Population Aging And Endogenous Economic Growth

Will an aging population lower economic growth? Economists are generally concerned that the increase in life expectancy could lower economic growth, however, theory does not make a prediction. As life expectancy increases, so should household savings, which results in more physical capital per worker. This will stimulate economic growth. However, as the retired population share increases, this may reduce spending on children as more resources are transferred to the elderly. This will likely reduce human capital accumulation and lower growth. The net effect of these competing influences is an empirical question. This paper constructs a stylized endogenous growth model that includes both human capital and government transfers to the elderly. The model is mapped into a linear statistical framework that allows us to estimate each of these potential responses using panel data for a set of OECD countries during the period 1975-2014. We find evidence that households do in fact increase savings in response to a longer retirement period and this effect is associated with a higher realized rate of growth per worker. However, we also find evidence that an aging population reduces spending on children (or other productive investments) placing a drag on growth. These results suggest it is the institutional response to population aging that will determine whether or not an aging population will place a drag on future growth, not population aging itself.

This paper studies the macroeconomic consequences of ageing in an overlapping-generations model with endogenous retirement. We study the behaviour of the economy when population ageing is driven by movements in fertility, changes in longevity, and a combination of both. To gauge the economic implications of these demographic changes we calibrate the model to match key features of the Australian economy. With either a fall in fertility or a rise in longevity, population ageing increases capital intensity in the long run. When fertility and longevity operate together, the increase in capital intensity is more than additive, and the share of life spent in retirement stays roughly constant. The dynamic response of the economy is sensitive to the relative strength of the two factors that drive ageing.

The increases in global wealth and the developments in the field of health have led to decreases in mortality rates, increases in life expectancy, and decreases in fertility rate, leading to a population that is rapidly consisting more and more of older individuals. The demographic changes affect nearly all parts of society including economics, education, health, social security systems, socio-cultural activities, and more. Thus, it is essential to study the impacts that an aging population will have on society. The Handbook of Research on Economic and Social Impacts of Population Aging analyzes the economic and social impacts of population aging from a multidisciplinary perspective. Covering topics such as life expectancy, social welfare, health, social security, and more, this book is essential for social scientists, sociologists, demographers, economists, medical professionals, government officials, policymakers, professionals, researchers, managers, students, and academicians looking to understand the effects of an aging population on modern society.

Studies have documented that recent population decline in U.S. counties has been exacerbated by economic recession, but there is a lack of information about how to stabilize a declining population in a growing economy. The purpose of this book was to measure participants perceptions of the relationship between population decline and economic growth, employment, and education in one northern US County. Smith's theory relating functional division of labor to increases in wealth and Malthus' theory relating population change and economic growth served as theoretical bases. This mixed-methods case study used documents, a survey of 25 participants, and individual interviews with 10 participants. Data were analyzed with ANOVAs, t tests, and linear simple regressions. Survey results indicated that participants believed there was a minimal to moderate correlation between population decline and economic growth and that increased higher education opportunities in the community could stabilize the population and create long-term economic growth. Some participants were concerned that increased educational opportunities would lead to overpopulation and a loss of traditional values, suggesting that efforts should be made to help community members understand the value of higher education as a population and economic stabilizer. This study can contribute to positive social change by providing strategies for maintaining economic stability in areas experiencing population decline.

This volume provides an important collection of recent papers on the macroeconomic effects of population ageing. The articles are focused into three categories which cover the main channels through which population ageing affects national living standards: productivity and growth; consumption and saving; and labour market and fiscal effects. The papers have been selected for their clear and valuable contributions to this field of study. The book will be an essential reference volume for academic and public sector economists, policy makers and demographers.

Handbook of the Economics of Population Aging, Volume 1B provides the economic literature on aging and associated subjects, presenting comprehensive portraits of both social and theoretical issues. As the second of two volumes in this series on the economics of population aging, it continues the discussion, delving deeper into topics such as the labor market and human resource issues, gerontology, history, and the sociological and political ramifications of this fascinating topic whose inception dates back to the late 1970's. This volume includes literature that has appeared in general economics journals, in various field journals in economics, especially, but not exclusively, those covering labor market and human resource issues, information from interdisciplinary social science and life science journals, and data presented in papers by economists published in journals associated with gerontology, history, sociology, political science, and demography, amongst others. Presents comprehensive portraits of social and theoretical issues that can be used by both policymakers and scholars. Readers receive diverse perspectives on subjects that can be closely associated with national and regional concerns.
Online Library Population Aging And Endogenous Economic Growth

Chapters offer comprehensive, critical reviews and expositions on the essential aspects of the economics of population aging. The notion of optimum population has attracted the attention of economists ever since economics was made a science. Roots can be traced back to ancient Greece. The topic has recently found rising interest among population economists and demographers. The economic concept of optimum population seeks to define the population size, which maximizes a welfare criterion of the society. The purpose of this book is to outline this concept from a micro and macro perspective and to link it with issues of technical progress, social security, limited resources and migration. It treats fertility endogenously and studies its welfare and policy implications. The emphasis is on a rigorous theoretical treatment of the subject using the modern growth and welfare theory as well as the new classical micro model of the family.

This book introduces recent developments in both theoretical and empirical analyses of local public economics. Theories of those economics as well as empirical analyses have been developed dramatically in various directions in recent years. One direction has been to reflect real economic circumstances, especially in Japan. In the early 2000s, Japan experienced the so-called great merger (or consolidation) of municipalities in the Heisei era (1999 through the present), with the number of municipalities shrinking from 3,232 to 1,821 for increasing administrative and financial efficiency. This phenomenon is mainly due to a drastic change in demography in Japan: the diminishing birthrate and aging population. Following the consolidation, regional coordination has been undertaken to raise overall administrative and financial efficiency. In sum, various types of public policies for tackling the decreasing birthrate and aging population have been carried out. Urban sprawl and the timing of municipal mergers are dealt with from a broad point of view, and public child care services and tax competition are investigated from a policy standpoint. Another direction has been to incorporate new ideas for forming theoretical frameworks for local public finance, most of which have been based on static situations. In the recent trend toward globalization, local governments have attended not only to the welfare of residents but also to the interests of regional development. Therefore, economic decision making on local government expenditures has tended to be affected by political activities. Thus, the endogenous growth setting and lobbying activities for the activities of local governments are discussed in the book. With these new directions for analyses, the author tackles the topics of tax competition, cross-border shopping, local provision of public goods, and soft budgets, thus covering a broad range of aspects of local public finance.

Handbook of the Economics of Population Aging, Volume 1A, provides the economic literature on aging and associated subjects, including social insurance and healthcare costs. This text explores the economic literature on aging and associated subjects, including social insurance, healthcare costs, the interests of policymakers, and the role of academics. As the first of two volumes, users will find it a great resource on the topics associated with the economics of aging. Together with its companion, volume 1B, this work includes literature that has appeared in general economics journals, in various field journals in economics, especially, but not exclusively, those covering labor market and human resource issues, information from interdisciplinary social science and life science journals, and data presented in papers by economists published in journals associated with gerontology, history, sociology, political science, and demography, amongst others. Provides the latest economics literature on aging and its associated subjects, including the aspects of social insurance and healthcare costs includes valuable data from a variety of general economics journals and interdisciplinary social and life science publications. Critical text for policymakers and academics that describes and analyzes valuable information since the inception of the study of the science of population aging in the late 1970s. Christoph Heible evaluative discusses the economic implications of the medizinhischnologischen Fortschritte und dem demografischen Wandels auf Basis modellgestützter und szenarienbasierte Analyssen. Der Autor belegt u.a., dass von medizinhischn Technischen Fortschritt nicht zwangsläufig wachstumstreibende Effekte ausgehen, sondern etwas vielmehr, in welcher Ausprägung sich der technische Fortschritt materialisiert. Aus der Gesamtzahl an Simulationsergebnissen leitet sich ein Katalog technologischer und demografischer Szenarien ab, der ein differenziertes Abbild der potenziellen Auswirkungen für die Wachstumsrichten der Gesundheitswirtschaft beschriften. Would population aging affect the effectiveness of fiscal stimulus? Despite the renewed focus on population aging, there are few empirical studies on the output effects of fiscal policy in aging economies. Our study fills this gap by analyzing this issue in OECD countries. We find that, as population ages, the output effects of fiscal spending shocks are weakened. We also find that, while high-debt countries generally face weaker fiscal multipliers, high-debt aging economies face even weaker multipliers. These results point to important policy implications: population aging would call for a larger fiscal stimulus to support aggregate demand during recession and thus require larger fiscal space to allow a wider swing of the fiscal position without creating concerns for fiscal sustainability. Our analysis also suggests that policy measures to promote labor supply could help increase the output effect of fiscal stimulus in aging economies. Automation and Its Macroeconomic Consequences reveals new ways to understand the economic characteristics of our increasing dependence on machines. Illuminating technical and social elements, it describes economic policies that could counteract negative income distribution consequences of automation without hampering the adoption of new technologies. Arguing that modern automation cannot be compared to the Industrial Revolution, it considers consequences of automation such as spatial patterns, urbanization, and regional concerns. In touching upon labor, growth, demographic, and policy, Automation and Its Macroeconomic Consequences stands at the intersection of technology and economics, offering a comprehensive portrait illustrated by empirical observations and examples. Introduces formal growth models that include automation and the empirical specifications on which the data-driven results rely. Focuses on formal modeling, empirical analysis and derivation of evidence-based policy conclusions. Considers consequences of automation, such as spatial patterns, urbanization and regional concerns. This book explores how demographic changes affect inter-generational transfers of time, money, goods, and services, all things that play a role in the well-being of individuals and families. It details the nature and measurement of transfers, their motives and mechanisms, and their macro-level dimensions, especially in the context of demographic transitions. Coverage includes original empirical analyses of datasets from some twenty countries and extends the traditional analysis of inter-generational transfers by examining different types of transfers. This book studies optimal economic growth in a closed economy which experiences non-stable population growth. The economy is described by means of a neoclassical growth model which distinguishes overlapping generations within the population. The basic neoclassical growth model is extended to include various types of technical change, as well as investment in human capital or education. The research described in this book connects the analytical tools of traditional growth theory with the actual demographic experience of most industrialized countries. The role of demographic processes in the growth theoretical literature is discussed in the next section. The discussion will show that growth theory needs to extend its scope through the construction of growth models which explicitly recognize demographic forces as a potential source of non-stationarities. This book constitutes a first attempt at such a demographic extension. 1.1 Growth theory and demographic change: The theory of economic growth (e.g. Solow, 1970; Burmeister & Dobell, 1970; Wan, 1971) attempts to describe and to explain the long-run development of an economic system (or, in short, economy). An economic system is essentially dynamic in nature. Among the most important sources of dynamics in economics are the following: accumulation of capital (investment); technical change; population growth. Some of these dynamic forces are, at least in part, endogenous to the economic system (i.e. determined by economic variables).
From Malthus to Becker, the economic approach to population growth and its interactions with the surrounding economic environment has undergone a major transformation. Population Economics elucidates the theory behind this shift and the consequences for economic policy. Razin and Sadka systematically examine the microeconomic implications of people's decisions about how many children to have and how to provide for them on population trends and social issues of population policy. The authors analyze how these decisions affect labor supply, consumption, savings and bequests, investments in human capital, and economic growth, along with related new issues such as migration and income redistribution across generations, in an integrated microeconomic framework. Population Economics is a thoroughly modern treatment of population economics as a field in public economics. It integrates and extends Marc Nerlove's Household and Economy: Welfare Economics of Endogenous Fertility, as well as work written jointly with colleagues that has appeared in various journals and other publications.

Serious research into the causes and implications of an aging population is a relatively recent phenomenon. Though several relevant issues of aging have received considerable attention in public and political discussions (especially in European countries and in Japan), the economics profession is somewhat lacking behind. This is particularly true for the theoretical underpinnings of the economics of population aging. Until now, the aging-debate is primarily led by institutionalists. The present book with its analytical and econometric studies on fiscal implications of population aging is an important step in the process of theoretical analysis of aging. It is of interest both for population economists (and demographers) and for public economists - providing a bridge between these areas of research.

This book includes a series of reports that mainly discuss the Middle Income Trap against the backdrop of population ageing in China. It also offers practical suggestions on how to avoid it properly. Concretely, it argues that the government should accelerate the transition of economic development modes, resolve concentrated social conflicts, promote a balanced rural and urban development during the process of urbanization, and mitigate the effects of population ageing by fostering strengths and avoiding weaknesses. As for the challenges posed by population ageing in China, it puts forward five core suggestions tailored to China's unique situation. Assessing a number of real-world challenges, the general report and the special reports combine theory and empirical findings, using primary data for their analyses. Given the wealth of essential information it provides, the book offers a valuable reference resource for decision-makers.

This book provides a comprehensive, theory-based analysis of current issues in population economics. It addresses the most important problems caused by demographic changes using the popular overlapping generations growth model by Samuelson and Diamond. Taking into account families' fertility decisions, it examines not only the demographic changes due to longer life expectancy but also the effects of social security policy on demography and labor supply/individual retirement behaviors. Conducting all analyses in a dynamic general equilibrium setting, the book offers a valuable theoretical reference guide in the field of population economics.

In recent years it has become apparent that the pattern of population growth is consistent with the predictions of the Malthusian model. Studies on the pre-industrial epoch in a wide range of countries show positive income elasticities of mortality and a strong positive correlation between real wages and marriage rates. Negative shocks to population, such as the Black Death, were reflected in higher real wages and faster population growth. Moreover, the prediction of the Malthusian model that differences in technology should be reflected in population density, but not in standards of living, is also borne out. However, the empirical implications of the Malthusian model are more complex than simply a tendency of real wage to revert to its long-run equilibrium level together with slow population growth. Many factors have impinged on the fertility and mortality rates. A most striking feature of the preindustrial epoch is the simultaneous effect of contradictory forces. This volume studies these forces pushing towards both growth and poverty, and evaluates the utility of the Malthusian model as a tool for understanding demographic dynamics today.


Over the next few decades, the world will experience significant demographic shifts, with material fiscal implications. In many advanced and emerging market economies, aging populations will lead to higher spending on pensions and health care. Moreover, projected population dynamics will adversely affect growth and government revenues. Building on and extending a 2015 IMF Staff Discussion Note by Clements and others, this note presents a simple framework that can assist researchers in quantifying the effects of demographic changes resulting from population aging on government fiscal balances. It includes two country applications of the framework and an associated template. The note addresses several key questions: What are channels through which demographic changes could affect public finances? How can we quantify the fiscal impact of demographic changes? How can we tailor the assessment to country-specific circumstances?

With the current upsurge of Industry 4.0, the way manufacturers assemble their products to sell in a competitive market has changed, guided by the SMART strategy. Only the most adaptable and suitable firms will be able to survive in this new business and economic world, and in this sense, the combination of (formal and informal) formation and working experience exerted by senior entrepreneurs will generate competitive advantages in the firms they work. Senior Entrepreneurship and Aging in Modern Business is an essential reference source that discusses senior entrepreneurship, its benefits to companies due to its combination of practical experience and training, and the impact technology has on it. Featuring research on topics such as human capital, value creation, and organizational success, this book is ideally designed for entrepreneurs, executives, managers, policymakers, professionals, researchers, business administrators, academicians, and students.

In the forthcoming decades the industrialized countries will experience a demographic transition that is unprecedented in history. While the transition’s impact on public pension schemes has
extensively been examined, its implication for private intergenerational transfers has gone almost unnoticed by the literature. This study attempts to make up for that gap in the literature. It gives a comprehensive overview of private intergenerational transfers in Germany, extends the methodology of generational accounting to include private intergenerational transfers, and presents a computable general equilibrium model that for the first time allows to analyze various bequest motives in a unified framework.

Between 1960 and 2007, child mortality and fertility declined quickly in Indonesia. Child deaths per 1,000 decreased from around 216 to 36 and births per woman declined from 5.6 to 2.2. While total population grew modestly at 1.9 per cent per year, the age distribution of the population shifted considerably. The ratio of the working age population to the combined young and elderly populations rose from 1.31 to 2.01. The Indonesian economy grew moderately at 3.7 per cent annually but would have grown significantly faster if not for the regional financial and economic crisis of 1997-98. The analysis in this paper offers strong support for the hypotheses that demographic and economic variables are endogenous to one another and that the magnitude of the causal relationships is significant. Child mortality and fertility together accounted for about 35 per cent of the variation in per capita GDP and GDP determined about 18 per cent and 25 per cent of movements in child mortality and fertility, respectively, over the nearly 50 year period.

The impact of an ageing population on the economy is one of the key issues in most developed countries. It is a generally accepted notion that an ageing population could cause negative effects, including a decrease of per-capita output and economic welfare, on the economy mainly due to the decline of the labor force and aggregate saving rate. The first chapter adopts the two-sector overlapping generation (OLG) model to capture the impact of population ageing on the regional economy and compares the effectiveness of government policy in an endogenous growth perspective. Comparing the computational results of a one-sector OLG model where agent0?9s productivity is given exogenously, the simulation result confirms that endogenously determined investment in human capital significantly offsets the negative effects of the ageing population on the regional economy. The chapter also attempts to check if there is room for the government to weaken and prevent the negative effects of the ageing population. For this, this chapter examines the effects of two kinds of government transfer systems on the regional economy: money transfer and educational transfer systems. The money transfer, which is redistributed to agents by the government, could be used for an individual0?9s consumption, saving and educational investment. Educational transfer is given directly to the individual proportional to his or her opportunity cost stemming from education investment. The result shows that the educational transfer system is superior to money transfer system in the long-run in terms of growth of per-capita income, aggregate welfare and stabilizing the factor prices. However, the results imply that there exists a trade-off relationship in implementing an educational transfer system between economic growth and equity of income and wealth. The second chapter seeks to examine the effects of the ageing population in Illinois with inclusion of the household0?9s ex-ante intra-generational heterogeneity across race and migration status. For this, this chapter empirically shows that there are significant gaps in returns to education between race and migration status in Illinois; and there exists significant relationships between a resident0?9s demographics and the probability of in- and out- migration around Illinois. These empirical results, including heterogeneous properties across race and migration status and demographic-related migration tendency, are calibrated into the two-sector OLG model. Using this two-sector OLG model incorporated with the intra-generational heterogeneity over race and migration status, this chapter projects the economic growth of Illinois will decelerate substantially until the mid 2020s due to population ageing. After that time, the growth of Illinois will partially recover.

The major economic problems of the ageing era stem from the deficiency of the labor force. Also the Black0?9s unemployment rate tends to be substantially high in Illinois. Taking the two labor market-related problems of ageing population and high Black0?9s unemployment into consideration, the government could implement a labor policy measure aiming at increasing the employment rate of the Black to the level of the other races through the absorption of the unemployed Blacks by offering industry subsidies or incentives. However, the result shows that an indirect educational policy, targeting the upgrading of the transmission channel of human capital stock from the old generation to the young generation of the Black, is more preferable than the direct employment policy in terms of long-run effects on per-capita income and social welfare. Also, this chapter shows that the effects of the government0?9s immigration policy, which aims at replacing low-productive international immigrants with native, relatively high-productive unemployed individuals who have been unemployed, are very limited in terms of per-capita income, welfare and aggregate productivity. On the contrary, tax and transfer policy inducing international immigrants to invest more in their education works relatively better. Furthermore, under this policy scheme, the native0?9s human capital stock also improves significantly because of positive spillover effects even though the transfer system0?9s direct beneficiary is the international immigrant group. The third chapter attempts to project the economic paths for the individual Midwest states (Illinois, Indiana, Michigan, Ohio and Wisconsin, as well as the Rest of the US) in the future when the population ageing becomes more pronounced. To accomplish this task, a dynamic general equilibrium model is developed so that it could incorporate the inter-regional transactions and endogenous growth mechanisms within the framework of an OLG model. Key parameter values associated with the regional interconnections were assigned by using multi-regional Social Accounting Matrix (SAM) of the Midwest states. Two different steady-state results were presented with the two different age-cohort population structures corresponding to year 2007 and 2030. These steady-state results imply that there should be considerable negative impacts on the regional economies in the sense of declining per-capita output. The rate of declining of per-capita output are projected to be heterogeneous across the regions due to the different developments of age-cohort population structures and consequently different levels of endogenously determined educational investment of workers. Furthermore, the regions could be grouped separately according to the levels of average human capital stock of workers: high-skilled and low-skilled regions, being roughly consistent with actual labor productivity statistics. It is intuitive that the supply-demand interactions between the regions should be affected by developments of demographics in each region. This intution is consistent with the simulation results in the sense that the result revealed the development of output price in a certain region reflects the dynamics of demographics of every region. Meanwhile, according to the dynamic simulation, the negative impacts of population ageing will not be so severe unlike what was presented in the steady-state results. This mitigation of negative effects could be attributed mainly to the growth of human capital stock of workers. The dynamic simulation results reveal that the per-capita output of every region is projected to grow positively in the near future when the population ageing will be pronouncing. However, the growth rate of the per-capita output is projected to be heterogeneous across the regions: the regions with high-skilled workers hold the potential threat that population ageing could give more negative impacts on the economy due to the relatively sluggish growth of human capital stock. Also, the dynamic simulation results show that certain regions in Midwest will experience their terms-of-trade deteriorate in the near
future, implying that careful attention should be given to their future trade conditions. This edited collection explores the links between human capital (both in the form of health and in the form of education), demographic change, and economic growth. Using empirical as well as theoretical perspectives, the authors investigate several important issues in the context of human capital, namely population ageing, inequality, public policy, and long-term economic development. Ultimately, they demonstrate that the accumulation of human capital is of crucial importance to long-run economic growth.

This book reviews standard economic growth models concentrating on the relationship between population ageing and economic growth and develops a growth model with endogenous human capital and endogenous fertility. This model is used to analyse the effects of education policy and family policy on economic growth. The author presents results both for economic policy, and for economic growth theory.

Analyzing the relation between population factors and technological progress is the main purpose of this book. With its declining population, Japan faces the simple but difficult problem of whether sustained economic growth can be maintained. Although there are many studies to investigate future economic growth from the point of view of labor force transition and the decreasing saving rate, technological progress is the most important factor to be considered in the future path of the Japanese economy. Technological progress is the result of innovations or improvements in the quality of human and physical capital. The increase in technological progress, which is measured as total factor productivity (TFP), is realized both by improvements in productivity in the short term and by economic developments in the long term. The author investigates the relationship of population factors and productivity, focusing on productivity improvement in the short term. Many discussions have long been held about the relation between population and technological progress. From the old Malthusian model to the modern endogenous economic growth models, various theories are developed in the context of growth theory. In this book, these discussions are summarized briefly, with an analysis of the quantitative relation between population and technological progress using country-based panel data in recent periods.

Demographics is a vital field of study for understanding social and economic change and it has attracted attention in recent years as concerns have grown over the aging populations of developed nations. Demographic studies help make sense of key aspects of the economy, offering insight into trends in fertility, mortality, immigration, and labor force participation, as well as age, gender, and race specific trends in health and disability. Demography and the Economy explores the connections between demography and economics, paying special attention to what demographic trends can reveal about the sustainability of traditional social security programs and the larger implications for economic growth. The volume brings together some of the leading scholars working at the border between the two disciplines, and it provides an eclectic overview of both fields. Contributors also offer deeper analysis of a variety of issues such as the impact of greater wealth on choices about marriage and childbearing and the effects of aging populations on housing prices, Social Security, and Medicare.

The Pacific region is in the final stage of the demographic transition with declining fertility and expanding life expectancy, where significant changes in population size and age distribution, i.e. "aging" have been and will be witnessed. They are unprecedented and going to affect economic growth in various ways. This book focuses on the Pacific region, one of the most rapidly aging regions, and examines the possible risk aspects. Particularly, the book takes into account of possible adjustments both endogenous and exogenous (including policy responses) to the new reality of aging population. It also assesses their quantitative influences on the growth impact of aging population, which might be very different from those in the past experience. The book highlights the doubts on the steadiness across periods and similarities across economies of parameters relevant to labor market participation, saving and investment of private sectors, and productivity growth, which a bulk of prior studies were crucially based on. Policy measures to enhance labor supply, domestic savings and productivity have been scrutinized. The book discusses the policy alternatives in practice and their implementations and/or planning of each category across regional economies.

The apparently unrelenting growth in the GDP-share of health spending (SHS) has been a perennial issue of policy concern. Does an equilibrium limit exist? The issue has been left open in recent dynamic models which take income growth and population aging as given. We view these variables as endogenously determined within an overlapping-generations, human-capital-based endogenous-growth model, where a representative parent makes all life-cycle consumption and investment decisions, and life and health protection are subject to diminishing returns. Our prototype model, allowing for both quantity and quality of life as desired goods, yields equilibrium upper bounds for SHS. Our calibrated simulations also account for observed trends in reproductive choices, population aging, life expectancy, and economic growth. The analysis offers new insights about factors that drive long-term trends in aging and health spending and establishes a direct relation between health investments at young age and the equilibrium, steady-state rate of economic growth.

Household and Economy: Welfare Economics of Endogenous Fertility deals with welfare economics and the socially optimal population size, as well as the social consequences of individual choice with respect to family size within each generation. The general equilibrium implications of endogenous fertility for a number of issues of population policy are discussed. In addition to their own consumption, the number of children and the utility of each child is assumed to enter the utility function of the parents. Comprised of 10 chapters, this volume begins with a review of social welfare criteria for optimal population size and the static theory of optimal population size, optimal population growth with exogenous fertility, and the theory of endogenous fertility. The reader is then introduced to the basic principles of welfare economics and the economics of externalities, followed by a summary of the traditional theory of household behavior. Subsequent chapters focus on optimal population size according to various social welfare criteria; real and potential externalities generated by the endogeneity of fertility; and the principal alternative reason for having children: to transfer resources from the present to support the future consumption of parents in old age. The book concludes by assessing the implications of endogenous fertility for within-generation income distribution policies and reflecting on the directions in which future research may be fruitful. This monograph will be of value to economists, social scientists, students of welfare economics, and those who wish to understand the contribution of economic analysis to an improved understanding of population policy.

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