

American Industrial Strategy: Historical Success Stories



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Industrial strategy has long been at the heart of American economic growth and competitiveness. Through public and private sector collaboration, the US economy has innovated new technologies, embraced new sectors, grown, and prospered.

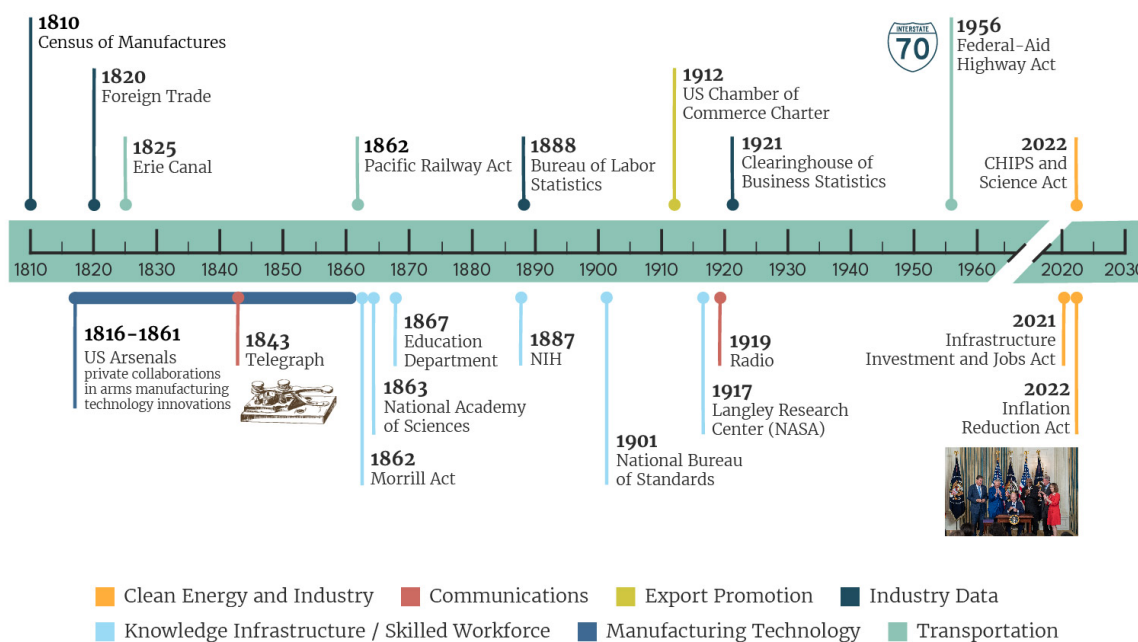
The Biden Administration's recent suite of clean energy legislation—the Inflation Reduction Act, the Infrastructure Investment and Jobs Act, and the CHIPS and Science Act—continue that legacy, using American industrial strategy to secure our future economic well-being and energy security. But we're not done with industrial strategy. History shows us the potential of industrial strategy to inspire innovation across sectors and, ultimately, build a more prosperous American economy.

Below, we outline examples of industrial strategy's successes, going all the way back to the early 19th century. For each example, we note how federal policy has been used to cut through red tape and create new avenues for American businesses. In so doing, the US government has facilitated growth, innovation, and experimentation in the private sector, and, by extension, created a diverse and vibrant economy.



American Industrial Strategy

HISTORICAL SUCCESS STORIES



Source: Third Way. "American Industrial Strategy: A Path Forward for Clean Energy". <https://www.third-way.org/blog/american-industrial-strategy-a-path-forward-for-clean-energy>, Accessed 19 October, 2023.



Manufacturing Technology: Manufacturing is the oxygen of any economy—driving innovation, creating jobs, and ensuring that our industries are resilient and competitive. Strategic federal policy choices have encouraged the growth and stability of US manufacturing and expanded the US economy writ large.

- **US Arsenals, 1816–1861** –Over several decades, the US arsenals in Springfield, Massachusetts, and Harpers Ferry, Virginia, worked closely with private firms to successfully develop new machine tools, standardize parts, and move America to the forefront of manufacturing prowess worldwide.

Transportation Infrastructure: Policymakers have long seen the value of investing in transportation, not only for conducting government business but also for bolstering trade networks and encouraging economic development where private sector dollars might not otherwise go. Federal investments in transportation have the potential to move goods *and* private sector dollars where they're most needed.

- **Erie Canal, 1825** – New York State built the Erie Canal in 1825 to open Midwest markets to the Atlantic Coast and vice versa, expanding trade routes and promoting local development.
- **Pacific Railway Act, 1862** – Recognizing the economic and geopolitical importance of connecting the East and West Coasts, during the Civil War, the federal government facilitated land grants and loans to spur private companies to construct the transcontinental railroad.
- **Federal-Aid Highway Act, 1956** – Connecting the entire nation through a system of highways, the Federal-Aid Highway Act strengthened interstate commerce, expanded the US economy, and strengthened our national security. The immense scale of expanding the Interstate Highway System led to advancements in American construction technologies that remain relevant today.

Communications: Early investments in new forms of communication, from the telegraph to the internet, have helped Americans communicate clearly and quickly, regardless of distance. That early embrace of communications technology has kept the US competitive in the global economy and contributed to the growth of jobs and the spread of capital to remote parts of the country.

- **Telegraph, 1843** – Recognizing the importance of reliable instantaneous communication over long distances, Congress appropriated \$30,000 to support the development and demonstration of private-led telegraph innovation to lay the first telegraph wires between Washington and Baltimore.

- **Radio, 1919** – The federal government facilitated the formation of the Radio Corporation of America (RCA) to control and manage private wireless communications patents, align commercial and strategic interests, and support a rapidly expanding industry.

Skilled Workforce/Knowledge Infrastructure: Workforce development requires a macro-level approach that meets the needs of communities and private industry. Federal investments have helped match-make between industry and individuals, ensuring adequate expertise across the labor pool.

- **Morrill Act, 1862** – Aimed at promoting education and research in agriculture and the mechanical arts, the Morrill Act supported new land-grant institutions that created significant opportunities for farmers, mechanics, and technologists across the nation.
- **National Academy of Sciences, 1863** – Congress created the National Academy of Sciences, laying the foundation for evidence-based policymaking and ensuring we have the scientific knowledge and expertise to guide the private sector.
- **Education Department, 1867** – Recognizing the importance of education, Congress created the first Department of Education to collect information and statistics about the nation's schools in order to improve education and align our institutions with workforce needs.
- **National Institutes of Health (NIH), 1887** – Established to cement the federal government's commitment to research and addressing public health concerns, NIH works hand-in-hand with doctors, scientists, and private healthcare companies to bolster public health and medical breakthroughs.
- **National Bureau of Standards, 1901** – To facilitate reliable products efficiently produced, Congress established the National Bureau of Standards (now NIST) as the nation's authoritative domestic measurement and standards laboratory.
- **Langley Research Center, 1917** – The facility now known as Langley Research Center was founded under the National Advisory Committee for Aeronautics (now NASA) to showcase the government's commitment to collaborating with private businesses to expand the then-burgeoning aviation industry.

Industry Data: Comprehensive and accurate industry data is essential for decision-making, driving innovation, and market efficiency. The federal government's unique reach, combined with private sector expertise, can ensure that key sectors of our economy have the information they need to succeed.

- **Census of Manufactures, 1810** – Recognizing the importance of data-driven decision-making to bolster economic resilience, and, as such, the need for detailed data on America's manufacturing sector, Congress revised the Census Act of 1810 to add a census of manufactures.
- **Foreign Trade, 1820** – To fully understand America's standing in global markets, Congress created a Division of Commerce and Navigation in the Treasury Department to systematize the collection and reporting of the nation's imports and exports.
- **Bureau Labor Statistics, 1888** – Taking a step toward data-driven decision-making, Congress established the Bureau of Labor Statistics to collect the data necessary for "scientific tariff-setting" (i.e., jobs, wages, prices, and productivity) and monitor key economic sectors at regular intervals.
- **Survey of Current Business, 1921** – To facilitate industry competitiveness and macroeconomic stability, the Commerce Department regularly gathered industry-specific production and sales data from a wide array of trade associations and government agencies and published the results in the *Survey of Current Business*, a monthly compendium of industry statistics.

Export Promotion: The federal government has recognized the value of guiding US firms to find and take advantage of export opportunities worldwide to diversify the American economy, build economic resilience, and reduce dependence on foreign goods, with the added advantage of building American prestige worldwide. It's vital to America's position in the global economy and a critical avenue for industrial strategy.

- **US Chamber of Commerce Charter, 1912** – The Commerce Department's Bureau of Manufactures hosted a national conference of local chambers of commerce and national industry associations to charter the US Chamber of Commerce to steer trade leads provided by Commerce to the appropriate US firms.

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