

Macro Roundup Article

Headline: [Population Aging and Economic Growth: From Demographic Dividend to Demographic Drag?](#)

Article Link: <https://www.nber.org/papers/w31585>

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Publication	National Bureau of Economic Research
Publication Date	August 24, 2023

Tweet: [@nberpubs](#) analysis finds that a 1% increase in the working age share of population raises per capita income by ~ 1% and forecasts a 0.4-0.8pp drop in growth of income per capita from population aging.

Summary: The results document that shifts in population age structure significantly affect economic growth. A 1% increase in the working-age share raises income per capita by about 1%. A 1% greater working-age share amplifies growth by 0.1–0.4% in subsequent periods. These patterns are stable for both OECD and non-OECD countries. We combine the empirical estimates with demographic predictions and project economic growth in 2020–2050. Without population aging, income per capita in OECD countries is projected to grow on average by 2.5% annually between 2020 and 2050. With population aging, growth is projected to slow by 0.8 pp if we measure working ages retrospectively but only by 0.4 pp if we measure [changes in age patterns of health]. In contrast, population aging is projected to spur average growth of income per capita in non-OECD countries. Related: Labor Market Indicators Are Historically Strong After Adjusting for Population Aging and How a Vast Demographic Shift Will Reshape the World and The Forever Labour Shortage

Primary Topic: Demographics

Topics: Academic paper, Demographics, GDP, Growth, Weekly, Workforce

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