

Africa must do what its good at

"Countries can decide their development path. Countries become good at things because they want to excel at making those particular things," development economist Ha-Joon Chang told an audience at the second annual Adebayo Adedeji Lecture during Africa Development Week in Addis Ababa.



Chang, known for his refreshing ideas on development theories, explained that several ways to development and industrialisation exist. Citing South Korea as an example of an industrialisation success, he declared that history is replete with examples of countries forging a different path than the one they were advised to follow by international institutions.

"Most developed economies have succeeded in growing their economies because of the infant industry," argued Chang. This strategy of this policy is to develop skills and protect the domestic market until such time they can be mature.

"Infant industry protection creates the 'space' for improvement in productive capabilities, but does not automatically lead to productivity increase." Chang explained that countries make the common error of not investing in productivity growth such as machines, research and development and skills.

He therefore advocates a focus on manufacturing because of this industry's interconnection with others and its capacity to boost complementary industries. Chang warns against neglecting exports as "economic development requires export success."

Carlos Lopes, executive secretary of the Economic Commission for Africa, explained that much of ECA's inspiration on work on industrialisation comes from Chang. "He provides an excellent mix of history and economics by bringing to us the experience other countries have gone through in their development experience."

Chang did not disappoint. He noted that countries often fail to upgrade or add value to their products. In order not to lose the benefits made from the initial investment in industrialisation, countries must upgrade their industries and create their own value chains to be globally competitive.

To develop economies, Chang believes, countries can utilise a strategic combination of an export-based economy and an infant industry. He thinks that the shrinking policy space, which states often bemoan, has not made industrial policy impossible to use.

Chang is the author of widely discussed policy books, notably *Kicking Away the Ladder* and *23 Things They Don't Tell You About Capitalism*.

Source: AllAfrica

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