

China and USA concur on industrial development?

A 27 July article published by the *South China Morning Post* reveals that if you have a modicum of understanding of history, Chinese “President Xi Jinping’s ‘Made in China 2025’—which aims at rapidly expanding its hi-tech sectors, and developing an advanced manufacturing base and high-end supply chains—sounds less Chinese and almost American.” The article, “[Industrial policy: the economic practice that dares not speak its name in America](#)”, by Alex Lo, reports that many nations are returning to adopting industry policies, propelled by competition with China.

Most nations have a history of some version of industrial policy, Lo wrote. “If by industrial policy, we mean concerted government efforts to promote specific industries identified as being critical to national security

and/or economic competitiveness, then practically every country in its early developing phase or during post-war recovery has pursued it one way or another.”

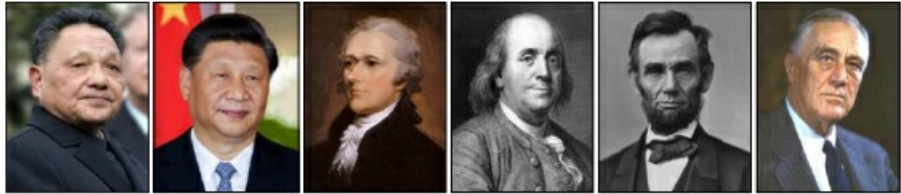
None more so that the USA and UK. He mentions: “Alexander Hamilton’s *Report on the Subject of Manufactures* to the US Congress has been credited as the first American tract on industrial policy. ... While Hamilton’s ideas focused on protecting particular industries and promoting what we today call national champions, Benjamin Franklin, himself a scientist, advocated public promotion and funding for research and infrastructure building. ... Abraham Lincoln was a big believer in high tariffs, infant industry protection and heavy government spending on infrastructure such as building canals. Throughout the 19th century and up to the Great Depression, as the US became the world’s pre-eminent power, its tariffs were among the world’s highest.

“Franklin D. Roosevelt’s New Deal and the World War II national mobilisation were the ultimate industrial policy that also achieved full employment.

“In recent decades, though, Reaganomics, neoliberal economic orthodoxy and its anti-Keynesianism, freetrade globalisation and Wall Street deregulation all conspired to deny or at least underplay this crucial part of America’s economic history.”

The author concludes: “What an irony that in competing against Xi’s China, his critics think Biden is becoming like the Chinese when he is just returning to good old American (economic) roots!

“In the end, the Chinese aren’t real communists, and the Americans aren’t real capitalists. And maybe, just maybe, we aren’t all so different after all.”



The Chinese leadership from Deng Xiaoping to Xi Jinping, and US leaders Alexander Hamilton, Benjamin Franklin, Abraham Lincoln and Franklin Roosevelt, have industrial policy in common. Photos: Wikipedia