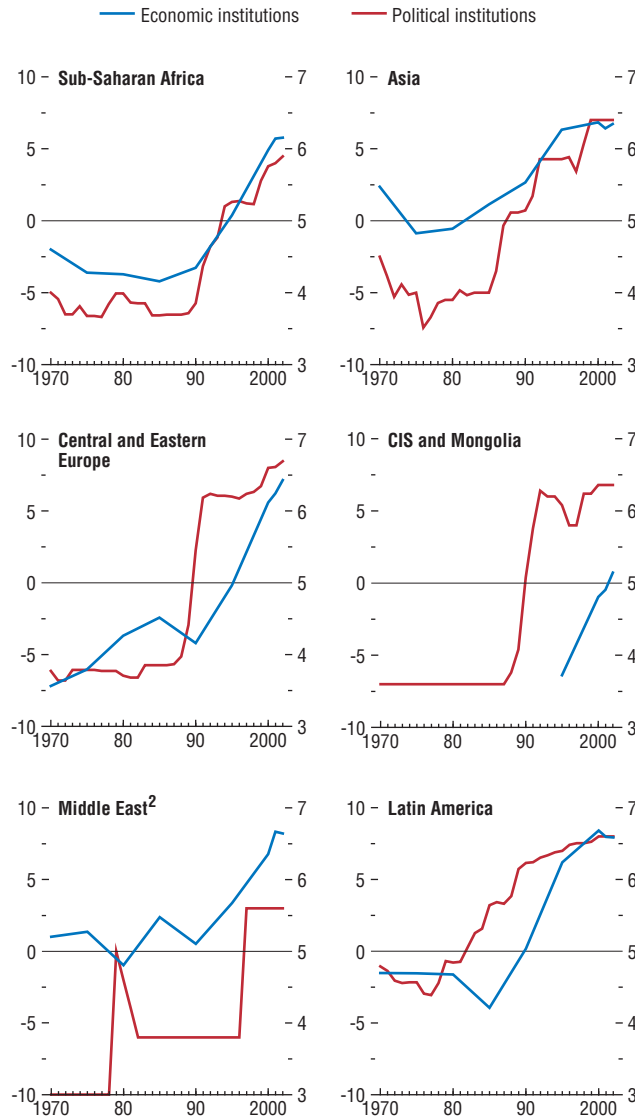


Figure 3.6. Institutional Transitions by Region¹
(Right scale for economic institutions; left scale for political institutions)

On average, political transitions have accompanied or preceded improvements in economic institutions.



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

¹Scores represent average institutional quality in the countries that recorded a favorable institutional transition. Economic and political transitions are considered separately. 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 a more detailed discussion of the identification of institutional transitions and the list of countries included in each region, see Appendix 3.1.

²The sample of political transitions in the Middle East consists only of I.R. of Iran.