

Sheet 1:

Import Substituting Industrialisation

The key is to build domestic industries to replace imports in key industrial sectors. Based around the Prebisch-Singer and infant industry hypotheses.

Policies generally include:

- Nationalisation of key sectors such as utilities (Gas, electricity and water)
- An active industrial policy to subsidise vital industries (including agriculture, power generation, etc.)
- Highly protectionist trade policies in key sectors (tariffs, quotas etc.)
- An overvalued currency.

On a separate sheet of paper explain

- Why are these policies necessary (why not just trade freely)?
- How each of these policies might help towards the process of creating an industrial base.
- What problems do you think might emerge in the longer term?

This is a useful chart showing Brazil's historic growth rates:

<https://regulation.revues.org/docannexe/image/11322/img-6-small580.png>