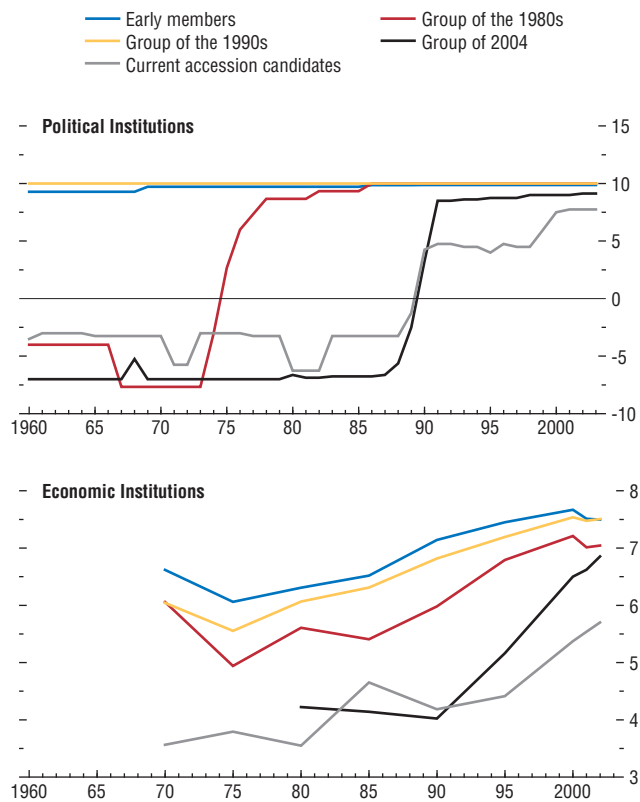


**Figure 3.10. Evolution of Institutions in the European Union and in EU Accession Candidates<sup>1</sup>**

Institutional frameworks have tended to improve significantly during the process of EU accession: new members and accession candidates have been catching up to the institutional quality of the existing EU members.



Sources: Gwartney and Lawson (2004); Marshall and Jagers (2003); and IMF staff calculations.

<sup>1</sup>Regional scores were calculated as simple averages. The composition of the groups is as follows: early members includes Belgium, Denmark, France, Germany, Italy, Ireland, Luxembourg, Netherlands, and the United Kingdom; group of the 1980s includes Greece, Portugal, and Spain; group of the 1990s includes Austria, Finland, and Sweden; group of 2004 includes Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovak Republic, and Slovenia (the other two new EU members—Cyprus and Malta—are excluded); finally, the group of current accession candidates includes Bulgaria and Romania (in EU terminology, "accessing countries"), and Croatia and Turkey ("candidate countries"). Political institutional quality is measured by Marshall and Jagers' (2003) Polity index. Economic institutional quality is measured by Gwartney and Lawson's (2004) Economic Freedom index. For more information, see Appendix 3.1.