

PN-774-532

52850

~~SECRET~~ - Not for quotation or
citation without permission
of the authors

**THE POLITICAL ECONOMY OF POLICY CHANGE
IN DEVELOPING COUNTRIES**

Merilee S. Grindle
John W. Thomas

E.E.P.A. Discussion Paper No. 10
October, 1987

Prepared for
Employment and Enterprise Development Division
Office of Rural and Institutional Development
Bureau of Science and Technology
U.S. Agency for International Development
Washington, D.C. 20523
Grant No. DAN-5426-C-00-4098-0

The Employment and Enterprise Policy Analysis Project is composed of a consortium of the Harvard Institute for International Development (Prime Contractor), Development Alternatives, Inc., and Michigan State University (Subcontractors). E.E.P.A. provides technical assistance to USAID missions around the world on problems related to employment and small- and medium-scale enterprise development, and performs research on these issues for AID's Bureau of Science and Technology in Washington. For further information on E.E.P.A. contact:

Robert C. Young
Senior Employment Policy Advisor
Agency for International Development
S&T/RD/EED
Room 622, SA 18
Washington, D.C. 20523

Donald R. Snodgrass
EEPA Project Coordinator
Harvard Institute for
International Development
1737 Cambridge St.
Cambridge, MA 02138

The views and interpretations in this publication are those of the author and should not be attributed to the Agency for International Development or to any individual acting on its behalf.

ABSTRACT

The Political Economy of Policy Change in Developing Countries

Despite leverage, policy dialogue, conditionality, and structural adjustment lending, donor efforts to encourage significant macroeconomic, sectoral, and institutional changes are not necessarily persuasive to the policy makers who decide the direction and scope of public activities in developing countries. This paper explores issues of policy and organizational change by building on the experience of participants in reformist initiatives in several developing countries. We are particularly concerned with understanding how decision makers weigh the often urgent and well-articulated technical advice they receive against equally pressing concerns about the impact of their decisions on political and bureaucratic interactions.

During the academic year of 1986-1987, the Harvard Institute for International Development sponsored a workshop series on "Promoting Policy Reform in Developing Countries" through the Employment and Enterprise Policy Analysis Project. At each session, individuals who were intimately involved in reform initiatives as part of their overseas professional experience described processes of change in which they participated. In making presentations about their experiences with reform initiatives, we asked participants in the workshop to discuss: 1) how the issue of reform got on the agenda of government decision making; 2) what political, bureaucratic, and technical criteria were important in promoting or inhibiting the process of change; and 3) what factors led to the sustainability or abandonment of reformist initiatives.

The cases indicate several critical elements of decision making that focus attention on what occurs during the process of decision making and on the criteria adopted by policy makers in assessing the options available to them:

- The influence of technical analysis
- The power of bureaucratic interactions
- The significance of maintaining the regime in power
- The persuasiveness of international leverage

The four important factors that influenced decision makers tended to vary depending on whether the reforms affected macroeconomic issues, sectoral policy, or organizational reform, an outcome that is itself the result of the way these reforms tend to get on the agenda for decision makers. Macroeconomic and some sectoral reforms tended to get on the decision makers' agenda as pressing problems, the solution to which was sought under conditions of perceived crisis. In contrast, institutional reforms and other sectoral policies tended to get on the decision making agenda as chosen problems and solutions were sought under conditions of "politics as usual". Four hypotheses are derived from these observations and our case material.

When pressing reforms concern macroeconomic issues, decision making tends to be dominated by concern about regime maintenance. Technical analysis and international leverage often assume importance in these decisions, but usually remain subordinate to concern about regime maintenance.

When pressing reforms concern sectoral issues, decision making tends to be dominated by concern about regime maintenance. Technical input and bureaucratic motivation are important, but not decisive, in explaining policy choice under such conditions.

When chosen reforms concern sectoral issues, decision making outcomes tend to be dominated by bureaucratic concerns. Technical input is important, but not decisive, in explaining policy choice under these conditions.

When chosen reforms concern organization change issues, decision making tends to be dominated by bureaucratic motivations. Regime maintenance can be an important, but not decisive, factor in explaining organizational reform outcomes under these conditions.

The task of implementing policy and organizational reforms varies significantly depending on the requirements of the reform initiative. In our case histories, presenters identified some reforms that were relatively self-implementing and others in which the process of implementation involved lengthy, difficult, and often conflict-ridden efforts to engender compliance and responsiveness to reform objectives. In both cases, sustainability was fragile, but for distinct reasons.

A set of hypotheses is suggested about the relationships between implementation processes and determinants of sustainability that are based on the evidence in the case studies.

When self-implementing policy reforms are undertaken, their sustainability tends to be determined by the degree of consensus among policy makers about the wisdom of the reform and the reactions of opponents after the initiative is carried out. Sustainability is significantly affected by the stability of the regime in power and the power of its opponents.

When non-self-implementing policy reforms are undertaken, their sustainability tends to be determined by the reactions of opponents to the change and the compliance and responsiveness of bureaucratic actors charged with carrying out the reform. Sustainability is significantly affected by the nature of bureaucratic politics and the way in which political interests penetrate the administrative apparatus.

When organizational reforms are undertaken, their sustainability tends to be significantly determined by the reaction of bureaucratic actors and units. The implementation of organizational reforms is largely determined by the nature of bureaucratic politics within the affected organizations, and the extent of political support for change.

Table of Contents

I.	Explaining Policy and Institutional Change	p. 5
	Explaining Policy Choice: The Literature	p. 6
	Four Critical Elements of Decision Making:	
	Views from Inside the "Black Box"	p. 13
	Assessing the Models: What the Cases Suggest	p.22
II.	Agenda Setting, Reform Issues, and Decision Making	p.31
III.	Implementation, Reform Initiatives, and Sustainability	p.40
IV.	Conclusions	p.46
	Notes	p.48
	List of Sessions and Presenters	p.56
	Tables	p.57

- 1 -

The Political Economy of Policy Reform
in Developing Countries

Merilee S. Grindle and John W. Thomas
Harvard Institute for International Development

The development message of the 1980s is clear: for a large number of countries, little can be accomplished to enhance growth and welfare unless significant policy and institutional changes are undertaken and sustained. The bearers of this message--many development specialists, international aid and lending agencies, development advisors, academic specialists, and industrial country governments--have become increasingly convinced of: 1) the importance of macro-policy constraints on economic performance; 2) the need for adjusting sectoral policies to encourage efficiency and responsiveness to market forces; and 3) the imperative to lessen bureaucratic constraints on economic interactions. The debt crisis in Latin America and the food crisis and apparent failure of two decades of development in many African countries, contrasted with the apparent success of a number of Asian countries in achieving and sustaining high rates of growth, have helped focus extensive attention on the issue of appropriate macroeconomic, sectoral, and institutional contexts for development.¹

Among donors, the Agency for International Development gave official recognition to the new policy focus in a 1982 policy paper stating that, "The soundness of domestic economic and social policies is in general the dominant long term influence on development."² The World Bank came to a similar conclusion about the centrality of policy to development. Its 1984 policy paper on Africa concluded that, "The task before donors is therefore clear and urgent. If donors increase their support for policy reforms and basic programs, they will help Africa overcome its immediate economic and financial crisis. They will also be building the prospect of a better, more hopeful future."³ As a result of this concern for domestic policy and institutional change, donors became more interested in how they might influence policy decision making. The idea of leverage, that is, to provide aid if certain recommended policies are introduced, was widely adopted among donors and terms such as conditionality, conditions precedent to disbursement, policy dialogue, and structural adjustment lending became prominent in their vocabularies.

Despite leverage, policy dialogue, conditionality, and structural adjustment lending, donor efforts to encourage significant macroeconomic, sectoral, and institutional changes are not necessarily persuasive to the policy makers who decide the direction and scope of public activities in developing countries. These decision makers are subject to a wide range of domestic considerations and pressures that do not bear on, and may not even

be known to, the donors. Although techniques of policy analysis to generate recommendations about needed economic and organizational reforms are well developed, the process by which such changes are effectively promoted is much less well understood. The gaps in our understanding of the dynamics of policy and institutional change reflect the complexity and frequent ambiguity of the political and bureaucratic issues that influence the readiness of policy makers to adopt and sustain reformist initiatives.⁴

Those who have been participants in policy reform initiatives in developing countries often have unique insights into the dynamics of change, but rarely are their experiences tapped as part of analyses of the policy process. As a result, assessments of the potential for reform are frequently hindered by the lack of information about the pressures, considerations, and influences on those operating inside the "black box" of government decision making. This is particularly true in developing countries where decision making is often closed to public scrutiny or widespread participation by interested citizens. The purpose of this paper is to explore issues of policy and organizational change by building on the experience of participants in reformist initiatives in several developing countries. We are particularly concerned with understanding how decision makers weigh the often urgent and well-articulated advice they receive from international agencies and members of their own technical staff against equally pressing concerns about the impact of their decisions on political and bureaucratic interactions. Central to the discussion, then, are questions about the criteria used for making choices about reform. Our underlying purpose is to enhance understanding of how processes

of policy and institutional change work and to generate insights that will enable participants in the process to be more effective in the future.*

During the academic year of 1986-1987, the Harvard Institute for International Development sponsored a workshop series on "Promoting Policy Reform in Developing Countries" through the Employment and Enterprise Policy Analysis Project. At each session, individuals who were intimately involved in reform initiatives as part of their overseas professional experience described processes of change in which they participated.⁵ The reform experiences span the range of macroeconomic change, sectoral initiatives, and organizational innovation:

Macroeconomic policy

Devaluation in Ghana
Structural adjustment in South Korea

Sectoral policy

Agrarian reform in the Philippines
Health care in Mali
Rice pricing policy in Indonesia

Organizational change

Decentralization in Kenya
Planning in Colombia
Planning in Argentina

*A frequent criticism of research and analysis of the policy making process is that elucidation of the process makes it easier for it to be manipulated and misused. Indeed, better understanding of the decision making process or what now is considered the "black box", does make it more accessible to anyone who wants to influence that process. However, the better understood the process is, the more the public understands who is controlling or influencing it. It also means that those who are not insiders have more chance of affecting outcomes. This objective is consistent with our own commitment to any open, participatory type of government. In contrast, most authoritarian governments seek to keep the decision making process as secret and inaccessible as possible. Thus, we find research that illuminates that process consistent with open, democratic principles of government.

In five of the cases, significant changes were introduced and sustained; in two cases, sustainable reform was not successfully introduced, and in one case, although reform was introduced, it contributed to a major regime change. In making presentations about their experiences with reform initiatives, we asked participants in the workshop to discuss: 1) how the issue of reform got on the agenda of government decision making; 2) what political, bureaucratic, and technical criteria were important in promoting or inhibiting the process of change; and 3) what factors led to the sustainability or abandonment of reformist initiatives.⁶ Reflecting this set of questions about the policy process, the paper discusses what has been learned about agenda setting, decision making processes, and implementation from the case histories.

I.

Explaining Policy and Institutional Change

In this section of the paper, we first review the literature in political science and political economy to indicate how issues of policy and institutional change are dealt with. Then, we present four hypotheses about government decision making that emerged in the workshop cases as participants attempted to highlight the factors that influenced decision makers and shaped their responses to specific reform initiatives. Because of the limited number of case studies presented in the workshop, the propositions we develop are presented with the intention of providing ideas for further study about the process of policy and organizational reform. We believe they offer important correctives to the more conventional

explanations by indicating what may occur inside governments and by suggesting the factors that account for the acceptance of reform as well as for failures to adopt important changes.

Explaining Policy Choice: The Literature

The literature of political science and political economy provides several alternative responses to the question, "How can we account for policy (or organizational) change?" Among the explanations most frequently encountered are: 1) a class analytic (Marxist) approach; 2) a pluralist approach; 3) a bureaucratic politics approach; 4) a state interest approach; and 5) a public choice approach. Each of these models focuses our attention on different sets of variables and processes of political and economic interaction. Each has been influential in shaping perceptions among scholars and others about how change does or does not occur in public policies and institutions. Nevertheless, traditional explanations frequently provide little insight into the activities or perceptions of the decision makers, those who emerged in our case studies as influential actors in shaping responses to significant public problems in a variety of developing countries.

The Class Analytic Approach

The distance between current political economy models and the "black box" of decision making is clearest in the class analytic approach. This explanatory model indicates that policy decisions are the result of the class relationships in a society and reflect alliances among dominant classes or class "fractions."⁷ In such a conceptualization, policy makers are instruments of dominant class

interests and have little independent input into the policy process. When scholars use this approach, they explain policy change by searching for shifting alliances among dominant classes, by indicating how a sociopolitical crisis alters existing class structures (as in the aftermath of a revolution), or by demonstrating how an economic crisis (such as a depression) presents the state with temporarily increased independence to shape responses to public problems. Under normal conditions--that is, except in the rare event of a sociopolitical or economic crisis--policies are derivative of social class formations. Dependency analyses begin not with class relationships in a society but with the international economic linkages that shape them.

Marxist and dependency approaches are frequently argued with theoretical sophistication and complexity to analyze issues of inequity and exploitation in developing countries and to characterize the relationship between domestic elites and elites in developed economies. Such class analytic perspectives are particularly useful in indicating the constraints that limit the options available to policy makers in developing countries. In considering the issue of policy choice, however, they treat the actual process of decision making as unimportant for explaining outcomes. They also discount the importance of political leadership in shaping issues and managing the political and bureaucratic pressures that result from reform efforts. The "black box" of government decision making is thus not analytically interesting for scholars who adopt Marxist or dependency perspectives.

The Pluralist Approach

Decision making also occurs within a "black box" in the approach most frequently adopted by analysts to explain policy decisions in the United States. In the pluralist model, public policy is the result of the pressures placed upon decision makers by large numbers of competing groups in society.⁸ These groups form around common interests, many of which are economic but which also may be based on regional, ethnic, religious, value, or other concerns. The state provides a more or less neutral institutional and procedural framework in which conflicting groups form coalitions and do battle over policy output. For pluralists, the principal role of policy makers is to cope with a large number of conflicting pressures; they do not have the capacity to set agendas for action nor to shape outcomes in any significant way. Policy change occurs because different coalitions of interests manage to gain power and to impose their favored solutions on society. In this approach, then, policy is derivative of the competition for power among societal groups.

As with the class analytic approach, a pluralist understanding of policy choice tells us little about the actual process of decision making and does not accord any significant independence to political leaders or policy makers in shaping alternatives. While it usefully focuses attention on the influence of "interests" in determining policy, it does not deal with the way government institutions channel and constrain political demands or with the important issue of the perceptions policy makers have of power relationships. Moreover, the approach tells us little about the role of information, technical advice, or learning in the decision

making process. In contrast, our case histories indicate that information and the interaction between policy makers and technical staff and advisors and the prior experiences of decision makers were important factors in shaping outcomes.

The Bureaucratic Politics Approach

This approach to analysis permits more insight into the operational aspects of decision making; perhaps because of this, it also emerged as a useful tool of analysis in our case studies. A bureaucratic politics approach indicates that state policy is the outcome of competing activities among bureaucratic entities and actors constrained by their organizational roles and capacities.⁹ Bureaucratic and policy actors are considered to have different views on what policy should prevail and their views are shaped by their positions within government. Their influence over decisional outcomes is determined by factors such as hierarchy, control over information, skill in promoting preferred solutions, and resources that can be marshalled in support of particular positions. In this approach, the influence of class or group interests in society is left unaccounted for or is considered to be part of bureaucratic "games" in which public agencies acquire support groups to press for organizational or suborganizational interests. The independence of decision makers is potentially very great, limited only by the diverse interests of bureaucratic "players" themselves and by the influence of the regularized channels of interaction that are set by institutional frameworks.

In significant contrast to the class analytic or pluralist models, in the bureaucratic politics approach policy originates in the bureaucratic and policy making apparatus, not in societal

relationships of power and domination. At the same time, the approach is weak in its capacity to account for contextual and historical constraints on policy options -- or those that are central to a class analytic approach, for instance -- or in its ability to explain the role of technical analysis or professional consensus that cuts across bureaucratic boundaries and that can shape the decisions of policy makers.

The State Interest Approach

This framework is increasingly used in explaining policy choice in developing countries because it is able to account for the large and often leading role played by government in the process of economic development in such countries. A state interest approach indicates that the state has identifiable and concrete concerns about the definition and pursuit of "national development."¹⁰ These concerns are independent of the immediate interests or welfare of any particular group, class, class fraction, coalition, or alliance in society, although the state's interest may coincide with the interests of any of these entities at any particular historical moment. In this model, policy makers seek to expand the independence of the state from societal actors in order to have greater flexibility and power to pursue policies that will engender economic growth and social stability and help legitimize and prolong the life of the regime they serve. Policy makers therefore play active roles in adopting theories of development, attempting to put together supportive coalitions, legislating reforms, and creating new bureaucratic entities.

In the state interest approach, then, policy or institutional reform comes about because of the interaction of policy makers attempting to generate responses to public problems and the constraints placed upon them by political, economic, and social conditions and by the legacy of past policy. It is an important model for indicating the activism of political leaders and policy makers in determining policy outcomes and in focusing attention on how national development goals are shaped. This approach was reflected in our case studies in efforts to explain how technical information or models of economic development fit into decision making processes. At the same time, in much of the scholarly research done to date, state interest analysis has remained almost as distant from the "black box" of actual decision making as the class analytic and pluralist frameworks. Moreover, the approach ignores the potential importance of bureaucratic politics in shaping decisional outcomes.

The Public Choice Approach

The public choice approach focuses attention on the political rationales that underlie the selection of economic policy options by decision makers in developing countries. It seeks to explain policy by considering the desire of political elites to develop their countries and to remain in power.¹¹ According to the model, they are led initially to select policies that will extract resources from society to fuel efforts to industrialize. With time, these same elites will come under increasing pressure to extract and then "spend" public resources to maintain the political support of economically powerful actors. In a process that generates increasing economic inefficiencies and even irrationality, policy

makers become trapped in a cycle of flagging support, declining legitimacy, and increased expenditures but are unable to alter policies because of the political power of the beneficiaries of the status quo. The model thus combines important aspects of the pluralist and state interest approaches.

The public choice approach, adapting economic concepts to political interactions, demonstrates the barriers to reform that are created by preexisting policies and by the political relationships that they engender. This is an important accomplishment, but the model suffers in not being able to explain how or why reform does occur. Political leadership, ideology, technical analysis, international pressure -- none are able to break through the accumulated constraints on policy choice. Moreover, although it indicates the importance of the motivations of decision makers, public choice analysis tells us little about how their motivations are developed or altered over time.

The models of policy choice described above offer different answers to the dilemma of explaining policy change. Each has proved useful to scholars and others in describing aspects of change and stasis in the policies pursued by developing country governments. The case presenters in the workshop incorporated a number of elements and perspectives derived from these approaches in their analyses. However, participants in the discussions made clear that the models had limited predictive value in the reform experiences considered. Instead, the cases indicated that other factors were often more powerful in determining whether policy changed, and presenters emphasized the importance of an incremental process of policy making, starting with the setting of a policy agenda and

continuing through the long term implementation of policy. Thus, our case studies confirm the importance of understanding the interactions that occur during the entire process of policy making and implementation.

In the next section, we use the cases to outline several critical elements of decision making that focus greater attention on what occurs during the process of decision making and on the criteria adopted by policy makers in assessing options available to them. We believe an understanding of these factors can stimulate thinking about the process of reform and the perceptions of decision makers in making choices about policy and organizational change. In addition, insight into a variety of factors that influence decision makers can illuminate the strengths and weakness of how conventional models have explained why they make the decisions they do.

Four Critical Elements of Decision Making: Views from Inside the "Black Box"

Implicit--and at times explicit--in our cases of policy and institutional reform in developing countries were propositions or assumptions about why decision makers behave as they do when they are confronted by the issue of change. Although we did not impose any theoretical framework on the case presentations, patterns of explanation emerged during the workshop that were consistent enough to allow us to propose generalizations about four factors that appeared to have been influential in explaining decisional outcomes. The four elements--technical analysis, bureaucratic motivation, regime maintenance, and international leverage--are

briefly described in the following pages. Important characteristics of these factors are summarized in Table 1. As we will see, in the cases of actual reform decision making, more than one element is often adopted to explain change.

The Influence of Technical Analysis

In the case histories, decision makers were frequently portrayed as "rational actors" confronted by a difficult issue.¹² In such a situation, the decision makers appeared to have been strongly influenced by technical analyses of the problem area and advice about how best the particular problem could be solved. Important to the explanation of reform outcomes, therefore, was the insistence that technical analytic tools and advice based on sound problem analysis were persuasive to decision makers and central to the issues they considered. In explaining a reform initiative from this perspective, the reliance of decision makers on their technical advisory teams and the quality of information available to them is stressed. The important role ascribed to technical analysis in policy choice may reflect the fact that technocratic elites are central figures in policy making circles in many developing countries and the process of decision making itself is relatively closed and even secret. A supporting factor may be the complexity of the issues that political leaders are expected to address in shaping development policies in their countries, and in the need to explain their decision in terms of the promotion of the national goal of development.

Table 1
Elements of Policy and Institutional Reform Choice

Factors Influencing Decision Making	Criteria of Choice	Influential Actors	Contexts Where Criteria Likely to Be Most Influential
Technical Analysis	Information, analyses, and options by technical advisors, experts	Technocrats, Ministers, and other high level bureaucrats; Foreign advisors	Closed decision making processes; Relatively homogeneous societies; More authoritarian decision making styles
Bureaucratic motivation	Career objectives of individuals; Competitive position of units; Budgets	Ministers and other high level bureaucrats; Middle level bureaucrats	Large public bureaucracies; Careers tied to personal networks; Expanding or contracting budgetary resources
Regime maintenance	Stability of political system; Calculus of costs and benefits to groups, classes, interests; Military support or opposition	Dominant economic elites; Leaders of class, ethnic, interest associations; Military	Frequent regime change; New coalitions in power; Heterogeneous societies; Politically active military
International Leverage	Access to aid, loans, trading relations	IMF, USAID, World Bank; governments of former colonial powers; USA, international banks	Severe economic crisis; Extensive dependency; Ideological sympathy with aid giver; Political domination

46

The importance of technical analysis in decision making is often reflected in discussions of reform. For example, it is not unusual to hear statements such as, "The minister of finance became an early advocate of devaluation when his economic team demonstrated persuasively the impact the country's overvalued exchange rate was having on the capacity to generate foreign exchange through exports," or, "The prime minister, convinced of the need to increase agricultural production, called on the national planning agency to assess the problems of the sector and make recommendations for reform." In a recent study of structural adjustment in Korea, the author accorded considerable importance to the input of technical advisors. "...[T]he structural adjustment of the Korean economy stemmed from the initiatives of highly motivated and competent technocrats and economists working with the core economic ministry."¹³

In our case studies, the following statements reflect influence of technical analyses and advice on the choices made by decision makers:

On the decisions to pursue export-led growth in South Korea--"[a]s early as 1961, American-trained Koreans understood the importance of macroeconomic and market-oriented policy reforms but were not in positions of power.... Later, a foresighted deputy prime minister brought these young technocrats up through the ranks, often skipping them past more senior people."

On the decision to devalue in Ghana--Poor judgement about the consequences of devaluation resulted in part from the fact that "the cabinet was not well-equipped to evaluate the complex economic information given them, in reports that were intended for an audience of trained economists at the central bank.... Simpler memos with fewer recommendations should have been prepared to offer clear alternatives to the cabinet."

On rice pricing policy in Indonesia--"With solid evidence of the correspondence between consumption and price for wheat flour, the Indonesians adopted a pricing policy that helped finance the development budget....This relatively simple work legitimized price analysis to the minister of trade, the director of trade research, and [the food logistics agency] and enhanced the role of the technical analysts."

In these specific cases, technical analysis and advice were combined with other factors to explain a fuller range of influences on the decisions made by policy makers.

The Power of Bureaucratic Interactions

A second perspective that emerged in the workshop series signalled the importance of the bureaucratic politics that surround the selection of policy and institutional changes. Thus, several presenters had recourse to the bureaucratic politics model effectively developed by Graham Allison and implicit in his adage, "Where you stand depends on where you sit."¹⁴ In this bureaucratic motivation model, outlined in the previous section, decision makers within government are primarily concerned with making decisions or supporting positions that will enhance their own career opportunities and/or the fortunes--in terms of budgetary resources, influence over programs, prestige, or clientele--of the bureaucratic entities they lead or are part of. Our cases suggest that individual and organizational interests internal to the bureaucracy were important factors explaining the decisions made in several instances. In many situations, leaders in bureaucratic roles indicated serious concern for finding alternatives that were consistent with broad national interests.

Bureaucratic motivations--at both the individual and organizational level--are clear in statements such as, "The minister of trade was opposed to any reform that would weaken his agency's capacity to issue licenses, grant tax exemptions, pass on tariff regulations, or in any way lessen the rent-seeking capacity made possible by extensive regulatory power." From a more positive perspective, a study of reform decision making in Mexico indicated why high level officials in the government's marketing agency were willing to support change. "An expansion in the agency's activities implied a large increase in the amount of financial support it would need...A higher budget, in turn, introduced the possibility of enhancing the impact of the agency's programs. Concomitantly, as its activities affected more people in a beneficial way, CONASUPO could expect to become increasingly important to the government. Acceptance of the new policy was also attractive because it might easily result in presidential support and lead to improved career opportunities for the agency's management."¹⁵ Similarly, in explaining a specific case of choice of irrigation technology, Thomas concludes that technical criteria were eschewed in favor of issues more directly related to the internal dynamics of bureaucratic agencies. "Ultimately, it was the organizational requirements of the implementing agencies, including the aid donors, that determined choice of tubewell technology for East Pakistan."¹⁶

In the case histories, this element of decision making was given centrality by several presenters. Statements such as the following were used to account for the behavior of decision makers:

Building a planning agency in Colombia "evoked antagonism from other ministries because such a new agency might challenge their influence."

On planning reform generally--"To become a premiere technical agency, someone in power needs to turn to the planning agency and enhance its prestige, because of the weaker position it usually occupies in relation to the ministry of finance."

On decentralization in Kenya--"A minister or other senior official builds up his group of followers within the organization and these people don't want to disappoint him, so they don't send bad news up the ladder. Hence, information useful for change does not reach decision makers."

On health policy in Mali--"The Mali Health Project was part of a weak ministry...If changes in laws or regulations were needed, cabinet approval was required. With such a weak ministry, this process took too long and was oftentimes unsuccessful."

Again, the bureaucratic explanations for decision making behavior were combined with others in the case presentations. However, in several of the case histories, bureaucratic motivations appeared to have had central analytic importance in the interpretation of how reform occurred or did not occur.

The Significance of Maintaining the Regime in Power

A third element of decision making that emerged in the case histories stressed the importance of regime maintenance as a criteria applied by political leaders and policy makers. In this explanation, policy reform options are assessed by decision makers in terms of how reaction to them will affect the longevity of the regime in power or the particular leadership group wielding authority in a society. Thus, explicitly political criteria are applied to decision making and they tend to indicate the importance of building or maintaining coalitions of support for incumbent political elites. In a considerable amount of scholarly work, regime maintenance goals have been adopted as a way of explaining why certain policy options are "off-limits" because they impose heavy costs on important groups in society.¹⁷ They are also used to

explain how government actions are employed as "pay-offs" to maintain the loyalty of important groups or interests.¹⁸

Clientelism in the allocation of public resources is frequently cited to be a result of such systems. This element of decision making may be appropriate for explaining policy choice in many developing countries because of the fragility of the coalitions that support incumbent regimes and because of the limited legitimacy that makes them vulnerable to the performance expectations of supporters.

Frequently, those attempting to explain why particular changes are not made have recourse to regime maintenance criteria in decision making. They are likely to make statements such as, "The prime minister's principal support comes from the "X" ethnic group. How could he make a policy decision that would be so detrimental to their control over marketing in the country?" or "The military would not permit any modification of the structure of the state-owned enterprises they consider to be essential to national security goals." Similarly, an argument indicating the infeasibility of significant economic liberalization often focuses on the negative reaction of industrial elites who have benefited greatly from protectionist policies. At the broadest level, Robert Bates has argued that regime maintenance becomes the single most important factor in explaining the perpetuation of economically irrational development policies. "Governments want to stay in power. They must appease powerful interests. And people turn to political action to secure special advantages--rewards they are unable to secure by competing in the marketplace."¹⁹

In the case studies, regime maintenance goals were important to decision makers considering major policy changes:

On devaluation in Ghana--"The prime minister and cabinet decided to undertake the higher devaluation, which meant more revenues from export taxes to buy off urban elites and cocoa farmers. Although the policy makers were not trained economists, it seemed clear that they did know that the greater the devaluation the more money available to offer supporters."

On structural reform in South Korea--"Park was trying to consolidate his power within the power structure and at-large. Moving the economy contributed to the consolidation of power and provided a legitimating formula for Park's rule."

On health policy in Mali--"The project sites were selected on the basis of political criteria. The Malians had recently fought a 'soccer war' with Burkina Faso (then Upper Volta), and wanted to have a presence in the border area. [In another area], the government wanted to...forestall any shifts in political loyalty."

On agrarian reform in the Philippines--"Adoption of an agrarian reform was considered by some leaders of the government to be central to weakening the appeal of the insurgent National People's Army, but the fact that top leadership saw it as potentially disruptive of its support coalition meant that it was consistently given low priority in the government's policy agenda."

As with other decision criteria, policy makers in the cases rarely made decisions on the basis of regime maintenance goals alone, although the evidence suggests that such concerns tended to take precedence over other criteria in determining decision outcomes.

The Persuasiveness of International Leverage

A fourth factor that was frequently referred to in the workshop case histories emphasized the role of international actors and international economic and political dependency relations in determining the outcome of decision making about reform. The international leverage element is of considerable importance in a period of international economic crisis when foreign donors, governments, banks, and international agencies can put extensive

pressure on developing country governments to make recommended choices. It is also encountered in efforts to explain such issues as technology choice and institutional reform that become conditional on "rewards" from the international actors.

The persuasiveness of international leverage lies behind such often-heard statements as "The IMF forced the government to accept a cut-back in public sector investment of 'X' percent," or, "USAID made it clear that no further aid would be forthcoming unless immediate steps were taken to devalue." In a discussion of the politics of adjustment in several countries, for example, Stephan Haggard writes of Haiti that, "President Jimmy Carter's human rights policies placed new political constraints on the regime, forcing Jean-Claude Duvalier to reduce some of the more flagrant abuses in return for American support."²⁰ In our case studies, explanations for reform included reference to the strong influence of international actors or international dependency relations:

On structural adjustment in South Korea--"In early 1963,...the U.S. Ambassador was withholding PL480 food aid to put pressure on Park to quit politics and to get the Koreans to commit to a stabilization program. This pressure was decisive.

On rice pricing policy in Indonesia--"Indonesia experienced considerable problems with inflation in the late 1960s and early 1970s. The IMF put pressure on the ministry of finance to tighten up on credit. In turn, the ministry used the leverage provided by IMF pressure to put pressure on other agencies in the government."

On health policy reform in Mali--"The Mali Health Project...originated at the request of the Mali government which was seeking funds for medical inputs. USAID wanted to look at the entire health care system....AID took the lead on the project at the outset."

On planning reform in Argentina and Colombia--"Planning reform was pushed in Argentina and Colombia by the Alliance for Progress to deal with problems of the 'two-gap' model: the savings/investment gap and the foreign exchange gap."

The influence of technical analysis, bureaucratic interactions, regime maintenance concerns, and international leverage were factors that emerged repeatedly in the workshop cases offered by "insiders" in reform experiences. Case presenters indicated that decisional outcomes are not easily understood and that they require analysis of a complex set of interactions involving the motivations of decision makers, the criteria they apply to the decisions they make, and the constraints they perceive on the options available to them. Of course, these factors, taken singly or together, do not provide us with an alternative to the models current in the literature of political science and political economy. However, by providing greater insight into the process of decision making, they enable us to assess and amend conventional models for understanding reform.

Assessing the Models: What the Cases Suggest

Decision makers in the cases were frequently influenced by technical analyses and advice and appeared to have had variable capacities to assess goals and priorities in terms of their understanding or acceptance of technical aspects of reform initiatives. Technical analyses and technical advisors were prominent in shaping decisional outcomes in Indonesia and Korea; decision makers in these cases responded to the technical input and applied it to the problems they sought to solve. In Ghana, decision makers lacked the requisite economics training to assess the economic and political implications of the advice they received yet the advice itself was important in the choices they made. In terms

of the conventional models of policy change reviewed earlier, only the state interest model explicitly recognizes that policy makers may have goals and perceptions about national development that are not reducible to self-interest (pluralist approach; public choice approach), class interest (class analytic approach), or positional games (bureaucratic politics approach). But even the state interest model does not tell us how goals for national development are identified nor how technical advice is factored into choices and options. The case histories emphasize the importance of this process and suggest that reformers need to know under what conditions information or analytic input would be taken seriously by decision makers. The case of Ghana reflects well the complex way in which technical information combines with other factors in actual decision making contexts.²¹

Devaluation in Ghana in 1971

Under the leadership of Kwame Nkrumah, Ghana became the first independent black African country in 1957. In the early years of Ghanaian independence, cocoa, a highly volatile commodity, accounted for two thirds of all exports, and from one third to one half of government revenues. By the late 1960's, the economy was in shambles because of poor economic management and the vagaries of international prices for cocoa. Foreign exchange reserves were exhausted and the country was relying on supplier credits and short-term debt to keep the economy alive. A major devaluation in 1967 did little to bring economic or political confidence to the country. Political instability and regime changes reflected the deterioration of the post-independence confidence in Ghana's future.

A civilian government acceded to power in 1969, a year when cocoa prices were buoyant; economic progress seemed possible in spite of a continued failure to change economic policies. The minister of finance was a well-respected economist, and one of only a few people in the new government who had a deep understanding of the possible remedies to Ghana's recurrent economic woes. But he was loner who had very fixed ideas about what he wanted to do. In time, he would hold positions contrary to those of the prime minister. This would further isolate him from the rest of the government and, at a critical moment, rob the decision makers of important economic advice. Such a crisis was not long in coming. By 1971, the price of cocoa was down 20 percent and the economy was facing a major crisis. London importers would no longer ship

without payment on their debts. In a last ditch effort to avoid political instability, Prime Minister Busia got the British prime minister to persuade British banks to finance imports through Christmas. Continued support was to be contingent on Ghana obtaining support from the IMF. However, although discussions were held with the IMF, no concrete promises regarding financing were ever made.

At the end of 1971, the governor of the central bank called an emergency meeting to discuss ways of meeting the economic crisis. No one from the ministry of finance attended, underlining the antagonism between the minister and the rest of the economic decision makers. Without his assessment of the economic consequences of the decision, the prime minister and cabinet decided to undertake a major devaluation in opposition to the position of the minister of finance. The decision makers believed that a major devaluation would bring more revenues from export taxes to buy off urban elites and cocoa farmers. It later became clear that the cabinet was not well-equipped to evaluate the complex economic information given them in reports that were intended for an audience of trained economists at the central bank. The government decision to devalue was announced just before New Year.

In similar fashion, the case histories suggest the utility of the bureaucratic politics model for understanding how a multiplicity of competing agendas within a bureaucratic apparatus can shape decisions. In Mali, a health project faltered and then died largely because bureaucratic factors came to dominate decision making. However, this and other cases also provide us with evidence that to understand the way decisions are made, we need to look outside the bureaucracy for additional political and situational inputs and inside it to assess such factors as the technical information and advice that is available. In the Kenya case, for example, not only did bureaucratic politics influence the acceptance of reform, but also a major political change that altered the support group most important to the regime. This and other cases indicate how non-bureaucratic factors are introduced into decision making contexts that correspond closely to the bureaucratic politics model. The case of Colombia is instructive here.

Planning Reform in Colombia

Planning reform in Colombia got on the agenda when a new administration took over the reins of government and was seeking to enhance the role of the state in guiding the process of economic development. Previous administrations had ignored and weakened the planning institution; the task for reformers was to develop and enhance the prestige of the institution and attempt to build a non-political image for the planners so that they could have influence in a multisectoral decision making process, cutting across other agencies and regions and affecting public enterprises and the workings of the central government. A principal concern, then, was the bureaucratic position of the agency and its ability to work with--not in spite of--other ministries and agencies. Promoters of the enhanced role of planning in government were therefore very concerned about strategy and less concerned initially about the actual exercises undertaken by the revitalized agency.

A foreign advisor arrived in Colombia in 1966, shortly after a Liberal government had been elected, in order to help promote planning reform. Planning had withered under the previous Conservative government and the new president was interested in seeing the institution responsible for data collection and analysis revived. The intention of the president, the foreign advisor, and his chief counterpart was to make planning the serious heart of development in the country. Their strategy involved: 1) carving out an important and useful role for the national planning agency as a source of information; 2) gaining access to policy makers and encouraging them to rely on the information and analysis provided by the agency; 3) building support among prominent technocrats and important officials within the bureaucracy in order to have wide access to decision makers of different political persuasions; and 4) strengthening the competence, image, and staff spirit of the agency. Overall, this strategy was one of building a coalition of support within the government and within the society at large.

More specifically, internationally recognized scholars were invited to lecture at the agency, considerable efforts were taken to attract university professors into the agency, and efforts were made to carve out a niche for the institution as the technical secretariat of the economic and social committee of the cabinet. This committee had been identified by the reformers as the most efficient policy making body in the government and they had enthusiastic presidential support for assuming this role. Although the agency was formally charged with producing a national development plan, this became a very secondary priority to demonstrating the institution's more immediate usefulness to the government. As a result, the agency did a considerable amount of planning without ever writing a plan.

Regime maintenance goals figure prominently in several of the cases, much as a state interest or public choice model would predict. As we have seen, central to decision makers in Ghana was concern about how devaluation would affect the groups thought to be

important to the sustainability of the regime. In Korea, decision makers believed that economic performance was important in providing legitimacy to a new regime. In the Philippines, decision makers delayed action on agrarian reform in part because of concern about adverse political reaction. To a considerable extent, then, the cases affirm the theoretical assertions that underlie the state interest and public choice models. But the cases, by focusing on the process of decision making, demonstrate--in a way that neither of the models can--how regime maintenance goals actually influence the policy process and how judgements are shaped and altered by such concerns. Thus, the cases provide evidence about how such political criteria are factored into the decisions actually reached. The cases of Korea and the Philippines are instructive in this regard.

Policy Reform in Korea, 1960-1966

The collapse of the Syngman Rhee regime in 1960 opened the way for the adoption of stabilization policies and the initiation of important economic reforms in Korea. In the latter Rhee years, a broad range of policy instruments was tied to politics through the Liberal Party and constrained the economic development of the country. For example, licensing of all sorts, receipt of foreign exchange, and import-export business were all tied to the political machine, with Rhee having a direct hand in the allocation of many of them. Reformist technocrats were routinely ignored and circumvented. Violent student protest against his style of rule, poor economic performance, and complaints of a rigged election led to the demise of the regime in 1960. It was replaced by a short-lived civilian government that undertook economic reforms with only limited success. Then, a coup in May 1961 brought the military to power. The new military government, although split between older generals and younger, more radical colonels, was reformist in orientation and responsive to the broad concerns of the student protesters. Moreover, both groups had an incentive to improve the economy, if only to justify the coup.

Their task was not easy. Two bad harvests of rice and barley in the early 1960s created harsh food shortages. In the spring of 1964, rising food prices and threats by AID personnel to withhold PL480 food aid added to a sense of crisis within the Park Chung Hee government. In May 1964, the government made key economic changes to respond to severe problems. It agreed to devalue the Won, cut expenditures, and adopt tighter monetary controls. At the same

time, a new USAID team began to push for an export led growth strategy as Korea's path to long term stabilization. After the departure of the previous team, relations between the Americans and the Koreans became noticeably closer and as a result, the issue of export led growth became the chief issue of discussion.

The decisions to adopt such far reaching reforms were not easily made. Many Koreans had grown up under tight trade controls and import allocations and were familiar with an economy that limited business flexibility. In the mid 1960s, however, several reasons came together to overcome resistance to change. Perhaps the most important issue was the clear message sent by the Americans that U.S. aid would be cut back over the short term and gradually phased out over the longer term. The leadership thus faced a major loss of assistance at the same time as the bad harvests of 1962 and 1963 created inflationary pressures and the prospect of significant balance of payments problems. Export growth could be advocated as a way out of these economic problems. Also, as early as 1961, American-trained Koreans understood the benefits to be gained from macroeconomic and market-oriented policy reforms; however, at that time, they were not in positions of power. The foresighted deputy prime minister brought these young technocrats up through the ranks, often skipping them past more senior people. He could do this because he had a mandate from Park to get things done. But the most important factor in bringing about change was the concern Park had for consolidating and legitimating his power.

Park was trying to consolidate his power within the power structure and at-large. Moving the economy contributed to the consolidation of power the provided a legitimating formula for Parks rule. He was accomplishing this goal by shifting potential opponents out of government and creating loyalists through promotions. Domestic political opposition should have been expected to such drastic changes, especially since Park had barely won the previous election. However, the political opposition was fragmented. The students were still active, but the left had been squashed earlier and business was slowly coming into the government's camp. Apparently, only failure was going to stop implementation of the reforms. Toward the end of 1965, the success of the plan convinced people that export growth was really happening, creating an ex post confirmation of the strategy.

Agrarian Reform in the Philippines

When running for the presidency and on assuming office in February 1986, Corazon Aquino of the Philippines made several strong statements about the importance of greater equity in the countryside and the priority her government would give to land reform. It was widely anticipated that a comprehensive agrarian reform would be promulgated. Decisive action to bring about land redistribution was believed by many leaders and observers to be necessary to check the growing power of the left-wing rural insurgents, the National Peoples Army (NPA). Their numbers, area of influence and military success and power had been growing rapidly in the later years of the Marcos government. Much of their success was considered due to their advocacy of land redistribution and their success in doing this in areas where they had gained sufficient influence.

Contrary to expectations, and despite much talk and planning, little concrete action was taken to bring about a land reform. The new minister of agrarian reform was the last cabinet minister appointed. Several proposals for action in land distribution forwarded to the president's office in late 1986 were not acted upon. Reports were that they had been blocked by the president's executive secretary on the grounds that something so controversial should not be acted upon by executive order, but should wait for congress to be elected and convene.

In December 1986, an inter-agency task force on agrarian reform was appointed by the president. After several months of deliberations, it issued a report calling for a comprehensive land reform. The program it called for was so comprehensive and so expensive that it probably could not have implemented in the form proposed. However, no action was taken to modify it. In February, the minister of agrarian reform resigned to run for the Senate and once again a long period passed before a successor was appointed.

In the spring of 1987, a World Bank report to the government of the Philippines was leaked to the public. This strongly advocated an effective agrarian reform program. In the absence of such a program, the report predicted serious economic and political consequences. Such a strong advocacy position is unusual for the World Bank. At about the same period, a sub-committee of the U.S. Congress wrote an allocation of \$200 million earmarked for land reform into the aid legislation for the Philippines.

Many urged Aquino to take the initiative and set out a land reform program by executive order before a congress was elected. This was advocated because the new legislative body was expected to contain substantial representation of landed interests. Despite the external threat and urging from many quarters, no action was forthcoming from the presidential office for more than a year after President Aquino assumed power. Finally, in late July 1987, two months after Congress was elected, and a few days before it first met, the President issued an executive order on agrarian reform. Even that was not definitive, as it left crucial elements such as establishing land holding ceilings and levels of compensation to be enacted by Congress before implementation could take place.

President Aquino chose to address the NPA threat in other ways. Her first initiative was to offer amnesty to members of the NPA. Subsequently, her representatives and the NPA agreed on a two month cease fire and then initiated negotiations for a permanent end to the insurgency. These ended in failure in January 1987. She then vowed to eliminate the NPA militarily. Then, with a coup attempt of August 1987, President Aquino's sweeping political mandate was considerably limited. The department of agrarian reform (all ministries were renamed departments in 1987) continued to work on land tenancy cases, but the prospects of real land reform seemed remote.

International leverage is also important in determining the outcome of decisions in several cases, cases that indicate how dependency relations are reflected or altered within the "black box" of decision making. In Colombia and Argentina, pursuit of planning

reform might not have been undertaken without the influence and sweeteners offered by the Alliance for Progress. In Korea, pressure from the U.S. was decisive in the adoption of macroeconomic changes. As a factor in decision making, international leverage also indicates how donors become engaged in bureaucratic games in developing countries, suggesting the appropriateness of including them within a bureaucratic politics analysis. In the Latin American cases of planning reform, resources made available through the Alliance were used effectively within bureaucratic agencies to enhance the prestige and bargaining power of the agencies. In Mali, international actors played a very large role in the development and administration of a health program.

Health Policy Reform in Mali

The Mali Health Project (MHP) was a four year, USAID funded rural health program. MHP originated in 1975 at the request of the Mali government, which was seeking funds for medical inputs. However, USAID wanted to look at the entire health care system. After more than two years of study, a plan was drawn up that reflected USAID's interests more than those of the government of Mali. The resulting health program was to be located in two regions of the country. However, it took two days to reach each project site from the capital city, Bamako, and direct travel from region to region was impossible. This travel/communication problem was compounded by the insistence of the Malians that the project team be located in the capital rather than in a regional capital. In addition to these administrative problems, it was never clear who project personnel were responsible to or which authority, the Mali government or USAID, had the final say on project matters. Though AID lost interest in the project in terms of its content shortly after the contract was signed, it continued to be very involved in administrative matters. For example, AID officials were present at all meetings between project personnel and the Malian counterparts, a practice that was seen by the Malians to be inappropriate interference in the project. Not only did these poor relations make for considerable administrative confusion, they also left the project without much protection in disputes with other Malian agencies or ministries.

From the outset, the project confronted several problems. There was a shortage of doctors and most of them did not want to work outside Bamako. The project also had to deal with a severely understaffed Malian civil service. The government simply lacked

enough trained personnel, both in health and in general skills. MHP required that counterparts be assigned to work with it but the Malians did not assign the chief counterpart until six months after the project started. At the same time, the Malians had a vital interest in the project inputs, especially medical supplies and vehicles. Malian staff were particularly interested in project perquisites; at the local level, this meant the steady paychecks that came from the project and at the regional and national level, it meant access to vehicles and medical supplies. Finally, the MHP was placed in a weak ministry, a constraint compounded by its placement within the weakest part of the ministry, the Division of Public Health. If changes in laws or regulations were needed, cabinet approval was required. With such a weak ministry, this process took too long and was oftentimes unsuccessful. Moreover, without AID's support, the process was made even more difficult.

Thus, our brief foray inside the "black box" suggests that conventional models of policy choice ignore much of the complexity and variability of decision making and that they are not sufficiently process-oriented to explain change as well as stasis. In the next section of the paper, we suggest that the four important factors that influenced decision makers tended to vary depending on whether the reforms affected macroeconomic issues, sectoral policy, or organizational reform, an outcome that is itself the result of the way these reforms tend to get on the agenda for decision makers.²² Thus, we use the case studies to indicate that different types of reform--macroeconomic adjustment, sectoral reform, or organizational change--tended to get on the agenda for decision making in different ways and that decision makers are influenced by the agenda setting process in selecting among sets of decision criteria. Here we attempt to link the process of agenda setting to the factors that appear to have the greatest influence on decision makers. A subsequent section of the paper considers implementation in terms of an ongoing process of decision making linked to agenda setting and policy formulation.

II.

Agenda Setting, Reform Issues,
and Decision Making

Most reform initiatives result from what Albert Hirschman has called "pressing" or "chosen" problems. Pressing problems are those "that are forced on the policymakers through pressure from injured or interested outside parties;" the latter are those that decision makers "have picked out of thin air" as a result of their own preferences and perceptions.²³ Pressing problems are generally those in which a perception of crisis is apparent. Many of the policy changes currently being advocated fall into the category of crisis-induced reforms in which considerable pressure develops to "do something" about a problem if dire economic and social consequences are to be avoided. Many other reforms, however, are "chosen" by policy makers and are pursued in a less pressured environment of "politics as usual."

We believe this distinction is useful for explaining how issues got on the agenda for decision makers in our workshop cases, and also for predicting how they will be treated in the decision process. Macroeconomic and some sectoral reforms tended to get on the decision makers' agenda as pressing problems, the solution to which was sought under conditions of perceived crisis. Devaluation in Ghana, structural adjustment in Korea, agrarian reform in the Philippines, and rice pricing policy in Indonesia would fall into this category of pressing problems. In contrast, institutional reforms and other sectoral policies tended to get on the decision making agenda as chosen problems and solutions were sought under

conditions of politics as usual. Decentralization in Kenya, planning reform in Argentina and Colombia, and health policy reform in Mali correspond to this pattern.

When reform issues got on the agenda as pressing problems, the decision making process was dominated by the perception among decision making elites that the stakes were very high and that the "wrong" decision could bring significantly adverse political and economic consequences. In the cases of reforms such as structural adjustment or agrarian reform that were pressed upon decision makers by international agencies, other governments, or domestic groups, the sense of crisis and risk was considerable. These pressing reforms tended to emphasize major changes from preexisting policies. That is, prior policies were considered to be fully implicated in the causes of crisis and had to be rejected if the crisis were to be overcome. At the same time, decision makers were often aware that such major change would provoke considerable opposition, particularly from sectors that were benefiting from the status quo. They also felt under pressure to make the "correct" decision because they perceived little opportunity for trial and error or for correcting faulty choices, given the perception of high political and economic stakes.

Moreover, in the cases of high stakes reforms, policy makers were not fully in control of the timing of the introduction of reform. Policy advocates controlled significant resources that they used to force the decision makers to take action--international loans or aid are good examples of such resources, as are the threats to withhold investment or to stimulate political protest that are frequently used by domestic pressure groups to generate response

from policy makers. Thus, the policy makers perceived that they had to react to the pressure, whether they wished to do so or not, and their capacity to avoid making difficult economic and political decisions was reduced. The decision makers were not without power or room to maneuver in cases of pressing reforms, but their control over action and timing were significantly reduced by the role assumed by policy advocates outside the decision making apparatus. Because of these high risk factors, pressing reforms received ongoing high level attention, regardless of the identity or preferences of those who held high level decision making authority within the government. Moreover, issues were generally decided by a relatively small group of decision makers with little outside participation. Many of these characteristics were apparent in the case of rice pricing policy in Indonesia.

Rice Pricing Policy in Indonesia

In the case of pricing policy for rice in Indonesia, a series of policy changes was made over the course of twenty years, beginning in the 1960s. The changes reflected the government's concern about the impact that food prices would have in urban areas and that imported rice and subsidized prices had on the management of the budget. The specific policy options adopted indicated the government's confidence in the technical advice it received from a team of food policy analysts. The timing of the changes, however, reflected broader political concerns about food prices during periods of perceived economic crisis.

Rice price stability is an important objective in every country in Asia. In Indonesia, it has been important since at least the 16th century when the Dutch established a number of mechanisms and institutions, such as extensive irrigation systems, to assure rice production and price stability. These were taken over by the Indonesians at independence. During Sukarno's rule, cabinet changes were made when rice prices rose unexpectedly. In the following years, rice price stability remained a central policy goal. In contrast to other countries, however, Indonesia used its rice prices to foster development and to stimulate rural areas, not to rob them of surplus. How the country achieved this success starts with policy changes in the 1960s. At that time, foreign food policy analysts presented the government with solid evidence of the correspondence between consumption and price of wheat flour. As a result, the government adopted a pricing policy that helped finance

the development budget. They sold PL480 wheat at a price that brought money into the development budget. This relatively simple analysis and advice legitimized price analysis to the minister of trade, the director of trade research, and BULOG (the food logistics agency) and enhanced the role of the technical analysts.

In the mid 1960s, the domestic economy was unstable and the government began to experience inflationary problems. As part of the response to these economic concerns after the New Order government came to power, the ministry of finance, under pressure from the IMF, tightened up on credit, depriving the food logistics agency of money to purchase the necessary amounts of domestic rice to sell at the established, subsidized price. Concern over supplies heightened in 1972 when the country experienced a rice crisis as a result of poor harvests world-wide that depleted the thin international rice market; the country could not find enough to import. Until this point, Indonesia's efforts to achieve rice self-sufficiency were not successful. The government's concern was principally to ensure low rice prices to consumers. However, subsidized consumer prices threatened to break the budget. This problem was changed with the rise in oil prices in the 1970s. The government had been concerned with prices for urban consumers and strains on the budget paying for rice. With oil money, these two constraints disappeared. The government could easily pay for rice with its oil revenues and it made no attempt to set domestic prices at border prices. In contrast to earlier periods, the government became worried about the quantity of rice in world markets. By the mid 1970s, Indonesia was the world's largest rice importer, regularly buying 25 percent of the international market supply. It decided to deal with this vulnerability by increasing domestic production through investment in rural development and agriculture and by stimulating competition in the domestic rice market. In addition, it needed to strengthen the institutional capacity of BULOG. As a consequence of important policy changes (and the introduction of new high-yielding, pest-resistant rice varieties), rice production increased at a rate of 7 percent a year between 1978 and 1986.

In 1985, however, a new economic crisis emerged. The government budget was being squeezed by huge input subsidies and revenues were down because of the fall in oil prices. When rice prices collapsed in 1986, BULOG continued to borrow money and to run up its debt. This placed the institution at the center of the government's concerns for reform. It had become one of the most effective food logistics agencies in the world, but in a budget crunch, it became vulnerable to criticism because of its demands on the budget. By the mid 1980s, then, bringing greater discipline into the budget at a time of economic crisis became crucial after food security (self-sufficiency) had been achieved.

In contrast, chosen problems such as decentralization or health policy reform were perceived by decision makers to entail little political or economic risk. Under conditions of politics as usual, our evidence suggests that policy makers were not convinced

that dire consequences would result if the reform were not immediately pursued. Change was conceived as incremental, with considerable scope for trial and error or scaling up if initial efforts provided positive results. Implementation capacity was a concern, and improving such capacity tended to prolong the duration of the reform. More time was available for studying the implications of change and there was greater potential for the reform to become sidetracked by other issues or pushed to the bottom of the policy agenda by more pressing issues. More bureaucratic maneuvering and concern with possible sabotage or resistance was characteristic of reforms undertaken under politics as usual conditions.

Moreover, chosen problems presented policy makers with considerably more room for maneuver and control. By definition, they were able to determine the timing of the initiative and the extent to which it was actively pursued. Policy advocates tended to encourage the pursuit of reform when moments appeared to be propitious for it and put it on a back burner when conditions seemed to be adverse to its success. They were able to take advantage of the chosen nature of the issue in order to build supportive coalitions and to manipulate opposition into neutrality or quiescence. The reforms, to be pursued effectively, had to be adopted as "pet projects" or significant priorities by political leaders; conversely, when they failed to achieve high level support, policy advocates had to keep them alive as long term goals. In general, then, chosen problems provided policy makers with greater control over the timing and content of reform but may also have robbed them of the pressured political environment that could act as

a stimulus to change. The case of decentralization in Kenya indicates a number of characteristics of instituting reform under conditions of politics as usual.

Decentralization in Kenya

In 1976, the Kenyan government, at the urging and with the financial backing of USAID, agreed to develop a program of planning and administrative decentralization. The project was initiated even though program documents offered no definition of decentralization and no one in the government appeared to have definite ideas about what should be done. However, the more central concern was whether anyone in the government wanted such a program. Although a few strategically located people--such as the minister of planning--believed that economic decisions made at the local level would foster more rational policies, President Jomo Kenyatta had pursued a successful policy of centralization since independence in 1962. His strategy was to increase the central government's capacity to provide benefits to his fellow tribesmen and therefore to help sustain the political regime. As a result, by the 1970s, ninety-five percent of the development budget was controlled from Nairobi. A policy of decentralization conflicted with political and bureaucratic interests in maintaining control of economic resources.

In the early period, when there was no political support and little bureaucratic interest, the approach taken by project personnel was to build up a constituency for reform. This meant finding important groups in national and local administration and interesting them in activities that could advance the goals of the project. They had very limited success in this endeavor. For example, one project was to get the central ministries to disaggregate their spending. The vice-president was persuaded to send out a letter to this effect to the concerned ministries. However, no subsequent attempts were made to implement this project. Simply because a high official ordered a particular action was no guarantee of compliance when there were disagreements in government about the direction of decentralization policy and when it threatened the power of the central ministries.

With Kenyatta's death in August of 1978, a change occurred in the political relevance of decentralization. The new president, Daniel Arap Moi, needed to build his own constituency of support and saw decentralization as a way to distribute benefits that would increase loyalty to him. As a result, efforts at decentralization became politicized, with the office of the president becoming very involved. Even with increased implementation efforts, the central role assumed by the president's office in decisions on decentralization conflicted with the perceptions and interests of the ministries. Thus, in spite of continued high level support, progress toward decentralization was sporadic and slow. Projects such as decentralization have long gestation periods when political and bureaucratic incentives for adoption are weak.

Given these characteristics of the agenda setting and decision making process, our cases provide an opportunity for exploring decision making elements and relationships among them. The hypotheses presented below are based on the experiences considered in the workshop series, and attempt to specify the relationships among agenda setting, type of reform, and decision making. If these hypotheses prove to have some validity, they might acquire some predictive value that would be useful to advocates of reforms. We believe that, overall, the cases suggest that pressing reforms are adopted or rejected most frequently in conformance to the criteria of regime maintenance and that chosen reforms most frequently reveal the priorities of bureaucratic motivations. Technical choice and international leverage often figured as important factors in explaining policy outcomes, but were generally subordinate factors to the regime and bureaucratic considerations of decision makers.

The following four hypotheses indicate our effort to generalize from a limited number of cases of policy and institutional change in order to stimulate further research into the process of reform.

When pressing reforms concern macroeconomic issues, decision making tends to be dominated by concern about regime maintenance. Technical analysis and international leverage often assume importance in these decisions, but usually remain subordinate to concerns about regime maintenance.

Example: In Ghana, a decision to devalue was taken by political elites in the expectation that the resulting economic changes would benefit groups whose support was critical to the incumbents. In the event, however, their decision contributed significantly to the overthrow of the regime, a fact explained in large part by the policy makers' failure to understand the economic dynamics they were putting in motion. The model that best explains the decision is therefore that of regime maintenance, but it is also evident that the failure to consider technical choice issues encouraged regime breakdown.

When pressing reforms concern sectoral issues, decision making tends to be dominated by concern about regime maintenance.

Technical input and bureaucratic motivation are important, but not decisive, in explaining policy choice under such conditions.

Example: The agrarian reform issue in the Philippines was a controversial one. Many members of the Aquino cabinet as well as other politically and economically powerful Filipinos were adamantly opposed to agrarian reform. Moreover, President Aquino's family had large land holdings which would be affected by any agrarian reform measure. Her family holdings were well run and productive. So in addition to family and class interests, which could affect her thinking, she was familiar with the model of an efficient large land owning system. On the other side there was also powerful support for action. A strong provision was placed in the draft constitution, but then watered down in the final version. Many leading educators and business people also advocated agrarian reform. After the coup attempt of August 1987, the Aquino government's political base seemed too insecure to undertake serious land reform.

When chosen reforms concern sectoral issues, decision making outcomes tend to be dominated by bureaucratic concerns.

Technical input is important, but not decisive, in explaining policy choice under these conditions.

Example: Planning reform in Argentina was introduced over a considerable period of time and was based on efforts to establish the bureaucratic prestige and importance of a technical agency in government. Although international and domestic non-governmental actors were involved in urging the development of planning in Argentina, reformers did not perceive that dire consequences would result if they were not successful in introducing change. Instead, they perceived that they had considerable time to engineer institutional change; they gave considerable attention to the strategies available for strengthening the planning apparatus in the country. The case indicates the relationship that often exists between bureaucratic power and the role available to technical advisors.

When chosen reforms concern organizational change issues, decision making tends to be dominated by bureaucratic motivations. Regime maintenance can be an important, but not decisive, factor in explaining organizational reform outcomes under these conditions.

Example: In the Mali project to develop low cost health care through the training of village health workers and the establishment of village dispensaries, decisions made in the process of project design and implementation were strongly influenced by bureaucratic politics. The inability of the project to achieve greater impact on the health sector in Mali largely reflected the intragovernmental concerns of the decision makers.

Table 2 summarizes the hypothesized linkages among agenda setting, type of reform, and decision making elements. The possible relationships among these variables that are suggested in the hypotheses indicated above require considerably more research if they are to be posed as useful reflections of a wide variety of reform experiences in developing countries. They have been generated for further research on the basis of a limited number of cases. Nevertheless, we believe they are interesting enough to stimulate further study; if they have some validity, they can

provide guidance about how reformers can encourage the adoption of significant changes in policies and institutions that affect the potential for economic development.

III.

Implementation, Reform Initiatives, and Sustainability

The task of policy and organizational reform is only begun when issues are placed on a problem agenda for decision makers and choices are made among a variety of responses to these problems--including decisions not to address the issues at all. At times, the process of policy choice may even be relatively easy compared with a much longer and more conflict-ridden arena of reform implementation.²⁴ Decisions may be taken, decrees signed, regulations framed, and laws passed in the absence of any real commitment on the part of policy makers actually to pursue the reforms. Clearly, some reform decisions are more sustainable than others because they are more sensitive to the political, economic, and administrative environments in which they will be pursued. For most reforms, critical moments for sustainability occur during their implementation. It is during this part of the policy process that conflict, resistance, and "slippage" will become most apparent to advocates of reform and when the often contradictory goals of development policies will become most evident.

The task of implementing policy and organizational reforms varies significantly depending on the requirements of the reform

Table 2
Agenda Setting and Decision Making

Agenda	Characteristics of Decision Process	Type of Reform Issue	Most Influential Decision Making Criteria	Supportive Decision Making Factors
Pressing (crisis)	Perception of high stakes; Major changes existing policies; Potential for opposition; Inability to avoid decision; High political cost; High level attention; Small number of decision makers	Macroeconomic Adjustment	Regime Maintenance	Technical Analysis International Leverage
		Sectoral Adjustment	Regime Maintenance	Technical Analysis Bureaucratic Motivation
Chosen (politics as usual)	Perception of low stakes; Incremental Change; Possibility of long process of coalition building; Need for high level support Sporadic high level attention; Potential to be overtaken by events	Sectoral Adjustment	Bureaucratic Motivation	Technical Analysis
		Organizational Adjustment	Bureaucratic Motivation	Regime maintenance

initiative. In our case histories, presenters identified some reforms that were relatively self-implementing and others in which the process of implementation involved lengthy, difficult, and often conflict-ridden efforts to engender compliance and responsiveness to reform objectives. In both cases, sustainability was fragile, but for distinct reasons. It appeared to have been largely determined by regime maintenance factors in one case and by bureaucratic politics in the other. Again, these hypotheses are derived from a limited data base and are offered as guidance to further study of the reform process.

As indicated by our case studies, the principal task in implementing some reforms is to build consensus among decision making elites that the reforms are essential for economic development and feasible within a particular political and administrative context. This is the case with some macroeconomic policy changes that, once agreed to, are effectively self-implementing. Altering an exchange rate, for example, may be an extremely difficult change to agree to, but once policy makers have reached a consensus broad enough to allow them to make the decision, and the central bank has adopted the change, the task of implementation is essentially accomplished. Many of the structural adjustment reforms currently being advocated for developing countries would fall into this category. In these cases, the problem of sustainability is initially addressed when policy options are determined and the task for reform advocates is to devise policy recommendations that are sensitive enough to political and social

realities to allow for the development of consensus among policy makers about the economic desirability and the political feasibility of the proposed reforms.

The perception of crisis that tends to surround such reforms can do much to encourage important changes, of course, but much of what is proposed critically affects vested interests and entrenched biases in the distribution of benefits of prior policies. Considerable conflict is likely to be centered within the decision making process. For those who disagree with the reforms made or who are harmed significantly by them, conflict over sustainability will continue to occur after the decisions are made and the stakes may come to involve the sustainability of the regime in power. Our Ghana case demonstrates this dynamic clearly.

Several factors contributed to the unraveling of regime support for the Busia government before and after the devaluation decision. First, military spending had been cut prior to the devaluation and this had weakened the support of the armed forces for the government. Second, the policy makers overlooked the fact that imports were purchased under 180 day credit agreements. This forced merchants to raise the price of goods on the shelf immediately after the devaluation because the goods had not yet been paid for. Several days after the devaluation, as complaints about price rises increased, the government rolled back prices on items that had earlier been purchased with 180 day credits. But by then, considerable damage to the government's support had been done. Third, the government did not try to use the program as a lever to get critical IMF support, nor did it ever meet with the IMF to discuss the program of reforms. In large part, this occurred because of the opposition to the devaluation that came from the ministry of finance. The Busia regime was overthrown on January 13, 1972.

In contrast, other reforms discussed in our case histories required extensive and ongoing efforts to alter existing behavior, monitor performance, and ensure that extensive "slippage" did not occur between a decision to make a change and the accomplishment of the reform. At times, these changes were relatively easy for policy makers to agree upon, as in the cases of decentralization in Kenya

and planning reform in Colombia and Argentina. The problems they introduced for implementation began after the decision had been reached to pursue them. At this point, administrative structures, bureaucratic behavior, and opposition activities had considerable capacity to stymie the reform initiatives. Implementation was therefore a complex process that frequently encompassed years of effort. In recognition of this long-term process, reform advocates often gave considerable thought to strategies for sustaining the changes once they were introduced. The case of planning reform in Argentina is a good example of this kind of reform initiative.

The planning effort in Argentina was initiated in 1962, when the political situation was unstable. A civilian government was about to resume power from the military and local institutions were weak. The Alliance for Progress and some domestic policy makers were interested in building a stronger base for data and analysis that could be called upon in making economic policy decisions, particularly those related to the availability and use of foreign exchange. A foreign advisor was assigned to help rebuild the planning department in Argentina. Initial efforts to utilize private sector agencies to assist the moribund planning agency were unsuccessful because officials of the new government resisted sharing potentially important information with those who had different political ideologies or alliances. Subsequent efforts to promote planning in the country focused on attempting to enlist high level support for a technical corps that could present decision makers with clear options in policy and attempting to build greater expertise and esprit de corps within the agency. The objective of the promoters of reform at this period was to build a serious professional organization to enhance the internal and external prestige of the agency. This was important in order to carve out a place for technical analysis and advice that would give the agency power in decision making but that would at the same time protect the institution from becoming politicized, overly identified with one party or group in power, or too much of a threat to other government agencies.

Implementation processes can therefore be differentiated in terms of those that are most affected by consensus building and those that are most affected by the pursuit of a lengthy strategy for eliciting compliance and responsiveness. In the case of consensus building, problems of sustainability will be addressed by

a relatively limited number of high level decision makers who interact with each other frequently and intensively. Their responses to particular problems will be significantly shaped by the pressure they feel to "do something" about a crisis situation and their own sense of the high stakes involved. Thus, a critical aspect of such cases is concern over regime maintenance. In the case of the longer term pursuit of an implementation strategy, the decision makers will be numerous and their impact on reformist initiatives may be widely dispersed geographically and temporally. Their responses to particular reforms will be significantly shaped by how they think the changes will affect their economic, political, or administrative positions and the benefits that might accrue to the organization, group, or class they belong to or identify with. Thus, a critical component of such cases is the impact of bureaucratic politics and such reforms are often reversed by the weight of existing bureaucratic routines and interests.

A set of hypotheses can be suggested about the relationships between implementation processes and determinants of sustainability that are based on the evidence in the case studies. As potential guidance for further study, we suggest that:

When self-implementing policy reforms are undertaken, their sustainability tends to be determined by the degree of consensus among policy makers about the wisdom of the reform and the reaction of opponents after the initiative is carried out. Sustainability is significantly affected by the stability of the regime in power and the power of its opponents.

Examples: Devaluation in Ghana

Rice pricing policy in Indonesia

When non-self implementing policy reforms are undertaken, their sustainability tends to be determined by the reaction of opponents to the change and the compliance and responsiveness of bureaucratic actors charged with carrying out the reform. Sustainability is significantly affected by the nature of bureaucratic politics and the way in which political interests penetrate the administrative apparatus.

Examples: Stabilization and trade reform policies in Korea

Agrarian reform in the Philippines

Health policy in Mali

Rice pricing policy in Indonesia

When organizational reforms are undertaken, their sustainability tends to be significantly determined by the reaction of bureaucratic actors and units. The implementation of organizational reforms is largely determined by the nature of bureaucratic politics within the affected organizations, and the extent of political support for change.

Examples: Decentralization in Kenya

Planning reform in Argentina

Planning reform in Colombia

As suggested by these hypotheses, the potential for sustaining important changes is determined in distinct arenas. The critical arenas for considering issues of implementation and sustainability

for self-implementing reforms are the interactions and discussions of policy makers during the process of policy choice and the reactions of social forces after decisions have been made. The critical arenas for considering issues of sustainability for non-self implementing reforms are the bureaucratic entities charged with implementation and the reactions of affected interests in society to the changes. The critical arena for assessing issues of sustainability of organizational reforms is the bureaucratic entities that are affected by the changes. Table 3 summarizes these propositions that link implementation arena and sustainability. If these relationships prove to have validity for a wide range of reform initiatives in developing countries, they can provide some guidance to reform advocates in where to direct their efforts to bring about substantial changes in policies and institutions.

IV.

Conclusions

Three principal areas for addressing economic stagnation and poverty in developing countries have been a focus of discussion in the 1980s. First, specialists in development have emphasized the importance of an appropriate macro-policy environment to stimulate economic growth and distribution. Second, they have argued that sectoral policies must be framed in such a way as to encourage efficiency and responsiveness to market forces. Third, they are in agreement that entrenched and inefficient bureaucracies constrain the potential for development in many countries. Inappropriate

46a

Table 3
Reform Issues, Barriers to Implementation, and Sustainability

Reform Issue	Critical Arena for Conflict	Implementation Task	Sustainability Issue
Macroeconomic Policy	Decision making	Build consensus among decision makers; Manage reaction to policy change	Regime maintenance
	Public reaction		
Sectoral Policy	Public reaction	Manage reaction to policy change	Regime maintenance
	Bureaucracy	Promote compliance and responsiveness to reform goals within bureaucracy	Bureaucratic politics
Organizational Innovation	Bureaucracy	Promote compliance and responsiveness to reform goals within bureaucracy	Bureaucratic politics

macro and sectoral policies and inefficient bureaucracies therefore must be reformed if growth and development are to occur according to these development specialists. However, planners, policy makers, and politicians in developing countries generally weigh these important dictums against equally pressing and important concerns about political stability, legitimacy, and support building and bureaucratic compliance and responsiveness.

This paper has presented an initial discussion of the dynamics of policy and institutional change as they are understood by participants in such initiatives. In this undertaking, we have attempted to illuminate aspects of decision making that are conventionally treated as if they occurred within a "black box". Eight experiences inside this black box have been used to consider how issues are placed on a decision making agenda, what criteria of decision making are adopted by policy makers, and what factors affect the implementation and sustainability of reform initiatives. The patterns that emerged from the cases were consistent enough to allow us to propose a series of generalizations; many of which emphasize the interrelationships among agenda setting decision making, and implementation. We believe that further research and analysis along these lines will be useful for generating recommendations for reform advocates in their efforts to bring about desirable changes in the policies and institutions that currently act as a brake on development in many countries of the third world.

NOTES

1. We define macroeconomic issues as those which have a wide impact on a national economy, regardless of sector. Exchange rates, interest rates, and inflation rates are examples of macroeconomic issues. Sectoral issues refer to those which primarily affect the economic conditions or performance of a particular sector of the economy, such as agriculture or industry. Organizational issues refer to those that affect the performance and responsiveness of public institutions such as ministries and state-owned enterprises. The advocacy of reforms in macroeconomic and sectoral policies and institutions is reflected in publications such as World Bank, Financing Adjustment with Growth in Sub-Saharan Africa, 1986-1990 (Washington, D.C.: The World Bank, 1986); Bela Balassa, Gerardo M. Bueno, Pedro-Pablo Kuczynski, Mario Enrique Simonsen, Toward Renewed Economic Growth in Latin America (Washington, D.C.: Institute for International Economics, 1986); USAID, Approaches to the Policy Dialogue (Washington, D.C.: USAID, December, 1982); Commission on Security and Economic Assistance, "A Report to the Secretary of State" (Washington, D.C.: Department of State, November 1983). For a discussion, see John Cohen, Merilee Grindle, and S. Tjip Walker, "Foreign Aid and Conditions Precedent: Political and Bureaucratic Dimensions," World Development, Vol. 13, no. 12 (December 1985), pp. 1211-1230.
2. USAID, Approaches to the Policy Dialogue, p.1.

3. World Bank, Toward Sustainable Development in Sub-Saharan Africa, (Washington, D.C., 1984), p.48.

4. The term reform is used advisedly throughout this paper. Those promoting particular policy and organizational changes consider that they are attempting to bring about reform, a change that will lead to a more desirable outcome than current practice permits. However, policies do not always achieve the goals intended by their proponents. Moreover, what is a more desirable outcome for one may be a less desirable outcome for another. We do not consider reform necessarily to constitute improvement. Our personal views do not consider all the proposed reforms advocated either in our own cases or in the broader literature of policy liberalization and reform to be necessarily better. We believe that we can analyse the process and why it worked, or didn't, without making any judgement on whether the reform proposition should have been adopted.

5. A list of workshop presentations appears at the end of this paper.

6. The case presenters in the workshop were asked to address six questions: 1) How do policy reforms get on the agenda of government concern? 2) How do the perceptions and leadership abilities of decision makers shape the potential for and content of reforms? 3) What is the role of technical information and technical advisors in shaping the content of policy reforms? 4) How do organized and unorganized interests affect the content of and potential for reform? 5) How does the process of implementation affect the sustainability of policy reform?
7. Class analytic approaches to explaining policy in developing countries are found in Fernando Cardoso and Enzo Faletto, Dependency and Development in Latin America (Berkeley: University of California Press, 1979); Samir Amin, Imperialism and Unequal Development (New York: Monthly Review Press, 1976); Ellen Trimberger, Revolution from Above: Military Bureaucrats and Development in Japan, Turkey, Egypt, and Peru (New Brunswick, N.J.: Transaction Books, 1978). See also Nicos Poulantzas, Political Power and Social Classes (London: New Left Books, 1973).

8. Pluralist approaches to explain policy choice are found in many texts on American politics. A classic statement of "interest group politics" is David Truman, The Governmental Process (New York: Knopf, 1951). See also, early political science discussions of political development implicitly adopted pluralist models that focused on "inputs" and "outputs" but not on how one was transformed into another. See, for example, Gabriel Almond and James Coleman, eds. The Politics of the Developing Areas (Princeton, NJ: Princeton University Press, 1960); and David E. Apter, The Politics of Modernization (Chicago: University of Chicago Press, 1965). More recently, Tony Killick has used a pluralist approach in explaining development policy making as a "balancing act" among competing interests, "a process of conflict-resolution in which social tranquility and the maintenance of power is a basic concern..." (p. 176). See his "The Possibilities of Development Planning," Oxford Economic Papers, Vol. 28, no. 2 (July 1976), pp. 151-184.
9. The bureaucratic politics approach is most closely identified with Graham Allison, Essence of Decision: Explaining the Cuban Missile Crisis (Boston: Little, Brown, 1971).

10. A state interest approach is adopted in Douglas Bennett and Kenneth Sharpe, Transnational Corporations Versus the State (Princeton, N.J.: Princeton University Press, 1985); and Merilee Grindle, State and Countryside: Development Policy and Agrarian Politics in Latin America (Baltimore, MD: Johns Hopkins University Press, 1986); Pranab Bardhan, The Political Economy of Development in India (New York: Basil Blackwell, 1984); Stephan Haggard and Chung-In Moon, "The South Korean State in the International Economy, Dependent or Mercantile?", in John Ruggie, ed., The Antinomies of Interdependence (New York: Columbia University Press, 1983, pp. 131-189). For a critique, see Joel Migdal, "Strong States, Weak States: Power and Accommodation," in Myron Weiner and Samuel Huntington, Eds., Understanding Political Development (Boston: Little, Brown and Company, 1987, pp. 391-434).

11. The public choice approach to explaining policy choices in developing countries is most closely identified with the work of Robert Bates. See, in particular, his Markets and States in Tropical Africa (Berkeley: University of California Press, 1981). See also Clifford S. Russell and Norman K. Nicholson, eds., Public Choice and Rural Development (Washington, D.C.: Resources for the Future, 1981).

12. In the sense used here, rational actors are those who accumulate all available information in order to understand and assess a particular problem. They consider all possible options for responding to the problem and select the alternative that most effeciently enables them to achieve their stated goals.
13. Whang In-Joung, "Korea's Economic Management for Structural Adjustment in the 1980s." Paper prepared for a World Bank and KDI Working Party Meeting on "Structural Adjustment in NICs: Lessons from Korea," Washington, D. C., June 19-20, 1986, p. 13.
14. Allison, Essence of Decision, p. 176.
15. Merilee S. Grindle, Bureaucrats, Politicians, and Peasants in Mexico: A Case Study in Public Policy (Berkeley: University of California Press, 1977), p. 91.
16. John W. Thomas, "The Choice of Technology for Irrigation Tubewells in Eastern Pakistan: An Analysis of a Development Policy Decision," in C. Peter Timmer, et al., eds., The Choice of Technology in Developing Countries: Some Cautionary Tales. (Cambridge, MA: Harvard University Press, 1975), p. 57.
17. See, for example, Stephan Haggard, "The Politics of Adjustment: Lessons from the IMF's Extended Fund Facility," Interational Organization, Vol. 39, no. 3 (Summer 1985), pp. 505-534.

18. See Bates, Markets and States in Tropical Africa; Stephan Haggard, "The Politics of Adjustment: Lessons from the IMF's Extended Fund Facility," International Organization, Vol. 39, no. 3 (Summer 1985), pp. 505-534.
19. Bates, Markets and States in Tropical Africa, p. 4.
20. Haggard, "The Politics of Adjustment," p. 514.
21. Synopses of all cases are based on the presentations made in the HIID Workshop series and have not been altered through additional research. Thus, they are meant to capture the perspectives of those who were involved in the decision making process at the time that critical decisions were made about pursuing or rejecting reform. Further research into these and other cases is clearly required to test the validity of the propositions. Nevertheless, we believe the cases are persuasive enough to suggest the importance of further study.
22. Not all problems become issues for public concern. A problem solving agenda is set when a problem--high incidence of infant mortality, large public sector deficits, inflation, etc.--is raised as an issue for government action. Problems get on a decision making agenda in a variety of ways--for example, through public pressure, international concern, pet ideas of political leaders, and/or political party platforms.

23. The distinction was originally made in Albert Hirschman, Journeys Toward Progress (New York, W.W. Norton and Company, 1963), pp. 254-335 and discussed in "Policymaking and Policy Analysis in Latin America: A Return Journey," in Albert O. Hirschman, Essays in Trespassing: Economics to Politics and Beyond (New York: Cambridge University Press, 1981), p. 146.

24. For a discussion of the process of policy implementation in developing countries, see Merilee S. Grindle, ed., Politics and Policy Implementation in the Third World (Princeton, N.J.: Princeton University Press, 1980).

HIID Workshop on Promoting Policy Reform
in Developing Countries

List of Sessions and Preseters

Note: Gregory Gottlieb of the Kennedy School of Government served as rapporteur for the workshop series and produced valuable written summaries of the presentations that were the basis of the cases presented in the text of this paper. We wish to acknowledge his valuable contributions to this project. We also wish to thank the individuals listed below for the time and effort they devoted to preparing and presenting the cases.

Tony Killick, "Policy Reform and International Adjustment,"
September 30, 1986

John Thomas, "Agrarian Reform in the Philippines," October 8, 1986

Richard Hook, "The Policy Process in LDCs: Some Thoughts on Theory
and Policy with Special Reference to Kenya," October 29, 1986

Richard Mallon, "Planning Reform in Argentina and Colombia,"
November 12, 1986

Joseph Stern and Michael Roemer, "Reform under Crisis: Devaluation
in Ghana in 1971," December 17, 1986

David Cole and Stephan Haggard, "Policy Reform in Korea, 1960 to
1966," March 3, 1987

Richard Cash, "Testing Alternative Health Policy Options in Mali,"
March 17, 1987

Peter Timmer, "Food Policy in Indonesia: Policy Change and
Institutional Development," April 7, 1987

EEPA PROJECT DISCUSSION PAPERS

1. "The Effect of Policy and Policy Reforms on Non-Agricultural Enterprises and Employment in Developing Countries: A Review of Past Experiences", Steve Haggblade, Carl Liedholm, and Donald Mead; March, 1986.
2. "On Measuring Relative Efficiency In a Size Distribution of Firms", Tyler Biggs; May, 1986.
3. "The Question of Political Feasibility: Approaches to the Study of Policy Space", Merilee Grindle; March, 1986.
4. "Location Theory and the Size Distribution of Firms", Jeremy Oppenheim; March, 1986.
5. "Economy-wide Models for Analyzing Policy Reform", Jeremy Oppenheim; April, 1986.
6. "What Drives the Size Distribution of Firms in Developing Countries?", Tyler Biggs, Jeremy Oppenheim; November, 1986.
8. "Prospects and Perils for Small and Medium Enterprises in Outward-oriented Industrial Expansion: Lessons from Korea and Taiwan", Brian Levy; November, 1986.
9. "Lewis Through a Looking Glass: Public Sector Employment, Rent-Seeking and Economic Growth", A. Gelb, J.B. Knight, R. H. Sabot; January, 1987.
10. "The Political Economy of Policy Change in Developing Countries", Merilee S. Grindle, John W. Thomas; October, 1987.
11. "Investment requirements and the Participation of Korean and Taiwanese Firms in Technology-Intensive Industries", Brian Levy, Wen-jeng Kuo; forthcoming, October, 1987.
12. "The Strategic Orientations of Firms and the Performance of Korea and Taiwan in Frontier Industries: Lessons from Comparative Case Studies of Keyboard and Personal Computer Assembly", Brian Levy, Wen-jeng Kuo; forthcoming, October, 1987.
13. "Export Intermediation and the Structure of Industry in Korea and Taiwan", Brian Levy; forthcoming, October, 1987.