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 con-  
sequences of American aging in Will  
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 chil-  
dren 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 con-  
flict. 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 spend-  
ing on the elderly.

One need not accept all of Peterson’s  
political judgments. To start with, fiscal  
health may be less important than individ-  
ual rights, the very lack of which makes  
Japan so appealing to the author. In addi-  
tion, Peterson seems naive about the capaci-  	ies of government (he believes that regu-  
lators 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 some-  
day 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.  

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 pollu-  
tion, 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-