



IMF Working Paper

The Growth Comeback in Developing Economies: A New Hope or Back to the Future?

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Research Department

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Abstract

Growth takeoffs in developing economies have rebounded in the past two decades. Although recent takeoffs have lasted longer than takeoffs before the 1990s, a key question is whether they could unravel like some did in the past. This paper finds that recent takeoffs are associated with stronger economic conditions, such as lower post-takeoff debt and inflation levels; more competitive real exchange rates; and better structural reforms and institutions. The chances of starting a takeoff in the 2000s was triple that before the 1990s, with domestic conditions accounting for most of the increase. The findings suggest that if today's dynamic developing economies sustain their improved policies, they are more likely to stay on course compared to many of their predecessors.

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