

The Future Is Here
Kit Kat Essay
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As fate would have it, I picked an essay title, The Future is Here, that fits well with the start of a new year. Dumb luck, I suppose – or a thoughtful Kit Kat President. In any case, I'll be thankful for a fortuitous beginning.

My title ties to a quiet revolution in the developed world that is well represented in this room. Yes, the future that is here is us.

When the youngest guy in the room is an aging baby boomer and the oldest members in good standing of America's "greatest generation," we only have to look around the room and in the mirror to know that the aging of America is in full swing. And, of course, we are not alone. There are millions across the state, the nation and the western world, in addition to little places like Japan, who are growing older with us. We are living on a rapidly aging planet where, in this century, for the first time, we will have a global village where there are more older adults than children. A huge change with significant but not clearly defined ramifications for us all.

My goal is to give you a quick driving tour of the future as it relates to American aging issues. At the end of our trip, and I don't think we'll have enough time to get out of the car, you may know a bit more about the aging landscape, have a few more questions to ponder, and realize that there is more to look forward to than endless prostate and financial services ads, life with aging rock stars and Muzak filled elevators with instrumental versions of the music of your youth.

Here we go.

The English poet, Robert Browning, no relation, said, in the only line of Browning poetry that I have committed to memory, "grow old with me, the best is yet to be."

Though Browning wasn't talking about aging in the 21st century, he may have captured at least one side of the age equation, particularly for those, including ourselves, who by world and national standards are reasonably healthy, wealthy and maybe even wise, at least on a good day. Our generations have clearly enjoyed the benefits of great advances on many fronts, from economic and educational progress and opportunity to greater racial equality to expansions in the American social contract, including a major new Medicare drug benefit, to health care service and technology advances that have resulted in increases in both the length and quality of our lives.

And there are many more big medical advances in the offing: High powered radiological technology able to catch disease developments very early. IT based preventative and

monitoring technologies – from “smart cards” containing our individual health histories, which will help foster progress toward a more personally tailored medicine, to the possibility of embedded health monitoring chips. The creation of organic replacements parts. Yes, we are on our way to a brand new world (some might fear a Brave New World based on privacy concerns alone) of medicine that will include a big emphasis on life extension techniques, labeled by at least one futurist as a \$5 trillion “longevity lifestyle marketplace.”

Predictions include everything from widespread robotic surgery to holographic body projections to “therapeutic cloning banks” where we can store our cells so they can be grown into organs on demand, to “longevity tourism” during which patients can medically enhance their appearance, health and well being. And don’t forget increasingly “smart drugs” that are already growing in scope and significance with one half of all Americans taking drugs and one third of that group taking drugs for psychological purposes. As pharmaceuticals become omnipresent, along with CVS’s and Walgreens on every other street corner, it’s hard to think that we won’t see a huge push for medicating ourselves, our children and our seniors in order to not simply manage or eliminate diseases, but to optionally enhance human potential, including an interest by some in turning old age into another medical “problem” that requires therapeutic intervention.

With these changes comes an evolving sense of medicine. Experts predict, and we ourselves can already see, this evolution going from disease identification, management and healing to a much greater emphasis on prevention and enhancement.

All in all, these and other medical advancements will continue, if not accelerate, the expansion in the number of people who will live well into very old age. And medicine won’t be the only big societal advance that will enhance aging.

There are many other societal trends that may not extend life, but will certainly have the potential to do much to improve our well being, including our lives as older citizens. Just think of the learning revolution fueled in large part by the Internet and related information and communication technology breakthroughs that will do much to improve educational advancement and social and community interaction for all people. These technologies are changing all our lives and their greatest impact may be nothing unique to seniors so much as seniors will be part of the social and community network in ways that were more difficult, if not impossible, even in the recent past.

And, of course, let’s not overlook the wonderful world of online dating. I’m sure it won’t be long before retirement communities and assisted living centers will have free e-harmony memberships for every new resident interested in the offer.

And think of the rising legions of what economist Richard Florida refers to as the “creative class” of educated, innovative knowledge workers who will not want to stop learning and growing in old age and may even find more time to self-actualize. Their demand for educational experiences and volunteer activities is already on the rise. Many are clustering in spots with other well-educated individuals who value talent, technology,

tolerance, art and diversity. Florida thinks that these areas are the growth areas of today and tomorrow. They include college towns, progressive urban areas and sections of the country with particularly beautiful natural surroundings. Think San Francisco, New York and Austin. Think New England and the West as just a few examples. These trend lines aren't likely to subside as the country ages.

And here's an insight from management guru, Peter Drucker: Creative class knowledge workers should be treated with the respect one gives committed volunteers because they have much in common with volunteers; that is, like volunteers they are people who care more about the substance and associated values related to their work than the compensation – and this values-based approach will no doubt continue throughout their working lives and into their old age whether they are employees or volunteers.

Another major development affecting our aging Republic that provides tremendous opportunities for self-fulfillment and community giving is the vast, intergenerational wealth transfer that is taking place. Bill and Melinda Gates are not the only ones who have accrued wealth and will transfer it to posterity. Experts estimate that there will be a \$41 trillion dollar intergenerational wealth transfer taking place over the next few decades that will fuel huge increases in philanthropic giving that could have a powerful impact on our aging society – a society that will include large growth in not just people over the age of 65, but folks over the age of 85 and 100.

By 2050 the over 85 population is expected to grow by over 320 percent. Indeed, by then the parents of the average new born will expect their child to live a normal lifetime of 100 years or more, at least that's what many futurists are predicting

But, and there always seems to be a but, the great benefits that can come with advances in life expectancy and the quality of life also produce big challenges for us as individuals and for our broader society. One author aptly described the aging of the population as a “gray dawn.” Others have described the same demographic phenomenon as a “generational storm” brought on primarily by the aging of the large baby boom population, a reduction in fertility rates and advances in medicine that allow people to live substantially longer lives.

Now, for a few more after dinner factoids and trend lines. I'll try to strike the right balance with enough information to prick your curiosity, but not so much that you prove my point about aging by falling asleep after another low calorie Kit Kat dinner.

Here are some important U.S. aging basics:

1. **Life Expectancy Increases: More Old Than Young.** Not surprisingly, life expectancy has jumped 29 years since 1900. During the same time, those over 65 have increased from just over 4 percent of the population to 12.4 percent. Meanwhile, the population of children has dropped from 12.1 percent in to 6.8 percent in 2000. In short, the tables have turned and there are now substantially more old people than young people. But the big story is that the percentage of the

population 65 and over will nearly double by 2030. To give you a visual image, this means that from an age perspective all of America will look like Florida does today. And this growing trend of having more oldsters than youngsters is not limited to the U.S.; it is going on worldwide. *Current projections suggest that by 2050 the number of older persons in the world will exceed the number of younger people for the first time in human history.* Currently, children worldwide outnumber older people by three to one; by 2050 the ratio will be just over one to one.

2. **Fertility Rates Decline:** Fertility rates increased dramatically in the postwar years far exceeding the population replacement rate of 2.1 children per woman and resulting in the creation of the baby boom generation. In fact, at the peak of the baby boom, 1957, the fertility rate stood at 3.68 percent. I guess the men in the gray flannel suits and their peers had a few more things on their minds than the future of the organization. Today, the fertility rate hovers around the replacement rate; however, current trend lines, many of which say positive things about growing wealth and personal empowerment, including higher levels of educational attainment, suggest that this number could fall in the future. For instance, between 1980 and 1998, the proportion of women between 40 and 44 who were childless rose from 10 percent to 19 percent. Today, nearly one woman in five can expect to be childless. These fertility patterns amount to a huge, unprecedented change in reproduction. As one author suggests, when this pattern is combined with rapid advances in life expectancy and expansions of the social contract, we have made a “massive societal bet on the ability of our children to support the elderly,” and then we forgot to have children. An overstatement, no doubt, but you get the point.

The reasons for this shift are many and varied and, of course, debatable, but they seem to include three major forces related to the role of women: the increasing education of women, their growing workplace roles and their largely essential role in creating the affluent two-income household.

And, no guys, I’m not blaming this on the women.

3. **Aged Population Estimates For Mid-Century: The Invasion of the Old Old.** By 2030, it is estimated that the population over 65 will include one out of four Americans, including a big increase in the number of individuals age 100 or more. In fact, by 2050 the number of centenarians will increase tenfold and total approximately 600,000, which is about the current size of Washington, D.C.
4. **Shrinking Number of Workers.** When I was born, in 1950, there were 16.5 workers for every retiree. By 2000, there were only 3.4 workers for every retiree. By 2030, there will only be an estimated two workers for every retiree. This trend is fueled primarily by demographics, but also by the choices seniors are making to retire earlier and earlier. All of which raises major questions about the low odds

of funding this and other government entitlement programs unless we give children the support they need to succeed educationally and economically.

5. Federal Investments in Seniors and Children: The Past Versus The Future?

Federal spending, even by 1995, amounted to less than \$1,700 per child versus over \$15,600 on each person age 65 or over, which means that the federal government invested almost ten times as much on the average older adult as the average child. Some observers suggest that this is part of a broader and ongoing trend to devote more of the budget to the past – benefits for senior citizens and other individuals with needs – and less to our social and economic future, such as research and development and education and training. From 1965 to 2000, these future oriented investments dropped from 32 to 14 percent of the federal budget.

6. Maintaining the Social Contract. The rapid aging of the population in the U.S. and other developed nations is placing tremendous fiscal pressure on government's ability to pay for the network of social and economic support programs that seniors want and need. In the U.S., as we all know, there has been a huge, bipartisan build-up of the nation's budget deficit and its national debt. There are legitimate reasons to borrow and even deficit spend, but without appropriate limits this spending becomes dangerous both to the present and to the future of the Republic, including its ability to support an aging population. Many would argue that we have now reached this point of danger and that a rapidly aging society makes our situation more critical, and not less so.

Simply maintaining existing federal entitlement programs will become extremely difficult within the lifetimes of the people in this room. We have all heard this repeatedly, but it's largely a worrisome abstraction because the status quo continues. Yet a brick wall is beginning to appear in the mist of the future. Here are a few quick projections based on what appear to be reasonable assumptions offered by Pete Peterson, a former U. S. Commerce Department Secretary:

- To balance the federal budget by 2030, assuming that nothing significant is done in the interim, would require that we raise all payroll taxes by 100 percent and individual taxes by 50 percent – alternatively, we would have to cut Social Security and Medicaid benefits in half and cut all non-defense discretionary spending by half.
- The graying of America translates into a huge bill for taxpayers. Between now and 2040, social security outlays as a share of payroll are officially projected to rise from 11.1 percent to 17.8 percent. Both parts of Medicare will rise from 5.6 percent to 18.2 percent.
- The difficulty of paying for these entitlement costs is made clearer when it is understood that, including Medicare and

Medicaid, an estimated 56 percent of the income of the elderly comes from government.

So, there you have it. Big, historically significant challenges that will eventually require Americans to come to terms with what we owe each other and decide how best to balance conflicting interests tied in important part to the dramatic aging of the population. Part of the answer, like it or not, will require America to rebalance its social contracts so it can maintain the fundamental values and commitments that drive those contracts. On the government finance side, it may boil down to employing old solutions to new problems. Think about ideas like:

- Expanding the retirement age for social security. Given advances in life expectancy since the time social security was originally created, a comparable retirement age to 65 in the 1930s would be nearly 75 today.
- Dramatically improving the efficacy and financial efficiency of our medical system by focusing on the fundamentals of understanding more precisely what works best and which medical providers gets the best results at the medical condition level; and, here's the big trick, measuring these results in a fair and objective fashion. Aging baby boomers may push hard for this, tired of having endless Internet-based medical information at their fingertips for next to nothing, yet without sufficient consumer knowledge and medical metrics to tell a good doctor from a poorer performer. But even if this happens, it may be necessary to face the music more squarely and more honestly than we have thus far, and ask ourselves what we think about actually drawing a line in the sand and intentionally limiting government and private health care expenses in some orderly fashion that could include calls for rationing, including limits on what government will pay for in terms of end of life care. To say the least, this will raise major social, economic and ethical issues, but it's a debate that a rapidly aging population will likely have to have sooner rather than later.
- Encourage spending reductions and tax increases – a short-term political loser – in order to balance the federal budget while paying for needed, albeit more efficient and effective federal entitlement programs.
- Encourage immigration policies that allow America to compete successfully for skilled knowledge workers and others ambitious to prosper in and contribute to American society. This is already going on, but amidst growing tensions regarding American immigration policies and associated back lashes tied to anxieties and confusion about how to proceed in a world that seems increasingly dangerous militarily and economically.

I could go on, but it would take me away from the primary focus of the remainder of my essay and that is to resist the temptation to delve further into an analysis of all the social and economic problems of an aging world and step back instead and recognize the obvious; that is, that this essay is simply an effort to give you an overview of a profoundly complex issue and to suggest a few questions that we will all ask ourselves individually and collectively. Questions I have in mind, include:

- How will we pay for retirement related economic and health care support programs in a nation with a decreasing percentage of the population who work or are children and a rapidly increasing percentage that are older and retired and often without adequate private resources?
- How will we redefine retirement when instead of it lasting a few years, it may last a few decades?
- How can individuals and communities capitalize on the talents and human potential of large numbers of healthy, often well educated retirees?
- Will an aging population move society in new directions socially, economically, politically and/or spiritually? Will new directions make it easier or harder for more Americans to participate fully in the American Dream of educational and economic advancement?

These are important questions that my essay doesn't answer. But, I hope you agree that they are questions worth our deepest consideration.

I want to end by doing something I tend not to do enough and that is to look on the positive side of social and economic challenges. I want to do this by suggesting that though the aging issue deserves careful study so that we can manage our problems effectively while maximizing our potential, we should not skip over the huge reality that an aging population is fundamentally not a sign of a big problem, but of good news involving social progress and individual benefit.

Too often, and maybe it's simply human nature, we tend to focus more on the negative than the positive. Aspirations, ambitions, injustices, dire human needs, including poverty in the midst of plenty – including right here in Ohio. They all drive us to focus on what needs to be done and not on what has already been done.

This reality was captured well by Aldous Huxley when he said, "Every gain made by individuals or society is almost instantly taken for granted."

But without ignoring these urgent issues, I want to start the New Year with a focus on the positive, on progress, which, of course, includes longer life times.

This same interest caught the imagination of one America's economic writers and he penned a book called *The Progress Paradox: How Life Gets Better While People Feel Worse*. Author Gregg Easterbrook asks why Americans, when surveyed, seem to be more negative about their problems and their future prospects and those of the nation than one might expect given the great progress we have made according to most objective measures.

He talks about American prosperity and social progress. Using census figures and other facts he documents tremendous progress on almost every level of life, including material abundance and progress, not just for the rich, but also for the average man and women. Examples include:

- Almost every American and Western European is better off economically than his or her parents. For instance, nearly one out of four American households earns more than \$75,000 today. In 1890, the decade my grandmothers were born, the number was less than 1 percent.
- Overall, inflation adjusted, per capita income has more than doubled since 1960.
- Of important goods and services, only health care and education cost more in work hours needed to pay for them than they did in the 1950s.
- Today almost 70 percent of Americans own their dwelling places, versus less than 20 percent in 1907.
- Americans today average 12.3 years of education, the highest figure in the world. The average educational achievement of Americans now exceeds the figure for the upper class of a few generations ago.
- 14 percent of Americans have no health insurance and this is regarded by most as a problem that cries out for correction. Yet while this 14 percent shortfall is compared to 100 percent coverage, Easterbrook suggests that it should also be compared to the fact that just two generations ago almost no one but the rich was protected against ruinous medical bills.
- The life experiences of the rich and poor used to be much different than they are today. For instance, in England in the 19th century the average working class man was five inches shorter than the average upper class man, owing to poor food, poor health care and a life of manual labor. Today there is no difference.

So why do Americans tend to focus with nostalgia on the past, routinely comparing it favorably with the present and the future. Why do many of our friends and neighbors hear about an aging society and think that there are going to be millions outliving their money and their physical well-being without focusing first on the tremendous upsides?

Well, many would say that this is just the human condition, that no matter how good things are we worry about the worst and find anxiety even in good news.

Easterbrook understands this, but he posits that it's something more. He traces the source of our anxiety and negativity to a "revolution of satisfied expectation" and to a "collapse anxiety."

He argues that for at least a century each generation has come to believe in progress, that rising expectation would be met with rising levels of material well-being. The notion of unending progress is rooted in the American Dream of unbounded economic and educational opportunity, which is a wonderful part of our national ethos, but a mind set, ironically, that sometimes makes it hard to be optimistic about the future, according to Easterbrook, because our rising expectations have been so well satisfied that it's tough to think that another gadget or another dollar in our pocket is endlessly going to happen and if it does that it's going to make us happier.

The other source of our anxiety about the future is Easterbrook's notion of collapse. He believes that for a host of reasons many in the West are afraid that we cannot sustain our material well-being and personal freedoms; fears range from economic and environmental concerns to anxieties about military strength in a world that seems increasingly hostile. He thinks that this helps explain why Americans are not happier about their circumstances despite strong evidence that life is getting better on almost every level. He thinks this was true before 9/11 and even truer after it.

Now, I don't think that the moral of Easterbrook's story is that we should stop working on pressing problems or that we should become cockeyed optimists. And I certainly don't think advances in material well-being translate into social and spiritual well-being for the young or the old. When I start thinking like that, I'm quickly reminded of Walt Whitman's *Democratic Vistas* when he talks about the stupendous advances of an industrializing mid-nineteenth century America and then steps back and talks about that same society's selfish, materialistically driven social, spiritual and literary shortcomings, ending a powerful, well-worded analysis by saying that "It is as if we were somehow being endowed with a vast and more and more thoroughly appointed body, and then left with little or no soul."

So, it's balance that Easterbrook seems to be talking about. Balance that says an aging America is more positive than negative. And it's a balance leavened with an abiding faith in better tomorrows grounded, one could argue, in the hope that is the American Dream. Understanding our shortcomings and our challenges and still having great hopes is quintessentially American. Just think about Whitman blasting contemporary society and also saying "The United States themselves are essentially the greatest poem." This view, of course, is part of an American exceptionalism that says that we are fundamentally different and, yes, better, and that we will succeed in dealing with our problems be they aging related or otherwise. It's an American characteristic that is both arrogance and a continuing strength.

You can see it in our greatest literature. Listen to Herman Melville's classic lines of American exceptionalist literature: "We Americans are the peculiar, chosen people – the Israel of our time; we bear the ark of the liberties of the world.... And let us always remember, that with ourselves – almost for the first time in the history of the earth – national selfishness is unbounded philanthropy; for we cannot do a good to America but we give alms to the world."

While my faith in the future may not match Melville's missionary zeal, I think that the road to a new future filled with twice as many older people will offer more potential than disappointment. I say this for many reasons, despite the knowledge that I will join you in being plagued with prostate commercials and retirement planning ads.

And I say it with the belief that the old do have much to teach, much wisdom to offer not just the young, but to us all. And with a strong sense that this wisdom includes a deeper, perhaps more transcendent understanding of issues of the heart and soul, I think that we should and we will work together to connect more fully with this potential and in so doing improve our selves, our communities and our world – and we should have fun in the process because, after all, life's too short to do otherwise.

Thank you.

(Note: Source materials for this essay include: James Canton, *The Extreme Future*; Andrew Delbanco *The Real American Dream*; Andrew Delbanco *Melville: His World and Work*; Gregg Easterbrook *The Progress Paradox: How Life Gets Better While People Feel Worse*; Richard Florida *The Rise of the Creative Class*; Laurence Kotlikoff and Scott Burns *The Coming Generational Storm: What You Need to Know about America's Economic Future*; Peter G. Peterson *Gray Dawn: How The Coming Age Wave Will Transform America – And The World*; and Peter G. Peterson *Running On Empty: How The Democratic and Republican Parties Are Bankrupting Our Future and What Americans Can Do About It*; and Mark Van Doren (Editor) *The Portable Walt Whitman*.)