

Necessary adjustments to demographic ageing

Resolution of the Economic and Social Commission
adopted by the Brussels Central Council (9 December 2005)

The Economic and Social Commission of the European League for Economic Cooperation, meeting in Brussels on 21 September 2005:

- ◇ **considering** that the continuing and otherwise fortunate lengthening of average life expectancy considerably increases the proportion of older people in the population and that this increase, already under way, likely to accelerate in the future, and whereby up to four generations may already coexist, must be taken into account in all its social dimensions (need for an inter-generational "New Deal");
- ◇ **considering** that this phenomenon is accompanied by a worrying fall in the birth-rate, among others in many countries of central, eastern and southern Europe where fertility is at the lowest levels worldwide and where population has begun to drop in absolute numbers, in spite of the contribution of immigration;
- ◇ **considering** that this will reduce the working population in Europe over the coming years, a factor that will check economic growth along with the effects of less dynamic consumption and innovation patterns associated, in part, with demographic ageing;
- ◇ **considering** that this demographic change inevitably translates into a rise in the proportion of people over 60, which by the middle of this century will pass 35% of the total population in many European countries, and that the ratio of pensioners to contributors thus inevitably rises, weighing heavily on the funding of pension schemes;

Urgently **calls** the attention of European authorities, of governments and of economic and social leaders in the European Union Member states, to the urgent need for undertaking or strengthening the following reforms:

- ◇ **to put at the heart** of European policies the achievement of the "Lisbon agenda" for growth and employment, given the already considerable delay that it shows half-way in comparison with its objectives. This will require that both the Community and Member States' budgets devote more sustained funding to research and innovation, that industrial strategies give greater emphasis to the sectors of the future, and that regulatory, fiscal and other obstacles which hinder the growth of innovative firms be removed;
- ◇ **to develop** public policies and a social environment giving much greater encouragement to fertility. As well as direct financial incentives through family allowances and taxation, this will require changing the employment legislation and establishing social facilities (crèches, nursery schools, or the German "*Ganztag Schulen*") in order to enable women to reconcile more easily motherhood with a successful working life;
- ◇ **to build** on the reforms already introduced or in progress, but often incomplete, of public and private pension schemes, being aware that three essential tools will inevitably have to be applied simultaneously, first and foremost delaying the age of retirement, but also raising contribution rates and checking the growth in benefits.

The commission notes that the development of pension schemes based on capitalisation also contributes to the solution of the problem;

- ◇ **to push up** employment rates, currently ten percentage points lower in mainland Europe than in the United States, by simultaneously:
 - > developing incentives for the unemployed, older people and women to return to work and for companies to employ them;
 - > extending working life, especially via incentives for later retirement, greater flexibility on the combination of work and retirement, and encouragement to the development of self-employed activities;
 - > and encouraging faster access to the job market for young people, whether graduates or not;

- ◇ **to develop** a rational policy for economic immigration, focusing on the needs of sectors experiencing a shortage of manpower (whether skilled or unskilled), as opposed to policies based on family reunification and the right to asylum while fostering, at the same time, a real social and political integration of the immigrant work force, inter alia by establishing supportive policies on education, training, and housing, by ensuring immigrants a place in the city and by fighting the tendencies toward drifting into social and cultural isolation.
