



WESTPAC ECONOMICS

LIVE LONG AND BOOST LABOUR SUPPLY

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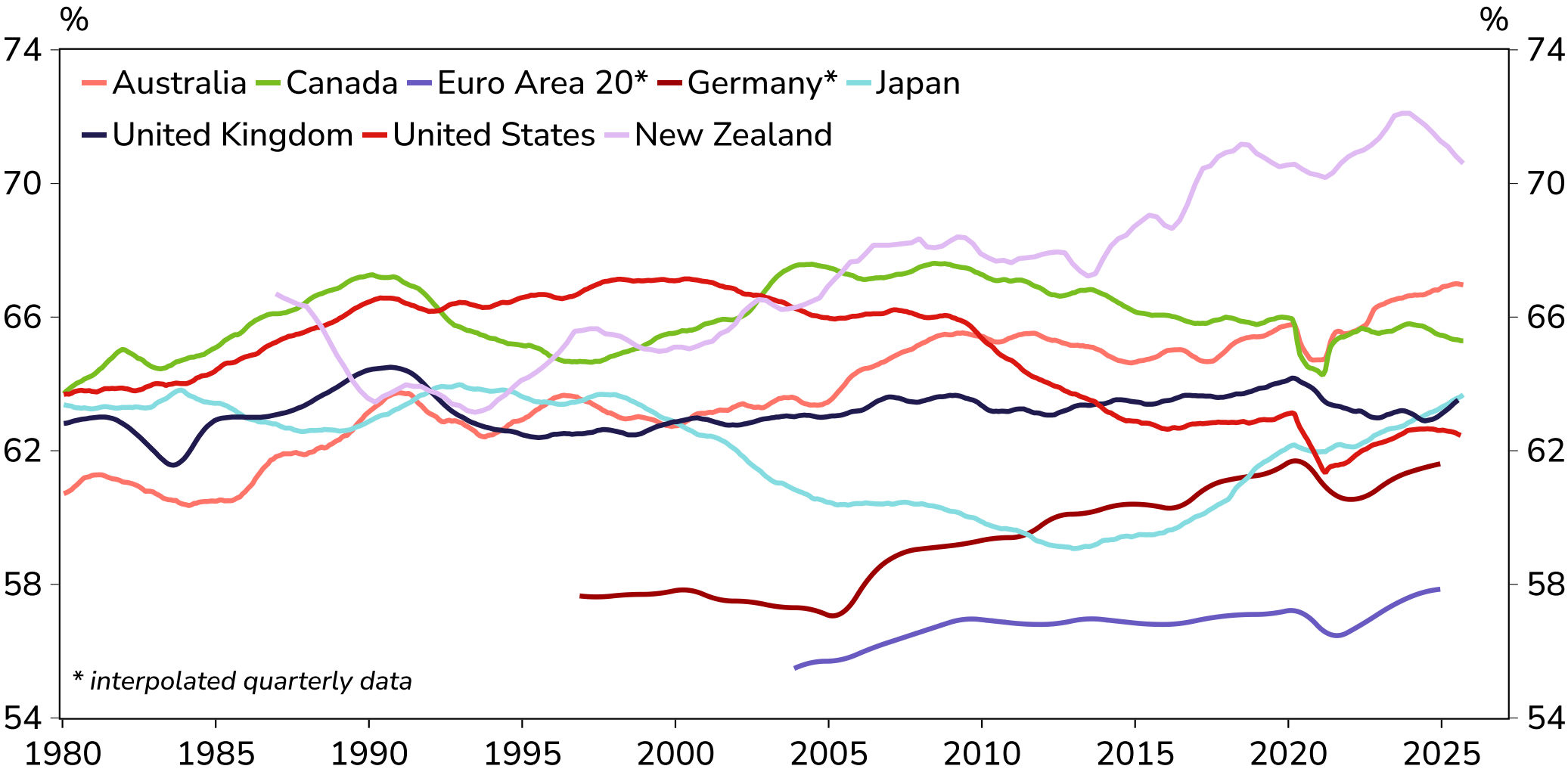


**Everyone thinks population
ageing necessarily means
shrinking labour supply
... but they're wrong**

Participation rates rising in most developed economies



Labour Force Participation Rates, Age 15/16+ (smoothed)



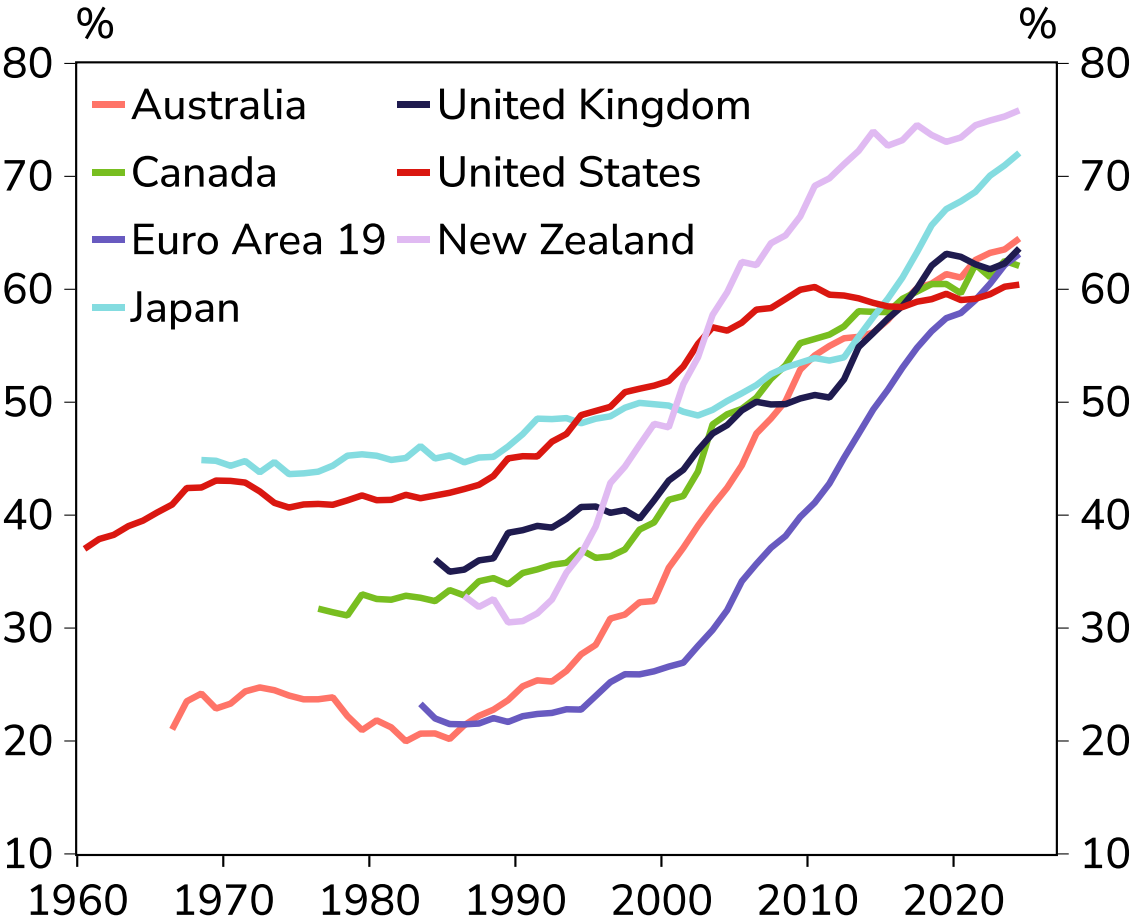
Source: ABS, BLS, StatCan, ONS, SBI, Eurostat, Stats NZ, Macrobond, Westpac Economics

Older people staying in workforce longer



Labour Force Participation Rate

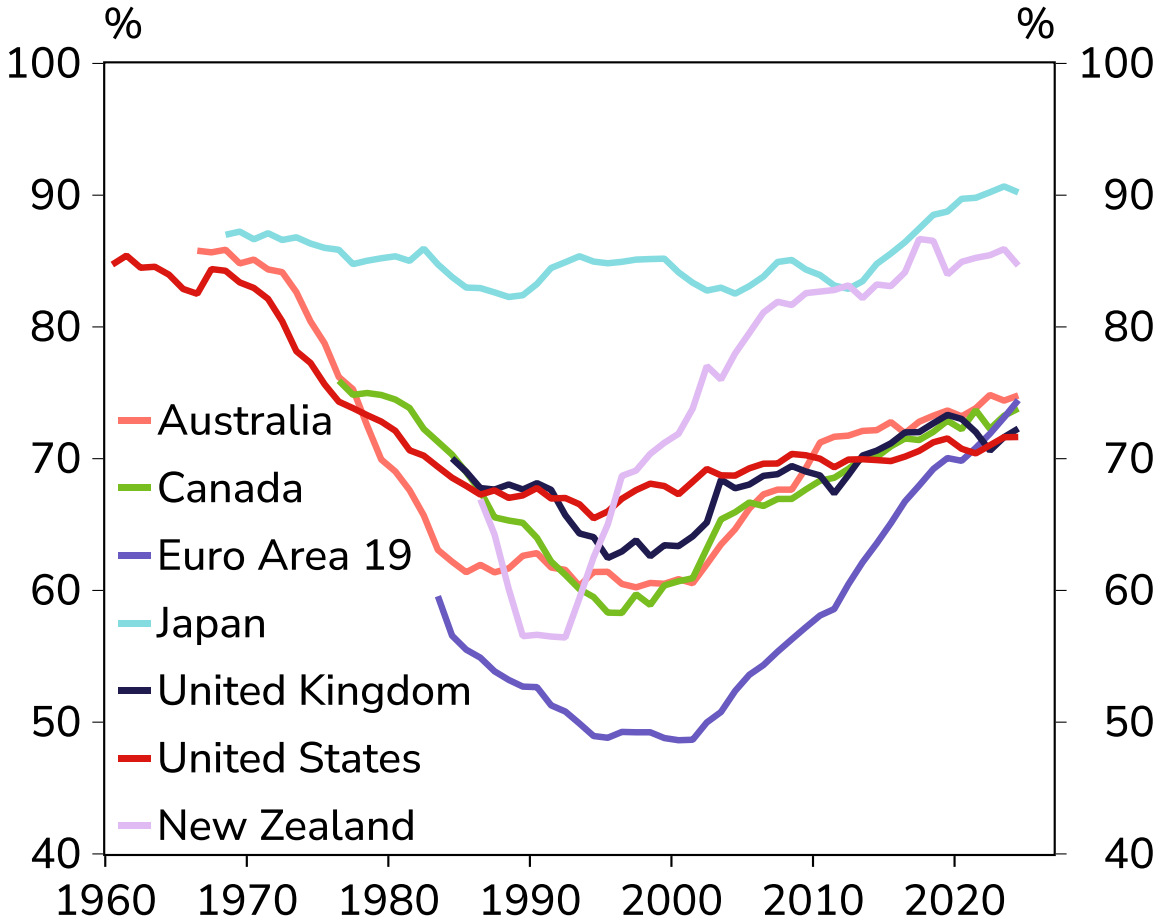
Women Aged 55–64



Source: OECD, Macrobond, Westpac Economics

Labour Force Participation Rate

Men Aged 55–64



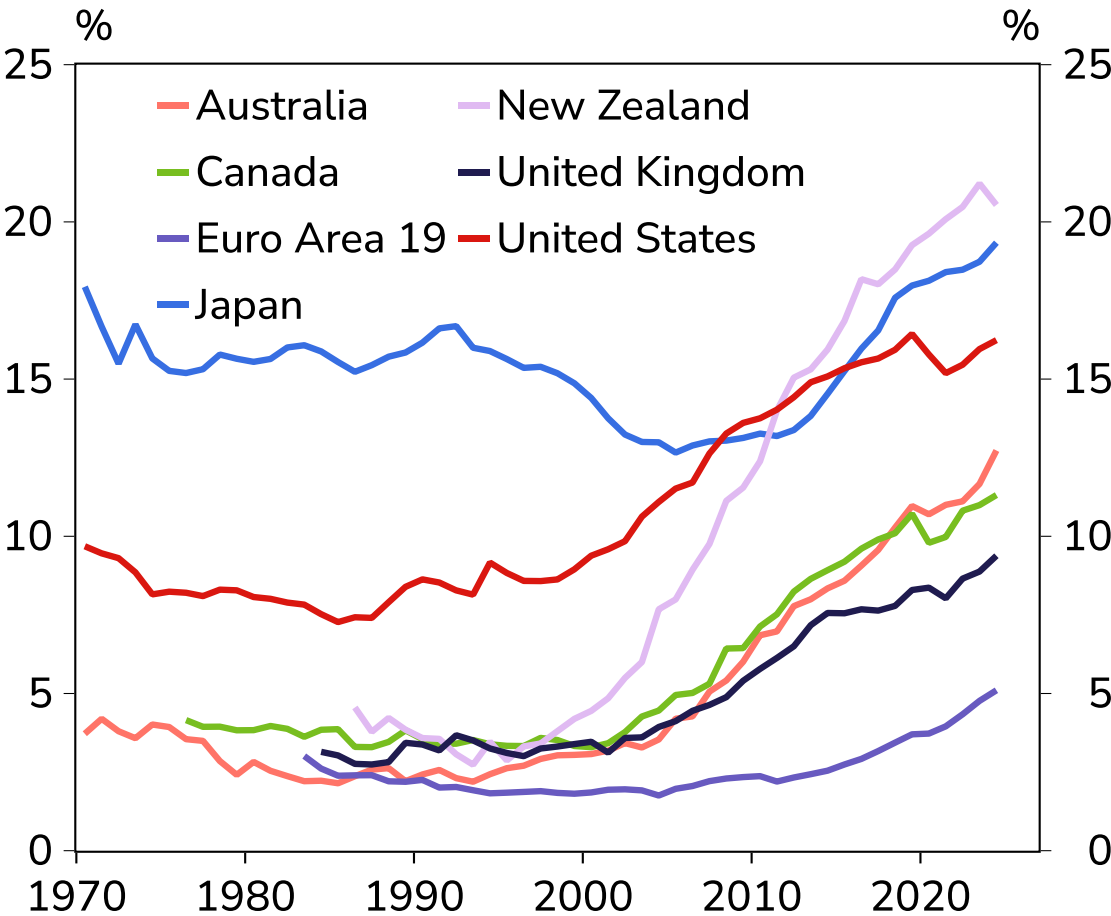
Source: OECD, Macrobond, Westpac Economics

Even the over 65s...



Labour Force Participation Rate

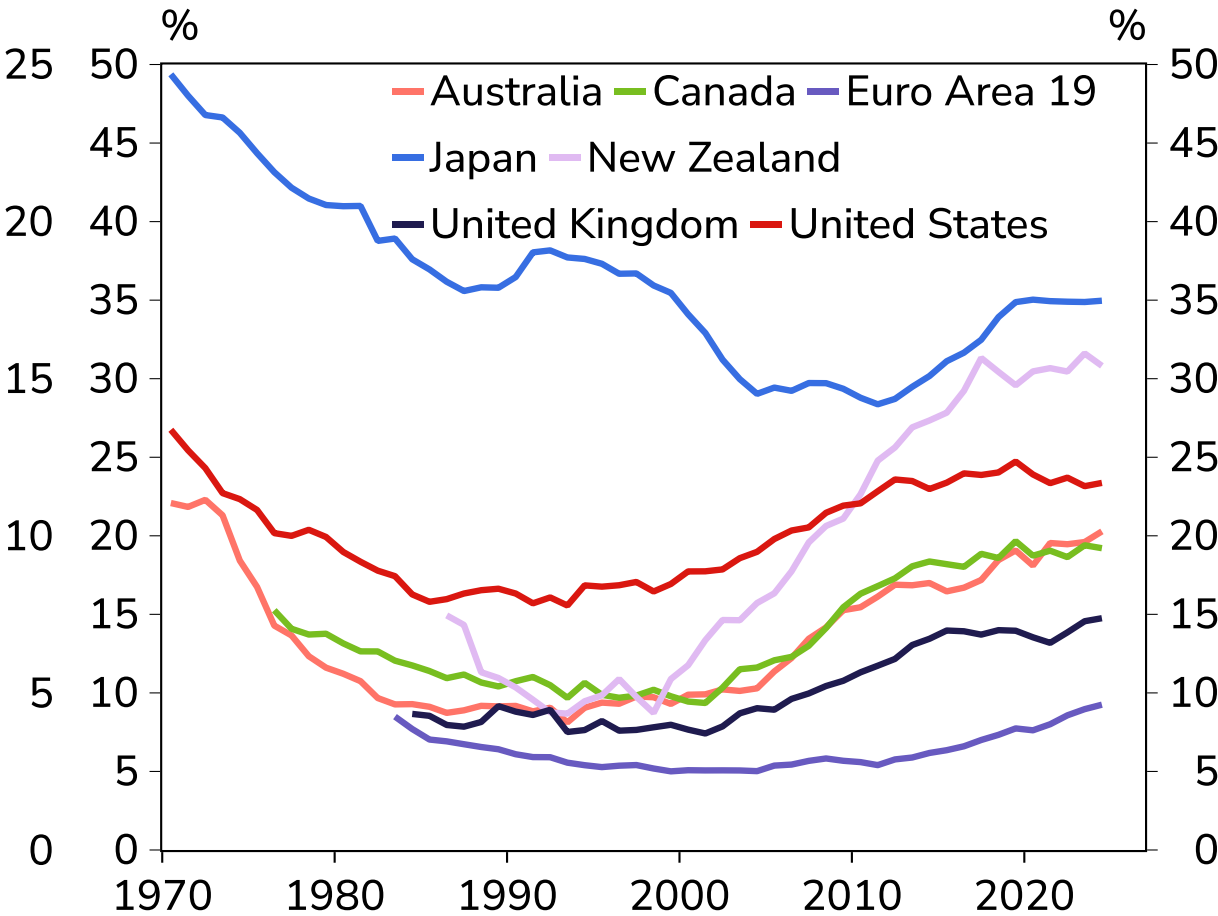
Women Aged 65+



Source: OECD, Macrobond, Westpac Economics

Labour Force Participation Rate

Men Aged 65+



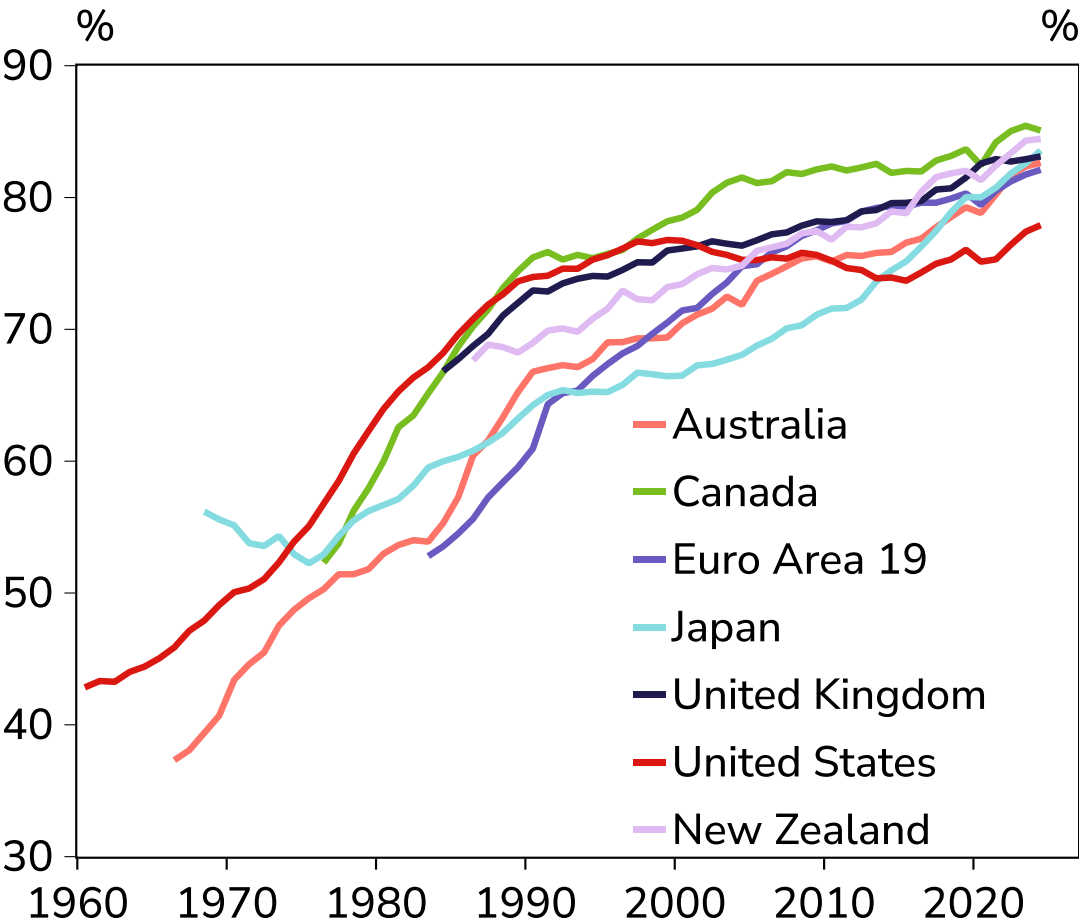
Source: OECD, Macrobond, Westpac Economics

Prime-age participation: female rates rising, US an outlier



Labour Force Participation Rate

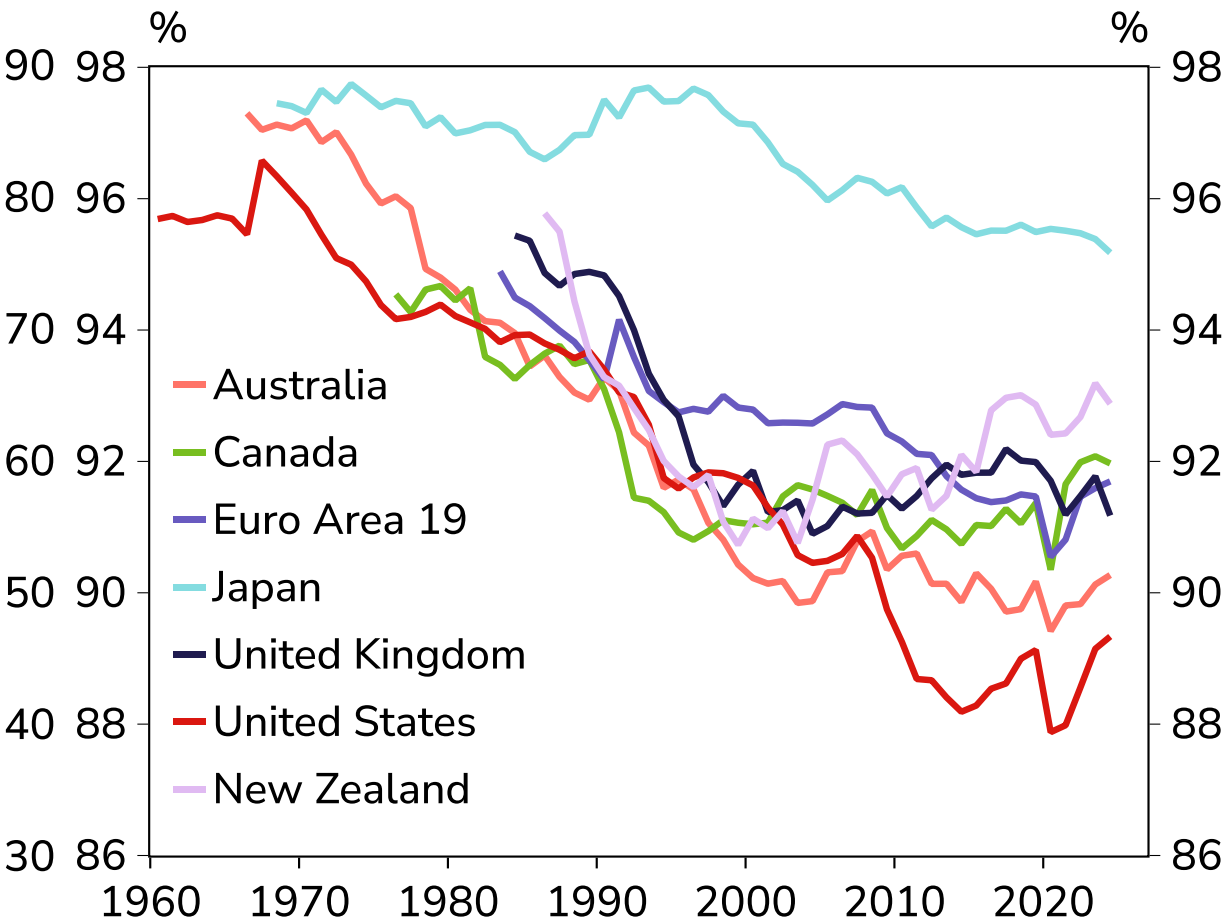
Women Aged 25–54



Source: OECD, Macrobond, Westpac Economics

Labour Force Participation Rate

Men Aged 25–54

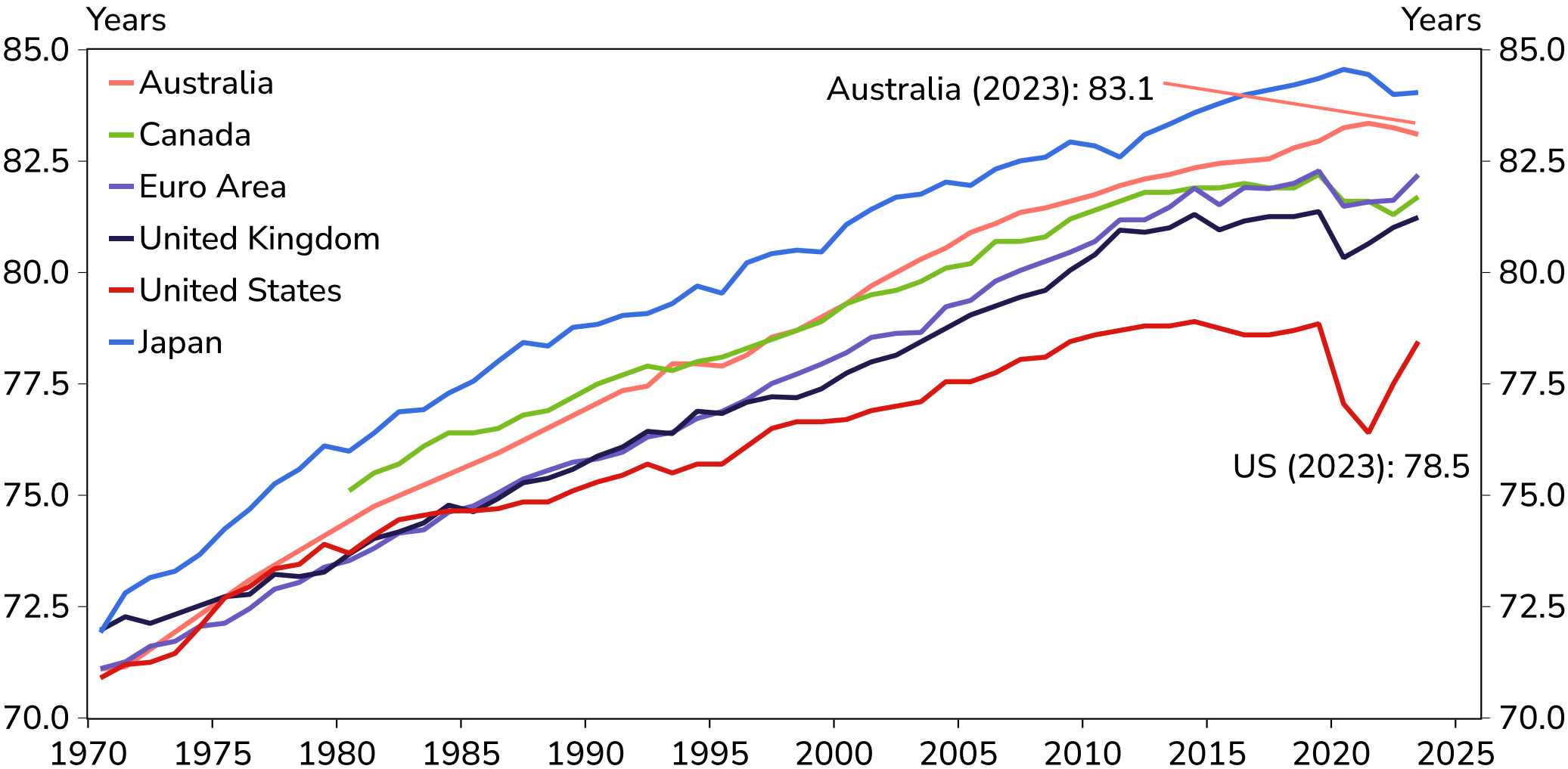


Source: OECD, Macrobond, Westpac Economics

Rising longevity, policy response driving labour outcomes



Life Expectancy at Birth

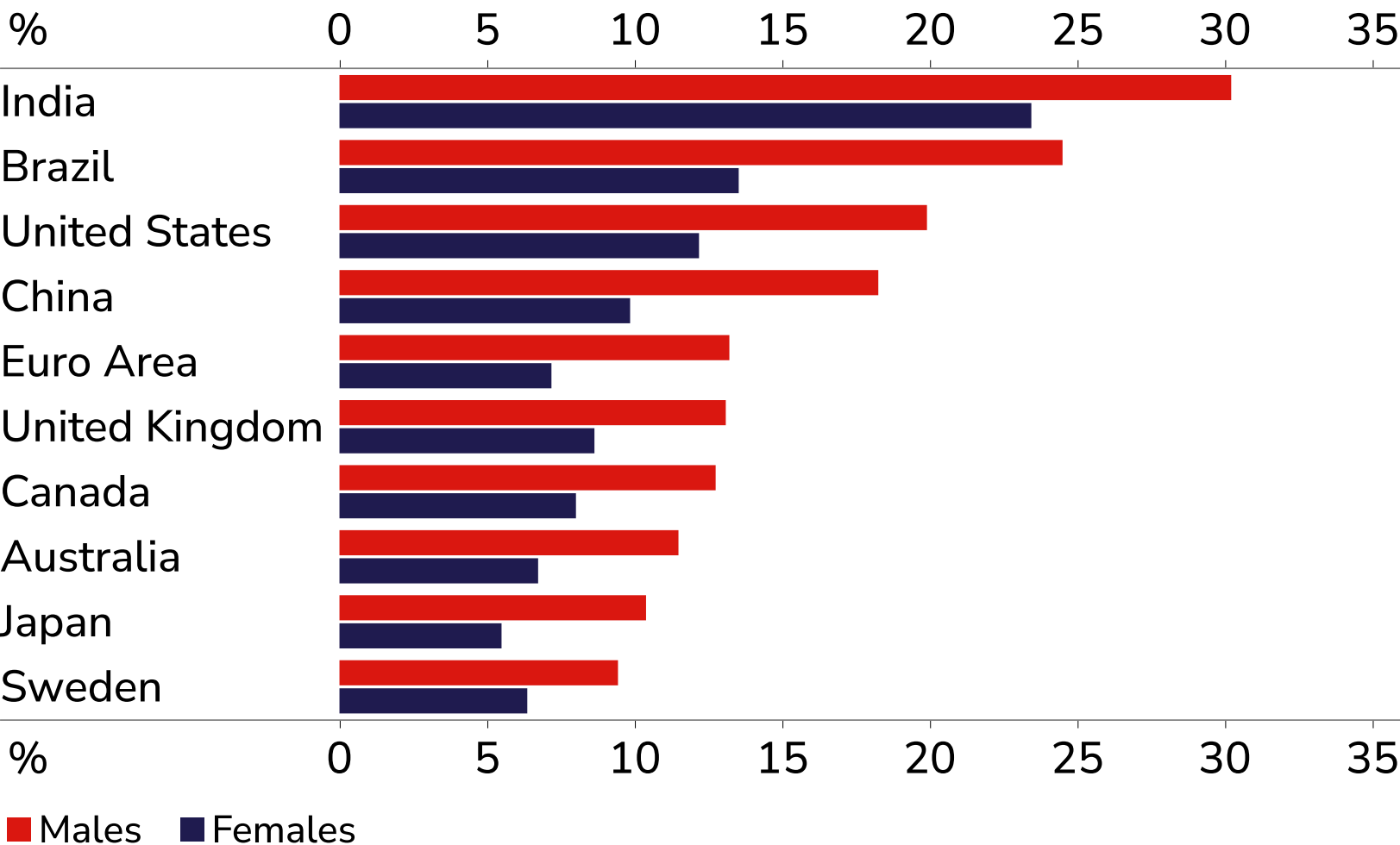


Source: World Bank, OECD, Macrobond, Westpac Economics

US outlier status largely a function of premature deaths



Chance of dying before age 65 (2019)

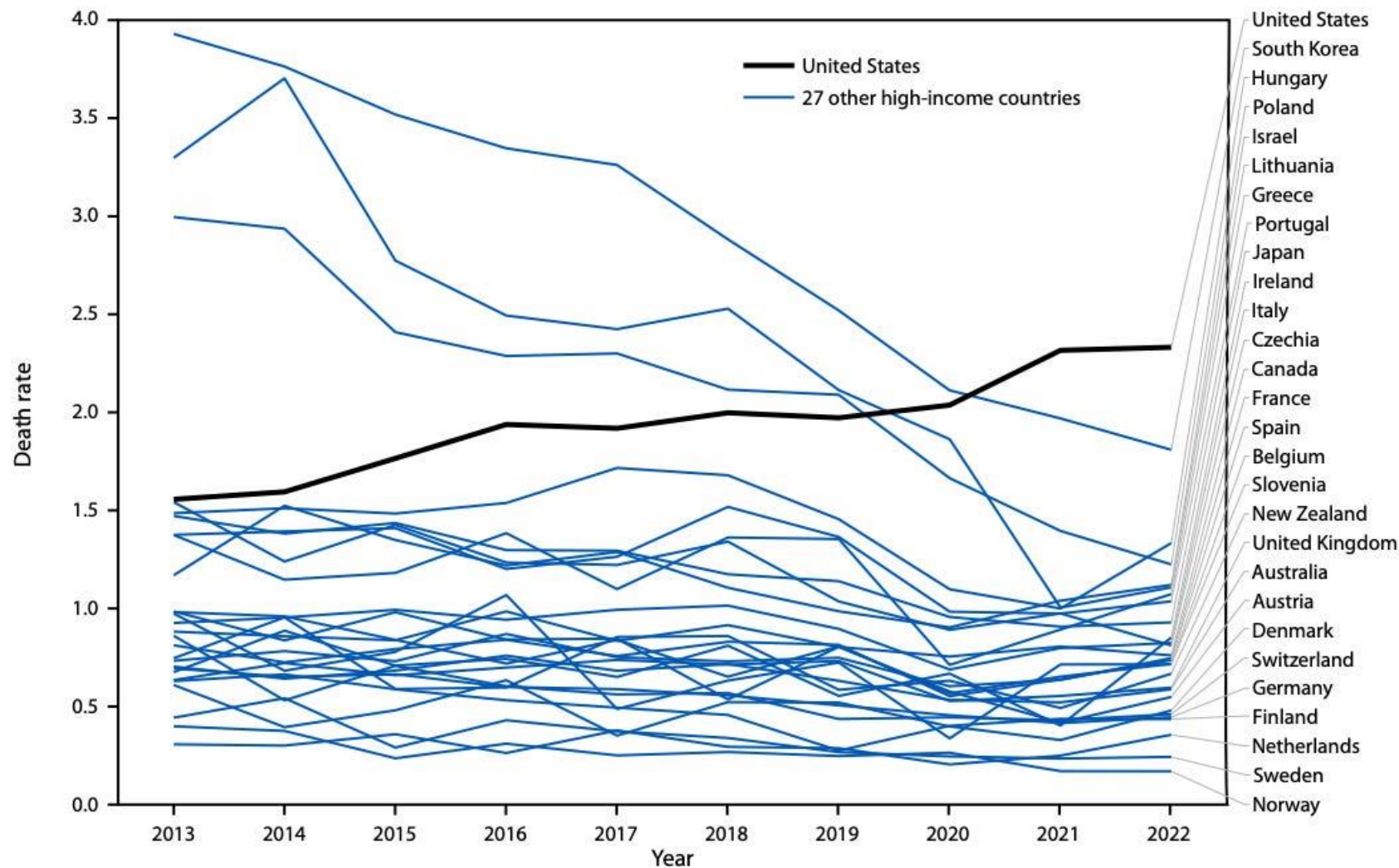


Source: World Bank, Macrobond, Westpac Economics

US pedestrian death rate rising, mostly falling elsewhere



FIGURE 1. Pedestrian death rates,* by country — United States and 27 other high-income countries, 2013–2022†



* Deaths per 100,000 population.

† Data from the International Transport Forum's International Road Traffic and Accident Database.

Source: [CDC](#) via Brian Potter on Substack

- People respond to the changed incentives implied by longer lifespans
- Fiscal policy can (and in most places has) adapted to these changes, too
- Choices in many policy areas (migration, forecasts of demand for aged care) might have been based on false premises
- The US is an outlier and will have a greater tendency to labour shortages and inflation than many other industrialised economies
 - The reasons for its worse health outcomes are multifaceted
- Health outcomes matter for macroeconomic trends, sometimes in counter-intuitive ways



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