

Table 5.1: Necessary conditions of new-developmentalism

- Development-minded political leadership and economics bureaucracy not blinded by neo-liberal ideology and are free from rent-seeking coalitions
- Active industrial policy
- Bureaucracy capable of overcoming coordination failures and able to provide right incentives
- Embedded central bank; Active exchange rate management and avoiding overvaluations; Capital controls and prudential financial regulation
- Tariff protection, subsidies and directed credit for infant industries
- No constraining trade or investment treaties
- Emphasis on high value added exports and limits on balance of payments disequilibrium
- Favorable investment climate: Macroeconomic equilibrium; low debt service and indebtedness; low macroeconomic volatility and uncertainty; complementary public investments for crowding-in
- Institutional experimentation
- Social policies for poverty and inequality reduction
- Human capital build-up with labor acquiring skills necessary for infant industries

Source: Adapted from Grabel and Chang (2004), Rodrik (1994, 2001, 2004), Wade (1999), Chang (2008), UNCTAD (2003, 2006).