

# Sectoral/Microeconomic Analysis of LAPE

Lecture for LAPE, SFU

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# Overview of Lecture

- Introduction to sectoral analysis
- Shafer's approach
- Shafer's applications
- Is Shafer's model widely applicable? What policy prescriptions does it imply?
- The need for improving Shafer's model

# Shafer's Sectoral Approach

- What is sectoral analysis; What is a sector
- Sectoral analysis vs. traditional IPE approaches (eg depcy, neolib'sm)
  - “Particular sectoral attributes result in distinct intl. mkt structures, ea. of which rewards diff kinds of actors, presents diff oppties and risks, & Ds a diff strategy” (2)
- sector defines individ's interests, shapes institutions
- States: autonomy + relative vs. abs capacity affected; Shapes PPP
- “Restructuring”- intl mkts require

# Shafer's Framework

- How to test? Do diffs in sectors ld. to diffs in devt?
- Important Sectoral characteristics:
  - ecos of scale/scope; asset/factor flexibility (K intensity); (nature of pdct)
  - high/low
    - implications for restructuring
    - for abs capacity
    - for relative capacity
    - for state-sectoral relations

# Taking Shafer a step farther

» Ecos of Scale

» high | Low

- Asset high |
- » -----
- Flexibility Low |
- -----

- Consider: which countries can enter which mkts?; fx on restructuring; fx on state aut'y/capacity; fx on other actors, mncs/dom& for bus/L

# Applying Shafer's Model to LA

- Ideal Types (ecos of sc/flex): Cu mining (Zam), HL; light manuf., textiles (SK)LL; industrial crop pdct, tea (SL) LL; peasant crop (CR) LModerate
- Survey LA:
  - Mexico
  - Central America: CR vs. ES
  - Col, Ven, Ecuador, Peru, Bol
  - Chile, Argentina, Brasil
- Can sectoral attributes really be changed?
- What policy prescriptions are implied?

# Conclusion

- Shafer has a compelling analytical framework, but is short on prescriptions
- Special importance of sectoral analysis in a neoliberal world
- Framework needs to consider:
  - fuzzy logic: both in scale and in cause
  - Inter- vs. Intra-sectoral analysis
  - rise of integration
  - inter-sectoral alliances
- Regulatory games states play
  - Tries to match external/internal response to external forces (globalization) with sectoral characteristics
    - Example: aircraft industry

# Discussion Q.s

Do you find the sectoral approach convincing, or is another level of analysis or emphasis more compelling (consider the previous perspectives)?

What tools do the state, private industry, the public, foreign inv, experts, soc movements have in shaping sectoral policy? Does sector shape state or vv?