

Beyond Industrial Policy

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The emerging breed of industrial policies, which emphasize production, fair wages, and localism, could serve as the basis for post-neoliberal economies. But to tackle the challenges of the twenty-first century and ensure a sustainable future, we need a policy framework that recognizes the value of human connection.

The United States has (re)discovered industrial policy. As President Joe Biden's National Security Strategy [puts it](#), the administration views "modern industrial and innovation strategy" as the backbone of the future economy. It is an economic policy, a trade philosophy, and a political strategy focused on making as much as selling, producing as much as buying, and dignity as much as efficiency.

As a foundation for a shift to a post-neoliberal economy and society, this policy framework has potential, particularly with its emphasis on strategic public investment. But to meet the full spectrum of challenges facing Americans, it must go further, embracing new ways of making goods and providing services that emphasize the value of relationships and healthy local economies.

As the name suggests, industrial policy is rooted in an era when the term "industry" was synonymous with making things at scale through mass production. Harvard University economist [Dani Rodrik](#) describes contemporary industrial policy as an illustration of a new doctrine of "[productivism](#)," which emphasizes good jobs at good wages distributed "throughout all regions and all segments of the labor force." Unlike neoliberalism, productivism recognizes the critical role of government and civil society when it comes to job creation; unlike Keynesianism, it focuses on supply-side measures that would enable workers to provide for themselves rather than rely on redistribution and social transfers.

Biden's signature legislative achievements, the CHIPS and Science Act and the Inflation Reduction Act, with their many "buy American" provisions, certainly fit this description. Likewise, the bipartisan Infrastructure Investment and Jobs Act, which Biden signed into law in November 2021, is already putting construction crews to work on roads and bridges in every state, and promises to create plenty of jobs to expand broadband access.

The administration's industrial policy focuses on investing intensively in domestic energy production and manufacturing, with an emphasis on some sectors – like semiconductors, advanced computing, and biotechnologies – that promise to create good jobs requiring increasingly educated

and well-compensated workers. Realistically, however, all manufacturing will rely on steadily increasing automation, powered by artificial intelligence, which threatens to leave millions of workers behind over the long run.

A more radical shift is required. What we need is an economic and social paradigm that incorporates the value of interpersonal relationships and seeks to harness our ability to help each other thrive. Such an approach would embrace production but insist that workers be connected to one another, to what they produce, and to the broader ecosystem on which we all depend. In line with the [doughnut economics framework](#) proposed by the British economist [Kate Raworth](#), it would recognize that prosperity depends on our ability to care for ourselves, one another, and the Earth through policies that “meet the needs of the people within the means of the planet.”

Such an approach would also seek to reinvent the service economy. The goal would be to bring about a vast expansion of care jobs – which depend on the nature and quality of our relationships – to include every conceivable form of human interaction that produces health and well-being at every stage of life, including education, coaching, therapies, mentoring, training, and guiding.

First, however, we must examine the assumptions that shaped our old economic-policy paradigms, starting with human nature. Previous policy frameworks conceived of us as *homo economicus*, pursuing our self-interest through rational calculation and competition. But biology, sociology, anthropology, and psychology have all shown that human beings need connection and belonging as well as individual agency. By fostering healthy and supportive relationships, we are more likely to achieve our individual goals.

Neoliberalism’s emphasis on individualism over mutualism has come at great social cost. As US Surgeon General Vivek Murthy has pointed out, the country is in the midst of a loneliness epidemic, with [60% of Americans and 75% of the country’s younger people](#) struggling with feelings of social isolation. It turns out that the pursuit of human happiness requires care and community as much as the freedom to go our own way.

Seen through this lens, the new breed of industrial policy rests on flawed philosophical foundations. While emphasizing local and regional development priorities, it is still based on the logic of competition among states, localities, and entities. Moreover, these emerging policy frameworks still view prosperity as a function of economic growth. A better approach, particularly for regional economic development, would treat well-being as an end in itself rather than a byproduct of higher output.

Ongoing experiments highlight the potential benefits of an economic framework rooted in connection, community, care, and participation. The [Industrial Commons](#) in Morganton, North Carolina, for example, is fostering a regional textile manufacturing ecosystem through an

integrated network of employee-owned industrial cooperatives using cutting-edge technologies to reduce waste. In its quest to create long-term local prosperity, the organization plans to develop land for worker-owned housing, social cooperatives, and a community-based “maker space.”

Another experiment combining innovative technology with community, care, and participation is the [Bronx Cooperative Development Initiative](#), which has created a network of community and labor organizations, anchor institutions, and small businesses focusing on innovation in digital-fabrication technology. Regional community-led nonprofits such as the [Good Work Institute](#) of Hudson Valley, New York, insist there is “another way” rooted in “care and connection, and wise stewardship of our shared resources.”

These efforts are illustrative of a broader groundswell. They may not look like the high-tech factories envisioned by Biden’s new industrial policy, but these local initiatives are building economic models based less on mass production than on customized connection, scaled-up through networks. The policy framework we need should foster an economy that supports the industries of human flourishing on a healthy planet.