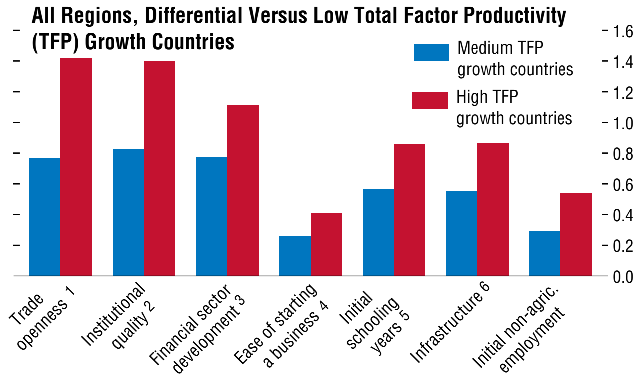
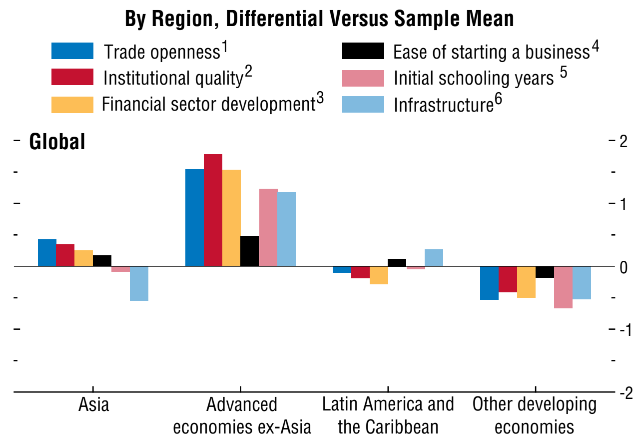
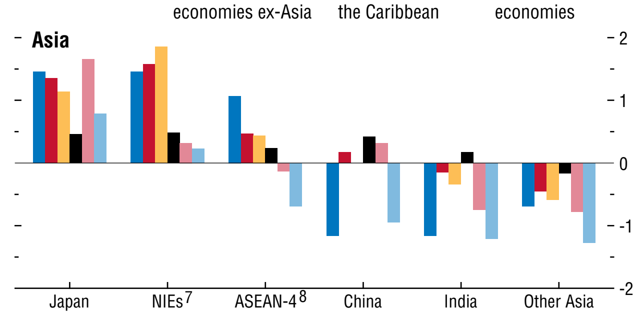
## Figure 3.12. Determinants of Productivity Growth, 1965–2005

*(Level expressed as multiple of sample standard deviations)*

Countries with higher productivity growth tend to have relatively strong institutions, a more favorable business climate, better infrastructure, less restrictive trade policies, higher education levels, and a lower initial share of agricultural employment.




Sources: Barro and Lee (2000); Wacziarg and Welch (2003); Kaufmann, Kraay, and Mastruzzi (2005); World Bank, Doing Business Database; Calderón and Servén (2004); Beck, Demirgüç-Kunt, and Levine (2000); and IMF staff calculations.

[1] Fraction of the sample period in which a country is considered as open according to the Wacziarg and Welch indicator.

[2] Kaufmann and Kraay government effectiveness measure for 1996.

[3] Private credit extended by deposit money banks and other financial institutions as a percent of GDP for 2004. No data for China or Taiwan Province of China.

[4] Defined as the negative of the cost of starting a business, from the World Bank, Doing Business Database.

[5] Initial average schooling years in 1960 (for China, 1975).

[6] Infrastructure defined as main telephone lines per 1,000 workers (in logs) for 1960.

[7] Newly industrialized economies.

[8] Indonesia, Malaysia, the Philippines, and Thailand.