

Introduction

Population policies have a bad press. Although governments worldwide have pursued policies aiming to alter demographic trends, 'population policy' has become synonymous in Britain with sinister notions of enforced abortions and one-child restrictions in China. This is a shame. At their best population policies are a means for governments to pre-empt demographic challenges and respond coherently, and can be as innocuous as providing better childcare with an explicit, if not primary, aim of raising fertility. But should altering demography be a political concern at all?

This question is increasingly significant in Britain. After the failures of corporatism and the anti-state rhetoric of Thatcherism the public remains hostile towards government intervention in private lives and the Labour Government is reluctant to pursue an explicit population policy, which might be perceived as bringing us closer to a 'nanny state'. Such reticence is a British tradition: despite academic and international obsession with the notion, population policy has never taken serious hold in the modern British welfare state. Yet the question of whether we should adopt an official population policy is becoming a critical one.

Interest in charting demographic trends continues – evidenced by the decision to move responsibility for producing population statistics from the Government Actuary's Department to a new Centre for Demography (ONS 2005). But Britain stands increasingly alone in its disinclination to react formally to trends; for example, we are now in a small and rapidly shrinking majority of OECD countries whose governments do not favour intervention to counter low fertility (d'Addio and d'Ercole 2005).

Although it remains a key focus of academics and demographers, in Britain, raising fertility is not on any party's political agenda. Moreover a host of official publications insist that a rise in fertility would in any case make no difference to dependency ratios for 50 years (Pensions Commission 2004).

While the Government is increasingly aware of the consequences of increased longevity, it has gone no further than exploring social policy responses to ameliorate the negative outcomes of an ageing society (such as reforms to counter a pensions shortfall) or to exploit the positive potential of this new demographic, for example by providing older people with opportunities to re-train.

British ministers may be concerned with the consequences of migration, yet seldom do they acknowledge the complex relationship between international migration and an ageing society. And despite a burgeoning media

fascination with the rise in solo living, the Government has stopped short of framing it as a development with profound consequences for society.

Several countries including France, Estonia and Singapore have adopted demographic targets or aspirations in response to their ageing populations (Grant *et al* 2004). Australia has a pro-immigration and pro-natalist policy, while in Japan the state sponsors dating agencies to encourage family formation (Financial Times 2005). Sweden and the Nordic countries have a long history of social policies aimed explicitly at facilitating childrearing, arising out of a political culture which demonstrates a long-running consensus that the state has an important responsibility to enable people to balance their public, economic and private lives. So why are these governments more engaged with demographic change than Britain?

In some countries, pro-natalism is a response to existential angst over national identity: France has a customary concern with populating *La République*. Elsewhere, geopolitical and economic considerations drive attention to both the mix and magnitude of the population, a response typical of net immigration countries such as Australia and Canada. And most advanced economies are wrestling with the consequences of ageing for the funding of public services, especially Italy and Japan, two countries that are suffering earliest from the effects of an ageing population.

In the UK, these concerns are not so pressing. The latest projections predict our population of 60 million people will increase by five million over the next 20 years, or nine million over the next 50: small increases in the historical perspective – Britain's population has nearly doubled since 1900. And our fertility rate remains relatively high by international standards. In fact compared with most of Europe, Britain's demography looks positively rosy. Its emerging 'Anglo-social' welfare state may be helping to maintain relatively high birth rates by facilitating women's participation in the labour market and providing a degree of state-funded childcare (Dixon and Pearce 2005). Rather than placing pressure on natural resources, sustained net immigration injects younger workers into the labour market. And the sustainability of our state pensions system is not a pressing issue when compared with the problems faced by Italy and elsewhere.

The international comparison has made British politicians and policy-makers relatively sanguine about demographic change. But are we right to assume demographic change to be so innocuous?

The evidence and argument presented in this report confirms that we are not. Current debate has missed the far-reaching and profound implications of some current trends. Chapter 1 shows that Britain in 2006 is at a demographic fork in the road: fertility patterns over the next 20 years will determine our demographic future for the next 50 and beyond. If fertility stays at its current level – or falls further – the UK would face similar problems to Italy and Japan as soon as 2030. The view over the approaching horizon

would be one of rapidly increasing pressure on state spending, potentially exceeding 2.7 per cent of GDP (see Appendix 1). But Britain, like Italy and Japan today, would be too far down a dangerous demographic path to turn back easily. Predicting the demographic future is a risky business, particularly so far in advance. But the analysis in chapter 1, which sees demography in path-dependent terms, showing the direction in which demographic roads lead and how hard it is to change course, should give even conservatives pause for thought.

It is likely that we have underestimated the salience of Britain's demography for state spending commitments. But have we also underestimated its importance for policy priorities?

A central argument of this report is that progressives have failed to grasp why demography matters for social justice. Not only do we now know that population size – once the key concern of policymakers – is much less important for environmental sustainability than how and where people live, but an emerging body of evidence from across the globe shows that diverse demographic trends have severely exacerbated poverty and inequality over the past few decades and will continue to do so in the near future (Daly and Valletta 2004, Johnson and Wilkins 2003, Brandolini and D'Alessio 2001).

ipp's original analysis reveals for the first time how large the impact of these trends may have been in Britain. Our econometric modelling shows that it is likely that a substantial proportion of the rise in inequality between 1979 and 2003/04 was due to demographic change – changes in household composition, fertility patterns and population ageing – trends that are projected to continue. It also reveals that if Britain had had the same pattern of household composition in 2003/04 as it did in 1979, it is likely that there would be several hundred thousand fewer pensioners in poverty and tens of thousands fewer children in poverty (other factors remaining unchanged). The exact figures are detailed in chapter 1 and our methodology is outlined in Appendix 2.

It is likely that demographic change is one crucially unacknowledged factor that may have prevented the Labour Government from reducing inequality between 1996/97 and 2003/04.

Of course, many of the societal changes that have caused these demographic shifts are to be welcomed: we should not wish a return to the Britain of the early 1980s when, for example, women faced worse job prospects and greater difficulty in managing their work/life balance. And there is a complex interplay between demography, labour markets, welfare state structures and culture that refracts the effects of demography in ways not captured by our analysis. But the simple point remains: demography matters for poverty and inequality. So which trends have been most important?

Two key contributors have been changing patterns of fertility and household composition. Chapters 4 and 5 look at these in detail, drawing out the challenges they raise and the implications for policy. We argue that unless government can find a way to respond to these trends in a progressive way, they will lead to substantial challenges to social justice: higher child poverty, increased future care needs, fundamentally altered housing requirements and intensified environmental problems.

It is clear that government should want to respond to these developments. But does it have a mandate to do so – would an explicit policy approach to demography be popular, or would it lead to accusations of undue interference with private family life?

In October 2005, two events occurred which shifted the contours of debate around demographic change. The first was an announcement by the French Government that middle-class French mothers would be offered cash incentives to have a third child. This sparked debate in the British press about whether the Government should do more to enable women financially to have more children (Sunday Times 2005). And in the same month, the Government's Work and Families Bill (DTI 2005) – the apex of a range of reforms affecting parental leave, childcare provision and the cost of children – induced accusations from some quarters that the Government may be introducing population policy through the back door (Financial Times 2005).

These questions seemed to resonate with a British public that is becoming more interested in demographic change, more uncertain about its repercussions and more personally involved: hundreds of thousands of people are finding it impossible to have the families they desired and to live in the households they wanted to. IPPR's research, presented in chapters 4 and 5, shows that people's 'demographic aspirations' are increasingly not being met: there is a large 'baby gap' between the number of children people want early in their lives and the number they end up having, and it appears that a significant proportion of people living alone are doing so not by choice but as a 'least worst' option; and too many never find a way out. Worryingly, it seems that current policies may be partly responsible.

Despite rising public, academic and media concern, government has continued to sidestep the demographic debate. As we argue in chapters 2 and 3, this strategy has effectively tied its hands behind its back: government's inability to talk convincingly about demography has had some serious repercussions for its ability to lead public opinion in a progressive way. Headlines repeatedly highlight fears about childless women and changes in household structure – but with a lack of informed analysis of the implications.

This effect is clearest in terms of the migration debate. Opinion polls show that public attitudes towards immigration have become less and less tolerant over the last decade as the issue has become a simplistic wrangle about overall numbers, rather than a mature discussion about the benefits

migration can bring to the country and the interaction between levels of migration and other demographic trends. British citizens are still markedly more hostile towards immigration than those of other countries, despite official attempts to highlight the many socioeconomic advantages migrants bring (Lewis 2005).

We need to find a way to lead public and political debate around demographic issues, giving government the space to respond to people's real desires and frustrations, to respond to the pressing challenges current trends are creating, and to counter fears that an explicit approach means either a Chinese-style one-child policy to manage population growth, or regressive French-style tax incentives to encourage it. As Farrant and Sriskandarajah argue in chapter 6, this would enable us to move beyond an anachronistic obsession with numbers in the migration debate, to a more sophisticated, nuanced and effective analysis.

This report sets out the reasons why government should act. It examines international evidence of what policies and reforms work, and outlines a political strategy (in chapter 3) that would enable government to take an effective lead in responding to demographic change in a popular and progressive way.

In many ways this report is a scoping exercise. We have chosen to leave many demographic trends untouched, focusing on developments in fertility, solo living and migration, and within these areas we have tried to focus on new and emerging issues. Our primary aim is not to suggest incremental policy solutions, although our recommendations are made where relevant. Nor do we provide a cost/benefit analysis of policy reforms that could shift demographic trends and thereby influence fiscal sustainability, levels of poverty, inequality and other measures; at this stage such detailed assessment would be inappropriate. Rather we hope that our research and analysis will inject fresh thinking into demographic debate and provide government with the political tools necessary to tackle trends that threaten to undermine the pursuit of social justice in Britain – and to do so in the right way.

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Note: web references correct January 2006

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