

Macro Roundup Article

Headline: [The Effect of Population Aging on Economic Growth, the Labor Force, and Productivity](#)

Article Link: <https://www.aeaweb.org/articles?id=10.1257/mac.20190196#:~:text=We%20find%20that%20each%2010,to%20slower%20labor%20productivity%20growth>

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Tweet: [. @NicoleMaestas2 @KathleenJMullen @thedavidpowell use state-by-state variation to estimate the decline in productivity growth caused by an older population; they find that a 10% increase in the 60+ population decreases per capita GDP growth by 5.5%.](#)

Summary: Population aging is expected to slow US economic growth. We use variation in the predetermined component of population aging across states to estimate the impact of aging on growth in GDP per capita for 1980–2010. We find that each 10 percent increase in the fraction of the population age 60+ decreased per capita GDP by 5.5 percent. One-third of the reduction arose from slower employment growth; two-thirds due to slower labor productivity growth. Labor compensation and wages also declined in response. Our estimate implies population aging reduced the growth rate in GDP per capita by 0.3 percentage points per year during 1980–2010.

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