Does Industry Resilience Matter for Postshock Industrial Policy?

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Can resilience be a relevant concept for industrial policy? Resilience is usually described as the ability of a socioeconomic system to recover from unexpected shocks. While this concept has caught for long time the attention of regional economics researchers, it is increasingly recognized that resilience can have policy-relevant conceptual applications in many other regards. In this paper, we apply it to industries and define the "industry resilience" concept and measurements.

We contend that *postshock industry resilience* can be a valuable analytical framework providing decision-makers with solid evidence on how different sectors react to unforeseen shocks. Specifically, it can represent an informative basis on which policymakers can ground the rationales of the intervention and select industrial policy targets able to promotea structural change that is socially sustainable.

We present a methodology that measures *postshock industry resilience* and apply it to the U.S. and the Italian cases to assess the resilience capacity of sectors in the aftermath of the 2008 shock. The main findings show how industries reacted heterogeneously to the 2008 shock. This points to the relevance for policymakers to be aware of such different sectoral reactions to shocks to tailor vertical industrial policies also according to sectoral resilience capacities.