

Can Africa ‘skip’ the industrialisation phase? The role of manufacturing versus that services in the process of economic development

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In this presentation, I will focus on a sub-topic of the report *Transformative Industrial Policy for Africa*, as presenting the content of the entire report would be an unproductive exercise for a 15-minute talk. I thought initially that I would talk about if and how industrial policy in Africa should respond to the expansion of global value chains, but it seems like we have good coverage of the rising prominence of GVCs during this conference. So in my presentation I will focus on the role of the manufacturing sector in economic development in Africa, which is covered in section 3.2 of the report. In particular, I would like to bring to people’s attention the rise of the post-industrial society discourse: are we moving towards an era in which developing countries can ‘skip’ the industrialisation process, riding on a wave of services-led growth instead?

I will argue that while there are reasons to take the post-industrial society discourse seriously, the manufacturing sector arguably remains the strongest driver of sustained economic development. The talk will contextualise the topic in developing countries, but some of the issues I will raise are also relevant in the context of advanced economies. I will briefly touch upon the following sub-topics: 1) The arguments underpinning the post-industrial society discourse; 2) The role of manufacturing versus that of services in driving economy-wide productivity growth; 3) The interdependencies between manufacturing and services; 4) The role of manufacturing versus that of services in relieving balance of payments constraints; 5) Why a manufacturing development strategy is particularly sensible for Africa.