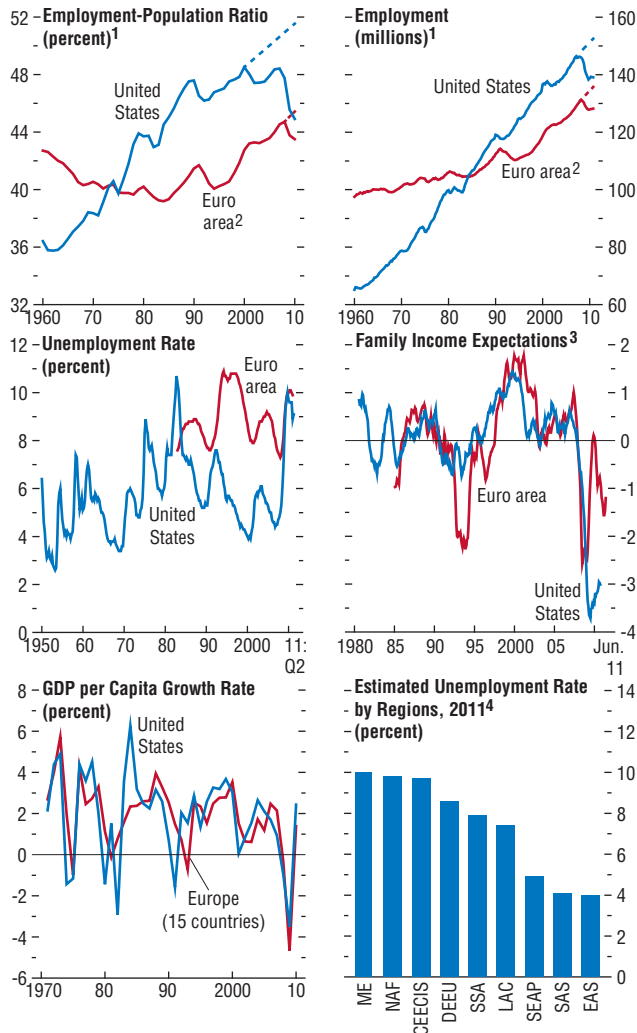


Figure 1.21. Employment and Unemployment

The United States and the euro area face major employment challenges, but they differ appreciably. In the United States, the loss of jobs relative to long-term trends has been unprecedented and has also been much larger than in the euro area. Furthermore, it has added to a trend break in the employment-population ratio that seems to have occurred during the decade before the crisis. By contrast, that ratio was on the rise in the euro area during the same period. As a result, families' income expectations have hit an unprecedented low in the United States, unlike in the euro area. Labor market challenges loom large not only in the advanced economies but also in a number of emerging and developing economies, notably in the Middle East, North Africa, and the CEE and CIS.



Sources: U.S. Bureau of Labor Statistics; European Commission; Haver Analytics; International Labor Organization; *OECD Economic Outlook*; Reuters; and IMF staff calculations.

¹Dashed lines indicate trends.

²Euro area countries include Belgium, Finland, France, Germany, Italy, Netherlands, Portugal, and Spain.

³U.S. data are from Reuters/University of Michigan Surveys of Consumers and represent the difference between the percentage of people who think family income will go up and those who think it will go down. EU data are from the family financial situation index in the European Commission Business and Consumer Surveys. Both series are smoothed and harmonized.

⁴CEECIS: central and eastern Europe (non-EU) and Commonwealth of Independent States; DEEU: developed economies and European Union; EAS: east Asia; LAC: Latin America and the Caribbean; ME: Middle East; NAF: north Africa; SAS: south Asia; SEAP: southeast Asia and the Pacific; SSA: sub-Saharan Africa.