Economic Bulletin

Jackson Hole Economic Symposium Explored How Demographics and Technology Are Influencing Productivity and Labor Markets

by: Andrew Glover

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The 2025 Jackson Hole Economic Policy Symposium brought together academics and policymakers from around the world to discuss labor market transitions due to demographic changes, the effects of new technologies on productivity, and the consequences of these trends for economic policy.

In August, the 48th Jackson Hole Economic Policy Symposium brought together academic experts and policymakers from around the world to explore how demographics, technology, and macroeconomic policy have historically shaped labor markets—and how they are likely to do so in coming decades. The discussion was anchored by academic papers and panels featuring both academics and central bank governors. Over the course of two days, discussion returned to two themes: the effect of declining fertility rates and an aging population on the macroeconomy and the effect of generative artificial intelligence (AI) on productivity growth and labor markets.

Starting in the 1970s, fertility rates began to fall in advanced economies, and fertility rates in emerging markets soon followed suit. As a result, the global fertility rate is now nearing the 2.1 children per woman threshold required to maintain a stable population. In presenting her paper "The Downside of Fertility," Claudia Goldin offered explanations for this broad decline. Specifically, Goldin argued that female educational attainment and labor force opportunities have created a mismatch between men's and women's expectations of family life. Goldin also noted disagreement among policymakers about what policies are effective at raising fertility rates. However, Symposium participants debated whether policy *should* attempt to raise fertility rates. Although there are clear channels through which declining fertility and an aging population can reduce economic efficiency and growth, some cautioned against coercive policies to increase fertility if women simply prefer to have fewer children.

Symposium participants broadly agreed that aging affects not only the labor market but also monetary and fiscal policy. For example, when presenting on her paper "Inter-state Labor Mobility and the U.S. Economy," Linda Tesar showed that an aging population would have reduced labor market mobility in recent decades if not offset by higher educational attainment. In addition, central bank leaders from the European Union, United Kingdom, and Japan provided a snapshot of how aging has affected current assessments of full employment through declining participation rates and tighter labor markets (Bailey 2025; Lagarde 2025; Ueda 2025). Fiscal policy is also affected by aging populations. In presenting his paper "The Race Between Asset Supply and Asset Demand," Ludwig Straub projected an increase in future federal spending due to aging populations, but also an increase in savings and demand for government debt. Straub stated that, on net, he expects aging to increase equilibrium real interest rates in the next 80 years. This view was widely shared by the audience and would affect monetary policy if central bankers follow typical interest rate rules. However, in a paper presented later in the Symposium, "Beyond the Taylor Rule," Emi Nakamura questioned to what extent such rules describe actual or best policy.

While declining fertility and an aging population together were seen as a headwind to economic growth, participants were generally optimistic that generative AI would increase productivity. Ruth Porat provided an inside view of the field and cited examples of AI's recent contributions to economic growth, such as algorithms for early cancer detection. More broadly, Larry Katz reviewed microeconomic evidence that AI increases worker productivity at tasks such as writing, customer support, and software development. And Chad Jones offered some hope that AI could offset the negative productivity effects of declining population growth: The idea creation that historically required human thought could be automated to some extent, thereby breaking the link between population growth and economic growth.

However, participants also discussed the potential negative effects of AI. Ufuk Akcigit cautioned that AI has accelerated a shift of top researchers from academia to industry, which skews scientific research away from foundational discoveries toward those that can be readily monetized. Although productivity growth has historically increased labor demand and wages for workers, participants held more nuanced views on AI's effect on labor markets: While they acknowledged concerns that it could substitute for workers in many jobs, early studies have found little effect on employment or hours worked and a positive effect on wages. Laura Veldkamp summarized her view as "AI reshapes jobs, it does not replace them." She has found that AI-adopting firms were more likely to change the tasks required of their employees, which increased their profits and their payments to AI-skilled workers without adversely affecting other workers.

In summary, the 2025 Jackson Hole Economic Policy Symposium provided a unique forum for academics, policymakers, and industry leaders to discuss some of the most important trends currently affecting world economies. The Symposium website provides papers and presentations, and the collected Proceedings, to be published in early 2026, will include transcribed comments from the discussions following each presentation.

Article Citations

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