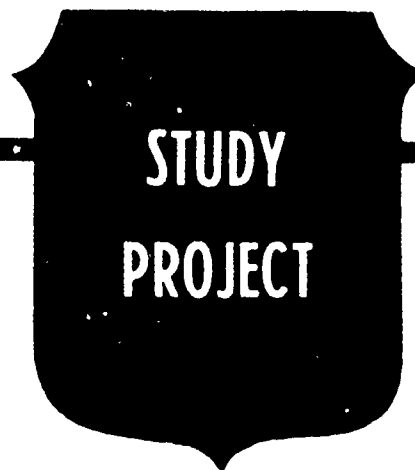
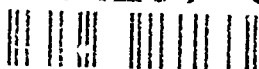


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WHAT EFFECT WILL AMERICA'S ELDERLY HAVE ON
NATIONAL SECURITY IN THE YEAR 2010?

BY

LIEUTENANT COLONEL WILLIAM H. RUSS
United States Army

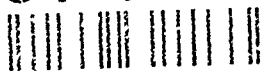
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WHAT EFFECT WILL AMERICA'S ELDERLY HAVE ON NATIONAL SECURITY
IN THE YEAR 2010? (U)

A INDIVIDUAL STUDY PROJECT

by

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ABSTRACT

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This paper was written to assess the potential impact America's elderly will have on national security by the year 2010. America's elderly population (people 65 years and above) is growing at an alarming rate. Since 1965, the number of Americans over 65 has tripled. Improved technology and better health care have resulted in a celebration of an increased life expectancy for most Americans. Yet, it will be short-sighted to fail to recognize the increased problems associated with the growing number of people living to a ripe old age. This case study contains information concerning the elderly's income, employment, health, and political power. The conclusion reveals that there is growing evidence that by the year 2010, the elderly will have significant impact on national security. Their new found power will be the result of political and economic strength developed over the years which will directly influence the shaping of U.S. national security and domestic policies. The aging society continues to make reasonable demands for a high quality of life. Yet, the question is, who will pay for the health care? And how? The answers are complex and have political implications.

INTRODUCTION

Is it too late capitalize on the silver-haired population explosion? Today's older adults are living longer than any other time before in the history of America. Senior citizens' increased life-span is linked to greater health consciousness and more physical activity. Equally significant is their desire to enjoy life to the fullest. Moreover, what are the implications associated with the increase in the older segment of the population? Is the impact strictly local or is there an impact at the national level?

A snapshot analysis of trends associated with the elderly reflects a rapidly growing influential elderly segment of the U.S. population. America's elderly have become less content with policies in government that appear not to consider their perspective. Senior citizens are becoming a powerful political force that must be respected by elected government leaders throughout the nation.

Myths and perceptions of the elderly are continuously being dispelled. A number of myths related to the elderly are associated with the perception that elderly workers lack competency. Additionally, the elderly have been perceived as not keeping up with advances in technology and management. Moreover, the elderly are sometimes labeled as being

resistant to changes in operating procedures because of level of their education. Such perceptions by younger people lead them to believe that the elderly are not in touch with changing world environment and how it may affect today's generation. Yet, today's elderly are better educated and they demonstrate a greater interest in national issues.

Nevertheless, their work ethic and expanded life-span suggests that an older work force will be in place at the turn of the century. Such a shift in the work place will produce dynamic long term effects on the national economy. The country's benefit programs will have to be adjusted to account for persons working beyond the normal retirement age of 65. A reduction in retirement payments paid by corporations will increase corporate spending capital and thereby, enhance industrial growth in the U.S. Still, the elderly will emerge with a sound economic base as a result of the remaining in the work force longer combined with fewer expenses, excluding health care.

In order to capitalize on the increasing growth and economic strength of the elderly, a radical change in policy and perspective of our national leaders is required. For example, tax laws should be changed to require the elderly who remain in the work force beyond age 65 to pay taxes in the amount equitable to that paid by the younger workers (below retirement age). Should the government elect to

analyze such an option in policy, the benefits may provide a boost to the country's overall economic posture.

Our government's leaders must bridge the gap between analysis and decision-making through consideration of multiple perspectives. Politicians who don't recognize the potential power of the elderly are in danger of becoming "one term" elected officials. The economic power of the elderly is starting to influence national politics and thereby, affect the Federal Budget, which includes programs associated with national security.

What is national security? How does the budget process affect national security? And how does a select segment of the American population affect policy at the national level? These issues continue to challenge policy makers, scholars, and officials today.

The answers to the above questions may appear clear, yet, they have remained elusive for every U.S. Presidential administration for the past 20 years. Why is this the case? The responses provided by our government's leaders are not simply statements of American national interests for the promotion of American values.¹ The explanation runs much deeper and it is quite complex.

The answers to the questions are a part of a continuum that resides in the political environment in which our national leaders operate. The continuum extends from the

leaders of local government to the national leaders in Washington, D.C. Therefore, it will be helpful to review an element of the decision process called "perspective" to understand the rationale for decisions.

Perspective refers to the way a person or group views a particular situation. There are many factors that may influence one's perspective. A few of those influencing factors may be past experience, training, level of formal education, or personal bias'. The singular or combined application of the factors mentioned will directly affect the method one uses to solve problems.

There are many ways to arrive at solutions to complex problems, yet three different perspectives are normally used in most institutions. The perspectives commonly considered are organizational, technical, and personal. The desired management objective is to properly balance the use of the perspectives to fit the situation.

Organization Perspective

The organizational view considers problems from the perspective of how an institution, such as the government, can influence events. The management science approach, cost verses benefit analysis, and linear programming are employed to search for the optimal solution for the organization.²

Technical Perspective

The technical view point is very similar, in that it

involves cost-benefit analysis and is dependent upon computer modeling. This is the most used of the three perspectives. The success of the technical mode of thought in the scientific area has led to increased pressure to extend its use beyond science and technology.

Personal Perspective

The least dominant perspective of the three is personal perspective. This view considers the impact of individual personalities on events as the primary focus. However, there is some consideration given to the impact of events on individuals as a collective group.

There is great potential for too shallow of a view to be given to one or more of the perspectives and, thereby, cause a skewed decision. In such cases, second and third order effects are not accurately considered. The problems we face at the present related to the domestic and national security environment are so complex that they defy simple statements, let alone simple solutions. Our leaders need to understand the dynamics associated with the perspective from which these complex problems are viewed.

Perspective of view on an issue by our elected officials tend to determine the policy associated with the respective issue. Two decades ago, few leaders would have handled the desires of the elderly in more than a passive manner. The perspective of the national leadership was oriented in

directions other than toward the issues of the elderly. Still, our political leaders have not achieved the proper balance of perspectives for the complex issues they face which relate to the elderly. More important, there is little evidence that our national leaders have considered a multi-dimensional perspectives regarding the possible link between the elderly and national security issues. Nonetheless, elderly citizens have begun to show their significant influence regarding national security.

WHAT IS NATIONAL SECURITY

National security is the ability of a nation to prevent adversaries from using force to preclude the nation's pursuit of its national interests. There are two major aspects of national security that are essential for success. The first is physical strength and military capability. The nation must be able to challenge adversaries, including going to war if necessary. The second aspect encompasses the psychological component and is subjective in nature. It is essential that a nation's people remain confident that nation can remain secure relative to the external world.⁴

National security policy is that part of government policy concerned with formulating and implementing national

strategy to create a favorable military environment for U.S. national interests. These interests can be prioritized as follows: Survival Interest. Protection of the homeland, and issues directly affecting this interest; Vital Interest. These are issues that do not directly affect America's survival, but have high long term propensity for becoming a survival interest, and in the short term, have a direct influence on survival interest; Major Interest. These are important issues that affect vital and survival interest.;

The difficulties of determining, with clarity, U.S. national interests and establishing national security policy are compounded by the link between national security and domestic policy. Although disagreements may exist regarding identification of specific national interests, the greater diversion of opinion involves resourcing the nation's efforts to achieve its national interests.

The democratic process allows the American people to influence budgetary issues facing the government. Significant influence is sometimes demonstrated through collective efforts of special interest groups.

It may sometimes appear that interest groups have less of an impact in the national security arena than in domestic matters. Yet, interest groups and Political Action Committees (PACs) involved in domestic economics invariably become involved in various aspects of defense spending, more

as a matter of domestic concern, than as a defense issue. The interest groups involved in social issues have an impact on the federal budget and defense outlays, not only, by their demand for spending on welfare and social programs, but also, because of their belief that cuts in defense will lead to more support for their programs.⁶

Over the years, the number of interest groups has grown. Unfortunately, some groups tend not to make serious efforts to examine and analyze defense issues and strategy from a balanced perspective. Yet, interest groups make basically the same charge of lack of perspective against government officials in America. Nevertheless, the fact is that interest groups have become increasingly important and powerful in America's political system. Part of this increased influence is in response to the decline of political parties' ability to mobilize the public and the waning power of the congressional leadership.⁷ The elderly today are one of the fastest growing interest groups in America.

A PROFILE OF AMERICA'S ELDERLY

What it means to be old in America is a matter of increasing importance. For the purpose of this paper, the age of 65 is considered to be the beginning of the elderly

period. Before approximately 20 years ago, there was very little attention paid to the older population because there were not many of them (approx. 18 million). Now there is more than 31 million. The number of Americans aged 85 and above has grown dramatically due to the sharp drop in death rate from heart disease. The older population - persons 65 years or older - numbered 31 million in 1989. They represented 12.5% of the U.S. population, about one in every eight Americans. The number of older Americans increased by 5.3 million or 21% since 1980. This increase is dramatic when compared to an increase of 8% for the 65 and under population.8

The Elderly Growth Rate - Are Medical Personnel AT Fault?

The American population is rapidly getting older. People are living longer with the intent of enjoying life to its fullest. In 2011, the first of the baby boom generation (those born between 1946 and 1964) will turn 65. The increase in life-span is, in part, attributed to the successes of the medical community's conquest of illness and disease, the relief of pain, and the forestalling of death.

Nevertheless, the conquest is not over and there are still illness and diseases to be conquered. In 1988, 29% of older persons assessed their health as fair or poor (compared

to 7% for persons under 65). There is little difference between the sexes on this measure; yet, older Blacks were more likely to rate their health as fair or poor (48%) than were older Whites (28%). The indications are that older people are still affected today by at least one chronic condition and many have multiple conditions. The most frequently occurring conditions for the elderly in 1988 were: arthritis (49%), hypertension (37%), hearing impairment (32%), heart disease (30%), and cataracts and sinusitis (17%).⁹

Although perfect health is not the norm, most of the elderly are not disabled. Additionally, most of the disabled are not in nursing homes because of the associated cost of care. Yet, the number in nursing homes today is three times that of twenty years ago.

The majority (67%) of older noninstitutionalized persons lived in a family setting in 1989. Approximately 9.9 million or 32% of older men, and 9.7 million or 57% older women, lived in families; however, the proportion living in a family setting decreased with age. The very old (85 years old and above) are more likely to live alone than in institutions. They are more likely to be institutionalized than to be living with their children, according to the 1980 census. Older persons living alone increased in number by 25% between 1980 and 1989, about one-third faster than the balance of the

older population. In either case, they are still able influence political decisions through their votes.¹⁰

The Perception About Older Americans

There is a gap between the perception by younger people (those younger than 65 years old) regarding what old age is like and what it really is. Three decades ago, most people knew that the aged were among the largest poverty groups in the country. Poverty was a common fact of elderly life. Their incomes were inadequate and inflation exacerbated the situation by reducing the real incomes and eroding savings. But, today the situation has greatly improved due to the positive response by our nation to the past economic plight of the elderly.

The establishment of government programs helped improve the elderly's economic condition. Some programs, like Social Security, which are indexed to inflation, and Medicare, the federal health care program for the aged, are specifically designed to help the elderly. Therefore, contrary to the belief of some, most of America's 31 million elderly people are not poor. Not only are there fewer elderly poor - 3.5 million in 1986, 1.3 million fewer than in 1970 - but fewer of the elderly are poor - 12.4 percent in 1986. In 1989, the poverty rate for persons 65 and older dropped to 11.4% (about

3.4 million).¹¹

Racial and Ethnic Composition of the Elderly

In 1989, approximately 90% of persons 65 and older were White, 8% were Black, and about 3% were other races (including American Indian, Eskimo, Aleut, Asian and Pacific Islander). Persons of Hispanic origin represented 3% of the older population.¹²

One of every ten (10%) elderly Whites was poor in 1989, compared to about one-third (31%) of elderly Blacks and one-fifth (21%) of the elderly Hispanics. The highest poverty rates were found in nine states in the South: Mississippi (34%); Alabama, Arkansas, and Louisiana (28% each); Georgia (26%); South Carolina and Tennessee (25% each); North Carolina (24%); and Kentucky (23%).¹³

The Employment Profile of the Elderly

The labor force participation of older men decreased steadily from 2 of 3 in 1900 to 15.8% in 1985, then rose to 16.6% by 1989. About 3.4 million older Americans (12%) were in the labor force (working or actively seeking work) in 1989. This included 2.0 million men (17%) and 1.4 million women (8%).

Although the older worker constituted 2.8% of the U.S. labor force, approximately half (52%) of the workers over 65 in 1989 were employed part-time: 48% of the men and 59% of the women. Approximately 824 thousand or 25% of the older workers in 1989 were self-employed, compared to 8% for younger workers. Three-fourths of them were men. As life expectancy increases, the freedom to work a greater number of years is becoming more important to the aging population.¹⁴

The Income Profile of the Elderly

The median income for older persons in 1989 was \$13,107 for men and \$7,655 for females. However, after adjusting for a 1988-89 inflation rate of 5% these figures represented no change in "real" income from 1988 for men but a 3% increase for women. About one of every nine (12%) family households with an elderly head had incomes less than \$10,000 and 36% had incomes of \$30,000 or more.

The major source of income for older couples and individuals in 1988 was Social Security (39%), followed by asset income (25%), earnings (17%), public and private pensions (17%), and all other sources (3%).

Elderly nonfamily households (persons living alone or with nonrelatives) were likely to have low incomes in 1989, with 36% reporting \$7,500 or less. One-eighth (13%) had

incomes under \$5,000, and 29% had \$15,000 or more. The median income in 1989 for these households was \$9,638 (\$10,086 for Whites, \$6,035 for Blacks, and \$6,762 for Hispanics).¹⁵

The Elderly's Political Lobbying Power

The American Association of Retired Persons (AARP) is one of the nation's most powerful lobbying groups. AARP was most visible in the 1988 Presidential election. The association represents people who are 50 years and older, which comprises 44% of the nation's population. AARP's cash flow is estimated to be \$10 billion annually and still growing. The elderly's desires can no longer be shuffled aside. Our national leaders must recognize the potential impact of the political and economic growth of the elderly and their effect on national security policy.¹⁶

The Future Population Growth of the Elderly

The older population is expected to continue to grow in the future. This growth may slow down during the 1990's because of the relatively small number of babies born during the Great Depression of the 1930's. By the year 2000, persons 65 and older will represent 13% of the population,

and this percentage may climb to 21.8% by 2030; but, the most rapid increase will occur between the years 2010 and 2030 when the "baby boom" generation reaches age 65.¹⁷

BUDGET OF THE U.S. GOVERNMENT

The Budget of the U.S. Government is the number one political document in the nation. Presidential elections are fought over it. Congressional sessions have been devoted to it throughout the 80's and into the 90's. It sets in motion the massive dollar benefits that flow from the federal government to virtual every public and private institution in the country, and to every individual.¹⁸

More than any other event or institution in America, the Budget programs and policies affect the safety of the country and the security of the people. The Budget is the chief priority document in the country. The policies and priorities of the New Deal, the New Beginning, and Reaganomics were all carried out through the Budget. When presidents proclaimed the War of Poverty, the Energy Crisis, and the War on Drugs, or proposed increased research in the Strategic Defense Initiative, they shifted priorities by allocating funds to their proposals and policies.¹⁹

The trend toward continued budgetary constraints, has enhanced the importance of the political element associated

with the budget process. Our elected officials tend to respond to the desires of their constituents; therefore, interest groups with political clout have an enhanced chance of getting their programs supported during the budget process. The candidates that don't please the voters often only serve one term in their respective governmental positions.

ANALYSIS

America is coming of age. Although the trends reflect an initial slow rate of growth in the early 1990's, a more rapid rate will occur by 2010. The implications associated with this growth are many; still, the more prevalent issues relate to the political process that effects the economic status of the elderly.

The current laws allow limited categories of the Federal Budget to be reduced to meet changing national requirements. This means that either the Defense budget or the domestic budget must be cut to finance an increase in funds needed to pursue the national interest.

The politics associated with each budget decision are partisan. When the dominant party is Democratic, the Defense budget normally suffers in favor of domestic programs; yet, when the Republican Party dominates,

domestic programs tend to suffer in favor of Defense. Both situations have merit, nonetheless, in the latter instant, the elderly is affected at the work place and socially.

The Number of Elderly in the Work Force

Between 1900 and 1989, there was an increasing trend toward an older work force. The participation of older men rose by 16.6%; but, the participation of older women in the work force was sporadic (rose to 10.8% in 1956, fell to 7.3% in 1985 and rose to 8.4% in 1989).²⁰

These increases appear to be related to the work ethic of the elderly which equates to "a day's work for a day's pay" and an associated value system. The value system of the elderly relates to time when there was more importance placed on the honor of an action than action. There was honor associated with having a job and working for a living. An independent survey of 400 major U.S. Corporations regarding the abilities and performance of their older workers revealed the following:

- more than 85% of the employers rate Senior Citizen high on attendance and punctuality
- 82% praised older workers commitment to excellence
- 62% of the executives gave older workers high marks for loyalty and dedication

- more than 70% of the companies credited the older workers with a great deal of production - and not just based on theoretical knowledge
- 70% of the firms suggested that the older workers are the first to be called during problems
- 59% were noted as being emotional stable and dependable.

Although the survey reflects that employers are satisfied with performance of older workers, there are some drawbacks from an organizational perspective. Although competent at their current jobs, older workers may demonstrate a higher resistance to change in procedure or policy than their younger counterparts. Even today some older workers are still attempting to minimize their contact with computers in the work place.

The more important issue relating to the elderly involves economics. The after tax per capital income for the elderly is now higher than that of the population as a whole. Yet, funding the benefits of the elderly is not equable. Today it takes the annual taxes paid by three and a half persons to fund the benefit package for one senior citizen. Based on the current trends in the work place and associated tax laws, it is estimated that by 2008 two and a half people will be required to fund one benefit package and by 2030 the number will be down to one and a half people required to fund one person's older years. Too few people will have to pay too

many retiree benefits in the future.²¹ As the number of retired elderly persons increases, the mandatory outlay portion of the Federal Budget will increase.

The concept of retirement, as we know it today, is in jeopardy. Retirement benefits are among the largest outlays of the Federal Budget in the area of mandatory spending. Under the current budget process, domestic, defense, and mandatory spending compete for limited funds. The long term effect will impact budgetary issues involving national security. Each year the percentage of the national budget for defense decreases. Moreover, the national security policies will reflect the associated risk related to the reduction in funded defense programs.

The Political Involvement of the Elderly

The elderly's primary means of affecting national political decisions is through AARP. By representing personnel 50 years and older, the political clout of AARP continues to grow annually. In the year 2020, the over 65 age group will consist of one in every five Americans.

Although there are many legislative issues that are of interest to the elderly, the thrust of their concern is economic. Few issues have stirred the passions of the elderly like the Medicare Catastrophic Coverage Act and

potential loss of retirement pay. There is currently a silver-haired rebellion against the law that requires senior citizens to give up part of their retirement payment when their earned income goes over a specified amount. The law requires that working persons between 62 and 65 years old to give up one dollar of their Social Security payments for every two dollars earned over \$7,080 annually. For the elderly between 65 and 70 the requirement is one dollar must be given up for every three dollars earned over \$9,720. For years, the elderly have not agreed with this law and so, the number of older personnel in the work force was significantly less than the able-bodied older population.²²

The law was put into effect around 1935 during the Great Depression Era and has not been successfully challenged. Yet, the political savvy of the elderly's lobbying efforts has now generated serious support among the current members in U.S. House of Representatives. Representative Buddy Darden (Democrat from Georgia) has introduced legislation (Relief of Older Workers Act of 1991) in Congress to revamp the law regarding senior citizen employment benefits.

The essence of the Darden bill would remove the cap on the amount the elderly could earn before losing benefits; however, their earned income would be taxed. The lifting of the cap and taxing their income will enhance the elderly's incentive to work and allow their continued contribution to

the Social Security system. The bill is currently being reviewed by the House Ways and Means committee and will move to the Senate for consideration later this summer.

This is only one example of the elderly's political involvement. Yet, the significant concern is the importance of the national leadership to understand the potential influence of the elderly as a group. Their growing political strength is an indicator that older citizens are not willing to be shuffled off and forgotten. Additionally, the elderly, as a group, has more disposable income than any other group in America.

CONCLUSION

The current idea of retirement will not exist in 2010. Corporations have already started to switch to retirement packages that are funded and managed by the employee. Under the new procedures, employees retirement packages will not be based on the position of employment in the organization, but will be based on the amount of funds contributed by the employee. Until recently, employees did not have to manage their retirement programs associated with work. Upon entering the work force, the employee's retirement account was established. In some cases, the retirement fund could be transferred without loss of equity or accrued interest. The

change will be the result of the continued decline in the Federal Budget. Additionally there will be older citizens in the work force for a greater number of years. This situation will be the result of the values of the "baby boomer" generation coming of age.

America's elderly population is increasing at a rate faster than any other group. The effect of this growth will result in a shift in the power base in America to its older citizens. The elderly have already made headway on a move toward control of two of the three accepted elements of power - political and economic. By applying the proper leverage, they will have the potential to influence the third element of power in the U.S. - the military element of power. The elderly's impact will be through the budgetary process via their elected officials in Congress.

There are many misconceptions about the older work force. It is believed that the older workers are unreliable, lack commitment, loyalty and dedication. Such ideas are far from the truth. Independent surveys have revealed that, as a group, the older workers are more dedicated, loyal and knowledgeable than their younger counterparts. Moreover, older workers have demonstrated that they have the capability to adapt to new and innovative procedures.

In order for the national leaders to hedge on the future, a radical change in policy will be required. Current

policy formulation involves the art of compromise and at best is incremental in nature. A technical perspective has been most dominant in the decision making process. Little attention has been paid to the second or third order effect on the decision. There must be a move away from the immediate short term solutions to this crisis. To much use of the technical perspective, which tends to be non-personal, has caused our national leaders to fail to recognize and capitalize on the abilities of the growing elderly population. There must be a fundamental examination of the long term issues associated with the elderly. The ability of future generations to achieve a balanced perspective regarding national security depends on the decisions that we make today.

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