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This Old World

By ALEXANDRA HARNEY

SHOCK OF GRAY

The Aging of the World’s Population and How It Pits Young Against Old, Child Against Parent, Worker Against Boss, Company Against Rival, and Nation Against Nation

By Ted C. Fishman

401 pp. Scribner. $27.50

Three of the four people who care for my 94-year-old grandfather in his home near Washington were born outside America. None migrated to the United States to do this kind of work. But all remain, and earn a decent living, thanks to senior citizens like my bionic Pop-Pop, a retired doctor powered by a pacemaker and a defibrillator.

I thought of my grandfather often as I read Ted C. Fishman’s “Shock of Gray,” because his circumstances illustrate one of the book’s central arguments: aging accelerates globalization. As science allows us to live longer and we choose to have fewer children, we will increasingly rely on the more affordable labor of foreigners.

If Fishman’s point seems empirically obvious, the observations he makes about it are far-reaching and highly relevant to the current debate about the American economy. “Shock of Gray” grew out of the research for Fishman’s first book, “China, Inc.: How the Rise of the Next Superpower Challenges America and the World,” and the two books share a fast pace, global scope and jaw-dropping facts.

By 2025, there will be 66 million Americans above the age of 65. Over the next four decades, the number of centenarians around the world will increase sevenfold, from 450,000 today to 3.2 million in 2050. Today, 5 percent of the population of Ecuador lives in Spain, in part to care for that country’s elderly. In short, demographic shifts are already reshaping the global economy.

These are not distant phenomena. Among the changes to Social Security under consideration by a White House panel is an increase in the retirement age. Nearly one in five Americans between the ages of 16 and 24 were unemployed in July, the highest rate since statistics began to be collected in 1948. The French government's recent attempt to raise the legal minimum retirement age from 60 to 62 drew more than a million protesters to the streets there in September.

Demographic shifts are already affecting economies in Asia, home to one of the world's most rapidly aging populations (Japan) and its largest (China). Fishman makes a whistle-stop tour of the issues in both countries. Chinese and Japanese birth rates have fallen dramatically since the 1970s, creating what is known in China as the 4-2-1 problem (four grandparents, two parents, one child).

While that inverted pyramid inarguably helped drive China's extraordinary growth over the last three decades, it will become increasingly burdensome as the elderly population balloons and labor becomes more scarce. In the 10 years ending in 2015, the number of Chinese over 60 will double from 100 million to 200 million. By 2025, as Fishman says, "China will be home to one-fifth of the world's population, but home to one-fourth of all people over 65." The challenge China faces, he argues, is to get as rich as possible before the country's seniors become a drag on growth.

From Japan, Fishman writes a gloomy postcard on the consequences of low birth rates and the world's longest life expectancy — an extreme version of what is happening elsewhere in Asia, Europe and, to a lesser extent, the United States. In Japan, universities are closing for lack of students, and a third of suicides are by the elderly. But the government has made little attempt to substantially increase the number of immigrants, who officially represent just 1 percent of the work force.

The book's liveliest material comes from closer to Fishman's Chicago home, from Rockford, Ill., an industrial town once known as "the screw capital of the world." It is in Rockford that Fishman illustrates another of his central arguments: aging populations and globalization make it easier for companies to engage in "age arbitrage," trading in their old employees for a younger, cheaper work force elsewhere.

"Age arbitrage is now an essential strategy for businesses trying to compete in the global economy," Fishman writes. "If the companies that engineer the magic combination of younger workers and low wages win, management will continue to look for ways to jettison older, higher-wage workers."

As shown by the recent rise in boomerangers — Americans who move back in with their parents — age arbitrage affects workers both young and old. If youth unemployment cannot be lowered, it could rob the United States of the benefits of having a relatively young labor force, Fishman argues.

Fishman has a keen ear for witticisms (he describes Sarasota, Fla., as “a kind of Silicon Valley for aging services”; Spain in the year 2050, when it will have a higher proportion of people over 65 than any other nation, will be “a country that is literally handicapped”) that helps him keep an otherwise wonky subject vital. And he motors enjoyably through a huge quantity of data and anecdotes, sending out provocative flares along the way.

But the book lays out problems without offering much in the way of solutions. Not everyone will be lucky enough to afford a staff of four to provide personal care. How will the less fortunate, not only those who were victims of “age arbitrage” but also those in developing countries, cope? Fishman doesn’t say.

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