

# "ADDRESSING THE AGING OF THE GLOBAL WORKFORCE: THE ROLE OF LONGER WORK LIVES AND OTHER POLICY RESPONSES"

## COMMITTEE FOR ECONOMIC DEVELOPMENT

Tuesday, September 12, 1999

9:00 a.m. - 2:00 p.m.

Center for Strategic and International Studies

1800 K Street, N.W.

Washington, D.C.

Chairman: CHARLES E.M. KOLB

Opening Remarks: FRANK P. DOYLE, Chairman,

CED BRADLEY D. BELT, Director

CSIS Panel I - Encouraging Longer work Lives: Barriers and Opportunities

BEN WATTENBERG, Moderator

VIRGILIO ONATE

VERONICA SHEEN

MIE TENO

Panel II - Other Policy Responses to Aging Workforces and Societies GARY BURTLESS

ROLF KROKER

ED PALMER

ROBERT ENGLAND

ROBERT REISCHAUER, Moderator

Luncheon Speaker:

SENATOR JUDD GREGG

MR. KOLB: Ladies and gentlemen, good morning. My name is Charlie Kolb. I am president of the Committee for Economic Development. On behalf of our trustees and staff, I would like to welcome you here this morning to our conference addressing the aging of the global work force. Initially, I want to express our appreciation to the Center for Strategic and International Studies for hosting today's forum with us. I would also like to extend our appreciation to the Society for Human Resource Management, which is also helping to underwrite this forum. We have a number of participants here from yesterday, and I would like to thank you for your involvement. The Employee Benefit Research Institute and the National Elder Career Center have been very, very good partners with CED. I am probably leaving out someone, but it is not intentional. Thank you all who participated yesterday. We also were very pleased to get a mention in the Washington Post yesterday about today's forum, but it says that this is a gray and gloomy subject. Maybe that is a reference to CED trustee Pete Peterson's book Gray Dawn. But for those of you who didn't hear our trustee Bill Hazeltine at lunch yesterday, we can take solace in that most of us are going to live to be 120 years old. So that is indeed good news at this gray dawn. I would also like to recognize in the audience two CED trustees, Bruce Maclaury, former president of Brookings Institution, and Bob Holland, now in the Wharton School. Bob is also a former president of CED. Welcome to you all.

A special welcome to the representatives from the five counterpart organizations that CED has close relationships with around the world. We are very pleased to have with us participating today representatives from Australia, Japan, Sweden, Germany and Spain. We have five representatives from Spain this morning. Thank you very much for coming all this way. I thank all of you for traveling from around the world to be with us. At this point, I am going to turn the podium over to our chairman, Frank Doyle.

Let me now introduce Frank Doyle, who is the chairman of the board of trustees of CED and also the co-chair of the subcommittee that produced CED's work on older workers. Frank. CHAIRMAN DOYLE: CED is very proud to sponsor with CSIS's support, this conference. CED, as many of you know, has been working on this in conjunction with both economic and social issues for its entire lifetime, stretching back to 1942. This issue became particularly acute as we wrestled with the issues of the baby boomers' demographic change which will begin in a decade, but already we are seeing first signs. What will this generation do? Will they retire early, as many claim they want to, or will they work longer, as we expect? So it was for us a challenge. Last year we published a policy paper entitled "New Opportunities for Older Workers." It did offer an agenda that addressed the issues of employers, public policy makers, and individuals. Our conclusion was that this is an issue that will require the best efforts of all, and there is no single element in our society that can bring its resolution.

The paper, many of you have had the opportunity to see it, does present the problem from the U.S. point of view. We deliberately focused it that way. In many ways, that is our charter. Yet, whenever we looked to get points of reference around the world, in Western Europe, Japan, particularly in all the advanced industrialized societies of the world, in fact this issue was either on the horizon or very much on the doorstep. So this conference, which, as Charlie has pointed out, brings together our counterpart organizations, is an important one. We have always felt that our relationship, and I made the point last night, with the counterpart organizations does in fact make us all substantially stronger and more influential on key issues in our domestic politics and our domestic policy making. So this is an important conference.

When we step back and realize this is an issue that is so central, so on the minds of an increasingly aging population throughout the industrialized world, to be able to bring together this kind of group to speak to it and to speak about it I think is an important issue. I would particularly also like to thank CSIS for working with us. They helped put the program together, they let us use this great facility here in Washington, and they have been, as you know, another clear voice on issues of both public policy and economic needs. With that, a welcome to all of you from CED, I would turn the program over to Bradley Belt, who will introduce Ben Wattenberg. Bradley. MR. BELT: Thank you, Frank. On behalf of CSIS, I would also like to welcome you this morning. It is a distinct honor and a pleasure and a privilege for us to be able to work with CED and a number of other organizations on this very important issue.

As many of you know, I am actually subbing for Paul Hewitt this morning, who has jetted off to Europe to carry on the work of the Global Aging Initiative. But it is a delight to be back at CSIS. There has been a long history of social and demographic issues during my tenure here as senior vice president for policy and director of the National Commission on Retirement Policy, which CSIS established about three or four years ago now and which began to look at these issues and build a bipartisan consensus on necessary reforms with respect to U.S. policy. Obviously, this issue has a much broader range of ramifications. I think it is emblematic of the traction this issue has gained when you look at our very distinguished panel assembled today, at the leadership and the membership of the Global Aging Initiative. Our international co-chairs are Former Japan Premier Hashimoto, Former Vice President Walter Mondale, and the former president of Bundesbank, Karl Otto Pöhl. It is interesting to note that with the recent events we have had in Paris, now in Brussels, an additional secretariat meeting coming up in Zurich next year, that people are beginning to recognize that this is not simply a domestic policy debate. And in fact, if it is relegated to a domestic policy debate, it is one that is difficult to win. If it is us against them, if it is cutting benefits and that is all you are looking at, that is tough political sell. But if people begin

to recognize that this is a multifaceted cross border issue, it begins to change the nature of the debate.

The global economy as we all know now, is interconnected. It ill-serves the United States if there are severe economic crises that erupt, whether in Japan or Germany or Italy or France or any other country, because of a confluence of factors: Declining birth rates, rapidly aging populations, expensive and expansive social safety nets. The confluence of these factors creates a recipe for economic crisis, but it is not immutable. It certainly can be addressed through appropriate social policies, and that is what we are here about today. We have certainly seen what has happened in Japan. Perhaps the front edge of the tidal wave of this potential demographic tsunami, you saw this past week a downgrading by Moody's of Japanese government debt. Some would take exception to that, but perhaps it is a harbinger of the types of problems we are going to be seeing over the next several years and next decades.

CSIS is committed to working with other organizations such as CED, with private sector and public sector officials around the world, to examine these issues in some depth, and, more importantly, to bring together different constituencies. Not your typical line-up of the demographers and pension policy experts, but business people, political leaders, and other big thinkers to think through how we begin to address these issues in a coordinated way.

To lead this discussion, it is my distinct pleasure to be able to introduce Ben Wattenberg. Many of you know Ben. He is a very broad and deep thinker. He is a raconteur. He is a social policy expert who has written extensively about this and a wide range of related issues. He really pinpointed this problem earlier in the book he wrote called the Birth Dearth. He is the host of a PBS television series.

He is a senior fellow at the American Enterprise Institute. He will be testifying on Capitol Hill before the Ways and Means Committee on the issues we are talking about today. He has been a great friend of CSIS, and we are very privileged to have him here to chair this particular panel. Thank you.

MR. WATTENBERG: Thank you very much, Brad. It is a great honor to have been asked by CED and CSIS to moderate this panel. I am honored to be riding a surfboard on the cutting edge of the demographic tsunami. I like that. That's where I like to be.

We have a quite remarkable and global panel this morning. You should have in your kits there their various biographies, which I will not get into at this point. Our panelists are, respectively, from Australia, Spain, and Japan. The last I heard, I was from the United States. So we pretty well cover the waterfront. I have asked, and the panelists' names are:

Veronica Sheen, the deputy director of the Australian Council on the Ageing; Mr. Virgilio Onate. Mr. Onate is chairman and chief executive officer of TEXSA and a member of the board of directors of, Circulo de Empresarios, Spain. Mie Teno, the managing director of Deltapoint International Ltd. in Japan