

## Contemporary Affairs

GRAY DAWN:

*How the Coming Age Wave Will Transform America—and the World.*

By Peter G. Peterson. Times Books.

280 pp. \$23

When the sky does fall, those once denounced as Chicken Littles suddenly become prophets. Peterson may turn out to be one of them. He assessed the dire consequences of American aging in *Will America Grow Up Before It Grows Old?* (1996). Now, in *Gray Dawn*, he extends the analysis to the rest of the world.

Everywhere, but especially in wealthy countries, people live longer. The cost of their medical care is increasing. The age of their retirement—and hence their entry into the ranks of those supported by public pensions—is dropping. They are having fewer children who might support them in retirement. Intergenerational solidarity does not help: grandparents live apart from grandchildren, often in another part of the country. As societies move from high rates of fertility and mortality to low, Peterson argues, they face fiscal disaster.

While acknowledging that demographic projections have turned out wrong in the past—not that long ago, Cassandras were worrying about too *high* a birth rate—Peterson believes that fiscal problems are virtually unavoidable. Under even the most conservative estimates of future trends, too few will be working to support too many looking for dignified leisure. Even more important, not all trends are cyclical. Once birth control is introduced in a nation, for example, families with more than 10 children become rare.

Different societies will handle the aging bomb in different ways. Peterson admires Japan, the first country to cope with rapid aging. There, the Confucian ethic stresses intergenerational responsibility, and the political system prizes consensus over conflict. Italy, by contrast, “may be the world’s worst-case pension scenario.” Strong unions protect their (retired) members, while, as a result of low birthrates, people over 60 outnumber those under 20. The United States has the advantage of being

the youngest, demographically speaking, of the world’s rich countries. But it has the problem of a political system unable to say no to demands for disproportionate spending on the elderly.

One need not accept all of Peterson’s political judgments. To start with, fiscal health may be less important than individual rights, the very lack of which makes Japan so appealing to the author. In addition, Peterson seems naive about the capacities of government (he believes that regulators can prevent chicanery in a worker-controlled pension system), and he fails to recognize the symbolic importance Americans attach to Social Security despite its economic inefficiencies.

Still—despite skepticism about worst-case projections—I find Peterson’s factual conclusions persuasive. Americans someday may rue the fact that, back when the emerging problems were so clearly and compellingly described in *Gray Dawn*, they did not pay attention.

—Alan Wolfe

LUXURY FEVER:

*Why Money Fails to Satisfy in an Era of Excess.*

By Robert H. Frank.

Free Press. 336 pp. \$25

The townspeople of Ithaca, New York, once disdained each passing Porsche, according to Cornell University economist Frank, but now they view pricey cars with envy. Even the author is not immune: he acknowledges owning a BMW—purchased *used*, he stresses. Out of such insidious, competitive profligacy, Frank contends, grow myriad social ills, including bleak inner cities, neglected children, air pollution, potholes, and obesity.

In *Luxury Fever*, Frank amasses prodigious evidence of America’s wasteful ways. Since 1980, the market for fine wines has grown by 23 percent annually. The average size of new houses was 1,100 square feet in the 1950s; it’s 2,000 square feet today. (Bill Gates’s 45,000-square-foot palace especially offends Frank, who wishes the Microsoft founder would erect a smaller house and use the sav-