**Bio of Rizwanul Islam**

**Rizwanul Islam** is former Special Adviser, Employment Sector, International Labour Office, Geneva. He has also taught Economics at Dhaka University. He did his Ph.D. in Economics at the London School of Economics and Political Science, and has published a number of books and articles in peer-reviewed journals and edited volumes. His recent books include (i) *Employment and Inclusive Development* (jointly with Iyanatul Islam), Routledge, London, 2015, and (ii) two books in Bengali – one on development economics and another on employment and labour market in a development perspective – both published by the University Press Limited, Dhaka. His current research focuses on (i) structural transformation and absorption of surplus labour, and (ii) the employment challenge in the context of SDGs.

**Lecture Descripton**

*Economic Growth, Structural Transformation and Employment: Which Pathway?*

Growth of GDP which is normally used as a measure of economic growth is just a number. Whether the fruits of economic growth reach the common people depends on a variety of factors, one of which is productive employment. As a country progresses from a low level of development to higher levels, its people would naturally aspire to have better levels of living which, for many, would depend on what they do for living and how much they earn from that. In other words, they need better jobs - not just in the sense of incomes but also in terms of other qualitative aspects. When an economy grows, jobs can get better where one is already working or through move to a different field. It is in that context that the issue of structural transformation comes in.

Whether one looks at the historical experience of the developed countries like UK, USA, Germany, etc. or at the experience of countries that have succeeded more recently in their development efforts, e.g., Republic of Korea, Malaysia, Taiwan, etc., one finds a common pattern in structural transformation. First, the share of agriculture in output and employment declines and the share of industry increases. At a subsequent stage of development, the share of industry starts declining and the share of services increases. In this pattern, manufacturing industries act as the engine of growth – at least during the initial stage of development.

When structural transformation happens in the sequence mentioned above, it helps people move from jobs with low productivity and returns to ones with higher incomes. For example, jobs in industry are usually characterized by higher productivity compared to agriculture, and those who are employed there earn higher incomes. Hence, in a country that attains high growth of both output and employment in industries, workers can move from sectors with low productivity and incomes to jobs in industries.

Although manufacturing is expected to play the role of the engine of growth and absorption of surplus labour, the experience of developing countries shows that all countries have not been equally successful in this regard. There is also the issue of “premature de-industrialization”. And hence the search for alternative pathways to the absorption of surplus labour. The lecture will address this question through a comparative analysis of countries of East, South-East and South Asia.

A comparative analysis of the countries of East and South-East Asia (e.g., Republic of Korea, Taiwan, Malaysia) on the one hand and those of South Asia (e.g., Bangladesh, India, Nepal, etc.) shows that the latter have been less successful in absorbing surplus labour. Such divergence in experience raises the question as to whether there are alternative approaches to structural transformation and absorption of surplus labour. For example,

* Does the “modern sector” mentioned in dual economy models have to mean manufacturing, or it can be interpreted more flexibly to include other sectors like trade, services, etc.?
* Is transfer of surplus labour from traditional to modern sector synonymous with migration from rural to urban areas or workers may be able to find higher productivity employment in rural (or semi-urban) non-farm activities?
* If answers to the above questions indicate the existence of alternative ways of attaining structural transformation and of reaching the Lewis turning point in dual economies, thequestion of their speed and effectiveness would remain.

The lecture will focus on some of these questions.