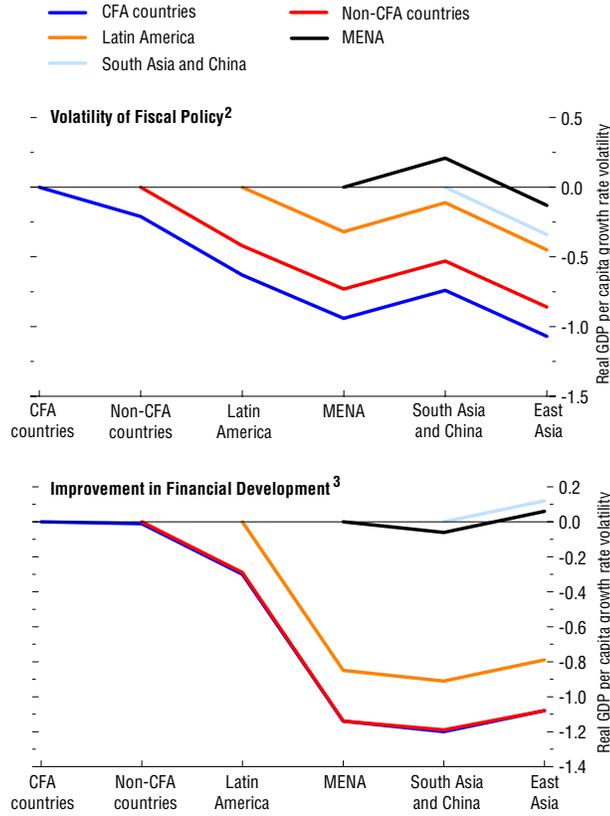


Figure 2.13. Output Volatility and Improvements in Policies¹

Stability-oriented fiscal policies and improvements in the level of financial sector development would help to reduce volatility, particularly in sub-Saharan Africa and Latin America.



Source: IMF staff calculations.

¹Figures show change in standard deviation of average annual real GDP per capita growth rate if a particular region improved its policies to match the quality of other regions.

²Measured as the standard deviation of the cyclically adjusted government spending estimated for the 1960–2000 period (see Fatás and Mihov, 2003).

³Measured by initial total private credit as a ratio of GDP (see Beck, Demirgüç-Kunt, and Levine, 1999).