Population Ageing and the Future of the Great Powers

Mark L. Haas

Abstract

The present paper considers the impact of ageing on the future of great powers. The author pays much attention to the analysis of how population ageing will affect the military potential of the great powers, and their likely strategies. One of the conclusions of the paper is that population ageing in the great powers will be a potent force for the prolongation of U.S. power dominance in the 21st century.

Keywords: population ageing, great power, USA, China, military personnel and pensions, military dominance.

In 2007 Sergei Morozov, the Governor of the Ulyanovsk region of Central Russia, offered prizes to couples who agreed to take advantage of a ‘family contact day’ and wound up producing babies nine months later, on June 12, Russia’s national day. It was the third year running that Ulyanovsk had declared a ‘sex day’ and offered prizes for babies born. The 2007 grand prize was a sports utility vehicle (Bely 2007).¹

The Ulyanovsk initiative is one part of a nationwide effort in Russia to fight a looming demographic crisis that hovers over much of the world. Simply put, the world’s great powers are growing old. Steep declines in birthrates over the last century and major increases in life expectancies have caused the populations of Britain, China, France, Germany, Japan, Russia, and the United States to age at a substantial rate. Ageing in Germany, Japan, and Russia has already progressed to such an extent that the populations in all three countries shrunk between 2005 and 2015 (United Nations Population Division 2013). If the current trends continue, some of the great powers of today – and for most of the last century, if not longer – will not be the great powers of the future.

This phenomenon will have critical effects on America’s international security interests in coming decades. Most important, global ageing will be a potent force for the continuation of American military and economic dominance. Ageing populations are likely to result in the slowdown of states’ economic growth.

¹ For related versions of the following analysis, see Haas 2007 and Haas 2012.
growth at the same time that governments face pressure to pay for massive new expenditures for elder care. This double economic dilemma will create such an austere fiscal environment that the other great powers will lack the resources necessary to overtake the United States' huge power lead. This analysis applies even – perhaps especially – to China, which is the state that most analysts point to as America's most likely future rival. China's ageing problem will be particularly dramatic over the next 40 years since it is growing old at a pace and extent scarcely before witnessed in history.

Reinforcing these trends is the fact that although the United States is ageing, it is doing so to a lesser extent and less quickly than the other great powers, to the benefit of America's relative power position. Consequently, the costs created by ageing will be significantly lower for the United States than for potential competitors. Global ageing is therefore not only likely to extend U.S. hegemony, but deepen it as these others states are likely to fall even farther behind the United States.

The international security effects created by the ageing world are not all positive for American interests, however. Although the United States is in better demographic shape than the other great powers, it, too, will confront massive new costs created by its own ageing population. As a result, it will most likely be unable to maintain its current international position. Thus, while the United States in coming decades will be even more secure from the great power rivalry than it is today, it (and its allies) will likely be less able to realize other key international objectives, including preventing the proliferation of weapons of mass destruction (WMD), funding nation building, engaging in military humanitarian interventions, and various other costly strategies of international conflict resolution and prevention.

**Something New Under the Sun**

Rarely can analysts of international politics claim to be documenting new phenomena. Global population ageing, however, is one of these revolutionary variables. Never before has humanity witnessed such dramatic, widespread ageing in the world's most powerful actors.

Social ageing is a product of two long-term demographic trends: decreasing fertility rates and increasing life expectancies. Fertility rates are the average number of children per woman in a given country. For a state to sustain its current population numbers (assuming zero net immigration), fertility levels must be at 2.1 or higher. Today the United States and France are the only great powers that come close to meeting this requirement, and most are well below this number and have been for decades (see Table 1).
Table 1. Fertility rates by country

<table>
<thead>
<tr>
<th>Country</th>
<th>Years 2010–2015</th>
<th>When Went Below Replacement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>1.41</td>
<td>1975–80</td>
</tr>
<tr>
<td>Germany</td>
<td>1.42</td>
<td>1970–75</td>
</tr>
<tr>
<td>Russia</td>
<td>1.53</td>
<td>1975–80</td>
</tr>
<tr>
<td>China</td>
<td>1.66</td>
<td>1995–2000</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>1.88</td>
<td>1975–80</td>
</tr>
<tr>
<td>United States</td>
<td>1.97</td>
<td>1975–80</td>
</tr>
<tr>
<td>France</td>
<td>1.98</td>
<td>1975–80</td>
</tr>
</tbody>
</table>


The scope of the ageing process in the great powers is remarkable. By 2050, at least 20% of the citizens in these states will be over 65 (see Table 2).7 In Japan more than one out of every three people will be over this age. As societal ageing progresses over the next half century, the working-age populations in China, Germany, Japan, and Russia are expected to massively contract (see Table 3).

Table 2. Percentage of population over 65 by country

<table>
<thead>
<tr>
<th>Country</th>
<th>Year 1950</th>
<th>Year 2000</th>
<th>Year 2050</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russia</td>
<td>4.8</td>
<td>12.4</td>
<td>20.5</td>
</tr>
<tr>
<td>United States</td>
<td>8.3</td>
<td>12.4</td>
<td>21.4</td>
</tr>
<tr>
<td>China</td>
<td>4.5</td>
<td>6.9</td>
<td>23.9</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>10.8</td>
<td>15.8</td>
<td>24.7</td>
</tr>
<tr>
<td>France</td>
<td>11.4</td>
<td>16.0</td>
<td>25.5</td>
</tr>
<tr>
<td>Germany</td>
<td>9.6</td>
<td>16.3</td>
<td>32.7</td>
</tr>
<tr>
<td>Japan</td>
<td>4.9</td>
<td>17.2</td>
<td>36.5</td>
</tr>
</tbody>
</table>


Table 3. Working age population by country (ages 15–64)

<table>
<thead>
<tr>
<th>Country</th>
<th>Year 2010 (in thousands)</th>
<th>Year 2050 (in thousands)</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>United States</td>
<td>209,509</td>
<td>242,115</td>
<td>15.6</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>40,871</td>
<td>42,907</td>
<td>5.0</td>
</tr>
<tr>
<td>France</td>
<td>41,001</td>
<td>42,145</td>
<td>2.8</td>
</tr>
<tr>
<td>China</td>
<td>999,569</td>
<td>849,475</td>
<td>−15.0</td>
</tr>
</tbody>
</table>

7 Throughout the article I use the ‘medium variant’ of U.N. (2013) population projections so as to avoid what some might consider overly optimistic or pessimistic assumptions. It should be noted, however, that even the medium variant anticipates a significant increase in fertility rates in states that currently have very low numbers in this area. Population ageing thus may very well be even more dramatic than this chapter indicates.
It is worth emphasizing that predictions for ageing in the great powers are unlikely to be wrong. The reason for this certainty is simple: the elderly of the future are already born. Consequently, absent some global natural disaster, disease pandemic, or other worldwide calamity, the number of people in the world who are over 65 will increase dramatically in the coming decades. Only major increases in immigration rates or fertility levels will prevent this inevitable rise in the number of elderly from resulting in significant increases in states’ median ages. Either outcome is unlikely, however. Immigration rates in the great powers for the next 50 years would have to be orders of magnitude higher than historical levels to prevent population ageing (United Nations Population Division 2000). Significant increases in fertility would represent a reversal of a centuries-long trend in the industrialized world, and one that has existed in many states despite the existence of pronatalist governmental policies (Demeny 1999). Ageing in the most powerful actors in the system is, in short, a virtual inevitability.

Although ageing in the great powers is virtually inevitable, the way states respond to this phenomenon is not. The following analysis of the economic and fiscal costs of global ageing and the consequent effects on international power distributions are forecasts, not predictions. This chapter’s analysis, in other words, is based on extrapolations of the current trends. If governments adopt effective countermeasures, outcomes could change for the better.

Two points on this subject must be stressed, however. First, the costs created by population ageing in the great powers are extremely high, thus the policies necessary to counteract the negative effects of this phenomenon must be equally ambitious. Second, there are powerful incentives that work against adopting ‘ageing reforms’, most notably the moral pressure against depriving poor seniors of reasonable standards of welfare and the political pressure against taking resources away from a large constituency. Taken together, these facts make the forces working for the continuation of current trends on the subject of population ageing very strong. Although most governments in the industrialized world have made policy changes to increase the viability and reduce the costs of their welfare systems for the elderly, none of the great powers has thus far adopted reforms that eliminate the huge gap between anticipated ex-
penditures for the aged and resources set aside for these costs (Capretta 2007; Haas 2007: 123–124).

The Costs of Population Ageing

Population ageing in the great powers will create substantial economic and fiscal costs. To begin with, graying populations are likely to slow states’ overall economic growth. A state's gross domestic product (GDP), in its most basic formulation, is a product of the number of workers and overall productivity. Since a country's workforce shrinks as more people enter retirement than enter the labor market, so, too, will its GDP unless productivity levels rise sufficiently to compensate for this loss. By 2050, Japan's working-age population (ages 15 to 64) is expected to shrink by over 30 %, Germany's and Russia's — by 27 %, and China's — by 15 % (see Table 3). To prevent these workforce reductions from translating into overall GDP decline, states’ productivity must increase proportionally. Although this is likely to be the case in most of the industrialized countries, workforce contraction will still act as a substantial brake on economic growth in the coming decades (Turner et al. 1998: 47).

We are already witnessing this dynamic. For example, even though China is currently the youngest of the great powers, it is experiencing labor shortages that are threatening economic growth. These shortages are due in large part to the ageing of China and reductions in the number of 15 to 35 year olds (Bradsher 2007). Experts predict that shrinkage in China's working-age population will result in a loss of 1 % per year from this state's GDP growth by the 2020s (Jackson 2005). The economic forecasts are even direr for Germany and Japan, where massively contracting labor forces could result in overall GDP growth of roughly 1 % in coming decades (Lombard Street Research 2003).

Compounding these problems, significant social ageing may also limit productivity growth. The elderly are likely to be more conservative with their investments than younger people. The more risk averse a society's investment portfolio is, the less entrepreneurship that will be funded, and thus the lower the gains in productivity that should be expected. National savings rates may also shrink in ageing states as large numbers of seniors spend down their savings. The Japanese government, for example, has already reported that national savings rates are down substantially from previous levels due to social ageing and seniors' consumption of their savings (Yomiuri 2003). Reduced savings rates may lead to rising interest rates and ultimately to reduced rates of productivity increases (England 2002).

In addition to slowing economic growth, an even more important economic effect of social ageing is the strain that it places on governmental resources. All governments in the industrialized world have made commitments to pay for

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3 An ageing population does not necessarily translate into labor force reductions if people continue to work past 65. Most retirement ages in the industrial world, however, remain well below this number, and people have been resistant to changing them (OECD 2007).
substantial portions of the retirement and health care costs of their elderly citizens. The projected increases in governmental spending for the elderly in the coming decades are sobering. Annual public benefits to the elderly (both pension and health care) as a percentage of GDP are forecasted to rise between 2010 and 2040 by 2.7% in Russia (to an overall percentage of 10.9), 5% in Britain (to an overall percentage of 18.9), 5.7% in France (to an overall percentage of 24.3), 5.8% in Japan (to an overall percentage of 20.9), 6.3% in Germany (to an overall percentage of 24.3), 7.4% in the United States (to an overall percentage of 18.5), and 7.6% in China (to an overall percentage of 11) (Jackson et al. 2013: 14). These costs will be an increase of hundreds of billions of dollars to governments' annual expenditures for many decades.

**Pax Americana Geriatrica**

Population ageing in the great powers will be a potent force for the prolongation of U.S. power dominance in the 21st century for three principal reasons. First, the massive costs created by ageing populations, especially in combination with probable slowdowns in economic growth, will create major barriers in the other great powers to increasing their military expenditures anywhere close to matching U.S. defense spending. These factors are even likely to push many of these states to reduce military expenditures from the current levels. Second, with ageing populations and shrinking workforces, the other great powers will be forced to spend increasing percentages of their defense budgets on personnel costs and military pensions at the expense of purchasing the most technologically sophisticated weaponry. The more money the states spend on military personnel and pensions as opposed to weapons, the lower the likelihood will be of these countries challenging U.S. military dominance. The third factor reinforces both of the previous points. Although the U.S. population is ageing, it is doing so to a lesser extent and less quickly than those of the other great powers, especially in terms of the growth of the working-age population. As a result, the pressures pushing for the crowding out of military spending in favor of care for the elderly and the increasing substitution of labor for capital within defense budgets will be considerably smaller for the United States than potential great power competitors.

**Guns versus Canes**

Given the magnitude of the costs created by the great powers' ageing populations, substantial increases in the future in these states' expenditures for economic development and defense are unlikely. We are, in fact, likely already witnessing in the oldest of the great powers the crowding out of military spending for elderly care. Pressure for cuts in defense spending to finance elder-care costs is, for example, building in Germany and France. In February 2006 the EU Commission warned Germany that it had to cut substantially discretionary spending across the board 'to cope with the costs of an ageing population' (White 2006). Germany's Finance Minister, Peer Steinbrueck, speaking on be-
half of the government, agreed with this analysis and promised to put the commission's recommendations into practice. Also in 2006 French President requested the creation of a new body, the Public Finance Guidance Council. The council's primary purpose is to reduce France's national debt, which has grown significantly in recent years largely due to increasing costs for elder care. The institution's main policy recommendation is to reduce to a substantial degree expenditures 'of all public players', including the military (Office of the Prime Minister, France 2006). Between the last half of the 1990s and 2013, France reduced its military spending as a percentage of GDP by 1 % (from 2.9 to 1.9) and Germany reduced by 0.3 % (from 1.6 to 1.3). In the same period, the United States increased its military spending as a percent of GDP from 3.2 to 4.4 (North Atlantic Treaty Organization 2014: 6).

The tendency of cutting military spending to pay for elder-care costs is likely to repeat itself in the state that is ageing faster than any of the great powers: China. Rising longevity in China and the 'one-child policy', which has helped lower dramatically China's fertility levels, have made it a rapidly ageing society. China's median age will climb from just under 30 in 2000 to over 46 in 2050, which will make China one of the oldest states in the world (the oldest great power in the world today, Japan, has a median age of nearly 45). China in 2005 had roughly 100 million citizens over the age of 65. By 2025, this number will almost double. By 2040, it is expected to more than triple (United Nations Population Division 2013).

In relation to the other great powers, China possesses some advantages when it comes to dealing with the negative effects of population ageing. China's current taxation rates and deficit levels are low compared to those of these other states. China's elderly also likely expect lower levels of welfare provision from their government than do citizens in the other great powers. Adding to the effects of this last tendency is the fact that China's illiberal political system lowers the impact of popular pressure for generous social security spending.

China nevertheless will confront in the coming decades monumental challenges created by its rapidly ageing population. China's elderly have very little savings. Nearly 80 % of Chinese urban households with individuals aged 55 and over today have less than 1 year of income saved, and only 5 % have more than 2 years of income in savings (Jackson and Howe 2004).

China has traditionally relied on the family unit to provide for elder care. Increasing rates of divorce, urbanization, and related migration (French 2006), and female workforce participation will, however, place significant strain on this tradition. Decreasing family size will prove especially problematic for preserving elders' welfare within the context of the family. Demographers refer to a rapidly growing '4–2–1' phenomenon in China, in which one child is responsible for caring for two parents and four grandparents (Leung 2006: 413–415). Familial elder care in these circumstances is quite burdensome.

Given the facts of an exploding elderly population with very little savings and a weakening family structure, 'the majority of the people in the People's Republic of China' will, according to one expert on this subject, 'be obliged to
rely heavily on social security pensions after retirement’ (Takayama 2002: 16). China’s government will face both moral and political pressure to meet these obligations. Its leaders have already recognized as much. In a white paper issued in 2004, the Chinese government asserted that social security ‘is an important guarantee for the social stability and the long-term political stability of the country’ (State Council Information Office 2004a: 2). Consistent with this thinking, China in 2000 created the National Social Security Fund. This institution’s goals is to set aside hundreds of billions of dollars (largely through levying new taxes and selling state assets) to pay off the unfunded pension liabilities that have been accumulated by state-owned enterprises, many of which have become obsolete due to governmental policies since the 1980s (Social Security Administration 2004).

Not even the illiberalism of China’s government has immunized it from the forces pushing for increased public spending on welfare for the elderly. In 2002, for example, China’s attempts to renege on promised benefits to retirees led to large-scale protests and riots, including in the major cities of Liaoyang and Daqing. The pressure from these protests was so great that the authoritarian Chinese government promised to extend pension benefits to an additional 50 million people (Haas 2007: 124).

Although China’s commitments to the elderly are modest compared to the other great powers (though they are growing), these obligations already outstrip by a wide margin resources set aside to meet them. Three-quarters of all Chinese workers are without any pension coverage, yet independent estimates have found a potential shortfall between China’s governmental obligations to the elderly and saved public assets to be as much as 150% of GDP (England 2005: 97, 89, 91; Chang 2002). If the percentage of people covered by China’s public welfare net continues to grow, fiscal constraints will only worsen.

Finally, it is important to emphasize that China will not be able to ‘grow’ its way out of its ageing dilemma. Despite China’s very high levels of economic growth since the 1990s, it will become the first country to grow old before becoming an advanced industrial state. Even if China’s economy continues to grow in coming decades at rates similar to those it has experienced in recent years, by 2035 its median age will reach the levels of France, Germany, and Japan today, but at GDP per capita levels significantly lower than these states currently possess. Consequently, when China’s ageing crisis hits with full force, it will, at best, confront similar economic and fiscal constraints as France, Germany, and Japan do today (Eberstadt 2006).

Given the preceding facts and trends, China’s political leaders beginning in roughly 2020 will be faced with a difficult choice: allow growing levels of poverty within an exploding elderly population, or provide the resources necessary to avoid this situation. To the extent that these politicians succumb to the significant moral and political pressure pushing for the latter decision, America’s relative power position will be benefitted.4

4 India – which is another state that analysts point to as a potential power challenger to the United States in the future – is likely to experience many of the same ageing challenges as China, though a generation or so later (Haas 2007: 131–133; Eberstadt 2006).
Increasing Money for Military Personnel, Not Weapons

The crowding out of military and economic development spending for increased care for the elderly is not the only way in which population ageing is likely to affect global power distributions. Social ageing is also likely to push militaries to spend more on personnel and less on other areas, including weapons development and procurement. This is important because no nation will be able to challenge U.S. military dominance without the ability to wage highly technologically sophisticated warfare (Posen 2003). When states are forced to spend more of their military budgets on personnel than on research, development, and weapons procurement, the odds of continued U.S. military primacy increase substantially.

The oldest of the great powers are already devoting significantly more resources to military personnel than weapons purchases and research. From 2011 to 2013, Germany and France dedicated nearly 50% of their military budgets to personnel, Japan – 45%. Both Germany and Japan spent roughly 3 times as much on personnel as weapons procurement. The United States, in contrast, dedicated less than 1.5 times more money to personnel than weapons purchases (North Atlantic Treaty Organization 2014: 8; Hofbauer et al. 2012: 18).

Population ageing is a key cause of increasing military personnel costs for two main reasons. First, as societies age, more people exit the workforce than enter it. Increasing numbers of retirees in relation to new workers are likely to create labor shortages relative to previous levels of employment. The result of this trend will be increased competition among businesses and organizations – including the military – to hire workers. Consequently, if states’ militaries want to be able to attract and keep the best employees, they are going to have to pay more to do so. A 2006 report endorsed by the EU defense ministers made precisely these points, stating that the ageing of Europe’s populations will ‘inevitably’ lead to rising military personnel per capita costs if European forces are to remain effective (European Defense Agency 2006: 6).

A second factor that is increasing states’ military personnel costs at the expense of weapons procurement is the ageing of the military itself. The great powers’ pension obligations to retired military personnel are considerable. Russia, for example, in the 2000s consistently spent significantly more on military retirees than on either weapons procurement or military research and development (Haas 2007: 142). Similarly, rising pension costs are the second most important reason for increases in Chinese military spending in the last decade (after pay increases for active personnel), according to China’s government (State Council Information Office 2004b: ch. 4).

Growing pension costs for military retirees are important for international power relationships because these expenditures, which are not one-time costs but ones that governments will have to pay every year for many decades, do nothing to increase states’ power-projection capabilities. Every dollar spent on retirees is one less dollar that can be spent on weapons, research, or active per-
sonnel. Consequently, every dollar spent in this area by the other great powers increases the likelihood of the continuation of U.S. primacy.

Ageing in the United States: Bad, but Better than the Rest

Like the other great powers, the United States is an ageing society. The costs created by America's ageing population will be staggering. According to a 2007 report issued by the trustees of Social Security and Medicare, over the next 75 years expenditures for these programs are forecasted to be nearly US$ 32 trillion more than revenues. If current trends continue, by 2030 these two programs will require nearly half of all federal income tax dollars. By 2040, they will require nearly two thirds of this revenue (Saving 2007).

Despite these expected cost increases, the United States is in significantly better shape to address the challenges created by its ageing population than the other powers. The United States is currently the youngest of all the G-8 nations. Because it has the highest fertility and immigration rates of all these countries, it will maintain, even strengthen, this position in coming decades. In 2050 the United States' median age will be the lowest of any of the current great powers, in most cases by a substantial extent (China's median age will surpass the United States' by 2020) (see Table 4). Perhaps most important, while the working-age populations in all the other great powers are predicted by 2050 to either decline precipitously (China, Germany, Japan, and Russia) or increase modestly (Britain and France), this demographic group is expected to increase by almost 16 % in the United States (see Table 3).

Table 4. Median Age by Country

<table>
<thead>
<tr>
<th>Country</th>
<th>Year 1950</th>
<th>Year 2000</th>
<th>Year 2050</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>30.0</td>
<td>35.3</td>
<td>40.6</td>
</tr>
<tr>
<td>Russia</td>
<td>24.3</td>
<td>36.5</td>
<td>41.6</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>34.9</td>
<td>37.6</td>
<td>43.3</td>
</tr>
<tr>
<td>France</td>
<td>34.5</td>
<td>37.6</td>
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<td>China</td>
<td>23.7</td>
<td>29.6</td>
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</tr>
<tr>
<td>Germany</td>
<td>35.3</td>
<td>39.9</td>
<td>51.5</td>
</tr>
<tr>
<td>Japan</td>
<td>22.3</td>
<td>41.3</td>
<td>53.4</td>
</tr>
</tbody>
</table>


The relatively youthful demographics of the United States will help greatly with the fiscal challenges created by social ageing. The United States' growing labor force will contribute to an expanding economy, thereby providing the government with additional revenue without having to increase taxes, borrow more money, or cut other spending. In addition, America's public welfare commitments to the elderly are relatively modest compared with those of other industrialized powers (Peterson 1999: 79–80; Jackson 2003: 3); and its tax burden is low compared with those of these other states (OECD 2009).
Again, the preceding facts do not mean that the United States will escape the fiscal burdens created by social ageing or that this phenomenon will not create negative ramifications for U.S. security. To the contrary, population ageing will likely create major costs. Nevertheless, as burdensome as the public costs of ageing will be for the United States, the public benefits (pension and health care) owed to U.S. seniors as a percentage of GDP will likely remain substantially lower than in most of the other great powers. Moreover, America should be better positioned to pay for these costs than the other major actors in the system (Jackson et al. 2013: iii). Global ageing, despite its costs for American interests, will therefore be a powerful force for the continuation of the relative power dominance of the United States.

The Future of Great Power Politics

The preceding analysis demonstrates how global ageing creates considerable security benefits for the United States. In the context of slowing economic growth, shrinking military expenditures, and increasing substitution of labor for capital within these budgets, no state or combination of states will be able to overtake the United States’ position of economic and military dominance.

The same factors that help to preserve U.S. primacy also increase the likelihood of continued peace between the United States and the other most powerful states in the system. Numerous studies have shown that power transitions, either actual or anticipated, significantly increase the probability of international conflict. By implication, the continuation of U.S. hegemony supported by the effects of global ageing will decrease the probability of either hot or cold wars developing with the other powers.

The effects of ageing in the great powers are not all positive for U.S. security, however. First, the negative impact of their ageing populations on the other powers' economic growth and military spending is in some respects a double-edged sword for U.S. interests. On the one hand, these outcomes will mean that no state will possess sufficient resources to challenge U.S. primacy. The same factor, though, will also reduce the amount of economic or military aid that other states will be able to contribute toward the realization of common international interests. Instead of increasing ‘burden sharing’ with key allies, the United States will have to pay for even more of the costs to realize its international goals than it does today.

As the United States’ allies become less active in the international arena, U.S. unilateralism will likely grow. To the extent that unilateral policies foster resentment and feelings of mistrust over the nature of states’ intentions, as numerous scholars have asserted, the United States’ international position will become doubly burdensome. Not only will the United States have to bear an increasing percentage of the costs necessary to advance interests that are common to the great powers, but these very policies are likely to create additional problems due to the animosity and suspicion that unilateralism tends to foster.
Second, while the United States should expect less international aid from its allies, it, too, is likely to experience the slowing of economic growth and the crowding out of military expenditures for elderly care. To pay for the massive fiscal costs associated with its ageing population, the United States will in all likelihood have to scale back the scope of its international policies. The current U.S. position of unprecedented power allows its leaders to pursue highly extensive international military, economic, and humanitarian commitments. The economic effects of an ageing population will likely deny even the United States the fiscal room necessary to maintain the extent of its current global position, let alone adopt major new international initiatives. In the face of the exploding costs for elderly care, the crowding out of other spending will occur even for the richest country in the history of the world.

An important consequence of the United States' ageing problem and the fiscal constraints it will create is that neo-isolationist foreign policy strategies are likely to become more compelling for the U.S. leaders in the coming decades than they would be in the absence of these conditions. The saliency of these strategies will increase because they mesh with the need to reduce spending. If isolationist strategies come to dominate the United States decision making circles, the United States may end up retreating from the world even more than the burdens created by its ageing population dictate.

The last factor points to a paradox for the future of great power relations. This chapter has focused on how population ageing will support the continuation of the relative power dominance of the world's foremost status quo power. This outcome should be a significant source of continued international peace. However, America's absolute power decline due to the costs of ageing may cause it to retreat from the world. This outcome, coupled with potentially closing windows of opportunity due to anticipated reductions in capabilities as the other great powers age, may create a volatile mix that trumps the potential pacifying effects created by America's continued relative power dominance.

This paradox supports a frequently asserted truism: demography is not destiny. Although the indicators of population ageing – such as increasing median ages and shrinking working-age populations – are virtually inevitable, how leaders respond to the forces and incentives created by these developments is not.

References


