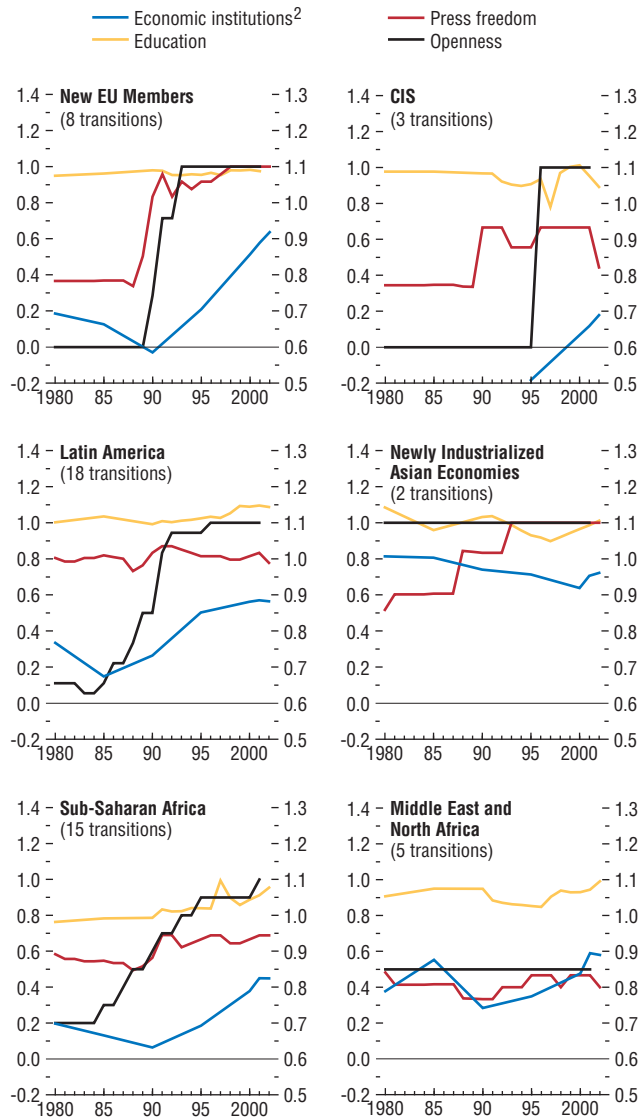


### Figure 3.8. Institutional Quality Relative to the Group of Advanced Countries<sup>1</sup>

(Economic institutions on right scale; others on left scale)

In the countries that experienced institutional transition, institutional improvements (relative to the group of advanced countries) tend to be associated with a high degree of openness, education, and press freedom.



Sources: Freedom House (2005); Gwartney and Lawson (2004); Wacziarg and Welch (2003); World Bank, *World Development Indicators* (2005); and IMF staff calculations.

<sup>1</sup>Only the countries that experienced an economic transition during 1970–2004 are included. In some countries, transitions cannot be identified owing to the limited availability of data. Regional scores were calculated as simple averages of country scores. In this figure, economic freedom, press freedom, and education (primary school enrollment) are expressed as a ratio of the regional score to the average score of advanced countries. Openness is not normalized.

<sup>2</sup>Economic institutional quality is measured by Gwartney and Lawson's (2004) Economic Freedom index. For more information, see Appendix 3.1.