

## **Industrial Policy in the US and in China. Shall we expect an economic war between the two countries?**

by **Marco R. DI TOMMASO**

Università degli Studi di Ferrara: <http://docente.unife.it/dtmrc>

c.MET05 - National Centre for Applied Economic Studies: <http://www.cmet05.it>

EmiliaLab - Dipartimenti di Economia di Ferrara, Modena, Reggio Emilia, Parma: <http://www.emiliab.it>

---

*prepared for: "Globalization, Human capital, Regional Growth and the 4<sup>th</sup> Industrial Revolution".  
Emilia Romagna Region - Bologna, 20/10/2017*

The 2016 US presidential campaign - and these first months of Trump's Presidency - have opened again the debate between market versus government intervention as one of the most critical economic and political controversy. In a context where many American people seem to be unhappy about their current status it has again been easy to propose simple rhetorical solutions: more or less reliance on markets and, vice versa, more or less government intervention. For example protection from foreign imports to defend the nation's jobs and companies, or shrinking government to promote fiscal austerity. The media as well as the specialized press and the official presidential speeches very often recalled the "better times" of the past, when market and government played their "proper" roles. Recalling "old ideas" about government intervention and free markets has been profitable, to gain immediate political consensus at both ends of the political spectrum. However, this is a false dichotomy. The US has relied on markets but, since its Independence, the true story of American growth, industrialization and structural change is also about government interventions. And this is the first point that we highlight with this paper: the continuity of government presence during the whole American history of growth and industrial development.

Then, in the second part of this paper, we focus on China and on the main determinants of its more recent successful industrial growth. Few doubts in this case: since the end of the Seventies, industrial planning and industrial policy have driven the structural change of the Chinese Economy and Society. China has gradually opened its economy to international markets and private capitals but still the main actor of this process has been its government.

In this setting, in the last four decades, the relationship with the US has been crucial for China's structural change and development; and, vice versa, in the same period China's growth has been central for American prosperity. Today, this era of mutual benefits seems over and serious economic conflicts appear more than possible. The scenario is transformed because the relative positions of the two countries have changed: the interests of the US industry and the interests of the Chinese industry have to find a different new equilibrium. The implicit agreement for which China would enter the world trade system without challenging the technological leadership of the US no longer seem to hold. Are the US and China destined to cooperate, compete, or fall to conflict? Will American government defend its

national industry with anti-china interventions? Will protectionism and economic nationalisms prevail? Shall we expect to experience an economic war between the two countries? Many questions, too few certain answers.

## REFERENCES

Di Tommaso M.R., Tassinari M., Bonnini, S., Marozzi M., (2017) "Industrial Policy and Manufacturing Targeting in the US: New Methodological Tools for Strategic Policy-making." *International Review of Applied Economics*, doi: 10.1080/02692171.2017.1303036.

Zheng, G., Barbieri, E., Di Tommaso, M.R., Zhang, L., (2017) "Economic and technology development zones, SEZ and other special economic enclaves: Zooming in on the Chinese case", in *China Economic Review*, doi: 10.1016/j.chieco.2016.01.001.

Di Tommaso, M.R., Bonnini, S., Yue, Q., (2017) "Focusing on the Chinese Health Industry: an empirical enquiry on the TCM listed firms. Is Large and Private Beautiful?", in *International Journal of Health Technology and Management*, Vol. 16, Nos. 1/2, 2017.

Rubini, L., Di Tommaso, M.R., Schweitzer, S.O., (2017) "Healthcare in China. Challenges and opportunities", in *International Journal of Health Technology and Management*, Vol. 16, Nos. 1/2, 2017.

Di Tommaso, M.R., Tassinari, M., (2017) "Industria governo e mercato. Lezioni americane", Il Mulino, Bologna.

Pollio C., Barbieri E., Rubini L., Di Tommaso M. R., (2016) "Attrarre basta per innovare? La via cinese nell'industria dell'auto" in *L'Industria - Rivista di economia e politica industriale*, Il Mulino, Bologna, N. 4/16, 2016.

Rubini L., Di Tommaso M.R., Barbieri E., (2015) "Special Economic Zones and Cluster Dynamics: China", in *International Encyclopedia of the Social & Behavioral Sciences* (2nd edition), Elsevier, pp. 207-212.

Barbieri, E., Di Tommaso, M.R., Tassinari, M., (2015) "Politiche industriali selettive e settori strategici. Lo scenario e scelte di Pechino" in *L'Industria - Rivista di economia e politica industriale*, Il Mulino, Bologna, N. 3/15.

Rubini L., Tassinari, M., Di Tommaso M.R., (2015) "Transatlantic Trade and Investment Partnership (TTIP). Alcune riflessioni sulle implicazioni per l'industria europea e Americana", *Economia Marche-Journal of Applied Economics* Vol. XXXIV, No. 1, June 2015.

Di Tommaso M. R., Tassinari M., (2014) "La politica industriale contemporanea tra crisi economica e impatto ambientale. Un'applicazione al caso dell'industria manifatturiera negli Stati Uniti", in Augusto Ninni (a cura di), *Politica industriale e sviluppo sostenibile*, Collana di economia industriale e applicata, Parma, Dipartimento di Economia Università di Parma, 2014.

Di Tommaso M.R., Sarcina A., Bonnini S., (2014) China: industrialization, growth and territorial disparities. A challenge to the sustainability of the process of change and development, Il Mulino, Bologna, in *L'Industria - Rivista di economia e politica industriale*, N. 3.

Di Tommaso M.R., Tassinari, M., (2014) "Governo e Industria negli Stati Uniti. Le pratiche del passato e il dibattito sulle politiche del presente", in *L'Industria - Rivista di economia e politica industriale*, Il Mulino, Bologna, N. 3/2014.

Motta L., Li P., Zhao M., Di Tommaso M.R., Rubini, L., (2014) The research on intellectual capital measurement based on Chinese Institutional Environment, in "管理学报 (Guanli Xuebao) - Chinese Journal of Management", vol. 11, n. 9.

Di Tommaso, M.R., Schweitzer, S.O., (2013) "Industrial Policy in America: Breaking the Taboo", Cheltenham England: Edward Elgar Publishers.

Di Tommaso M.R., Rubini L. and Barbieri E., (2013) "Southern China: Industry, Development and Industrial Policy", Milton Park Abingdon United Kingdom, Routledge.

Barbieri E., Huang M., Di Tommaso M.R. and Lan, H., (2013) Made-in-China high-tech national champions of business excellence, in *Measuring Business Excellence*, Vol. 17, n. 2.

Rubini L., Motta L. and Di Tommaso M.R., (2013) Quality-based excellence and product-country image. Case studies on Italy and China in the beverage sector, in *Measuring Business Excellence*, Vol. 17, n. 2.

Barbieri E., Sarcina A., Bazzucchi L. and Di Tommaso M.R., (2013) Promoting business excellence at local level: the case of Guangdong Province, China, in *Measuring Business Excellence*, Vol. 17, n. 2.

Di Tommaso M.R., Bazzucchi L., (2013) Cina contemporanea: Un'analisi sulle politiche per la promozione della specializzazione industriale a livello territoriale, in "L'Industria - Rivista di economia e politica industriale", Il Mulino, Bologna, N. 3/13.

Barbieri E., Di Tommaso M.R. and Bonnini S., (2012) "Industrial Development Policies and Performances in Southern China: Beyond the Specialised Industrial Cluster Program", in "China Economic Review", vol.23, pp. 613-625.

Di Tommaso M.R., Sarcina A., Bonnini S., (2012) Industrializzazione e squilibri territoriali: un'analisi esplorativa dedicata al caso cinese, in "L'Industria - Rivista di economia e politica industriale", Il Mulino, Bologna, N. 3/13.

Di Tommaso, M.R., Barbieri, E., Huang M., (2010) "Industrial Development Policy and Innovation in Southern China: Government targets and firms behaviour", in European Planning Studies, Volume 18, n.1.