

Economics of Global Challenges
**Falling fertility and
economic growth**

Webcast July 3, 2025
Michael Peters (Yale)



in association with

CEPR

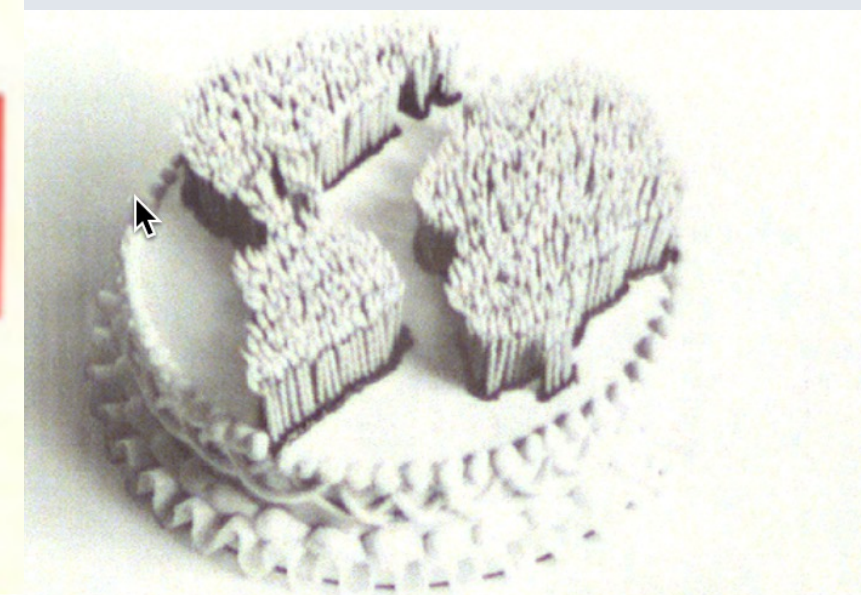
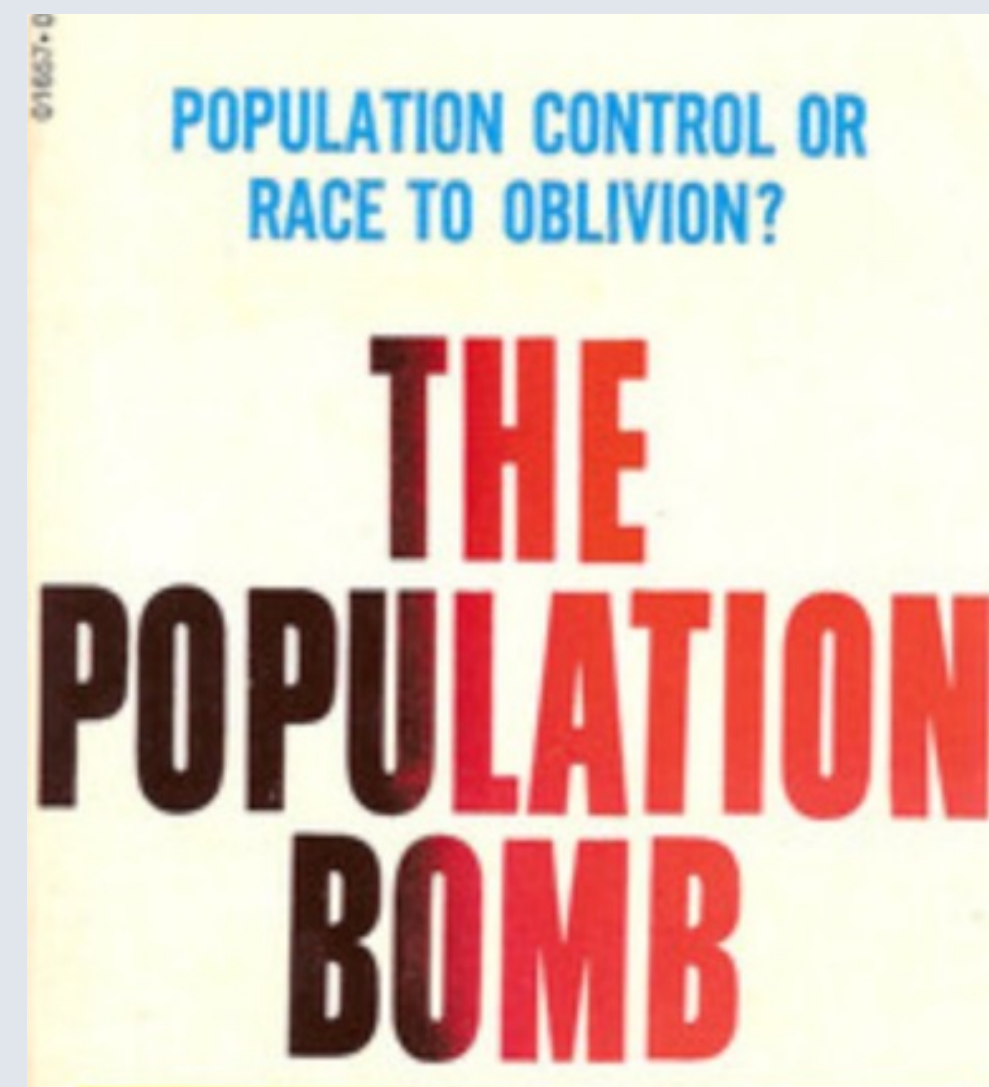
Take a Guess :

AUDIENCE POLL

What was the rate of global population growth in 1900, 1950, and 2000?

Global Population Growth: New Concerns

1960s and 70s



**The earth can't
handle many more
birthday parties.**



Today

Population Implosion Worries a Graying Europe

Darrell Bricker and John Ibbitson

**EMPTY
PLANET**
**THE SHOCK
OF GLOBAL
POPULATION
DECLINE**

"An ambitious reimagining of our demographic future."
—THE NEW YORK TIMES BOOK REVIEW

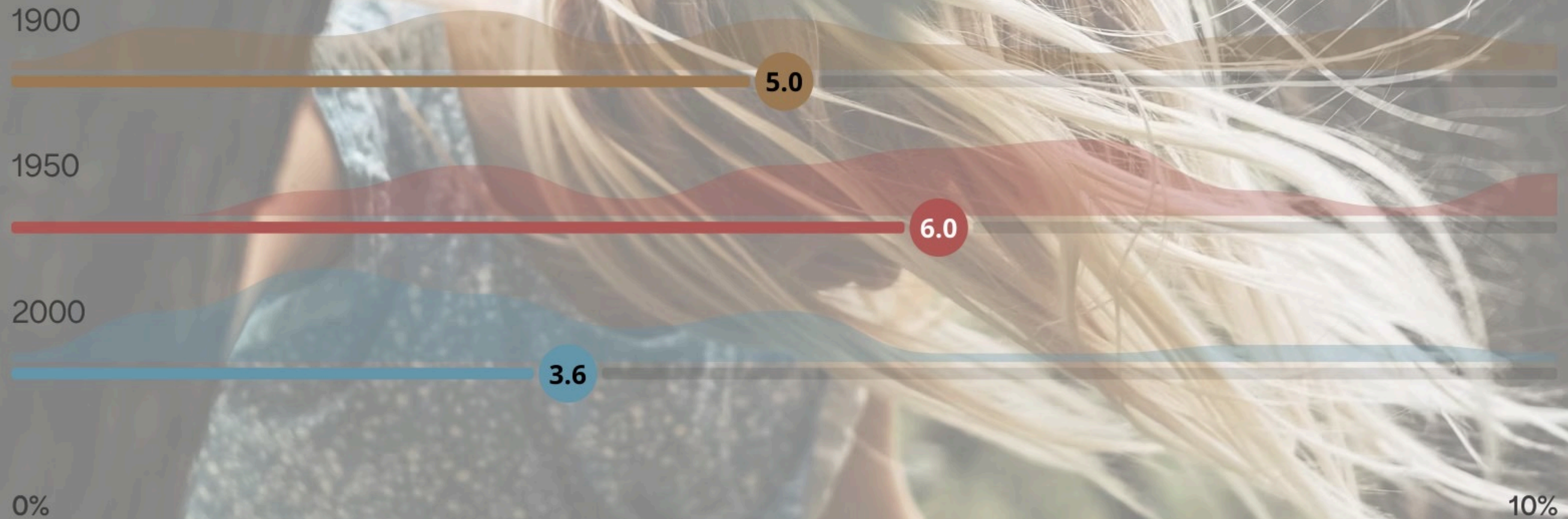
JAPAN'S RECORD-LOW FERTILITY RATE

Fewest Births

Is South Korea Disappearing?

Dec. 2, 2023

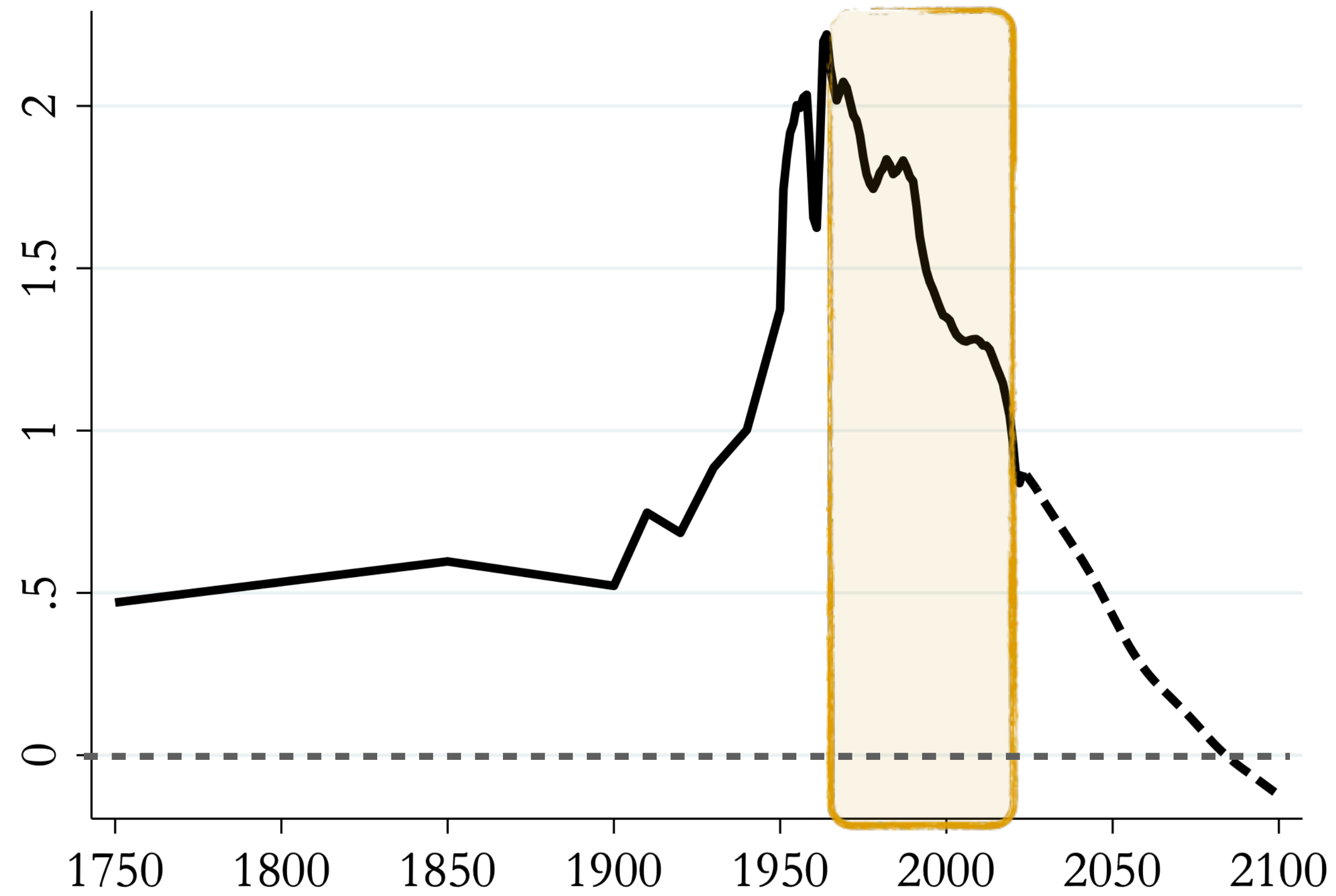
What was the rate of global population growth in 1900, 1950, and 2000?



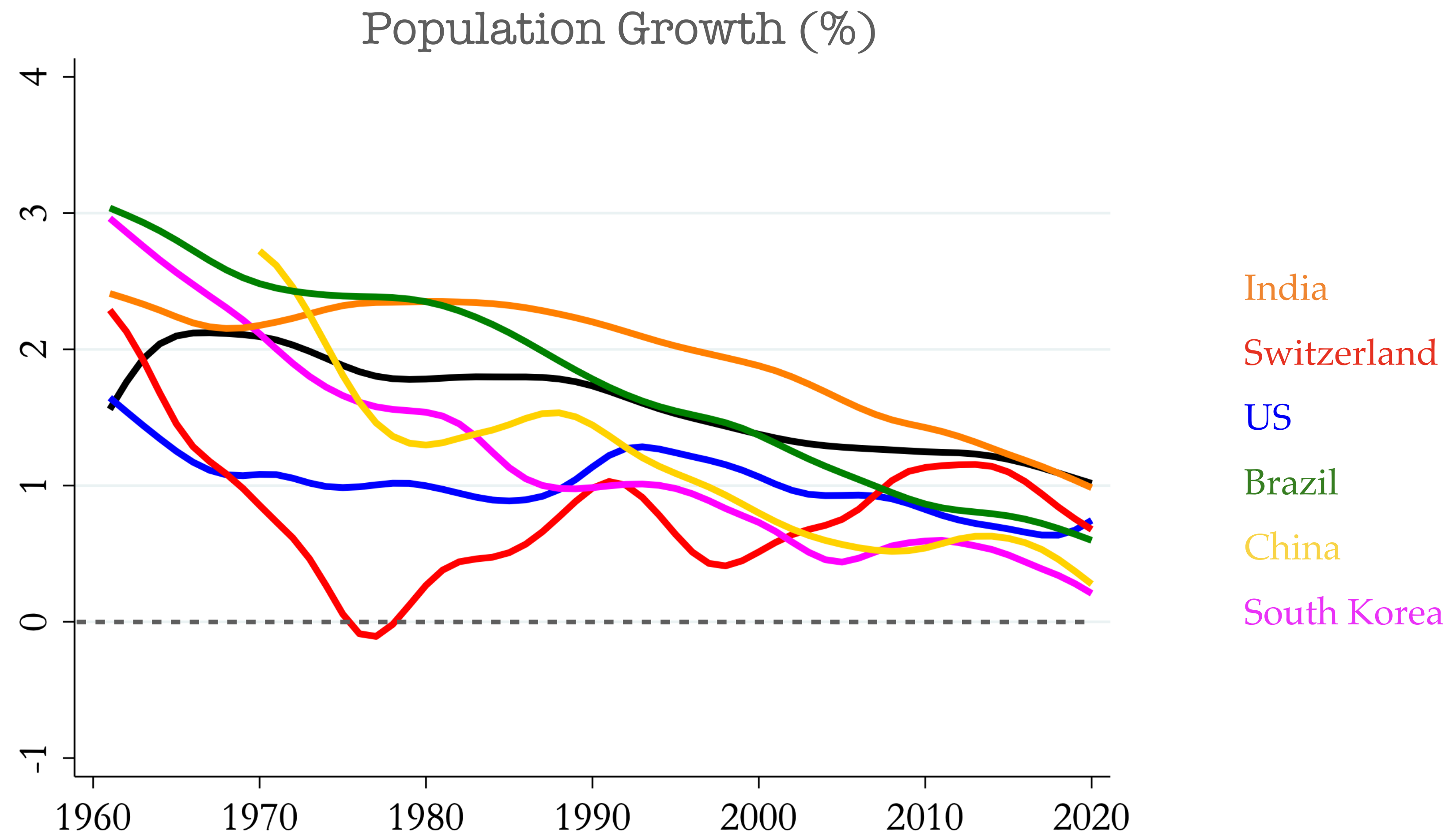
Michael Peters **Falling fertility rate and economic growth**

A Dramatic Reversal

Global Population Growth (%)



Falling Population Growth Around the World



Think About Your Own Family Situation :

AUDIENCE POLL

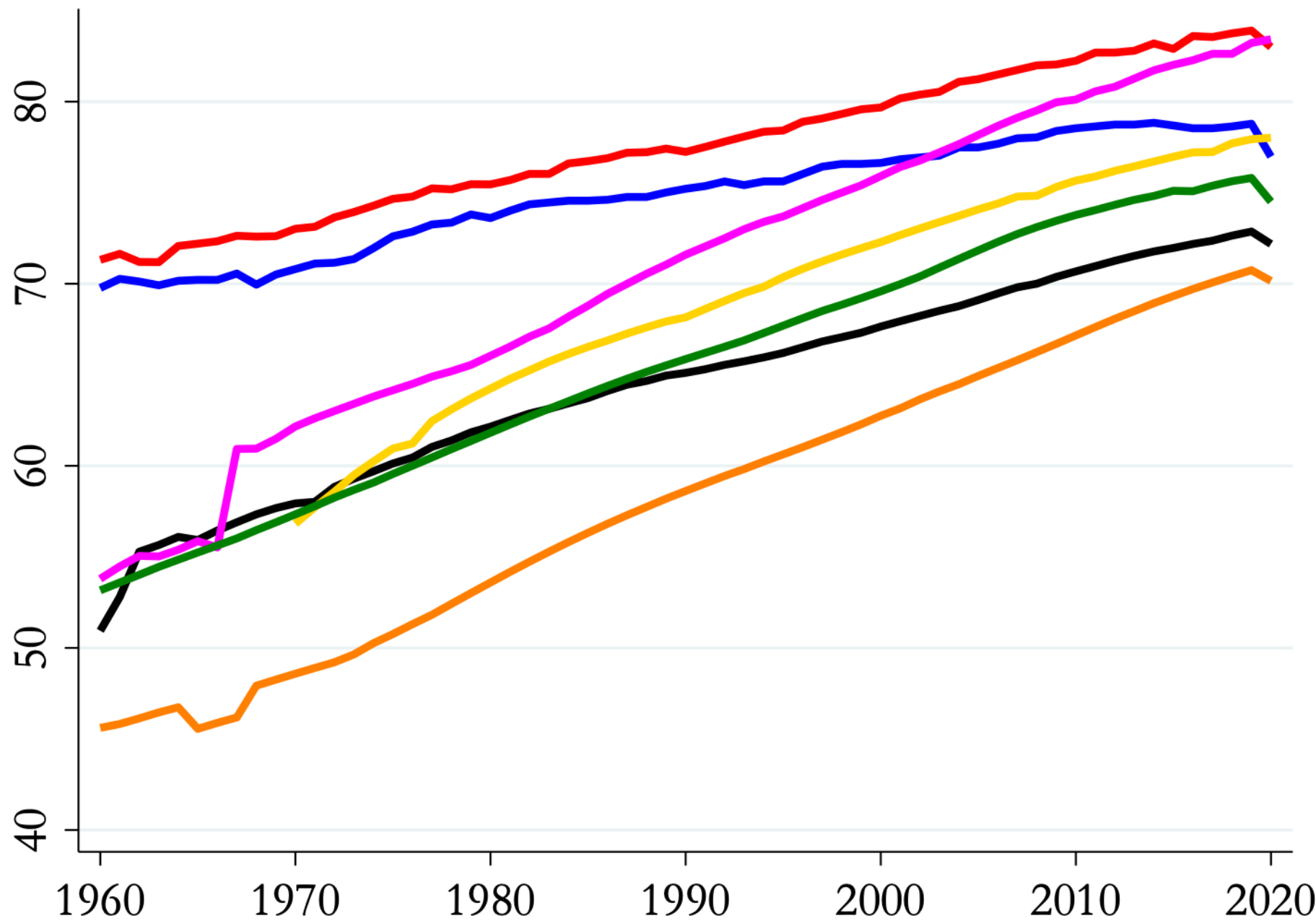
How many siblings do you have? Include yourself!

How many children do you (plan to) have?

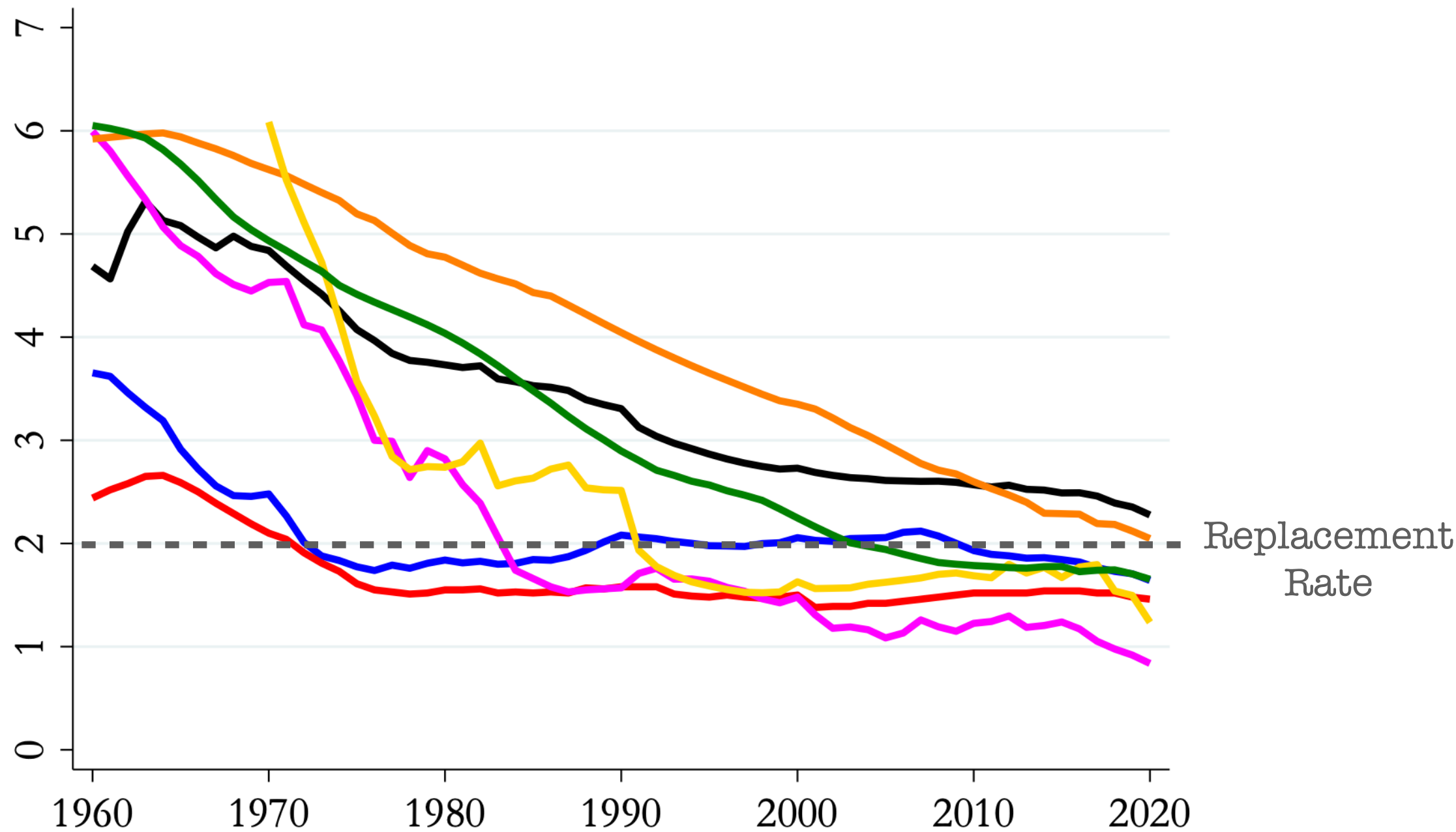
Population Growth = Fertility & Life Expectancy

Life Expectancy (Years)

Switzerland
US
South Korea
Brazil
China
India



Fertility Rate (#Kids/Woman)



Think about your own family situation

Number of siblings (including yourself)

2.3

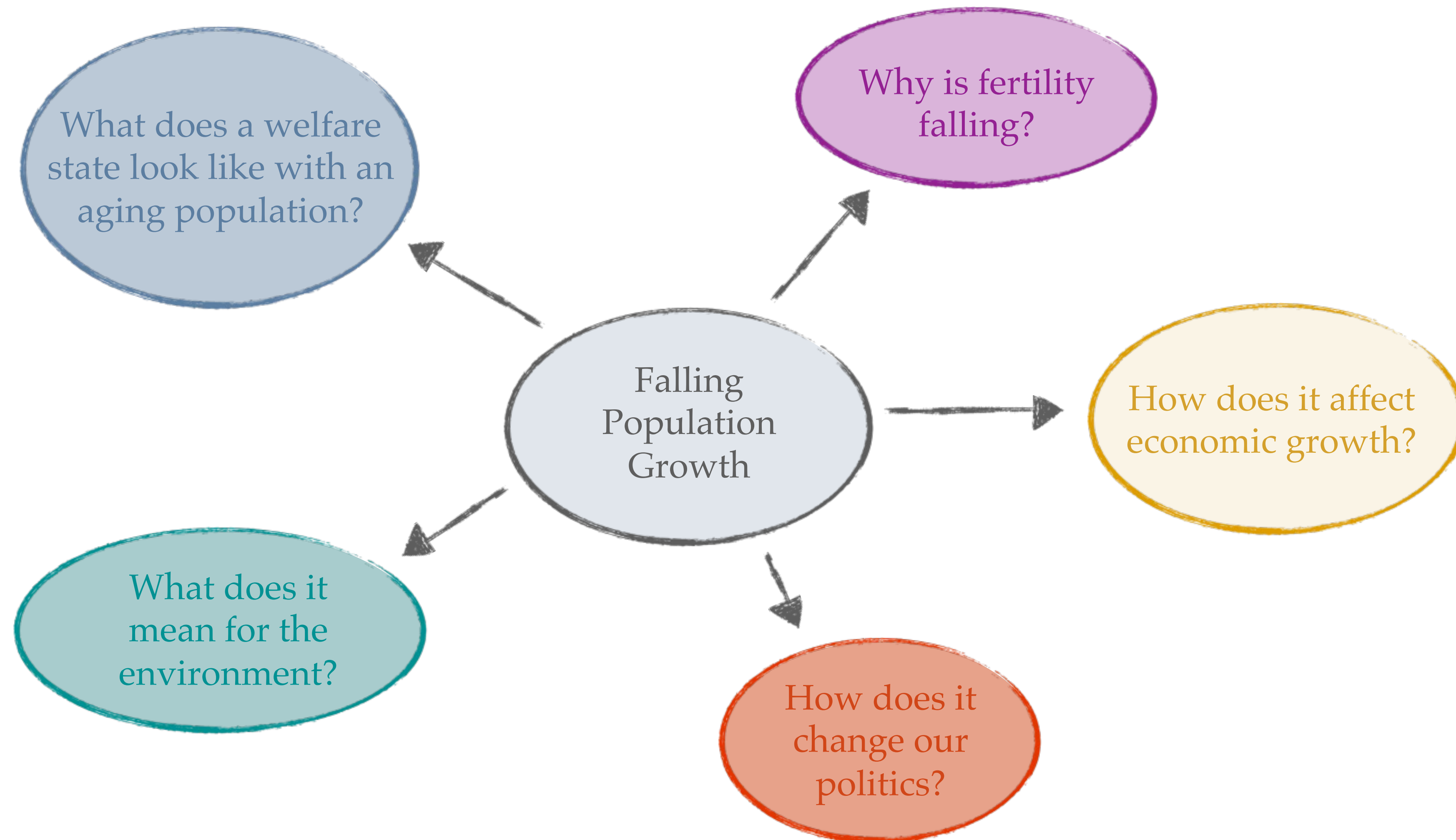
Number of children

1.5

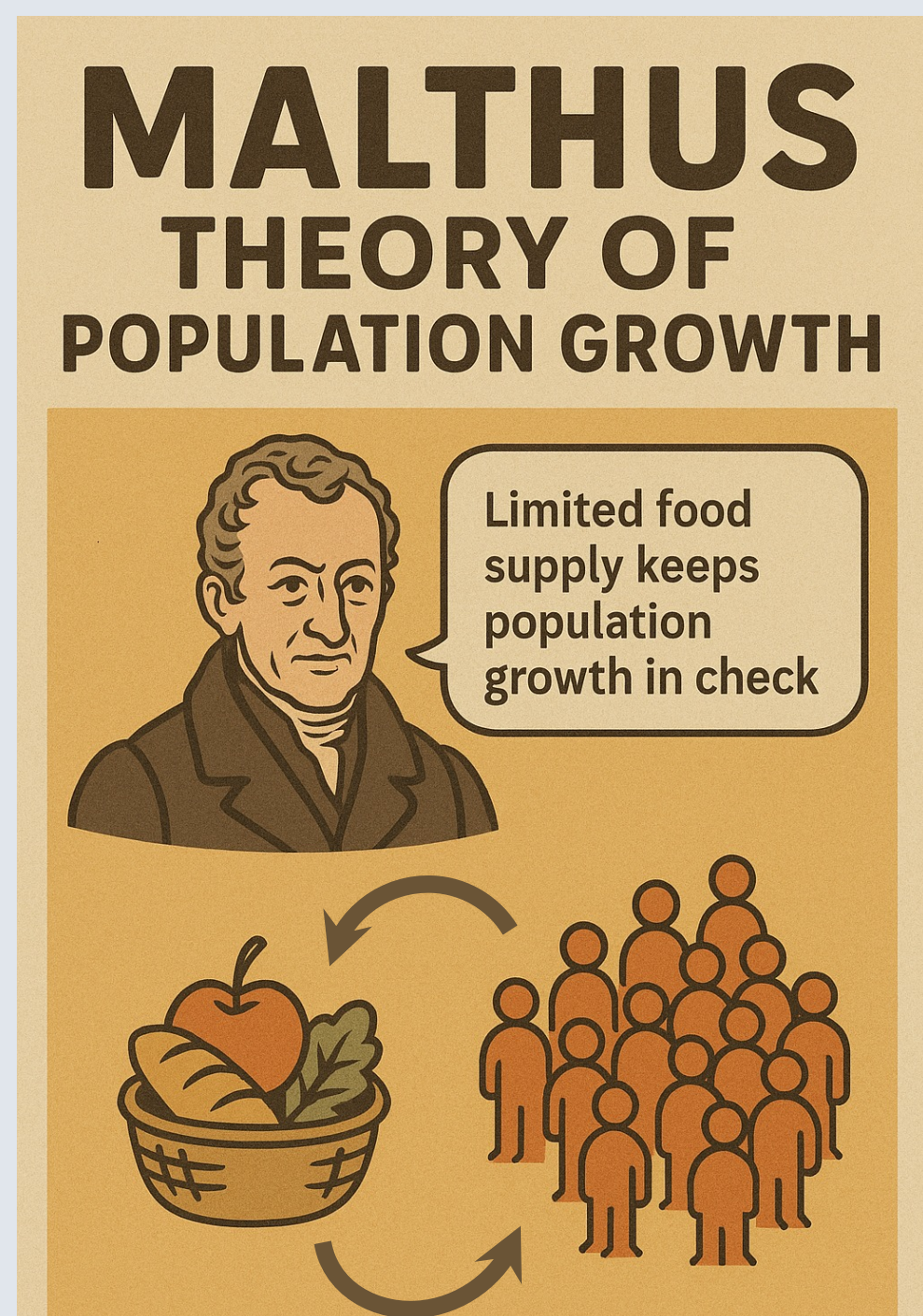
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A True Macro Trend



Population & Living Standards



More people, lower income per capita



More people, higher income per capita

People and Ideas

- Objects are rival, **ideas are non-rival**
- Cumulative process of idea creation: **building on the shoulder of giants**

Two Empirical Approaches:

Regional variation

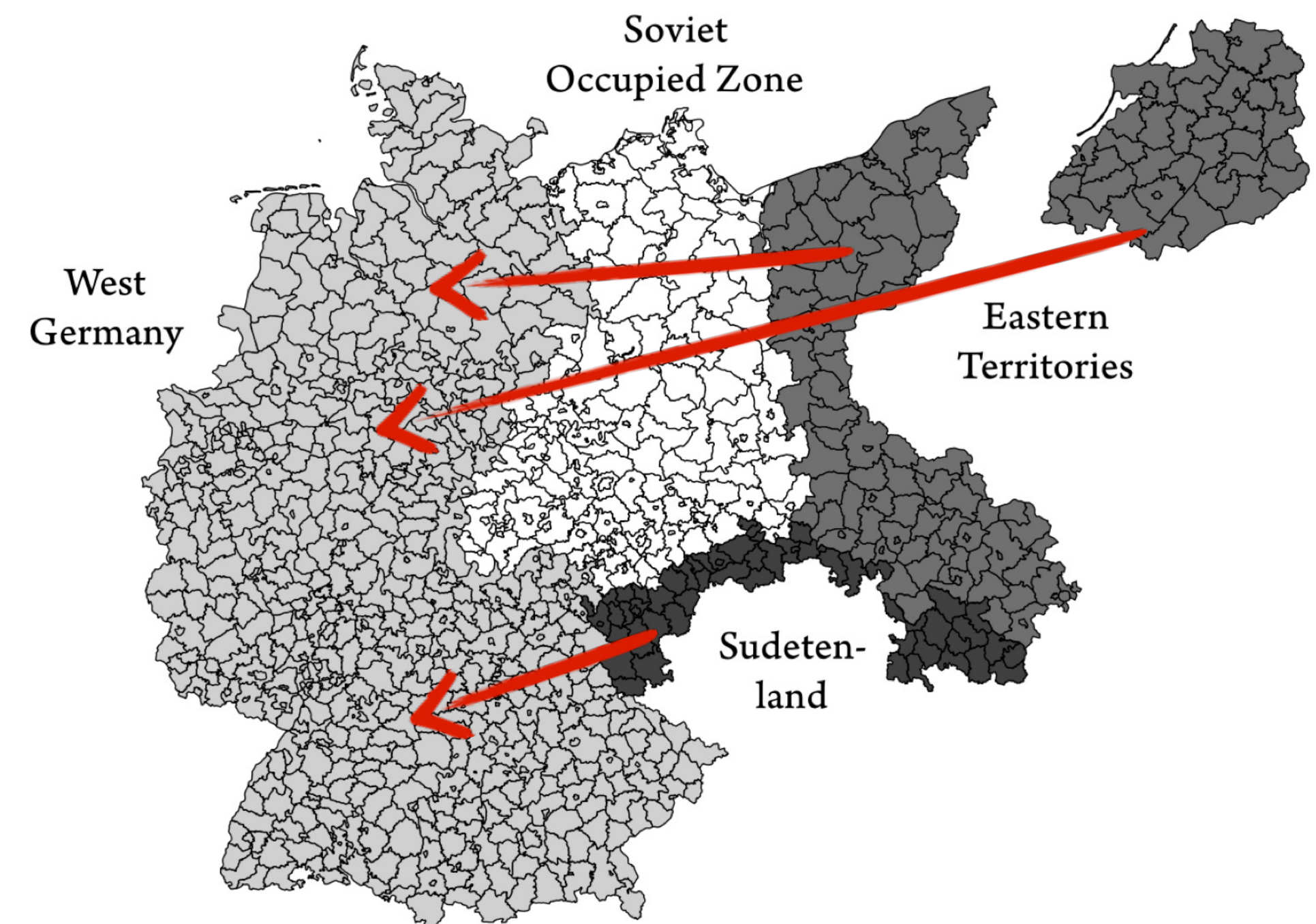
Peters (2022)
Econometrica

Firm-level variation

Peters & Walsh (2025)
JPE Maco

Population Expulsions in Post WW2 Germany

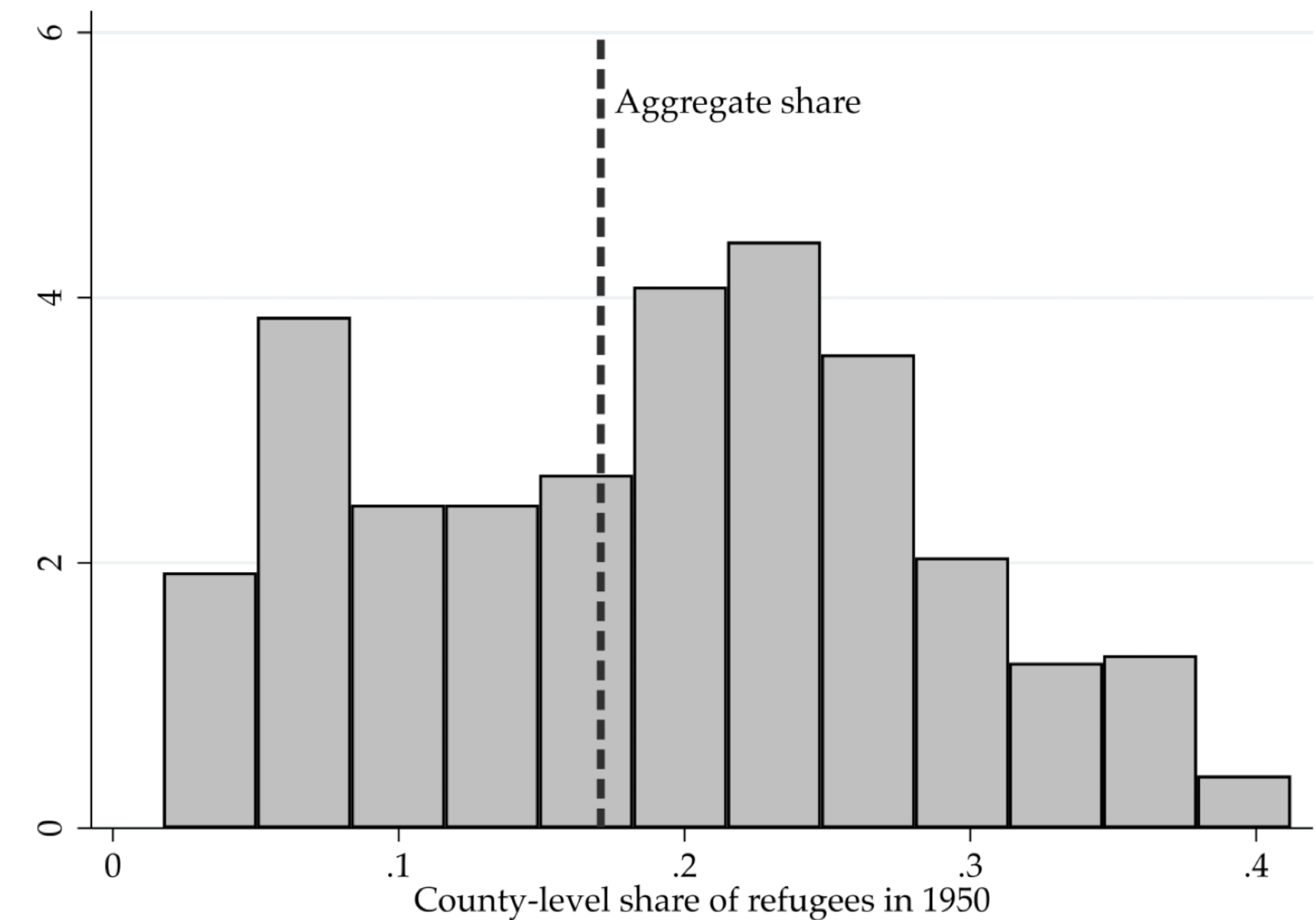
- 1946-1948:
 - Germany loses territories in the east
 - 8m get expelled and sent to Western Germany



Population Expulsions in Post WW2 Germany

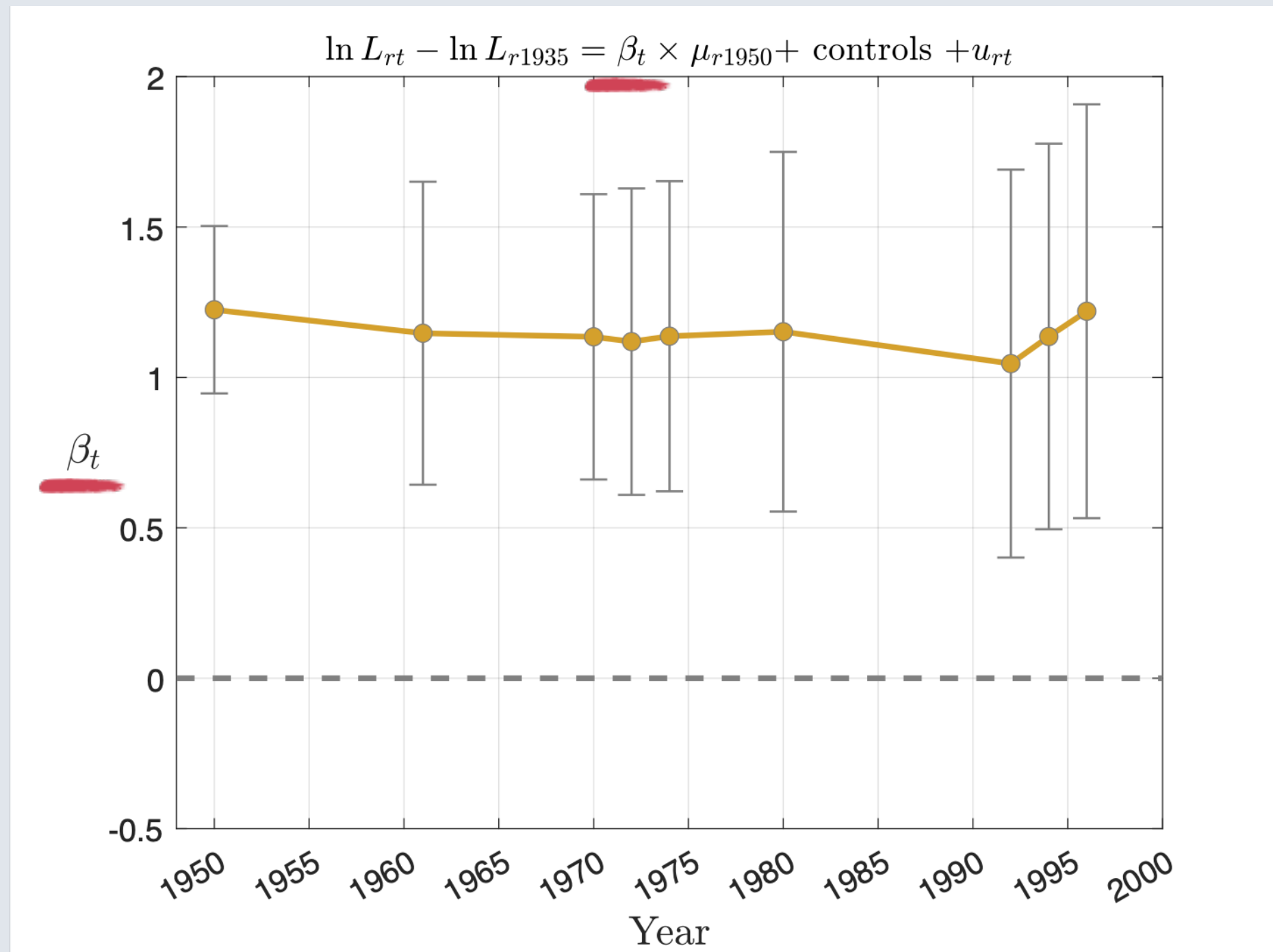
- 1946-1948:
 - Germany loses territories in the east
 - 8m get expelled and sent to Western Germany
- “Random” allocation across German counties

Q: Did counties with more refugees do better in the long-run?



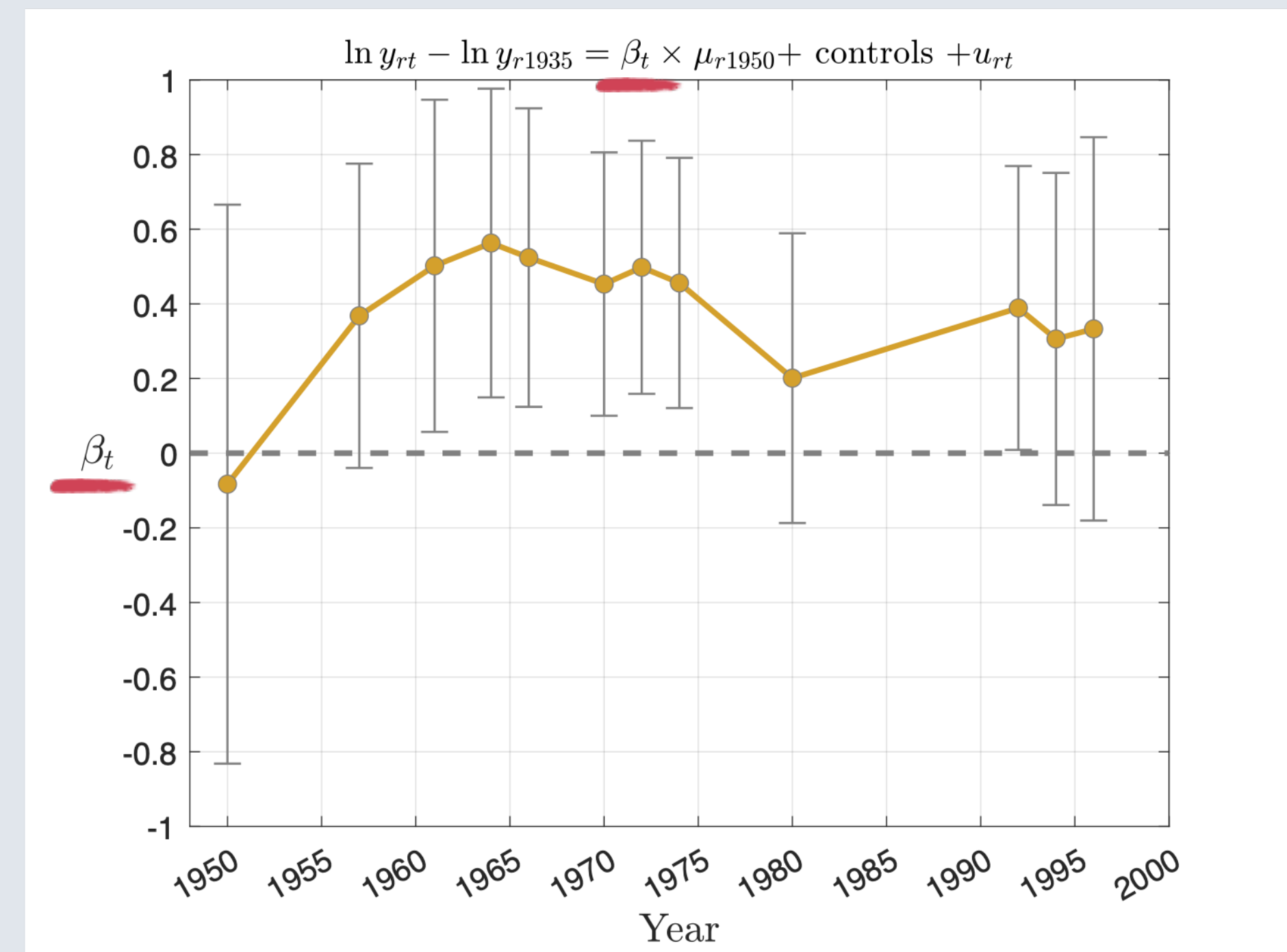
The Consequences of the Refugee Settlement

Population



10% more refugees → 12% higher population

Income per capita



10% more refugees → 5% higher income

Creative Destruction & Growth

SCHUMPETER STRIKES AGAIN CREATIVE DESTRUCTION!

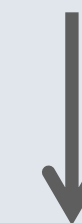


The Economics of Creative Destruction

New Firms = New Technologies



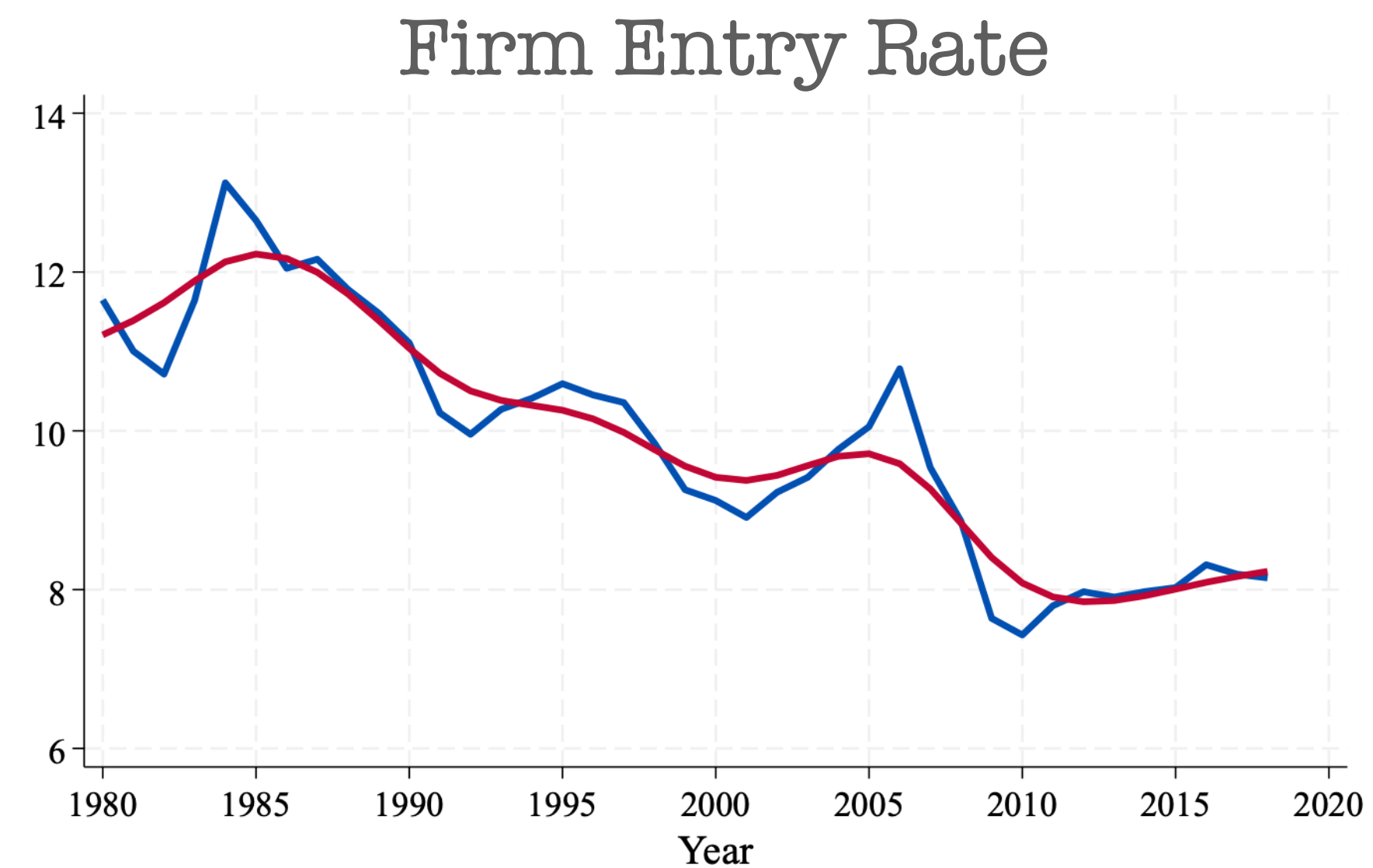
Replace incumbent firms (“obsolescence”)



Aggregate Growth

Declining Dynamism

Less New People → Less New Firms → Lower Entry



Effect on Growth: 1.8% → 1.6%

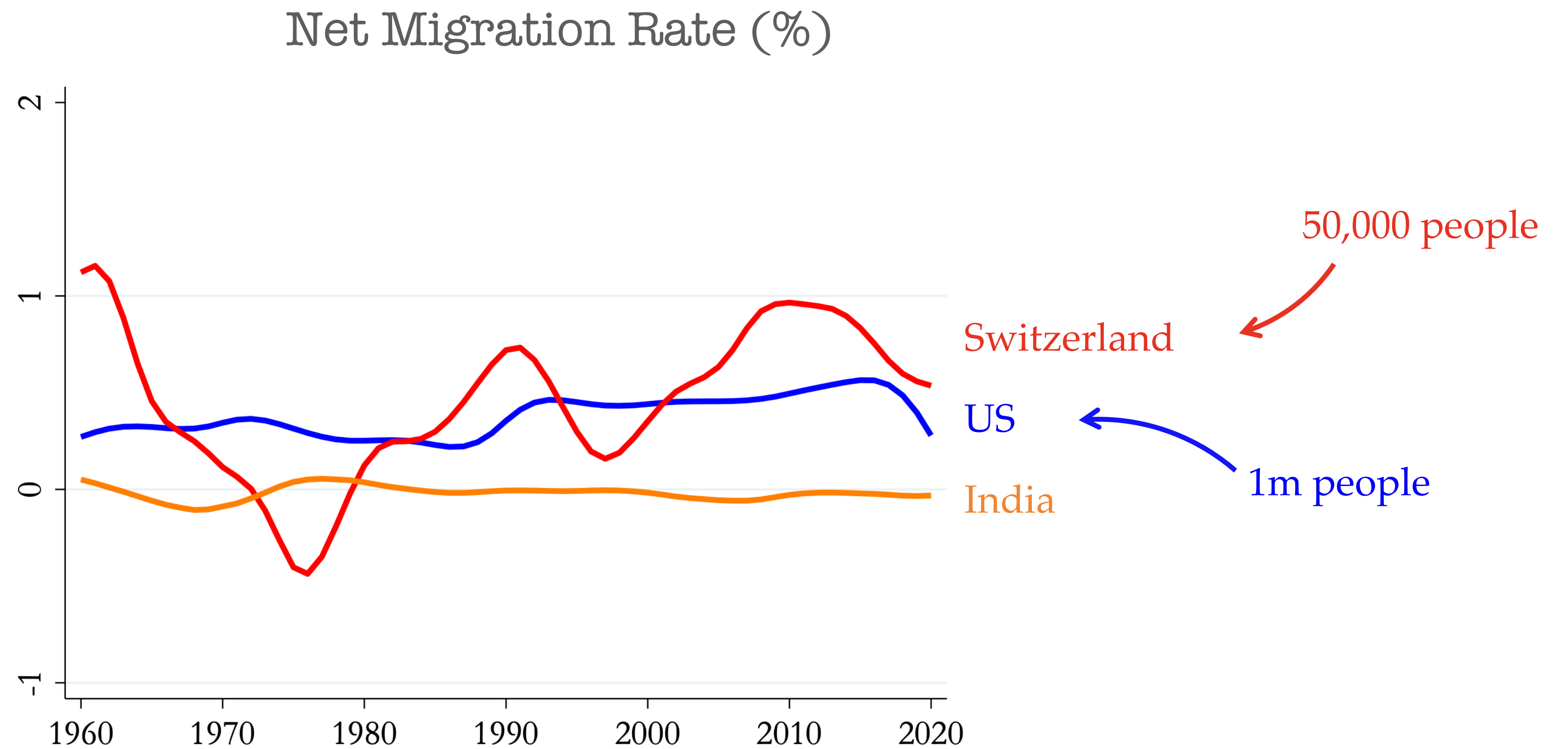
Let's talk about Immigration :

AUDIENCE POLL

How much net-migration is required to keep the population of Switzerland constant?

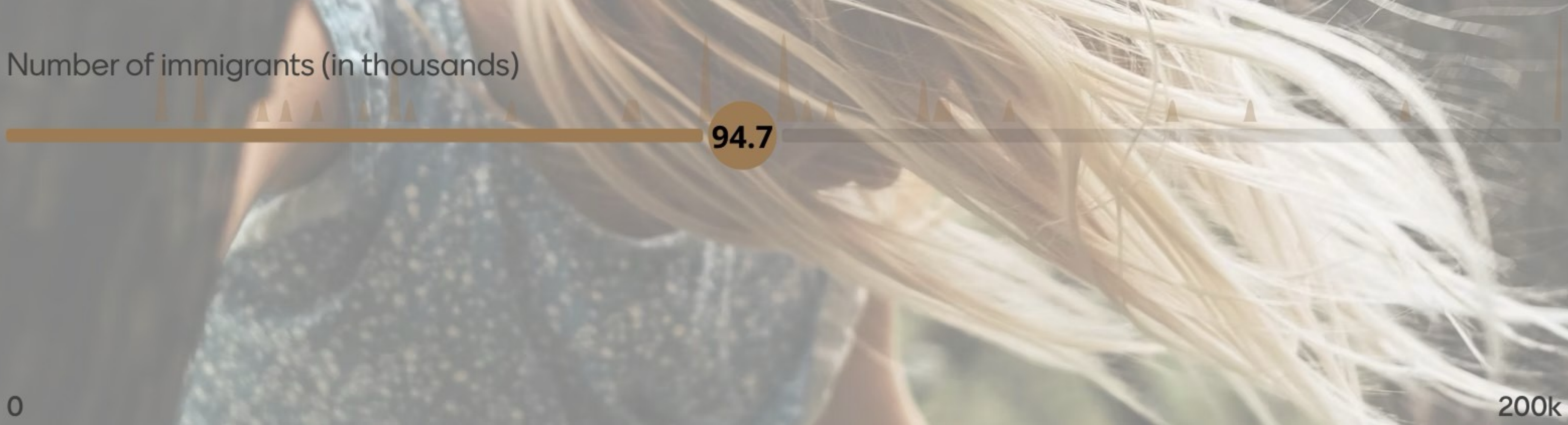
Hint: Population of Switzerland = 9 million

Migration Rates Around the World



What is the required number of immigrants to keep the Swiss population constant?

Number of immigrants (in thousands)



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Conclusion

- Falling population growth is here to stay
- Far-reaching economic consequences
- Remedies:
 - International migration (for rich countries)
 - Technology

Economics.
For Society.

Watch **replay** on  YouTube