

International Business Times

AGEING BRITAIN

**'WILL NEED MILLIONS MORE IMMIGRANTS'
TO PAY BILLS**

by

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<http://www.ibtimes.co.uk/articles/491501/20130717/office-budget-responsibility-immigration-ageing-population-health.htm>

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*Britain needs workers from overseas to offset the cost of its ageing population, according to the OBR
[Office for Budget Responsibility]*

Britain will need millions more working-age immigrants over the coming decades to alleviate the economic strains imposed by the country's ageing population, according to a report by the government's official economic forecasting body.

The cost of health, social care and the state pension will rise from 14% of Britain's GDP to almost 20% over 50 years, according to a report by the Office for Budget Responsibility.

Allowing 140,000 immigrants to enter Britain each year, equivalent to six million people over 40 years, would help increase the working population and improve public finances, it said.

A complete ban on immigrants would drive UK borrowing up to 174% of GDP, the report found. But permitting entry to a steady influx of immigrants would reduce that figure to 99%.

David Cameron has pledged to reduce the levels of immigration into Britain to "tens of thousands" during this parliament. In 2012 the number fell by 89,000 to 153,000.

"Our analysis shows that overall migration has a positive impact on the sustainability of the public finances over our 50-year horizon," the OBR [Office for Budget Responsibility] said in its annual fiscal sustainability report.

"There is clear evidence that, since migrants tend to be more concentrated in the working-age group relative to the rest of the population, immigration has a positive effect on the public sector's debt dynamics."

Britain's ageing population and strained healthcare system will require an extra £19bn of public investment after 2019, necessitating further spending cuts or tax rises on top of the £153bn of austerity measures the government is imposing.

Without immigrants, the financial burden of an ageing population would leave the UK with a £65bn hole in its finances, according to the OBR [Office for Budget Responsibility], which was set up by Chancellor George Osborne after the 2010 election.

"It is clear that longer-term spending pressures, if unaddressed, would put the public finances on an unsustainable path," the report said.

"Public sector net debt would approach 100% of gross domestic product [GDP] and still be rising."

The OBR [Office for Budget Responsibility] said healthcare spending presented the biggest financial pressure over the next 50 years, rising from 7% to 8.8% of GDP.

Long-term social care costs are forecast to rise from 1.3% to 2.4% of GDP. The cost of the state pension was predicted to rise from 5.8% to 8.4% of GDP as the population ages, even with recent reforms taken into account.

OBR chairman Robert Chote said: "Since last year, the underlying deficit and debt path look less favourable. There are huge uncertainties around the scale of the challenge and the UK is certainly not alone in confronting it."

Osborne announced the establishment of the OBR [Office for Budget Responsibility] in his first official speech as Chancellor in 2010. Criticising the previous government's economic and fiscal forecasts, he gave the OBR [Office for Budget Responsibility] responsibility for determining whether the government was meeting its policy targets.

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