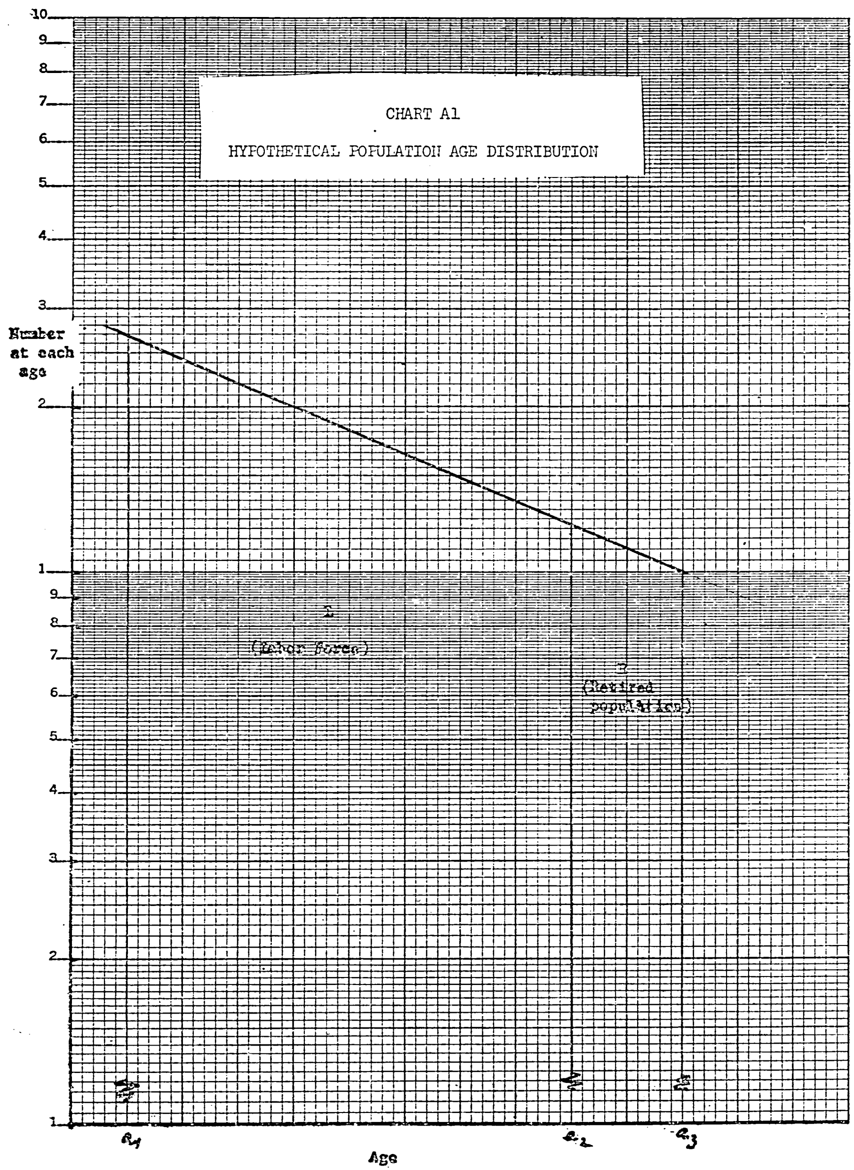

In any given year, if we assume that the pension is equal to the wage, the social insurance tax rate, on a pay-as-you-go system, must be equal to the ratio of the retired to the working population; namely,

$$\frac{R}{L}$$

The size of the retired population and the labor force depend on (1) the number of years people spend in retirement, $n=a_3-a_2$, (2) the