

# Chapter 6

## Fiscal Sustainability, Demographics, and the Social Determinants of Health Driving Intergenerational Equity

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### **ABSTRACT**

*The research developed in this chapter identifies intergenerational equity as a function of three dynamics: local government fiscal sustainability, demographic drivers, and place-based health equity. Intergeneration equity is researched from three related sets of pressures: One, the cost increases threatening the fiscal sustainability. Two, demographic changes result in a lower growth rate of working population. Three, persistent social inequities linked directly to neighborhoods correlate with wide disparities in life expectancy. The research develops a deeper understanding of each of these three dynamics, including the individual impact as well as the collective impact through their interconnectedness. This combined analytic framework better identifies the institutional mechanisms that can address these issues. The chapter concludes with mapping ways for local government to move forward by applying the design principals developed from research in sustainability of common pool resources.*

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## INTRODUCTION

There are two dimensions to intergenerational equity: time and place. Fiscal sustainability in local government will be a function of demographic changes over time and the impact of placed based access to health, education, and economic opportunities. Changing demographics will increase public costs while decreasing revenue will threaten fiscal sustainability in local government. Similarly, there are long-standing limits in certain neighborhoods to access that measurably impact individual and community health. The temporal dimension has both a demand side of increased cost and a supply side of decreased revenue. The place dimension aligns strongly with local government geography. This chapter explores the dynamics of demographics and the social determinants of health to deepen the conventional understanding of intergenerational equity and fiscal sustainability.

The dynamics of intergeneration equity can be researched from three related sets of pressures. One, the cost increases threatening the fiscal sustainability, drawing on research related to common pool resources (Tang, Callahan & Pisano, 2014). Two, demographic changes resulting in a lower growth rate of working population, drawing on research of the impact of demographics on the economy and politics of the United States and globally as developed in *The Puzzle of the American Economy* (Pisano, 2017). Three, persistent social inequities linked directly to neighborhoods correlate with wide disparities in life expectancy, drawing on research in public administration of placed based value (Kirlin, 1996; Moore, 1995) and research addressing the social determinants of health (Marmot, 2015; Callahan & Bhattacharya, 2017). The dynamics of each of the three frameworks are listed in Table 1.

The question for local government is: Does democratic governance have the capacity to address the temporal and placed based opportunities impacting intergenerational equity? This type of question has been described as the need for mastery (Roberts, 2017), as well as of administrative capacity (Kettl, 2016). In the context of protracted declines in economic growth and increased fiscal stress, a road map for administrative problem solving in local government democracy can be developed from the long-standing research on sustainability (Tang, Callahan, &

*Table 1. Dynamics with key features for intergeneration equity*

<b>Fiscal Sustainability</b>	<b>Demographic Changes</b>	<b>Place Based Values</b>
reduced revenues	aging population	neighborhood impact
increased expenditures	reduced taxpayer contributions	health inequities
strategy	changing paradigm	social factors

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