

Active Industrial Policy for Accelerating Structural Change and Industrialization- led Transformation by Donald Mmari

Economic growth in quantitative terms is surely important for sustained social development, but not, by itself, a panacea for achieving it. The relationship between economic growth and inclusive social development, and the rate at which this relationship obtains depends on the structure of the economy, its pattern of growth, and the institutional framework underlying production relations and income distribution. The structure of the Tanzanian economy has continued to change overtime, and so has policy landscape and academic discourse around it. This structural change has generated some mixed results, particularly in relation to the quality of growth, its impact on poverty reduction, and robustness in the transformation process. It draws from literature and attempts to situate the desires for accelerated socioeconomic transformation led by industrialization to the context of Tanzania. The author maintains a position that, for effective transformation characterized by high factor productivity, increasing share of competitive productive sectors in GDP, and high rates of productive employment, the state must play a more proactive role to address binding constraints and inherent failures of market associated with generalized structural and institutional barriers in typical low income countries.