News Release

THE FEDERAL RESERVE BANK of ST. LOUIS

WILL RETIRING BABY BOOMERS DOOM THE U.S. ECONOMY?

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ST. LOUIS -- As the first round of baby boomers approaches retirement, Americans are beginning to wonder: How will the retirement of the baby boom generation affect the U.S. economy?

In "Boom or Bust? The Economic Effects of the Baby Boom," an article in the current issue of the Review, the St. Louis Fed's bimonthly research journal, Economist Peter Yoo examines the relationship between demographic changes and economic growth.

In a life-cycle, individuals retire and consume their savings. This implies that if a large fraction of the population is retired, society will save less and economic growth may be stunted.

(more)

According to Yoo, however, this is not necessarily true. In fact, his research shows that the mere retirement of the baby boom generation will not mean slower economic growth or a diminished standard of living.

Three additional articles complete the publication: "Job Creation and Destruction: The Dominance of Manufacturing," by Economist Joseph A. Ritter; "Realignment of Target Zone Exchange Rate Systems: What Do We Know?" by Economist Christopher J. Neely; and "A Case Study in Monetary Control," by Economist R. Alton Gilbert.

The Federal Reserve Bank of St. Louis has branches in Little Rock, Louisville and Memphis. It serves the Eighth Federal Reserve District which includes all of Arkansas, eastern Missouri, southern Indiana and Illinois, western Kentucky and Tennessee, and northern Mississippi.

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