

*The Economics of Structural Change:
Theory, Institutions and Policies*

A Conference in honour of Luigi L. Pasinetti

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Call for Papers

In modern economic systems permanent and irreversible changes coexist with changes that are transitory and reversible. The economics of structural change focuses on permanent changes in the fundamental relationships among components of any given economic system, independently of whether they are brought about by *cumulative changes* negligible in the short run or by *structural breaks* leading to changes in the long-run properties of the system. There has recently been a revival of interest in the long-run transformations of socio-economic systems in many different fields of research, such as when considering the long-term dynamic prospects of advanced economies or the catching-up processes of less developed economies. Interest in the distinction between short-run alterations and long-run irreversible changes has an established tradition in economic theory and applied economics. The lifetime work of Luigi Pasinetti, who has co-founded the Cambridge analytical tradition through a unique combination of the Classical and Keynesian lines, has highlighted structural change as the most important feature of modern economies since the first industrial revolution and has addressed the relationship between macroeconomic aggregates and changes in sectoral proportions as the most

distinctive feature of long-term dynamics. His *Structural Change and Economic Growth* (Cambridge, Cambridge University Press, 1981) and *Structural Economic Dynamics* (Cambridge, Cambridge University Press, 1993) are path breaking constructive contributions to the theory of a multisectoral economy evolving through time under the influence of technical progress and changes in final demand composition. In Pasinetti's scheme the structural change of a multisectoral economy is conceived in terms of changing relationships between vertically integrated sectors leading to the production of different final consumption goods. In a dynamic representation of the economy, full employment and full capacity utilization presuppose structural change as change in sectoral proportions. This is expressed in terms of a fundamental macroeconomic condition that is compatible with manifold sectoral compositions of aggregates and thus highlights the importance of structural change as a means to achieve macroeconomic objectives.

The aim of this workshop is to provide a critical assessment of current research in the economics of structural change from a theoretical, institutional and policy perspective and in the light of Pasinetti's contribution to the theory of structural economic dynamics. Paper proposals are invited in the three following areas though proposals in the same general area will also be considered.

Economic Theory of Structural Dynamics: ways ahead

Approaches to structural change analysis have emphasized either circular interdependencies between productive sectors or vertical dependencies between stages of production. The former highlight the reciprocal constraints and opportunities associated with any given set of processes delivering commodities that enter each other's production. The latter bring into focus the sequential character of production activities, both in the sense that certain activities may be essential to other activities even if the opposite is not true, and in the sense that production

involves irreversible transformations over time. As analytical work by Pasinetti has shown, the circular and vertical points of view are not incompatible but draw attention to different features of economic structure. It is important to investigate ways ahead along each research line and to search for unexploited opportunities of integration. For example, examining resource utilization and its impact upon accumulation and structural change; linking structural change analysis with consideration of interactions between internal components of production processes; understanding the dynamics of saving formation and its influence upon the dynamics of social classes and the evolution of consumption patterns; analysing triggers of structural change on both consumers' and producers' side.

Suggested themes and topics:

Producer goods, consumer goods and structural business cycles

Stages of economic growth and structural change

Resources, interdependencies and structural dynamics

Technological interdependencies and forms of learning

Structural economic dynamics and the theory of value

Production interdependences, social structures and dynamic paths

Structures, Institutions and Development

The analysis of structural economic dynamics leads to the distinction between different structural layers, and to the identification of different constraints on structural change at each layer (Pasinetti's *separation theorems*). This provides a benchmark to the analysis of institutional dynamics as it calls attention to the different degrees of resistance to change at different layers of the economic structure. Contributions are invited on the structural conditions of institutional transformation in general and under specific historical conditions.

Suggested themes and topics:

Separation theorems and structural heuristics
Structural permanence and structural change
Structural development and institutional change
Industrial policies for structural development
Monetary relationships and economic structures
Structural finance

The Political Economy of Structural Change

The structural approach to economic dynamics allows identification of changes in proportions between sectors that may be needed to achieve over-all (macroeconomic) objectives. Alternative strategies of structural change can be examined in view of their contribution to the attainment of macroeconomic objectives. This provides a benchmark for evaluating sector-specific policies, and managing transitional paths compatible with systemic requirements.

Suggested themes and topics:

Macroeconomics of structural change
Economic policy under structural opportunities and constraints
Structural change and distribution policies
Sectoral policies and macroeconomic objectives
Institutional policies for structural change
Transitions and dynamic paths
International political economy of structural change

Submission deadline: 30 April 2012

How to submit a paper proposal: Extended abstracts of about 1,000 words (excluding references) should be sent to both conference convenors:

Dr. Michelle Baddeley, Gonville and Caius College, Cambridge

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and Professor Roberto Scazzieri, Gonville and Caius College, and Clare Hall, Cambridge, and University of Bologna

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Proposals from young scholars are strongly encouraged.

Acceptance deadline: 31 May 2012.

Full paper's submission deadline: 31 August 2012