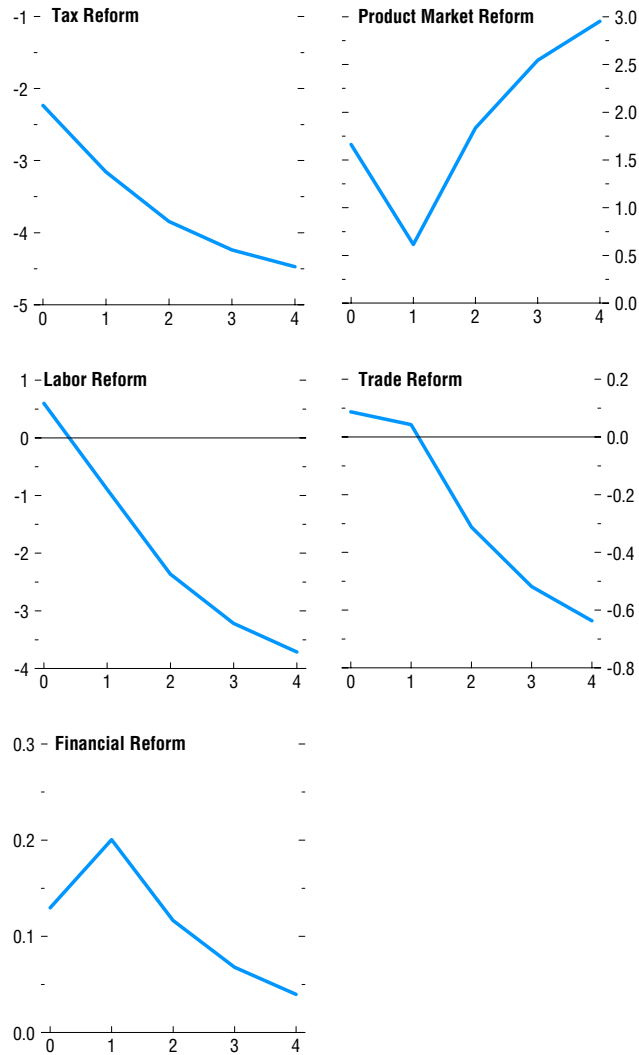


### Figure 3.10. Response of Unemployment to a One-Standard-Deviation Increase in Reform Indicators<sup>1</sup>

(Percent; cumulative effects; x-axis time units represent three-year periods)

The beneficial effects of structural reforms on unemployment in the tax, labor, and trade areas materialize, for the most part, in the long run.



Source: IMF staff calculations.

<sup>1</sup> See Appendix 3.3 for details of the specification and estimation of the unemployment equation on which the responses are based. One standard deviation of the cross-country distribution reform indices over the 1996–98 period is used, with the exception of the financial index, for which one standard deviation of the index over the entire sample period is used.