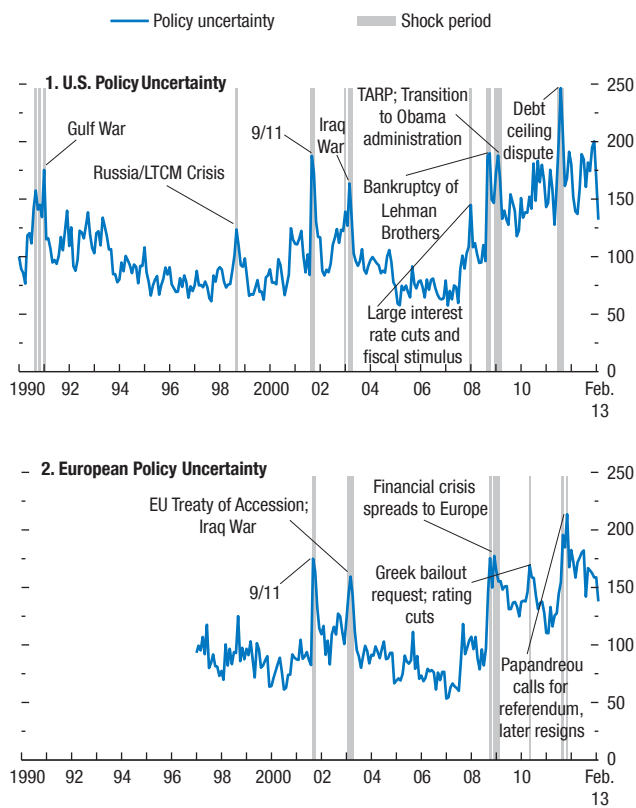


Figure 2.SF.1. Policy Uncertainty in the United States and Europe

Policy uncertainty tends to spike in response to identifiable economic, financial, and geopolitical events.



Sources: Baker, Bloom, and Davis (2012); and Haver Analytics.

Note: Uncertainty shocks are defined as periods during which detrended uncertainty is more than 1.65 standard deviations above its mean. LTCM = Long-Term Capital Management; TARP = Troubled Asset Relief Program.