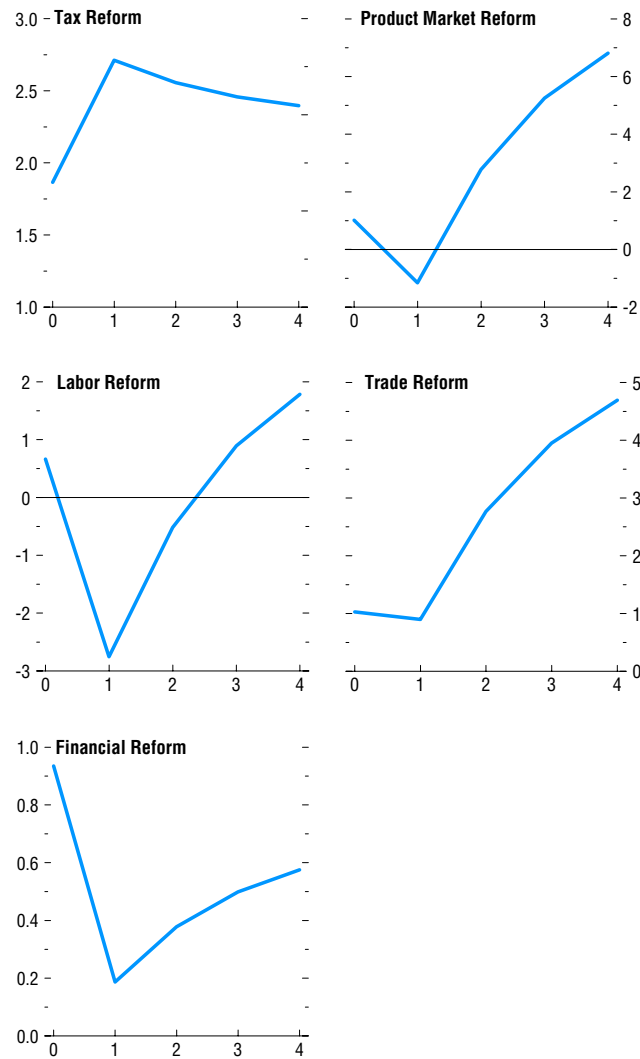


Figure 3.9. Response of Real GDP Per Capita to a One-Standard-Deviation Increase in Reform Indicators¹
(Percent; cumulative effects; x-axis time units represent three-year periods)

The average gains from structural reforms in the trade, labor, and product market areas predominantly materialize in the long run rather than in the short run. Financial sector and tax reforms appear to have a more immediate payoff.



Source: IMF staff calculations.

¹ See Appendix 3.3 for details of the specification and estimation of the growth equation on which the responses are based. One standard deviation of the cross-country distribution reform indices over the 1996–98 period is used, with the exception of the financial index, for which one standard deviation of the index over the entire sample period is used.