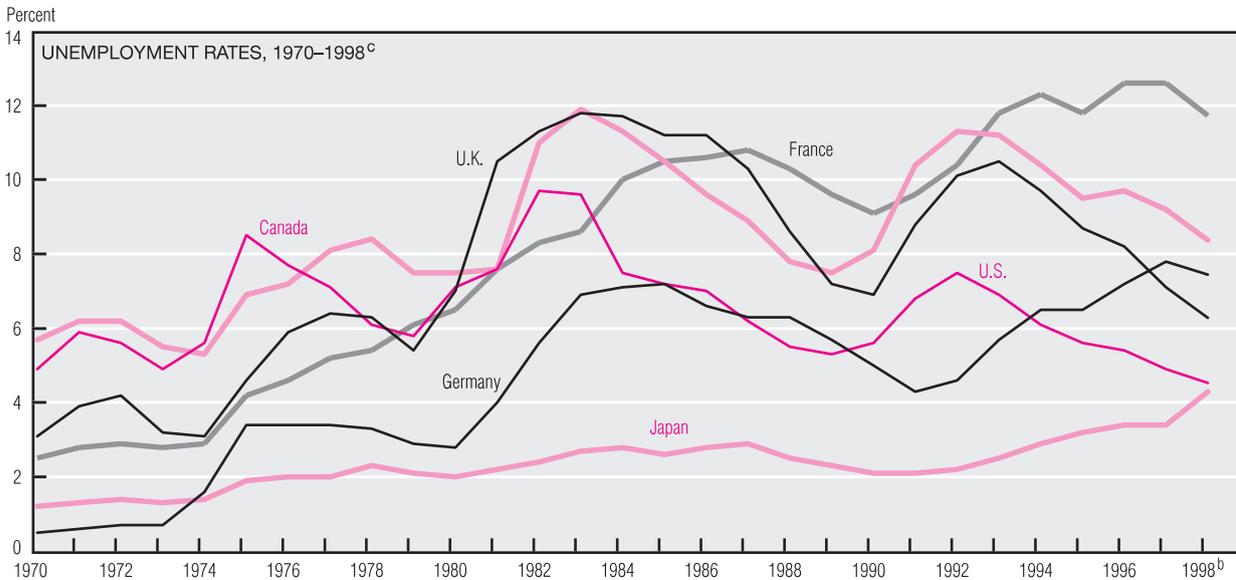
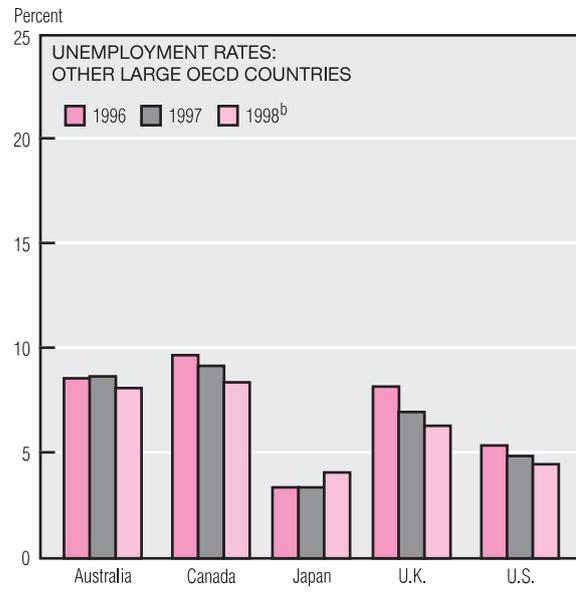
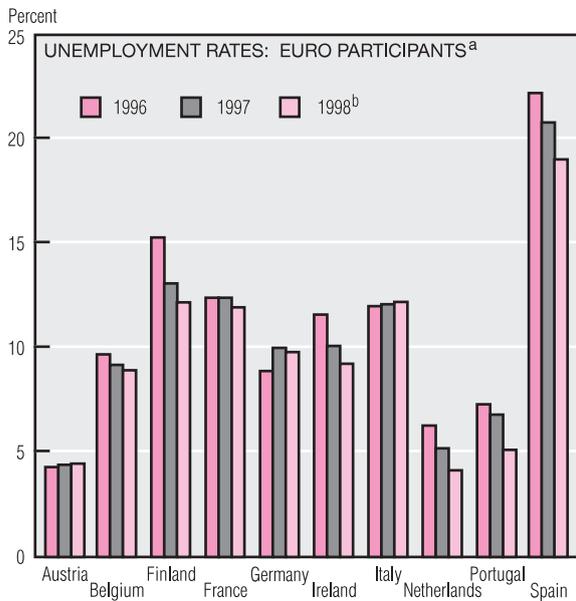


# International Unemployment Rates



a. All participants except Luxembourg.  
 b. Year to date.

SOURCES: U.S. Department of Labor, Bureau of Labor Statistics; and Organisation for Economic Co-operation and Development (OECD).

The imminent European currency unification has focused more attention on the relative performance of various countries' economies. Substantial differences in unemployment rate levels among Euro participants have continued, despite attempts to harmonize their economies. Even their recent unemployment trends differ substantially: rates in Germany, France, Austria, and Italy show little improvement, while the labor-market conditions of

other Euro participants have improved noticeably.

Other major economies also exhibit meaningful differences in the levels and trends of their unemployment rates. These countries allow their exchange rates to fluctuate against their trading partners and thus may be able to use monetary policy for economic stabilization. As Canada and the U.S. amply demonstrate, however, exchange-rate flexibility need not eliminate substantial unemployment rate differences, even

in economies with close trade links.

For comparisons over the long run, the U.S. Bureau of Labor Statistics maintains a data series on relative unemployment rates which attempts to account for differences between U.S. and foreign methodologies. This series shows very persistent differences in international unemployment rates, pointing to long-run factors such as national unemployment compensation systems or cultural attitudes toward the unemployed.