



IMF Working Paper

The Speed of Adjustment and the Sequencing of Economic Reforms: Issues and Guidelines for Policymakers

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Abstract

The views expressed in this Working Paper are those of the author(s) and do not necessarily represent those of the IMF or IMF policy. Working Papers describe research in progress by the author(s) and are published to elicit comments and to further debate.

This paper reviews the issues involved in determining the appropriate speed of adjustment and the sequencing of economic reforms, focusing on considerations relevant to policymakers. It points out that the debate between the protagonists of a high-speed approach and those favoring a gradualist approach is based primarily on the weights given to adjustment costs, policy credibility, reform feasibility, and risk assessment. It underscores the importance of appropriate sequencing and the impact of sequencing on the speed of adjustment and reforms. The paper concludes by highlighting factors that policymakers should consider when selecting their approach toward speed and sequencing.

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