

[Living on borrowed time](#) [1]

Written by [Sam Bowman](#) [2] | Tuesday 14 December 2010



Eamonn has a piece in the *Wall Street Journal Europe* today on our report 'On Borrowed Time', released last month, which poses a stark choice: between Britain's AAA credit rating (and the economic stability that this implies) and the welfare state in its current form. The quadruple timebombs of pensions, welfare, education and healthcare will, as the population gets older, balloon in size, ultimately bankrupting the country:

Britain has managed to preserve its AAA credit rating during the world financial crisis, but its luck will run out unless it gets to grips with the spiralling costs of its welfare state. Its obligations to future pensioners, the cost of free medical care to an aging population and scores of other state benefits are imposing a growing burden that Britain's next generation may prove unable to afford. It might take 10 or 20 years to get to that point, according to analyst Miles Saltiel in his report "On Borrowed Time," published by the Adam Smith Institute. But there is every prospect of Britain then facing a fiscal crisis that will make Ireland's woes appear insignificant by comparison.

The trouble is that Britain's national debt, which the Treasury expects to peak at about 70% of GDP in 2013-2014, does not tell the whole story. Indeed it barely tells half the story. Alongside those strictly financial obligations to its creditors, Britain has also promised itself a huge raft of social benefits that it hopes its children will be good enough to pay for. And like someone ordering an expense-account lunch, it has inclined to be generous with other people's money.

Some of the prognosis is terrifying but all is not lost ? yet. [Read the whole thing](#) [3].

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