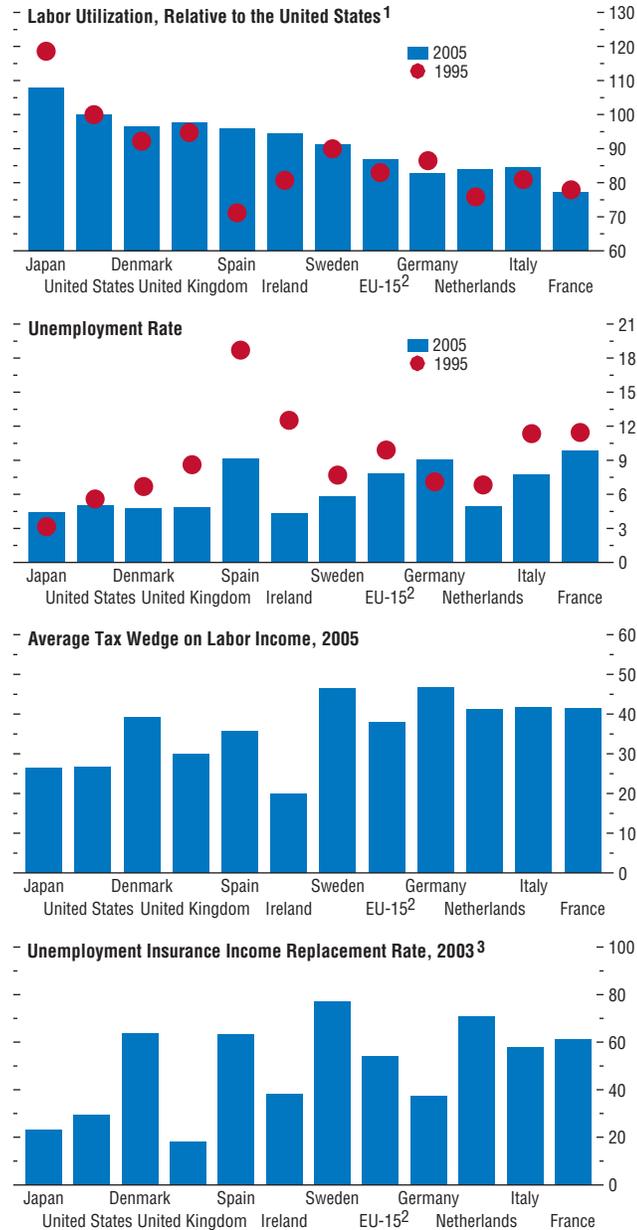


Figure 2.4. Western Europe: Need to Do More to Raise Labor Utilization
(Percent)

Labor utilization has improved in western Europe, as unemployment rates have declined, but continues to lag the United States. Countries that have a low tax wedge on labor income and tighter unemployment insurance generally have higher labor utilization.



Sources: OECD, *Economic Outlook*; OECD, Taxing Wages Database and Benefit Entitlements and Gross Replacement Rates Database; and IMF staff calculations.

¹Labor utilization is defined as hours worked divided by population.

²Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden, and the United Kingdom.

³Defined as the average first-year gross income replacement rate over the three different family types and two different income levels.