




TOWARDS A RETURN OF INDUSTRIAL POLICY?  
ARTNet SYMPOSIUM  
25-26 JULY 2011  
ESCAP, BANGKOK

# DOES THE NEO-MERCANTILIST PREOCCUPATION WITH PROTECTING MANUFACTURING MAKE SENSE?

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Duke University



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Presented at the ARTNeT Symposium  
“Towards a Return of Industrial Policy?”  
25-26 July 2011, UNCC, Bangkok

# To be covered

- Protectionist argument
- Can we rationalize it with data?
  - Manufacturing share of GDP
  - Manufacturing share of the labor force
- Conclusions

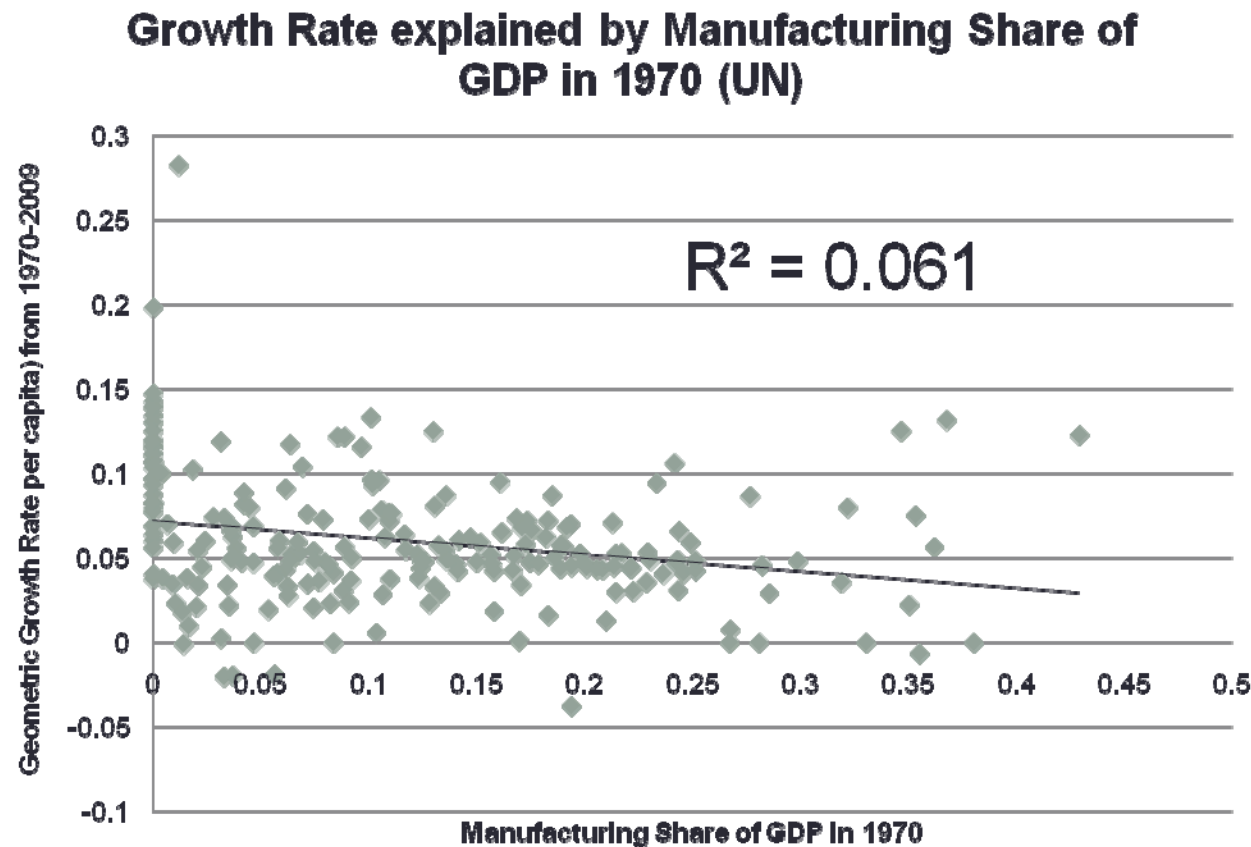
# The protectionist argument

- Manufacturing central to economy; other sectors serve manufacturing
- Services not tradable
- Capital goods and knowledge accumulation in manufacturing is tried and true recipe for growth
- Structural unemployment
- National security concerns

# How do we define manufacturing?

- Defined by UN's ISIC D
- Comprehensive data
  - From 1970's
  - ~200 countries
- Caveat: overlap with services – many manufacturing companies either contract out to services or have “evolved” into services:
  - Neely: overlap in ~30% of firms studied – only 2% pure
  - Example: IBM

# Does the size manufacturing base explain growth rate?



# Explanatory models tested

Year	Model	Beta	P-Value
1996	$growth = \beta_1 \ln(gdp) + \beta_2 government + \beta_3 manshare$	0.011004	0.784263
1996	$growth = \beta_1 \ln(gdp) + \beta_2 government + \beta_3 manshare + \beta_4 educ + \beta_5 popgrowth$	-0.08362	0.215455
1998	$growth = \beta_1 \ln(gdp) + \beta_2 government + \beta_3 manshare$	0.157915	0.041066
1998	$growth = \beta_1 \ln(gdp) + \beta_2 government + \beta_3 manshare + \beta_4 educ + \beta_5 popgrowth$	0.134058	0.041156
Average	$growth = \beta_1 \ln(gdp) + \beta_2 government + \beta_3 manshare$	-0.1494	0.006218
Average	$growth = \beta_1 \ln(gdp) + \beta_2 government + \beta_3 manshare + \beta_4 popgrowth$	-0.1159	0.036251

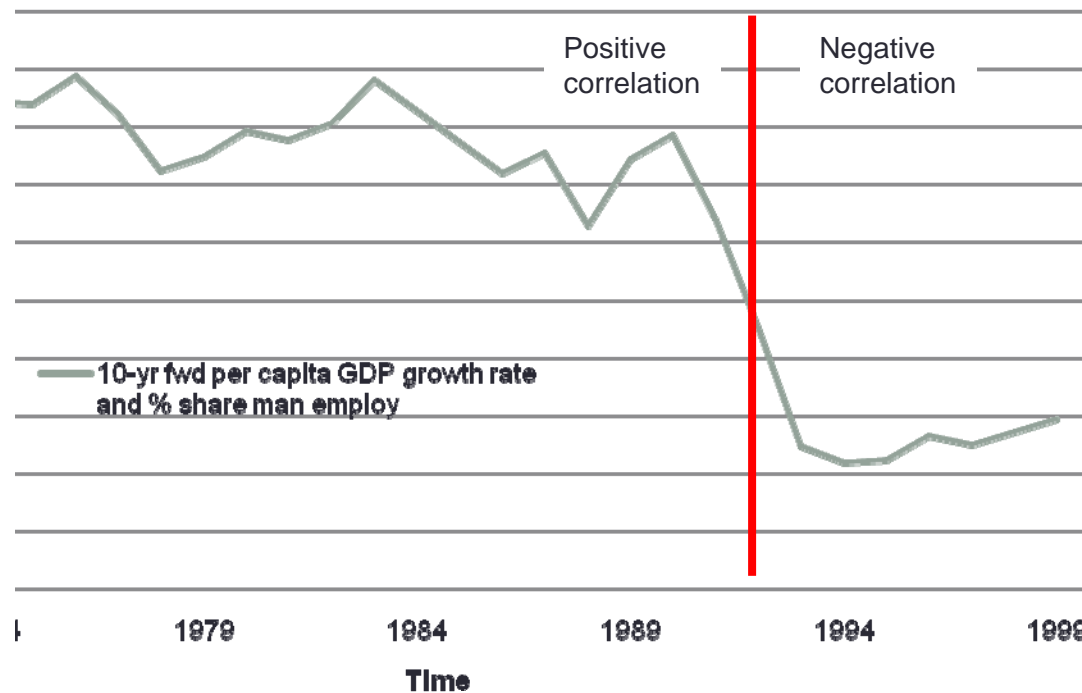
[https://www.yunbaogao.cn/report/index/report?reportId=5\\_7922](https://www.yunbaogao.cn/report/index/report?reportId=5_7922)

预览已结束，完整报告链接和二维码如下：



# labor in manufacturing

coefficient between 10 year forward per capita GDP growth rate and share of labor in manufacturing



in developed countries, we have a positive relationship in the 1970s and a negative relationship now