

ARTICLE

Special Issue: Industrial Policy and Competitiveness

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The Network Law Review is pleased to present a special issue on “Industrial Policy and Competitiveness,” prepared in collaboration with the International Center for Law & Economics (ICLE). This issue gathers leading scholars to explore a central question: What are the boundaries between competition and industrial policy?

1. Introduction

Industrial policy is back in fashion. Governments in the United States, Europe, and China increasingly deploy subsidies, trade restrictions, and regulations to promote domestic champions and secure supply chains. This marks a departure from Washington Consensus-inspired policies that prevailed in much of the world for the past decades. The shift raises a straightforward question for the competition policy world: can industrial policy be reconciled with antitrust law?

The question is not new. Competition policy and industrial policy have coexisted before, often uneasily. What makes the current moment distinct is the scale and scope of intervention. Industrial policy is no longer confined to “traditional” sectors like steel or agriculture. It now targets semiconductors, artificial intelligence, and digital platforms, industries where innovation dynamics are fast and uncertain.

The articles in this special issue examine whether competition law can accommodate this shift and, if so, how. The contributors approach the issue from different angles: innovation economics, competition law doctrine, and digital regulation. Their findings do not converge on a single answer. But they clarify the trade-offs.

2. Innovation and industrial policy

The first group of papers focuses on the economic foundations of industrial policy. Giovanni Dosi argues that today's revival of industrial policy is a distorted, protectionist imitation of its original purpose, and calls instead for a genuine, commons-oriented industrial strategy that directs innovation toward social justice, health, equality, and environmental sustainability.

Daniel Spulber examines the costs of fragmentation. His paper shows that non-tariff barriers and regulatory divergence can reduce innovation by limiting market access and raising compliance costs. The implication is that industrial policy, if poorly designed, may undermine the innovation it seeks to promote.

Richard Langlois considers a counterintuitive outcome: protectionist policies may spur innovation in rival jurisdictions. By denying access to knowledge and markets, such policies can force competitors to develop alternative technologies. The result may be accelerated innovation elsewhere, not at home.

3. Competition law under pressure

A second set of papers examines how competition law responds to industrial policy pressures. Daniel Crane argues that in an era of Great Power rivalry, antitrust law is increasingly used as a geopolitical tool (whether to secure military assets, control technology infrastructure, shape cultural influence, or reinforce financial dominance) thereby blurring the line between market regulation and strategic statecraft.

Erik Hovenkamp examines how data spillovers in AI-intensive markets amplify the competitive significance of vertical restraints such as tying and exclusive dealing. He argues that antitrust law must adopt a unified, cross-market framework to address exclusionary conduct whose effects propagate through interconnected data ecosystems.

Frédéric Jenny contends that Europe's revived industrial policy reflects structural shifts in globalization and technological interdependence, urging antitrust agencies to incorporate innovation, sustainability, and resilience into their analytical frameworks without abandoning market-based discipline.

4. Digital markets and regulation

The third group of contributions focuses on digital industries. Marie-Therese Sekwenz analyzes the Digital Services Act through an industrial policy lens. She

argues that the Act does not merely regulate platforms; it shapes the competitive structure of digital markets.

Valérie-Laure Benabou examines the concept of European digital sovereignty. Her article documents the EU's shift from a market-opening approach to one that prioritizes strategic autonomy, though the practical implications remain unclear.

Elizabeth J. Durango-Cohen, Yidan Sun and Liad Wagman study the workplace implications of digital industrial policy. Their model shows how AI adoption and remote collaboration affect knowledge sharing and firm productivity. These micro-level changes have macro-level implications for industrial competitiveness.

Finally, Jonathan Barnett revisits network effects, a central feature of digital markets. His analysis explores how these effects both justify and constrain industrial policy interventions. The challenge is to promote entry without distorting competitive dynamics.

5. What this special issue does (and does not) do

The papers collected here do not resolve the tension between industrial policy and competition law. That may be impossible. But they highlight some of the choices policymakers face.

First, many contributions suggest industrial policy can foster innovation under specific conditions, when it addresses genuine market failures, when it is time-limited, and when it preserves competitive entry. Most interventions fail one or more of these tests.

Second, competition law remains relevant but may require some adaptations. Rigid application of consumer welfare standards may ignore dynamic effects, while abandoning these standards risks turning competition law into an instrument of political discretion.

Third, international coordination seems to be eroding. Policymakers' pursuit of technological sovereignty is increasing regulatory fragmentation. This raises costs for firms and may slow innovation globally.

The articles in this issue document these developments. They do not prescribe a unified policy response. Given the diversity of jurisdictions, industries, and political contexts, such a prescription would be unrealistic. What the papers do offer is conceptual clarity and empirical grounding necessary for future policy debates.