THE NEW GLOBARECONOMY AND DEVELOPING COUNTRIES: MAKING OPENNESS WORK

DANI RODRIK

DISTRIBUTED BY THE
JOHNS HOPKINS UNIVERSITY PRESS

Contents

Foreword	vi
Executive Summary	1
Chapter I. Introduction	
A Day in the Life of a Finance Minister.	6
The New Global Environment for Development	7
Making Openness Work	12
Importance of a Domestic Investment Strategy	15
Importance of Strengthening Domestic Institutions	
of Conflict Management.	
Implications for International Governance	
Conclusion	
Chapter 2. Openness in Perspective	
Why is Openness Important?	
Importing Ideas.	
Importing Goods and Services	
Importing Capital.	
\$ Importing Institutions	
Export Fallacies.	
Export (and DFI) Fetishism Export Pessimism	
Two Unlikely Cases of Export Success.	
Conclusion.	
Chapter 3. Investment Strategies	43
Two Country Vignettes	
Heterodox Opening in Mauritius	
Investment Policies in East Asia	
Export-Led Growth?	49
Investment Incentives.	52
What About Hong Kong?	
Investment Transitions.	58
Conclusion	62
Chapter 4. Managing Turbulence in the World Economy	67
Getting Recent Economic History Straight	
The Golden Period of Growth	

Oil Shocks and Debt Crises: The Watershed Years.	74
Where Does the Ability to Adjust Macropollcles Come From?	77
Shocks, Macropolicies, and Social Conflicts	78
Cross-National Evidence	82
Shocks Redux: Managing the Asian Financial Crisis	
and the Virtues of Democracy	
Three Lessons of the Asian Crisis.	
Why Thailand and South Korea Coped Well	
Why Indonesia Coped Poorly.	
Discussion.	
Improving Institutions of Conflict Management	
Improving the Credibility of the State Apparatus. Improving Mechanisms of Voice.	
Improving Social Safety Nets and Social Insurance	
Conclusion.	
Chapter 5. Is Africa Different?	
•	
Introduction	
Why Is Africa "Marginalized in World Trade?	
What Determines Trade Performance In Africa?	
The Determinants of Economic Growth Within Africa	
Country Experiences	
. Reform and Recovery: Ghana and Uganda	
' Reform Without Growth: Mali and Gambia	
Conclusion	
Chapter 6. Summary and Implications.	
A Modern-Day Fable.	
The Promise and Perils of Openness	130
How Much Is Really Known about Economic Policies for Sustainable Growth?	142
International Constraints on National Policy	
A Question of Accountability	
·	
Appendix	
References	157
About the Author	166
About the ODC	167