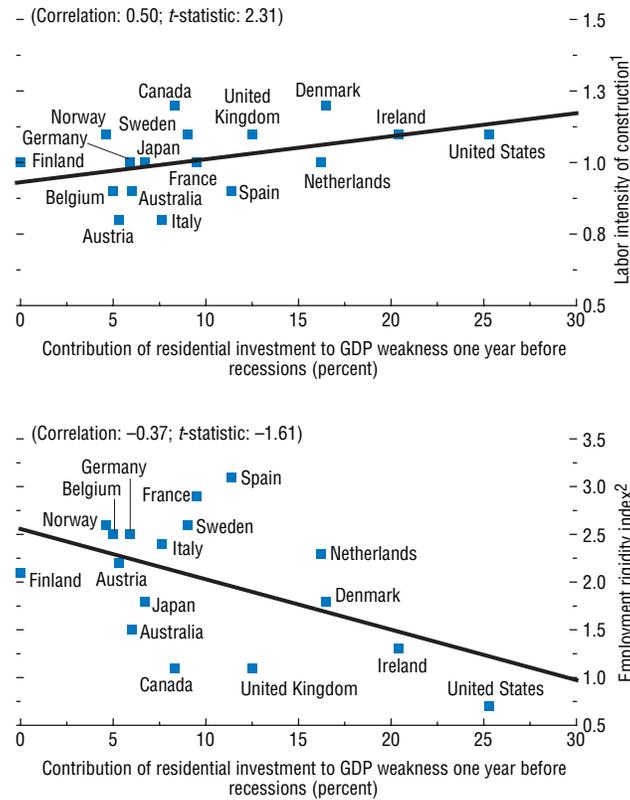


Figure 3.3. Labor Market Characteristics and the Contribution of Residential Investment to the Business Cycle

The contribution of residential investment to GDP weakness before recessions is larger in economies with lower rigidity in the labor market and a higher share of labor in the construction sector.



Sources: UNIDO, Industrial Statistics Database; and IMF staff calculations.
¹Labor intensity of construction is the average over 1979–2005 of the labor share of income in the construction sector relative to the average across countries.
²Employment Protection Legislation Index from OECD (2004).