

Macro Roundup Article

Headline: [The Wealth of Working Nations](#)

Article Link: https://www.sas.upenn.edu/~jesusfv/Wealth_Working_Nations.pdf

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Tweet: Japan achieved GDP growth per working-age adult of 31.9% between 1998 and 2019, slightly faster than the US at 29.5%. @King_ofSweden

Summary: Due to population aging, GDP growth per capita and GDP growth per working-age adult have become quite different among many advanced economies over the last several decades. Countries whose GDP growth per capita performance has been lackluster, like Japan, have done surprisingly well in terms of GDP growth per working-age adult. Indeed, from 1998 to 2019, Japan has grown slightly faster than the U.S. in terms of per working-age adult: an accumulated 31.9% vs. 29.5%. Furthermore, many advanced economies appear to be on parallel balanced growth trajectories in terms of working-age adults despite important differences in levels. Motivated by this observation, we calibrate a standard neoclassical growth model in which the growth of the working-age adult population varies in line with the data for each economy. Despite the underlying demographic differences, the calibrated model tracks output per working-age adult in most economies of our sample. Our results imply that the growth behavior of mature, aging economies is not puzzling from a theoretical perspective.

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Primary Topic: Growth

Topics: Academic paper, Database, Demographics, GDP, Growth, Important!, Unemployment/Participation, Weekly, Workforce

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