



Changing windows of opportunity **AND THE RISE OF THE REST**

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**In my view, the two most important lessons
from Alice Amsden's work are:**

**THAT DEVELOPMENT IS ABOUT LEARNING and
THAT IT IS GUIDED BY A DETERMINED STATE**

**What I have added is the notion of
WINDOWS OF OPPORTUNITY**

And that such opportunities are a moving target

**They are defined by the process of diffusion of technological revolutions
and by the successive rearrangements of the world economy**

LEARNING is about taking advantage
of the technological side of the opportunity

STATE ACTION is about intelligently handling
the geopolitical side

And, since both elements of the opportunity are moving,
THE WINDOWS OPEN AND CLOSE
so, one can be early or late

IDENTIFYING THE OPPORTUNITIES ON TIME IS CRUCIAL
and being clear and determined in taking advantage of them
IS INDISPENSABLE FOR SUCCESS

**NO COUNTRY IN HISTORY HAS MADE A LEAP TO DEVELOPMENT
without a strong, clear and intelligent promotion of innovation
BY THE STATE**

**BUT NONE OF THEM ACHIEVED IT WITHOUT A DYNAMIC PRIVATE SECTOR
ACCEPTING LONG-TERM GOALS**

The formula has been:

STATE + DIRECTIONALITY + LEARNING + EDUCATION + MARKET

With concerted action of public and private sectors

PLAYING A WIN-WIN GAME IN THE GLOBAL ECONOMY

**BUT SOME IMPORTANT ADVANCES CAN BE MADE
WITH NARROWER OPPORTUNITIES**

**Such was the window for import substitution industrialisation
opened from the late 1950s**

**when the industries in the North were reaching maturity
with limits to productivity increases
and market saturation**

**THAT WINDOW WAS SUCCESSFULLY USED
BY MOST OF LATIN AMERICA**

as well as by some African and Asian countries

**BUT THERE IS A MAJOR DIFFERENCE
BETWEEN A CATCHING-UP LEAP TO DEVELOPMENT**

As that of the “Four Asian Tigers”

AND A “FORGING AHEAD” LEAP TO THE FRONT RANK

**As that of US and Germany in the third revolution challenging Britain
and that of Japan and China challenging the US**

**Battles for the front rank are confrontational zero-sum games
that can even lead to war**

THE FIRST ARE WIN-WIN GAMES WITH CORE COUNTRY BUSINESSES

LEARNING TO RECOGNISE AND PLAY THE RIGHT GAME IS CRUCIAL



UNDERSTANDING SOME PREVIOUS WINDOWS AND ADVANCES



THE TRIPLE OPPORTUNITY OPENED BY THE GEOPOLITICAL CONTEXT

1

Natural resource producers and the greening of the value chain

2

Circular consumer assembly with high employment at both ends

3

Taking advantage of the internet: globalisation and localisation



FIVE CONDITIONS FOR A SUCCESSFUL LEAP FORWARD

IMPORT SUBSTITUTION ASSEMBLY IN LATIN AMERICA

1950s to 1980

WAS A WIN-WIN GAME WITH THE NORTH

Not a leap to development but

a significant advance

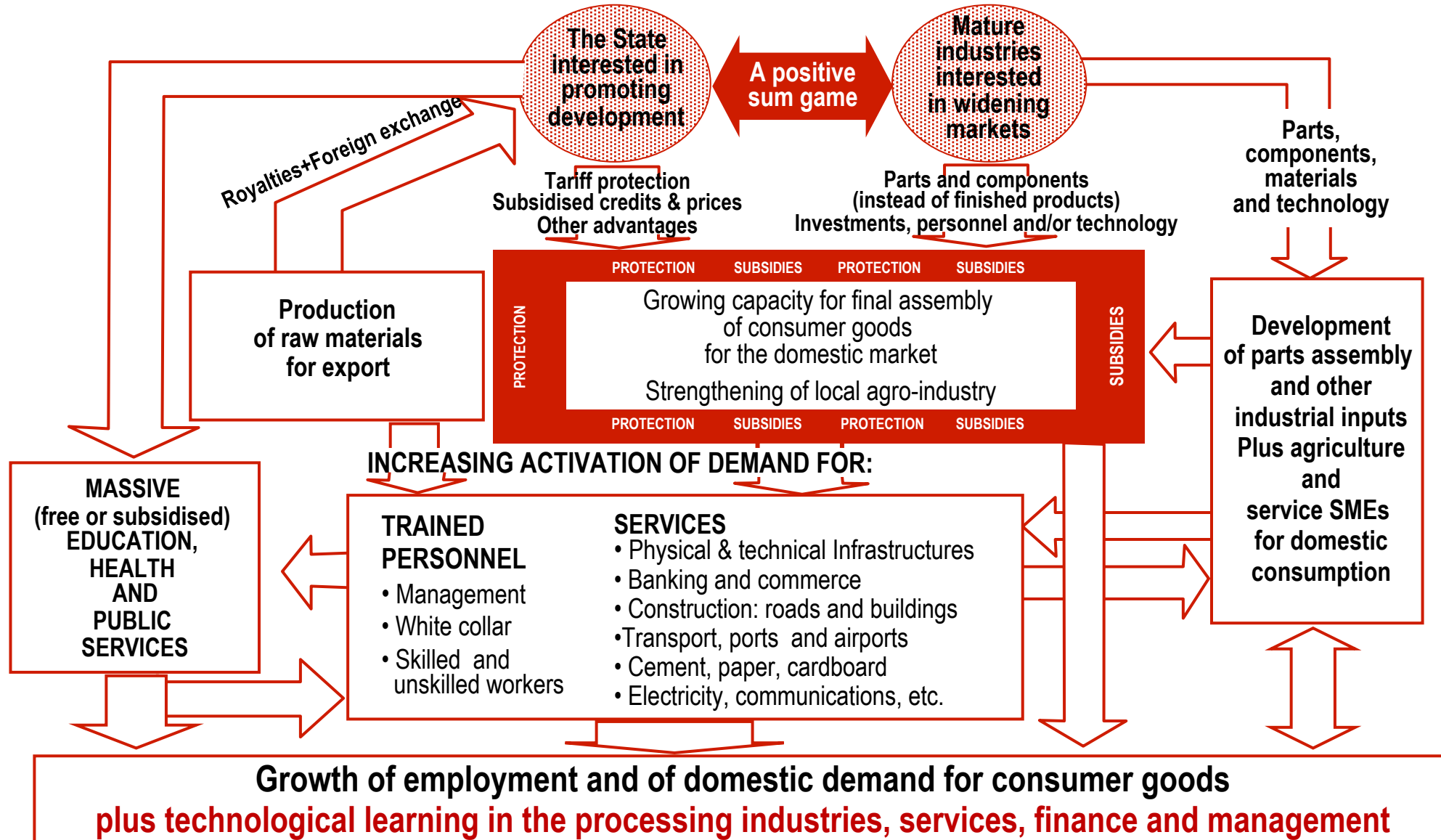
creating conditions for a later leap

Main shortcomings?

Not learning to compete and not learning to innovate

**But it was a complex model and a set of policies
for which thousands of public servants were trained**

THE LATIN AMERICAN MODEL OF INDUSTRIALISATION BY IMPORT SUBSTITUTION



AND LATIN AMERICAN COUNTRIES MADE GREAT STRIDES AHEAD
even though many insist on denying them



GDP grew at an average of 6% per year and productivity at 4%

The educated middle class increased significantly

A broad layer of working class was formed

Modern infrastructures were set up, and

An important business layer developed and gained experience

BUT BOTH EXPORTS AND INNOVATION WERE PROHIBITED BY CONTRACTS
and competition was discouraged by policy restrictions



THAT 'PROTECTED' SUCCESS WAS INADEQUATE FOR COMPETITIVE GLOBALISATION
BUT IT CAN NOW BE A BASIS FOR TAKING ADVANTAGE OF 'REGLOBALISATION'

And the ISI experience shows that, if you have the right conditions,
it can be done with the appropriate process design

**THE ASIAN LEAP:
PROTECTED DOMESTIC LEARNING AND COMPETITIVE EXPORTS
1950s to 1990s**

IT WAS ALSO A WIN-WIN GAME WITH THE MATURE INDUSTRIES OF THE WEST

**THE MAJOR LEAP TO DEVELOPMENT
BY SOUTH KOREA AND TAIWAN
TOOK ADVANTAGE OF A TRIPLE OPPORTUNITY**

**And the city states of Hong Kong and Singapore
successfully used other opportunities related to their port location
and the financial requirements of the period**

THE PHASED TRIPLE OPPORTUNITY TAKEN BY THE “ASIAN TIGERS”

1

The same outsourcing trend at maturity of mass production, but with foreign companies discovering off-shoring for low-cost labour and exporting back home

2

The Cold War context (and the hot war in Viet Nam), providing financial support and access to technology and markets

3

The new microprocessor and computer revolution
(plus the new Japanese model of production)

MOST IMPORTANTLY:

THE STATE RECOGNISED THE TRIPLE OPPORTUNITY AND ACTED UPON IT

It took a strong role in industrial policy, in learning and developing capabilities, and in funding and promoting internationally competitive export industries

All brilliantly described by Alice Amsden

SO WINDOWS OF OPPORTUNITY ARE GREATLY VARIED

**Some are narrow, some are broad
some are single, some are double or even triple**

Some enable taking steps ahead, others a full leap to development

Unusually, even to forge ahead to the front rank

**as were the cases of USA and Germany in the first globalisation
and of Japan and China in this one**

But there are no fixed phases or stages

EACH OPPORTUNITY IS UNIQUE

and so is the specific manner of taking advantage of it



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THE TRIPLE OPPORTUNITY OPENED BY THE GEOPOLITICAL CONTEXT

1

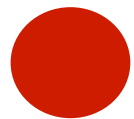
Natural resource producers and the greening of the value chain

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Taking advantage of the internet: globalisation and localisation



FIVE CONDITIONS FOR A SUCCESSFUL LEAP FORWARD

**TODAY THE GLOBAL SOUTH HAS ACCESS
TO A TRIPLE OPPORTUNITY**

**'REGLOBALISATION' (for geopolitical reasons)
THE GREEN TRANSITION and
ACCESSIBLE DIGITAL TECHNOLOGIES**

**We need to recognise it
and design an adequate set of policies and institutions
to take advantage of it**

THE CURRENT PATTERN OF GLOBALISATION WILL CHANGE INEXORABLY

**Visible effects of global warming
Rising cost of risks and externalities
Geopolitical tensions
Insecurity of supply**

**A RADICAL CHANGE IS TAKING PLACE IN THE RELATIVE ADVANTAGES AND COSTS
OF THE PRODUCTION, TRANSPORT AND DISTRIBUTION OF TANGIBLE GOODS
ALL HAPPENING IN THE CONTEXT OF GROWING TENSIONS BETWEEN THE WEST AND CHINA**

**CHANGE
IN GOVERNMENT POLICIES**

**CHANGE
IN BUSINESS STRATEGIES**

**Leading to geographic re-specialisation and massive relocation of physical production
into optimal local, regional, and global networks**

**THE WEST CANNOT BRING BACK LOW-PRICED CONSUMER GOODS PRODUCTION
(not even with robotics)**

**WHILE CHINA IS REACHING MATURITY IN THOSE ASSEMBLY INDUSTRIES
and needing to move up the value chain**

Regarding technology, capital goods and infrastructure

BOTH SIDES ARE COMPETING FOR THE SAME LIMITED MARKETS

Only new dynamic demand can provide the required economies of scale

THE BEST (and only) SOLUTION FOR ALL IS:

“FRIENDSHORING” AND FULL GLOBAL DEVELOPMENT

Growth across the South can create the required demand for the North

It is up to each aspiring developing country to learn to negotiate with both sides
and make the most of the opportunity

SO THE TRIPLE OPPORTUNITY COVERS THE FULL SPECTRUM

'Reglobalisation' opens possibilities in assembly goods

The green transition opens them in natural resources and their processing

While ICTs open them in services and innovation in all sectors

**AT THE SAME TIME THE INTERNET MAKES IT POSSIBLE
TO INDUSTRIALISE EVERY CORNER OF THE TERRITORY**

We have never had such a wide-ranging opportunity

THE CHALLENGE IS ENORMOUS BUT SUCCESS IS POSSIBLE

**FULL GLOBAL DEVELOPMENT IS NOW A WIN-WIN GAME
BETWEEN THE NORTH AND THE SOUTH**

Both in terms of dynamic markets and of reducing desperate migrations



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**THE DEMANDS OF THE GREEN TRANSITION
ARE CHANGING COMPARATIVE ADVANTAGES TOWARDS PROCESSING**

**Africa, Latin America and Central Asia have
a significant endowment in natural resources and also**

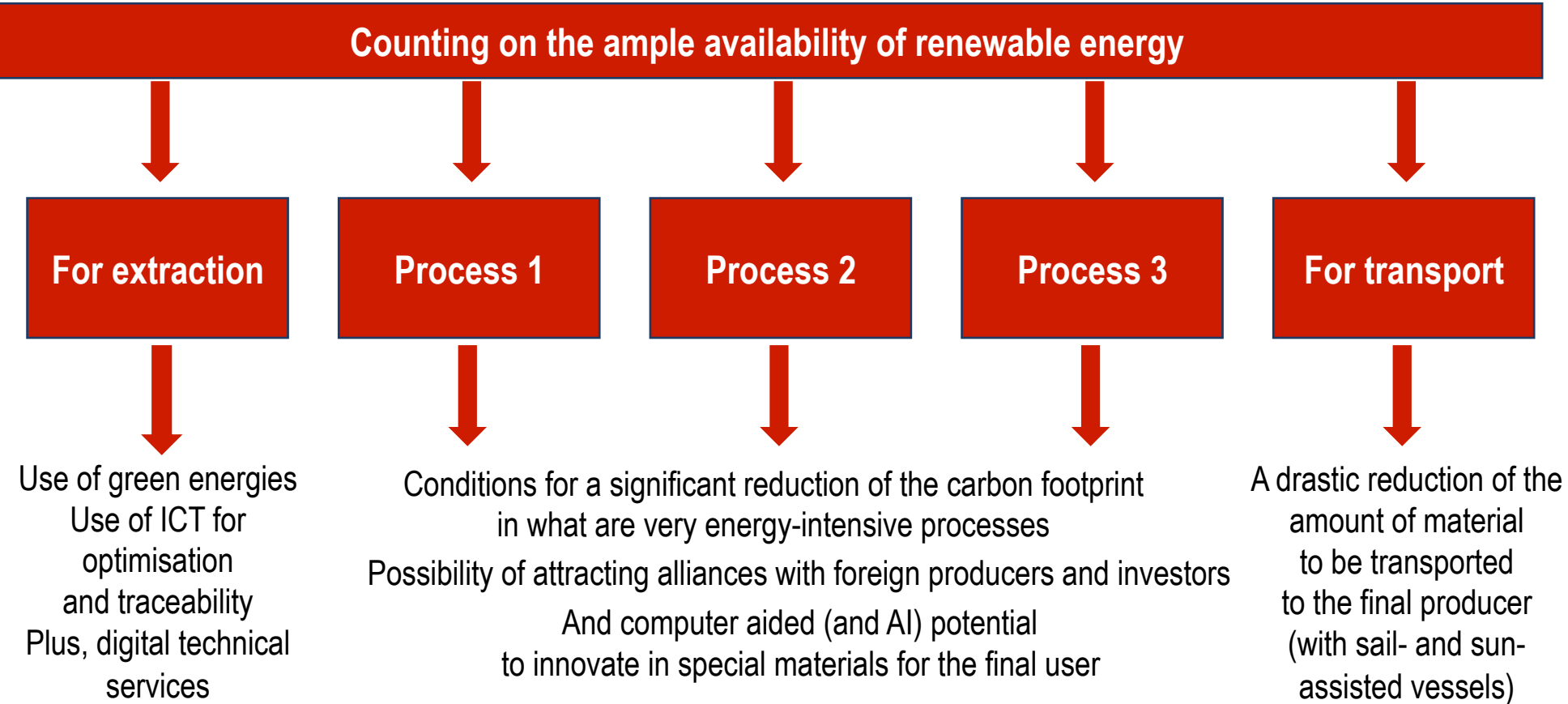
Abundant sources of renewable energy to address energy-intensive processes

**Some also have previously acquired experience
in the processing industries**

(agro-industries, beer, paper, cement, chemicals, steel, etc.)

**SO THERE ARE CONDITIONS TO ADDRESS
MATERIALS PRODUCTION AND PROCESSING IN A SUSTAINABLE WAY**

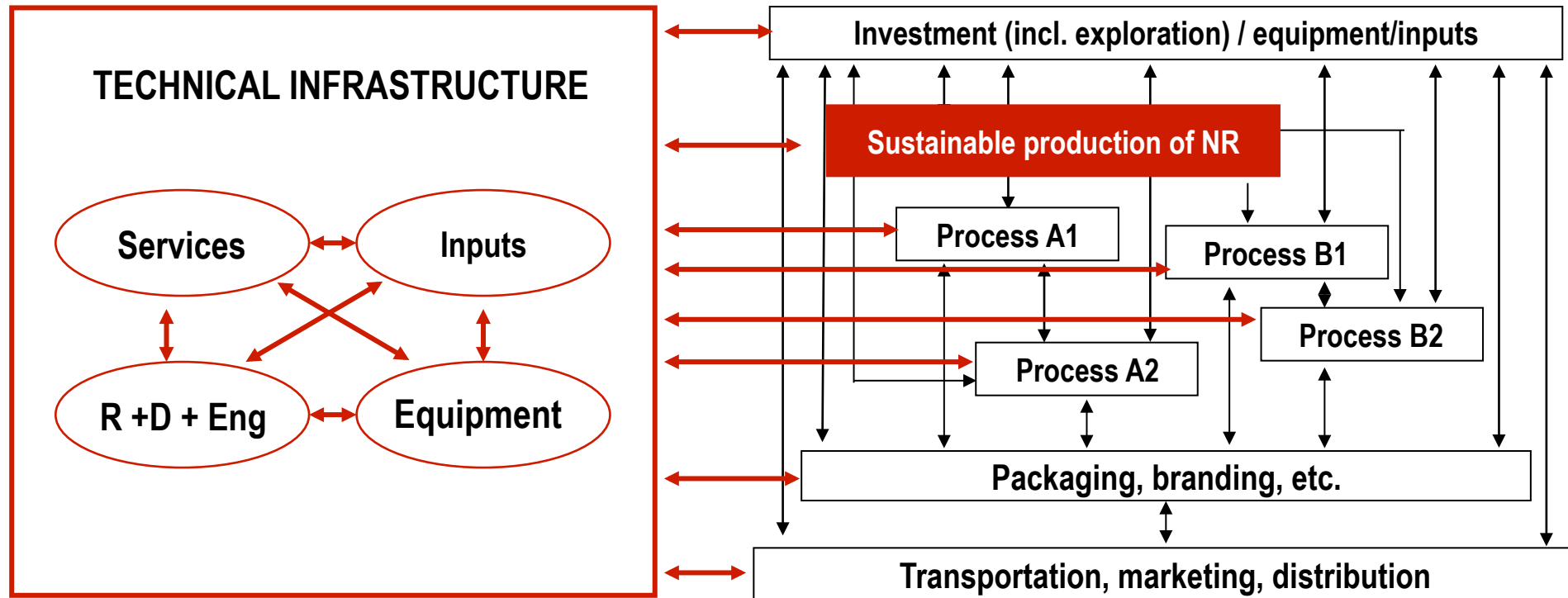
THE CARBON FOOTPRINT OF THE NATURAL RESOURCE VALUE CHAIN CAN BE REDUCED



This means that relative costs and advantages will increasingly shift in favour of the South as the consequences of climate change lead advanced countries to impose conditions on fossil energy consumption (and hence, on carbon-heavy products and imports)

A SYSTEMIC STRATEGY BASED ON NATURAL RESOURCES CAN NOW – AND SHOULD – COVER THE ENTIRE NETWORK

be it mineral, agricultural, forestry, fisheries or whatever resources



**WITH INTERACTION AMONG ALL THE MEMBERS OF THE NETWORK
IN A PUBLIC-PRIVATE LEARNING AND INNOVATION SYSTEM
WITH APPROPRIATE POLICIES CLEARLY ORIENTED TO THAT END**



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**CONSUMER GOODS PRODUCTION IS
ENERGY INTENSIVE, MATERIALS INTENSIVE
AND ALSO EMPLOYMENT-INTENSIVE**

**China rejuvenated mature mass production
by drastically reducing prices
with low labour costs and long working times
Thus revitalising the waste culture**

**COULD WE GET THE EMPLOYMENT
(as well as the comfort for all)
WITHOUT THE ENVIRONMENTAL HARM?**

WITH INFORMATION TECHNOLOGY

IT IS POSSIBLE TO SHIFT TO A RENTAL AND MAINTENANCE MODEL

TO MAKE REGLOBALISATION OF ASSEMBLY

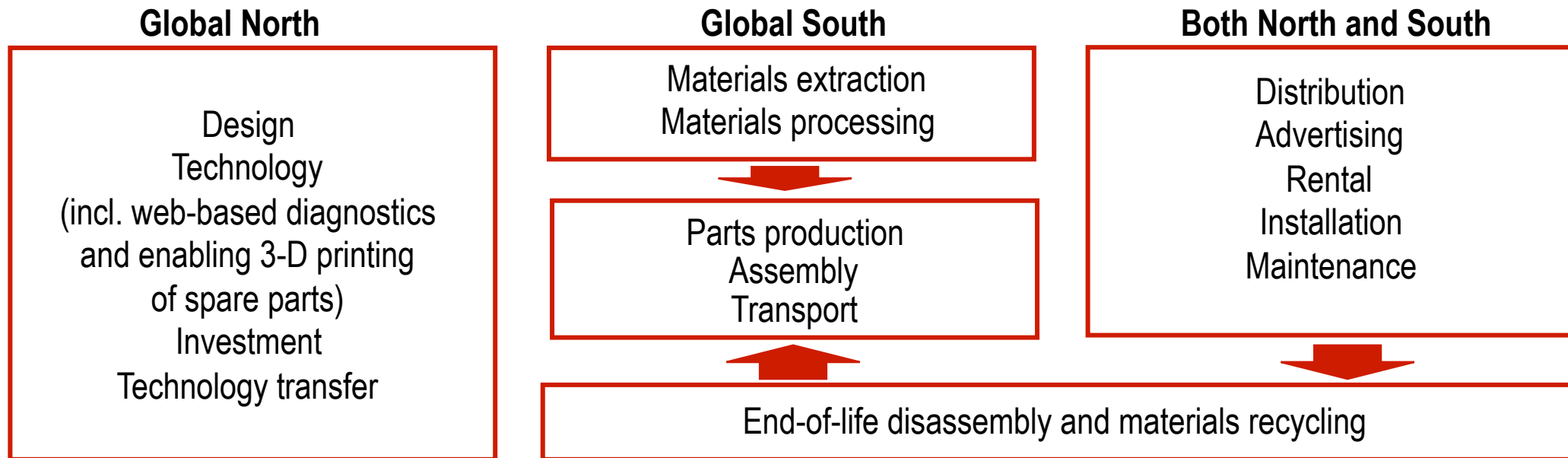
INTO A WIN-WIN GAME

BETWEEN THE NORTH AND THE SOUTH

BETWEEN BUSINESS AND SOCIETY

AND BETWEEN HUMANITY AND THE PLANET

**HOW WOULD A CIRCULAR GLOBAL CHAIN OF CONSUMER GOODS PRODUCTION
WITH HIGH EMPLOYMENT, AFFORDABLE ACCESS TO ALL, AND ZERO WASTE WORK?**



With 'friendshoring' competition between East and West

With quality and price competition between North and South

AND INTENSE DESIGN AND TECHNOLOGY LEARNING IN THE SOUTH

COULD THIS REALLY HAPPEN?

**FOR THE MOMENT, 'FRIENDSHORING' OF CONSUMER GOODS ASSEMBLY
IS MOSTLY BEING PURSUED, BY BOTH CHINA AND THE WEST,
FOR STRATEGIC AND ECONOMIC REASONS**

But crises and continued pressure from:

Increasing migrations

Social unrest

Growing populism

and climatic catastrophes

**COULD LEAD TO INCORPORATING
CLIMATE CHANGE AND THE NEED FOR EMPLOYMENT NORTH AND SOUTH
IN THE WAY REGLOBALISATION IS DONE**



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**THE USUAL UNDERSTANDING OF THE INTERNET
REFERS TO GLOBALISATION**

**But the fact that every bit of territory in the planet is interconnected
means that there is also the possibility of**

LOCALISATION

THE OPPORTUNITY IS OPEN

for turning every major mining or agricultural project

INTO A TERRITORIAL DEVELOPMENT PROJECT

**AND FOR STRENGTHENING THE CAPABILITIES AND POLICY MAKING POWER
OF MUNICIPAL AND STATE GOVERNMENTS**

IT IS NOW POSSIBLE TO ACHIEVE TWO DISTINCT AND COMPLEMENTARY GOALS

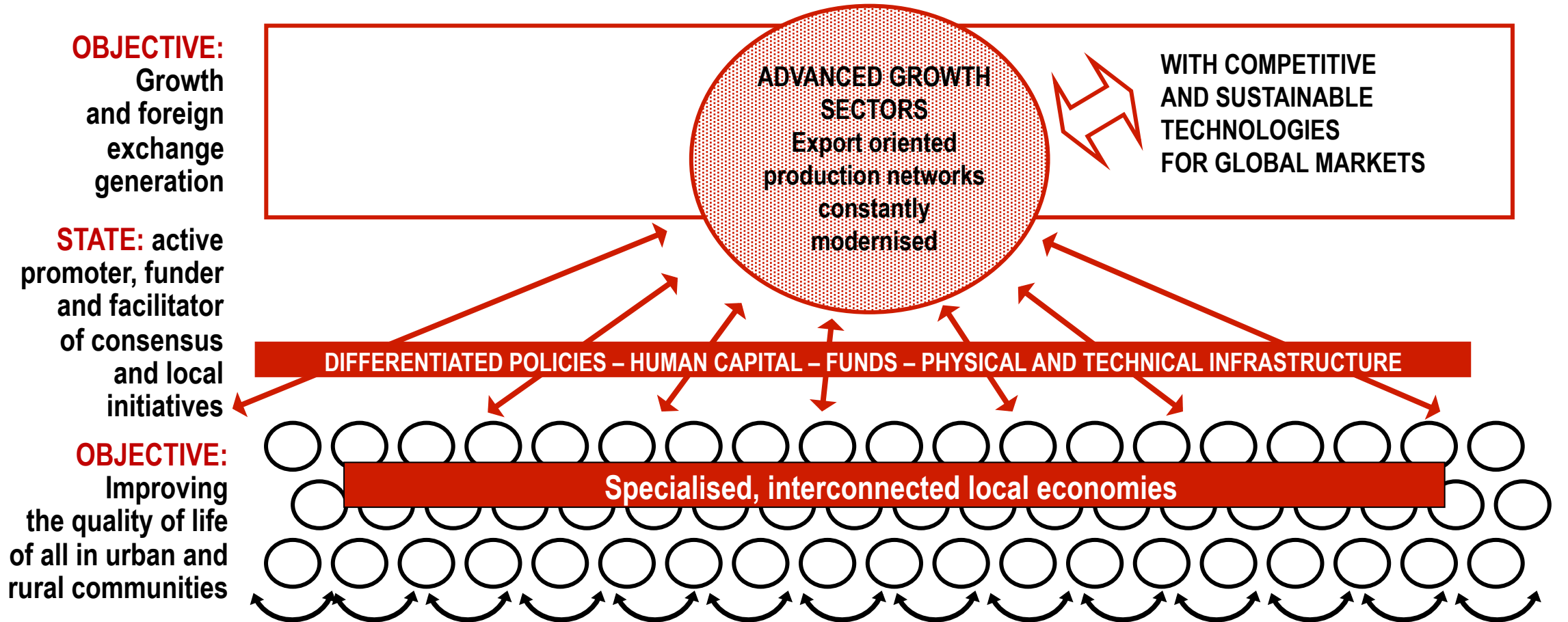


**BY ESTABLISHING A DUAL URBAN-RURAL
top-down and bottom-up strategy**

WITH DIFFERENT INSTITUTIONS AND POLICIES TO ADDRESS EACH OF THEM

AN INTEGRATED DUAL MODEL

with converging processes of sustainable growth and innovation



Differentiated development of each portion of the territory based on the local productive vocation, identified or promoted FOR THE DOMESTIC MARKET OR FOR EXPORT AND SUPPORTED BY FULL ACCESS TO THE INTERNET (and to energy)

A DUAL INSTITUTIONAL FRAMEWORK FOR THE INTEGRATED DUAL STRATEGY

FOR GLOBALLY-COMPETITIVE SECTORS

**A strong and stable institutional framework
staffed by expert, and highly informed personnel
knowledgeable in the areas in question
Capable of successfully negotiating
nationally and internationally
Aiming at public-private consensus
on long-term competitiveness goals**

FOR "GRASSROOTS" TERRITORIAL DEVELOPMENT

**A supportive institutional framework
capable of helping identify opportunities
and providing access to direct support
in science, technology, funding and training
Focusing on helping achieve life improvement
for the population of each of the communities**

**WITH DIFFERENT COMPETENCIES AND DIFFERENT TYPES OF PERSONNEL
with different public-private forms of collaboration
AND STRENGTHENING THE REGIONS AND LOCALITIES POLITICALLY AND ECONOMICALLY**

ADVANTAGES OF THE BOTTOM-UP PART OF THE DUAL MODEL

- Full use of natural resources throughout the territory
- Improvement of the rural standard of living.
- Reduction of flow to cities and of overcrowding in slums
- Reduction of the informal economy (which could also be transformed)
- Rescue of local cultural and community values
- Encouragement of entrepreneurship
- Increasing appeal of remote work (especially when around big projects)

**THE INTERNET MAKES IT POSSIBLE TO OVERCOME GEOGRAPHICAL ISOLATION
AND TO REDUCE THE URBAN-RURAL DIVIDE**

**TAKING ADVANTAGE OF THE OPPORTUNITY REQUIRES
AN APPROPRIATE INSTITUTIONAL FRAMEWORK
AND AN ENORMOUS EDUCATIONAL AND SUPPORT EFFORT**

**WHETHER TOP-DOWN OR BOTTOM-UP STRATEGIES
THE PROMOTION OF INNOVATION IS CRUCIAL**

**But we cannot continue with the old model
of maintaining science and technology
with its own and isolated institutions**

**TODAY, ANY NATIONAL, REGIONAL OR LOCAL DEVELOPMENT STRATEGY
MUST BE A TECHNOLOGY STRATEGY**

**And cooperation across ministries
as well as with the private sector is essential**



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WHAT CAN WE LEARN FROM HISTORY ABOUT THE CONDITIONS FOR MAKING A SIGNIFICANT LEAP FORWARD?

LEAPS TO DEVELOPMENT

1st globalisation from 1870s:
JAPAN, SWEDEN, and other EUROPEANS

Triple opportunity from 1950s to 90s:
KOREA, TAIWAN, HONG KONG
AND SINGAPORE

LEAPS TO WORLD LEADERSHIP

1st globalisation from 1870s:
UNITED STATES and GERMANY overtake Britain

Post-war opportunity from 1950s: JAPAN leaps to N^o. 2

2nd globalization from 1980s: CHINA leaps to N^o. 2

TIME AND CONTEXTS HAVE BEEN DIVERSE

**But some conditions and actions recur
and can give us an understanding of what makes success possible**

FIVE CONDITIONS FOR A MAJOR LEAP TO DEVELOPMENT OR LEADERSHIP

- **A technological opportunity**
- **A geopolitical opportunity**
- **Consensus among the elites** (voluntary or imposed)
- **A reliable and sufficient source of funds**
- **A competent civil service**

THE POLITICAL CONTEXT CAN BE VERY VARIED

**Democracies, dictatorships, parliamentary monarchies, settler colonies,
post-war occupied countries or hybrids**

EVEN SMALLER ADVANCES

such as occurred with protected import substitution

SEEM TO FOLLOW SIMILAR CONDITIONS

The technological opportunity: Mature technologies for consumer goods

The geopolitical opportunity: Advanced countries needing to expand markets

The consensus of the elites: Both political and business groups saw advantages

A sufficient source of funds: FDI, export of raw materials and multilateral banks

A competent civil service: ILPES and UNCTAD trained civil servants for ISI

BUT WHEN CONDITIONS AND OPPORTUNITIES CHANGE

SO MUST THE POLICIES

Recognising whatever is obsolete and a disadvantage

AS WELL AS THE ACCUMULATED LEARNING TO BUILD UPON

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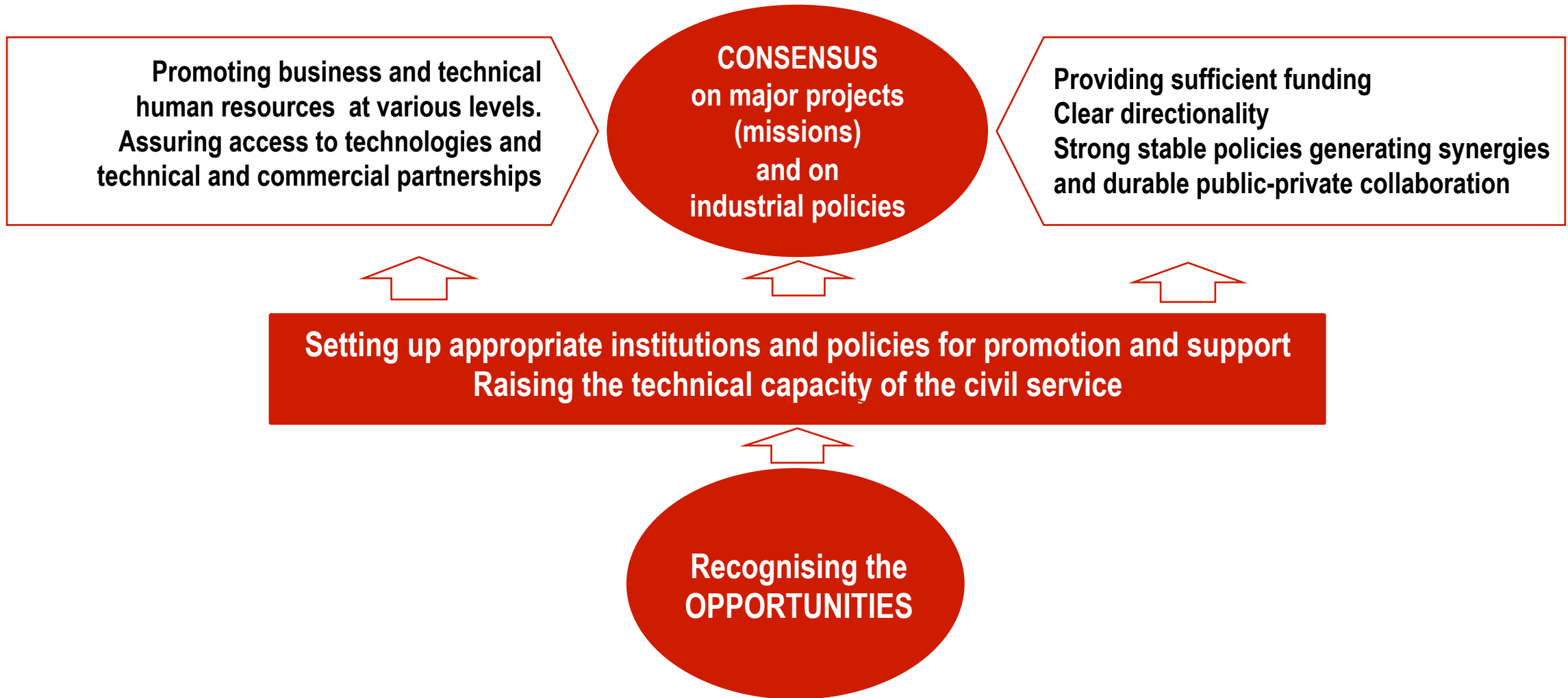
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THE MARKET OR THE STATE



The question becomes irrelevant



**NEITHER THE STATE NOR THE MARKET, BUT BOTH,
COOPERATING TOWARDS A CONSENSUS DIRECTION**

WEST-CHINA TENSIONS ARE OPENING A NEW ERA

THE FREE-MARKET OBSESSION IS GIVING WAY TO PROACTIVE STATE POLICIES

“Reglobalisation” shifts the interests of all advanced countries towards the South

ICTs multiply everybody's innovative potential and

the 'green' imperative will accelerate the change in production methods

THESE ARE TIMES TO ABANDON HISTORICAL PESSIMISM

and to engage in institutional innovations

and in the creation of shared visions

**THE TIME HAS FINALLY COME
FOR THE RISE OF THE REST**

**Although it won't be easy, the opportunities are there
IT IS THE TASK OF THIS GENERATION
TO MAKE THE BEST OF THEM**



THANK YOU!

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