Contents

Foreword ix
Preface xiii

1. Introduction 1
   STEPHAN HAGGARD AND STEVEN B. WEBB
   Democratization and Economic Reform 6
   Institutions and Economic Policy 8
   Building Coalitions for Reform 16
   International Influences on the Adjustment Process 25
   Implications for International Financial Institutions 29
   Notes 32
   References 32

2. Political Models of Macroeconomic Policy and Fiscal Reforms 37
   ALBERTO ALESINA
   Why Use Rational Models? 38
   Political Cycles and Economic Cycles 40
   Delays in Policy Reforms 47
Conclusions 56
Notes 57
References 57

3. The Rush to Free Trade in the Developing World:
   Why So Late? Why Now? Will It Last? 61
   DANI RODRIK
   Trade Reform, Distribution, and Economic Efficiency 64
   A Closer Look at the Distributive Consequences
   of Trade Reform 69
   Distributive Consequences for the State 77
   Why Has There Been So Much Trade
   Liberalization Lately? 78
   Sustaining the Reforms 82
   Appendix 3-1: The Political Cost-Benefit Ratio 84
   Notes 85
   References 87

4. Spain: Dual Transition Implemented by Two Parties 89
   NANCY BERMEJO WITH JOSÉ GARCÍA-DURÁN
   Spain's Transition to Democracy 91
   Economic Policymaking under the UCD 92
   Economic Policymaking under the PSOE: Deepening
   the Structural Adjustment Process 107
   Conclusions 121
   Notes 123
   References 124

5. Turkey: Democratization and Adjustment from Above 128
   ZIYA ÖNIŞ AND STEVEN B. WEBB
   Historical Overview 129
   Institutional Structure and Change 135
   Policy Outcomes 154
   Policy Oscillations after 1987 165
   Lessons from Turkey 175
   Appendix 5-1: The Budget Process 180
   Notes 181
   References 182

6. Poland: The Political Economy of Shock Therapy 185
   SIMON JOHNSON AND MARZENA KOWALSKA
   Breakdown of the Old System, 1988–89 187
   Interregnum, Summer 1989 191
7. **Chile: Sustaining Adjustment during Democratic Transition**
   GENERO ARRIAGADA HERRERA AND CAROL GRAHAM

   From Polarization to National Reconstruction: Political Breakdown and the Origins of a New Consensus
   244
   Organization of the Opposition and the 1988 Plebiscite
   256
   Process of Consensus-Building: The 1989 Campaign and Elections
   263
   Politics of Consensus and Macroeconomic Stability under the Concertación Government
   270

   Conclusions
   280
   Notes
   283
   References
   286

8. **Senegal: Stalled Reform in a Dominant Party System**
   SAMBA KA AND NICOLAS VAN DE WALLE

   The Political Economy of Postcolonial Senegal
   295
   The Adjustment Experience, 1980–91
   309
   Explanations of the Scope and Speed of Adjustment
   322

   Conclusions
   351
   Notes
   353
   References
   354

9. **Mexico: Radical Reform in a Dominant Party System**
   ROBERT R. KAUFMAN, CARLOS BAZDRESCH, AND BLANCA HEREDIA

   Antecedents of the Pact, 1982–87
   363
   The Inflation Crisis of 1987 and Initiation of the Pact
   371
   Implementation of the Pact:
   The Stabilization Program
   383
Implementation of the Pact: Trade Reform  390
Institutional and Structural Influences on Outcomes of the Pact  396
Appendix 9-1: The Economics of Disinflation  401
Notes  405
References  406

10. *Thailand: Economic and Political Gradualism*  411
    RICHARD F. DONER AND ANEK LAOTHAMATAS
    Background of the Reform  413
    Policy Performance in the 1980s  421
    Political Transition and Reform  427
    Organization of Interests  433
    Organization of the State  436
    Program Design  442
    Conclusions  445
    Notes  447
    References  449

11. *Nigeria: Economic and Political Reforms at Cross Purposes*  453
    JEFFREY HERBST AND ADEBAYO OLUKOSHI
    Brief Review of Nigeria’s Political Economy  454
    Evolution of the Economy  457
    Shagari and the Initial Crisis, 1979–83  458
    The Buhari Regime, 1983–85  467
    The Babangida Regime, 1985–91  471
    Conclusions  499
    Notes  500
    References  500

Contributors  503

Credits for Cover Photographs  506

Index  507