to think through. We identified risks that we wouldn’t have otherwise. It fits effectively within the risk identification step of our existing process.”

“The tool is simple and flexible and allows for a comprehensive and structured analysis.”

Project's partner institutions

“It's a debate for the present, but above all its a debate for the future. And it is in the answers that we are able to find together, among several areas and sectors, that the consolidation of our political, economic and social system lies. It is in this state of mind that I decided that the Civil House of the President of the Republic should be trained in the Framework for Intergenerational Fairness developed by the Gulbenkian Foundation and the School of International Futures.”

Marcelo Rebelo de Sousa, march 2022

At an international level, the Foundation was invited by the Organization for Economic Cooperation and Development (OECD), to present at the organization's headquarters in Paris, the Gulbenkian Intergenerational initiative, with a focus on the Framework. This presentation, in June 2022, was the focal point of the OECD seminar cycle on Youth Empowerment and Intergenerational Fairness, and the results of this debate will inform discussions on the implementation of the next OECD Recommendation on Creating Better Opportunities for Young People.

6.3 ENSURING THE CONTINUITY OF THE INITIATIVE IN CIVIL SOCIETY

After 5 years of the initiative, an effort was made to ensure that the Intergenerational Fairness “agenda” was assumed by academic and civil society entities interested in giving continuity and scaling up the initiatives developed, based on the legacy of the Foundation's work.

In this context, the Economics for Policy Knowledge Center da NOVA SBE is being supported to create a team to improve and regularly use the Framework for Intergenerational Fairness, publishing the evaluations carried out and providing training to interested entities.

Additionally, the Institute of Public Policy (IPP) is also being supported to create and disseminate an aggregated intergenerational fairness index, with indicators in the areas of housing, labor market, environment, public finances, health, and poverty/inequality, allowing the continuation of research and debate on essential topics to assess inequalities between generations.

housing
labour market
environment
public finances
health
poverty/inequality



6.4

ACKNOWLEDGMENTS

It would not have been possible to carry out this project without the collaboration of an extent number of people and organizations, to whom we would like to acknowledge:

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- **António Antunes**, Bank of Portugal

Naturally, change doesn't happen only with a project. But this is a first tangible step to bring the theme of intergenerational fairness to public discussion and to the political agenda, contributing for the promotion of a new social contract that ensures a fairer future for all generations.

Luís Lobo Xavier

Coordinator of the Intergenerational Fairness Project

