The IMF and Economic Development

Why do governments turn to the International Monetary Fund (IMF) and with what effects? In this book, James Raymond Vreeland examines this question by analyzing cross-national time-series data from throughout the world. Vreeland argues that governments enter into IMF programs for economic and political reasons, and he finds that the programs hurt economic growth and redistribute income upward. By bringing in the IMF, governments gain political leverage – via conditionality – to push through unpopular policies. For certain constituencies, these policies dampen the effects of bad economic performance by redistributing income. But IMF programs hurt doubly the least well-off in society: They lower growth and exacerbate income inequality.

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To Mom, Dad, and Kristen

The IMF and Economic Development

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CAMBRIDGE
UNIVERSITY PRESS

CAMBRIDGE UNIVERSITY PRESS
Cambridge, New York, Melbourne, Madrid, Cape Town, Singapore,
São Paulo, Delhi, Dubai, Tokyo

Cambridge University Press
32 Avenue of the Americas, New York, NY 10013-2473, USA

www.cambridge.org
Information on this title: www.cambridge.org/9780521016957

First published 2003
Reprinted 2005

A catalog record for this publication is available from the British Library

Library of Congress Cataloging in Publication data

Vreeland, James Raymond, 1971–
The IMF and economic development / James Raymond Vreeland.
p. cm.
Includes bibliographical references and index.
ISBN 0-521-81675-0 – ISBN 0-521-01695-9 (pb.)
1. International Monetary Fund. 2. Economic assistance. 3. Economic policy. I. Title.
HG3881.5.158 V74 2003
332.1´52 – dc21 2002071482

ISBN 978-0-521-81675-5 Hardback
ISBN 978-0-521-01695-7 Paperback

Transferred to digital printing 2010

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Acknowledgments

This study would not have been possible without the guidance and support of many colleagues and friends. Special thanks go to Adam Przeworski, who has been there every step of the way. Rare is the professor who takes on an apprentice and teaches his craft as Adam does. This book was born out of collaborative work with him, and I am fortunate to have him as both a teacher and a friend.

I began this project as a graduate student in the Department of Politics at New York University where I benefited from close personal interaction and great collegiality with my professors and fellow students. For specific suggestions in the early stages of this project I am grateful to Bill Clark, George Downs, Mike Gilligan, Stathis Kalyvas, Marek Kaminski, Carmela Lutmar, Bill Pink, and Sebastian Saiegh. I am especially grateful to Youssef Cohen, David Denoon, Jennifer Gandhi, Covadonga Meseguer, and Elisabeth Wood, who read a first draft of the manuscript, offering many detailed comments and much helpful advice.

Leaving NYU, I was fortunate to join the Department of Political Science at Yale University where I have been surrounded by a wonderful group of colleagues who make coming to the office a real pleasure for me. For reading drafts of chapters and offering helpful comments, I am grateful to José Cheibub, Keith Darden, Geoff Garrett, Bill Foltz, Tasos Kalandrakis, Fiona McGillivray, John Roemer, Susan Rose-Ackerman, Frances Rosenbluth, Bruce Russett, Nicholas Sambanis, Ian Shapiro, Alastair Smith, and Allan Stam. I would especially like to thank Greg Huber, who read a close-to-final draft of the entire manuscript and whose suggestions greatly improved the substance and style of the book. I have also benefited from fantastic students at Yale who took my seminar on the IMF while I was working on this project. They were a special group who offered helpful suggestions on various aspects of the study.

I received helpful comments from many colleagues outside of Yale and NYU. In particular, I thank Bob Albritton, Neal Beck, Sarah Brooks,

Tom Callaghy, Jon Elster, Barbara Geddes, Miriam Golden, Ira Katznelson, David Lake, Martin Edwards, Louis Pauly, Beth Simmons, George Tsebelis, and Tom Willett. Research for this project was presented at the Claremont-Fletcher Workshop on the Political Economy of the IMF, the Rockefeller Center at Dartmouth College, the International Relations Colloquium at the Institute of International Studies at the University of California at Berkeley, the Department of Political Science at Ohio State University, the Department of Political Science at Columbia University, the Department of Political Science at the University of California at San Diego, the Duke University Conference on International Institutions, and meetings of the American Political Science Association, the International Studies Association, the Midwest Political Science Association, the Latin American Studies Association, and the Public Choice Society. Numerous participants in these various forums have offered useful comments and suggestions for which I am grateful.

I also thank the anonymous reviewers of the manuscript for their excellent suggestions, and my editor at Cambridge, Lewis Bateman, for his interest in the project and his help throughout. For financial support, I thank Carnegie Corporation of New York and the Bradley Foundation.

On a personal note, I would like to acknowledge people whose influence much earlier in my life led me to this project. For first introducing me to the study of politics, I thank Donn Avallone, and for first introducing me to the study of the IMF, I thank Winsome Downie. Beyond academia, I am grateful to all of my friends and family who have taken an interest in my work.

Finally, I am grateful to my mother, father, and sister, who not only have provided loving support but also have contributed to the book by reading and commenting on several drafts. In addition, my sister Kristen generally took care of me while I was a graduate student, buying me clothes and providing me a place to stay when I needed it. My mother, an avid reader of *The New York Times*, scoured the newspaper on a daily basis, clipping articles for me to make sure that no news about the IMF would ever slip past her son. I thank my father for his undivided attention to my manuscript, his many suggestions, and his countless hours of meticulous editing. He is a great teacher, both as a father and as an academic, and my decision to enter into academia has been due to his influence. It is to my family that this book is dedicated.