

ESRI International Conference

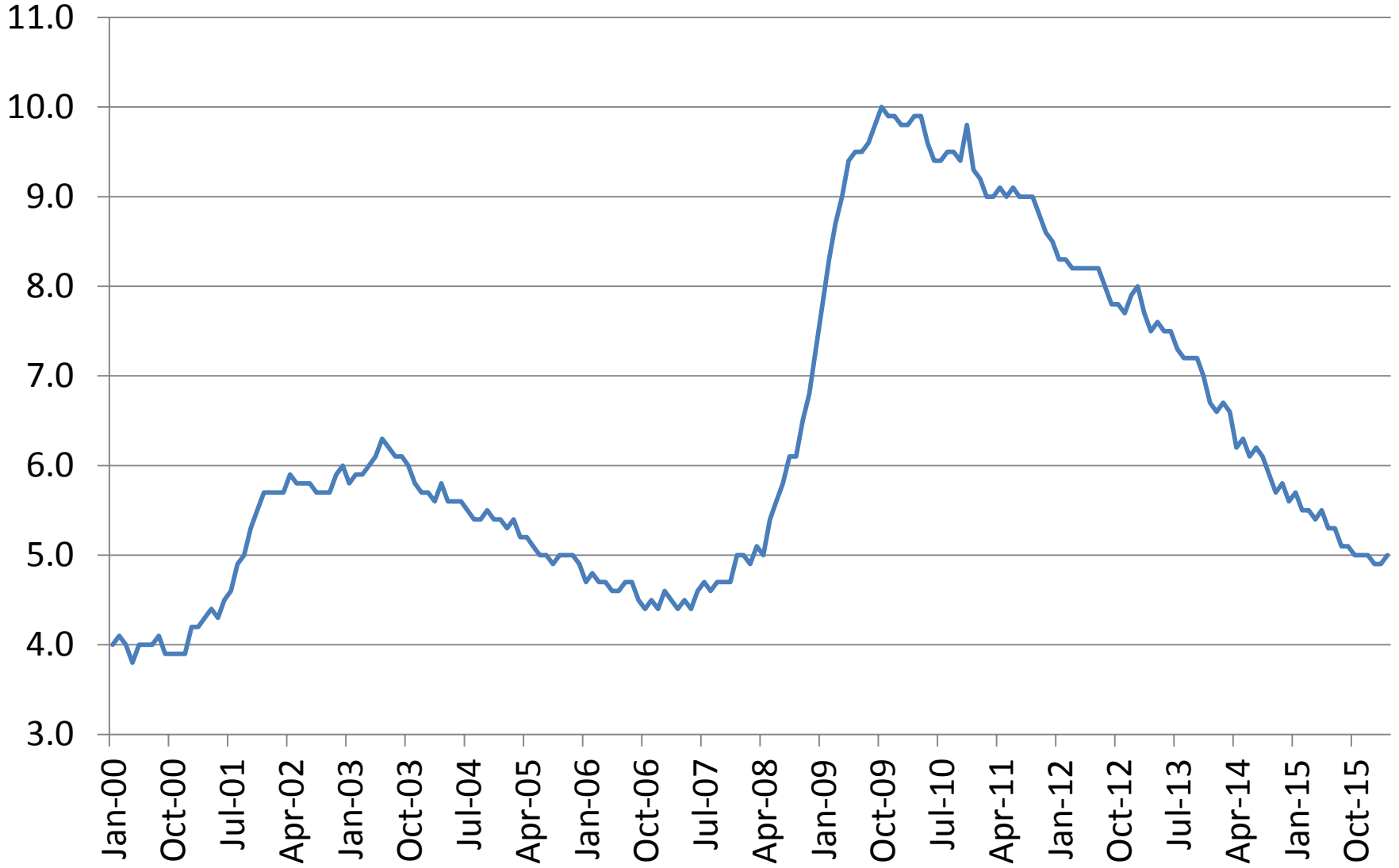
Tokyo, Japan

August 2, 2016

Edward P. Lazear

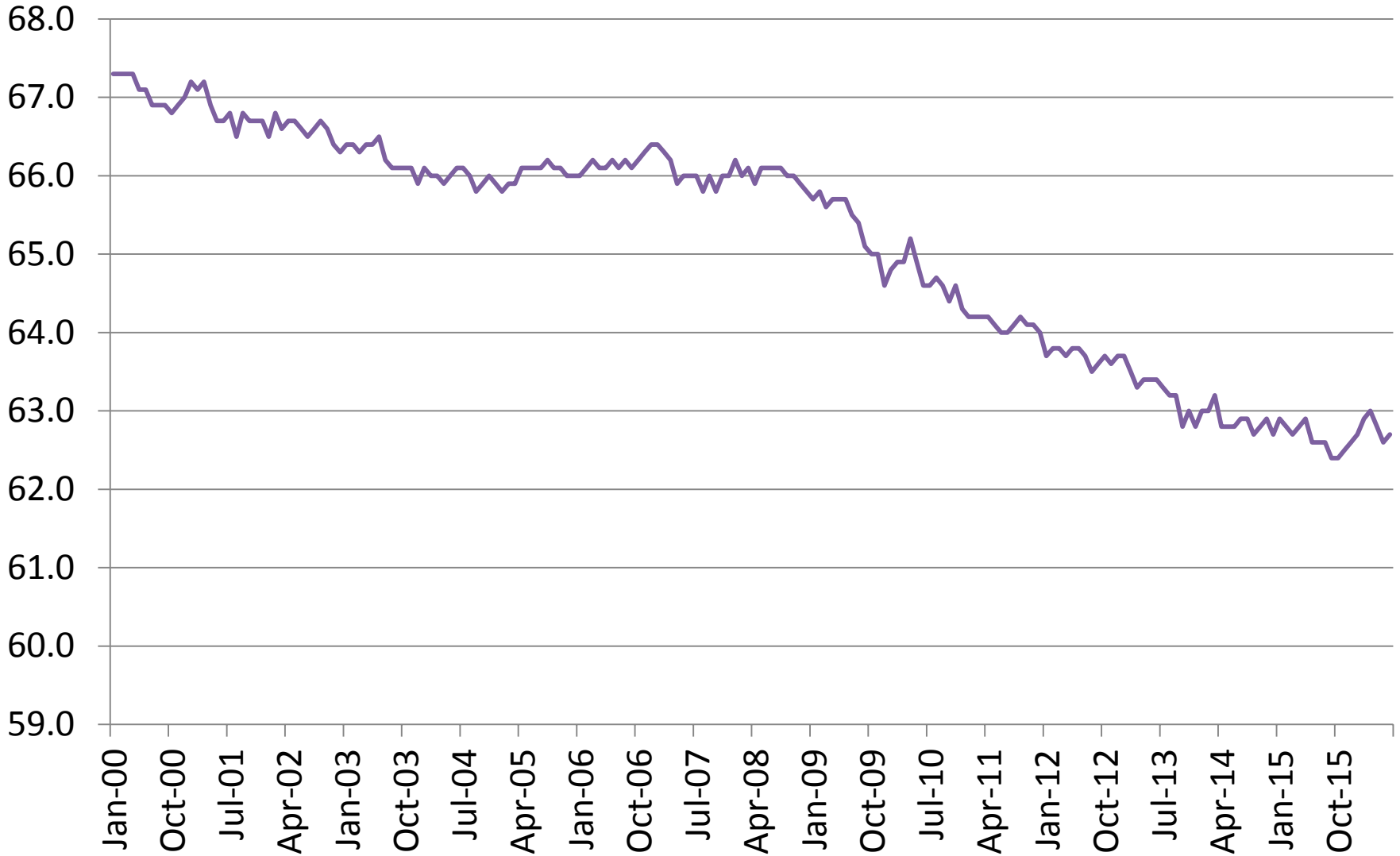
US Employment, Labor Force and Demographics

Unemployment Rate

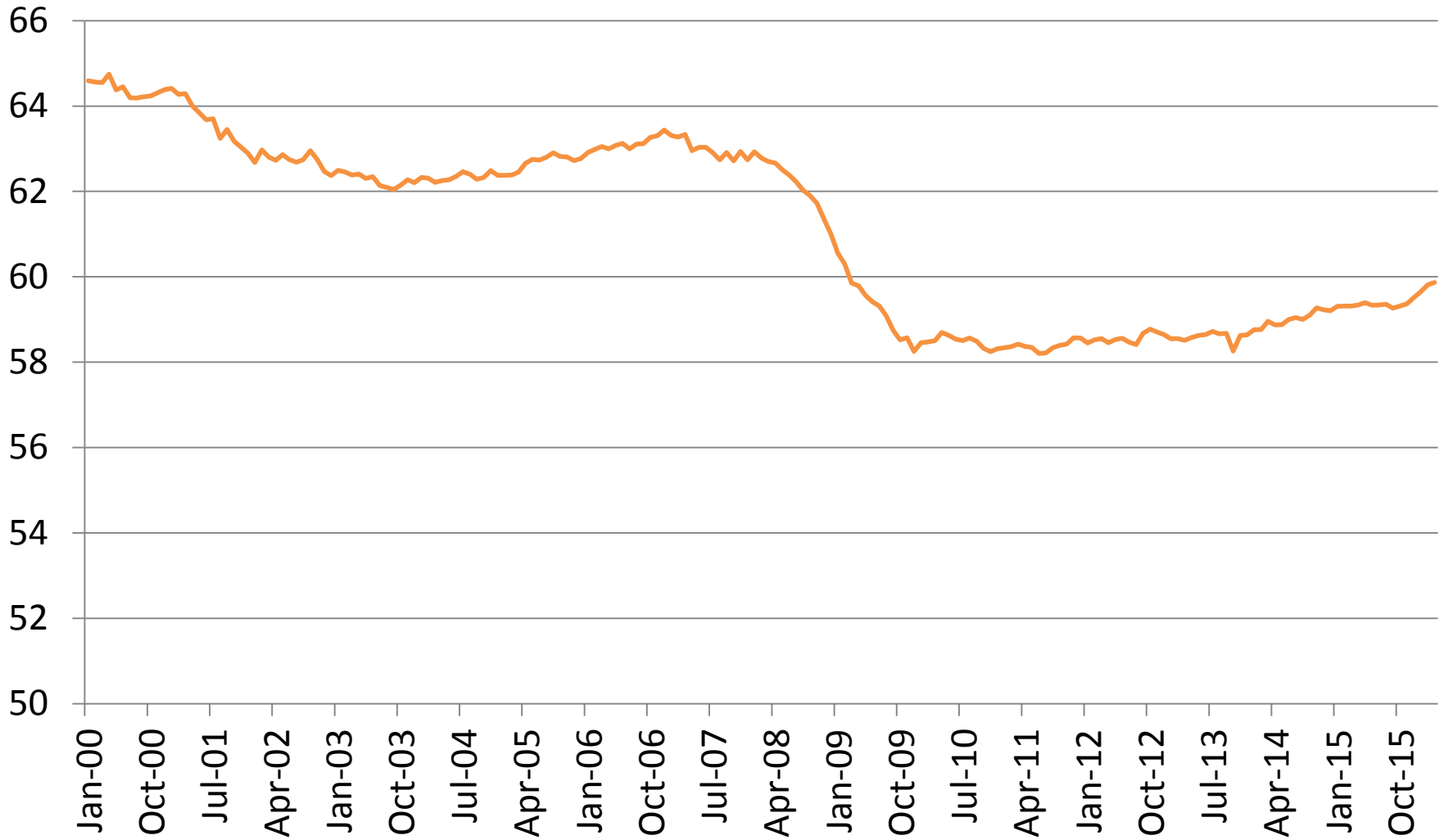


Source: Bureau of Labor Statistics, (April 2016).

Labor Force Participation Rate



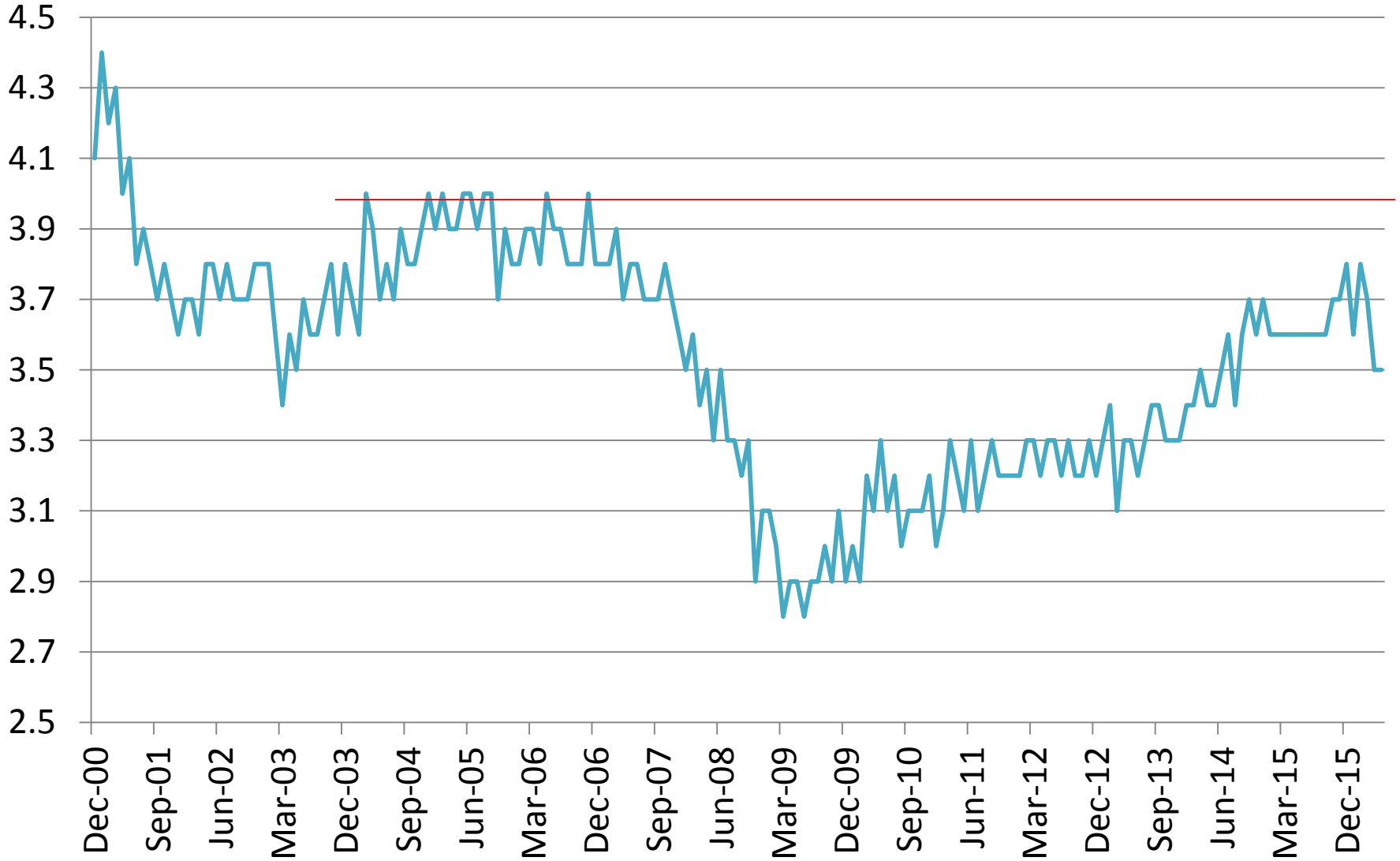
Employment Rate



Employment Rate: Age 25 - 54



Hires (Rate)



Source: Bureau of Labor Statistics, (April 2016).

Demographics and Entrepreneurship

- Motivation: Japan's low growth, low entrepreneurship and changes over time
- Old populations prevent young from getting skills to form businesses

Aging Countries Have Less Entrepreneurship

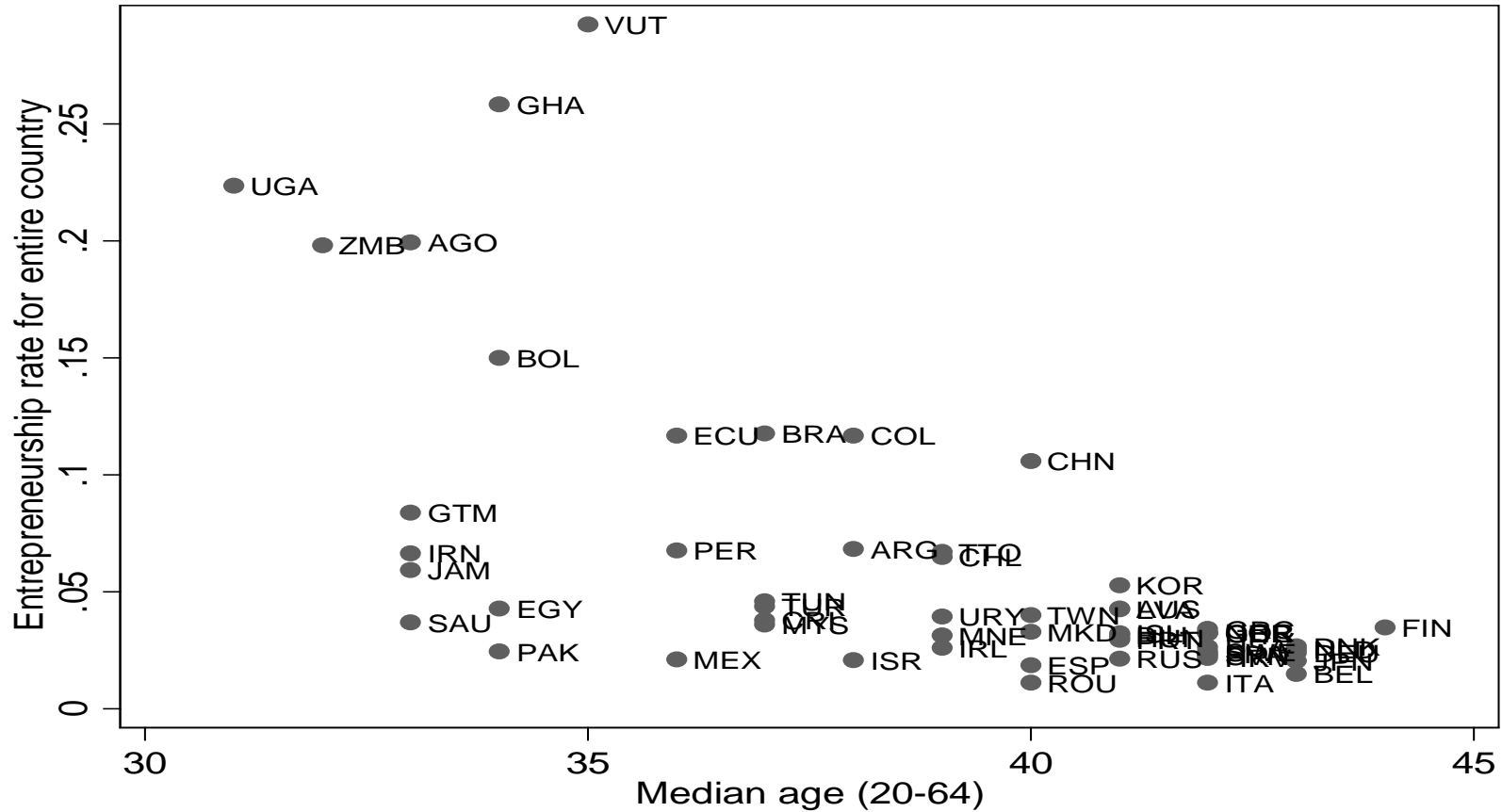
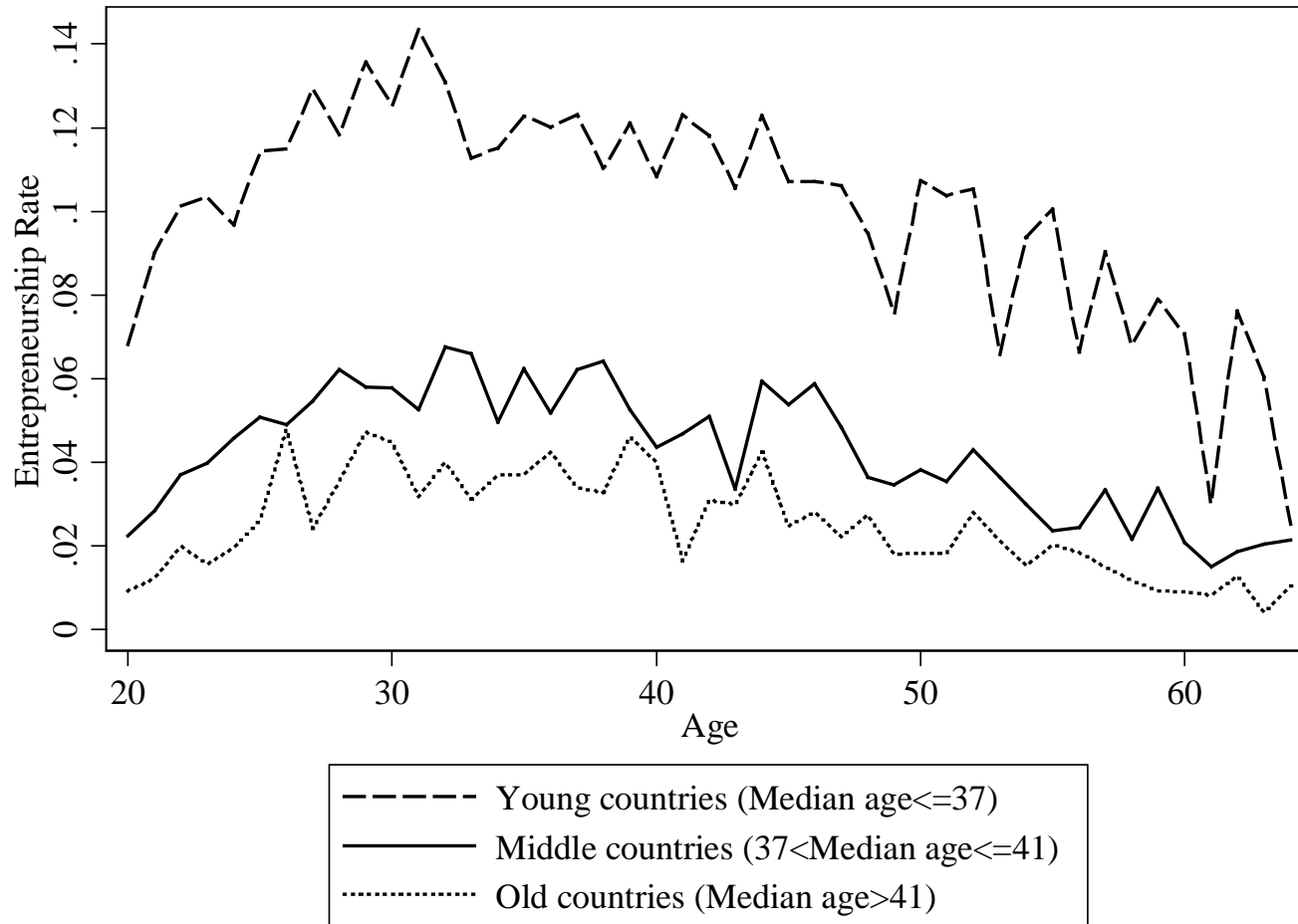


Figure 1. Countries with young and old labor forces



- Note:
1. Younger countries have higher rates of entrepreneurship at every age
 2. Relation of entrepreneurship to age is inverted u
 3. Inverted u most pronounced among young countries

	Entrepreneurship rate within country-age cell	
Sample specifics	All	OECD
	(1)	(2)
<i>Age</i>	-0.028	-0.023
	[0.003]***	[0.003]***
<i>Population Shrinkage Rate</i>	-0.038	-0.021
	[0.007]***	[0.007]***
Constant	0.025	0.033
	[0.004]***	[0.004]***
Obs	17554	10309
R-square	0.26	0.12
Observations are weighted by the number of individuals who make up each country-age-year cell. Year dummies included.		
Standard errors clustered at the country level are in parentheses.		
* Significant at 10%; ** significant at 5%; *** significant at 1%.		

Remedies

- Immigration
- Organic
 - China: Eliminate one-child policy
 - Tax policy
 - Credit human capital investment
 - Including childcare?
 - Eliminate inheritance tax
 - Child credits
- Effects likely to be small
 - China not seeing much change yet
 - Primary factor in demography is female employment opportunities