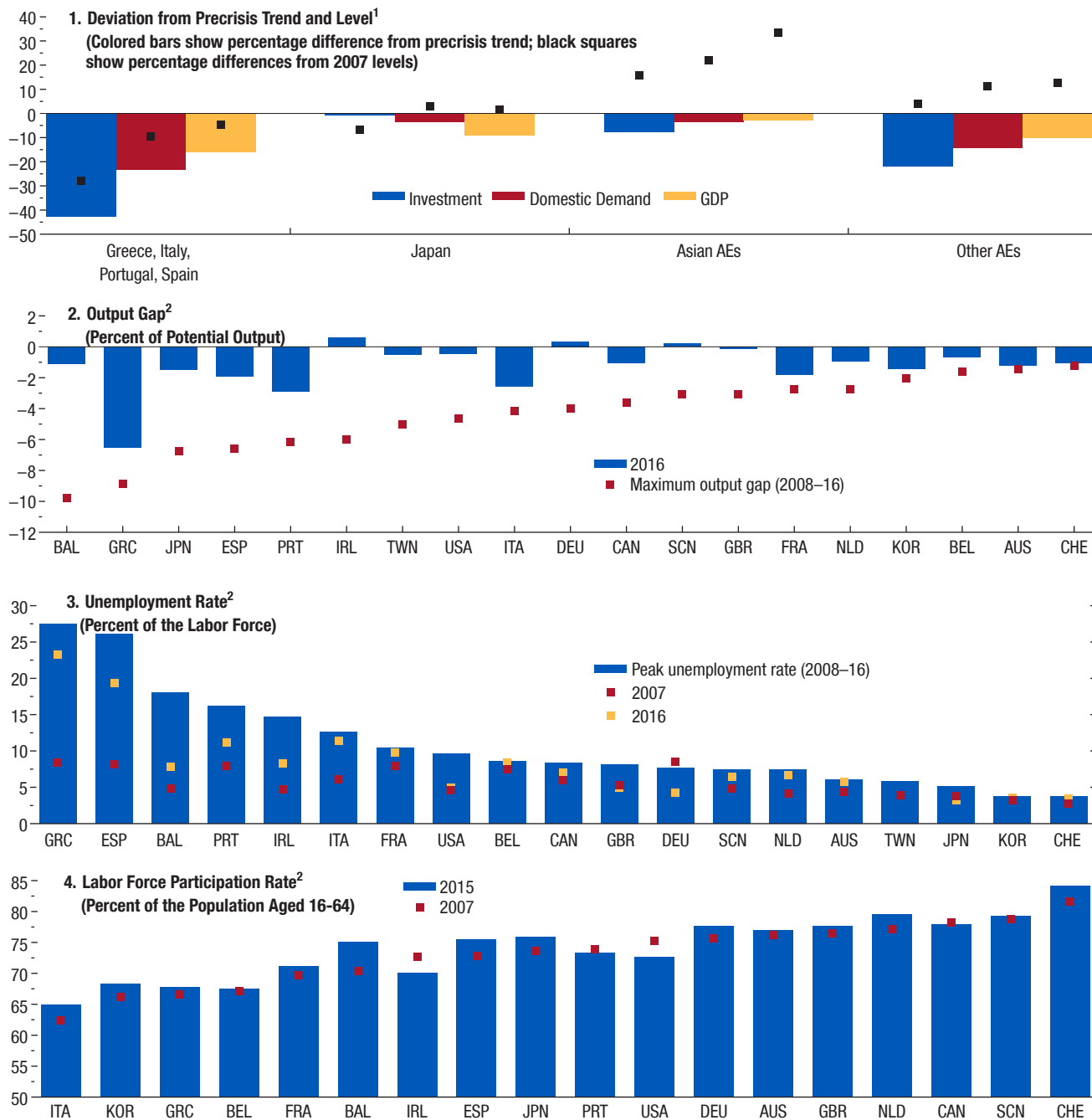


Figure 1.10. Domestic Demand, Output Gap, Unemployment, and Labor Force Participation in Advanced Economies

In advanced economies, uneven progress has been made in repairing the macroeconomic damage from the global financial crisis. Domestic demand and investment are still below precrisis levels in some euro area countries. Economic slack and unemployment rates have fallen from their postcrisis peaks, but remain high in a few cases.



Sources: Organisation for Economic Co-operation and Development labor statistics; and IMF staff estimates.

¹Investment, domestic demand, and GDP are in real terms. For all countries except Japan, precrisis trends are linear regression trends fitted for each variable using data for 1996–2005. For Japan, trends are fitted for 2001–05 given the sharp drop in investment in 1997–98. Asian AEs = Australia, Hong Kong SAR, Korea, Macao SAR, New Zealand, Singapore, Taiwan Province of China; Other AEs = Austria, Belgium, Canada, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Iceland, Israel, Latvia, Lithuania, Luxembourg, Malta, Netherlands, New Zealand, Norway, San Marino, Slovak Republic, Slovenia, Sweden, Switzerland, United Kingdom, United States.

²BAL = Estonia, Latvia, Lithuania; SCN = Denmark, Finland, Iceland, Norway, Sweden. Other labels in the figure use International Organization for Standardization (ISO) country codes.