



**Course:** INDUSTRIAL POLICY: INSTRUMENTS, DESIGN, IMPLEMENTATION

**Course code:** IDI9X01

**Assessors:** Dr L. Monaco

**Marks:** 40

**External Moderator:** Dr. L. Takala-Greenish

**Time:** 3 hours

**Internal Moderator:** Prof. S. Ashman

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**Instructions:**

1. Answer 4 of the following questions (2 on theoretical issues from section A, 2 on applied topics from section B, of your choice)
  2. Each question carries equal marks (10)
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**A) Theoretical Issues in Industrial Policy**

- 1) Industrial policy is needed in order to overcome market imperfections, however, States can also fail to deliver developmental outcomes. Discuss, with reference to different theoretical approaches to IP.
- 2) What are the main obstacles African countries face in trying to achieve structural transformation? What would a transformative industrial policy for Africa entail, in your view?
- 3) *Comparative advantage is a guideline, the more you deviate, the higher the cost.* (Chang and Lin, 2009). Discuss, expressing your view on whether late developers should comply with or defy their comparative advantage. Provide examples.
- 4) *Industrial policy should be placed in the hands of technical experts, from politically independent institutions. This way, the confidence of investors will be higher.* Discuss, engaging with the idea of “policy space” and of how this evolved over time.
- 5) *Even when policies are well designed, building organizational capabilities is not easy: implementation failures often occur, and monitoring and evaluation are poorly conducted.* Discuss using examples.

## **B) Applied Topics**

- 1) *Without digital inclusion and proper skills development, the idea of a 4<sup>th</sup> industrial revolution for Africa might remain a hype.* Critically engage with the existing debate, supporting your arguments with examples.
- 2) What are the potential benefits of clustering, and what are the main issues in building them?
- 3) What is the link between industrial policy and competition? What are the most frequent barriers to entry in non-competitive markets? Refer to examples.
- 4) What is the ideal role of Development Finance Institutions (DFIs), and what are the main challenges they face? Refer to a specific context and/or actor where appropriate.
- 5) *The integration within GVCs does not automatically lead to industrial upgrading and development: it all depends on terms and conditions of such integration.* Discuss, with reference to a value chain of your choice.

**END OF PAPER**

**Approved and signed on 29<sup>th</sup> April 2019 by Lotta Takala-Greenish.**

