

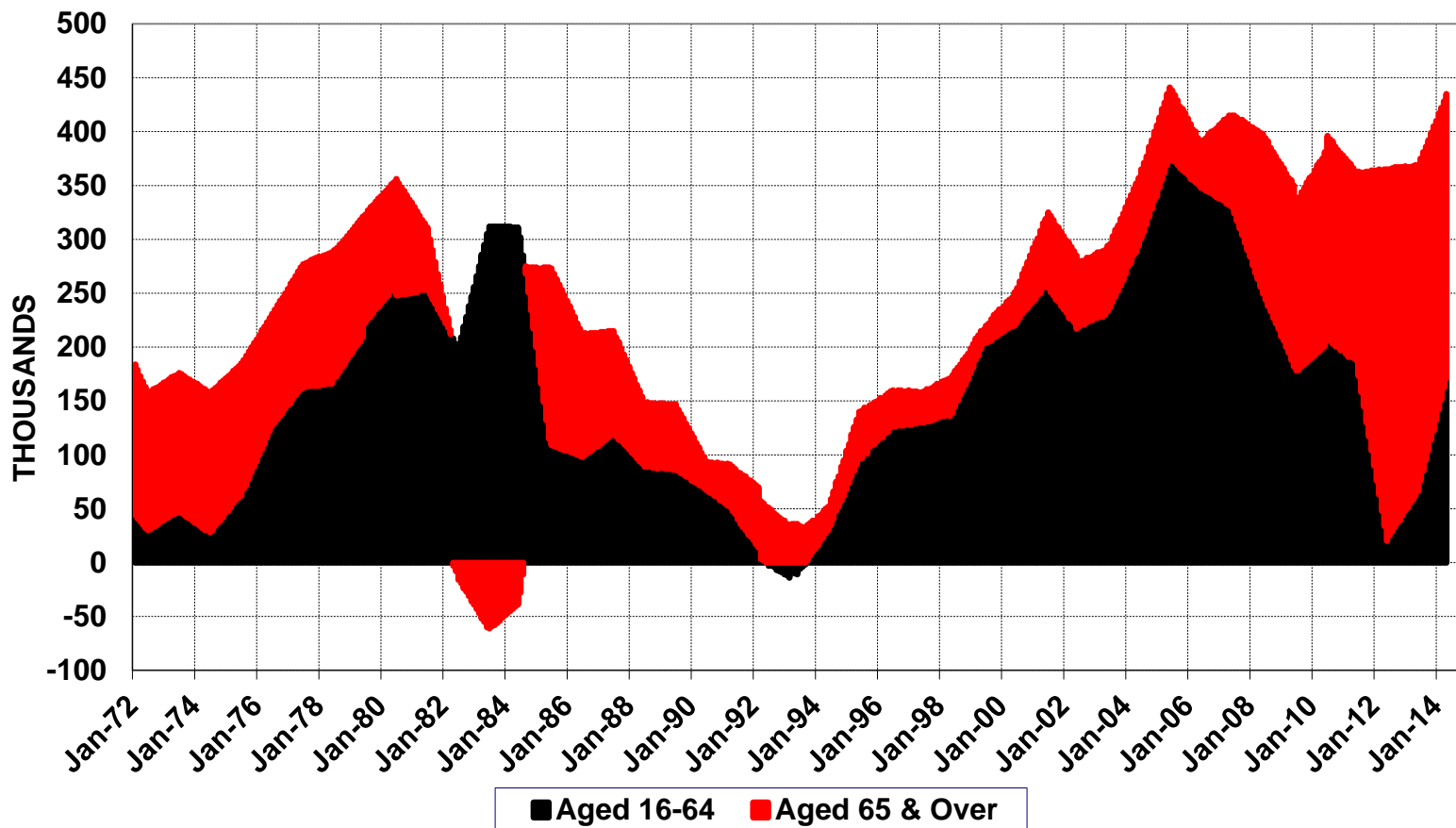
**AGEING SOCIETY IN EUROPE AND THE UK:  
EMPLOYMENT AND POLICY CHANGES.  
LSE CONFERENCE: 15 SEPTEMBER 2014**

**BILL WELLS: DISCUSSANT**

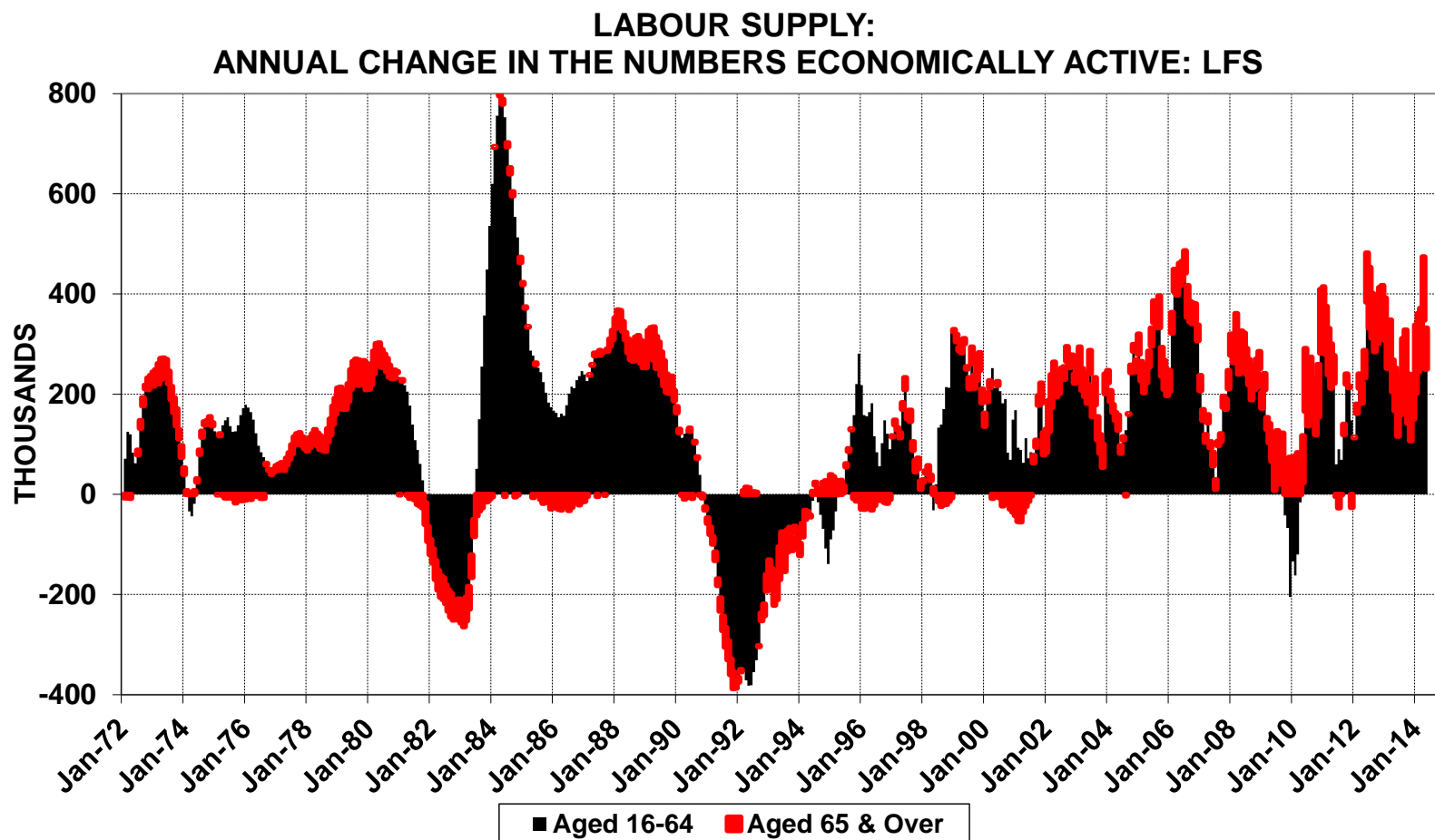
**DEPUTY DIRECTOR: LABOUR MARKET ANALYSIS:  
DEPARTMENT FOR BUSINESS, INNOVATION AND  
SKILLS.**

Over the past decade population growth has been very high at around 400 thousand per year. But it is increasingly dominated by the growth amongst the over 65s...

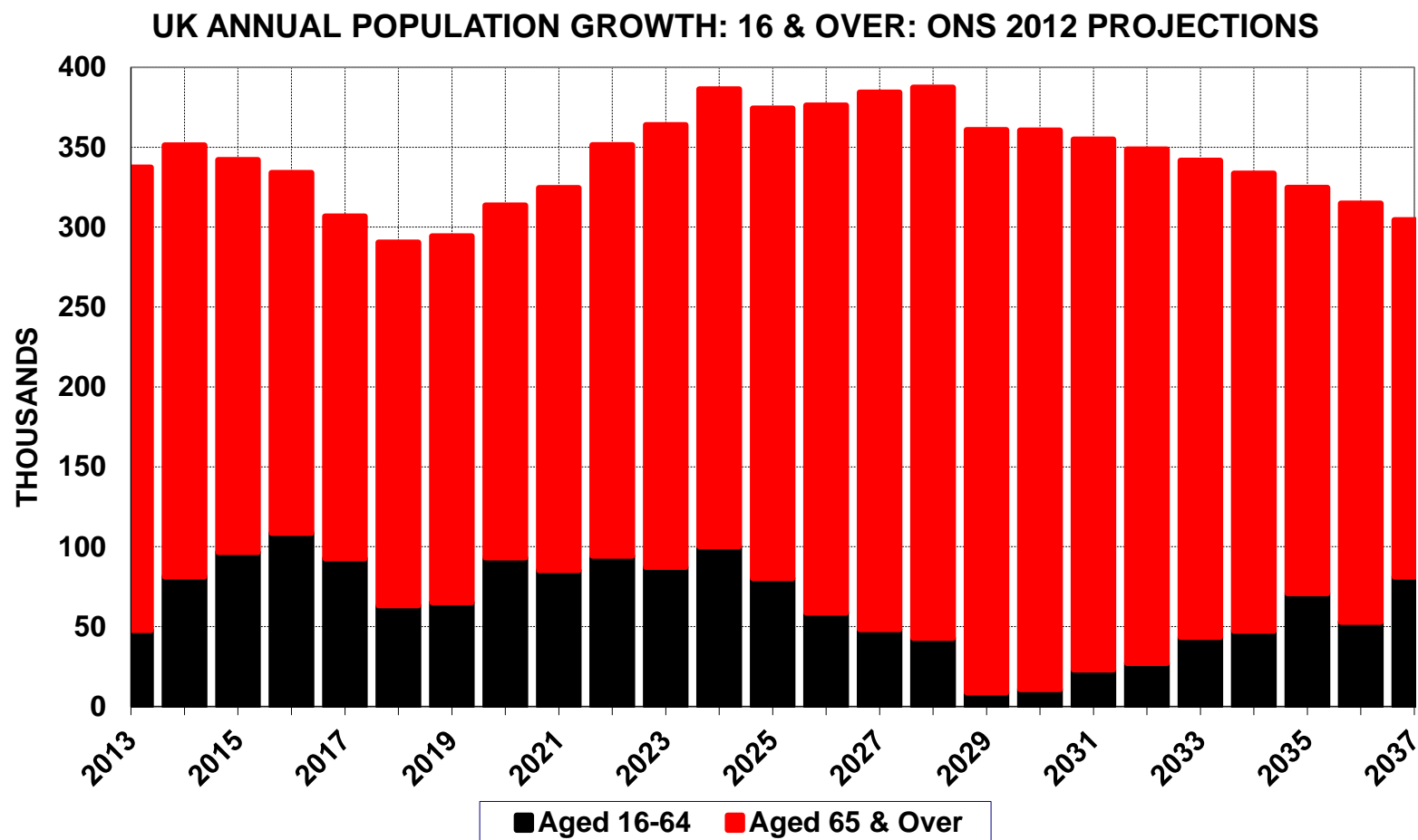
UK ANNUAL POPULATION GROWTH: LFS: 16 & OVER



...but despite the population growth amongst the over 65s labour supply growth has also been close to 400 thousand in recent year – with much of the growth amongst the over 65s.

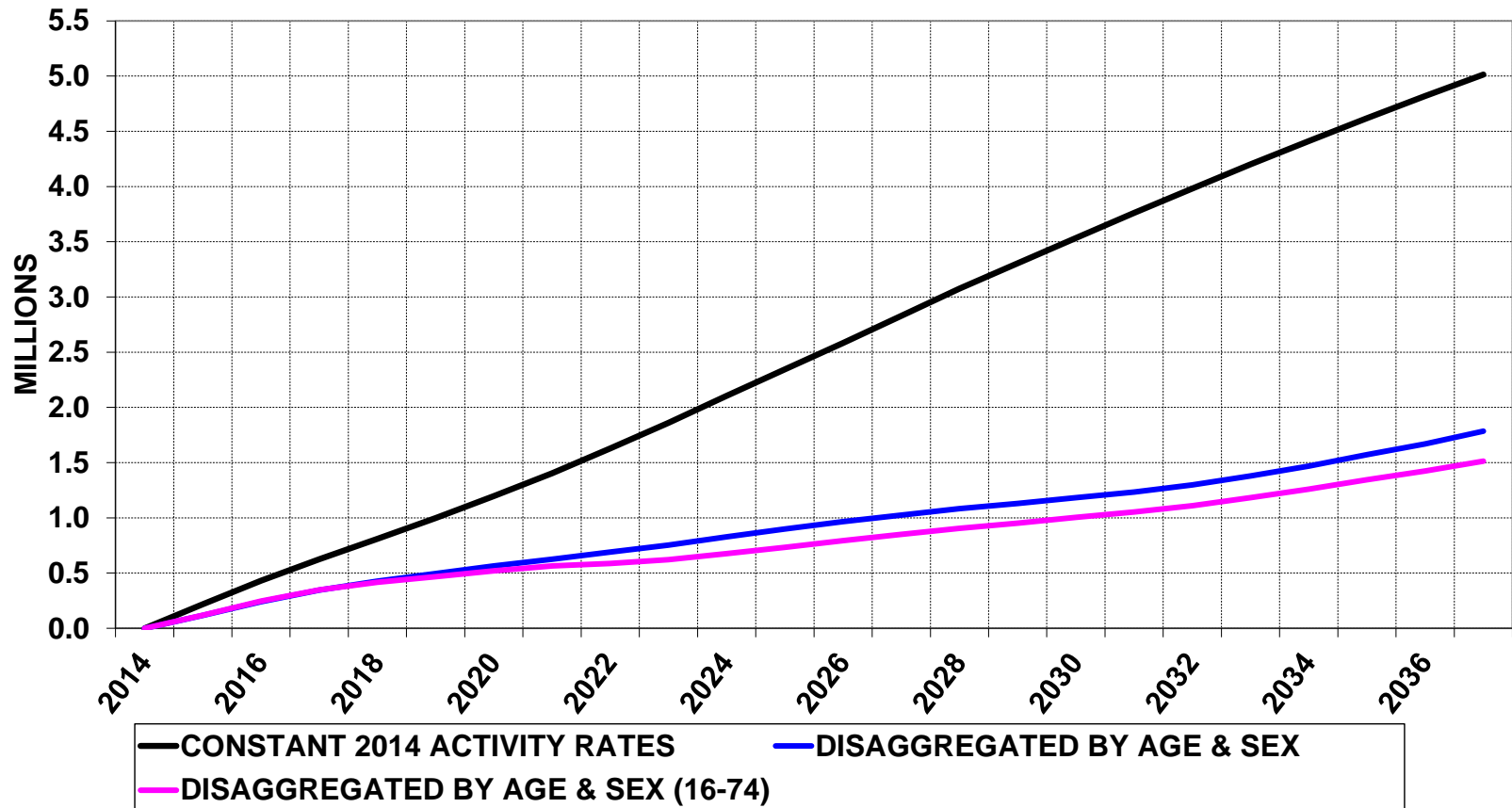


**Over the next quarter century population growth remains very high at over 300 thousand per year but it is again predominantly amongst the over 65 year olds...**



...and the effect of population growth being predominantly amongst those aged 65 & over drags down the projected labour supply growth – with constant activity rates – from 5 to 1 million.

UK LABOUR SUPPLY GROWTH: 16 & OVER: TOTAL:  
CHANGE SINCE 2014

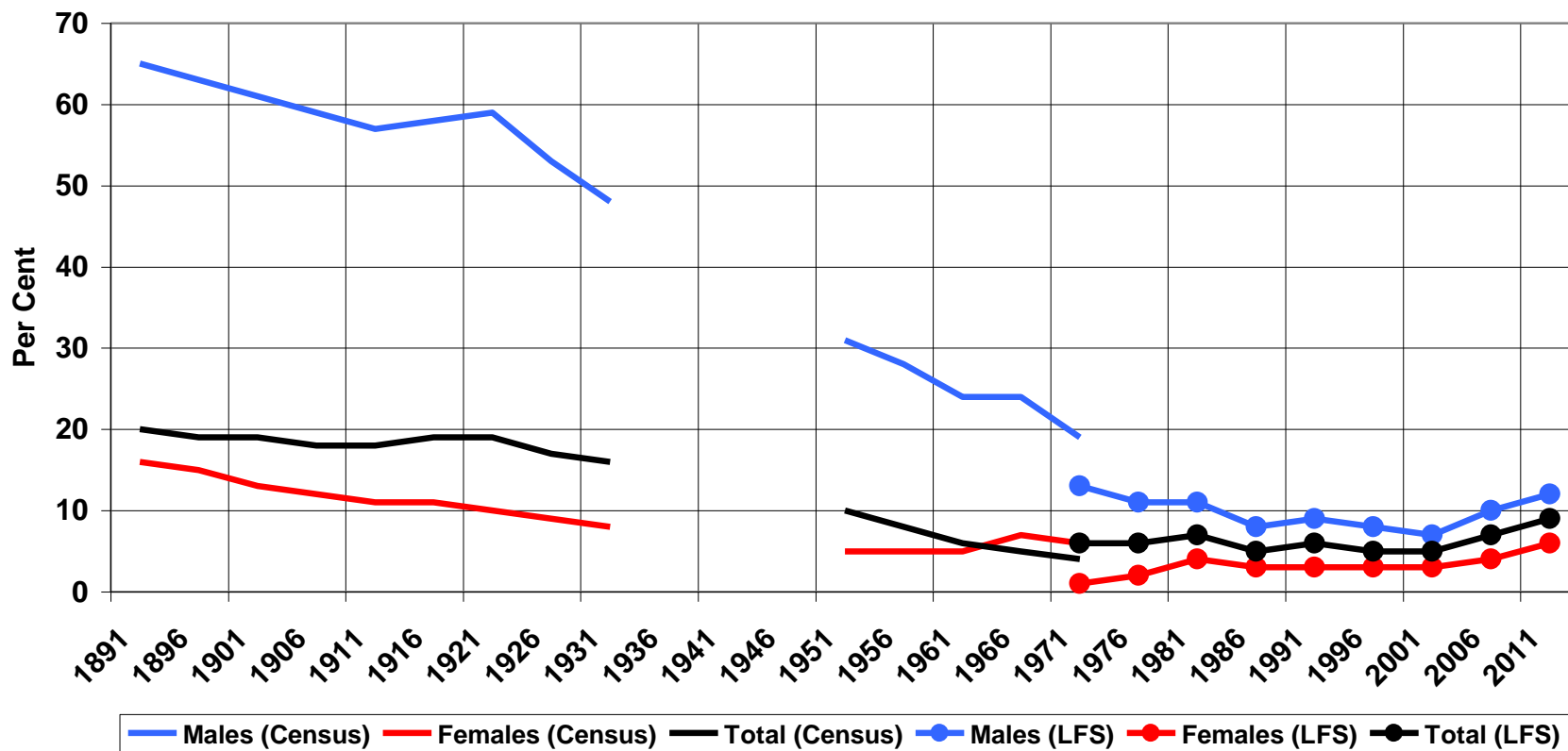


However, the UK has proved successful in translating population growth into jobs – both in the immediate post war period from 1948 to 1966 and since 1986. In the middle period – 1966-86 – there was a structural deterioration...

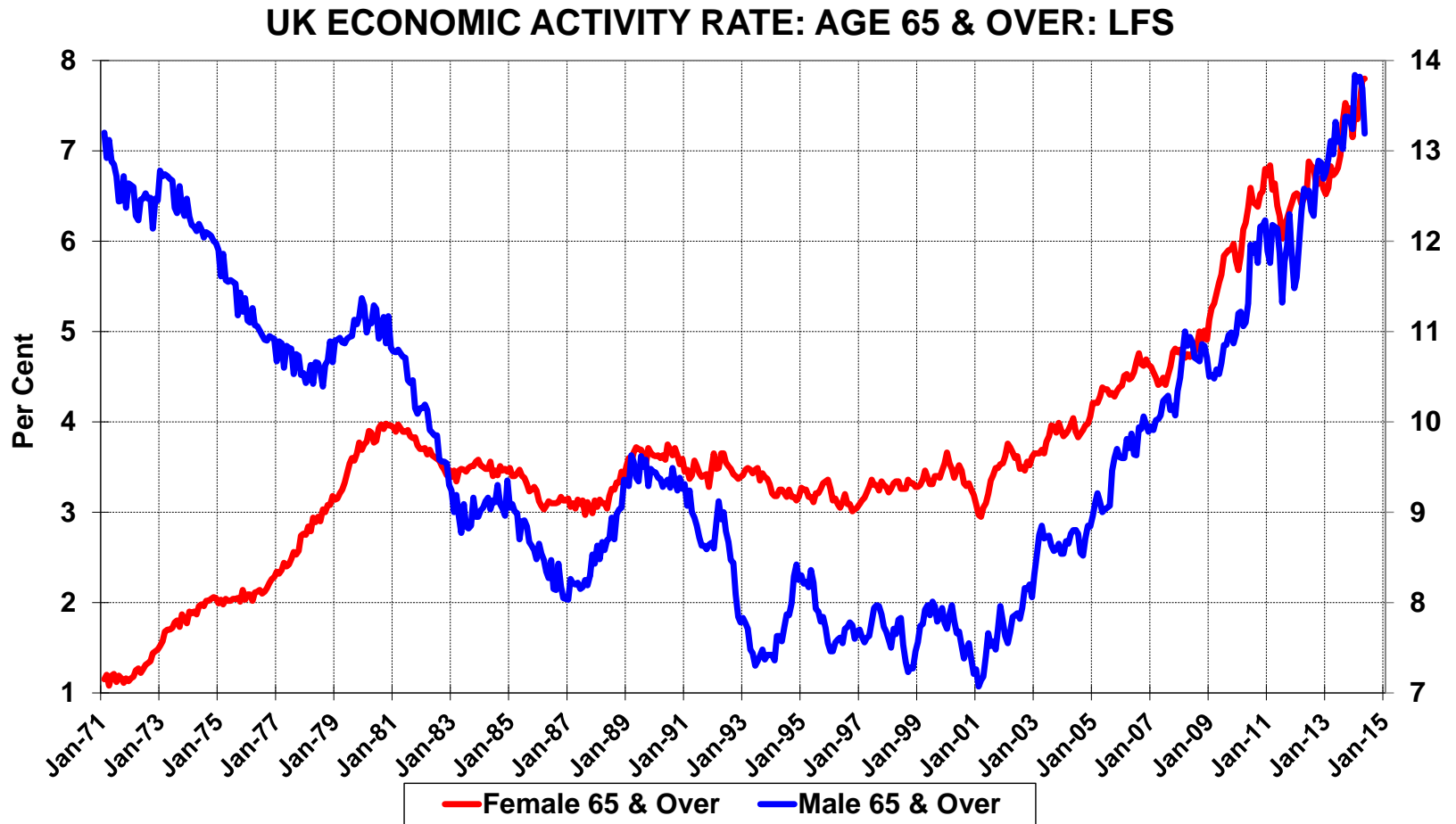


...with the promotion of retirement and early retirement from the labour force over more than a century a key factor in the poor performance over the period 1966-86...

ECONOMIC ACTIVITY RATE FOR PEOPLE AGED 65 & OVER

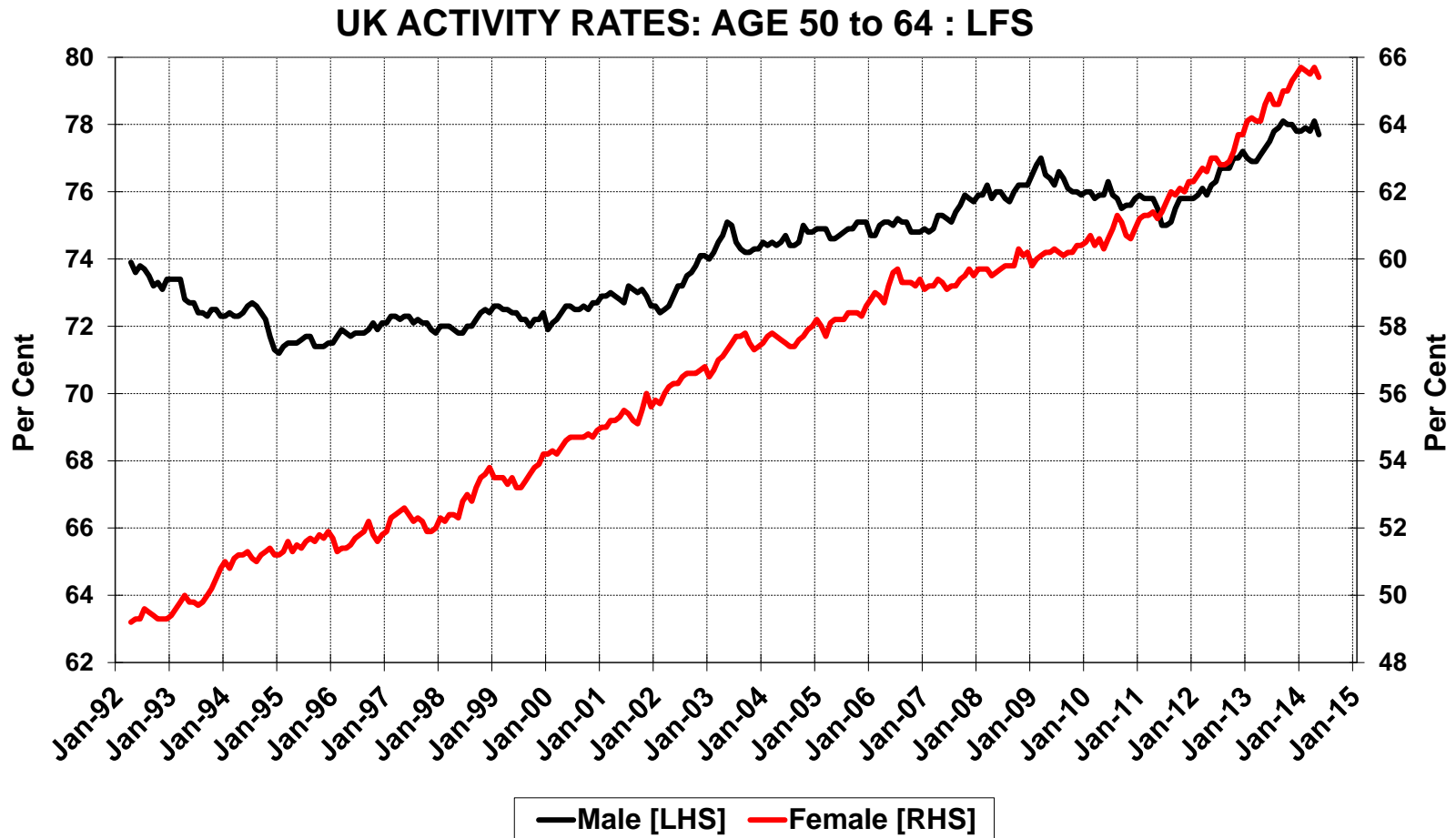


...but this century long trend has now been reversed for those aged 65 & over from 2001. This is due, at least in part to a period of concerted structural reform based around 'active ageing'...

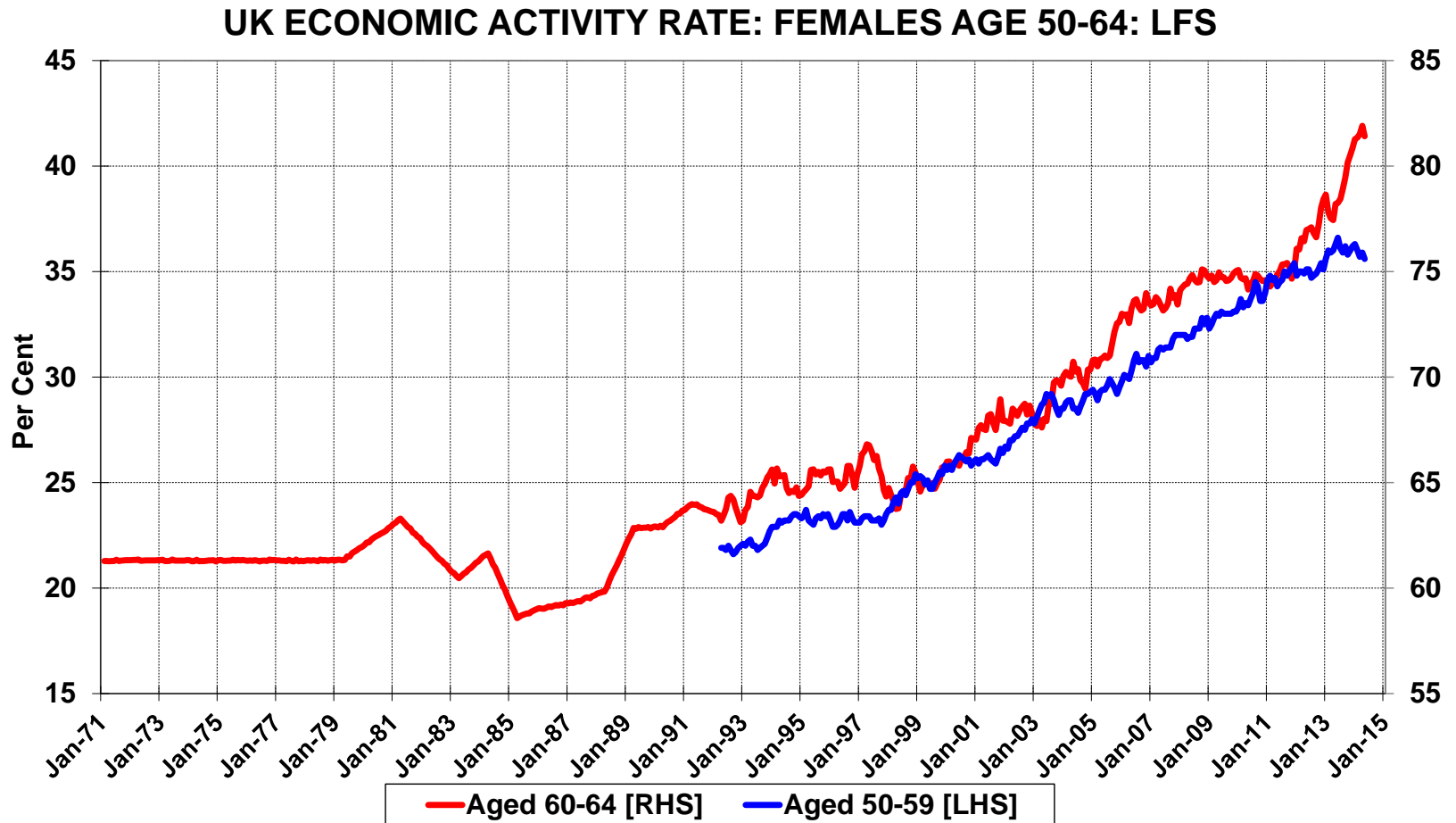




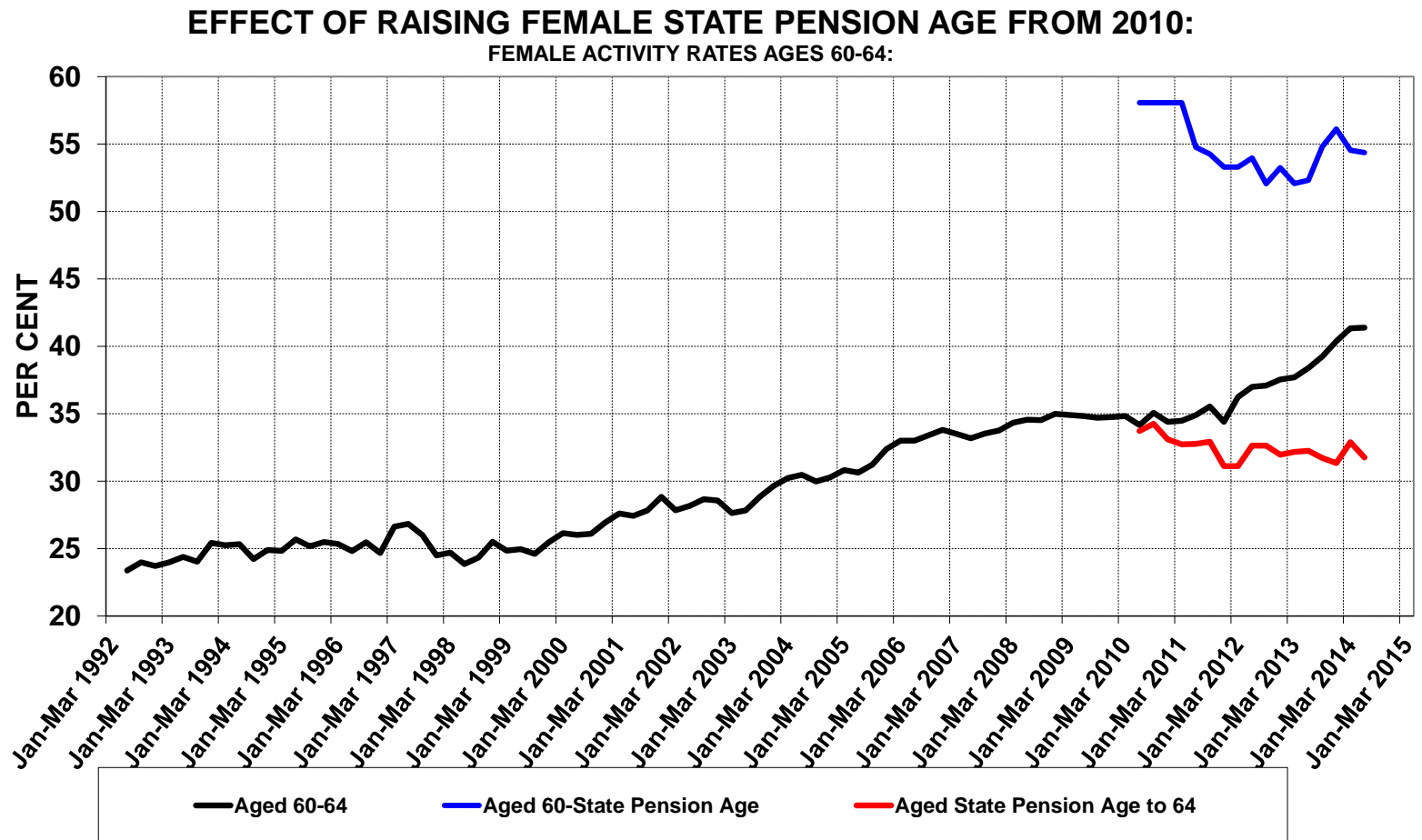
...and the promotion of active ageing and welfare to work has also led to activity rates – particularly for women...



...with larger percentage point increases for females aged 60-64 than for those aged 50-59 particularly since 2010...

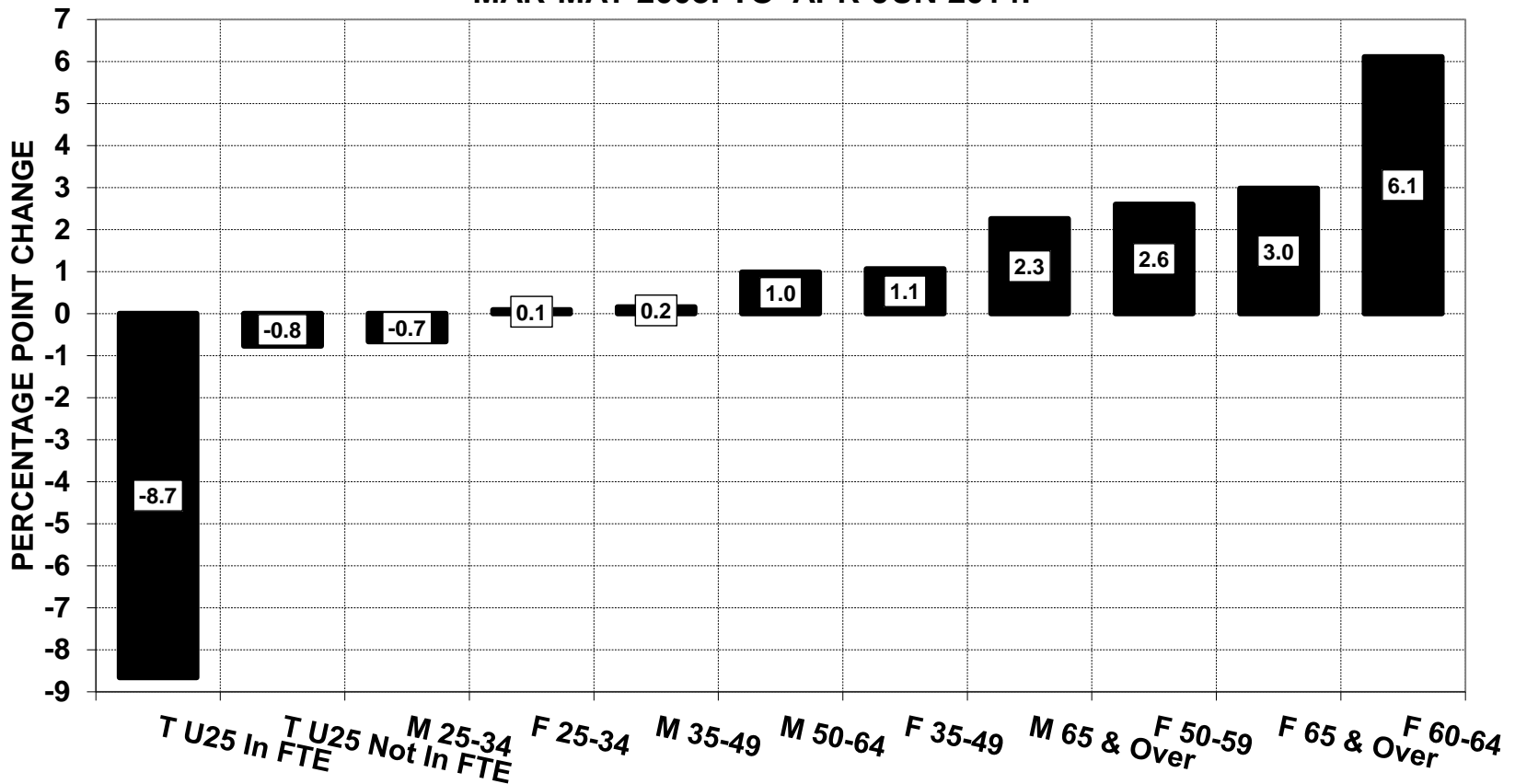


...when the state pension age for women begun to be moved up to become equal to the male state pension age – currently 65 – by the end of the decade.



Consequently, increased activity rates may help to overcome the effects of an ageing population. However, it will require further structural reform and also we are already moving into uncharted territory...

CHANGE IN LFS EMPLOYMENT RATE BY SEX & AGE:  
MAR-MAY 2008: TO APR-JUN 2014:



...and, in addition, although it may be possible to continue to increase activity rates for older people most of the growth will be amongst those aged 75 & over – a group where very few are likely to remain in work and so will need to be supported.

UK POPULATION GROWTH: 60 & OVER: TOTAL:  
CHANGE SINCE 2014

