

**Joint Declaration on the XX International Conference of Private Business
Organizations (Madrid, Spain, 19-20 October 2006)
“The economic and social consequences of an ageing population”**

CE (Círculo de Empresarios) - Spain
CEAL (Consejo Empresario de América Latina) - Latin America
CED (Committee for Economic Development) - United States
CEDA (Committee for Economic Development of Australia) - Australia
CIRD (China Institute for Reform and Development) - China
EVA (Finnish Business and Policy Forum) - Finland
FAE (Forum de Administradores de Empresas) - Portugal
IDEP (Institut de l'Entreprise) - France
IW (Institut der deutschen Wirtschaft Köln) - Germany
KD (Keizai Doyukai) - Japan
SMO (Business and Society Foundation) - The Netherlands

The above private business organizations meet annually within the framework of a conference in which they debate on a matter of importance for all the countries represented.

This year, the particular relevance of the subject under debate has led to the adoption of a common standpoint reflected in this joint declaration.

1. Concern, without drama, over a matter of importance for all countries: the economic and social consequences of an ageing population. All the forecasts point to the ageing phenomenon intensifying during the next 20 or 30 years.
2. There is a need for making society aware of the seriousness of many of the implications of this phenomenon.
3. It is a matter which requires the urgent adoption of significant measures and reforms in the mid and long term which, appropriately explained, do not necessarily have to be traumatic.
4. Unfortunately, the short-term approach of the political cycle has brought about a short-sightedness in the way in which governments deal with this problem, for which they have set in motion only temporary palliative measures.
5. Organisations such as ours have the responsibility of alerting society of future problems, as well as reminding governments of the urgent need for action. It is up to us to act as the governments' voice of conscience, reminding them of the importance of the matter and how much our societies stand to win or lose.

6. The field of action affects various levels and requires the determined involvement of governments. In addition, society as a whole, including business, must take part in this effort.
 - * The pension systems in force in most countries represented at the conference follow the pay-as-you-go model, whose sustainability depends on the population's age structure. Ageing endangers this sustainability in a not too distant future. Accordingly, one alternative that merits careful study is the transition towards a mixed model, financed by taxation and individual capitalization. The main difficulty involved in this type of reform is political.
 - * Ageing is a direct threat to the levels of well-being we enjoy today. As the demographic change intensifies, it will become harder to maintain appropriate growth rates in productivity because there will be a fall in variables of the importance of savings, investment and the number of work hours offered by workers. To face this challenge, reform policies must be put into practice in various areas, ranging from the labour market to increasing the birth rate.
 - * Ageing will logically bring with it an increase in dependency rates. To deal with this situation, we need to look after young and old alike. We must invest in young people by, for example, making a commitment to the education of small children to achieve higher levels of human capital. The concept that should prevail in education is that of lifelong learning, which, among other things, means that we must invest in older workers through policies that increase their activity rates and life quality. Here, the work-life balance for older people highlights an area on which we must all focus for the good of individuals and society as a whole. Furthermore, the work-family policies would create better incentives for recovering birth rates and ensuring the replacement of generations. Technology is a powerful tool for enabling both types of balance and for improving productivity levels, which would ultimately lead to the creation of wealth on which to maintain a welfare system.
 - * There is much room for cooperation between public administrations and other players. These are areas in which public and private initiatives complement each other and, jointly, can obtain more effective and efficient results. The possibilities are manifold, such as the case of financial institutions, products and markets. However, one of the priority areas is probably health. Faced with demographic pressure, efficient formulas must be found to integrate the health system and the dependency care system. In these formulas, private initiative is to play an important role.
 - * Immigration has appeared as a partial answer to the ageing problem. However, this possibility is far from a real solution. On the one hand, it is merely a partial and temporary palliative measure - high levels of immigration represent only low-level relief for the pressure of ageing on our welfare state - and, on the other, immigration is increasingly seen as a challenge by the societies that receive immigrants.