



HeadsUp Forum # 33

www.HeadsUp.org.uk

The Economy...what went wrong?

(23 November – 11 December 2009)

The topic of this forum was a popular choice with HeadsUp users when they were asked to vote on what they would like to discuss in 2009-10, undoubtedly due to the large amount of media attention that financial matters have received over the last year. The forum looked specifically at issues that young people were likely to find most relevant and that had, or would have, an impact on their lives.

Seven decision-makers pledged their support for the *Economy* forum and were involved in providing a statement for the Backup materials and/or took part in the debate. Their involvement and support was, as always, crucial to the success of the forum.

The decision-makers involved in this forum were:

- **Mark Todd MP** – Member, Treasury Select Committee
- **Mark Prisk MP** – Shadow Business Minister
- **David Gauke MP** – Shadow Spokesperson for the Treasury
- **Christopher Chope MP**
- **Jeremy Purvis MSP** - Spokesperson, Economy and Finance
- **Sally Keeble MP** – Member, Treasury Select Committee
- **Emily Cantrell** – People and Planet

The forum discussions were aggregated to find HeadsUp users' priorities for public spending. Here are the most popular choices:

1. Spending on education
2. Scrapping ID cards and saving money
3. Creating jobs
4. Creating more youth training schemes/apprenticeships
5. Investing in health
6. Investing in transport
7. Cutting defence spending
8. Cutting the number of MPs and expenses

NB. 4-7 received the same level of support

The Economy...what went wrong?

Forum Summary

There were 185 posts[∞] made in the forum from 45 student HeadsUp users - with 4079 unique visits to the site over the course of the forum.

The discussions on the forum were broad but the general themes and directions of the debate are highlighted in the pages below, along with practical suggestions given by forum users. The debate was split into four different forum threads addressing the significant financial issues that have come to the fore over the last year. These were:

- **Youth Unemployment** - What do you think the government should do to tackle rising youth unemployment?
- **Public Services** - Which public services should the government cut and which should they save?
- **The End of Capitalism** - Do you think we put too much value on money and possessions?
- **Economic Literacy** - Do you think it is important to be taught how to manage your money?

The young people on the forum were very aware of just how important this issue was and the impact it was likely to have on their future. There was a sense of shock that the adults had allowed the credit crunch to happen and a willingness to learn from the situation to try and avoid the same thing happening in the future. They thought that teaching children about the economy and how to handle their money would be a good way to avoid a repeat of this situation.[∞]

I think the adults have totally messed up the economy for us when we are older we will have a really hard time trying to fix it.

The Economic Crisis would not have happened 20 years ago, as it would have been very hard to convince the bank to lend you money. I believe that some adults think that when you borrow money, you have that money to spend, when in truth it doesn't belong to you.

[∞] Includes: young people, moderators, teachers and decision-makers.

[∞] The comments in italics are direct quotations from student users and have not been altered.

If people are taught how to be good with their money, it might prevent something like this happening again [the economic crisis]. Schools should have a talk or lesson in PSE to teach children all about how to manage their money. Because if they did become a banker, it might teach them to make sure that they are responsible with money!

There was also the realisation that there would not be any quick fixes when it came to getting the nation out of the economic crisis. There was an understanding that some hard choices would have to be made to ensure economic stability returns.

the government should put their foot down and prioritise...nowadays we just borrow the money and get into debt

the Chancellor needs to make some serious spending cuts otherwise we will continue to be bogged down in debt.

We have to pay tax on all products that aren't a necessity and you also get taxed on your wages. So if the tax increases people are going to be earning less money (minus tax) at work and then coming home and having to spend more money on items because the tax has been increased. If people are going to be buying less items surely more companies are likely to go bankrupt or into liquidation.

The overall feeling from the forum was that now was the time for action to improve the economic situation in the country – maintaining the status quo was not seen as a viable option.

Public Spending

As has been mentioned in the previous section the young people on the forum were concerned about the levels of both public and private debt. There was an understanding that Government debt must be cut and that this would mean reductions in public spending in certain areas. As in debates between politicians and political parties, there was disagreement about which areas should be prioritised. Some users of the forum were concerned that cutting just one or two areas by a lot might have unintended negative consequences:

Rather than focusing on one why not cut each one slightly and share it out?

we shouldn't really cut anything massively, and we should cut every think slightly, because if we cut anything massively it could effect the future badly

However there was concern that some of the most essential public services would be affected badly by even a small cut in funding.

I don't think you should cut everything slightly as that could make a dramatic change. I think everything should be looked at in great detail and the government should ask the public before doing anything

Some things cannot afford to be cut slightly, like the NHS. They need every penny they get and if they got cut slightly they couldn't carry on doing what there doing

Popular areas to prioritise for funding were probably fairly similar to those that the rest of the public are concerned with – education, health, jobs, training and transport. Areas that the most users thought should be cut included – ID cards (which were seen as unnecessary because most people have passports and driving licences to prove their identity), defence and cutting the expenses MPs get or the number of MPs overall.

ID cards may be a good idea in theory but criminals are not idiots. if you give them a new lock, they'll learn to break it.. if you give them ID cards, they'll learn how to fake them.. it will do nothing to combat crime and will just cost huge amounts of money, which is in shortage and desperately needed in more essential areas

I think they should keep services that are really important i.e. doctors surgeries and dentists. Services that help people youth groups for example, they help keep teens of the streets.

I think the mp's should not be allowed spending, because they abuse them and most other jobs get along fine without them. The money should be used on something that will benefit everyone.

the amount of money being spent on the MoD over the war in Afganistan should be cut. Why should our education and healthcare, things necessary for our quality of life, be cut, when the government are pumping billions of pounds into the war in Afganistan.

Pensions were hotly debated as some of the users didn't think this was a good use of funding but others thought it would be very unjust for people who had worked hard all their lives to have their pensions cut. There was agreement with the Chancellor's pledge to increase the number of internships or apprenticeships for young people as a way of improving their experience and job opportunities in the future. The bankers' bonus tax was also seen as a good way of punishing irresponsible behaviour by the banks and reducing the cuts needed to public services.

I think that the Chancellor's 10,000 internships are a great way to help solve youth unemployment. It still leaves loads of young people without a job though.

I completley agree with the bonus tax, the banks are rewarding themselves for causing a global financial meltdown.

Reforming the System

There was some irritation that those with authority and power seemed to have been taking advantage of their positions during the good times of economic growth. HeadsUp users thought they should take more responsibility for their actions and that this was a good opportunity for the Government to even up the gap between rich and poor and make sure the system works better for ordinary people rather than the most powerful.

I completley agree with the bonus tax, the banks are rewarding themselves for causing a global financial meltdown.

higher taxing on the 'super rich' is needed to benefit the poor or unemployed

banks aren't just going to lend you money because you're a nice person, they'll do it to make a profit out of your misfortune and if you miss repayments, they'll take even more money from you.

i think that the gap between the rich and the poor is far too great and in particular the division in pay rates for similarly valued jobs to society...When a bin man (who is doing an essential job clearing rubbish) only earns around 14k a year and a footballer can earn around 50-90k a week, there is a definite problem in our economic system

Not surprisingly the MPs' expenses crisis that has been on going for the last year was also blamed for aggravating problems with funding government programmes – although in reality the amount of money spent on MPs' expenses is a very small part of the overall tax burden, the perception was that this was just adding to an already struggling public financial system. The general lack of trust in politicians was seen as another impetus for changing the system of public spending and creating a new politics, more in tune with the rest of the country.

i would suggest possibly cutting the number of MPs, or re-delegating some of the worst offenders more minor (less well paid) posts. this could serve as a penance for breaking the law and wasting public money, while allowing them to keep their jobs. it also frees up more money from politicians' (substantial) salaries, which can then be used for public spending. also, it allows new, younger politicians a chance to take the spotlight and let their voices be heard, especially more females, ethnic minorities, and people from gender minorities eg, lesbians or transgender people. Because politics in our country really needs to change its media image...I also think younger people would be more effective, and would work for less money...Hear our voices properly and make old politics history!!

After all the MPs expenses shouldn't we cut their money and not the money on public services ???

I think the MPs should not be allowed spending, because they abuse them

As well as the more specific issues related to the political and economic system, many of the young people on the forum thought that we needed to examine society more widely and the values and priorities we have for our lives. They felt that too many people focused their energies on possessions and money – also that people were willing to get themselves into debt very easily for things they didn't really need:

i think it starts with children we live in a society where kids pretty much get what they want when they want it, this has to change otherwise people will think they can always afford everything also, i'd say that the whole borrowing money to pay for luxuries is a bad attitude. if you don't have the money to pay for something, either earn it or go without.

nowadays we just borrow the money and get into debt that's also undervaluing things and making ourselves think we deserve more of a good thing, but it's true, you can have TOO MUCH.

there is too many people who put their life on the possessions and money. yes we all like what we have but we need to think of the people who don't have

anything. You think that you cant live with out them but people do. So just think next time you buy that really expensive thing do you need it, could you live without it.

This dissatisfaction with consumerism and the need for different values in society has been a recurring theme within recent HeadsUp forums, including the previous forum on climate change.

Economic Literacy and Education

Many of the comments on the forum focused on how the current situation could be improved and avoided in future by teaching children to be more responsible than today's adults about money. A lot of the comments blamed the current economic crisis on a lack of understanding by those in power about simple issues like borrowing money. As was mentioned in the previous section, HeadsUp users thought the current emphasis on consumerism and borrowing money created the environment that allowed abuses of power by the bankers which produced the credit crunch. The need for more education from a young age, about economics and how to manage your personal finances, was seen as vital:

The younger generation should be taught how to manage their money as in later life we will be to blame if the economy falls again. To stop that happening we should be taught how to manage money.

we should be taught how to manage money - we can't do it without being taught - need to learn about debt because people fall into trap of loan sharks and can't afford to pay things back

I totally agree with this point!!! I mean how many people in this country are in debt because they have never been taught how to manage their money.

I think that it is a good idea to learn how to manage money at this age because you might be getting a Saturday job when you're around 15 and it would be good training to prepare yourself for the future. If schools maybe started learning about this (maybe in PSHE) then there may not be another credit crunch in the future! :)

Some students said they had some lessons on personal financial literacy but the coverage was patchy and many hadn't received any information on this topic in school.

money literacy, economic literacy, anything like that would be a great addition to what we learn in schools at the moment. ive been at high school five years now, and we havent had any serious money education yet at all (but have covered the killer effects of smoking too many times to count).why when there are so many issues that plague soceity are we regurgitated the same old issues?

Lessons would be fantastic, as I wouldn't be completely in the dark when it comes to leaving home for uni...

we learn about managing money in standard grade Business Managment. But the people who dont take that subject dont learn about money. I think there should be more taught in schools, especially about managing money whilst in university.

At our school, a Woman from NatWest comes to some of PSHE lessons and helps us understand how to manage our money. I have only been going to this school since the start of the term but I know so much more than when I started.

Personal Social and Health Education (PSHE) lessons should already cover some aspects of money management as part of the curriculum. However it was clear that the young people on the forum, although they thought this was a good idea, were not receiving enough information about economic and personal finance issues in schools. From the comments made many of them were also keen to understand the economic system as a whole and how this affects their financial choices. An idea of how to deliver these lessons practically would be for older students to be given more information about money management and budgeting before they left home for university and took greater control of their financial situation. Financial literacy was seen as a life skill that would be picked up throughout life but also one that could and should be taught to ensure young people understood the basics and didn't get into financial difficulties, particularly regarding debt.

Youth Unemployment and Training

There were some differences of opinion on the forum about whether the government was doing enough to provide jobs and training for young people and also whether this was something they should be doing. Some thought the government should be actively creating jobs while others thought that the onus should be on the people who were unemployed to find a job.

I think the best way the government can help solve youth unemployment is by creating special employment programmes. For example, everyone complains about congestion and traffic jams. How about the government create programmes for young people to fix the problem through engineering jobs, managment jobs, marketing jobs etc. Things like this are, admittedly, time consuming and costly but maybe we can secure a good future for the next generation of young people.

I think a lot of the problem is with young people who do not put enough effort into finsing a job, who do not go after the necessary qualifications... There is not a huge amount that can be done to help them, they need to help themselves.

government...should invest in new businesses properly, help them get off the ground as this can be a source of employment for young people by the time they finish their education

Creating more training opportunities for young people, particularly in non-academic subjects was a popular suggestion. Using things like internships and voluntary work to help young people gain experience in work was also seen as positive and fitted in with announcements in Alistair Darlings Pre Budget Report.

Everyone has a right to employment. The older generation that is currently in employment have worked hard to get where they are today. Younger people, such as school leavers need to gain the experience that the older generation have. In the economic downfall we are in at present, employers can't afford to give young people the chance for experience. Why not just volunteer? You'll be gaining experience and it looks good as you're determined.

Real apprenticeships are a great idea but it depends how many businesses will be willing to offer apprenticeships. I think the apprenticeships should be combined with class-room studies.

destroy the snobbery involved with schooling, the way people learn subjects in school at the minute that should help people in generations to come avoid these problems teachers should try and get across strongly the idea that people are needed in sectors that people have identified in this forum - plumbers, builders, electricians if we could glamorise these careers, then people would perhaps be more willing to take them on and work for them, instead of just wanting to become famous or do media studies or something, which is keeping a lot of young people from fulfilling their true potential

There was also some disagreement about whether providing opportunities for young people meant that older workers nearer retirement age would be affected. Some thought that older people had a right to work and had valuable experience whereas others thought it would help the young generations if older people took early retirement to free up jobs. The knock on effect of this on pensions was also highlighted.

people are staying on to work into their 60s. Younger people who are then trying to get work are then being declined due to lack of experience this is not right as it then leads to youth unemployment!!!

if all elderly people suddenly stopped working, their pensions are so small at the minute that taxes would have to be raised dramatically in order to make up for the money they need to live on. Young people would have to pay taxes too. The system we have at the minute isn't ideal, but young people have their whole lives, we have our whole lives ahead of us to become successful and get jobs,

Political Context

This forum took place at a time when the economy and global finances were very much in the news. During the period that the forum was running, the Chancellor of the Exchequer, Alistair Darling gave his Pre Budget Report and addressed issues that had been highlighted in the forum around youth unemployment and training. The level of bonuses that bankers receive in the aftermath of the credit crunch was also highlighted in the media and discussed in the forum. With less than six months until a general election, the major political parties were setting out their fiscal policies, with particular focus on which public services might have their budgets reduced and how the government could make efficiency savings within civil service departments. The young people on the forum had plenty of opinions on which areas should be cut and which should be saved. Their priorities for public spending are listed on the first page of this report.

HeadsUp makes sure that young people's views on the economy and finance are sent to the appropriate policy-makers, journalists and politicians so they can take into account young people's views on the issues.

The HeadsUp team would like to convey our thanks and appreciation to the decision-makers, young people and teachers that got involved in this important debate. We would also like to extend an invitation to interested parties, particularly legislators and government, interested NGOs, academics and journalists to respond to the findings. Responses and requests for further information should be directed to:

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www.headsup.org.uk is a safe, online space for under 18s to debate the political issues important to them. **Young people** share viewpoints with their peers and **decision-makers** up and down the country. Through the forums, HeadsUp develops **young people's** political awareness and promotes active citizenship so they can play an effective part in the democratic processes that affect them.

HeadsUp enables **politicians** to consult with **young people**, to find out their ideas, experiences and opinions. There is ample background information to prepare **young people** for the debates, as well as **teachers'** notes and activities.