

British Industrial Policy: The Experience to Chinese

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Abstract

After the 2008 international financial crisis, the global economy entered a period of re-balancing and readjustment. Industry is still an important area for countries to seize the strategic commanding heights. This paper, taking the evolution of British industrial policy as the research object, tries to explore the general laws behind the transformation of British industrial structure, and obtains the characteristics of the evolution of postwar industrial policy and its lesson to the current economic development of China.

Keywords

Industrial Policy; British; China; Enlightenment.

1. A New Strategy of the Chinese Government

In 2015, the Executive meeting of The State Council of the People's Republic of China deliberated and approved the strategic document "Made in China 2025" to revitalize China's manufacturing, which is committed to transforming China from a "manufacturing power" to a "manufacturing power"[4]. At a time when China's economic growth is slowing down, promoting the development of emerging industries and new technologies is a key measure to sustain and enhance China's economic growth in the future. Especially under the current international situation, China's high-end manufacturing almost totally dependent on imported production equipment, make it easy to China's economic development is likely to be "their" in the field of high-end technology, not only increased the instability of China's economic development, but also easy to cause their own economic development long-term stagnation [10], into a "Middle-income Trap".

2. British Experience in Industrial Policy

Industrial policy generally refers to government intervention policies aimed at improving the competitiveness of domestic industry [2]. After the industrial Revolution in the 18th century, Britain became the first country in the world to take the road of industrialization. It has always attached great importance to improving the status of industry. After the Second World War, successive British governments have implemented industrial policies, including the nationalization in the Attlee government, the relaxation of intervention in the Conservative government, and the selective intervention in the Wilson government. In 1979, the Thatcher government came to power and made drastic reforms to the British economy. The Thatcher government's privatization reform completely abandoned industrial policy. After the 2008 financial crisis, the British government put forward the industrial intervention policy of "manufacturing revival". Therefore, it can be seen that the UK's industrial policy can constantly adapt to different economic situations and make corresponding adjustments, which has a very valuable reference significance for promoting the transformation and upgrading of China's manufacturing from low to high system.

3. The Lessons from British Industrial Policy

1970s, although the British industry is relatively declining, it still remains in the leading echelon of the world's manufacturing industry and is one of the world's industrial powers. By studying the history of the rise and fall of British industry and its structural evolution, combined with the actual situation of the current industrial transformation and upgrading in China, the following some inspiration can be obtained:

3.1. Increasing R&D Investment

First, the British government attaches great importance to scientific and technological innovation and R&D input to the manufacturing, according to data from manufacturing to gather the UK 72% of spending on research and development in the manufacturing industry to high-tech industry transformation and upgrading of the direction, it is also a British manufacturing although overall decline but still keep the advantage in terms of advanced manufacturing industry, one of the reasons is also worthy of our reference. However, the R&D of the manufacturing in the UK is mostly concentrated in high-end technology, which should be carefully considered. We should not only increase the research on high-end technology, but also not ignore the middle and low-end technology, and should seek a balance between the two.

3.2. Guard Against Excessive Financialization of the Economy

Second, prevent premature and excessive "De-industrialism" and be cautious about the trend towards economic individualization. A shift in the economy towards services such as finance is one of the main reasons for the decline in manufacturing. The "focus on financial, neglect manufacturing" economic structure, so that the virtual economy is excessive amplification, can not withstand the impact of the international financial crisis. If countries start De-industrialist too early, they end up with little potential for growth[7].

3.3. Multiple Industries Coordinated Development

Third, build an industrial support system for the development of manufacturing and combine manufacturing with service industries. The UK has a highly developed service sector, with strong service sectors such as finance and marketing, which is one of the reasons why manufacturing has been able to maintain some strength in the overall recession [5] (J.W. Grove, 1962). Especially after the international financial crisis, the British government revitalized the manufacturing sector, making the service sector and manufacturing complementary and promoting each other. Therefore, in the process of Industrial transformation and upgrading in China, manufacturing and service industries should not be separated from each other, but should be treated as a whole to seek the balance of industrial structure and promote the coordinated development of manufacturing and other industries.

3.4. Training more Manufacturing Talent

Fourth, vigorously cultivate manufacturing talents. Manufacturing talents are not only another important reason for Britain's manufacturing to maintain its advantage, but also one of the reasons for its decline: most people in Britain are crowded into finance and tourism, and outstanding talents do not engage in industrial production, which is not conducive to the R&D and application of manufacturing technology. This has put forward a higher demand to the quality of manufacturing employees. Therefore, in the process of accelerating the transformation and upgrading of China's manufacturing structure, special attention should be paid to the cultivation of manufacturing talents, and the phenomenon of high-quality talents pouring into the virtual economy such as finance should be corrected and guided.

3.5. Bigger is Better for Manufacturing Enterprise?

Fifth, we should not blindly pursue economic scale and ignore the quality of economic development. In the 1960s, British people believed that the lack of competitiveness in Britain was caused by the lack of scale, so they blindly believed that "scale is competitiveness" and created a large number of "national champion" enterprises. However, as a result, enterprises are less efficient. The merged ICI was large but inefficient [9]. The large scale of enterprises promotes the formation of monopoly enterprises, which is not conducive to the innovation of small and medium-sized enterprises. The blind expansion of monopoly enterprises in a certain field will not only reduce their own management efficiency, but also discourage small and medium-sized enterprises' enthusiasm for innovation. Therefore, it is necessary to control the economic scale appropriately and prevent the innovative monopolistic behavior of the market from being hit [8].

3.6. Management Mode is Very Important

Sixth, the transformation of technology should not be ignored at the same time. The level of science and technology is not only reflected in pure scientific research, but also in the way of management [1]. If the technical personnel cannot be effectively managed, technology cannot form a truly effective role. In the process of technological transformation, it is often easy to ignore the change of management mode, which cannot give full play to the talents of scientific and technological talents, resulting in the loss of talents. The backward management brings about the backward research team, which is more important than the lack of technical personnel.

4. Conclusion

To sum up, from 1945 to 1979, the British government implemented a wide range of industrial policies, including nationalization under Attlee government, industrial autonomy, market dominance, trade protectionism and other policies under the Conservative government, as well as the selective intervention policy of the Wilson government. The British government has never found a satisfactory answer to the basic question of whether the market or the government should regulate the structure of industrial production. But in this process, we have seen that the modernization of industries such as textiles, shipbuilding and automobiles cannot be solved by the market, nor by the government.

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