

Viva the Vital

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War of the Generations

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If you thought America's culture wars, foreign policy debates and presidential campaigns generated heated rhetoric, you ain't seen nothing yet. The looming conflict between the generations over entitlements for the graying population could shape up as the most bruising domestic issue since the Civil Rights movement.

Indeed the generation gap – or, rather, the gap between the entitlements we think we deserve and those we can afford -- could soon supplant race, class and gender as the most divisive force in American politics. Won't that be fun?

The issue is simple: Our government spends much more money than it collects. The Bush administration brought us half trillion-dollar deficits. The Obama administration is giving us our first trillion-dollar deficit. Meanwhile, we still have the massive entitlements obligations of Social Security, Medicare and Medicaid to deal with – obligations that would run up the federal deficit to \$4 trillion to \$5 trillion a year in a \$14.5 billion-a-year economy if Uncle Sam used Generally Accepted Accounting Principles like the private sector does.

For decades, the issue of deficit spending and unfunded entitlements seemed worrisome but remote. Disaster seemed so far away. Now, we can see it: The first Boomers are retiring, and the generation that would “never grow old” – and happens to be almost twice as large as the one that precedes it – soon will be drawing retirement benefits rather than paying payroll taxes. Add to that the worst recession since 1981. Seemingly overnight, everyone's sensibilities have been sharpened to the mess we've made for ourselves.

At the Boomer Project, we track media articles and blog chatter, and we've seen a marked uptick in the number of commentators who put our current splurge of deficit spending in the context of a looming demographic and fiscal disaster. *Washington Post* columnist Robert J. Samuelson gloomily prognosticated that the Age of Obama could become the era in which generational conflict, or even “generational war,” could break out.

We're not sure war will break out, but if it does Boomers will be on the receiving end. Other generations have judged us morally deficient. Writes Pennsylvania blogger James Quinn: “The word sacrifice does not exist in their vocabulary. The well-being of future generations is of no interest to them.” Then there's this from W. Bryan Hubbard from Lexington, Ky.: “Baby Boomers who made the anthem of living today without a worry for tomorrow a personal creed have left no aspect of our collective national life unspoiled.”

As the zero-sum game of Washington politics plays out – either retirees will endure benefit cuts, the working population will pay higher taxes, or affluent retirees will be “means tested” to pay more – younger generations will be tempted to lash out against the Boomers who have dominated American culture for so long.

Here at the Boomer Project, however, we believe the Boomer bashing is premature. The older generations, not the Boomers, are the ones that have defended their retirement entitlements tooth and nail. We believe Boomers will reinvent retirement just as they have transformed every other institution they have encountered. Indeed, a majority of Boomers have already resolved to work past the normal retirement age – to age 67 or older. That doesn’t sound like a generation determined to suck the life blood from the nation’s youth in order to buy vacation homes and take cruises to the Med.

To some degree, the younger generations exaggerate the extent of the problem. Social Security will not become insolvent. Under the worst case scenario, benefits will be reduced to 60 percent of legislated levels. If enough Boomers decide to delay retirement, the worst case scenario may never transpire.

Medicaid, which funds long-term care for the indigent, is a budget buster, too. But Boomers have no intention of spending their final years in nursing homes. Boomers would rather “age in place.” By the time they’re finished, the long-term care industry will be unrecognizable – and, perhaps, a lot more affordable.

Finally, there’s the issue of Medicare. That really could bankrupt the country. But the problem isn’t Boomer profligacy or self-indulgence. It’s the raw numbers of 76 million Boomers succeeding a Silent Generation of 44 million. It’s not as if the Boomers are to blame for being born.

In the end, disaster will occur if present trends continue unabated. But they won’t. Far from being the self-centered, self-aggrandizing creatures of stereotype, many Boomers support aging parents, and many more subsidize their adult children. That’s one reason why they’ve been able to save so little. In the end, just as they do the right thing for their families, Boomers will do the right thing for the country.