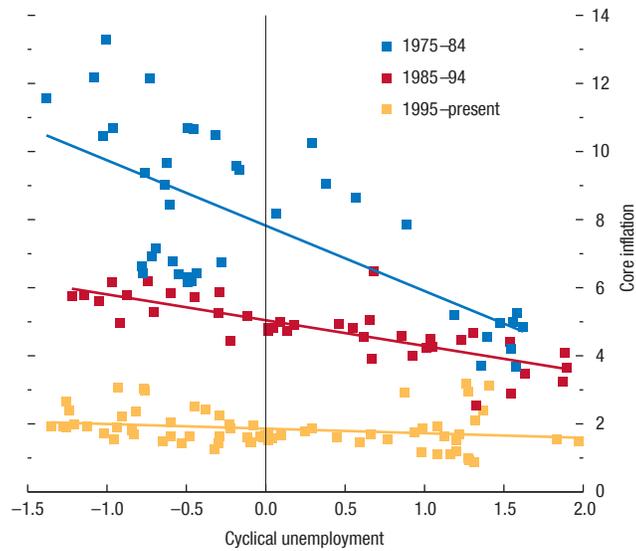


Figure 3.5. Inflation and Cyclical Unemployment
(Percent; average across advanced economies)

From its peak in the 1970s, the average level of inflation has fallen as a result of central banks' disinflationary policies. What is also noticeable is that the relationship between cyclical unemployment and inflation appears to have moderated as the level has fallen.



Sources: Organization for Economic Cooperation and Development; and IMF staff calculations.

Note: Each square represents the average across advanced economies of inflation and cyclical unemployment in one quarter.