

Marcel Fratzscher: After us, the future: a new intergenerational contract for freedom, security and opportunities

Reviewed by Ben Jagasia

The common assumption is that economic growth leads to prosperity and greater opportunities for many people, especially the younger generation. In other words, economic growth is positive. In his book *After Us the Future* (*Nach uns die Zukunft*), Marcel Fratzscher – president of the German Institute for Economic Research – illustrates that these assumptions may no longer hold. He examines the phenomenon of a possible “gigantic redistribution from young to old” (16), which describes breaking the intergenerational contract in German society. Writing at a time when “over 80 per cent of people [...] are convinced that living standards will decline and future generations will be worse off” (203), the economist not only presents an analysis of how we got into the current situation but also proposes avenues for a new intergenerational contract. The introduction already underlines the seriousness of the present time. He claims that “the intergenerational contract in our [German] society has been broken” (12). The historical promise that children would have a better life than their parents no longer applies. Fratzscher attributes this to the fact that “[...] hardly any generation has robbed their children and grandchildren of as many opportunities for a good and self-determined life as the baby boomers have today” (12). He recognises the positive achievements of the baby boomers in recent decades, but simultaneously attests that all these achievements – democracy, climate, and a prosperous economy – are under threat today. Thus, the baby boomer generation lives by the motto “[a]fter us, the deluge” (14) and leaves behind a less liveable, more endangered world for younger generations. This situation forces young people to pay for the spiralling national debt and the steadily rising contribution rates for pensions, nursing care, and health insurance. This will increasingly limit their scope for future investment. All of this contributes to bleak “prospects for the younger generation” (17). From summarising the problems that arise regarding the distribution of burdens between young and old, Fratzscher develops, in the following parts, what a possible solution – a new intergenerational contract – might look like. The book is structured around three central normative pillars that Fratzscher sees as the foundation of a new contract: autonomy, universalism, and humanism. With the help of this three-part structure, he links complex issues – from wealth inequality and the climate crisis to democratic participation – to policies that are just to all generations. In the first pillar of this new intergenerational contract, Fratzscher focuses on human dignity and the associated material and social



basis of freedom. For him, self-respect is essential to human dignity. According to Fratzscher, performance-based justice must be complemented by a needs-based justice, i.e. the ability of individuals to realise their full potential and gain recognition. This theoretical foundation supports his call for political reforms that should become part of the new intergenerational contract. In his opinion, there is a fundamental need for a new definition of performance and a “community with a high degree of solidarity, security, and stability” (36).

Fratzscher sees many problems in our society as stemming from a decline in equal opportunities and social mobility. His analysis of wealth inequality is particularly noteworthy: “[...] 60 per cent of all wealth in Germany [was] inherited [...]” (39). The “lottery of birth” (39) often determines success in life more than one’s own achievements. To counteract this, Fratzscher proposes strengthening the

education system and promoting greater equality of opportunity between younger generations, across social and ethnic backgrounds, sexual identities and gender.

He also discusses good and meaningful work as an aspect of the right to self-determination. He emphasises the importance of testing the four-day work week in a pilot project to assess how to strengthen economic cohesion and performance. He also argues that technological change should be seen as an opportunity. Fratzscher furthermore considers the controversial topics of minimum wage and unconditional basic income, whereby he believes their positive aspects outweigh the negative. He advocates for a basic inheritance for young people to support their financial autonomy and security. In addition to ending child poverty by increasing child benefits and child allowance, he sees this as a way of ensuring the financial security of future generations. He calls for a “life chances or basic inheritance” that “[...] would ensure that every young person has an inheritance of €30,000 at their disposal after completing their education” (87).

The second part focuses on the ecological issue. For Fratzscher, climate protection is not a moral choice, but a question of freedom and prosperity: “[c]limate protection is smart economic policy and secures freedom for future generations” (99). This is the central thesis of his argument. He discusses the “uncontrollable costs for future generations” (99) caused by a lack of climate protection and how climate protection drives the economy.

He also addresses fundamental questions such as the property rights of future generations to an intact planet, and how we want

to define prosperity in times of declining economic progress. For him, this also raises the question of how we want to transform our society ecologically, socially, and digitally. This transformation is urgent and requires enormous investments.

It is crucial that we also impose restrictions on ourselves in areas such as nutrition and mobility because “what many people today perceive as sacrifice is necessary to secure prosperity and important freedoms in the long term” (124). Fratzscher also advocates concrete measures, such as eliminating subsidies for fossil fuels and introducing a CO₂ price. He also discusses social compensation mechanisms such as a climate allowance and a “climate reserve” (135).

Perhaps the most politically controversial part is the third, in which Fratzscher focuses on solidarity and social harmony in our society. This is a fundamental issue for Fratzscher, because “societies based on solidarity have almost always coped better with times of need than their individualistic counterparts” (140). Fratzscher starts by addressing the financial aspects of this solidarity. He criticises the German debt brake, arguing that “some debts today would be a prerequisite for rapid debt reduction in the future” (176). To prevent excessive government debt and intergenerational injustice, Fratzscher wants to limit government debt to nominal potential growth each year. On the other hand, debt should only be used for public investment, and all implicit and explicit obligations (both government debt and contributions to statutory social security systems) should be limited to 60% of annual economic output. The basic idea is that the state should invest for the benefit of future generations.

Fratzscher makes balanced pension financing the core of social solidarity. Considering demographic change, the financial burden on young people under the pension system is too high. Therefore, he proposes to make the retirement age more flexible, to include civil servants and the self-employed in the statutory pension system and to strengthen private pension provision. Fratzscher’s other proposals concern the transformation to an activating welfare state and greater solidarity with refugees, which would be in the common economic interest. He also advocates reforming the tax system.

In addition to the financial aspects, Fratzscher advocates a period of social service for baby boomers. He justifies this by saying that “it is [...] rather the elderly who must live up to their own responsibility towards the young and future generations” (170). He criticises the fact that baby boomers “[...] basked in the glory of their economic success and forgot to have children, to invest in good infrastructure and quality in daycare centres and schools, and to ensure humane immigration” (171). Fratzscher sees the advantages of such a model primarily in the signal effect it would send, but also in economic terms.

Fratzscher concludes by advocating for strengthening democracy. He is convinced that “a functioning democracy and a functioning capitalism [...] remain the best prerequisites for prosperity, justice, and the resolution of the current crises” (211).

After Us the Future by Marcel Fratzscher successfully addresses the problems caused by policies that are unjust to younger generations. In three parts, he outlines the goals our society should pursue to ensure a liveable future for young and future generations, and where action is needed. Fratzscher’s proposals are persuasive, for instance, considering the debt and investment policies. Because not all of the €500 billion special fund for infrastructure and climate neutrality that was approved by the Bundestag at the end of the last legislative period will be used for additional investment,

stricter rules are necessary. This would ensure the investments are truly additional and that the financial freedom of young and future generations is not constrained. However, questions should be raised about the feasibility of some proposals. For instance, the social service for pensioners before they go into pension appears, at first sight, a good idea. It remains doubtful whether there is sufficient political will to antagonise potential voters.

The book’s proposals are thought-provoking and discursively significant, but not the most practical. Ultimately, Fratzscher’s analysis of the present and his reform proposals are a plea for a new contract that puts intergenerational relationships on stable footing. According to the book’s subtitle, this will result in “freedom, security, and opportunities.”

It should also be emphasised that, despite his harsh analysis, Fratzscher draws an optimistic conclusion: “A new intergenerational contract is possible” (20). For anyone looking for arguments in favour of such a new intergenerational contract, this book is a must-read.

Fratzscher, Marcel (2025): Nach uns die Zukunft: Ein neuer Generationenvertrag für Freiheit, Sicherheit und Chancen. Berlin: Berlin Verlag. 224 Pages. ISBN 3827015278. Price: Hardcover €22 (only available in German).