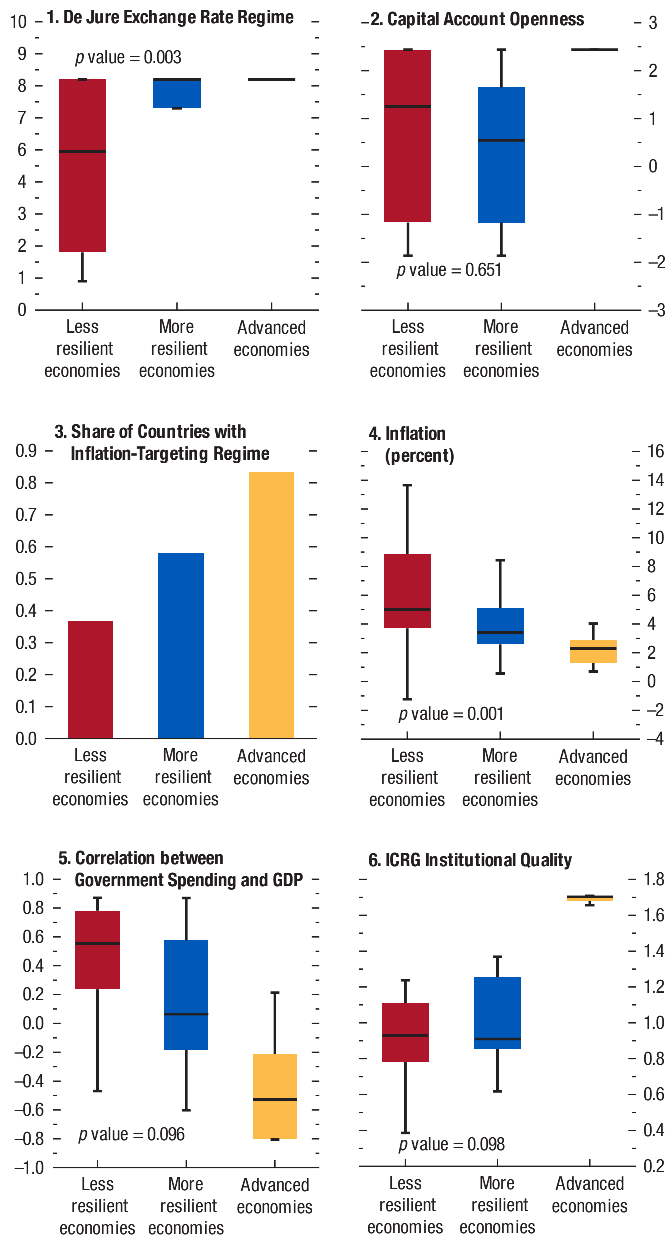
Figure 4.3. Policies and Institutions

Policies and institutions in more resilient economies are generally stronger than in less resilient economies. There is a higher share of inflation-targeting central banks, and inflation is generally lower and fiscal policy more countercyclical. More resilient economies tend to have more flexible exchange rates than less resilient economies, although there is no significant difference in de jure measures of capital account openness.



Sources: Chinn and Ito (2006) updated to 2010; IMF, *Annual Report on Exchange Arrangements and Exchange Restrictions;* PRS Group, Inc., *International Country Risk Guide (ICRG);* and IMF staff calculations.

Note: The horizontal line inside each box is the median within the group; the upper and lower edges of each box show the top and bottom quartiles. The distance between the black lines (adjacent values) above and below the box indicates the range of the distribution within that generation, excluding outliers. *p* value indicates the significance of the difference in distributions between less resilient economies and more resilient economies, based on the Kolmogorov-Smirnov test.