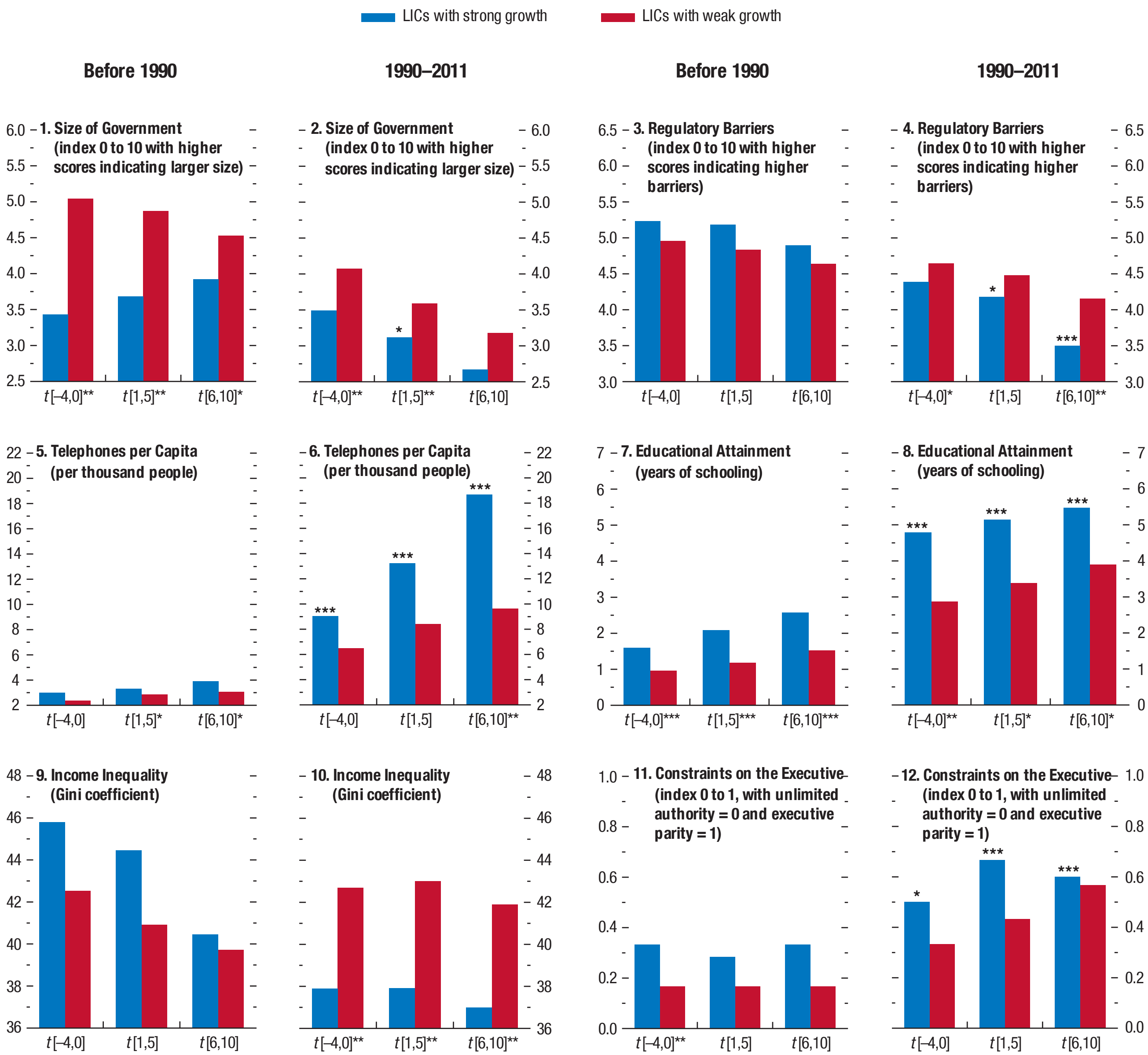
Figure 4.9. Structural Reforms, Infrastructure, and Political Conditions in Low-Income Countries

(Median economy; t = 1 in the first year of a strong or weak growth episode)

Today's dynamic low-income countries (LICs) tend to have smaller governments, lower regulatory barriers, and better infrastructure than their weaker counterparts from the current generation and dynamic LICs of previous generations. In addition, growth takeoffs tended to occur in economies with higher human capital levels and, for the current generation, more equal income distributions. The current generation of LICs also tends to have better checks and balances on the executive branch of the government.



Sources: Banks and Wilson (2012); Barro and Lee (2010); Gwartney, Lawson, and Hall (2012); Political Regime Characteristics and Transitions database (2011); Solt (2009); World Bank, World Development Indicators database (2012); and IMF staff calculations.

Note: Economy groups and indicators are defined in Appendix 4.1. LICs exclude countries experiencing or recovering from a serious external or internal conflict at the start of their takeoffs. See the text for definitions of strong and weak growth episodes (takeoffs are strong growth episodes). See Appendix 4.1 for the definition of conflict and the source of the conflict data. *, **, and *** denote statistically significant difference in distributions (based on the Kolmogorov-Smirnov test) at the 10 percent, 5 percent, and 1 percent levels, respectively. Significance tests on the *x*-axis are for the difference in the distributions between the groups of strong and weak growth. Significance tests on the blue bars are for the difference in the distributions across 1990–2011 and before 1990 (not shown for red bars). A constant composition sample underlies each of the panels to ensure comparability within the group of strong and weak growth episodes across time for that panel.