## **Contents**

| Ov  | verview:   |                      |
|-----|--|----------------------|
| Th  | e Politics of Long-Haul Economic Reform  |                      |
| Joa | nn M. Nelson  Early 1980s: The "Quick-Fix" Scenario.  The Shift to Long-Haul Perceptions.  The Politics of Long-Haul Economic Adjustment.  Balancing Economic Adjustment and Other Goals.                    | 4<br>5<br>6          |
|     | External Agencies and the Politics of Long-Term Adjustment   |                      |
| Su  | mmaries of Chapter Recommendations   | 27                   |
| 1.  | The Political Management of Economic Adjustment and Reform John Waterbury  | .39                  |
|     | Coalition Size Coalition Composition and the Nature of Defection Threats and Defection The Phasing of Adjustment Tactics: Political Timing, Policy Packaging, Rhetoric and Style, and Credibility Conclusion | 41<br>46<br>50<br>52 |
| 2.  | Economic Adjustment in New Democracies Stephan Haggard and Robert R. Kaufman   | 57                   |
|     | Regime Type and Adjustment: Theoretical Considerations. Regime Type and Adjustment: Some Empirical Evidence. Variations in the Adjustment Experience of New Democracies. Summary and Recommendations.        | 58<br>60<br>68       |
| 3.  | A Comparative Approach   |                      |
|     | Laurence Whitehead   |                      |
|     | The Logic of Democratic Consolidation.  Inflation Control.  Does Democracy Impede Disinflation?  Democratization and Disinflation: The Interactions.  Conclusions  | 81<br>85<br>86       |

| Political Commitment to Helping the Poor. The Politics of Pro-Poor Measures. Shifting from General to Targeted Food Subsidies. Pro-Poor Measures, Perceived Equity, and Political Sustainability. Some Implications for Action.  5. Toward State Capability and Embedded Liberalism in the Third World: Lessons for Adjustment Thomas M. Callaghy.  Economic Adjustment and a Balanced Tension Between State and Market. A Balanced Tension Between Economic and Politics: Embedded Liberalism. Economic Adjustment and Variations in State Capability. State Capability. State Capability, Insulation, and Politics. Compensating for Weak State Capabilities: Dependence, Politics, and Efficacy. State Capability, Compensation, Embedded Liberalism, and Learning. Conclusions and Implications for Action.  6. International Financial Institutions and the Politics of Adjustment Miles Kahler.  Models of Conditionality. Make?. 139 Models of Conditionality. 130 Models of Conditionality. 130 Models of Conditionality. 131 Models of Conditionality. 132 Models of Conditionality. 134 The Renewal of Dialogue and The Politics of Adjustment. 135 Conclusion: Reading Politics from the Outside.  About the Overseas Development Council, the Editors, and the Authors.  |  | 4.   | The Politics of Pro-Poor Adjustment Joan M. Nelson 95   |
|--|--|------|---|
| Political Sustainability.  Some Implications for Action.  5. Toward State Capability and Embedded Liberalism in the Third World: Lessons for Adjustment Thomas M. Callaghy.  Economic Adjustment and a Balanced Tension Between State and Market.  A Balanced Tension Between Economic and Politics: Embedded Liberalism.  Economic Adjustment and Variations in State Capability.  State Capability, Insulation, and Politics.  Compensating for Weak State Capabilities: Dependence, Politics, and Efficacy.  State Capability, Compensation, Embedded Liberalism, and Learning.  Conclusions and Implications for Action.  134  6. International Financial Institutions and the Politics of Adjustment  Miles Kahler.  Models of Conditionality.  Models of Conditionality. |  |      | Political Commitment to Helping the Poor. 96 The Politics of Pro-Poor Measures 100 Shifting from General to Targeted Food Subsidies 105 |
| in the Third World: Lessons for Adjustment Thomas M. Callaghy  |  |      | Political Sustainability 110 Some Implications for Action 111   |
| Thomas M. Callaghy. 115  Economic Adjustment and a Balanced Tension Between State and Market. 116  A Balanced Tension Between Economic and Politics: Embedded Liberalism 118  Economic Adjustment and Variations in State Capability. 120  State Capability, Insulation, and Politics. 122  Compensating for Weak State Capabilities: Dependence, Politics, and Efficacy 125  State Capability, Compensation, Embedded Liberalism, and Learning 131  Conclusions and Implications for Action 134  6. International Financial Institutions and the Politics of Adjustment Miles Kahler 139  Models of Conditionality Make? 144  The Renewal of Dialogue and The Politics of Adjustment 149  Finance and the Politics of Adjustment with Growth 155  Conclusion: Reading Politics from the Outside 157  About the Overseas Development Council, the Editors, and the Authors 161   |  | 5.   | Toward State Capability and Embedded Liberalism in the Third World: Lessons for Adjustment  |
| State and Market. A Balanced Tension Between Economic and Politics: Embedded Liberalism Economic Adjustment and Variations in State Capability. State Capability, Insulation, and Politics. Compensating for Weak State Capabilities: Dependence, Politics, and Efficacy. State Capability, Compensation, Embedded Liberalism, and Learning. 131 Conclusions and Implications for Action.  6. International Financial Institutions and the Politics of Adjustment Miles Kahler.  Models of Conditionality. Models of Conditionality. The Renewal of Dialogue and The Politics of Adjustment Finance and the Politics of Adjustment with Growth. State Capability Conclusion: Reading Politics from the Outside.  About the Overseas Development Council, the Editors, and the Authors.   |  |      | Thomas M. Callaghy  |
| Embedded Liberalism. 118  Economic Adjustment and Variations in State Capability. 120  State Capability, Insulation, and Politics. 122  Compensating for Weak State Capabilities: Dependence, Politics, and Efficacy. 125  State Capability, Compensation, Embedded Liberalism, and Learning 131  Conclusions and Implications for Action 134  6. International Financial Institutions and the Politics of Adjustment  Miles Kahler: ; 139  Models of Conditionality 139  What Difference Does Conditionality Make? 144  The Renewal of Dialogue and The Politics of Adjustment 149  Finance and the Politics of Adjustment with Growth 155  Conclusion: Reading Politics from the Outside 157  About the Overseas Development Council, the Editors, and the Authors 161   |  |      | Economic Adjustment and a Balanced Tension Between State and Market   |
| Economic Adjustment and Variations in State Capability State Capability, Insulation, and Politics Compensating for Weak State Capabilities: Dependence, Politics, and Efficacy State Capability, Compensation, Embedded Liberalism, and Learning Conclusions and Implications for Action  6. International Financial Institutions and the Politics of Adjustment Miles Kahler Miles Kahler  Models Models Of Conditionality Make? 144 The Renewal of Dialogue and The Politics of Adjustment Finance and the Politics of Adjustment with Growth Finance and the Politics from the Outside  About the Overseas Development Council, the Editors, and the Authors  161   |  |      | A Balanced Tension Between Economic and Politics:  Embedded Liberalism  118   |
| Politics Compensating for Weak State Capabilities: Dependence, Politics, and Efficacy. 125 State Capability, Compensation, Embedded Liberalism, and Learning. 131 Conclusions and Implications for Action. 134  6. International Financial Institutions and the Politics of Adjustment Miles Kahler.; 139 Models of Conditionality. 139 What Difference Does Conditionality Make? 144 The Renewal of Dialogue and The Politics of Adjustment 149 Finance and the Politics of Adjustment with Growth 155 Conclusion: Reading Politics from the Outside. 157  About the Overseas Development Council, the Editors, and the Authors 161   |  |      | Feonomic Adjustment and Variations in   |
| Politics Compensating for Weak State Capabilities: Dependence, Politics, and Efficacy. 125 State Capability, Compensation, Embedded Liberalism, and Learning. 131 Conclusions and Implications for Action. 134  6. International Financial Institutions and the Politics of Adjustment Miles Kahler.; 139 Models of Conditionality. 139 What Difference Does Conditionality Make? 144 The Renewal of Dialogue and The Politics of Adjustment 149 Finance and the Politics of Adjustment with Growth 155 Conclusion: Reading Politics from the Outside. 157  About the Overseas Development Council, the Editors, and the Authors 161   |  |      | State Capability Insulation and   |
| Compensating for Weak State Capabilities: Dependence, Politics, and Efficacy   |  |      |   |
| and Learning Conclusions and Implications for Action.  6. International Financial Institutions and the Politics of Adjustment Miles Kahler  Models  Models  Mothat Difference Does Conditionality Make?  The Renewal of Dialogue and The Politics of Adjustment Finance and the Politics of Adjustment with Growth Finance and the Politics from the Outside.  About the Overseas Development Council, the Editors, and the Authors  131  Conclusions and Implications for Action  134  Conditionality  139  Models  Conditionality  149  Finance and the Politics of Adjustment with Growth  155  Conclusions Reading Politics from the Outside.  157   |  |      | Compensating for Weak State Capabilities: Dependence.   |
| and Learning Conclusions and Implications for Action.  6. International Financial Institutions and the Politics of Adjustment Miles Kahler  Models  Models  Mothat Difference Does Conditionality Make?  The Renewal of Dialogue and The Politics of Adjustment Finance and the Politics of Adjustment with Growth Finance and the Politics from the Outside.  About the Overseas Development Council, the Editors, and the Authors  131  Conclusions and Implications for Action  134  Conditionality  139  Models  Conditionality  149  Finance and the Politics of Adjustment with Growth  155  Conclusions Reading Politics from the Outside.  157   |  |      | State Capability, Compensation, Embedded Liberalism,  |
| the Politics of Adjustment  Miles Kahler ; 139  Models of Conditionality 139  What Difference Does Conditionality Make? 144  The Renewal of Dialogue and The Politics of Adjustment 149  Finance and the Politics of Adjustment with Growth 155  Conclusion: Reading Politics from the Outside 157  About the Overseas Development Council, the Editors, and the Authors 161   |  |      | and Learning  |
| Miles Kahler. ; 139  Models of Conditionality 139  What Difference Does Conditionality Make? 144  The Renewal of Dialogue and The Politics of Adjustment 149  Finance and the Politics of Adjustment with Growth 155  Conclusion: Reading Politics from the Outside 157  About the Overseas Development Council, the Editors, and the Authors 161  |  | 6.   | International Financial Institutions and  |
| Models of Conditionality 139 What Difference Does Conditionality Make? 144 The Renewal of Dialogue and The Politics of Adjustment 149 Finance and the Politics of Adjustment with Growth 155 Conclusion: Reading Politics from the Outside 157  About the Overseas Development Council, the Editors, and the Authors 161   |  |      |   |
| What Difference Does Conditionality Make? 144 The Renewal of Dialogue and The Politics of Adjustment 149 Finance and the Politics of Adjustment with Growth 155 Conclusion: Reading Politics from the Outside 157  About the Overseas Development Council, the Editors, and the Authors 161  |  |      |   |
| The Renewal of Dialogue and The Politics of Adjustment 149 Finance and the Politics of Adjustment with Growth 155 Conclusion: Reading Politics from the Outside 157  About the Overseas Development Council, the Editors, and the Authors 161  |  |      | Models of Conditionality 139  |
| Finance and the Politics of Adjustment with Growth 155 Conclusion: Reading Politics from the Outside 157  About the Overseas Development Council, the Editors, and the Authors 161   |  |      | The Renewal of Dialogue and The Politics of Adjustment 149  |
| About the Overseas Development Council, the Editors, and the Authors   |  |      | Finance and the Politics of Adjustment with Growth 155  |
| and the Authors  |  |      | Conclusion: Reading Politics from the Outside   |
| and the Authors  |  | A 1- | and the Organization Development Council the Editors  |
|  |  |      | •   |
|  |  |      | e ODC's U.SThird World Policy Perspectives Series   |