

Industrial Policy

Political Science

Governments deliberately shaping the structure of the economy.

The case for

- Coordination failures markets do not solve
- Learning and scale effects in new sectors
- Strategic dependencies and security
- Directing investment toward decarbonisation

The objections

- Governments picking winners badly
- Capture by incumbent firms
- Difficulty of withdrawing support
- Subsidy competition between states

THE DIFFERENCE THAT MATTERS

Design matters more than the principle: conditions, sunset clauses and evaluation determine whether it works.

Educational reference. The historical record is mixed and contested; success cases and failures are both well documented.