

Macro Roundup Article

Headline: [Change, Demographic, and Intellectual](#)

Article Link: <https://www.grumpy-economist.com/p/change-demographic-and-intellectual>

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Tweet: Responding to "The Wealth of Working Nations" @JohnHCochrane notes the lack of convergence in the level of GDP per working-age adult in advanced economies.

Summary: The level of GDP per working age adult varies across these countries. The somewhat puzzling lack of convergence remains. Note everyone's ratio of working age to total population peaked in 2010 and is headed downward. Japan just leads the trend, having peaked in 1990. The "right" number depends on what question you want to ask, what version of "how well is an economy doing?" If you want to know how many aircraft carriers a country can build, or if the government can repay its debts, you want GDP. If you want to measure labor productivity, the fundamental efficiency of its businesses, you want GDP per hour. If you want to measure overall average standard of living, GDP per person is a good beginning. GDP per working-age person is a measure of productivity that includes all the impediments from high taxes to regulations that discourage people working. It leaves out fertility, a country's crucial ability to produce workers to pay for everyone else. That is an important issue, but it is at least a very long run issue, and not one on which we have well understood policies. Related: The Wealth of Working Nations and What's the Matter With Europe? and Population Aging and Economic Growth: From Demographic Dividend to Demographic Drag?

Primary Topic: Growth

Topics: Demographics, GDP, Growth, Op-Ed/Blog Post, Weekly, Workforce

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