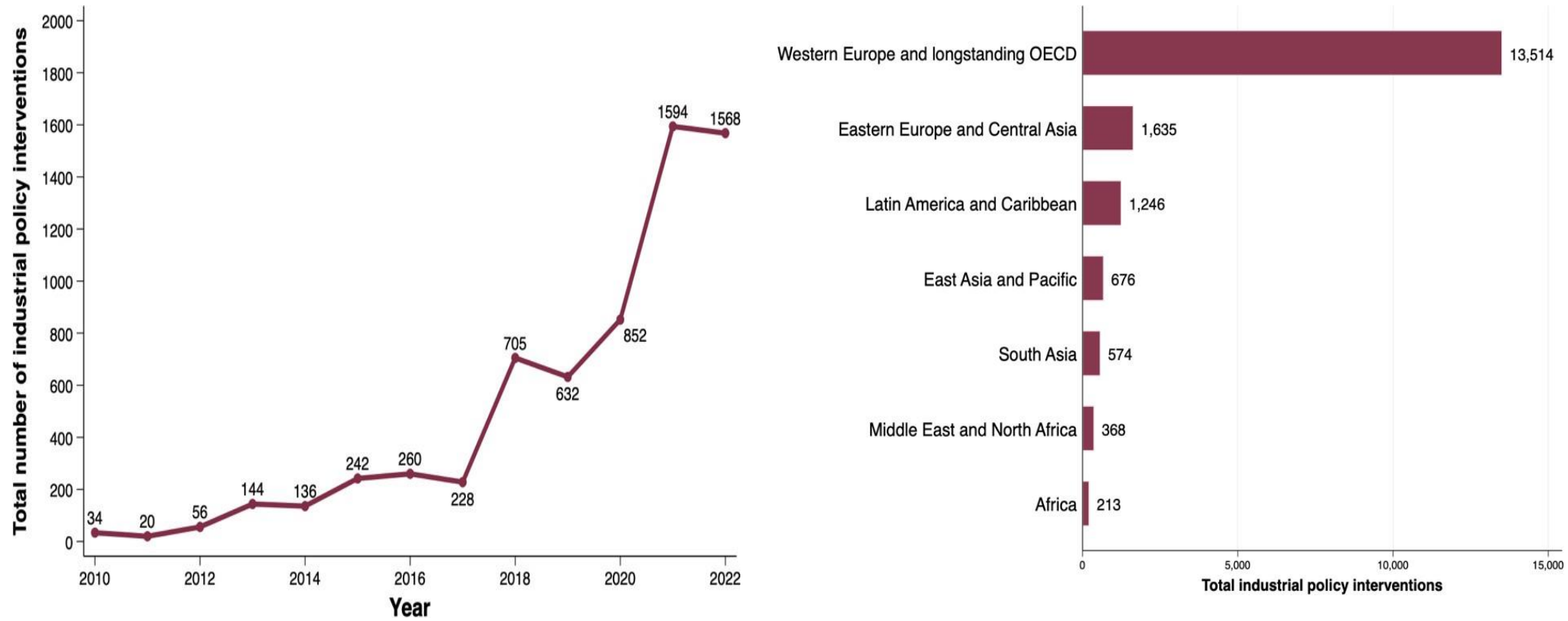


How to understand the resurgence of industrial policies and trade protection?

Tian Jietang

January 10, 2025

The frequency of G20 countries using industrial policy tools has increased dramatically

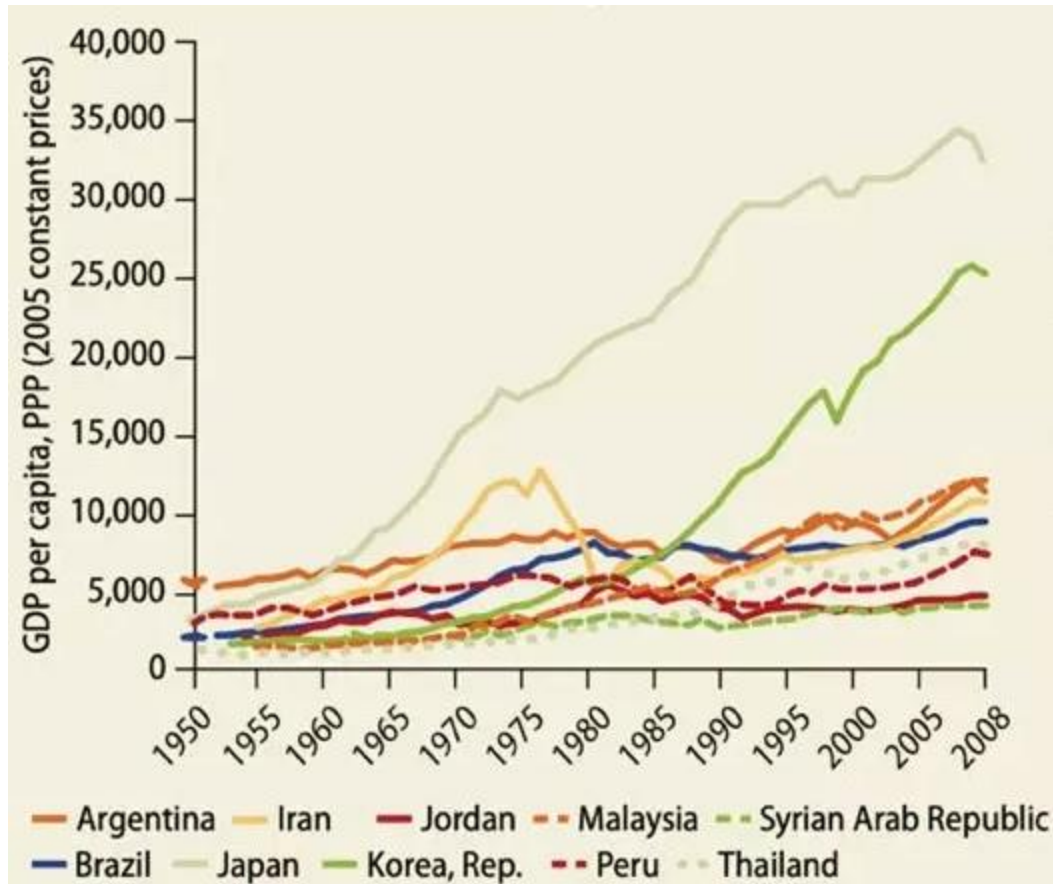


Source: Réka Juhász, Nathan Lane & Dani Rodrik (2024)

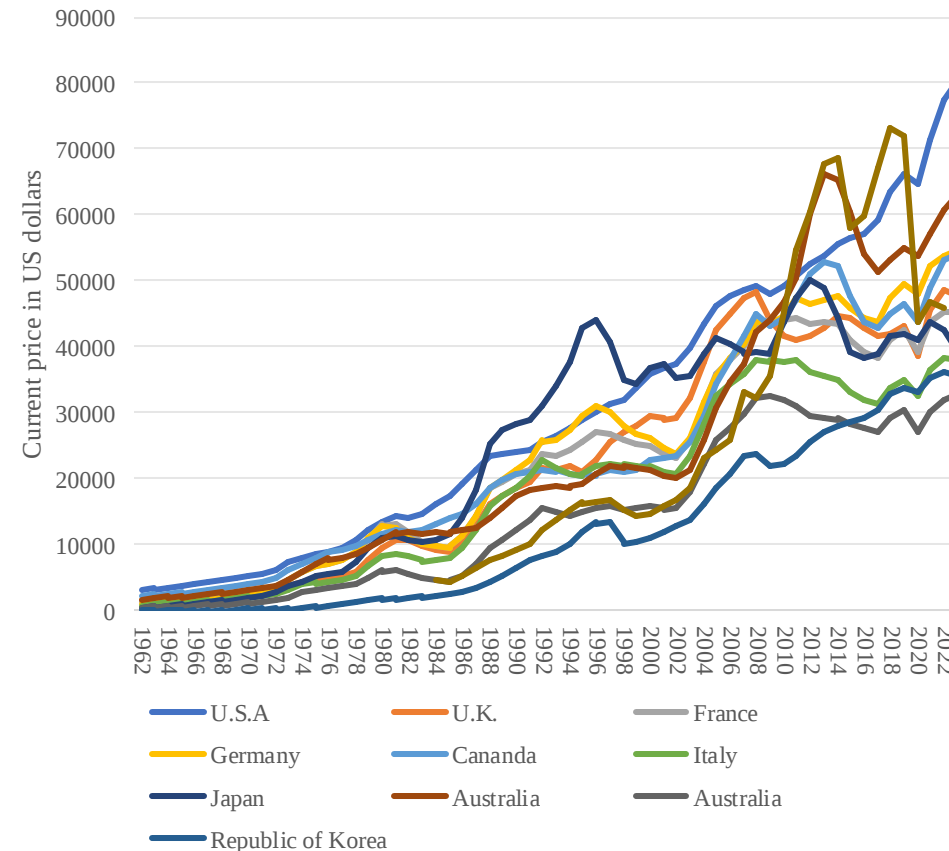
The resurgence of industrial policy and trade protection is not a simple repetition of history

- ◆ Its essence is fundamentally different from the industrial policies used by many East Asian economies when they rose in the last century.
- ◆ The last round of industrial policies was more carried out by catching-up countries for the purpose of promoting rapid economic development.
- ◆ this round of industrial policies is implemented by some developed countries for the purpose of protectionism or even curbing the development of other countries.

From an economic perspective, developed countries do not need to worry



Source: World Bank & DRC (2012)



Source: DRC (2024)

Why can rich countries remain rich?

- ◆ First, in the process of the rise of emerging countries, some advantageous industries of developed countries have been able to maintain their advantages.
- ◆ Moreover, when latecomers rise in some manufacturing fields, developed countries still occupy the high-end segment of the relevant industrial chain.
- ◆ The second reason is more important, that is, every rise of catching-up countries has made the ‘cake’ of the global economy bigger, rather than simply sharing the ‘cake’ that developed countries have already created.

There are more international political elements behind

- ◆ Offensive realism believes that a great power must become a hegemonic country to ensure its own security. A country that has become a regional hegemon must take all possible measures to prevent emerging powers from becoming hegemonic ones.
- ◆ Perhaps his views are easy to understand from the perspective of American culture, but it is difficult for us to accept this theory in the context of Chinese culture.
- ◆ China is very clear and resolute in opposing hegemony and power politics, and respects the development paths and social systems independently chosen by the people of all countries.
- ◆ China's door of opening-up will never be closed and will only open even wider!

Thank you!