

Blanchard-Tirole International Commission on Major Economic Challenges

Demographics: Discussion

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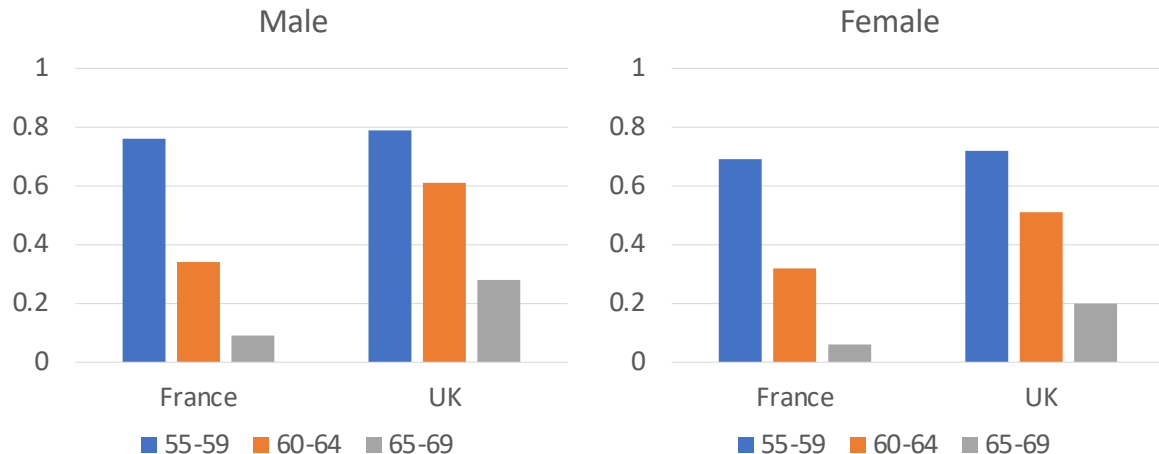
Major future economic challenges: Demographics

- **Fundamental demographic drivers are the same everywhere**
 - We need a greater proportion of life spent in paid work and with good levels of health and functioning

Major future economic challenges: Demographics

- Fundamental demographic drivers are the same everywhere
- UK policy issues in pensions are very different than in France
 - Public pension financing is manageable due to increased individual provision and commitment to rising State Pension Ages
 - No disincentives to work in pension system

Proportion in paid work at (early) older ages



Note: 2019 data. Sources: France – Blanchard-Tirole Macron commission report, UK – Office for National Statistics

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- Fundamental demographic drivers are the same everywhere
- **UK policy issues in pensions are very different than in France**
 - Public pension financing is manageable due to increased individual provision and commitment to rising State Pension Ages
 - No disincentives to work in pension system
 - **But as a consequence our policy issues are around:**
 - Pensioner poverty (is the universal pension adequate?)
 - Financial inequalities in later life
 - Inequalities in ability to work at older ages below SPA
 - **How to support employment at older ages. Lifetime skills, healthy jobs, flexible jobs etc**
 - Where is the balance between government intervention, employee and employer behaviour

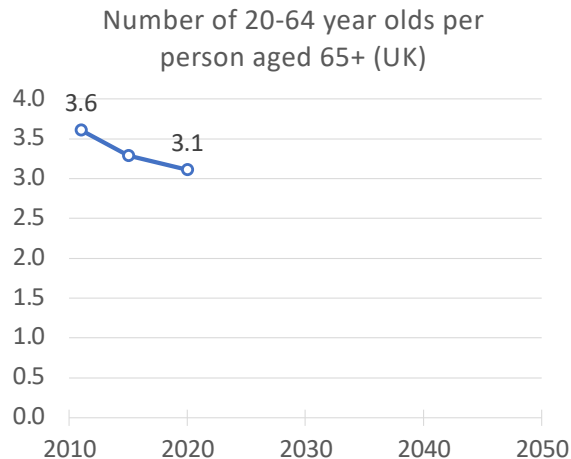
Major future economic challenges: Demographics

- Fundamental demographic drivers are the same everywhere
- UK policy issues in pensions are very different than in France
- Targeting prevention/delay of onset of chronic disease and disability is important, but also
 - Occupational health and links between health, disability and ability to work
 - And how to design and target disability benefits or other income support for those who are unable to work before they reach the SPA

Major future economic challenges: Demographics

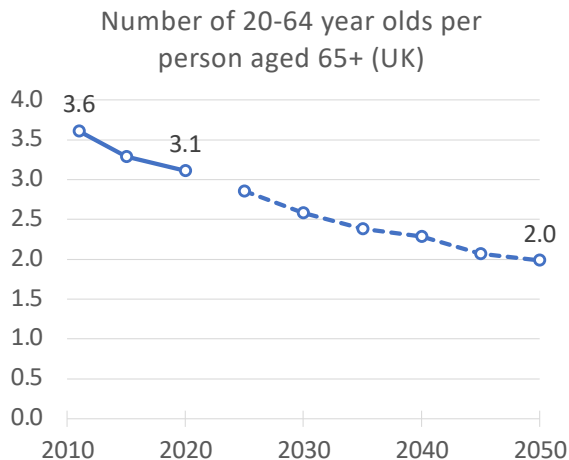
- Fundamental demographic drivers are the same everywhere
- UK policy issues in pensions are very different than in France
- Targeting prevention/delay of onset of chronic disease and disability is important
- **But what about social care?**
 - UK moved (relatively) early on pension reform. France has left it late.
 - Arguably, we have already missed the chance to move early on social care; and leaving it longer will only create greater issues

UK demographic dependency ratios



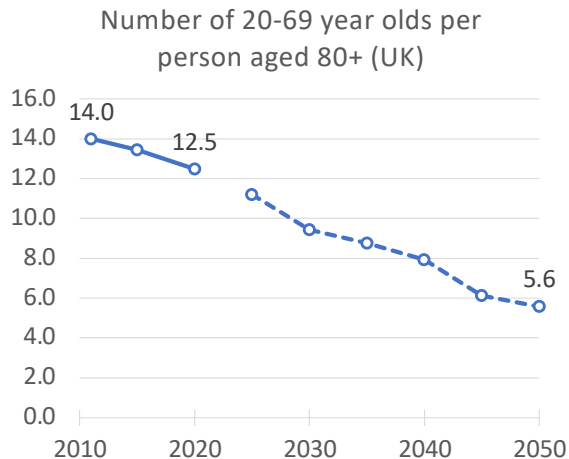
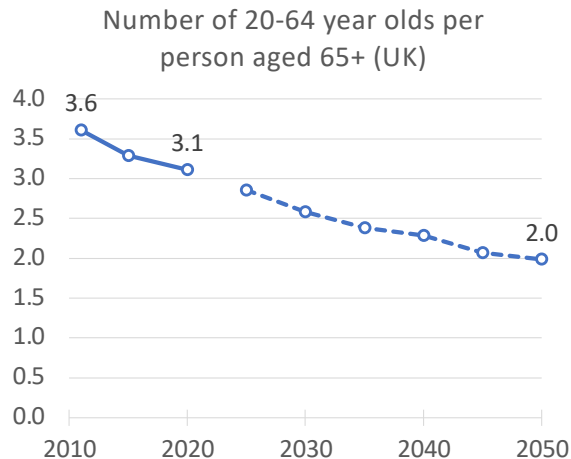
Note: ONS UK Population estimates, 2020 and ONS UK Population projections 2018 based, principal estimates

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- Targeting prevention/delay of onset of chronic disease and disability is important
- But what about social care?
- A holistic approach to policy in the face of the demographic challenge of ageing needs to think **jointly** about pensions, health/functioning and social care and the interdependencies between them