**CHAPTER ONE**

Gray Dawn  
How the Coming Age Wave Will Transform America -- and the World

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*There's an iceberg dead ahead. It's called global  
aging, and it threatens to bankrupt the great  
powers. As the populations of the world's leading  
economies age and shrink, we will face  
unprecedented political, economic, and moral  
challenges. But we are woefully unprepared.  
Now is the time to ring the alarm bell ...*

**Group 1: Gray Dawn**

The challenge of global aging, like a massive iceberg, looms ahead in the future of the largest and most affluent economies of the world. Visible above the waterline are the unprecedented growth in the number of elderly and the unprecedented decline in the number of youth over the next several decades. Lurking beneath the waves, and not yet widely understood, are the wrenching economic and social costs that will accompany this demographic transformation--costs that threaten to bankrupt even the greatest of powers, the United States included, unless they take action in time. Those who are most aware of the implications of this extraordinary demographic shift will best be able to prepare themselves for it, and even profit from the many opportunities it will leave in its wake.

    The list of great hazards in the next century is long and generally familiar. It includes proliferation of nuclear, chemical, and biological weapons; high-tech terrorism; deadly superviruses; extreme climate change; the financial, economic, and political aftershocks of globalization; and the ethnic and military explosions waiting to be detonated by today's unsteady new democracies. Yet there is a less-understood challenge--the graying of the developed world's population--that may actually do more to reshape our collective future than any of the above.

    This demographic shift cannot be avoided. It is inevitable. The timing and magnitude of the coming transformation is virtually locked in. The elderly of the first half of the next century have already been born and can be counted--and the retirement benefit systems on which they will depend are already in place. The future costs can therefore be projected with a fair degree of certainty. Unlike global warming, for example, there can be little theoretical debate over whether global aging will manifest itself--or when. And unlike other challenges, such as financial support for new democracies, the cost of global aging will be far beyond our means--even the collective means of all the world's wealthy nations. How we confront global aging will have direct economic implications--measurable, over the next century, in the quadrillions of dollars--that will likely dwarf the other challenges. Indeed, it will greatly influence how the other challenges ultimately play out.

    Societies in the developed world--by which I mean primarily the countries of North America, Western Europe, Japan, and Australia--are aging for three major reasons:

\* Medical advances, along with increased affluence and improvement in public health, nutrition, and safety, are raising average life expectancy dramatically.

\* A huge outsized baby boom generation in the United States and several other countries is now making its way through middle age.

\* Fertility rates have fallen, and in Japan and a number of European countries are now running far beneath the "replacement rate" necessary to replace today's population. The impact of so few young people entering tomorrow's tax-paying workforce, while so many are entering benefit-receiving elderhood, is of profound consequence.

    As a result, I believe that global aging will become the transcendent political and economic issue of the twenty-first century. I will argue that--like it or not, and there's every reason to believe we won't like it--renegotiating the established social contract in response to global aging will soon dominate and daunt the public policy agendas of all the developed countries.

    By the 2030s, these countries will be much older than they are today. Some of them may exceed a median age of 55, twenty years older than the oldest median age (35) of *any* country on earth as recently as 1970. Over half of the adult population of today's developed countries and perhaps two-thirds of their voters will be near or beyond today's eligibility age for publicly financed retirement. So we have to ask: When that time comes, who will be doing the work, paying the taxes, saving for the future, and raising the next generation? Can even the wealthiest of nations afford to pay for such a vast number of senior citizens living a third or more of their adult lives in what are now commonly thought of as the retirement years? Or will many of those future elderly have to do without the retirement benefits they are now promised? And what happens then?

    This is not the first time I have spoken out on demographic trends and the clash between popular expectations and fiscal realities. In 1982, I began writing on the long-term challenges facing the U.S. Social Security system--a concern that is now, at last, moving onto the center stage of national discussion where it should have been long ago. After studying the early Reagan budgets, I spoke out against the danger of ballooning federal budget deficits, and began organizing national bipartisan efforts to control and reduce them. In the 1980s, five former Secretaries of Treasury and I founded the Bi-Partisan Budget Appeal, made up of 500 former public officials and business CEOs. In 1992, with Senators Warren Rudman and Paul Tsongas, I cofounded The Concord Coalition. This organization was devoted originally to balancing the budget. With the short-term budget outlook improving, it is now focusing on the long-term impact of ballooning spending on federal entitlement programs, which threatens to unbalance the budget again early in the next century, and on the great advantage of acting to reform them sooner rather than later. (It was in that context that the White House asked The Concord Coalition in 1998 to cohost a series of televised national conferences on the future of Social Security with an unlikely bedfellow, the American Association of Retired Persons.)

    In 1996, I presented my views about the aging of America and the impending crisis in U.S. retirement programs in my book, *Will America Grow Up Before It Grows Old?* So, one might ask, why write another book on what sounds like the same subject? The answer is, it's not the same subject. My last book focused on America's own *domestic* problem. But while writing that book, I became aware that, imposing as the challenge of an aging society is in the United States, it is even more serious in Japan and much of Europe. In most of the other developed countries, populations are aging faster, birthrates are lower, the influx of younger immigrants from developing countries is smaller, public pension benefits for senior citizens are more generous, and private pension systems are weaker. Most of the other leading economies therefore face far worse fiscal fundamentals than we do. Even some major developing countries--China, for example--face serious aging challenges in the next century.

    Given the instant and sometimes painful interactions within global capital markets and the likelihood of varying national responses to the coming fiscal challenge, I can easily envision that sometime in the next decade or two demographic aging will trigger unprecedented financial pressures, both on fragile regional economic arrangements such as the European Economic and Monetary Union and on the world economy as a whole. The economic and political outcome could make today's Asian or Russian crisis look like child's play.

    Demographic aging is, at bottom, a global challenge that cries out for a global solution. That is why I have written this book.

**Group 2: WHOSE WATCH IS IT, ANYWAY?**

The leaders of the developed world all know what is coming. In private discussions I have had in recent years with President Clinton, Prime Minister Hashimoto, Prime Minister Thatcher, and other leaders of major economies, I learned that they were all fully briefed on the stunning demographic trends that lie ahead. But so far, despite the magnitude of the challenge, the political response has been paralysis rather than action, fear not commitment. Hardly any country is doing what it should to prepare. Hardly any country is doing much at all. Yet year after year the crisis approaches with the measurable certainty of an advancing tidal wave.

    In 1994 I served on the Kerrey-Danforth Commission on Entitlement and Tax Reform, established by President Clinton. After studying demographic projections and their cost implications, we issued a report that was endorsed unanimously by the Commission's 20 Democratic and Republican congressional members and by 30 of its 31 total members. (The sole exception was the President of the United Mine Workers.) The report demonstrated beyond question that if we do not reform tax and spending policies, the benefit outlays for just five programs--Social Security, Medicare, Medicaid, and federal civilian and military pensions--will exceed total federal revenues by the year 2030. This would leave zero tax revenue for any other purpose--not even for interest payments, nor for national defense, nor for education, nor for child health, nor for the federal payroll. *Not a penny available for anything else*.

    The report was the clearest official description to date of the staggering fiscal challenges posed by America's demographic aging. Both Democrats and Republicans on the Commission, compelled by hard facts, for the first time agreed on the scope of the crisis.

    America's political leadership thanked us for the report, shook our hands, and walked away. After that, silence. Soon, after the 1994 congressional elections, the White House and congressional leaders decided that the Commission was politically toxic since its conclusions pointed so inescapably toward Social Security and Medicare reform. In the end the Commission expired without agreeing on a single concrete proposal to reform a system it had in its own report called "unsustainable."

    The possibility of reform had run aground on a familiar obstacle: the growing disjuncture between what leaders know must be done and what policy changes they are willing to take to the voters. Something similar happened in 1996. Months after both parties in Congress agreed to appoint a commission to avert Medicare's imminent bankruptcy, the Democratic party ran an aggressive, demagogic, and successful "Mediscare" campaign to vilify any candidate who proposed "cutting" Medicare's rate of cost growth--a rate that everyone agreed would spend the program dry. And it happened again in 1998, when President Clinton in his State of the Union address proposed a commendable "dialogue" on the future of Social Security. The dialogue has begun, but leaders of both parties have thus far carefully avoided endorsing any specific reforms.

    Denial is not a peculiarly American response. The flight from reality is re-enacted daily from Rome to Paris to Bonn to Tokyo. Like the United States, the other developed countries acknowledge the problem but refuse to deal with it.

    A wise man once said that the real tragedy of life is that everyone has his reasons. Politicians are no exception. All over the world, they fear backing proposals that will cut or change retirement benefits because they think they'll lose their jobs if they do, as others have. In 1995, Silvio Berlusconi's Forza Italia government was buffeted by a number of political storms, all of which were arguably survivable--except for the gridlock over pension reform, which shattered his coalition. That same year, the Dutch Parliament was forced to repeal a recently enacted cut in retirement benefits after a strong Pension Party, backed by the elderly, emerged from nowhere to punish the reformers. In 1996, the French government's modest proposal to trim pensions triggered strikes and even riots. A year later the Socialists overturned the ruling government at the polls.

    Rarely have so many official multilateral bodies--such as the International Monetary Fund (IMF), the World Bank, and the Organization for Economic Cooperation and Development (OECD)--agreed with such unanimity on the dimensions of a problem. Margaret Thatcher told me that she repeatedly tried to raise this issue at G-7 summit meetings. Yet the answer from her fellow leaders was, in effect, "Of course aging is a profound challenge, but it doesn't hit until early in the next century. That means it won't hit on my watch."

**Group 2: LIVING HAND TO MOUTH**

Before they can grapple with the needed reforms, leaders of the developed world will have to speak out about the real truths and face up to the real choices. In particular, they will have to acknowledge that it may be impossible to reconcile rapid demographic aging with today's generous "pay-as-you-go" retirement systems--a misleadingly cheerful phrase that really means "hand-to-mouth" financing, in which a static or shrinking working-age population supports a rapidly growing retired population. Direct cash transfers from the working young to the nonworking old are now the norm throughout the developed world. But how does a politician inform voters that the benefits being paid to today's retirees cannot be sustained for tomorrow's? Telling the public that the unfunded benefits they are counting on may not be forthcoming is like admitting that a bank with everyone's life savings in deposit has just disappeared. The response is almost certain to follow the typical pattern, from disbelief to denial to outrage. No wonder politicians choose not to deliver such awful news.

    The politicians are hardly the only culprits in this denial game. The public is often a willing accomplice. Voters have become habituated to a pay-as-you-go system that banks every generation's future retirement on the next generation's resources rather like a giant Ponzi scheme. But try telling people that a system that worked just wonderfully for their parents (who signed up early) won't do nearly so well for their kids (who are signing up late). You might as well tell an addict to end his dependency because the supply of drugs is running low.

    Each country's resistance is colored by its political and cultural institutions. In Europe, where the "welfare state" is more expansive, the public can hardly imagine that the promises made by previous generations of politicians can no longer be kept. They therefore support leaders, unions, and party coalitions that make generous unfunded pensions the very cornerstone of social democracy. In the United States, the problem is not so much a habit of welfare-state dependence as the peculiar American notion that every citizen has personally earned and therefore is "entitled" to whatever benefits government happens to have promised. Over the past fifty years, as this notion of "earned benefits" has expanded, America's personal savings rate has fallen from near the top to the very bottom among developed nations. From a society that once felt obliged to endow future generations, we have become a society that feels entitled to support from our children. Unless this mindset changes, Americans may one day find that all they really are "entitled to" is a piece of the national debt.

**Group 3: OVERPOPULATION OR SHRINKING POPULATION?**

Let's be frank: One reason many people are reluctant to focus on global aging is that, in the past, demographers have sometimes erred badly in their forecasts. Only yesterday, it seems like they were all talking about worldwide overpopulation. So why trust what demographers are saying now?

    Let me explain why. Human fertility, the variable demographers find hardest to predict, doesn't influence the fiscal projections I use in this book *at all* over the next twenty years (the time span needed for a newborn to grow up to be a taxpayer) and very little over the next thirty years. In the near and medium term, therefore, the aging scenario I describe is virtually locked in. Beyond that, fertility does play a growing role in fiscal projections and, admittedly, demographers have often been wrong on this question. What is less well known is that almost all such errors have been *overestimates*. Projections of population aging, therefore, have almost always been *underestimates*. A very long-term trend is at work here. Over the last century and a half, fertility in the world's most affluent nations has been in almost steady decline. This decline has repeatedly surprised experts who assumed it couldn't continue.

    The single major exception was the post-World War II baby boom in a number of large developed countries, notably the United States. It was this boom that triggered the "overpopulation" anxieties of the early postwar era and led, by the 1960s, to newspaper headlines about the "population bomb" and anti-birth movements like ZPG (Zero Population Growth). It also spawned an entire industry of birth control experts and advocates who galvanized elite opinion and spurred multilateral agencies to take action. But, as it turned out, this postwar birth boom quickly subsided. By the 1970s, the fertility rate in the developed world was again falling to unprecedented lows. And it has continued to fall ever since, thanks to such long-term drivers of lower fertility as growing affluence, increased female employment, later marriage, and widening access to birth control and abortion. In hindsight, it is clear that the postwar birth boom was a historical anomaly, though one whose full impact has yet to be felt. To date, it has *slowed* the pace of aging in the United States and a few other countries--but in the future it will *accelerate* the pace of aging when this huge generation of baby boomers becomes senior boomers.

    It is possible that social and cultural changes might alter today's demographic projections. Over the long run, aging in the developed world could be slower than the official forecasts now indicate, although I believe it is *much more likely to be faster*. But it would be folly to reject rational deliberation simply because experts have sometimes been wrong. Back in the 1970s, many climatologists warned of a coming global ice age, but this does not deter us from giving a fair hearing to the evidence offered by experts who today warn of global warming.

**Group 3: GRAY DAWN**

A gray dawn is fast approaching. The more we know about this historic demographic transformation, the better prepared we will be. In Chapter 2, I provide an overview of its magnitude and consequences. Let me preview the main findings:

\* *Global aging will transform the world into societies that are much older than any we have ever known or imagined*. Until the industrial revolution, the odds of encountering an elderly person (age 65 or older) in an affluent nation was about 1 in 40. By 1990 it was about 1 in 10. In a few decades, it will be 1 in 4--and in the fastest-aging countries, 1 in 3 or even higher. By 2015, most developed countries will have more elders as a share of their population than the state of Florida has today.

\* *As the number of elderly explodes, global aging will place an unprecedented economic burden on working-age people*. Today the ratio of working taxpayers to nonworking pensioners in the developed world is around 3 to 1. By 2030, absent reform, this ratio will fall to 1.5 to 1--and in some countries, such as Germany and Italy, it will drop all the way down to 1 to 1 or even lower. Thus, in the year 2030, the typical working couple will be required to fund the full cash pension and health-care needs of at least one anonymous retiree.

\* *Global aging is what happens when people start living much longer*. Global life expectancies have grown more over the last fifty years than over the previous five thousand. Perhaps two-thirds of all the people who have ever lived to the age of 65 are alive today. Over the next thirty years, global life expectancy is projected to rise by another seven or eight years. This advance alone will raise the number of elderly by roughly one-third.

\* *Even among the elderly, the number of "old old" (aged 85 and over) is growing much faster than the number of "young old"--a phenomenon demographers call "the aging of the aged*." Over the next fifty years, while the number of people aged 65 to 84 is projected to triple, the number of those aged 85 and over is projected to grow sixfold. In the United States, these old old consume twice as much hospital care per capita--and over twenty times as much nursing-home care--as elders between ages 65 and 74.

\* *Global aging is also what happens when people start having fewer babies*. Thirty years ago, the typical woman worldwide had 5.0 children over her lifetime. Today that figure is 2.7. Meanwhile, the "total fertility rate" in the developed countries has fallen all the way to 1.6--which is already 25 percent beneath the rate necessary to replace the population generation to generation.

\* *Global aging is pushing the developed world--and perhaps even the entire world--toward eventual population decline*. By the 2020s, working-age populations will be declining in virtually every developed country. By the year 2050, all the developed countries will likely shrink from 15 to 10 percent of the world population--while the Mideast, Central Asia, Africa, and Latin America will climb from 48 to 60 percent. Absent sizable immigration--and unless their fertility rates rise again--Western Europe and Japan will shrink to about one-half of their current population before the end of the twenty-first century.

\* *Global aging will revolutionize the family, by drastically narrowing and lengthening its shape*. While the family tree narrows--and the number of a typical person's siblings, cousins, and children enters a steep decline--the surge in life expectancy will make the tree taller. Early in the next century, many developed countries will have more grandparents than grandchildren.

\* *The official projections may err on the side of optimism, since they assume that the underlying causes of global aging will weaken over time*. In the United States, for example, life expectancy is officially forecast to rise no higher by the year 2050 than it already is in Japan today. Yet some experts believe that scientific advances will greatly increase longevity--even to 100 years or more. As for fertility, most official forecasts assume that women will have as many or more children in the future--not fewer--than they are having today.

**Group 3: UNPRECEDENTED QUESTIONS**

In an aging world, every sphere of social life will experience profound changes and grapple with unprecedented questions. In Chapter 6, I suggest some of the ways demographic aging may reshape the political, economic, and cultural agendas of the world:

\* *In economics and business:* As populations shrink, will economies shrink as well? What business sectors will be most affected? Does aging mean declining savings and sluggish productivity? Will the exploding cost of retirement benefits trigger massive budget deficits and overwhelm global capital markets? With what negative effects?

\* *In ethics:* What happens as medical progress inevitably confronts increasingly scarce public resources? How will we decide whether to spend an extra dollar on the latest high-tech treatment for the old or on education and training for the young? How will all this reshape the ethics of life and death? Who lives? Who dies? Who decides?

\* *In politics:* As the number of elderly swells, will the senior benefit lobbies become ever-more powerful and lay claim to an ever-larger share of public budgets? Will young people remain apathetic, even in the face of the unthinkable tax bills they will soon be paying? Or does generational war loom?

\* *In culture:* How will global aging change people's outlook on life? Think of marketing. For many decades, the most targeted "demographic" among advertisers and media executives was the 18- to 49-year-old age group. That's because it was big, and its members spent. But already today, the most densely populated age bracket is getting older--and so the targeted demographic is getting older with it. What's sold to them, and how it's sold, is changing and will continue to change. What will TV be like when the median viewer is aged 40? And what will automobiles be like when the median driver is aged 50? What about Hollywood? Or Broadway? Or Madison Avenue? How will aging affect society's power to innovate and to imagine and create a new future?

\* *In world affairs:* In an increasingly volatile world, will metastasizing public retirement spending choke off resources available for vital defense and multinational priorities? With youth so scarce, will sending large combat forces in harm's way become politically unacceptable? If older developed countries try to depend on the savings of younger developing countries, how will this change the global balance of power?

**Group 4: GRAYING MEANS PAYING: THE "$64 TRILLION QUESTION"**

I do not subscribe to a lugubrious view of demographic aging. In many respects, population aging is a highly positive transformation, a triumph of modern science. A great number of today's elders are energetic and talented, with serious contributions to make. They can teach younger people the wisdom that comes only from experience. They can provide leadership and guidance--comfort, too. This potential is eloquently described in a number of recent books, most notably President Jimmy Carter's *Virtues of Aging*. It's good that more grandchildren will know, really know, their grandparents and great-grandparents. (Perhaps this will help heal the strains the nuclear family has undergone in recent years.) There may be less crime as the population ages, since crime, especially violent crime, is a young man's game. The old are often more religious than the young, and here too they have much to teach.

    So there is much good that can come from longer lifespans. But along with the good is the inescapable fact that graying means paying--paying for pensions, for hospitals, for doctors and nurses, for nursing homes and related social services.

    Within the next thirty years, the official projections suggest that governments in most developed countries will have to spend at least an extra 9 to 16 percent of GDP annually simply to meet their old-age benefit promises. To pay these costs through increased taxation would raise the total tax burden by an unthinkable extra 25 to 40 percent of every worker's taxable wages--in countries where total payroll tax rates often already exceed 40 percent. Or, if we resort to deficit spending, we would have to consume all the savings and more of the entire developed world.

    For the developed countries, the unfunded liabilities for pensions alone are about $35 trillion. Including healthcare, the figure is at least twice as much. To paraphrase the old quiz show, this makes the global issue at least a "$64 trillion question." Should we continue to ignore this problem, personal living standards will stagnate or decline and all other public spending priorities--whether basic research or the environment or education or defense--will be crowded out of public budgets. Our economies, our governments, and our democracies may find it hard to bear this enormous pressure. Furthermore, the official projections may be a best-case scenario, since they ignore the negative feedback effects of the mounting fiscal burden on the economy--through more borrowing, higher interest rates, more taxes, less savings, and lower rates of productivity and wage growth.

    If we don't prepare for this challenge, much of what is good about an aging society could turn sour. After all, how will young and old live happily together if they see themselves as competitors for scarce resources? And, if this comes to pass, what wisdom will the old have after all to offer the young? And who among the young will listen? I very much respect the gifts that aging individuals can give to our communities and culture: But will the aged be praised for increasing the quality of life if they are deemed responsible for bankrupting the global economy?

**Group 4: VISIONARIES DON'T ALWAYS SEE CLEARLY**

What lightens the burdens of civilization is the hope of progress over time, of optimism about the future. But to insist that everything will surely be better down the road is, I believe, unwise and intemperate. Progress doesn't just happen. It is created by facing the future with open eyes.

    Global aging in itself doesn't make progress impossible, but it raises challenges that many of today's fashionable visionaries--those who speak passionately about a "new economy" or even a "new world order"--have yet to acknowledge.

    Take the visionary talk of the "new economy." It is said that massive investments in technology, globalized capital markets, and entrepreneurial risk taking will turn the developed economies into dynamos of growth--enough growth to cover the additional fiscal costs of global aging. This is a welcome scenario, to be sure. But more investment normally requires more saving and less consumption, which in an aging world is precisely the problem. As people get old, they tend to save less and spend more. And as societies themselves age, their governments tend to run ever-larger deficits, further depleting savings. Unless the developed world changes its policies, demographic aging will so forcefully suppress both private and public savings that today's biggest economies may actually begin running *negative national savings rates* sometime in the 2020s. Some talk grandly about a dawning "golden age of capitalism." But unless the major developed nations confront their own aging, the "capital" in question will have to be imported massively from abroad. And if it is imported, from whom?

    As for risk taking, tomorrow's workers and managers may yet become the lean, mobile, and ultra-flexible cyberforce depicted in today's futurology texts. But more and more of them will be graying, homeowning careerists with families, looking forward to their pensions. As recently as 1980, twentysomethings outnumbered fiftysomethings two-to-one in the developed world. By 2030, the two groups will be roughly the same size. The risk-averse middle-aged are on track to dominate the commercial, political, and cultural institutions of the cyberage.

    Other visionaries say that the world is entering an era of smaller government and limited national authority. Growing voter distrust of public institutions, they predict, will soon produce governments that spend less, tax less, and regulate less--freeing individuals to identify with communities and regions in which national boundaries don't matter as much. But think again. For better or worse, the nation-state is hardly going to become less important to anyone who pays taxes, gets sick, or retires over the next half century. In fact, the doubling or tripling of the ratio of pensioners to workers ensures that the size of public budgets relative to the economy (and the importance of fiscal politics to the typical household) will expand dramatically. Tomorrow's "virtual state" is scheduled to bring with it a crushing and all-too-real tax load--either that, or yawning deficits and disappointed retirees. And, ironically, those who distrust government the very most may be the very first to demand their benefits. Political battles over declining returns on pay-as-you-go chain letters are likely to rage at the very center of national life.

    Still another school of visionaries talks about hopes for the next century's "new world order," in which today's great powers orchestrate an era of stable and peaceful geopolitics. I share these hopes. But here again, global aging poses some real challenges. Within the next twenty-five years, the population of the developed countries is projected to peak and then decline. In Japan and many European nations, this decline may be so rapid that real GDP will start trending downward as well. With defense and foreign affairs spending crowded out by the growing cost of retirement benefits, the developed countries will be under constant pressure to roll back their international presence.

    Can the older countries retain their leadership role in a world in which younger countries, which may not face the same fiscal constraints, are still growing? Will the world be more safe--or less--if the more stable democracies lose their grip on global affairs? I believe less. Consider, in particular, how the tables may turn if countries like Japan or Germany or the United States eventually find themselves mortgaged to today's developing debtor countries--some of which have been growing so fast that they are likely to become tomorrow's global creditors.

    My purpose here is not to criticize the visionaries, but to ask how, in an aging world, can salvage a future in which progress is still possible. After the French philosopher Blaise Pascal experienced a religious conversion, he said to his friends who were atheists, "Wager that there is a God, and live your life as if He exists. If it turns out you are right, and there is a God, when you die you will go to heaven. If it turns out you're wrong, no harm will have been done, and you will probably have lived a better life." Either way, you win.

    In the same vein I would say: Let us arrange our affairs as if the coming age wave is a profound challenge. If we are right, we will have averted a catastrophe. If we are wrong--which I consider most unlikely--no great harm will have been done, and we will probably leave behind a better world for posterity.

**Group 5: STRATEGIES FOR AN AGING WORLD**

So how, exactly, should we arrange our affairs? It is wrong to suppose that the solution is simply a combination of across-the-board tax hikes and benefit cuts. With most younger workers already hard-pressed by taxes--and with most older workers already unprepared financially for retirement--this is not a solution at all. It is merely a restatement of the problem. Instead, we should attempt to create a new paradigm of aging, one as revolutionary as the demographic transformation we are entering. This new paradigm can best be defined by its objective: We must make aging both more secure for older generations and less burdensome for younger generations.

    In Chapter 5, I describe six possible strategies. While all of them promise huge fiscal and economic payoffs, all of them will be difficult--even very difficult--to implement. Some, like later retirement or adjusting benefits according to need, will challenge settled popular expectations--in this case, that government should subsidize early retirement for *all* households. Some, like pronatal policies and stepped-up immigration, will trigger cultural and social controversy. Some, like investing more in children, may require more patience and (perhaps) more wisdom than most governments now possess. And practically all of them will be more acceptable in some countries than in others. Stressing filial piety, for example, will be easier in Asia than in North America, while mandatory savings accounts will appeal more to North Americans than to continental Europeans.

    It remains to be seen which of all these strategies will prove most popular and effective. But of one thing I am certain: As the pay-as-you-go era ends, every country, rich or poor, must ultimately assemble a new paradigm of aging from building blocks such as these if it is to thrive in the next century.

**Group 5: WILL IT TAKE ANOTHER PEARL HARBOR?**

Can the world's great powers respond to a silent and slow-motion crisis that will, for all of its vast scale, take decades to engulf us? Global aging will be a test. It has been said that all democracies suffer from a fundamental problem: It is easier for them to mobilize opinion and resources against a current emergency than to act in advance to avert a future emergency. In American circles, some call this the "Pearl Harbor" syndrome. I like to draw the frog analogy. When a frog falls into boiling water, it jumps out. But when a frog falls into cold water that is then slowly heated, it swims around calmly until it cooks.

    We're swimming right now ourselves. Is the temperature rising too slowly for anyone to notice?

    Some pessimists say yes. Popular democracies with short-term electoral cycles, they say, cannot focus on long-term choices. But I disagree. Democracies don't get much more popular than the United States, which focused just fine when it came time to pay for the Marshall Plan in the 1950s or remedy civil rights injustices in the 1960s or invest in a cleaner environment in the 1970s. I see no reason why such past successes cannot be repeated. Though the public in developed countries may not yet be ready to act, it is very much aware that global aging poses urgent choices. Over 90 percent of all U.S. voters say that Social Security will require "major change," and 65 percent agree that it "is in need of major reform now."

    A better explanation for political gridlock on global aging is declining confidence in government. People know something has to be done, but they don't trust their politicians to act honestly in their long-term interest or to distribute the short-term sacrifices fairly. Without that trust, voters cling with white-knuckled anxiety to the retirement status quo, however unsustainable.

    Fruitless partisanship feeds voter apathy. For the sake of effective action, the developed world must transcend ideology and engage the practical realities of the aging challenge. The left will have to stop defending the expansion of retirement benefits as the cornerstone of progressive government, and realize that they are fast pushing all future-oriented spending out of public budgets. The right will have to move beyond a program of mere fiscal restraint, and offer a coherent blueprint for how society intends to care for tomorrow's vast number of elder dependents. Both sides will have to resist the powerful political influence of the organized elderly who favor the status quo over what most senior citizens personally care about--their children and their grandchildren's future. Otherwise, we face the very real possibility of a socially destructive "war between generations" over the use of public resources.

    Amid all the partisan crossfire, people can easily forget that they share a common future. If timely political action is to take place, every special interest must become part of a new coalition, a "special interest" in behalf of the general interest. If they don't, their own narrow agendas will ultimately suffer as well.

    Aging presents a global challenge that requires a global solution. In Chapter 7, with this in mind, I call for a global summit on aging. The summit would include leaders of developed and developing countries and would establish an Agency on Global Aging to keep this issue in sharp focus.

**Group 5: CONFESSIONS OF A GEEZER**

Sheer luck is a force in life, and at age 72, I've been lucky to live longer than "three score years and ten" in mostly excellent health. But it was more than luck. I have benefited from the extraordinary advances in medicine and technology that have helped people like me not only continue living but continue loving it. I have a gifted and hard-working wife, and she keeps me young. When I'm with my children and grandchildren, I find their energy contagious. I work full time and can't imagine stopping. I like what I do.

    I expect to be a personal beneficiary of the longevity revolution--and live, work, and opine well into the next century! My purpose in this book is to raise some of the right questions and provide at least a few of the answers that can help us to create genuine retirement security for future generations when they reach my age, not the false security of empty promises about empty trust funds.

    I find most senior citizens to be far less selfish personally than the positions taken by their so-called advocacy groups. Most understand the moral imperative so clearly stated by Dietrich Bonhoeffer: "The ultimate test of a moral society is the kind of world it leaves to its children." Most seniors I know want a chance to contribute and a chance to make things better for their children and grandchildren. They are not opposed to sacrifice, but they want to know that any sacrifice they are asked to make is effective and fair.

    Like many other seniors in my generation, I was schooled in the American Dream by my parents, immigrants who worked and saved and worked and saved so their children could get "the best education money can buy" and go on to "do better." That was what my father always said: Do better.

    So I confess, what really makes me lucky are all the unforgettable sacrifices that I--and indeed most of my generation--received from the generation of our mothers and fathers. As parents, they spent time on us. As savers, they invested for us. As voters, they taxed themselves for us. And as citizen-soldiers, they bled for us. But will my children and grandchildren be as lucky? And will yours? Will they be able to "do better" and enjoy a life of material and moral progress in a world in which a vast share of their paychecks is earmarked for my generation? Shouldn't that money go, really, to their own children? And be invested in their future?

    That's why my highest loyalty isn't to the AARP--or any other group of like-minded senior citizens. It's to junior citizens like my kids and yours. It's to the future. It's to fairness, too.

    I want life to be fair for them. And so I've written this book that says, essentially, "Iceberg dead ahead." The crucial moment is upon us. If we seize the wheel of the ship--which is admittedly big and heavy--and turn it now, there is still time to avert the coming collision. If we stand on deck and debate too long about whether it is or isn't an iceberg out there, valuable time will be lost. Worse yet, in our hubris, we might ignore the warnings altogether and make our way to the deck for a last dance as the ship's orchestra strikes up another jaunty tune. After all, some will say, our economy is far too modern and sophisticated--too unsinkable, in fact--to be troubled by a mere shadow on the horizon.

    This book asks you to take the warning seriously and to join in turning the wheel. If we begin now, together, the needed reforms can be gradual, compassionate, and effective. If we wait, if we dither and debate, if we talk endlessly about how to turn the wheel but never quite get to turning it--then the sharp turn will be sudden and destructive. Maybe even catastrophic.

    We know the challenge is real. Unlike so much of what gets written about the future, this iceberg is a certainty. The only open question is whether or not posterity will thank us for doing what's necessary and doing it in time. Global aging will not adjust to our visions. We will have to adjust to it.