

70 is the new 60: We need to stop characterising the growth of older people in the UK in alarmist ways

Pat Thane argues that there is a danger of stressing the costs of the ageing population too much and the positive inputs of older people to economy and society too little. In reality many older people are far from being burdens on the young; rather, they contribute substantially to their families and society.



The demographic future is much discussed. The Office of Budget Responsibility's *Fiscal Sustainability Report* (July 2012) stresses the likely future costs to government revenue of the ageing population and suggests these could be partially offset by increased immigration by younger people. The Report on the 2011 census has been greeted with surprise because it shows the fastest rise in population in England and Wales in any 10-year period since the first census in 1801. This was partly due to the rise in numbers over 65, which was predicted in 2001, and an increase in children under 5, which was not. Immigration has also risen, though by less than at first appears: according to ONS, 45 per cent of the headline rise is due to undercounting in the 2001 census. It is impossible to know how much of the migration is long or short-term.

The unprecedented ageing of the population has caused concern since at least the 1980s, especially since it was paralleled by a decline in fertility, arousing fears that the pension, health and care needs of the growing retired generation would impose intolerable burdens on a shrinking younger working generation and even, some suggested rather sensationally (such as David Willetts *The Pinch: How the Babyboomers took their children's future and why they should give it back*, 2010), produce conflict between the generations.

The census figures should suggest caution about uncritical acceptance of demographic projections. There was a similar panic about population ageing in the 1930s and 40s due to unprecedented fertility decline and growing longevity. Keynes, Beveridge and others warned of the need to prepare for a long-run demographic shift. Then the birth-rate rose from the 1940s (the 'baby-boom'), the concerns were forgotten and a permanent return to high fertility assumed until it fell again in the late 1960s. This new demographic pattern was again assumed to be permanent, until fertility started to rise from 2001. Of course policy-makers need to work with forecasts, but we should learn from history to treat demographic assumptions cautiously, as indeed the Treasury and ONS do. The more so because they are as difficult to influence as to predict. There are no certain policies to increase fertility, and past shifts have been unexpected. It is unacceptable to prevent people living longer healthier lives. The one variable that can be influenced to some extent is migration, hence the recommendations of the OBR.

We should also be cautious about negative assumptions about the 'burden' imposed by the growing numbers of over-65s and generalizing about this large and diverse 'generation' aged between their 60s and over 100. Life expectancy has lengthened, but so has healthy life expectancy (HLE). In other words, people live longer, but more are fit and active to later ages than ever before. According to ONS, on average in 1981, at birth males could expect to live to 70.9, for 64.4 years in good or fairly good health. By 2006 to 77.2 and 68.5. For women, in 1981 76.8 and 66.7; in 2006 81.5 and 70.5.

However, these averages hide socio-economic inequalities. A government report in 2010, *Fair Society, Healthy Lives*, concluded that the poorest people in UK die on average 7 years earlier than the richest; the gap in 'disease free life expectancy' is a shocking 17 years. There is a similar gap in incomes. Average gross pensioner incomes rose 44 per cent between 1994/5 and 2008/9, fuelling images of oldies enjoying sun-soaked leisure, but the highest fifth of pensioner couples had net median incomes 3.8 times those of the lowest fifth. In 2008-9 1.8m pensioners lived in poverty according to the most commonly used official measure.

One proposed solution to the presumed costs of the retired population is to take advantage of their growing HLE and raise pension and retirement ages, fixed in the different circumstances of the mid 20th century. But *Fair Society, Healthy Lives* found that about 20 per cent of workers retire before age 65 due to ill-health; 75 per cent do not have disability-free life expectancy to 68, the currently proposed target age for retirement. A shift from an inflexible retirement age of 65 to 68 would deprive many, mostly poorer, older people of their right to a state pension, shifting them onto disability benefits, paid at lower rates and subject to stringent conditions. An alternative which has not apparently been considered is a flexible state pension/retirement age determined by ability/disability.

This is not a new idea. The first state pension in the world, introduced in Germany in the 1880s, was paid on this basis. It was also Beveridge's proposed response in his 1942 report on the ageing of the population in the 1940s: people should be incentivized to stay at work with higher pensions for each year worked past 65. If the post-1945 government had taken up his proposal current problems would have been prevented.

But there is a danger of stressing the costs of the ageing population too much and the positive inputs of older people to economy and society too little. The Home Office Citizenship survey (recently discontinued) has shown that since 2001 about 30 per cent of over 60s are regular volunteers with charities, increasingly overseas charities, putting their lifetime skills to work to help poorer countries, and up to 65 per cent of over 65s give informal but frequent care to sick and disabled relatives, friends and neighbours, relieving the state of considerable costs. 49 per cent of over 65s regularly look after children, mostly grandchildren, enabling their parents to work. 1 in 3 working mothers rely on grandparents for childcare. WRVS estimates that over 65s make a net contribution to the UK economy, after deduction of pensions, welfare and health care costs, of £40b through taxation, expenditure, donations to charity and volunteering. Grandparents Plus estimates that 16 per cent of those in their 60s and 30 per cent in their 70s give financial support to grandchildren and children.

Many older people are far from being burdens on the young. Many others are too poor to have a choice. Better off older people could contribute more. It is often suggested that universal benefits like winter fuel allowances and free transport should be means-tested. However, means-testing is costly and inefficient. At least 20 per cent of eligible claimants, often the neediest, fail to claim. It would be more efficient to tax such benefits and remove the favourable tax allowances currently received by about 40 per cent of all over 65s. The Chancellor made a start in the last budget by freezing the existing allowance and removing it from those who will reach 65 from 2013. It is hard to understand why those with incomes high enough to be taxed, who happen to be over 65, should pay less tax than others. Though given the furore the 'granny-tax' aroused, and the propensity of older people to vote, governments may lack the courage.

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