

Master in European Economic Governance

A.Y. 2024/2025

Course Syllabus

Course	European Global Value Chains and Industrial policy
Lecturer	Professor Maria Savona
Course Description	<p>The course offers an overview of theory and empirics on Global Value chains, the recent debate on the European Open Strategic Autonomy and the return of industrial policy in this context. Students will learn:</p> <ul style="list-style-type: none"> (i) the historical debate on the opportunity of industrial policies (ii) the importance of inter-industry linkages and spillovers for industrial policy (iii) the emergence of global value chains in Europe and across the world (iv) the debate around GVCs, nearshoring, reshoring, and the EU Open Strategic Autonomy. <p>The students will also have the chance to give presentations on specific policy initiatives that related to industrial policy and GVCs.</p>
Primary References	See detailed topics below.
Course Objectives	<p>Students will learn:</p> <ul style="list-style-type: none"> - What is meant by industrial policy tools and the justification underpinning them. - The difference between trade and global value chain participation. - The importance of inter-sectoral linkages in the economy. - The new trends on nearshoring in the context of EU Open Strategic Autonomy
Prerequisite	None
Teaching Method	Frontal lectures (2 hours) and students' round table discussions (2 hour). In the second part of each lecture students are required to discuss the readings in small groups. The final week is devoted to students' presentations (4 hours).
Assessment Method and Grading Policy	Assessment will take place through students' presentations (50% of the final mark) and oral exam (50% of the final mark).

Course Plan and References

Week 1: What is industrial policy?

The class will lay the foundations of what is industrial policy and we will review the key theoretical concepts that have been used to justify its use. We will also review the historic debate around whether industrial policy should exist in the first place.

Stiglitz et al. (2013) *The Rejuvenation of Industrial Policy*, World Bank

Réka Juhász, Nathan Lane, and Dani Rodrik (2023) THE NEW ECONOMICS OF INDUSTRIAL POLICY

<https://doi.org/10.1146/annurev-economics-081023-024638>

Week 2: Inter-industry linkages and industrial policy for development

The class will explore further the debate, reviewing the discussion by Lin and Chang on the role for government in defying vs. following countries' comparative advantage.

The second part of the class will introduce the key idea of inter-sectoral linkages and why these matter for industrial policy.

Lin, J., & Chang, H. J. (2009). Should Industrial Policy in developing countries conform to comparative advantage or defy it? A debate between Justin Lin and Ha-Joon Chang. *Development policy review*, 27(5), 483-502.

Lane (2022) *Manufacturing Revolutions: Industrial Policy and Industrialization in South Korea*, Quarterly Journal of Economics <https://osf.io/preprints/socarxiv/6tqax/>

Liu, E. (2019). Industrial policies in production networks. *The Quarterly Journal of Economics*, 134(4), 1883-1948.

Week 3: Global value chains in Europe.

The aim of this class is to introduce students to the concept of global value chains (GVCs). We will discuss what they are and two key strands of literature that have looked at the structure and the governance of GVCs.

Gereffi, G., Humphrey, J., & Sturgeon, T. (2005). The governance of global value chains. *Review of international political economy*, 12(1), 78-104.

Bontadini et al. (2022) Nearshoring and Farshoring in Europe: implications for employment, LUISS LEAP Working Paper 07/2022

Week 4: Policies for GVCs and nearshoring

The class introduces and discusses the concept of open strategic autonomy and whether GVCs are going to change in this new context.

Van Assche, A. (2020). Trade, investment and intangibles: The ABCs of global value chain-oriented policies. OECD Trade Policy Papers

Evenett, S. J. (2020). COVID-19 and trade policy: Why turning inward won't work. URL: <https://voxeu.org/content/covid-19-and-trade-policywhy-turning-inward-won-t-work>. Chapters 8 and 9

Week 5: Students' presentations and feedback