Lukas Sustala: Zu spät zur Party: Warum eine ganze Generation den Anschluss den verpasst

In this book (the title of which translates as ‘too late for the party’), the Austrian economist and journalist Lukas Sustala offers a differentiated view on inequalities between generations and the consequences for inter-generational justice. He illustrates why many people in Western societies no longer buy into the idea that their children will have it better than they did and elaborates on specific indicators in which millennials and younger cohorts are worse off than their parents or grandparents. Sustala supports his arguments with evidence on the effects of the Great Recession, which takes a central place in his narrative. In addition, he touches briefly on the European debt crisis, high debt levels, stagnating real wages, the climate crisis, and continued low growth rates and offers readers an insight into a long list of economic and social developments and does so in a language that is inviting even for those who may not have spent much time studying the issues at hand. This book offers a balanced analysis of the state of Western societies and the equality between generations.

The book has nine chapters. Chapter one deals with the Great Recession as well as the debt crisis in Europe and its consequences for the welfare and the labour market prospects of young adults and their employment biographies. Opening with an anecdote about the new labour market conditions after the Great Recession, the author sets the stage for his analysis. Sustala points out that this recession is not on its own responsible for the malaise, but he argues that high unemployment and bad working conditions during the early and formative years of adult life can lead to smaller life-time earnings. Referring also to low economic growth, Sustala shows that the circumstances at the beginning of working life were comparatively bad for the generations born after 1980 (p. 17), so that for many entry into the labour market was delayed and then only temporary jobs with small benefits and little employment protection were on offer.

In the next two chapters, Sustala addresses the rationale for distinguishing between generations, the demographic change of ageing societies, and redistributive concerns between the generations. He argues that the generation category has scientific value because it is possible to distinguish with relative clarity how generations will fare in different phases of life – for example, in terms of how hard the competition will be on the labour market – relying on demographic data and on the economic situation [see also Vanhuysse and Goerres 2012]. Sustala points to two issues that he sees as connected to the phenomenon of ageing societies. He explains how the bigger size and higher voting turnout of older generations and the accumulation of national debt that is only rarely taken up to finance investments into the future are cause and symptom of an imbalance in politics between younger and older generations. He further argues that the generational contract – redistributing resources between different generations on a run-
ning basis – is only a gentleman’s agreement and that society is lacking investment policies that can ensure enough payments to the coming elderly generations, while the old-age dependency ratio is continuously rising, which creates the risk of overburdening the current and future working age population [see also Gal, Vanhuysse and Vargha 2018].

In chapters 4, 5, and 6 Sustala depicts the problems on the housing market, the increasing prevalence of precarious jobs for university graduates, and the chances and pitfalls of migration, especially in the context of demographic change. His first argument is that policies designed to ameliorate inequality in the housing market – like rent breaks or ceilings – are actually aggravating the situation for younger people who are then facing a narrow housing market with fewer landlords willing to rent out. Second, Sustala points to the new phenomenon of a precarious educational elite, filled with people who completed higher education but cannot find good jobs. He furthermore claims that the wage premium for higher education has fallen. In chapter 6, Sustala argues that migration can help to relieve welfare states, but that there is no guarantee, if the state does not invest enough in the education of newcomers.

In the remaining chapters, he raises the pressing issue of climate change and its connection to intergenerational inequality and connects the Great Recession and increasing economic stress to mental health and family formation. Sustala states that the problem behind the failure to tackle climate change lies in the different interests of generations and special interests. He argues that while the boomer generation will only see minor impacts of climate change, the younger generations will experience harsh consequences, providing an incentive for the younger generations to work against it, but not for the older generations. Drawing on data on fertility rates and mean ages at birth, Sustala points out that weak economic conditions, unemployment, and other detrimental factors make starting a family harder, especially during what he calls the ‘rush hour of life’ (p. 80), a period that is defined by longer education, worse conditions for entering the labour market, and high stress levels. Sustala ends his book by summarising the aforementioned developments and adds policy recommendations on how to achieve greater equality between generations.

The special relevance of Sustala’s work derives from the societal notion that parents want their children to live a better life. Sustala tests this notion and describes how many times the situation has stagnated or gotten worse. It is those observations that serve as evidence for his conclusions that the generation of millennials came too late to the party and have to live through economic, social, and environmental struggles that were mainly caused by the previous generations, undermining the hope that children will have things better than their parents. While Sustala offers a very approachable analysis of the topic, not going into too much detail on each of the issues and refraining from unnecessarily technical discussions, there are a number of issues with his analysis that ought to be addressed. Specifically, the analysis is in part oversimplified and leads to questionable generalisations.

The first is Sustala’s discussion of the electoral plurality of elderly voters. The conclusion in the book is that this electoral power, for example, translates into better pensions for elderly generations and higher contributions from younger generations. And while a case for the electoral power of elderly people in relation to climate change can be made more easily, other research [Tepe and Vanhuysse 2009, 2012] suggests that demographic change has overall not – yet – translated into significantly better pensions for the elderly, but into higher total pension expenditures (macro) with less generous benefits (mi-
Admittedly, however, there is agreement that the electoral power of the elderly could and has already become visible through ‘grandfathering clauses’, pushing the cuts to pensions into the future, so that the current generations of pensioners do not feel the impact [Tepe and Vanhuysse 2009: 23; 2012]. And more generally, Europeans do appear to live in welfare states that are biased towards the elderly and embedded within societies of strongly child-oriented families (Gal, Vanhuysse and Vargha 2018).

This leads to another topic: linking the pension age to life expectancy. While he correctly states that the lobby against an increase in pension ages is particularly strong, Sustala presents the solution to automatically link the pension age to life expectancy as a simple fix. However, researchers are not in agreement on whether the strong increases in life expectancy – suggesting a rising pension age – are also accompanied by similarly strong increases in healthy life expectancy – facilitating a longer work life [Rigshospitalet 2015]. Therefore, the analysis could profit from a closer look into the scientific debates around healthy life expectancy and what this means for people’s ability to extend their working life.

In chapter 5, Sustala makes important points about the role of education. However, while he mentions the increasing precarity of labour conditions even for people with higher education and mentions the increasing importance of lifelong learning, Sustala makes a questionable statement about the earnings premium to higher education – namely, that the premium has decreased over the last decades. On the contrary, studies in OECD countries not only show that the wage premium for skills in 2012 was still substantial, but also that it has been increasing since the 1970s [Autor 2014; Hanushek et al. 2015]. Furthermore, it is unclear whether a decrease in skill premiums should be classified as a negative development in the first place, considering that a greater skill premium also hints at higher inequality.

In chapter 8, Sustala addresses the important issue of low fertility rates. It is often asked whether decreases in total fertility rates are due to changes in the mean age at birth (tempo effect – a higher mean age at birth leading to a (temporary) decrease in the total fertility rate) or to the decision to have fewer children in total (quantum effect). With long-term data from 1950 to 2015 Sustala shows that this decrease is not just a tempo effect. Even though he fails to mention the link between the mean age at birth and the total fertility rate, Sustala presents valuable arguments for why fertility rates have been falling, like later entry into the labour market due to longer education or bad labour market conditions during the years of early adulthood.

The last chapter tries to offer a balanced conclusion and policy advice to address the problems. However, the reader can find some inconsistencies or oversimplified statements that can lead to confusion. The first issue is Sustala’s assessment of the climate crisis and the tools necessary to tackle it. He commends the young protesters for their action but states that criticizing private businesses, markets, and the concept of private property would be a mistake (p. 90). However, not only is there a growing body of literature reporting that climate change is heavily tied to the current political and economic system and that continuous growth drives up emissions [Klein 2014; Teixido-Figueras and Duro 2015], but it is also possible to make a very clear case on how corruption and lobbying from private businesses prevent climate legislation from being put into place. Sustala himself brings up corporate interests as an obstacle to an effective climate policy (p. 75). And while deep-lying problems in the economic and political system could help to explain the lack of action against the looming environmental crisis,
a seemingly simple fix like carbon taxes is presented as the best solution to start tackling climate change. Therefore, the main critique here is not necessarily about different policy ideas, but about leaving out the problems with political and economic institutions, such as the vulnerability of the current political system to big corporate interests and corruption [Przeworski 2018] and too strong a focus on economic growth.

Another issue lies in Sustala’s assessment of suitable education strategies. The author fittingly advocates for more spending on early childhood education and points towards other worrisome developments, such as large ethnic differences in educational attainment and large numbers of children leaving schools without having mastered important reading, writing, and math skills. But he criticises the fact that many people are pursuing degrees that are not in high demand on the market. While it is not fully clear to which degrees he is referring, he categorises teaching and IT jobs as valuable because of the high demand for them in the labour market (p. 91). However, scholars from the human development school and other disciplines have long advocated for the pursuit of the humanities – degrees that are often in lower demand on the labour market – claiming that they are essential to human life and to the survival of democracies [Nussbaum 2010]. It therefore remains questionable how a move away from the humanities and towards seemingly more economically valuable subjects (i.e. more market-oriented jobs) can help society in the long run.

Concluding, Sustala’s book offers a good overview of the issues affecting inequality between generations and takes a specific look at the situation of millennials. And while the book contains some oversimplifications or misinterpretations – mostly talking points that require more clarification and detail – it has great value for its interdisciplinary approach and for the way Sustala takes different perspectives into consideration in order to deliver a balanced analysis.

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References


