

ICI VIEWPOINTS

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Candor, Compromise, and Equity Must Guide Policymakers as They Meet Challenges of Aging Societies

In London today, at a hearing room of the House of Commons, I addressed [The Henry Jackson Society](#), a nonpartisan think tank focused on human rights, constitutional democracy, and institutional reform. Asked to speak on the topic of “The Economic Future of an Aging Developed World,” I proposed three guiding principles for policymakers as they address the severe fiscal challenges we face. Those principles are candor, compromise, and equity. Here’s some of [what I had to say](#):

Now, as the United States and other nations rise to meet these challenges, I modestly propose three guiding principles for policymakers and citizens. I believe these principles apply particularly well to my own country—but are applicable elsewhere.

First, we absolutely have to be candid about the extent of the problems and the consequences of choices. Too often, leaders have relied on wishful thinking and false promises in enacting policies without communicating—or even understanding—the long-term budgetary effects. The health-care legislation passed in the United States last spring, for example, promised “savings” from a variety of sources, such as cuts in physician payments, that have already proved politically difficult and unreliable.

A stiff dose of realism and truthfulness is absolutely essential—and, I believe, would be welcomed by all of our publics. Benjamin Franklin wrote in Poor Richard’s Almanack: “Honesty is the best policy.” On these vital issues, it should be the only policy.

The second principle is that the most promising solutions to fiscal problems will be multi-faceted and will require compromise. Spending cuts alone will not set budgets right—but neither will tax increases. Both the public and private sectors must do their shares. Only if the burdens are widely shared will the benefits be as well. It is essential to focus on policies that promise sound, long-term economic growth, by fostering productivity and entrepreneurship. In short, we must have a mix of reforms, including ideas that reach beyond government to rely upon individual enterprise and responsibility as well. ...

My third and final principle for dealing with the fiscal challenges of aging populations is that solutions must be equitable in the broadest sense. It is clear that we will have to make adjustments to our health and income programs. These adjustments must be fair to today’s retirees, and to those who will retire in the next decade. They must take into account the interests of the young person just graduated from university and seeking a first job. They

must take into account those of newborns, and of millions yet to be born. And they must preserve our willingness and means to safeguard the blessings of freedom for today's and future generations.

- Read the full speech, "[The Global Challenge of Retirement Security](#)"
- Learn more about [ICI's work on retirement policy](#).

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