

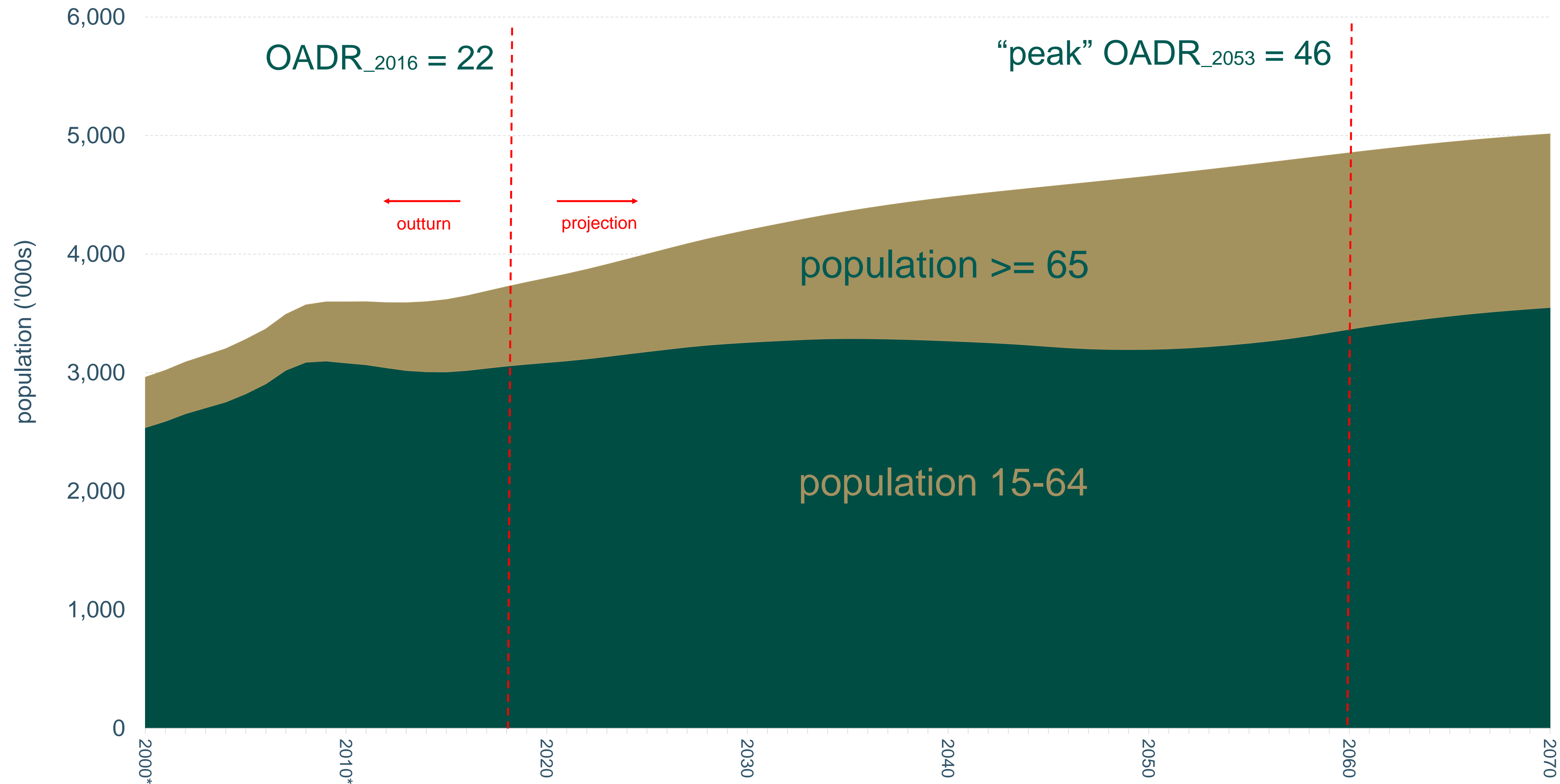


An Roinn Airgeadais
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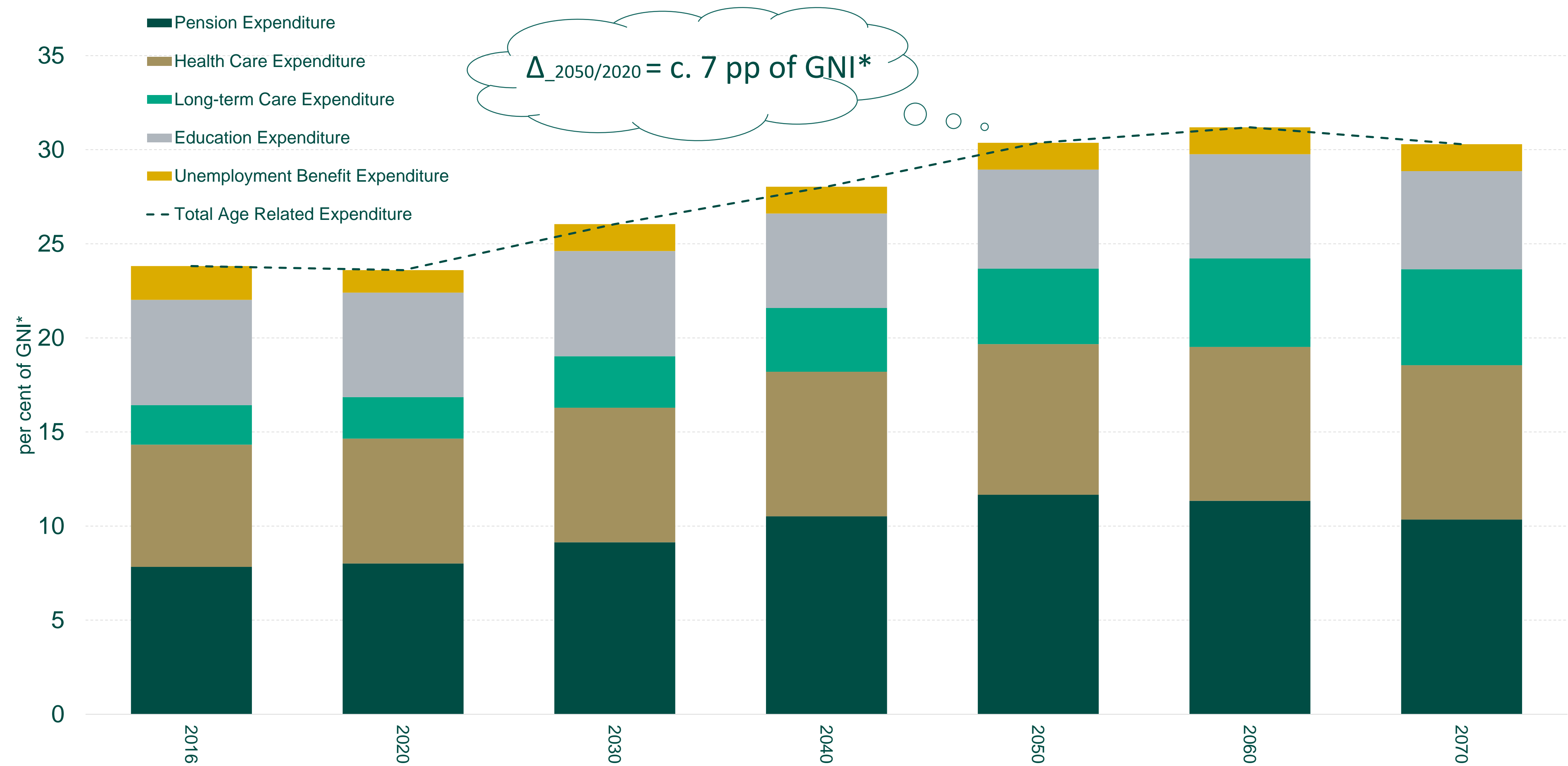
Long-term fiscal sustainability

John McCarthy
Chief Economist, Department of Finance
Presentation at IFAC conference
22nd February 2019

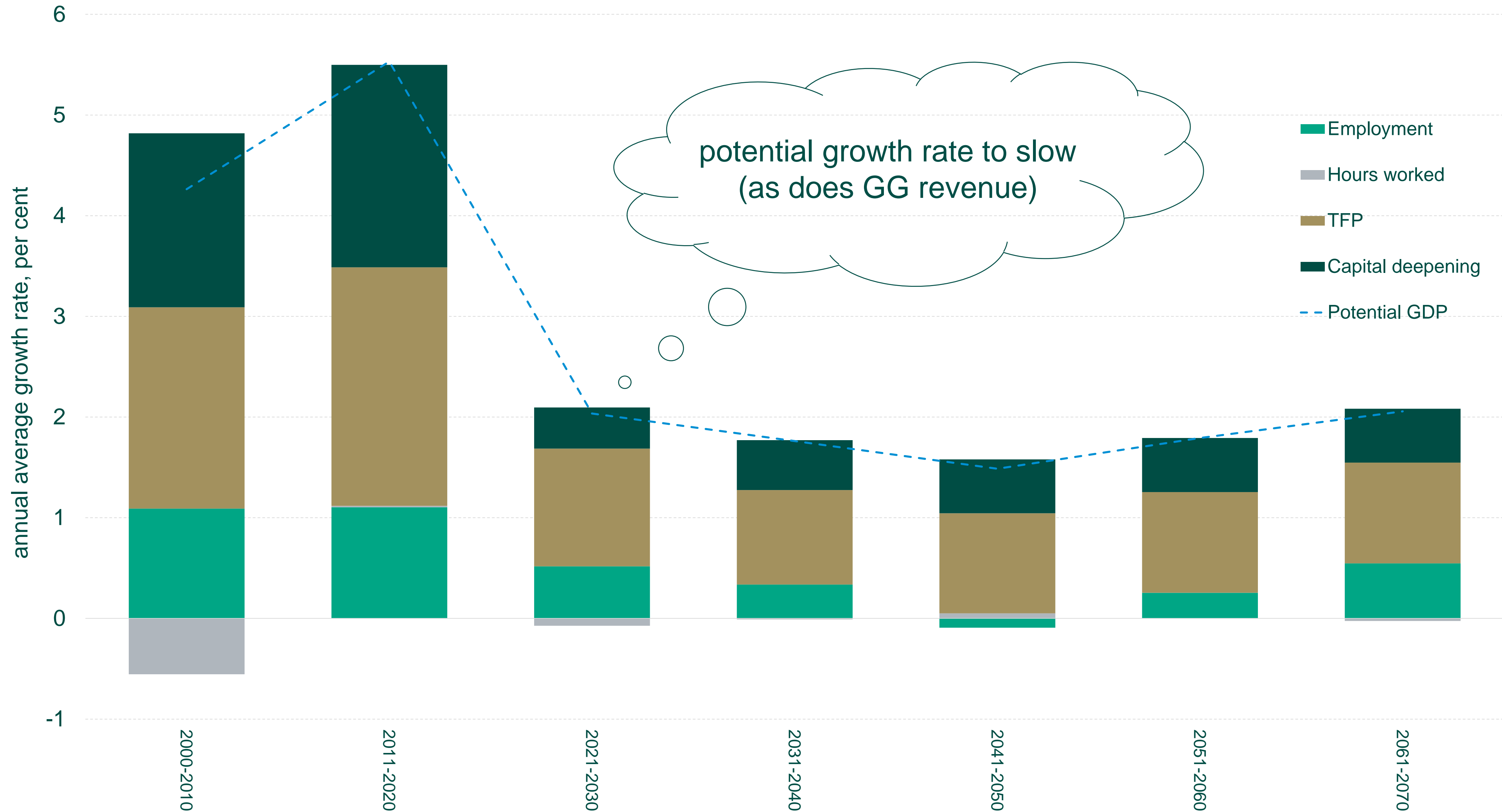
Demography: Population structure set to change



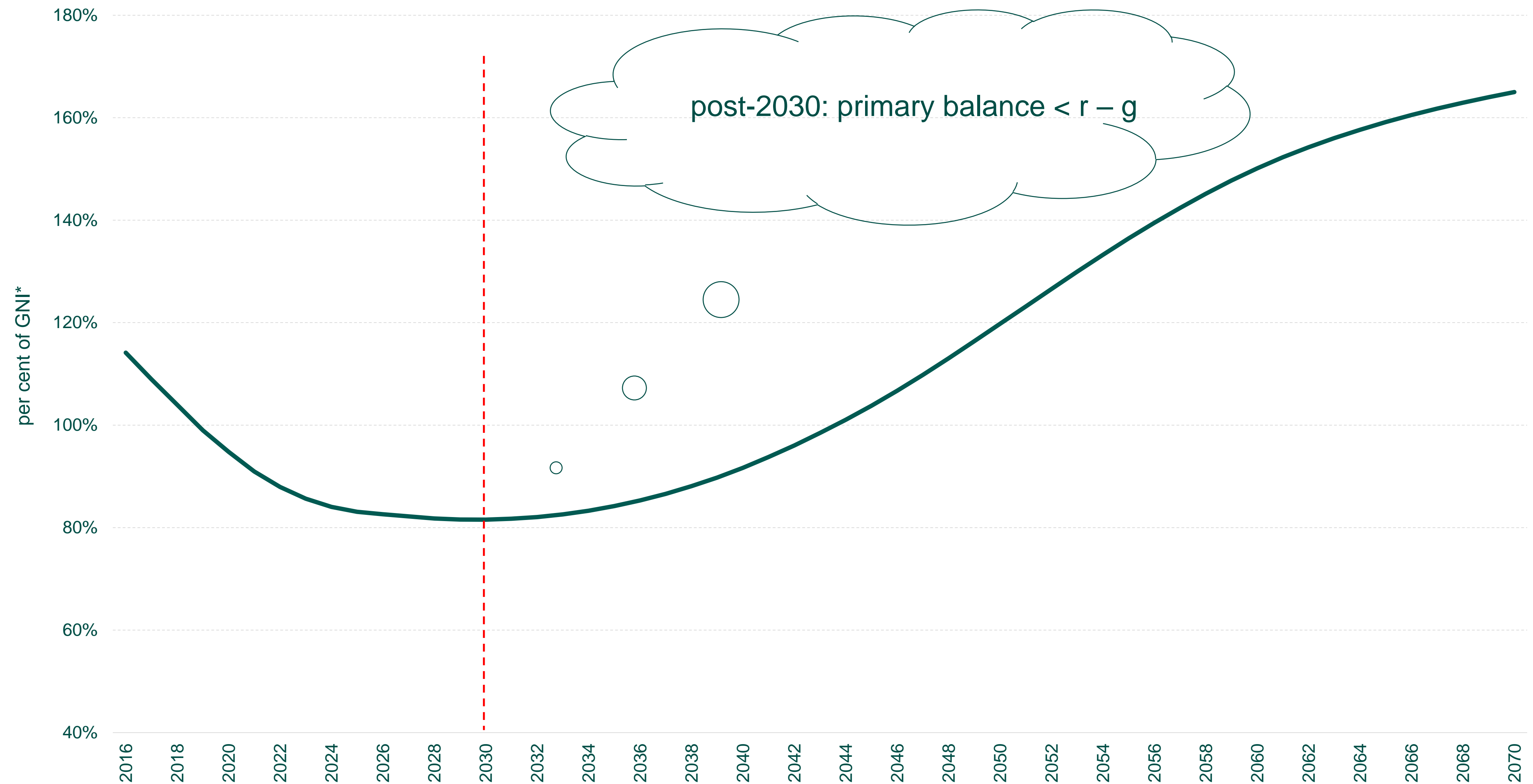
Age-related public expenditure set to increase, esp. pensions



Ageing: supply-side constraints increasingly binding



No policy change – risk of de-stabilising debt dynamics



Policy options to ensure fiscal sustainability



- Holistic response needed
 - address numerator (revenue, **expenditure**) and denominator (**output**)
- Expenditure
 - better alignment of retirement age with life expectancy
 - : occupational type has changed dramatically (coal-mining vs. office work)
 - fiscal restraint for non age-related expenditure
 - initial conditions matter
- Output (=supply-side)
 - participation rate
 - : older workers
 - : barriers to female participation
 - productivity
 - : human capital
 - : physical capital
 - : tfp



Disclaimer and other information:

The views expressed in this presentation are those of the presenter and do not necessarily reflect the views of the Department of Finance, the Minister for Finance or the Government of Ireland.

The data and analysis contained in this presentation are based on *Population ageing and the public finances in Ireland* published by the Department of Finance (August 2018).

Outturn data are sourced from a variety of sources including the Department of Finance, Central Statistics Office, European Commission (AMECO) and Central Bank of Ireland.

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