

Essays on Economic Policy (ESPE in Spanish) - Identifying Industry Clusters in Colombia Based on Graph Theory

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Abstract

This paper presents a new way to identify and understand the industry clusters in the Colombian economy. The analysis relies on a recent methodology proposed by Duque and Rey (2008) where intricate input-output linkages between industries are simplified using network analysis. In addition to other techniques for cluster identification available in the literature, this novel methodology allows us not only to classify each industry in a given cluster, but also to understand how industries are related to each other within their clusters. This methodology offers a conciliatory approach to two radically different views about the economic unit from which policy makers should design their strategies for resource allocation: Porter's cluster strategy versus Hausmann's industrial targeting.