PSI PRESS RELEASE

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**The independent Policy Studies Institute today (Thursday 31st January) publishes BRITAIN IN 2010, the most important overview for many years of what Britain may be like in the next two decades.**

# What will Britain be like in 2010?

**Q.** By how much is the British economy likely to grow over the **next two decades** to 2010? ***A.* 50%**

**Q,** Incomes **will be higher** in 2010. **Where** will spending go up most? *A. DIY goods*

**Q.** In 2010 **there** will **be** more **people** in Britain over the age of **80.** Wow many more? *A, 600,000*

***Q.*** How many **members** of the European Community are there likely to be by 2010? ***A. 22***

Q. The end of the Cold **War** should bring savings in defence. **Are** they likely to **be** equivalent of current expenditure on health, education, or overseas **aid?** A. All *three together*

Q. Global warming is being **caused** by **a** build-up of **greenhouse gasses, By** haw much must emissions be cut to halt **the build-up?** ***A. 60%***

**Q. Tax** concessions on company cars are likely to end. About how much a **year** will *this* cost someone with a company Cavalier? A. £7,500

**Q. About** how **many** hours of television **a week** will be people be watching? ***A. 20-25 hrs***

**The *Britain in 2010* report shows that in many ways life in Britain in twenty years time is likely to be measurably better far most people than it is today. Living standards will be higher; greater priority will be attached to the quality of life; advances in science and technology will further liberate people from drudgery and make work potentially more interesting and rewarding; and a larger part of people's lives will be devoted to creativity, recreation and personal fulfilment.**

Particularly important, **despite** current events in **the** Gulf, is the **prospects that** over the next **two decades** the **risks of world** nuclear **war will** be **greatly** reduced, the range of international collaboration will be greatly **increased, and** the fruits of the 'peace dividend' could be **substantial.**

Continued/...

# Britain in 2010

## Future choices

**But these benefits will not come about automatically. They will depend upon policy choices being made that recognise the opportunities but are aware of the dangers.**

The report **looks** at **Britain's future** in *the* **context of** recent international developments **such as** the ending of the Cold War, the **threat** of **global** warming, the **moves towards** closer union **in Europe** and the crisis **in** *the* Gulf. **In** Britain itself, it considers **the implications of** changes in population and employment, analyses environmental issues, the impact of **developments in** science **and** technology, **the** prospects for the economy and the social. changes to be **expected** in the light of these developments.

> **Main headings** from **the report include;**
>
> *International:* World Security, World Economy, World Environment, USA, Japan, Third **World,** China, Soviet Union & Eastern **Europe, Western** Europe.
>
> *Britain in 2010*: Population, Employment, Environment, Science & **Technology,** The Economy; Life in Britain in 2010; Three Alternative Scenarios

## An independent view

**Britain in 2010 presents a picture of the medium-term future which is not sensationalised, biassed, indigestible *or* impossibly expensive.**

## The research background

The report presents **the** findings of a major research project which was sponsored **by** a consortium of four government departments, four private sector companies, and led **by** *a* charitable **foundation:**
*The Joseph Rowntree Foundation* (see below).

The analysis is the result of **two** years' intensive research work by a **strong** multi-disciplinary team of leading researchers - led by the author JIM NORTHCOTT - most of whom are on **the** Institute's **own staff.** Economic forecasting **was carried** out **in** association with Cambridge Econometrics.

**The Britain *in* 2010 project brings together the most significant developments expected in a wide range *of* different fields and analyses how they are likely to interract with each other.**

Continued/...

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# Britain in 2010

## Alternative policy options

The report makes realistic assessments of the most probable developments in Britain. But it also explores three scenarios based on competing approaches to public policy; one which places continuing emphasis on market principles; one which assumes greater welfare and public expenditure; and a 'green' one which postulates a higher priority to environmental considerations and analyses the effects of a possible carbon tax.

The emphasis throughout is on the choices that need to be made in public policy, taking into account the foreseeable problems but also recognising the many grounds for optimism in the future.

## The 2010 report

This important report is necessarily large (384 large format pages with 84 two-colour charts and over 400 references), but it includes a summary and it is written in a way that is clear, succinct and readable. It is published today as a paperback for 617.95 and £29.95 for hardback.

## 2010 summaries

To make the key findings available widely to the media PSI has produced a series of short summaries, covering the following:

- End of the Cold War - £20bn peace dividend likely for the UK
- Third World - North/South tensions may replace East/West ones
- Global Warming - high stakes will mean long, tough bargaining
- Globalisation of the economy - will it further erode national sovereignty
- European Community - closer union and wider membership will itensify control issues
- Population - likely changes should be manageable
- Employment - expanding opportunities will depend on skills and training
- Environment - interlocking problems will need integrated policies
- Science & Technology - important incremental progress
- The economy - no miracle, but substantial growth
- Life in Britain In 2010 - changed but not unrecognisably different
- Carbon Taxes - likely to shift growth, not end it

## Research support

Britain in 2010 was funded by the Joseph Rowntree Foundation, The Employment Department Group, the Department of Trade and Industry,
IBM United Kingdom, Glaxo Holdings, National Westminster Bank,
the Inland Revenue, Unilever and the Department of Environment.

While the support of the consortium of sponsors was invaluable, the direction of the project was the responsiblity of PSI and the information presented and the opinions expressed in the report should not be taken to reflect the views of any of the organisations providing support.

2010 Media Relations: Beer Davies Ltd

# Britain in 2010

## Authorship

The report was the result of a multi disciplinary team of experts, many at PSI, coordinated by Jim Northcott, who is responsible for the text.

Economic forcasting for the report was produced in association with Cambridge Econometrics.

## Britain in 2010 Conference

A conference sponsored by IBM, to discuss the results of the PSI report, is being held on the 5th of February at the IBM Southbank Conference Centre, at which the guest of honour will be Rt.Hon Christopher Patten, MP, Chairman of the Conservative Party.

Places at this conference will be available to the media, and requests should be addressed to Beer Davies Ltd (see below).

## Further Information, Review Copies, Interview Requests

ALL media requests for information on Britain in 2010 should be addressed to:

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# End of Cold War - £20bn 'peace dividend' likely

While the course of future events in the Soviet Union is highly uncertain, it is already clear that there will not again be the capability to threaten invasion of Western Europe and resume the Cold War because of:

* the extent of the political and ideological changes already made in the Soviet Union (19-20, 94-97);
* continued technological backwardness and economic weakness and growing dependence on western aid (15, 18, 97);
* separatist pressures and ethnic tensions in the republics (98-100);
* the democratisation of the former satellites (100-103);
* the arms reductions and forces redeployments already undertaken and in prospect (14-15); and
* the break-up of the Warsaw Pact, creating a pro-western buffer between the Soviet Union and Western Europe and shifting the Fled Army at least 500 miles further east (16-17).

The removal of the Cold War threat will:

* make possible savings in British defence expenditure by the late 1980s of at least £20bn a year - equivalent to total present spending on health and education (25);
* benefit Britain mare than competitor countries like Japan, Germany, France and Italy where defence expenditure is lower (61); and
* bring increased superpower concern (reinforced by experience In the Gulf) to check proliferation of nuclear weapons and reduce arms levels in other countries - leading to pressure on Britain to give up Its independent deterrent and cut back its arms exports trade (23-24).

*Note: numbers in brackets refer to pages in the report where further particulars may be found.*

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# 2010 Summary

## Third World -
## North/South tensions may replace East/West ones

The newly industrialising countries in the Pacific rim will provide increasing competition in world markets, but together will remain a far smaller economic force than Japan (73-75).

Many Third World countries will have increasing problems due to rising population:

* Over the next two decades world population is expected to increase by more than 90 million people (one and a half Britains) each *year* (82-83);
* By 2010 there will be more than 2 billion more people in the world (another China and another India) - an *increase* greater than the *total* present population of the more developed countries (82-83);
* This will increase pressure on food supplies in a world in which 500 million people are under-fed already (85);
* It will bring deteriorating conditions in Third World conurbations - more than a dozen of them will each have more people in shanty slums than the total population of London (86); and
* There will also be serious pressures on water supplies and energy resources and major environmental problems (86-87).

Worsening difficulties in many Third World countries will bring tensions between them and the more prosperous ones, and requests for more aid:

* In recent years western aid has not been increased to cover the sharp fall in private lending (79-80); and
* Debt interest and repayment costs have become bigger than development aid - net transfers *from* Third World countries *to* developed countries have risen to more than $40bn a year (80-81).

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# Global warming - high stakes will mean long, tough bargaining

Many environmental problems now transcend national borders. Internationally agreed measures have already been taken for dealing with nuclear waste (41-43), acid rain (43-44) and CFCs (45-46). They are not yet adequate; but they are likely to be strengthened before 2010. However, the recently identified threat of global warming (through emissions of carbon dioxide and other 'greenhouse' gases) presents much more intractable problems.

The UN's Intergovernmental Panel on Climate Change, supported by more than 80 countries, including Britain, and including nearly all the world's leading climate scientists, has recently predicted in a unanimous report that, in the absence of counter-measures:

* temperatures will rise faster than in any previous period in human history (51);
* there will be increasingly severe storms, droughts, floods and desertification of arid regions (51-52);
* In the next 50 years world grain production may fall by nearly one third (52); and
* by the end of the next century rising sea levels will flood the homes of more than 8 million people and temperatures will be the hottest for 2 million years (51-52).

To prevent eventual catastrophe the IPCC scientists estimate an immediate reduction of 60 per cent in carbon dioxide emissions is required; several European countries have plans for cuts of 20 per cent or more; Britain has announced a willingness to stabilise emissions at current levels by 2005; but the United States, the Soviet Union and most Third World countries have so far refused to accept any targets at all (55-56).

The global warming threat is grave, but also long-term; both its causes and its effects are global, and effective preventive measures will need to be global also; but they will be costly and difficult, and there are big conflicts of interest between and within nations. This combination of circumstances will make agreement very difficult to reach and keep the issue at the top of the international agenda right through the next two decades (57-58).

One aspect of the problem is that the co-operation of Third World countries will be essential, but they are unlikely to be willing or able to provide it without considerable economic and technical help from the more developed countries. Where humanitarian sentiments have had only limited impact, the imperatives of global warming may result in a much more substantial transfer of resources from the richer countries to the poorer ones (58).

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## Globalisation of the economy will further erode national sovereignty

In the past four decades Britain's share of world trade in manufactures has fallen by 60 per cent, and by 2010 Britain is likely to account for less than 4 per cent of total world output (26-29).

Since the war the world has increasingly become one economy due to the removal of many barriers to trade and money movements, the revolutions in transport and communications, the growth of multinational corporations, the increase in international technology transfer, greater movement of people between countries and convergences in tastes and market characteristics (29-35).

These tendencies will gain further impetus in the next two decades from the Single European Market, European Monetary Union, the Channel Tunnel and the new network of European high-speed rail links, the Uruguay round of trade liberalisation and the conversion to market economies in Eastern Europe (35-36).

Corporations will increasingly plan and act globally in their investment locations, production sourcing, marketing, staffing and financing in order to maximise their returns and minimise their tax liabilities; and national economies will become increasingly interdependent (38).

Governments will find their economic sovereignty increasingly eroded as they face diminishing national control over location of economic activities, financial flows and macroeconomic changes. They are likely to respond by trying to do collectively what they can no longer do individually, making greater use of existing international institutions (eg GATT, the World Bank, the IMF, the OECD) and through developing the various mechanisms of the European Community (39-40).

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# 2010 Summary

## Population - likely changes should be manageable

By 2010 total UK population is expected to increase by 2.6 million to 60 million - slightly faster than in the previous two decades - but the increase could be as much as 6 million, or there could be no increase at all (131-132).

The likely total increase will not in itself be enough to make the island feel noticeably more crowded than at present, but internal movements of population are likely to bring increased congestion in parts of the South (134, 160-162).

Two factors which could upset predictions are AIDS, where the extent of HIV infection in Britain is not known and there is no basis for forecasting (125-127), and migration within the European Community or from Hong Kong (128-131).

There will be no further fall in the number of teenagers, aged 15-19; but there will be a drop of 2.4 million (20 per cent) in the number of young adults aged 20-34, implying fewer young people with jobs but without commitments (and therefore large discretionary incomes to spend) and fewer young couples setting up home (132, 135).

There will be little change in the number of people aged 65-79 (133). The big increase in numbers over 65 will come after 2010 - but pension issues will need to be addressed well before then (135).

'There will be an increase of 600,000 (25 per cent) in the over-80s, and one of 450,000 (50 per cent) in the over-85s, which will put pressure on the health and social care services - people over 85 cost the Health Service more than 13 times as much as people aged 5-64 (133, 135, 136, 306). The increase in numbers of very old people was actually somewhat greater in the previous two decades, but the problem of their care may become greater because those in the next generation who used to provide most of the care (mainly women) now more often have jobs and are less often willing to look after elderly relatives (135-136).

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# 2010 Summary

## Employment - expanding opportunities will depend on skills and training

By 2010 the potential workforce will increase by 2-3 million (138-141):

* **the** proportion of **the population that is** of working **age** will fall **slightly (133-134); and**
* **there will be a further decline** *in* **the participation rates** ***of*** **the over-60s (139-140); but these wilt be more than offset by**
* the increase in sire of **the total population (131-132); and**
* **some further rise** in **women's participation rates** (1*39).*

The number of jobs potentially available will increase by **3-4** million (139), with:

* a continuing shift in employment from **agriculture and manufacturing to** the service sector, particularly to **business** and **professional services; and**
* absolute declines **In** numbers of jobs in **almost all** sectors of **manufacturing, but** in most **cases** with smaller **reductions than** in **the previous** two **decades and accompanied by** ***increases*** **in output due to higher productivity.**

More important than changes in *the number* or *sectoral distribution of* jobs **will** be **changes** in the ***kinds*** of **jobs** available in 2010. The trend away from unskilled manual jobs to more highly **skilled and** professional occupations will continue, fuelled by **rising** quality standards, increa[illegible] use of new technologies and sharper competition in the European Single Market (144-149).

Competitiveness and employment prospects will depend on substantially increasing **numbers** and levels of skills, both for managers, entrepreneurs, engineers, scientists and professionals and, **even** more, for the general workforce, which will involve difficulties because:

* **present education and training levels** in **Britain** are far **behind** those in competitor **countries (150-152); and**
* **H the numbers** in **full-time** education and **training** are doubled (as they probably need to **be) it will reduce the number of 16-24** year olds in the workforce by more **than** ***a*** **quarter (154).**

*Potentially* the total number of jobs available will rise by more than the total number of people wanting **them,** bringing unemployment down to below 1 million, but how ,at- this *actually* happens will depend to% important degree on macroeconomic policies, regional disparities, labour costs and flexibility and, particularly, on improvements in **skill levels** (153-155).

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# 2010 Summary

## Environment - interlocking problems will need integrated policies

### Regional moves

England is already the most densely populated country in Europe and the growth in population to 2010 will be almost entirely in the South, with increases of more than 30 per cent forecast far some counties over the period 1970-2000 (159-164).

### Urban developments

People and jobs have been moving out of inner city areas. The most important current development is the growth of suburban and regional shopping and entertainment complexes - a six-fold increase since 1980, with proposals in the pipeline equivalent to more than 40 per cent of *total* existing provision (171-175).

If these proposals go ahead, North American experience suggests they will desolate existing city centres - down-town Detroit no longer has a single department store and in Dallas the city centre's share *of* retail sales has fallen from 31 per cent to 3 per cent (175-176).

It is therefore more likely that Britain will follow continental European practice of rejuvenating existing city centres with restrictions on car access, improved public transport, upgraded shopping areas and pedestrian precincts - retail turnover has *increased* in Munich with pedestrianised streets, limited parking and excellent public transport (176-177).

### Traffic jams

Car traffic doubled in the past two decades and official forecasts envisage a further increase of 45-76 pet cent by 2010 (186-190). However, this is unlikely because:

* congestion is increasing - in central London average speeds have been *falling* and are now down to 12 miles per hour - only 4 miles per hour more than with horses and carriages a century ago (190-191);
* new roads rapidly fill up with extra traffic - the Elbn M25 was overloaded within three years of its opening (192);
* even in North America, where provision for cars is far more generous, problems are mounting - Houston suffers frequent city-wide 'gridlock' jams and Los Angeles has had to enforce compulsory car sharing (191,197);
* car exhausts are a major source of air pollution - even in Los Angeles, with the tightest emissions standards in *the* United States, it is planned to ban petrol powered cars altogether by 2010 (196-197); and
* In Britain motor vehicles already generate one sixth of the carbon dioxide emissions which cause global warming, and increased car use will be in conflict with the aim of stabilising emissions levels (197-198).

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Cars will continue to be popular and useful, but future policies are likely to be designed to constrain their use through:

* improvements in public transport - most continental European cities have invested far mare in modern systems and even North American cities are increasingly turning to public transport (192);
* improved provisions for pedestrians and cyclists - in Copenhagen there are 5,000 free bikes for commuters and in the Netherlands 27 per cent of commuter jorneys are made by bicycle, compared with 4 per cent in London (192);
* dearer parking and electronic charging for use of central area road space - systems are already in use in Oslo and Singapore and planned in a number of other cities (193);
* phasing out of tax concessions for company cars which are unmatched in other countries and constitute a subsidy on congestion - a company Cavalier 1600 is calculated to be worth £7,500 a year in extra pay and fop executive cars far more (196); and

  much more expensive petrol to reduce air pollution and greenhouse gas emissions (195).

## Water and waste

Major investments will be needed for improved sewage treatment and disposal of toxic waste (185-186), and for protection of drinking water from hydrocarbons in water mains, lead in domestic pipes and chemicals from agriculture, particularly nitrates from fertilisers - in some areas nitrate levels in water will exceed EC limits for at least another 50 years (184-185).

## Energy shifts

Expensive investments will be needed to reduce air pollution and acid rain, but the central issue will be how to reduce the carbon dioxide emissions which come from burning fossil fuels (199-202).

Nuclear power is likely to play only a marginal part in this because of probtems of waste disposal, risks of accidents, very high generating costs and the high capital costs and tong lead times for the 14-fold increase in capacity which would be needed (202-203).

Alternative reneweable energy sources offer scope - Britain is well placed for wave, wind and tidal power - and costs will become more competitive with further development and higher fossil fuel prices, but they cannot become the main source of power by 2010 (203-204).

The main emphasis will therefore be on substitution of natural gas for coal and petroleum (202) and on conservation and economy, for which there is considerable scope (205-206), both of which will eventually be promoted by a carbon tax, probably at continuously rising rates (324-331).

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# 2010 Summary

## Science and technology - important incremental progress

In the past two decades there have been important advances in many areas - the power of microchips has been doubling every two years (212), computer speeds have increased to solve in minutes problems which previously took years (213), and there have been gains in new materials, biotechnology and a number of other technologies (216-220). Further rapid progress is likely in a number of areas, but development is likely to be predominantly incremental - there is little prospect of the kind of dramatic breakthrough which will transform the world in some way by 2010.

Information technology will continue to be an area of particularly rapid progress, with ever faster chips (212-213), more powerful computers (213-214), and new kinds of software, including expert systems, voice and pattern recognition and language translation (214) - but no prospect by 2010, if ever, of a computer which thinks, feels and has a personality like a human being.

The use of microelectronics has spread to two thirds of British factories within a decade (229-230), and wider and more sophisticated use of advanced manufacturing technologies, and also of new materials and biotechnology processes, is certain -but the fully automated factory will not become commonplace and other developments, such as improvements in management techniques and industrial relations, will be as important as technical advances (230-231).

IT-based systems will be used increasingly in offices, banks and shops, and the use of 'smart' cards will increase. However, the all-electronic, paperless office will not become widespread, because the new systems tend to generate more paper not less; home banking is unlikely to become important, because it cannot handle cash, which will still be widely used; and home shopping will not become the norm because of problems with choice and delivery (231-233).

Environmental protection policy may help to promote much greater take-up of new technologies such as IT, biotechnology and new materials, since these contribute to energy efficiency and waste minimatisation. Environmental pressures on private transport should promote an increase in tele-working and in the use of other tele-systems.

There will also be important new technology applications in telecommunications, transport, crime prevention, environmental protection, health care and provision of social services (233-238).

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In the past, many areas of technological innovation have been pioneered in Britain - for example, radar, jet engines, penicillin, hovercraft, transistors, supersonic airliners, wave power, fibre optics, transputers - but exploited commercially mainly by other countries. A factor in achieving better performance in the future will be the amount and kind of R&D. In the past industry-financed R&D has been less in Britain than in Germany, Japan and the United States and about half of government funded R&D has been on defence (225-227).

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# 2010 Summary

## The economy - no miracle, but substantial growth

Caution **about future prospects** ***is*** **needed** in the light of past performance - *the* economy **grew by** an **average** ***of*** 2.9 **per** cent a year between 1960 **and** 1973; **by** 1.3 **per** cent between **1973 and** 1979; and **by** ***2.2*** per ***cent*** in the period from 1979. Thus growth in **recent years** has been better than in **the period** ***of recession*** **after** the world oil price **shock,** but **has remained well below the rate achieved** in earlier years **(241-242).**

**And despite** the various changes made since 1979, there remain *a* number **of signs** of weakness:

- **Manufacturing output and total output have been below the average of the 'Group of Seven' leading industrial countries (248-249);**
- **In the 1979-1989 period manufacturing output and investment have averaged less than in 1973.1979 (248-251);**
- **The rise in consumers' expenditure between 1979 and 1989 was financed partly by credit - consumer credit trebled - and partly by dissaving - the savings ratio dropped by more than a half (243);**
- **Price inffation has been above the European average (245);**
- **Increases in labour productivity in the economy as a whole have averaged less since 1979 than In the rest of the postwar period since 1951 (246);**
- **Imports of manufactures have been rising three times as** ***fast*** **as exports (253); and**
- **A rapidly growing deficit in non-oil trade has resulted, since the decline in earnings from North Sea oil and invisibles, in record deficits in the balance of overseas payments (258).**

**Even** so, the economy is **expected** to **grow** over the next two decades **by** an **average of 2-2.5** per cent a year, so that by 2010**:**

- **Total output will be about a half greater than now (261-262);**
- **Consumers' expenditure will rise by a little less than this** - to **make room for higher investment (262);**
- **Imports will double (to the equivalent of two thirds of consumers' expenditure) and exports will have to more than double to pay for them (262-263);**
- **The 'post-industrial society' will not yet have arrived - the value of manufacturing output will have to increase to provide the higher exports (266-267).**

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# 2010 Summary

## Green taxes - likely to shift growth, not end it

In addition to the main forecasts made on the 'most probable' basis, the project also explored the economic implications of three hypothetical scenarios based on alternative 'bundles' of government policies.

The first of these was a 'market' one, with lower taxes and government spending and supply side changes to reduce restrictive practices and intensify competition. The second was an 'interventionist' one, with higher taxes and government spending on health and education and stronger support for R&D and training. The main difference between them in their economic effects was that the latter brought an earlier reduction in unemployment due to the increased numbers in government training schemes and the shift towards the public sector where activities tend to be more labour-intensive (320-324,329-330).

The third scenario was an 'environmentalist' one featuring a carbon tax to reduce greenhouse gas emissions starting at 10 per cent and rising by 10 per cent a year to 200 per cent by 2010, with compensating annual reductions in VAT, (This would reduce carbon dioxide to the 'Toronto' target of 20 per cent below the 1988 level by 2005 - a more stringent objective than the present government target of a return to the 1990 level by 2005.)

The effect of the policies in this green scenario was to bring large changes in prices, demand and consumption, leading to substantial shifts from coal and petroleum to natural gas, and from more energy-intensive products and activities to less energy-intensive ones (324-329).

However, this scenario did not bring a reduction in the rate of economic growth (as measured by gross domestic product) because the deflationary effects of the carbon tax were offset by the expansionary effects of the cuts in VAT (328, 331).

The main calculations for this scenario were based on the assumption that similar measures to combat the threat of global warming would be undertaken in other countries. Further calculations showed, however, that if a carbon tax of this kind were introduced *unilaterally* in Britain, economic growth would *still not* be *impaired* - the carbon tax would hit the more energy-dependent industries, with adverse effects on the balance of payments, but it would also reduce petroleum consumption, with roughly offsetting benefits to the balance of payments (328-329).

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# 2010 Summary

## Life in Britain in 2010
## - changed but not unrecognisably different

### Work

There will still be plenty of it - the robots will not have taken over - but hours may be a little shorter and conditions generally better - less sweat, fuss, dirt and danger and more skill, autonomy, responsibility and (for a growing minority) more opportunity for working from home (278-281).

### Incomes

Average incomes are expected to increase (in real terms) by nearly a half by 2010 (262, 281).

It can be calculated that if trends since 1979 continued, by 2010:

* Earnings would rise by more than a half but social benefits would not rise at all (284.287);
* The gap between the top and bottom deciles of earnings would double (281-283);
* The upper half of incomes would go up by seven times the percentage of the lower half, while the lowest five per cent would not go up at all (284-285); and

  The proportion of people with Incomes below half the average (which doubled between 1979 and 1987) would rise further *(284,288).*

Such changes would bring rising social tensions and insuperable problems in the social benefits system. It may therefore be expected that these trends will *not* continue to 2010.

After 2010 the proportion of people above the present national insurance pension age will increase - bringing a need before then to consider *a* higher retirement age (probably the same for both *sexes),* or higher contributions from those at work (288-289).

### Consumers' expenditure

The largest increases in consumer spending are expected to be on meals out and hotels, foreign travel, motoring, telecommunications, D-I-Y goods, sports and recreational goods, clothes, domestic appliances and public transport. Spending on fruit, vegetables, convenience foods, soft drinks and wine is also forecast to increase, but spending on meat, dairy products, sugar, beer and tobacco is forecast to decline (290-302).

Continued over/...

## Health

It is expected that on average people will be living about three years longer by 2010, and will probably be fitter and more active in their later years than they are now (302-303).

Advances in medical care will play a part in this - with increasing use of fibre-optics, lasers and lithotripters in surgery; new drugs for treatment of cancer, heart disease, Alzheimer's disease and psychiatric illnesses; use of new understanding of DNA for screening for, and possibly treatment of, genetically acquired diseases; and various kinds of improved diagnostic techniques, some of them self-administered (304-305).

Some of the new techniques will be expensive and it is likely that health expenditure in Britain will increase - at present it accounts for a substantially smaller percentage of gross domestic product than in most other OECD countries (306-308).

## Family and social life

The divorce rate has risen six-fold in the past three decades and is still rising. It is now the highest in the European Community. Nearly half of those marrying now are expected to end in divorce (309-310).

Cohabitation instead of, or in advance of, marriage has also become steadily more common - about half of those married recently have lived together before marrying (310).

The proportion of births outside marriage has risen from 7 per cent to 25 per cent in two decades, with a parallel increase of two abortions for every three births outside marriage (311-312).

The proportion of lone parent families with dependent children has risen from 8 per cent to 14 per cent in two decades - two thirds of them where the parents are separated or divorced (311-312).

### *Attitudes*

Recent shifts in attitudes to environmental issues and to the position of women seem likely to continue further. However, it is not yet clear to what extent concern for a better environment is matched by a willingness to pay the costs of getting it; and the sympathy for women's equality has so far only to a very limited extent led to the behavioural and institutional changes needed for giving it effect (314-315).

Politically, the most striking development is probably the increasing numbers wanting a bigger role for the government in the provision of social services, in particular, for more spending on health and education (315-317).

*Note: numbers in brackets refer to pages in the report where further particulars may be found*

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