

**Enzo Weber (IAB / U Regensburg)**

**Departmental Seminar 19. Mai 2025**

Host: Christian Conrad

Labor Market Adjustments to Population Decline: A Historical Macroeconomic Perspective,  
1875-2019

*Abstract:*

Advanced economies will face population decline, particularly among those of working age. Yet, evidence of labor market implications is sparse. Creating a historical dataset for sixteen advanced economies from 1875 to 2019, we identify population shocks and trace the economic effects conditionally on the demographic regime. Our results suggest regime-specific differences: First, population decline quickly passes through to the labor market, translating into swifter disinvestment and declines in employment, but the effects of population growth take time. Second, during population decline, labor force participation increases in response to reduced labor supply. Likewise, initially swift disinvestment tendencies decelerate. Consequently, we find only incomplete capital adjustment. Third, despite declining labor supply, we find neither decreases in unemployment nor significant changes in wages. Finally, while population decline tends to depress total factor productivity, our results indicate that negative effects for economic growth are mitigated by increases in participation and the capital-labor ratio.