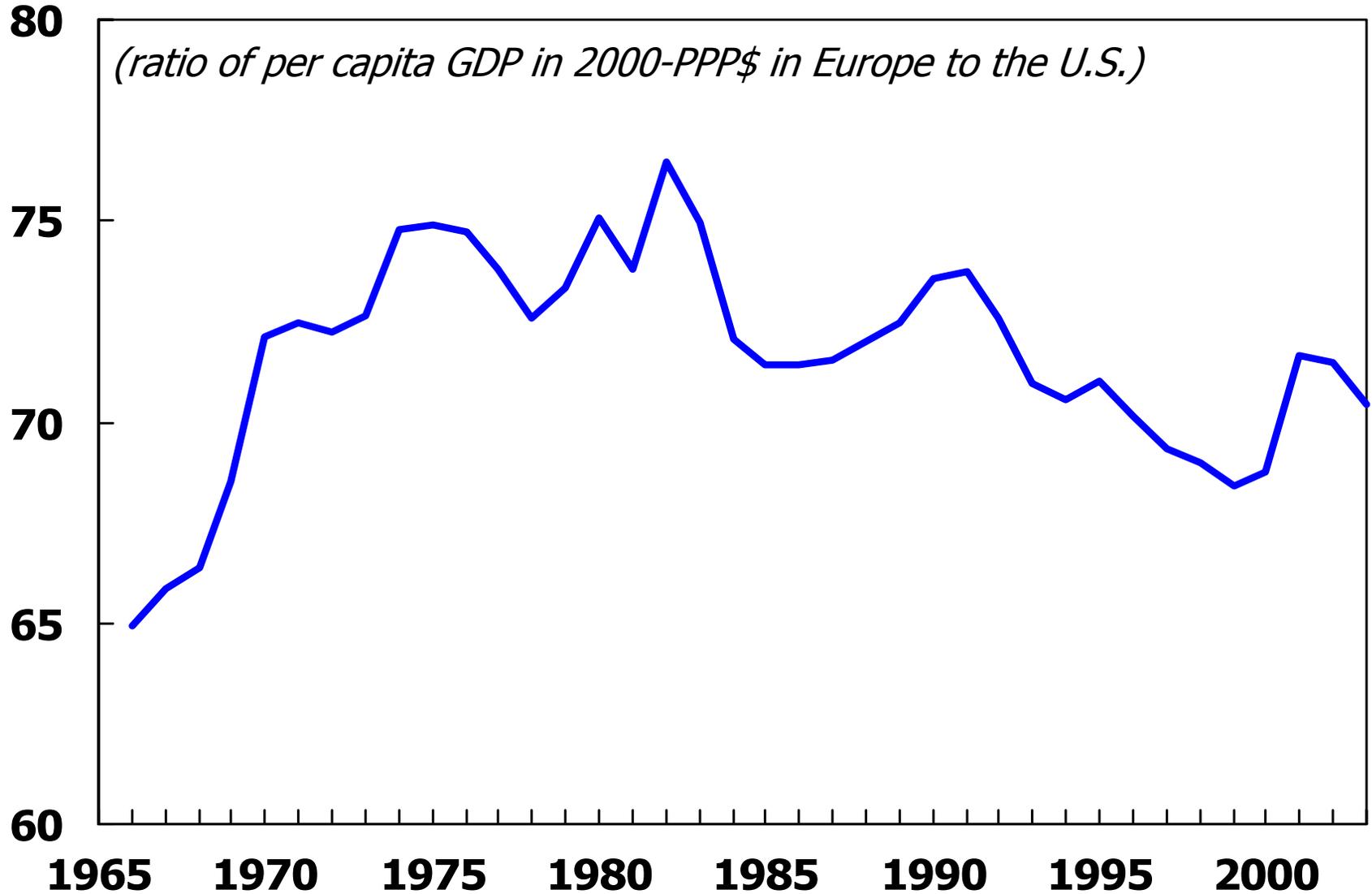




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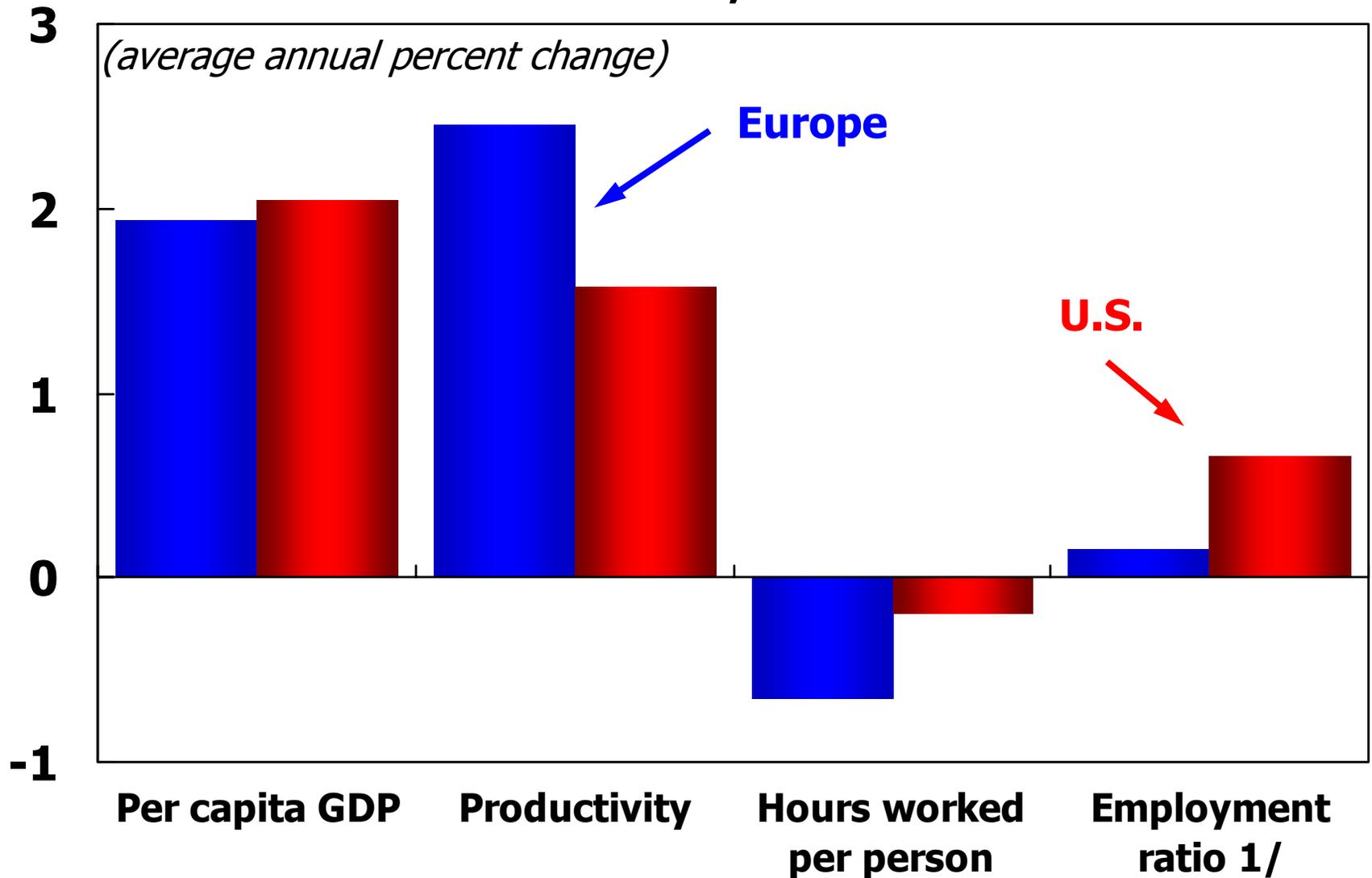
**April 2005**

# Europe: Per Capita GDP Relative to the U.S.



Source: OECD Economic Outlook.

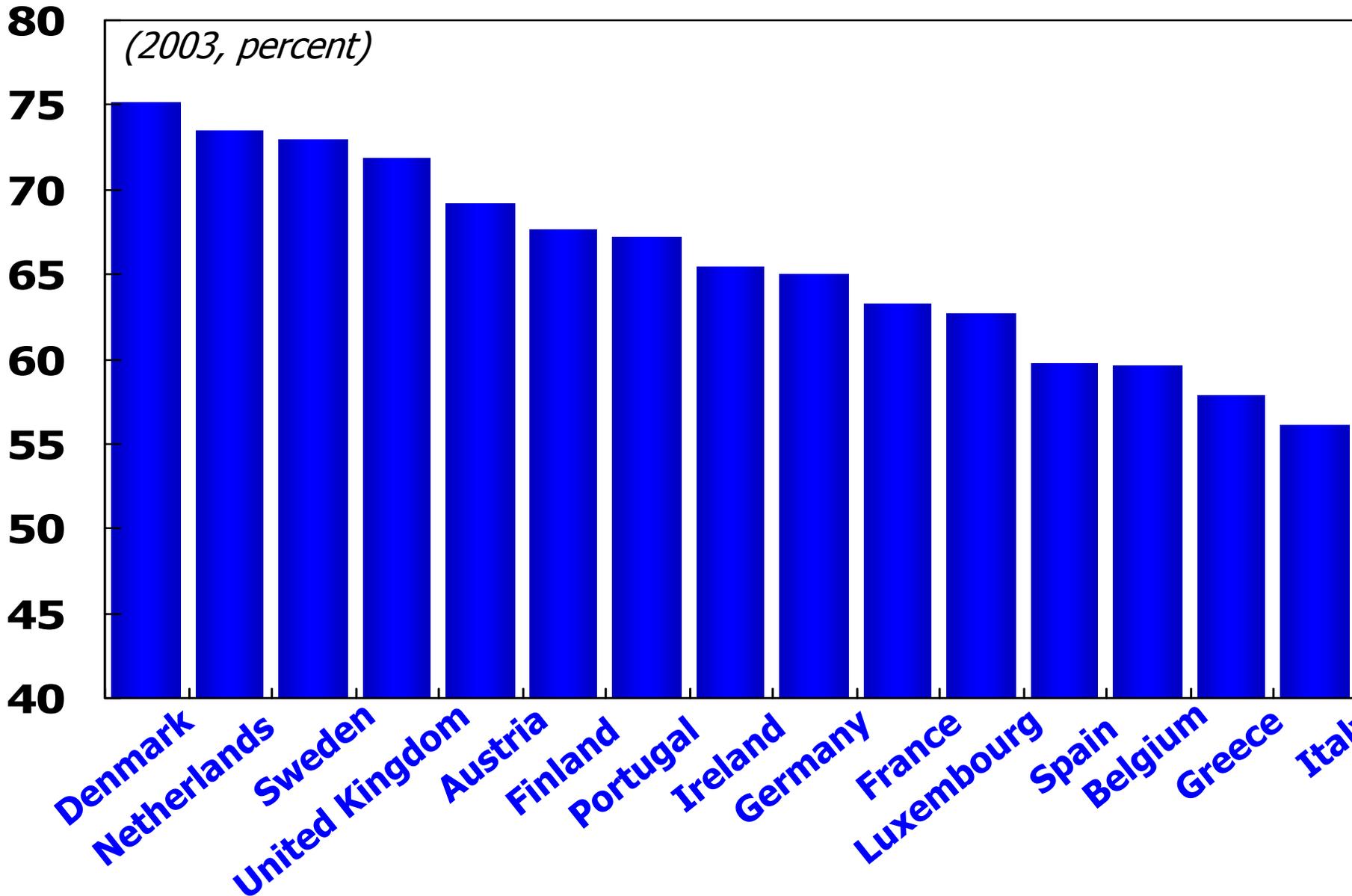
# Europe and the United States: Per Capita Income Growth, 1971–2003



Sources: OECD Economic Outlook; and IMF staff calculations.

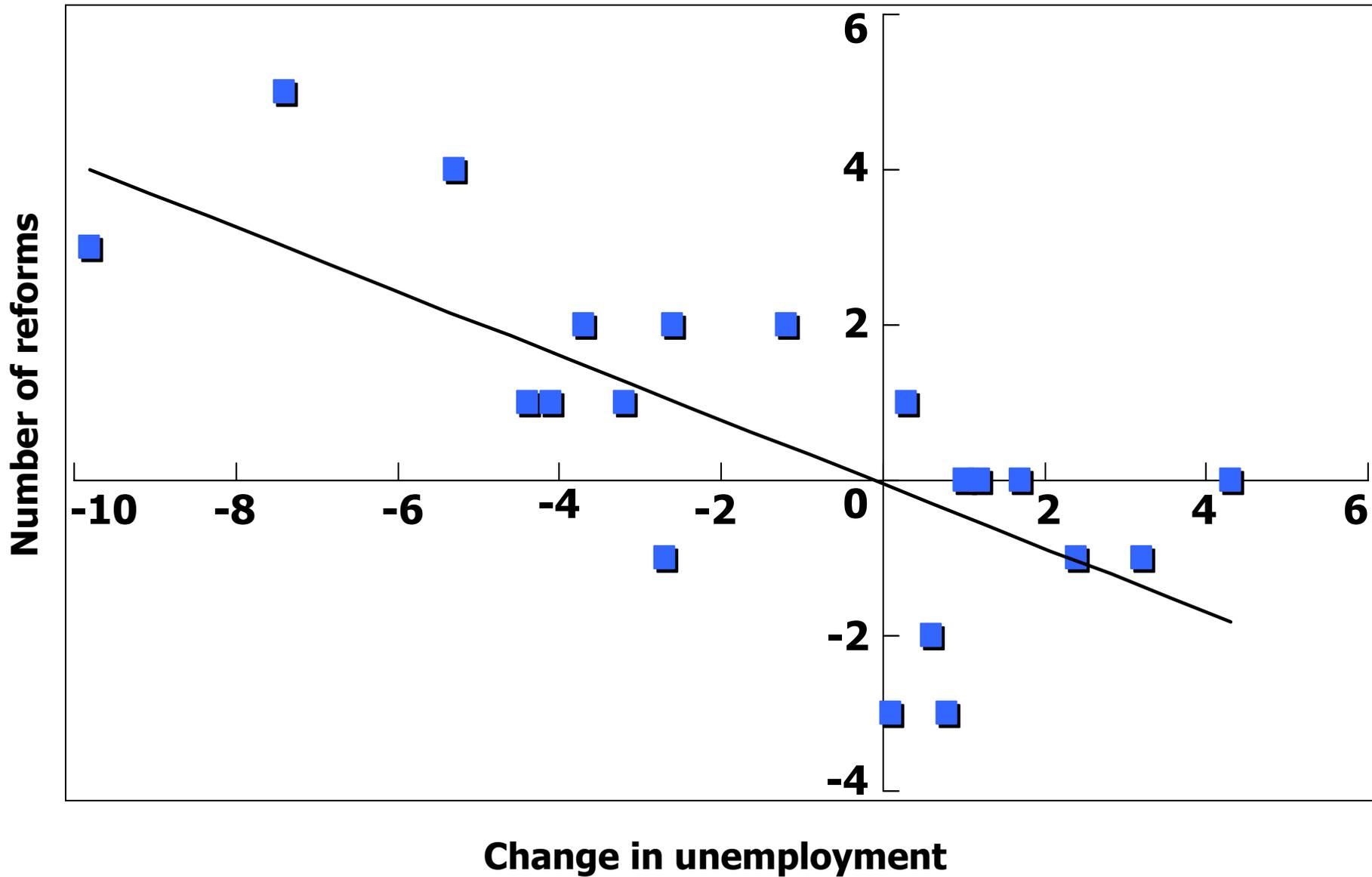
1/ Includes relative change in age structure of population.

# Employment Rates in Europe



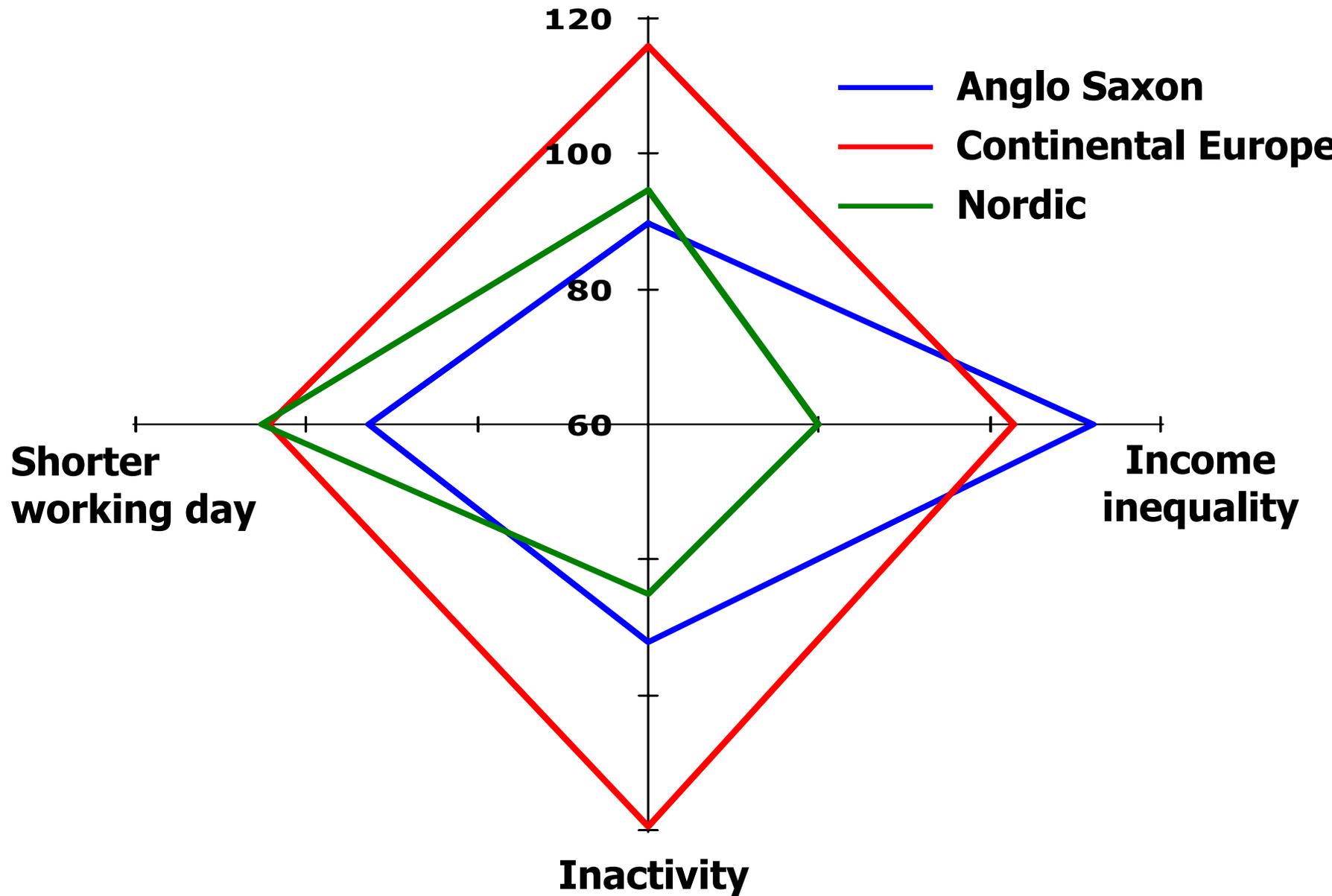
Source: Eurostat.

# Unemployment and Reforms in Industrial Countries



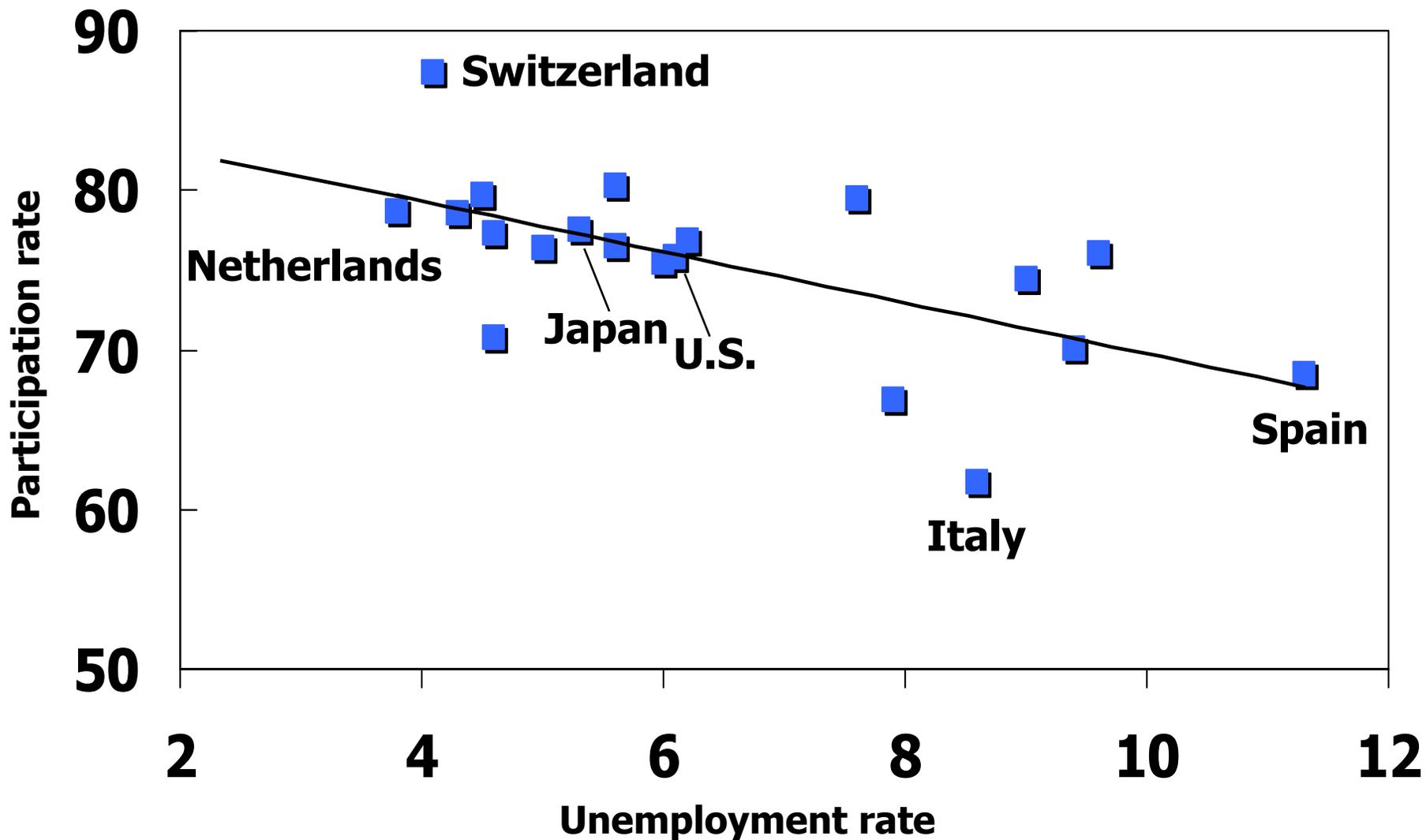
Source: Nickell (2003).

# Unemployment



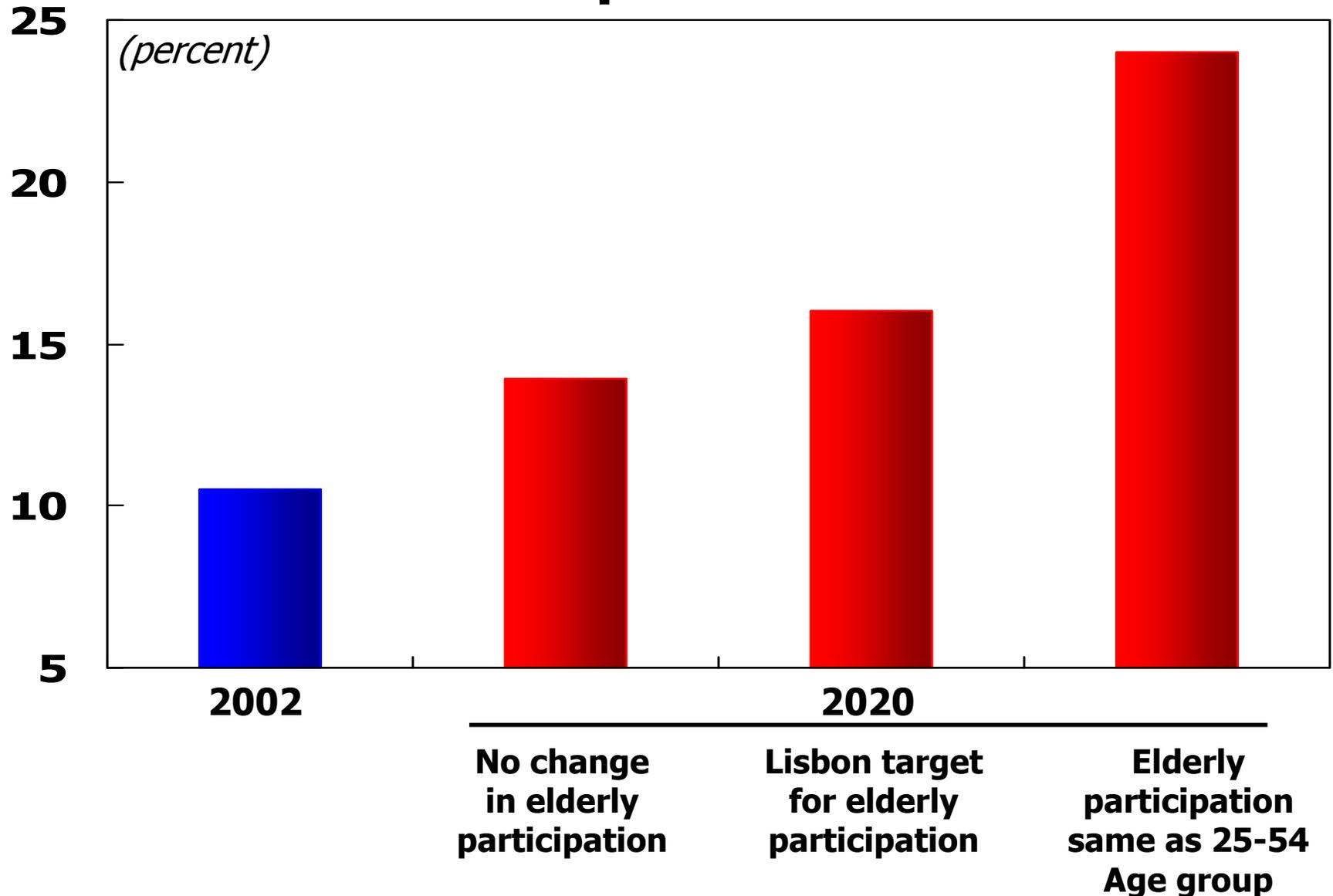
Sources: de Groot, Nahius and Tang (2004); and OECD.

# Industrial Countries: Unemployment and Participation Rates, 2003



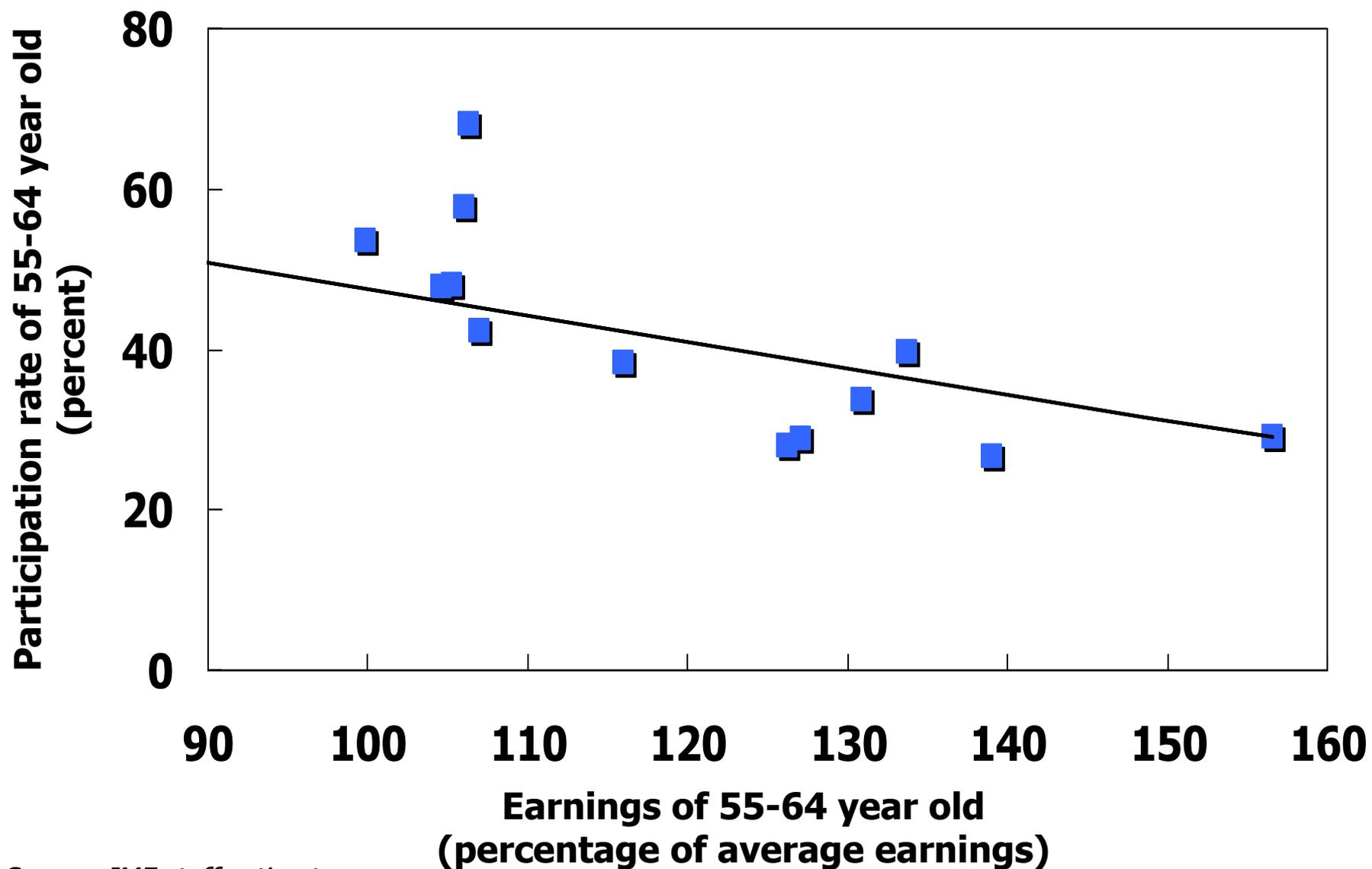
Source: OECD Economic Outlook, No. 76 (December 2004).

# Share of Older Workers in the Working Population



Source: IMF staff estimates.

# Relative Wages and Participation Rates of Older Workers



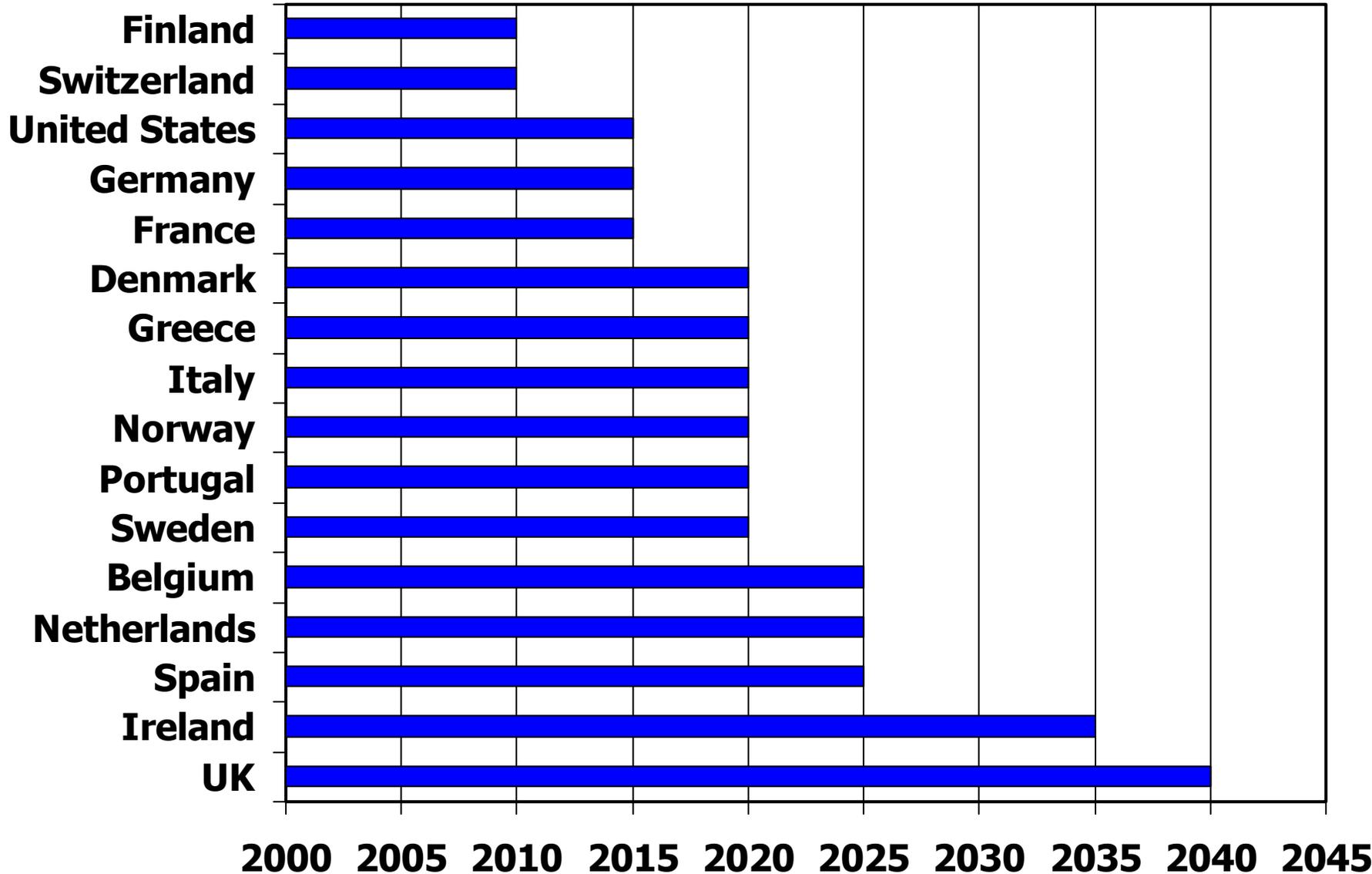
Source: IMF staff estimates.

# What Matters for Reform?

- Social consensus and short run costs
- International spillovers
- The macroeconomic setting
- Reform design
- Surprisingly, not politics

# The Last Train for Pension Reform Departs on...

*(Year in which voters aged 50 and older comprise at least 50.1% of all voters)*





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