

Press Release



The Return of Industrial Policy Means Bad News for Emerging Technology Sectors

PAULINA ENCK | JULY 15, 2021

Policymakers on both sides of the aisle have proposed countering China's growing economic influence through industrial policy, with the United States Innovation and Competition Act (USICA) being the most prominent example. While federal direction of the economy would seek to support critical sectors, such government intervention has a history of failure and cronyism, contends AAF's Technology & Innovation Policy Analyst Juan Londoño. Congress would be better suited pursuing less invasive policies that support innovation and a dynamic economy, he argues.

Londoño concludes:

Policies such as the USICA propose an extended role for the federal government in such strategic sectors as AI and semiconductors. But this strategy does not guarantee success and has consistently underperformed in the past. Policymakers often lack the incentives to correctly assess the markets in which they hope to intervene, often directing resources to less-valuable uses. A light-handed approach, such as sandboxing or deregulation, would instead allow these strategic sectors to thrive by removing the barriers that constrain innovation.

[Read the analysis](#)