

THE POLITICAL ECONOMY OF REVIVING INDUSTRIAL POLICY IN AFRICA

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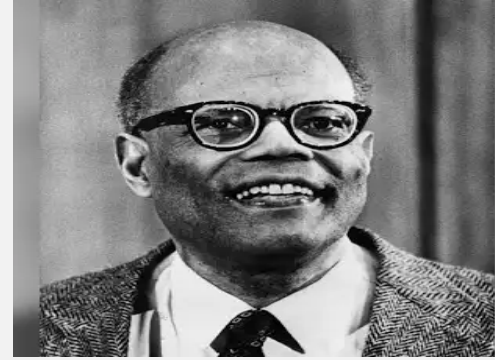
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STRUCTURE

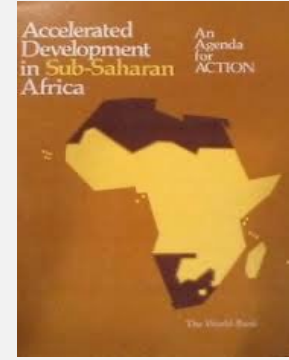
- **The Evolution of Industrial Policy Debates**
- **What does the Return of Industrial Policy Look like in Academia and Practice**
- *The Anti-Politics of Industrial Policy*
- **Why ‘Anti-Politics’ Matters for Industrial Policy Practice**
- **Is There a Solution?**



Arthur Lewis



A.O. Hirschman



Anne Krueger

But what about the 'political' constraints to financing IP + also investing in learning and tech. capabilities of domestic firms



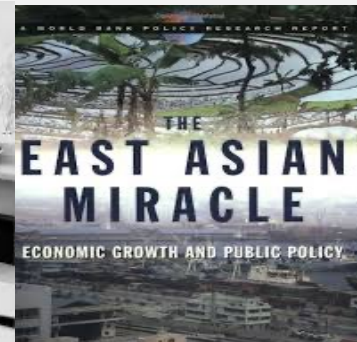
Alice Amsden



Robert Wade



Bela Balassa



H-J Chang

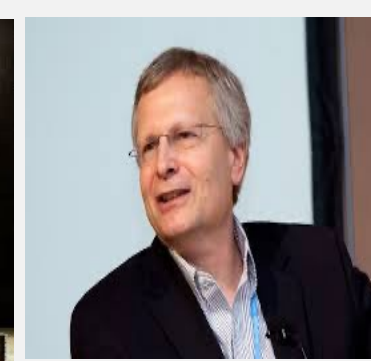
Arkebe Qqubay

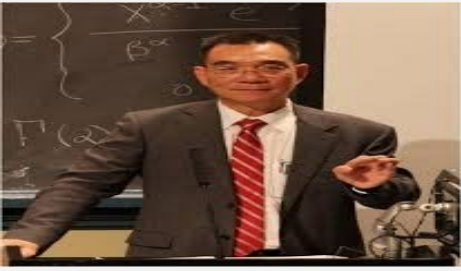
Justin Lin

Mariana Mazzucato

Dani Rodrik

Ricardo Hausmann





NEW V/S ALTERNATIVE INDUSTRIAL POLICY



Both underline that IP requires more than 'getting prices right'/ will require state intervention
 Differ in interpretation of evidence, trade models and the extent of defiance of CA.

CONTEMPORARY DEBATES: SECTORS, MARKETS, Domestic v/s Int Firms
NOTHING ABOUT FINANCE OR POLITICS

| | The New Industrial Policy | Alternative Industrial Policy |
|-----------------------------------|--|--|
| <u>Methodological Roots</u> | Neoclassical Economics | Interdisciplinary Political Economy |
| <u>Role of the State</u> | Minimal, Facilitating State Horizontal IP | Active, interventionist state/Picking Winners Vertical IP |
| Attitude to Comparative Advantage | Stay Close to Comparative Advantage (wasteful ren—seeking) | Defying Comparative Advantage Industrial Policy is acknowledged to be a 'messy', long process (including failure) |

REGIMES OF IP

| IP REGIME | ISI | Market-led | Export-First | Domestically-Oriented |
|-------------------|--|--|--|---|
| Time Period | 1950s/1960s | 1970s onwards | 1990s onwards | Post-2012/2015 |
| Kinds of policies | ISI Linkages Dom. Market | Market-led policies Anti-IP | SEZ Lead firm linkages | Regional IP Capturing Dom. Linkages? |
| Who benefited? | Dom. Firms Politicians | Traders/Importers Donors/MNCs | Donors/MNCs GVC lead firms | Domestic/Regional Firms |
| Who advocates? | EDE Nationalist | IFIs Donors Domestic Politicians | Mainstream consensus Donors/IFIs | Pan-African govts? |
| Constraints | Politics Tech. capabilities of dom. firms | Empowering austerity ministries Reduced govt. expertise/dom firms | Contradictory IP Traders/TNCs | Contradictory IP Limited gov. expertise Diplomatic |

ANTI-POLITICS OF CONTEMPORARY IP

- Difficulty in empirically evaluating industrial policy
 - Wastage v/s 'industrial policy as process' (failure characterizes industrial policy)
 - Focus on quantitative rather than qualitative case studies
- Focusing on which sector is best
 - How far IP stays away from comparative advantage (aversion to rents)
 - Agriculture (like industry), conventional industry) or services?
 - Which markets (domestic, regional, international) or all
 - Focus on GVC 'lead firm' rather than attention to diversifying access to markets
- **LEARNING RENTS**
 - Reciprocal control mechanisms or how to incentivize learning
 - Political Settlements



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CONCLUSION

- The Detachment of the Focus on Getting IP Right OR
- The **POSSIBILISM** of how Govts experiment from a subordinate position in GPE
- Can a technical focus on reducing wastefulness be accompanied by:
- A Thinking and Working Politically Analysis of **POLITICAL CONSTRAINTS**

