Decline of Economic Growth: Human Capital & Population Change

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Chart 1: Decreasing Human Contribution to GDP Growth

- GDP growth slowed from about 4 percent per year in the post-war period to less than 3 percent in the 2000s.

- Human capital considerations, when they are tied to the demographics of the working population, explain the overall GDP growth slowdown over the last 50 years.

- The ‘human’ contribution to GDP growth has two driving characteristics:
  - The overall demographic make-up of the working U.S. population;
  - The productivity contribution at various stages in life by that working population.

- Human productivity contribution is tracked through changes in skills, capacities and know-how, reflected in standard wage curves.

- We employ our method to project economic growth into the future. Growth slowdown is projected to continue and become more serious during years 2010-2020.
  - Due to the post-war baby boom’s retirement and its replacement by a 1970s-1980s generation inadequate in size and human capital capacity to continue previous growth of the macroeconomy.