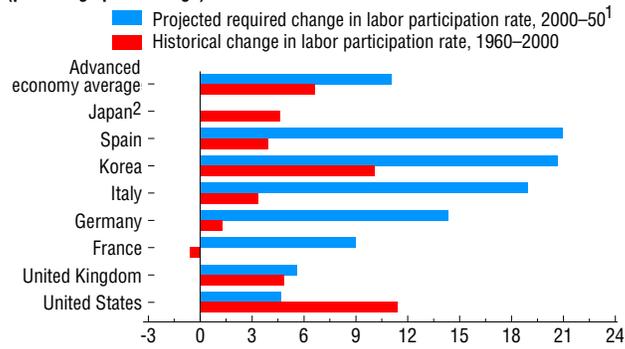


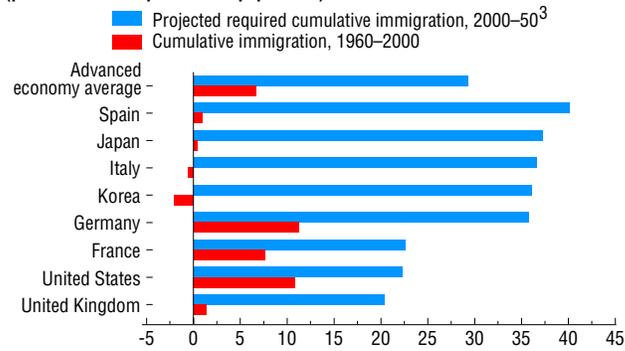
Figure 3.9. Some Policy Responses to a Declining Labor Force in Advanced Economies

For many advanced economies, maintaining a constant ratio of work force to population over the next 50 years would require large increases in participation rates and retirement ages and/or very substantial amounts of immigration.

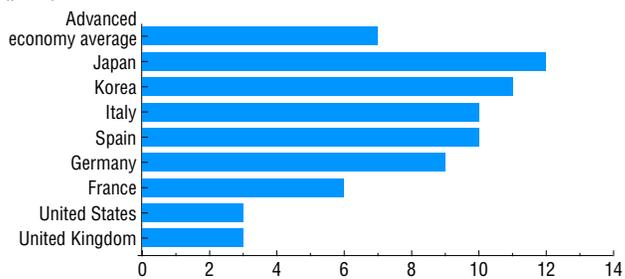
Increasing the Labor Participation Rate (percentage point change)



Immigration (percent of end-of-period total population)



Raising Retirement Age⁴ (years)



Sources: United Nations, *World Population Prospects: The 2002 Revision* (2003); and IMF staff calculations.

¹Increase in the labor participation rate necessary to maintain the ratio of labor force to total population in 2050 at its 2000 level.

²For Japan, even if the labor participation rate increased from its 2000 value of 78.8 percent to 100 percent, the relative size of the labor force would still decline.

³Cumulative immigration over 2000–50 necessary to maintain the ratio of labor force to total population in 2050 at its 2000 level.

⁴Increase in the retirement age necessary to maintain the ratio of labor force to total population in 2050 at its 2000 level.