



Pension Policy Is Economic Fairytale

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PR9.NET December 02, 2005 - Gordon Brown's fairytale economics have condemned today's school leavers to work until they drop," claim The Sun's Trevor Kavanagh and Nic Cecil. "Youngsters will be knocking 70 by the time they qualify for a state pension." Their report implies that Adair Turner, the chairman of the Pensions Commission, was referring to the chancellor on Wednesday when he reached the end of a study into Britain's pension policy and published his warning that continuing the government's current policy into the foreseeable future would be "indulging in fairy-tale economics – in which a fairy godmother makes all difficult choices disappear".

"How the cries of 'ouch' must have echoed all round the Treasury at that coded counter-attack on the chancellor," says Alf Young in The Glasgow Herald.

"The report suggests that the retirement age should be gradually increased (from the current 65) from 2020 onwards, reaching 67 by 2030 and 68 by 2050," explains Philippe Naughton of The Times. "This means that those just starting their careers face up to 50 years' work before they could retire, unless they have arranged private pension provision."

"If Lord Turner's recommendations are adopted, the basic state pension will rise each year in line with average earnings, rather than prices, which increase more slowly," says The Independent. "The basic state pension will also become available to everyone, irrespective of national insurance contributions they have paid. But, under the commission's proposals, basic state pension would still be worth only 17 per cent of the salary of an average earner."

Gordon Brown privately opposes Lord Turner's proposals on the grounds that they "would require a decade of higher taxes, starting early in the next parliament, with the chancellor believing the basic rate of income tax would have to go up by four pence to pay the full £16bn bill by 2020," says The Guardian.

"There will now be a vigorous debate in government on the 'detailed, comprehensive proposals' for reform that Mr Blair has promised for the white paper due in the spring," says Ben Hall of The Financial Times. "That debate will test whether Mr Brown's concern is simply one of affordability or whether he remains wedded to the spread of means-tested benefits."

"At the least, Lord Turner's report demands a serious Government response," says The Daily Mail. "But are we likely to get it, when Ministers tried to sabotage this report even before it was published? Their craven deal allowing public sector workers to continue retiring at 60 and their many leaks undermining Lord Turner hardly inspire confidence. The suspicion has to be that New Labour is preparing to duck the hard decisions - as it has ducked serious reform in health, education and welfare.

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