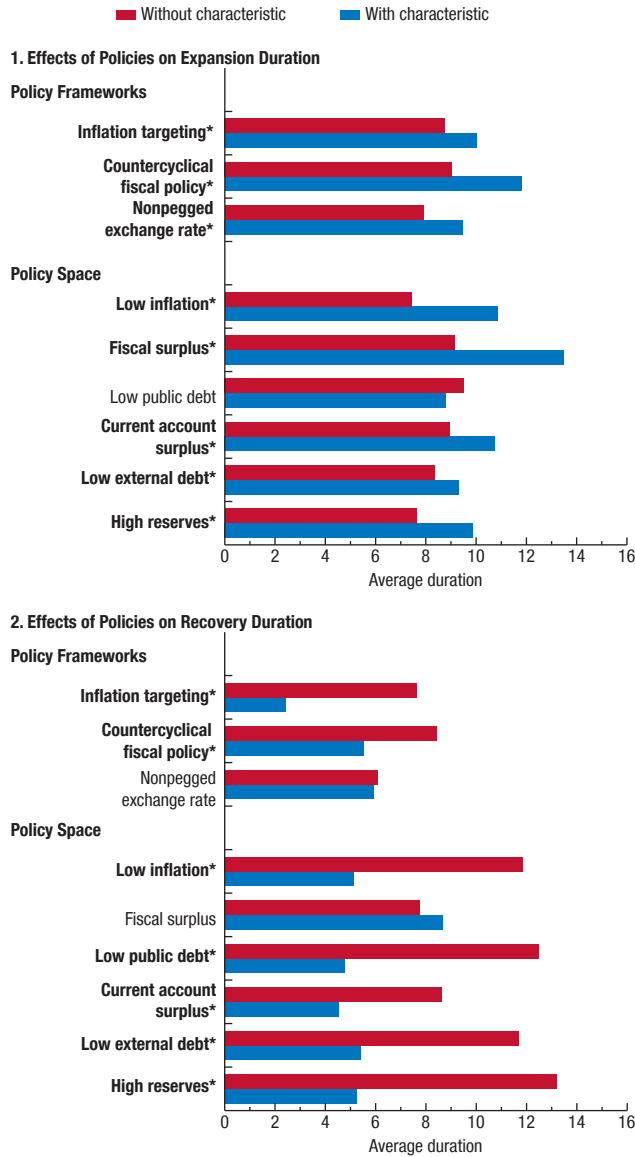


Figure 4.8. Emerging Market and Developing Economies: Effects of Policies on Expansion Duration and Speed of Recovery (Years)

Good policies have contributed to emerging market and developing economies' resilience. Specifically, greater policy space (as measured by low inflation and favorable fiscal and external positions) and improved policy frameworks (as measured by countercyclical policy, the adoption of inflation targeting, and more flexible exchange rate regimes) are associated with longer expansions and faster recoveries.



Source: IMF staff calculations.
 Note: The bars show the average duration of expansions and recoveries in the absence or presence of the given characteristic. The average duration is used as a summary measure of the underlying duration distribution conditional on the characteristic. Statistically significant differences at the 10 percent level between the underlying distributions are denoted by starred and bolded labels.