GREY GROWTH

Building on the lasting lessons of Hans Rosling

By Bart Le Blanc

- *After many a negative World Economic Outlook report, the IMF mood seems to have improved somewhat, with even a hint of some "sluggish" recovery around the corner*
- *But this recovery is very uneven and fraught with risks. Thus, the IMF policy advice is: continue with monetary easing combined - where possible - with fiscal stimulus. Reduce geo-political tensions and enhance international cooperation on climate change. Push on with structural reforms to increase productivity with a special focus on demographic trends.*
- *My commentary focusses on productivity and ageing populations. Economists worry about this and their structural reform policy advice frequently illustrates the "dismal" nature of their science.*
- *I have been trying to "mind-map" the many interconnected issues around the non-contentious common goal of sustainable growth and I have found that behind the "ageing problem" of many economists, there is a fantastic story to tell.*
- *Yes, the statistics can look frightening at first glance: productivity growth has significantly slowed since the financial crisis. The percentage of 60-plussers has exploded from around 20% in advanced economies in the 1980, to some 30% today and projected to cross the 40% in 2050, with the emphasis moving from Europe to Japan and other Asian Countries.*
- *Hans Rosling has helped a lot to understand and appreciate this by pointing at the positive behind the numbers: Child survival rates in the world have improved beyond imagination and as a result the number of children per mother has dropped significantly.*
- *If there is good news behind the age statistics, why are we not addressing this with new progressive, upbeat policies? Why is it that New Zealand's older worker's participation is so much higher than in many other countries? Are we not significantly underutilising the older workers by forcing them into retirement?*
- *My (self-serving) comment is: YES on all fronts. A new integrated policy approach would change the way we educate, work, train, and retire. The system of care, labour income, pensions, and child and elderly people support belong to the past.*
- *Changing life cycles will force fundamental change in working practices and career models, will demand new human capital investment and technology support and make the current pension system future proof. And as a result, productivity growth will take off again.*
- *Grey is the new Black!*

1. "Tentative Stabilisation, Sluggish Recovery?"

Reading the IMF January 2020 World Economic Outlook, the "*Tentative stabilisation*" from its title seems to illustrate the IMF's mood on its economic forecasts. Over the last 18 months the IMF has produced one gloomy report after the other, with every quarter lower growth projections than before and a definitive lack of optimism. Not that there is a lot of that around today, but the negative spiral seems to have abated: the world economy is expected to grow a bit slower than earlier projected (-0.1 to-0.2 of world GDP), but it won't get much worse (phew!) and a slight recovery may be around the corner.

This is the result of some major economic policy issues having recently been settled, such as (i) the signing of Phase I of a new US-China trade agreement, (ii) the seemingly reduced political controversy around Brexit after the recent UK elections, and (iii) the levelling out of the impact of the new EU car-emission on the car manufacturers.

While introducing the new World Economic Outlook, the new Managing Director of the Fund, Kristina Georgieva, gave a few clear pieces of policy advice for the world's leading economies:

- continue to do what worked well, referring in particular to the central banks' monetary easing programmes, to be complemented by fiscal stimulus where possible;
- limit geo-political threats (e.g. Middle East) and cooperate internationally on climate change to avoid natural disasters;
- boost economic growth by pushing further with structural reforms and investing in new technologies (FinTech was specifically mentioned).

Easier said than done, one might think…

The outlook for the emerging world (particularly for the so-called BRICS countries) is generally negative and is the main reason for the slight negative adjustment of the GDP projections.
As the table below shows, these countries are expected to face lower growth rates than earlier foreseen which is expected to create further political tensions internally.

Table 1. Overview of the *World Economic Outlook* Projections
(Percent change, unless noted otherwise)

	Year over Year				Difference from Oct 2019 WEO Projections 1/		Q4 over Q4 2/		
		Estimate	Projections				Estimate	Projections	
	2018	2019	2020	2021	2020	2021	2019	2020	2021
World Output	**3.6**	**2.9**	**3.3**	**3.4**	**–0.1**	**–0.2**	**2.9**	**3.5**	**3.3**
Advanced Economies	**2.2**	**1.7**	**1.6**	**1.6**	**–0.1**	**0.0**	**1.5**	**1.9**	**1.4**
United States	2.9	2.3	2.0	1.7	–0.1	0.0	2.3	2.0	1.6
Euro Area	1.9	1.2	1.3	1.4	–0.1	0.0	1.0	1.7	1.2
Germany	1.5	0.5	1.1	1.4	–0.1	0.0	0.3	1.2	1.5
France	1.7	1.3	1.3	1.3	0.0	0.0	1.2	1.3	1.4
Italy	0.8	0.2	0.5	0.7	0.0	–0.1	0.3	0.9	0.5
Spain	2.4	2.0	1.6	1.6	–0.2	–0.1	1.7	1.6	1.6
Japan	0.3	1.0	0.7	0.5	0.2	0.0	0.5	1.8	–0.3
United Kingdom	1.3	1.3	1.4	1.5	0.0	0.0	0.9	1.8	1.5
Canada	1.9	1.5	1.8	1.8	0.0	0.0	1.8	1.7	1.8
Other Advanced Economies 3/	2.6	1.5	1.9	2.4	–0.1	0.1	1.4	2.4	2.3
Emerging Market and Developing Economies	**4.5**	**3.7**	**4.4**	**4.6**	**–0.2**	**–0.2**	**4.0**	**4.8**	**4.8**
Emerging and Developing Asia	6.4	5.6	5.8	5.9	–0.2	–0.3	5.3	6.0	5.8
China	6.6	6.1	6.0	5.8	0.2	–0.1	5.9	5.9	5.8
India 4/	6.8	4.8	5.8	6.5	–1.2	–0.9	4.3	6.9	6.1
ASEAN-5 5/	5.2	4.7	4.8	5.1	–0.1	–0.1	4.6	4.8	5.1
Emerging and Developing Europe	3.1	1.8	2.6	2.5	0.1	0.0	2.8	2.4	2.6
Russia	2.3	1.1	1.9	2.0	0.0	0.0	1.5	1.6	2.4
Latin America and the Caribbean	1.1	0.1	1.6	2.3	–0.2	–0.1	0.0	2.0	2.4
Brazil	1.3	1.2	2.2	2.3	0.2	–0.1	1.8	2.0	2.4
Mexico	2.1	0.0	1.0	1.6	–0.3	–0.3	0.1	1.2	1.8
Middle East and Central Asia	1.9	0.8	2.8	3.2	–0.1	0.0	. . .	. . .	. . .
Saudi Arabia	2.4	0.2	1.9	2.2	–0.3	0.0	–0.9	2.7	2.2
Sub-Saharan Africa	3.2	3.3	3.5	3.5	–0.1	–0.2	. . .	. . .	. . .
Nigeria	1.9	2.3	2.5	2.5	0.0	0.0	. . .	. . .	. . .
South Africa	0.8	0.4	0.8	1.0	–0.3	–0.4	0.3	0.6	1.3
Memorandum									
Low-Income Developing Countries	5.0	5.0	5.1	5.1	0.0	–0.1	. . .	. . .	. . .
World Growth Based on Market Exchange Rates	3.0	2.4	2.7	2.8	0.0	0.0	2.3	2.9	2.6

Source: IMF World Economic Outlook January 2020

In its familiar call for structural reforms, the IMF calls again for action across the world economies in order to tackle rigidities in labour markets and to fight slowing productivity growth: *"Across all economies, measures that address structural constraints and increase labor force participation rates remain essential to counter population aging".*
This is the issue that I would like to elaborate further in this commentary, hence its title: "Grey Growth"!

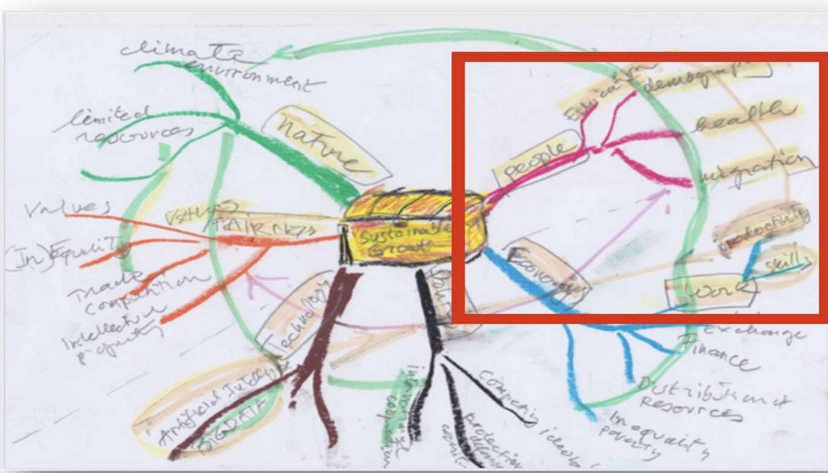
2. Happy Mind-Mapping the 2020s.

In my desire to make sense of today's big issues as presented in the latest World Economic Outlook, I was struggling to fully comprehend the changing mood in these quarterly reports. Trying to appreciate all the interconnected issues impacting world growth, one can easily feel like they're drowning in the deep and muddy waters of economic developments, political positioning, facts and fake news.

My millennial twin daughters introduced me to their favoured tool for getting to grips with complex issues: the "mind mapping" exercise, and that proved to be somewhat helpful for this traditionally educated economist.
As a result, there will be some very amateurish illustrations by my own sketchy drawing on the following pages, for which I sincerely apologise in advance.
I started off by trying to mind-map a single non-contentious economic policy goal: *sustainable growth*. I doodled a bit and found myself not knowing where and when to stop....
Looking through the eyes of an economic commentator, I saw too many important factors simultaneously influencing the path towards this goal. Such factors range from the resources angle: People and Nature and to the moral guidance and limitations of Values/Fairness, to the fast-moving reality of man-made elements such as Economics, Politics and Technology. All of these different factors are interrelated: Nature/Climate impacts People/Migration and in turn Politics and Economics. Demography and Technology affect Productivity and thus Work/Jobs. Politics can contribute to Growth through international cooperation rather than destroying it through narrow national interests. Ethical factors stemming from Values/Fairness create a breeding ground for human (including labour) rights, and balanced competition and trade, leading to sustainable working conditions, less poverty and more opportunities for all, if they get a chance....

Below you can see a sanitised version of my first "mind map" for illustrative purposes.

Mind mapping Sustainable Growth with Productivity focus



As said, mind mapping Sustainable Growth for the 2020s shows how much at stake, so many factors have serious impact, so much that can go wrong...
It is an exercise that makes one better understand why many economists (including at international organisations such as the IMF and the OECD) tend to focus on the threats and risks, and forget the good stuff that is happening (I will circle back to Hans Rosling's contribution later).

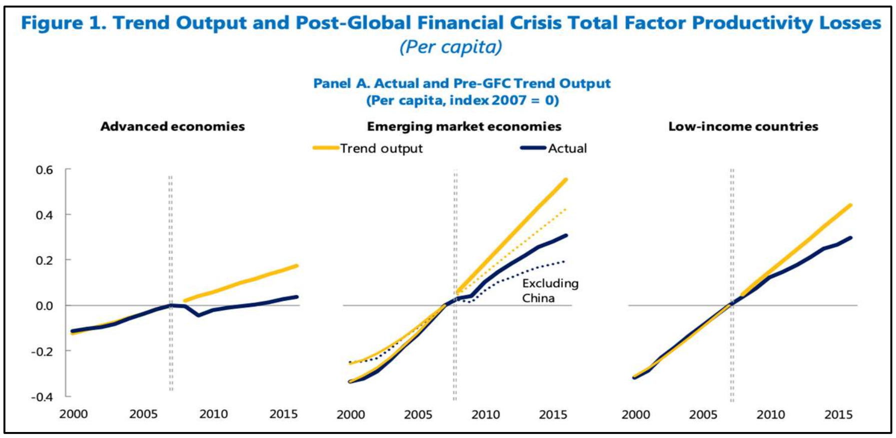
In the latest series of World Economic Outlooks, the IMF has pointed many times at what they see as one of the most pressing (and depressing) issues of our time: slowing growth of *productivity,* ageing populations and the potentially dire consequences for sustainable growth.

3. The Productivity Puzzle: the "dismal science's" recipe.

In most of the years following the 1950s, growing productivity levels did contribute to continuing economic growth, improved living standards and overall economic efficiency. They also provided a solid basis for the development of public services and welfare systems. When productivity growth slowed markedly in the last decade, it created for many economists one of the most discussed and still unresolved issues in the post financial crisis economics debate.

In the best tradition of economists to illustrate how "dismal" their science is, many have focussed on the potentially negative consequences of slow productivity growth.
As the former IMF managing director Christine Lagarde stated: "*Another decade of weak productivity growth would seriously undermine the rise in global living standards. Slower growth could also jeopardise the financial and social stability of some countries by making it more difficult to reduce excessive inequality and sustain private debt and public obligations." (Reinvigorating Productivity Growth, April 2017)*

Why did productivity growth slow so markedly after the financial crisis? The graphs below illustrate that it was/is a global phenomenon, hitting not only advanced but also emerging economies.



Source: Gone with the Headwinds: Global Productivity, IMF staff discussion note April 2017

Many economists have been trying to find explanations for this slowing trend without finding a clear answer, but so far there is no consensus on how to solve the 'productivity puzzle'.

Nobel laureate Robert Solow also struggled with this phenomenon in his broad and deep body of academic work on economic growth.
In what has become known as the "Solow Paradox", he queried the low levels of productivity growth in the 1970s and 1980s particularly in light of the enormous advance of computing technologies. Solow's partial explanation lead him to conclude a new economic phenomenon: the so-called *hysteresis*; a concept borrowed from physics. It describes the impact of past events on future developments: major economic disturbances in the past may in the shorter term, hinder a smooth return to pre-existing healthy economic growth paths. The full effect only comes to fruition as new technologies are broadly integrated in organisations and in the way people interact with them.

It is worth noting that economists generally agree that *hysteresis* cannot be the whole answer to today's productivity puzzle. In recent years traditional economic beliefs have been further upset by an unexpected combination of (a) modest growth in many advanced economies with slow productivity development, (b) relatively high levels of employment combined with real wage stagnation, (c) subdued inflation and (d) all in a world of zero interest rates. Few economic models, founded on conventional economic paradigms, had predicted that this could occur simultaneously.
Many political and sociological studies imply that the growing resistance of certain groups in society might be inspired by this devilish combination of developments, which hurts some and not others and seems to fuel further inequalities.

There is much debate over the accuracy of the measurement of productivity (traditionally very manufacturing focussed) in economies that are increasingly dominated by the service sector.
But even if the current method results in an under-estimation of productivity growth, the issue of today is not so much the level of productivity growth, but the continuous downward trend in the last decade. And therein lies the problem for future sustainable growth.

In the best neo-classical traditions, the economist's response has mainly been focussed on the supply side of the economy: more flexible labour supply through less regulation and looser contracts, liberalised labour markets, re-invigorate competition, reduce pension and welfare systems, in combination with more investment in research and development and education and training. On the other hand, IMF economists acknowledged that the political success rate of these types of policies is not high (see president Macron's struggle in France) as a recent IMF staff paper observes:
"*While there is broad agreement on the economic benefits of structural reforms, the political-economy of reform is less settled. This is because reforms may generate gains only in the longer term while distributional effects may be sizable in the short run, and because governments may lack political capital to confront vocal interest groups.*"*(The Political Costs of Reforms: Fears or Reality , 2019*).
Time for another approach?

4. Ageing population: a problem?

There seem to be little disagreement on some key factors influencing the slowing productivity trend, such as:

- ageing populations,
- under-investment in capital assets,
- slowing human capital creation.

When speaking about ageing population, we tend to think immediately of Japan and its lost decades of economic stagnation. Although Japan is currently the number 1 in the aged population top 10, many other countries are catching up as the table from the UN 2017 World Population Ageing report below shows.

Ten countries or areas with the largest share of persons aged 60 years or over*, in 1980, 2017 and 2050

	1980		2017		2050	
Rank	*Country or area*	*Percentage aged 60 years or over*	*Country or area*	*Percentage aged 60 years or over*	*Country or area*	*Percentage aged 60 years or over*
1	Sweden	22.0	Japan	33.4	Japan	42.4
2	Norway	20.2	Italy	29.4	Spain	41.9
3	Channel Islands	20.1	Germany	28.0	Portugal	41.7
4	United Kingdom	20.0	Portugal	27.9	Greece	41.6
5	Denmark	19.5	Finland	27.8	Republic of Korea	41.6
6	Germany	19.3	Bulgaria	27.7	China, Taiwan Province of China	41.3
7	Austria	19.0	Croatia	26.8	China, Hong Kong SAR	40.6
8	Belgium	18.4	Greece	26.5	Italy	40.3
9	Switzerland	18.2	Slovenia	26.3	Singapore	40.1
10	Luxembourg	17.8	Latvia	26.2	Poland	39.5

Data source: United Nations (2017). World Population Prospects: the 2017 Revision.

The table also shows how quickly demographic developments can change.
The Baby Boom generation has pushed many countries to structurally higher levels of 60-plussers (from high 10/lower 20% level in 1980 to higher 20/lower 30% today and moving to 40%+ share in 2050). Although Japan did not figure in the 1980 top 10 at all, it is now the leader of the board by a length. China will be very close to the top 10 in the near future; a development accelerated as a result of Mao's one-child policy. And a European dominated hit list of the 1980s will become more Asia-centric in the coming decades at much higher dependency rates.

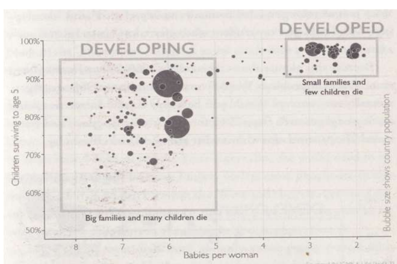
These gloomy scenarios scare people.
Are we a dying human race?
And will we in the meantime all be poorer as populations age?

To move towards a more balanced view on the demography/ageing issue, I highly recommend reading Hans Rosling's latest (and unfortunately his last as he sadly died in 2017) book *Factfulness* (2018).
It is the most uplifting book I have read in many years!
Rosling studied medicine and statistics in Sweden, worked as a medical practitioner in Africa and was a professor in public health at the University of Stockholm and an adviser to the UN and WHO. His research focussed on health, economic development and poverty on which he lectured extensively (N.B. his famous TED talk of 2006 titled: "*The best stats you've ever seen*" is a must-see!).
For illustration purposes, let me quote a typical Rosling paragraph:
"*My great-grandmother was born in 1863, when Sweden's average income level was like today's Afghanistan with a majority of the population living in extreme poverty…Your own country has been improving like crazy too. I can say this with confidence even though I don't know where you live, because every country in the world has improved its life expectancy over the last 200 years. In fact, almost every country has improved by almost every measure."(Factfulness, page 58/59).*
Happy reading eh?

Below I have copied 2 of the most fascinating graphs in Factfulness. The first graph describes the number of babies per woman in 1965; the second one the same data but now for 2017.

The development is astonishing: they show that child survival rates in developing countries have improved to developed world levels in only 40 years as they have been able to improve education and public health!

Child survival rates/childbirth per mother 1965-2017



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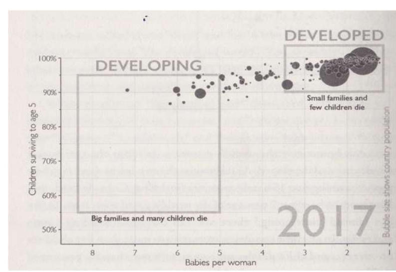


Source: Hans Rosling, Factfulness, 2018

Rosling teaches us not to be gloomy or pessimistic about demographics. With improved education, public health, and better communication, the number of children per mother decreased sharply, but for good reason: further medical advances and improved lifestyles allow people all over the world to live healthily longer and happier.
What is not to like?

However, as much as we - on an *individual* basis - might welcome a longer and healthier life, many of our public systems including labour laws, education systems, pension funds, privacy protection etc. will be faced with existential challenges.
If these issues are tackled through progressive policies, the economy may fare well, and productivity and the economy may grow and avoid many of the doom and gloom scenarios of recent studies.

In the spirit of Hans Rosling some of the much-needed policy initiatives require close cooperation of the public and private sectors. Let me present some of the obvious areas where progressive policy change is needed.

This requires a revolutionary approach towards many currently existing systems such as:
- work/careers
- education/training

- welfare/social care,
- retirement income/pensions.

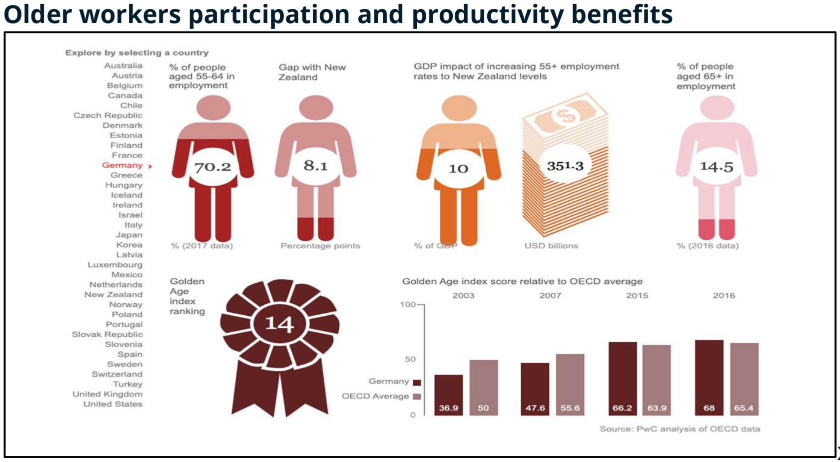
5. Age benefits to Productivity

In their important Megatrends study, PwC presents very interesting data on work practices and demography in the OECD countries (see *The Future of Pensions, Mega trends, The Golden Age Index PwC June 2018).* It contains a wealth of information which is extremely insightful for economists and policy makers in this area.

I was particularly interested in their views on how best to capture the benefits of older worker participating longer in work. In what PwC has labelled the "Golden Age Index" they try to assess the productivity contributions a higher level of older workers could bring to the economies. This is clearly another tune than the IMF gloomy analysis and the many dismal recipes of "structural reforms". In the Golden Age Index, the levels of participation of older workers is compared between the different OECD countries. Top scorers like Iceland and New Zealand have much higher levels of older people in active employment than countries like Turkey (bottom OECD ranking) or even the UK (below OECD average).

PwC calculated that if all OECD countries would be at the level of New Zealand (a participation rate of 78% of 55-64 old worker and 43% of 65 plussers) world GDP could get a boost of some $3.5 trillion, which at current levels is some 4.5% of world GDP!
A fascinating interactive schedule in their report (recommended viewing) makes it possible to see the data on a country by country level when taking New Zealand as benchmark (see example Germany below).

Older workers participation and productivity benefits



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Source: PwC Megatrends: The Golden Age Index 2018

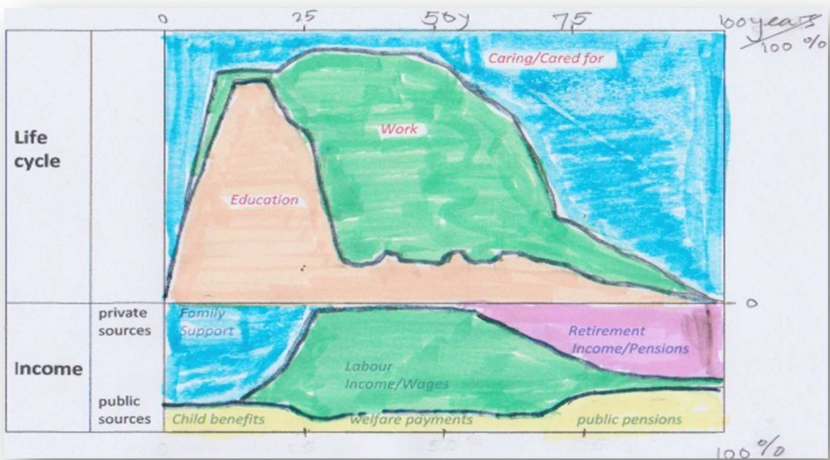
Interesting and exciting, but how could the whole world move to become a Kiwi-paradise?
Let me kick off this debate with a strong political statement: ***Continuing with the current traditional life cycle**, **reduces growth and increases inequality, and is therefore unsustainable and morally wrong**.*

For most people this traditional life cycle looks like the following: first starting with being born, growing up and going to school, progressing to work and building a family, after which one retires and withers away.
With that life cycle model comes/came a conventional set-up of income sources and support. For more than a century each phase in the life cycle was linked to a specific mode of social and economic support: *family support* in early years moving to education and schooling in many countries complemented by some form of *government child benefit*, after which one progressing on towards lab*our income or wages* or in some specific cases *public welfare payments*, to be

gradually replaced in later life by *retirement income* from *private savings, private and public pensions.*

In the following sketchy schedule below, I have been trying to capture this (apologies for the amateur presentation).

Simplified life cycle and income/support model



So, if we know that an ageing population will shift the curves in the top section of the graph through a different allocation to work, education, retirement and care, and we need to accompany this by re-modelling the conventional income/support systems (bottom section of the graph).

To move to a new dynamic life cycle model of mixing and matching education, work, gap years and schooling again, means that fundamental policies need to change.

6. Action to capture the grey benefits

In the many recent studies on age, productivity and growth, a picture emerges of the type of action that is needed.
In my view these actions centre around a few key areas such as:

- inclusive working practices and new career models
- human capital investment and technology support
- reform of retirement income and care systems.

Let me try to elaborate some of these actions a bit further and I limit myself to a few highlights (so as not to pretend that this is a comprehensive learned overview).
In doing so I have been greatly inspired by the many discussions in the Netherlands on the future of the Dutch pension system, by the afore mentioned PwC Megatrends study and a by a relatively recent publication of the UK Government's Office for Science: *The Future of an Ageing Population (update 2017).*

On ***inclusive working practices and career models***, policy makers should work on a series of actions aimed at changing the prevailing culture of work and create more flexible and healthy working practices by addressing issues such as:

- careers will not be the traditional straight lines to higher levels in organisational hierarchies: from apprenticeships to mature professional level to mentor-roles in cycles throughout careers. This means a career-cycle more than a conventional career-ladder where (management) responsibilities for co-workers are ever changing;

- increased participation of women, and for older workers: this requires equality in the workplace (incl. remuneration) and generally a less standard approach to working hours and practices. This would imply moving to a more tailor-made working life with allowance for time off, gap-years, and breaks for education and caring for others (children, (grand)parents, other family members).
- mixing work and health/life-style policies: a healthier work force contributes enormously to productivity. This is obviously of increased importance with older workers staying involved for longer, but it also prepares the younger workers to better integrate in the dynamic and agile work requirements of the future. Note that this does not only apply to physical health issues and better lifestyles/diets. Mental health has for long been an underestimated influencer of individual contributions to work and thus requires the same emphasis.

Human capital investment and technology support opens a very wide terrain for progressive action, but l limit my focus on areas such as child friendly policies, life-long learning and technology contribution:

- invest in an active and healthy work force: this starts by removing current impediments for supportive child-care policies. This requires changing current taxation child benefits, care systems and to invest in children friendly policies particularly aimed at mothers. Recent studies in Italy illustrate that without a pro-active child policy the current birth rate of 1.32 children per woman, would fall even further below the minimum ratio of 2.1 to maintain population levels.
- develop balanced migration policies: such policies would allow countries to integrate workers from abroad without creating social tensions. This means that immigration policy needs not to be confused with refugee policies. The European Union is developing a framework of policies which build on enhancing integration of non-EU citizens in EU societies in host countries, curbing illegal immigration and managing inflows in partnerships with the countries of origin of migrants which seems to balance solidarity, responsibility and longer-term economic benefits.
- create a life-long learning practice: this requires a major cultural managerial change (see career-cycle approach) from the employee and the employer side. Life-long learning demands structural change in the structure of education systems away from the traditional primary, secondary and tertiary education levels. Today's apprentice will be tomorrow's mentor and vice versa. Mentorships are a profession in themselves; they require schooling and training for future mentors to avoid terrible mistakes.
- improve connectivity, digital inclusion and investing in technology: all workers including the older generations need to be digital adaptors. The growing application of Artificial Intelligence (AI) and Big Data in public and private services will make work more productive and adaptable to different skills, experiences and physical capabilities. Older workers should not be "written off" but they can become the "feeders" of AI and the use of Big Data based on their know-how and life experience.

Reforming of retirement income and care systems brings one of the most difficult financial reform tasks in decades. So many vested interests are implied as it covers many generations with accrued rights. However, given the unavoidability of fundamental changes in the work-life cycles (see the last schedule above), keeping the income/support systems untouched will not be feasible and will test the intergenerational solidarity in current systems beyond repair. Some of the key issues to review are:

- develop partnerships for public and private/family care: caring for children and ill health and old age used to be family affairs which have in advanced economies been "outsourced" to public services. Revaluing the role of family carers is essential for increased labour participation in every stage of the life cycle. Government need to accommodate this through supporting both private and public childcare, flexible care provisions for the recovery illness and old age to supplement reinvigorated family care.
- The pension systems need fundamental reform to be able to respond to changing work-education-retirement commitments throughout the life cycles. Some elements of such reform are:

- basic pension provision through the public sector for all;
- gradually moving to a tailor-made retirement pension with withdrawal rights on an individual basis for workers, part-time and retired workers;
- incorporating care-provisions in allowable pension expenditure;
- uniform taxation treatment for all forms of retirement income provisions in all pension-pillars

After many years as a trustee member of a Dutch pension fund, I am very much aware of the complexity and the implications of such change, also on an individual level. That is why I would not propose to push through revolutionary changes in a short period of time. However, introducing a new scheme while leaving the "old" system in tact will not work and the much needed reform will take more than a generation (so maybe develop a phased approach for the conversion of rights from one system to another, so that over a 10 year period the system is fully renewed).

However, the changing life cycles will force this reform and pension funds need to take the lead to introduce changes in the system in the interest of their membership. This demands the pension system to move from the current one-product, standardised pension approach, based on collective solidarity with intergenerational transfers. The "new pension fund" would be a "collective cooperative" for workers and companies, assuring best execution and lowest costs for flexible retirement income if and when required by the individual members. Scale will be important for an efficient execution of such service offering, particularly on the investment management side.

7. Conclusion

The issue of productivity and demography is generally under-emphasised in economic policy analysis. Governments are hardly looking at these issues in a holistic way.

Many specific topics around ageing are tackled up on a national level and in an ad-hoc, stand-alone manner: see for example the pension debate in many countries in Europe, but particularly the Netherlands (risk sharing) and France (pensionable age). This approach does not provide the necessary buy-in governments need to be able to rely on for their policy development. Here again, the earlier quoted IMF study on the political costs of reforms, will prove to be right … again.

The changing life cycles will force a broader policy approach to demography, work and income. Such approach will relaunch productivity growth and improve the social and economic outlook for many.
Grey is the new Black!

Bart Le Blanc, January 2020.