

THE ECONOMIC CLUB

O F W A S H I N G T O N , D . C .

**Excerpts from the Signature Event featuring The Honorable Ben S. Bernanke, Chairman,
Federal Reserve Board**

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“In coming decades, many forces will shape our economy and our society, but in all likelihood no single factor will have as pervasive an effect as the aging of our population. This coming demographic transition is the result both of the reduction in fertility that followed the post–World War II baby boom and of ongoing increases in life expectancy. Although demographers expect U.S. fertility rates to remain close to current levels for the foreseeable future, life expectancy is projected to continue rising. As a consequence, the anticipated increase in the share of the population aged 65 or older is not simply the result of the retirement of the baby boomers; the ‘pig in a python’ image often used to describe the effects of that generation on U.S. demographics is misleading. Instead, over the next few decades, the U.S. population is expected to become progressively older and remain so, even as the baby–boom generation passes from the scene. Even a practitioner of the dismal science like me would find it difficult to describe increasing life expectancy as bad news. Longer, healthier lives will provide many benefits for individuals, families, and society as a whole. However, an aging population also creates some important economic challenges. For example, many observers have noted the difficult choices that aging will create for fiscal policy makers in the years to come. . . .But the implications of demographic change can also be viewed from a broader economic perspective. . . .adequate preparation for the coming demographic transition may well involve significant adjustments in our patterns of consumption, work effort, and saving. Ultimately, the extent of these adjustments depends on how we choose—either explicitly or implicitly—to distribute the economic burdens of the aging of our population across generations. Inherent in that choice are questions of intergenerational equity and economic efficiency, questions that are difficult to answer definitively but are nevertheless among the most critical that we face as a nation.” ~ *The Honorable Ben S. Bernanke, Chairman, Board of Governors, Federal Reserve System*