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## Book review

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Craig Berry, Julie Froud and Tom Barker (eds), *The Political Economy of Industrial Strategy in the UK*, Agenda Publishing: Newcastle, 2021, 369 pp., £24.99 (pbk), ISBN 9781788213400

**Reviewed by:** Inga Rademacher , King's College London, UK

Unlike most countries in the Western industrialized world, Britain has never developed a strong industrial policy focused on civilian manufacturing industries. However, following the Global Financial Crisis, new industrial strategies emerged which promoted a stronger emphasis on the manufacturing sector and a geographically more inclusive approach to economic growth. Several new initiatives were also developed after the 2016 Brexit vote and the COVID-19 crisis in 2019. Despite this recent attention in political and academic debates for this change in strategy, the scope, efficacy and sustainability of these policies remain largely unclear (Aiginger and Rodrik, 2020; McCann et al., 2021).

'The Political Economy of Industrial Strategy in the UK' edited by Craig Berry, Julie Froud and Tom Barker explores the nature and efficacy of recent industrial policy initiatives in the UK. The volume pursues three analytical goals: (i) situate current strategies into their historical context, (ii) understand the economic, social, and ecological sustainability of these initiatives and (iii) test whether the recent changes in policy can be characterized as a fundamental shift away from neoliberalism, or, if they ultimately constitute continuity in the larger neoliberal policy framework. The volume argues that politics and power relations between the state and private actors critically shape UK industrial policies. While there has been change in the willingness of policy makers to use state intervention, the traditional power of finance in the larger political-economic regime is highly prevalent in the decisions made and that where civilian manufacturing production has been placed at the centre of the agenda, the most powerful businesses have been able to expand their influence on industrial policy.

The volume provides an important contribution to the academic literature on UK industrial policy, and more broadly, to discussions on change and continuity in economic policy. The authors apply an analytical lens on the foundational economy, exploring how infrastructure can contribute to meaningful living standards (The Foundational Economy Collective, 2018). In the introduction, the editors argue that recent crises were endogenously triggered by a neoliberal accumulation regime prone to inequality, low funding for the public sphere and extractivist practices which could be alleviated with a better support

for social and economic infrastructures in the UK. While placing a focus on the UK, the volume develops an analytical focus which could be applied to other advanced capitalist economies: It demonstrates how existing power-relations, within accumulation regimes, become perpetuated over time and, thereby, make a larger analytical statement about the ability of economic policy to move beyond existing economic structures.

The first part of the book presents three contributions which situate UK industrial policy in its historical context. Silverwood and Woodward examine Britain's *financial* industrial policy. Starting with the formation of the Bank of England in 1694, the British state deployed public debt to finance its expenditures, critically contributing to the emergence of the City as a world financial centre. While there were historical periods, during the British Empire in particular, in which the City provided financial resources for trade and manufacturing, finance remained dominant in the British economy. Therefore, industrial policy took on a piecemeal nature, preventing crises in manufacturing, but never intended to place manufacturing at the centre of economic development. The chapter concludes with an analysis of what the historical context means for contemporary industrial policy: Even in the recent industrial strategy the government borrowed extensively and thereby 'reinforced the British state's reliance on the City of London and the Bank of England to manage and absorb public debt' (p. 27).

Chick and Lee challenge this view of historically determined power relations and highlight the agency of the Treasury. Chick assesses whether UK industrial policy has always focused on competitiveness and productivity, or, if alternative objectives have been included in strategies in the past. She finds that the 1928 report of the Liberal Industrial Inquiry included considerations of quality of life in British society. She, therefore, concludes that policy makers had the choice to go beyond the traditional finance orientation of industrial policy. Lee echoes this conclusion. Lee demonstrates the powerful position and flexibility in policy choices of the Treasury in the 17th century. Since this institution critically aided the building of a global empire through finance of the military and naval industries, the Treasury holds the powers to enhance production conditions for civilian manufacturing in the current economy. It seems, to Lee, that it simply chooses to not pursue this strategy.

The second part of the book takes up the concept of the foundational economy and tests the current industrial strategy against it. Froud, Johal and Williams show that the 2017 White Paper narrowly focuses on improvements in the realm of productivity. While focusing on an array of challenges – four 'Grand Challenges' (AI – the data economy, green growth, future mobility and ageing) – the foundational economy is not central to this strategy. However, the authors argue that a focus on welfare and health services, infrastructure, and essential goods could critically contribute to several areas of development. It would help improve everyday living standards, employ a much larger number of workers, and distribute jobs geographically more evenly. Stanley's contribution additionally shows that R&D spending is currently heavily focused on frontier industries (robotics and life-sciences) which by employment only make up 1% of the whole UK economy (p. 70). At the same time, public investment in adult social care has been truncated despite higher needs and employment potentials.

In part three, the contributions examine whether recent advances in industrial policy constitute a genuine shift away from neoliberalism, or, if they constitute only a transformation of existing neoliberal practices. Berry and Barker analyse three recent policy

initiatives and find that neoliberal principles have been challenged but underlying practices have been reinforced:

By institutionalizing new forms of state intervention, UK industrial policy since 2008 [...] has appeared to challenge neoliberal *principles* of economic governance. However, by privileging the perspectives and interests of powerful private enterprises, public policy in recent years also represents a reinforcement of neoliberal *practices*. (p. 81)

For example, Sector Deals, implemented as part of Theresa May's Industrial Strategy, allowed businesses to self-organize, resulting in a dominance of powerful firms in the funding schemes. Similarly, Local Enterprise Partnerships (LEPs), an initiative in which local authorities and the private sector steer local economic development, allowed businesses to expand influence over local development. The authors conclude that powerful private actors are still critical agents within government-led industrial strategies.

The remainder of the book focuses in greater detail on specific areas of the economy: part four focuses on manufacturing and innovation, part five examines the relations of firms and workers, part six focuses on the social dimension of industrial policy, part seven on the geographical dimension and part eight on the ecological dimension. One critical contribution adopts the larger analytical framework of the foundational economy for the analysis of the care sector in UK. Himmelweit argues that traditional economic indicators such as GDP growth do not sufficiently measure well-being in societies. Much more useful are metrics, like the UN Human Development Index, which measure the (future) needs of people and how these contribute to a functioning economy. In this vein, spending on care can be understood as an investment as it has a long-term impact on well-being, and it can be understood as an infrastructure as the services function as public goods. Another important contribution is Coffey's and Thornley's chapter which picks up the previously outlined issue of the influence of powerful business actors in the economy, creating tensions with the goals of green industrial policy. While the 2017 White Paper places emission reductions at the centre of the policy strategy, it does not weigh economic productivity goals against it, which currently undermines the strategy. For instance, building large cars to further exports will critically undermine the goals of reducing emissions globally.


Overall, the different contributions in 'The Political Economy of Industrial Strategy in the UK' develop critical insights into the past and current state of UK industrial policies. The volume convincingly demonstrates the need to analyse the politics and power dynamics behind developments of state intervention. It shows that while the principles applied differ from neoliberalism, the distribution of power within the UK economy leads to a solidification of neoliberal practices. It also highlights the need to assess industrial policy in terms of economic, social and ecological sustainability while developing proposals to improve strategies to achieve meaningful living standards for the British society at large.

This book will appeal to a broad audience. Researchers and students interested in economic policy and the persistence of neoliberalism will find it useful. Moreover, policy makers, international organizations and NGOs will find important insights for future policy designs in this volume.

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