
ONLINE COURSE ON STRUCTURAL TRANSFORMATION AND INDUSTRIAL POLICY

8 JULY– 25 AUGUST 2019

PROSPECTUS

Background

Structural transformation – transformation of material and human resources towards higher productivity economic activities – is the path to development and prosperity. First put forward by the famous Russian-American statistician and development economist Simon Kuznets (1973), structurally transformed economies depict a falling share of output and employment away from the lower productivity sector, such as agriculture, to higher productivity ones, such as manufacturing and industry. In structurally transformed economies, average labour productivity is higher than the ones that are not structurally transformed. Assuming full utilization of resources, including labour, structural transformation (i.e., high labour productivity) would suggest end of poverty; since more often than not, poor are those who have nothing but their labour power. Structural transformation creates more and better jobs and fosters socio-economic and human development. Ever since the Industrial Revolution, structural transformation toward manufacturing has been regarded as the main engine of economic growth. The industrialization of the European countries, the United States and Japan, followed by the peripheral European economies and East Asian economies, lifted large portions of the population out of poverty, reducing inequality and improving living conditions. In virtually all of these countries, structural transformation has been supported by industrial policy, which created incentives for industrialization and favoured specialization in strategic and innovative economic activities.

Industrialized rich countries tend to deindustrialize in later stages of development – productivity growth in manufacturing makes labour redundant, resulting in reallocation of the redundant labour towards services sector, typically towards modern (ICTbased) services. However, particularly since the 1980s, developing countries have been experiencing deindustrialization, instead of industrialization. Today's developing countries face the challenge of shrinking manufacturing sectors at lower levels of GDP per capita. Moreover, in developing countries, the services that expand the most are traditional ones such as retail trade, restaurants and hotels, which are very good at absorbing labour, but provide limited opportunities for productivity enhancements and offer low-quality, vulnerable jobs, often in the informal sector. Such premature deindustrialization thus reduces incomes and productivity and leads to increased unemployment along with low-quality employment. This phenomenon of premature deindustrialization has revived interest in industrial policy as a means to achieve sustained economic growth and better social outcomes. Structural transformation has been placed at the core of policy agendas and has become the focus of Sustainable Development Goal No. 9, "Industry, Innovation and Infrastructure". In an effort to enhance knowledge about the links between structural transformation, industrial policy and development, the UNCTAD Virtual Institute (Vi) developed this online course for stakeholders in developing and transition countries. The seven-week course is based on the Vi teaching material on structural transformation and industrial policy.

Objectives

The objective of the course is to explain the mechanism of structural transformation, and provide students with theoretical and empirical instruments to analyze the patterns of structural transformation and country approaches toward industrial policy. It will teach participants how to:

- Explain the patterns of structural transformation, using the main indicators of structural transformation and the different empirical methods proposed in the literature;
- Analyze the relationship between structural transformation and socio-economic development;
- Analyze country experiences with industrial policy, and propose policy recommendations, which take into account the economic structures, as well as the obstacles to industrialization and effective industrial policy implementation.

A more detailed description of the course content, as well as the course timetable, are provided in the annex.

Target audience and course prerequisites

The course targets academics (from universities and research centres), policymakers, and representatives of civil society in developing and transition countries involved in research, teaching, policy formulation and implementation, or fieldwork in the area of development. Qualified women candidates are particularly encouraged to apply. We will accept the first fifty applicants that meet the following criteria:

- Hold a Master's degree in economics; international relations or political science;
- Have completed courses in development economics;
- Have excellent knowledge of English, including technical terminology.

Please note that in order to successfully complete course activities, participants should plan to dedicate 12–14 hours per week throughout the duration of the course.

Application information and deadline

Your application must include a filled application form, detailed curriculum vitae and a letter of nomination from your institution indicating its support of your application and explaining how your participation in the course will contribute to your future work and the work of the institution.

The deadline for applications is **30 June 2019**. Applications received thereafter or incomplete applications will not be considered. For assistance with the online application process, please contact gul.unal@un.org.

Participants will be advised of their selection by 5 July 2019.

Annex: Content and timetable of the course

The course is structured into five modules. For each module, we provide:

- A reader;
- An accompanying multimedia lecture by course co-author, Francesca Guadagno, based on PowerPoint slides. The lecture extends the content of the reader and incorporates examples from the literature and current policy practices;
- Multiple-choice module quizzes.

The course content may be run entirely from the Virtual Institute website. An Internet connection is required complete end-of-module tests and final exercise.

Dates	Title	Content
Week 1: 8–14 July	Module 1: Structural transformation and the role of manufacturing	The role of structural transformation in economic growth. Manufacturing as an engine of economic growth. Empirical evidence on manufacturing
Week 2: 15-21 July	Module 2: The role of services in economic growth and development	Early and recent literature on the role of services in economic growth and development. Empirical evidence on deindustrialization and premature deindustrialization.
Week 3: 22-28 July	Module 3: Measuring structural transformation	Mechanics of how structural change affects economic growth. Methodology to decompose labour productivity growth. Hands-on Excel application.
Week 4: 29 July-4 August	Catch-up week	
Week 5: 5-11 August	Module 4: The debate on industrial policies	A review of the debate on industrial policy. Arguments in favour and against industrial policy. Types of industrial policy instruments.
Week 6: 12-18 August	Module 5: Industrial policy: relevant practices and modern challenges	Classification of industrial policy instruments. Roles of the state. Cases of industrial policy. Challenges to industrialization and industrial policy in developing countries.
Week 7: 19-25 August	Catch-up week	