

Industrial policy in the context of globalisation, climate change, international decoupling and the new technological revolution

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1st The new development prerequisites

- What kind of development do we want?
- Under what conditions?
- What should we watch out for and what should we avoid?
- What are the conditions of a European intervention in the common developmental future and wellbeing of humanity that answer the above questions?

The *essential 'prerequisites'* for development:

- The *'natural prerequisite'*, i.e. mitigating global warming and generally environmental degradation;
- The *'social prerequisite'*, i.e. tackling oligarchic gigantism, booming inequality, increasing part time and precarious employment, prioritising social needs versus individual frivolous luxuries;
- The *'international prerequisite'*, i.e.
 - preventing clashes and a possible sudden, disruptive 'decoupling' between the West and the "Rest" (i.e., especially the USA vs China and Russia)
 - promoting a climate of international co-operation, otherwise we have little chance of preventing either climate change or strengthening social cohesion.

2nd New development and decision making models with new and increased roles for civil society, state and the interstate system (a)

- The model of political-economic planning after 1980, reduced state intervention and gave increased weight to the market and its "magical" properties. The result was often catastrophic, not even the pace of growth was satisfactory. Growth relied heavily on countries that didn't follow the rules of the "Washington Consensus" (China, Asian tigers), while the "obedient students" (e.g. EU, L. American countries), benefited little. Increased growth caused a deterioration of the 3 prerequisites mentioned above.
- **The market performs well** when: there are no major risks and uncertainties, the horizon is short-term, the benefits are reaped rather than diffused, oligopoly is avoided, there is an extensive network of infrastructure and support, social and political things are calm.

2nd New development and decision making models with new and increased roles for civil society, state and the interstate system (b)

- **We need a new socio-political and economic system**, accompanied by the individual and collective values that will enable its operation. We need to downgrade the importance of the market mechanism and strengthen the role of the state, of civil society and its institutions.
- **The complex challenges of the 21st century cannot be met by just reviving or updating the market mechanism.** New mechanisms and values must be devised, with an emphasis: on collectivity and cohesion, on sustainability and international co-operation; on controlling and restricting the market and on a new, increased role for civil society, the state and an international system.
- Significant **interventions in transnational institutions are** necessary to tackle inequalities, insecure precarious employment, setting climate change targets and monitoring their achievement. Without it, free riders will continue to exist.

3rd A new industrial restart for the E.U. prioritising manufacturing and core-periphery cohesion

- **Manufacturing should be at the epicentre.**
- **Manufacturing is a vital engine of development** since innovation and technology adaptation is the outcome of formal R&D procedures & of the 'learning in' process that takes place within production.
- **EU must admit the partial failure to secure a coherent** future for its member states: huge differences between them (South+ East vs North). This contributes to its failure to become a global leader in innovation and technology. Unfortunately, this is not a widely communicated nor shared opinion within the E.U. leadership and the major countries.
- Beyond its new industrial strategies revolving mainly around green and 'industry 4.0' developments, it is time for the **E.U., to revisit its regional, coherence and competition policies.**