



IT'S TIME TO TURN OVER A NEW LEAF

Young people in Britain today are rightfully concerned about the economic future that awaits them and the burdens they face thanks to the spending habits of their parents and grandparents.

The scale of public debt in Britain – perhaps as high as £6trillion when off-balance sheet liabilities, such as public sector pensions are taken into account – does not just pose serious economic questions for the United Kingdom, but also substantial moral questions about inter-generational equity.

Collectively – if not consciously – older generations have voted themselves richer than they can afford. The bill for higher state pensions, expensive healthcare and a wide range of other benefits is being passed from father to son, from mother to daughter. Those who are entering the workforce today can reasonably ask whether they are going to end up paying for a wide range of state benefits that they are unlikely to be able to claim themselves in decades to come.

The situation is getting worse, not better. For all the talk of austerity and deep cuts in spending, the coalition government is actually planning to add hundreds of billions of pounds to the national debt over the course of this Parliament. Having originally planned to balance the annual budget by the time of the next election in 2015, the deficit is now being reduced so slowly that – on the present trajectory – the state will continue to spend more than it brings in in taxes for the next several hundred years.

It's not just a debt mountain that we need to worry about. There are other structural economic failings too. Labour market regulation is now so burdensome that we are in danger of

creating an "insider-outsider" culture. Those presently in employment might benefit from rises in the minimum wage and enhanced workplace protections – but it prices others out of the labour market altogether. If government policies push up the price of labour, businesses tend to employ less.

Again, it is young people who are feeling the pinch – with youth unemployment now standing at about a million. Given it is illegal for businesses to offer employment to over-21s at less than £6.19 per hour (rising to £6.31 in October 2013), the first few rungs on the career ladder have been removed for many seeking to enter the labour market.

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The IEA exists to educate people about free market solutions to the problems our society faces. Very often, when faced with a challenge, people ask what the state should do to tackle it. Believers in free markets believe that the state should very often do less and that government action very often exacerbates existing difficulties or is even the cause of them.

The global financial crisis, slow growth and a British state sector that accounts for about 50 per cent of national income has led many to consider whether we should seek a different economic path, one in which individual men and women exercise more power and discretion and politicians and bureaucrats wield less.

Liberty League – a network of campus-based, pro-freedom organisations supported by the IEA – has grown phenomenally in recent years, its annual gatherings now dwarfing those of the youth wings of the traditional political parties (*see www.uklibertyleague.org*).

The Institute itself runs an extensive research programme for interns, an annual week-long Freedom Week summer school and a substantial range of events aimed at sixth formers and university students. (*see www.iea.org.uk/students-teachers*)

And a vast range of articles and publications are available – and free to download – on our website, covering

topics from monetary policy to poverty relief, from immigration to the environment.

If you are interested in investigating how a smaller state and a freer market can lead to a more vibrant, dynamic and exciting future for Britain, please get involved. Although recent years have been full of gloomy economic news, there is a better path we can follow. The Institute of Economic Affairs exists to educate and inform so that the next generation will better understand the case for a free economy •

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