ing itself as the world s manufacturing hegemon. In 1750, Europe, North America and Japan constituted only 27% of manufacturing production in the world. But by 1900, those regions made up 90% of world manufacturing production.

Some would say that this statistic is unimportant because the traditional path of economic growth through industrialisation has changed. This is actually not true. Since World War II, only a few small countries exceptionally rich in oil (like Brunei, Kuwait, Quatar) or very small financial havens (like Monaco and Lichtenstein) have achieved sustainable standards of living without developing their manufacturing sector. This is why the terms industrialised country and developed country are still used interchangeably.

Manufacturing drives productivity growth and innovation

The reason for the strong relationship between industrialisation and economic development is that the manufacturing sector is the driver of productivity growth. This, in turn, is the lifeblood of technological development.

Economies of scale (reduced cost per unit that arise from increased production) are more easily achieved in the manufacturing sector than in the service sector. This is because manufacturing activities lend themselves more easily to mechanisation and chemical processing.

And let s not forget that productivity growth in other sectors of the economy are a result of innovations in the manufacturing sector. The world s most productive farms are heavy users of chemicals, fertilisers, pesticides, and agricultural machinery. And the world's most productive service firms rely on top computer technology, transport equipment and, in some instances, mechanised warehouses.

The importance of the manufacturing sector for a country s overall infrastructure for innovation cannot be highlighted enough. Even in advanced countries, where manufacturing production is supposed to be on the decline, the bulk of innovation happens in the manufacturing sector. In the US, firms associated mainly

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