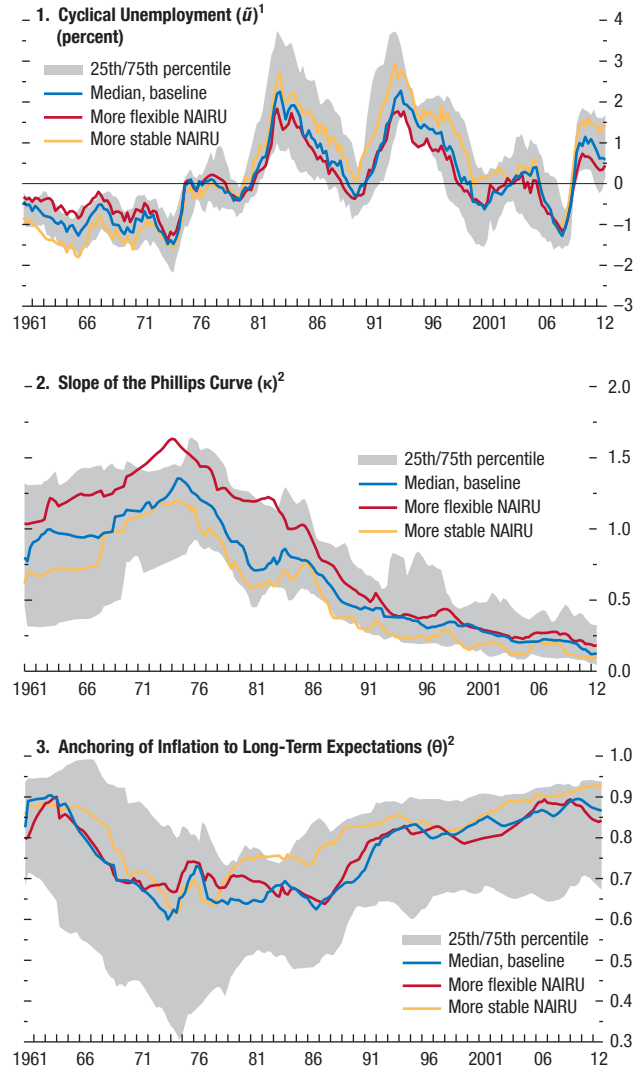


Figure 3.7. Robustness to Alternative Estimates of the NAIRU

Changes to the assumption about the flexibility of the NAIRU leave the core findings unchanged—inflation expectations are more anchored and the Phillips curve is flatter.



Sources: Board of Governors of the Federal Reserve System; *Consensus Forecasts*; Organization for Economic Cooperation and Development; and IMF staff calculations.

Note: NAIURU = nonaccelerating inflation rate of unemployment. Country sample includes Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom, and United States.

¹Unemployment rate minus model-generated estimates of the NAIURU.

²See equation (3.3) in the text.