



Europe's new Industrial Policy: a friend or a foe for regional convergence?

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Abstract

Having been long dismissed as a source of government capture and market distortions, Industrial Policy has gained today a central position in policy-making globally – including in Europe. Starting with its early documents on Industrial Renaissance and the Juncker Investment Plan, the European Union has developed over the last decade an intricate industrial strategy, going beyond the traditional realm of vertical interventions to support re-industrialisation, innovation and productivity growth: extending via its Green Deal to a mission-oriented approach (decarbonization, green transition) and, more recently, to serving wider geo-strategic objectives (economic sovereignty, strategic autonomy, critical raw materials, etc). In a way, this represents a shift from traditional developmentalist objectives – which, at least on the face of it, seemed to work harmoniously with the Smart Specialisation Strategies framework developed at the local level as a place-based innovation and economic re-specialisation policy – towards wider security objectives (global competitiveness, strategic autonomy) which place more emphasis on ‘excellence’ than on ‘territorial cohesion’ (see [Monastiriotis and Gamtkitsulashvili, 2024](#)).

This raises a number of questions for the objective of harmonious development and convergence in the European economic space (concerning both the national and the regional level).

- Can lagging-behind regions and places become ‘winners’ in the green transition and the pursuit of ‘strategic autonomy’? May these objectives be working against places with less developed industrial structures and institutional capacities?
- Do spatial elements in national and European industrial policy (Net-Zero Acceleration Valleys, Regional Innovation Valleys, Hydrogen Valleys, etc) contribute to spatial convergence and territorial cohesion or do they amplify existing inequalities?
- Is the multi-layered policy approach, with a mixing of industrial ‘strategising’ at the local, national and European levels, suitable to support the economic upgrading of lagging-behind places?

- How do national and regional/local policies for growth (including innovation policy, investment policy, etc) combine in successful and less successful cases? Do they two levels work against each other or synergetically?
- Are drivers of regional growth in convergence regions (and in the EU south and east in particular) different from those in regions of the EU core (e.g., endowments, technologies, institutional capacities)? And does the existing framework of EU industrial policy respond to such differences?
- What is the spatial footprint of national development policies (including industrial policy)? How do national (and EU-wide) efforts for strategic autonomy, economic resilience, and the twin transition affect specific regions and especially those lagging-behind? Do these efforts amplify inequalities, or do they work together with the objective of territorial cohesion? (and if so, when / under what conditions?)
- What is the overall growth effect of local development strategies (including RIS3 strategies)? Do such strategies contribute to growth and development at wider territorial scales and nationally (over and above the mechanical effect of adding to national growth)? How and under what conditions does this happen (e.g., effects through spatial / functional connectivity, sub-national supply chains, demand spillovers, other?)

In this session we invite theoretical, empirical and methodological papers which examine, under the above prism, the interplay between industrial policy (in its European, national and regional dimensions) and regional development, concerning in particular lagging-behind countries and regions in the EU.