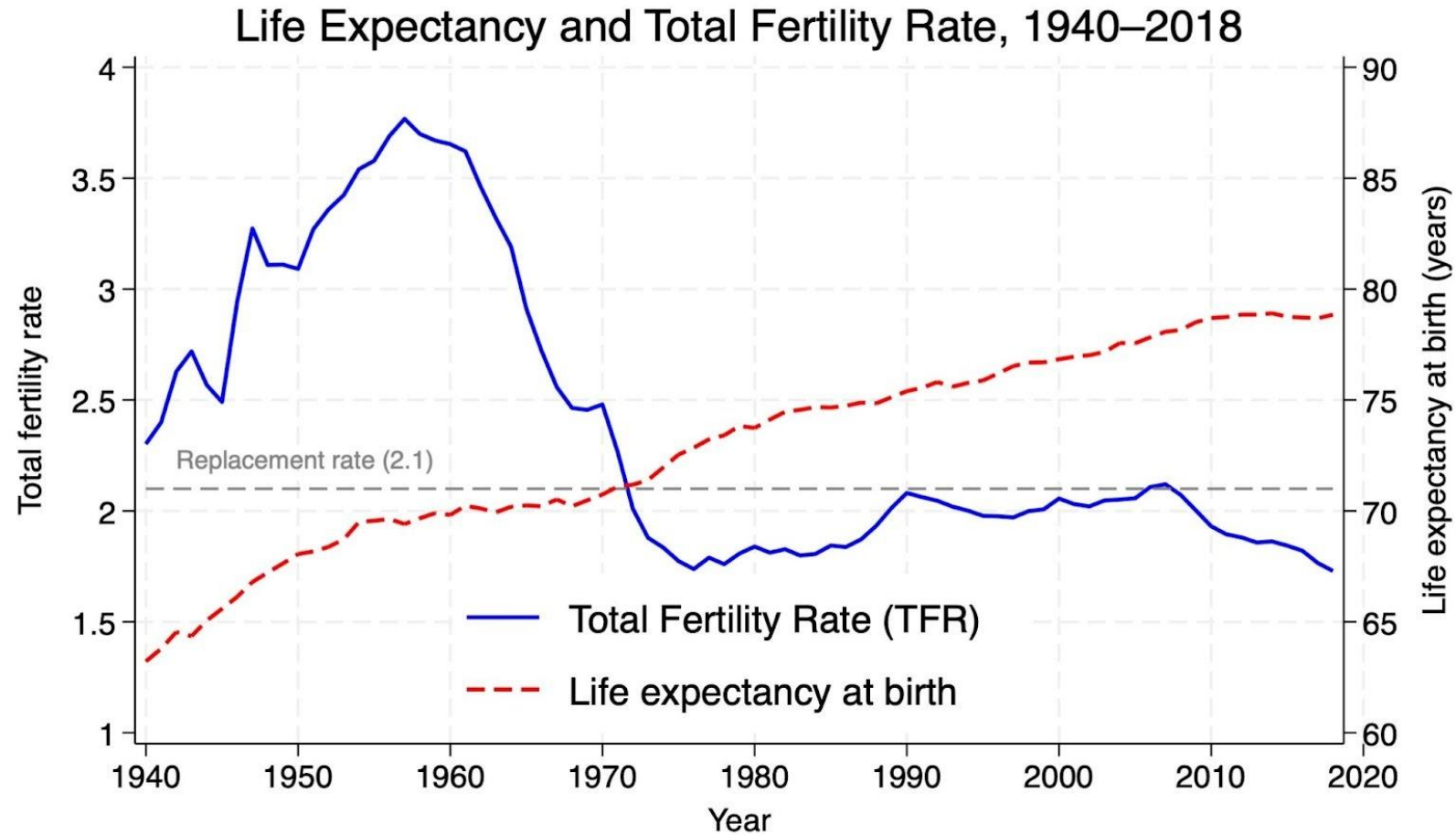


# Demographic Trends and the US Labor Force

Luke Pardue  
Aspen Economic Strategy Group

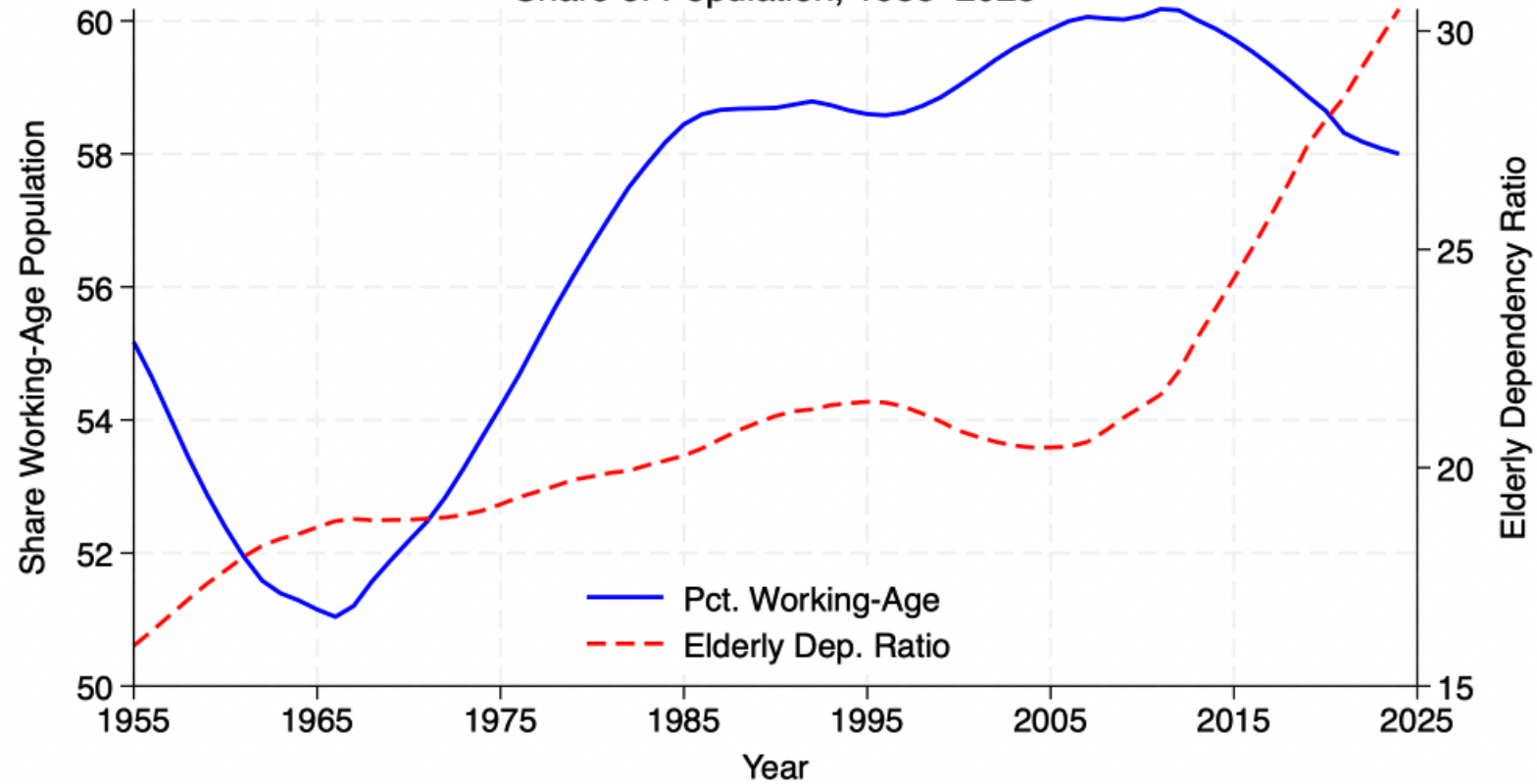
*Can We Get Through the Demographic Crunch?*  
*The Implications of the 2025 OECD Employment Report*  
AEI/Brookings/APPAM/UMD Conference

# Twin Demographic Trends in the United States

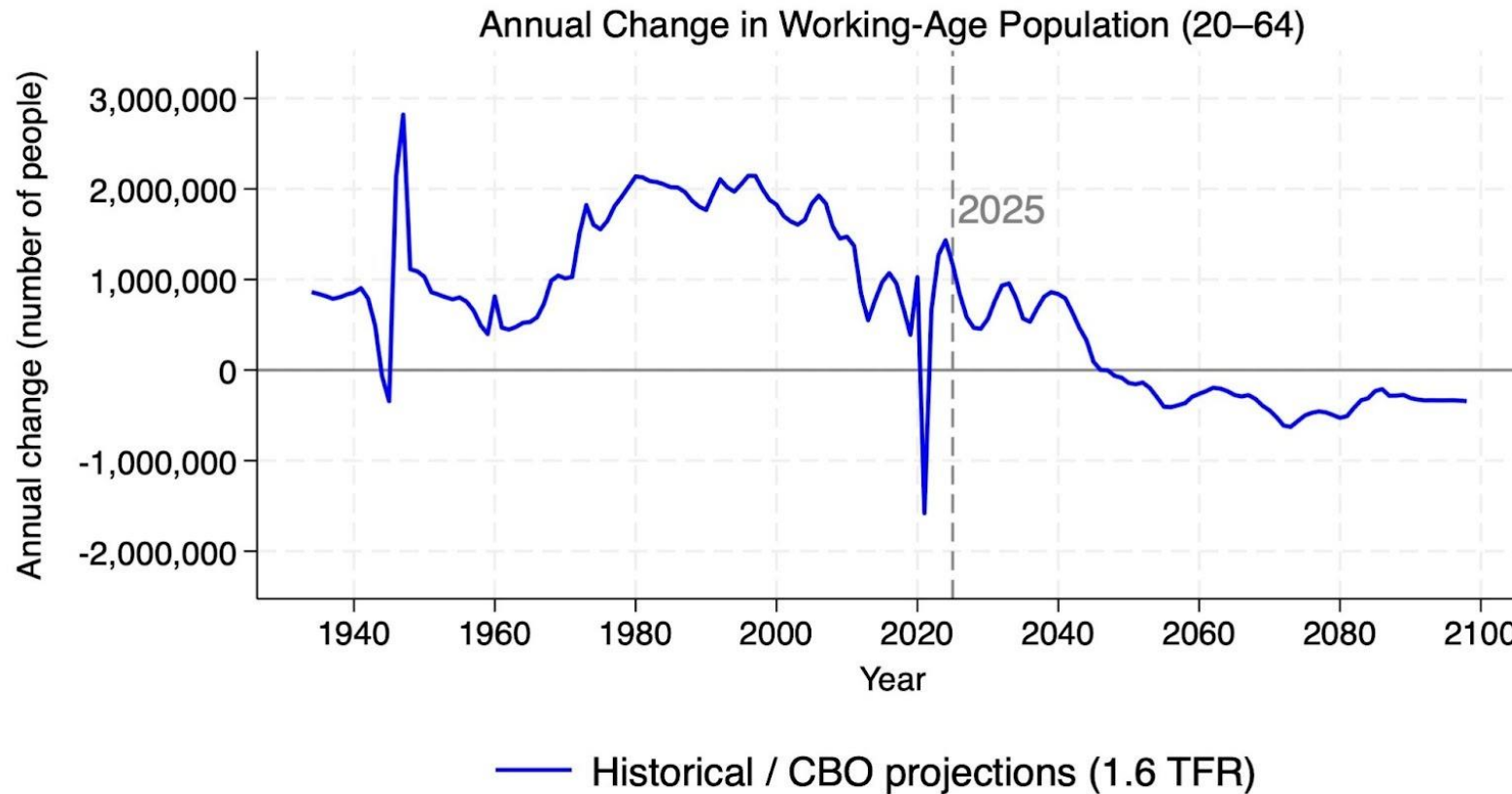


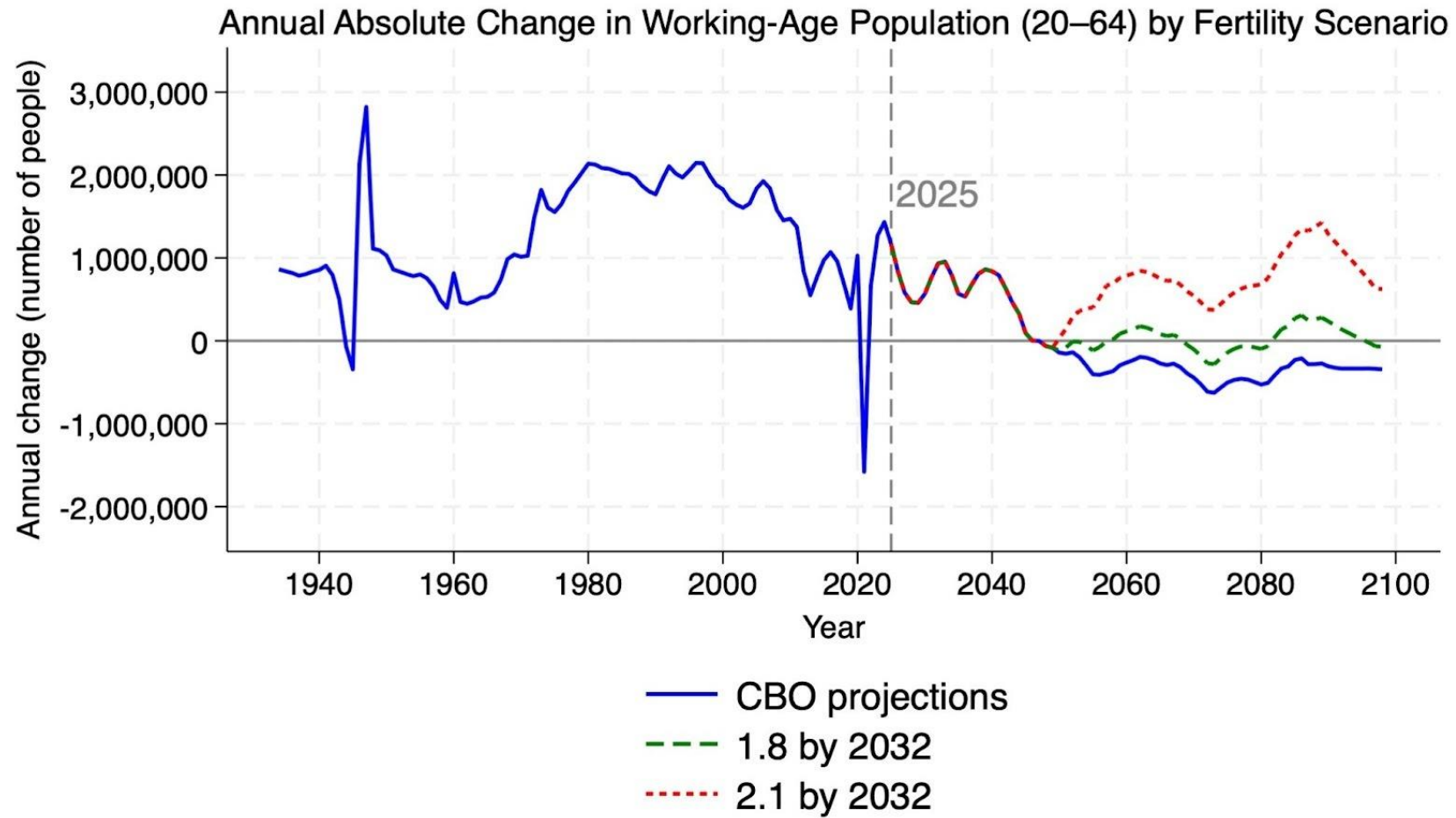
## Working-Age Share and Elderly Dependency Ratio

Share of Population, 1955–2025

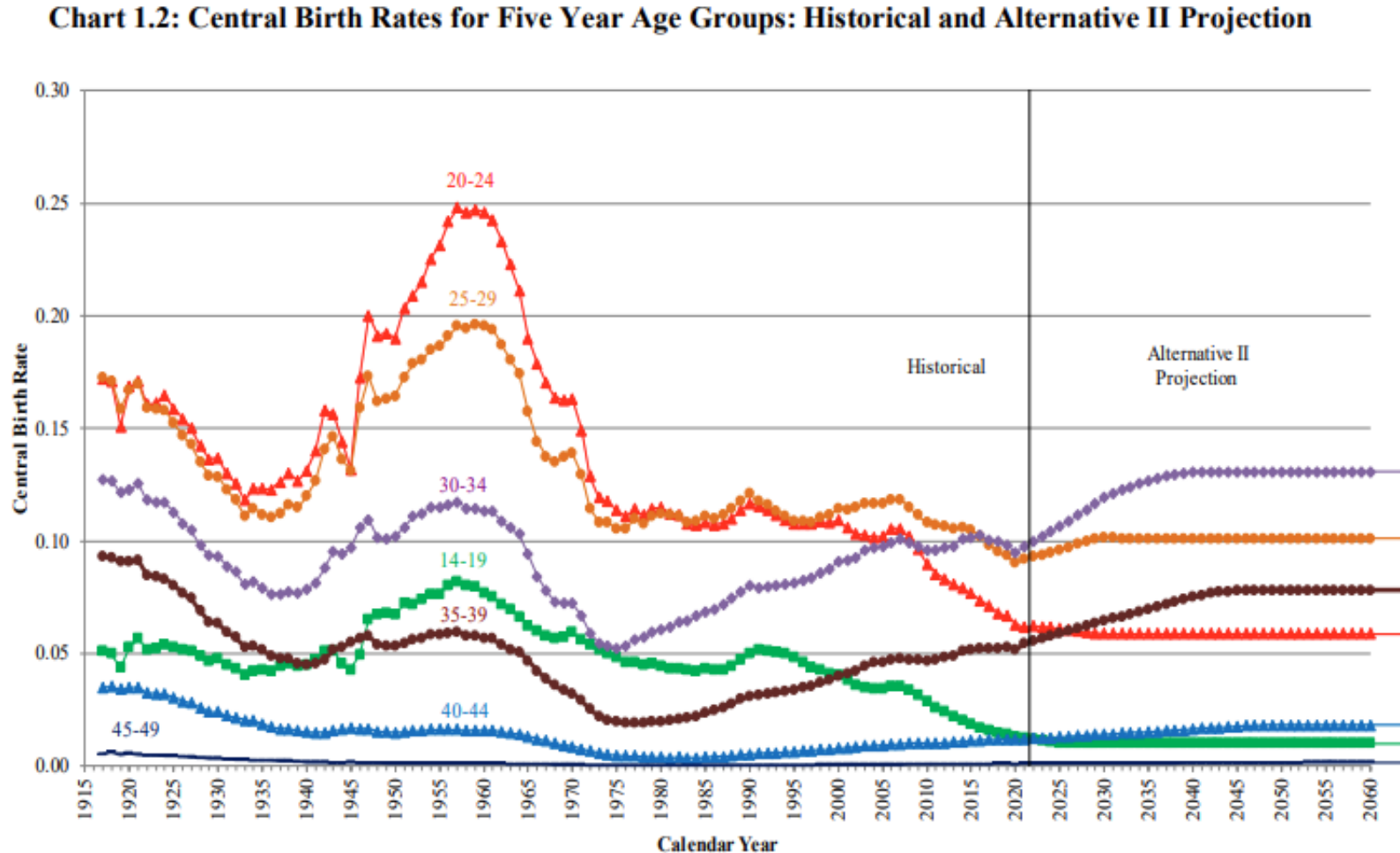


# Twin Demographic Trends in the United States





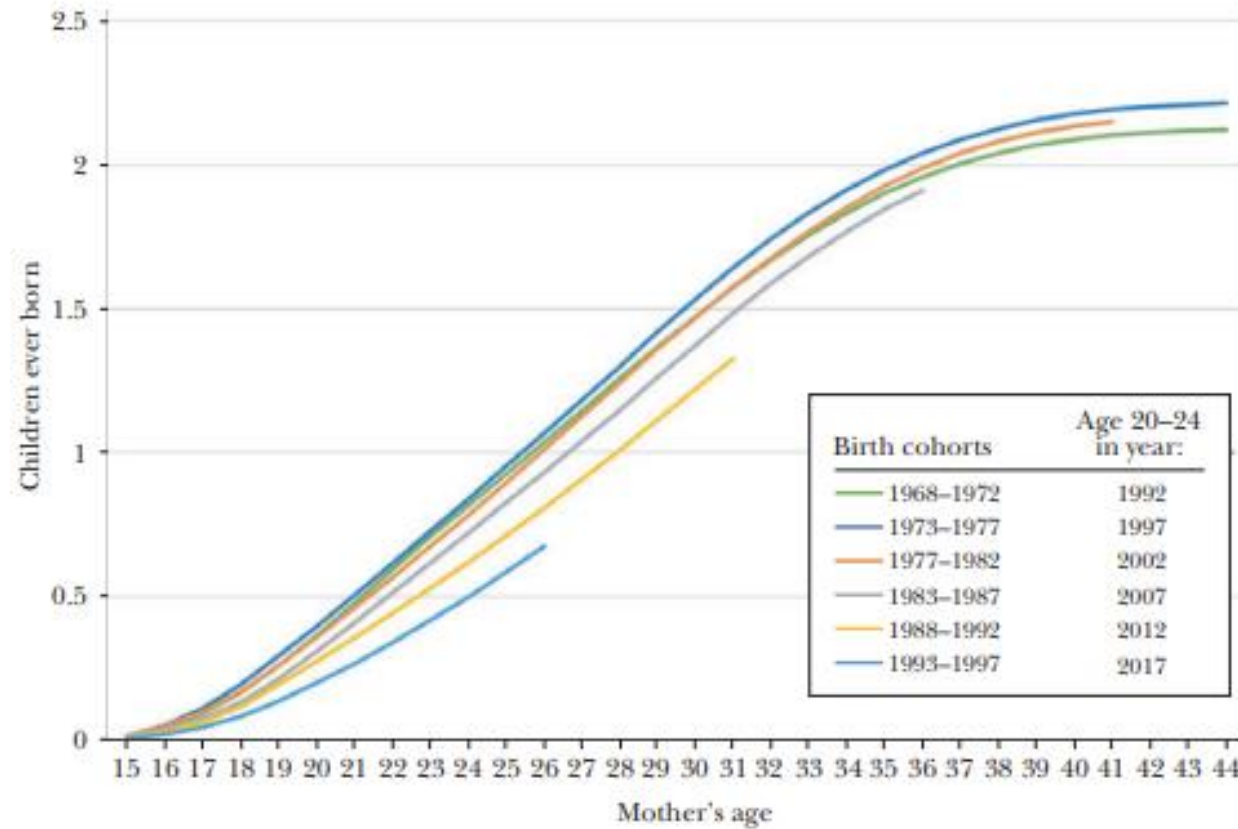
# What does getting back to a TFR of 1.9 by 2050 look like?



From Social Security Administration, [2025 Annual Report](#).

# How likely is that scenario? Not very

Children Ever Born by Mother's Age and Birth Cohort



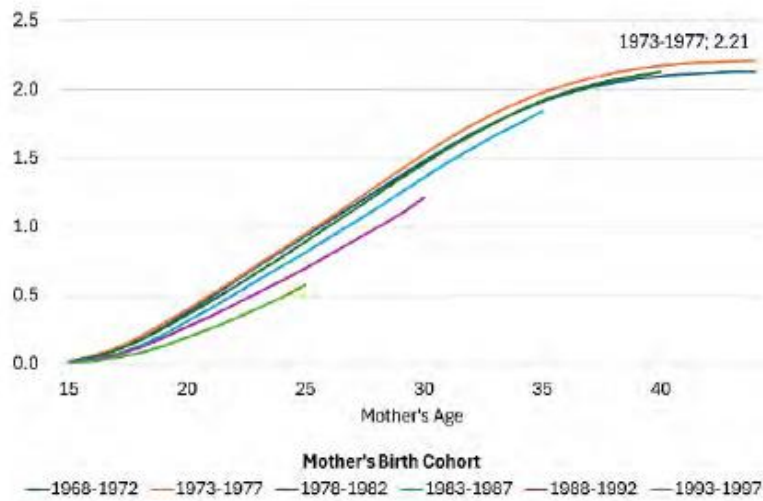
Source: Authors' calculations based on NCHS Vital Statistics birth microdata and CDC SEER population data. See the Data Appendix for specific details.

From Kearney, Levine, Pardue (2022) [\*The Puzzle of Falling U.S. Birth Rates\*](#)

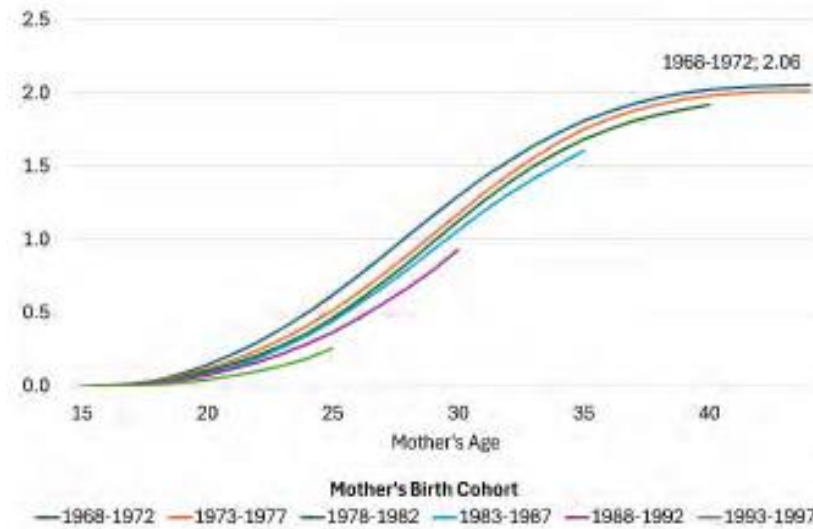


# Completed fertility by cohort – international comparison

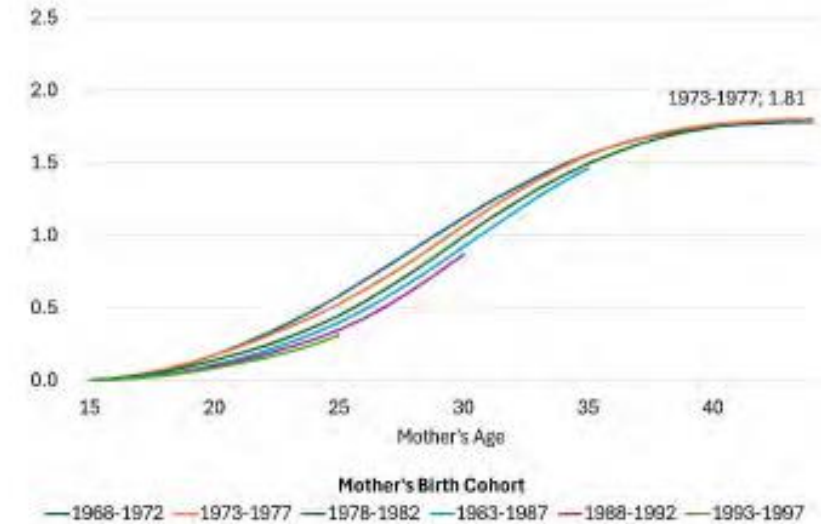
United States



Norway



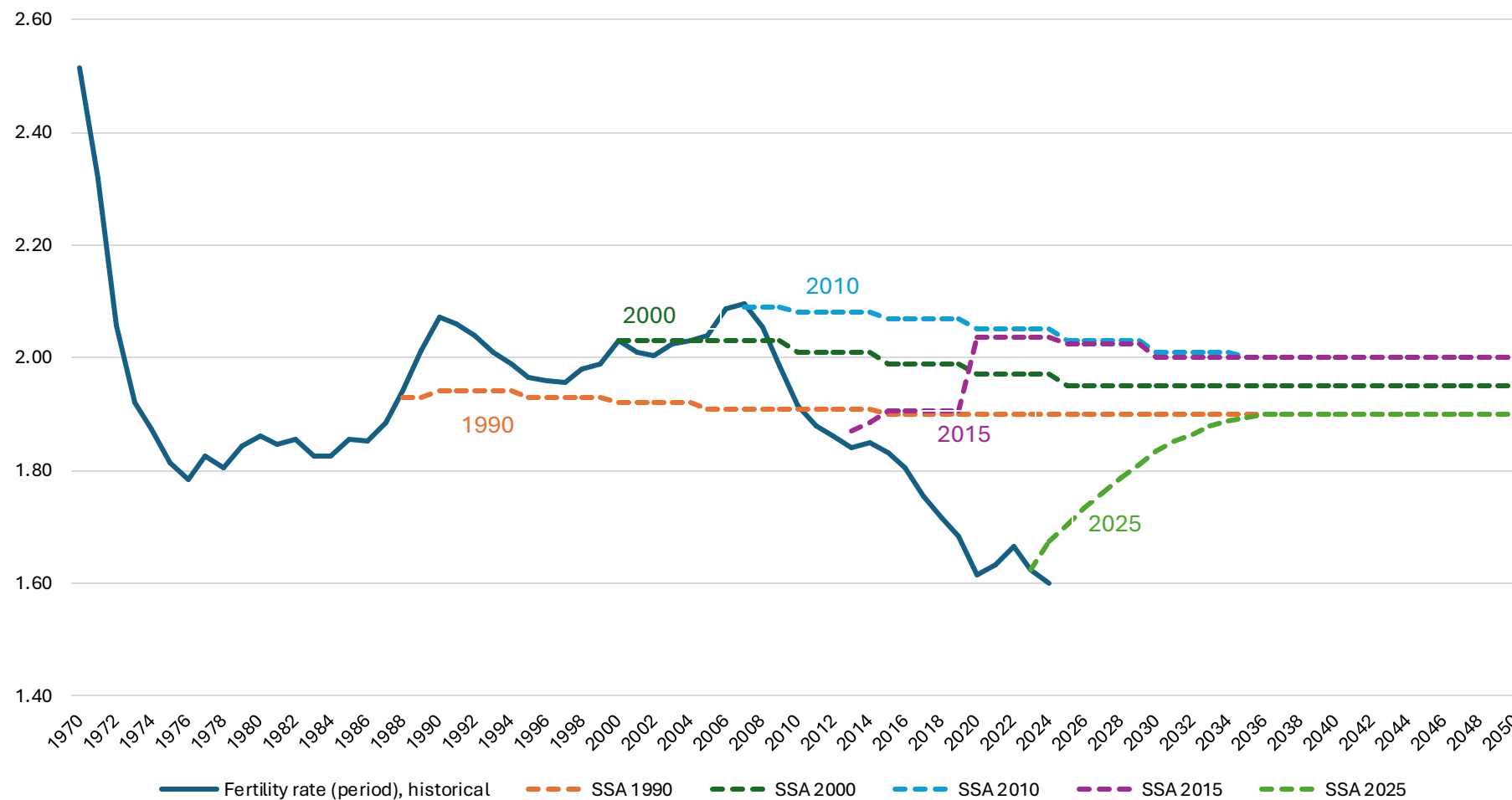
Canada



Kearney and Levine (2025) [Why Is Fertility So Low in High Income Countries?](#)



Actual TFR and Social Security Administration Forecasts, 1990-2025 Vintages





Roundtable Network

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NEWS: @Polymarket traders now assign just a 30% chance that US fertility rates will rise in Q1 2025 - down 11% in the past day.

Confidence in a baby boom is fading fast. 🤖📈

#Fertility #US #Population [Show more](#)



U.S. fertility rate up in Q1 2025?

NEW

Sep 30, 2025

30% chance ▼ 11%

Polymarket



2:52 PM · Jun 19, 2025



4



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## Economic Implications – changing size and age composition of US working-age population

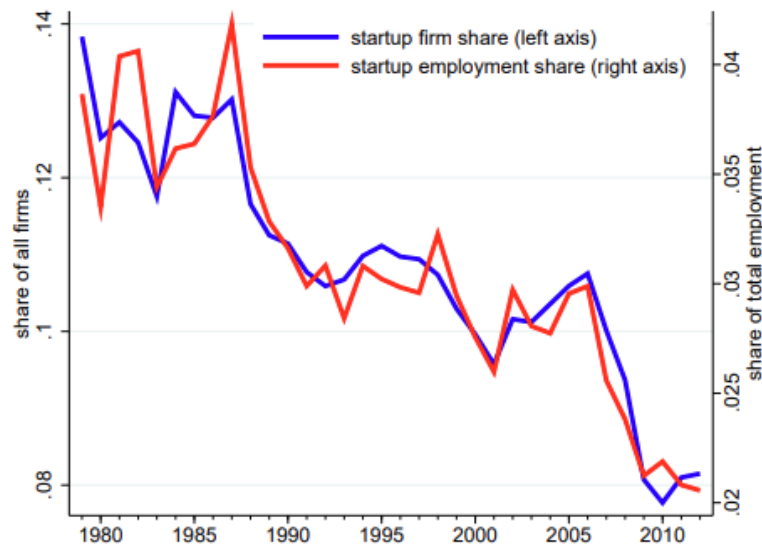
### 1. Career trajectories: “congestion in the workplace”

- In Italy: from 1996 to 2019, the share of managerial roles held by **under-35 workers fell from 8 percent to 3 percent**, while that held by **over-55 workers rose from 12 percent to 28 percent** (Nicola Bianchi).
- Aging-fueled crowd-out → deteriorating early-career outcome in US (Mohnen).
  - Fewer retirements shifts younger-workers in to lower-skills jobs, leads to declining youth wages and lower job mobility.
  - From 1970s to 2020s, average pay difference between workers over 55 and those under 35 rose ~50 percent.

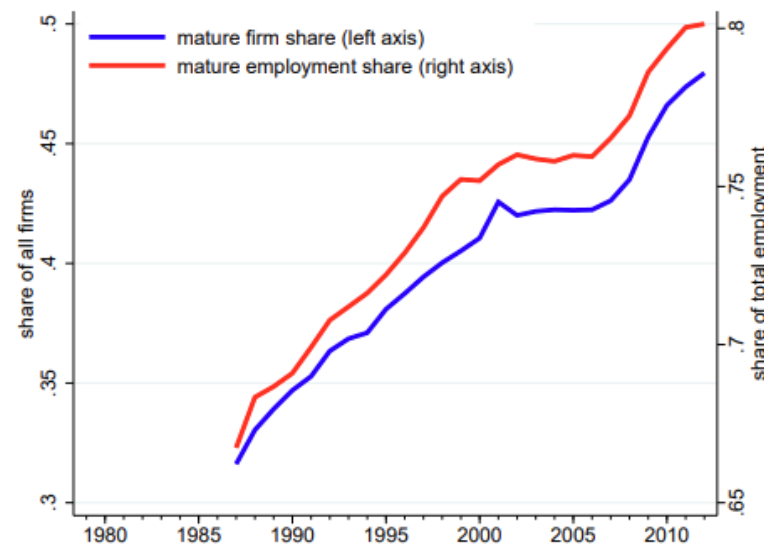
## Economic Implications – changing size and age composition of US working-age population

### 2. Business dynamism: “startup deficit”

- 60% of the long-run decline in the U.S. startup rate can be explained by shifting age composition
- Declining firm entry has reduced aggregate productivity of 3.1% since 1980.



(a) Startups (Age 0)



(b) Mature firms (Age 11+)

Figure 1: Employment and Firm Shares, 1979-2012

Alon et al. (2018)  
[Older and Slower:  
The Startup Deficit's  
Lasting Impact on  
Productivity Growth](#)

## Policy and Firm Responses

**Goal should be to secure the benefits of longer and more productive careers while maintaining labor market dynamism and career opportunities that younger workers need to thrive.**

Commonly-proposed (often ill-advised) responses:

- Mandatory retirement ages
- Employment and promotion subsidies for younger workers

Broad-based growth policies:

- Spur firm growth through gains in productivity of labor and/capital