

OECD urges labour reforms to fund pension costs [UK] ^[1]

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Source: Reuters News

Format: Article

Publication Date: 17 Sep 2003

AVAILABILITY

See text below.

EXCERPTS

Governments in industrialised countries must do more to expand their workforces or risk economic growth being choked by the cost of ageing populations, the OECD said on Wednesday.

In a report entitled "*Employment outlook: Towards more and better jobs*", the Organisation for Economic Cooperation and Development (OECD) forecast a fall in the average unemployment rate across its 30 member countries next year.

But governments in these countries should not settle for this expected drop in unemployment and needed to draw more people into work to help fund the growing demands of ageing populations on national pension schemes, the think-tank said.

"Without more and better jobs for such groups who are under-represented in the workforce, the prospects for economic growth in many countries will be undermined as the population ages," the OECD said in a statement accompanying the report.

Increasing the presence of under-represented groups in the workforce could generate more tax revenue and ease benefit claims, it said. The OECD forecast the average unemployment rate in its member countries would fall to 6.8 percent next year from 7.0 percent this year.

In the United States, unemployment would drop to 5.8 percent in 2004 from 6.0 percent this year. In Japan, it would be unchanged from this year at 5.7 percent in 2004, and Germany's jobless rate would also hold steady in 2004 at 8.3 percent.

To cope with the projected rise in the proportion of elderly people in OECD countries, governments should target labour market reforms not just at finding jobs for the unemployed, but also for many of those people who now choose not to work.

The think tank also singled out women -- mothers and lone mothers in particular -- as groups that governments should target to join, or return to, the workforce. Subsidising child care and promoting flexibility in working hours could help, it said.

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<https://childcarecanada.org/category/tags/demand> [3] <https://childcarecanada.org/category/tags/international-organizations> [4]

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