



ISTANBUL COMMERCE
UNIVERSITY

CENTER FOR INDUSTRIAL POLICY
AND DEVELOPMENT



UNITED NATIONS
UNCTAD

INTERNATIONAL SUMMER SCHOOL & WORKSHOP APPLIED INDUSTRIAL POLICY (& BEYOND) THEORY, EMPIRICS AND INSTRUMENTS FOR EFFECTIVE POLICY DESIGN

04-05 September 2018, İstanbul

OVERVIEW

Organized under the Smart Economic Planning and Industrial Policy (SEPIP) Program of the Center for Industrial Policy and Development and in cooperation with the United Nations Conference on Trade and Development (UNCTAD), the objective of this summer school & workshop is to provide an overview of the process of structural transformation and its linkages with development, and to equip participants with knowledge of the key policy instruments that could accelerate the gradual transformation of the economic structure. After an introduction to the topic and the discussion of constraints to structural transformation and development, the workshop will cover different areas of modern applied industrial policy, focusing in particular on the role of industrial policy in open economy, on innovation and education policy and on the challenges posed by international production networks and industry 4.0. Group discussion during the workshop will offer a possibility of applying the theoretical notions and the empirical techniques presented.

The workshop targets researchers from universities and research centers and civil servants interested in structural transformation and industrial policy. The number of participants is limited to ensure an appropriate learning environment throughout the workshop. Applicants must have: (i) advanced knowledge of economic development and trade theory; and (ii) familiarity with statistics and econometric analysis.

The workshop will be conducted in English. It will be led by the lecturers and coordinators and will involve a significant amount of discussion among the participants with diverse backgrounds. Real world examples and case studies will be reviewed.

DATES & VENUE

- The Summer School & Workshop will be held on 04-05 September 2018, İstanbul.
- Venue: Istanbul Commerce University, Stlce Campus, rnektepe Mah. İmrahor Cad. No: 88/2 Beyođlu, İstanbul, 34445 Turkey.



COORDINATORS & LECTURERS

Prof. Dr. Murat Yulek
Center for Industrial Policy and
Development, *Istanbul*
Commerce University



A former board director at TUBITAK (Turkish Agency for Scientific and Technological Research) Murat Yulek taught at different universities such as Georgetown. He has published extensively on economic and financial development and industrial policy. Most recently, he edited a book for Springer (*Industrial Policy and Sustainable Development*). His new book *How Nations Succeed: Manufacturing, Trade, Industrial Policy and Development* is forthcoming from Palgrave MacMillan in 2018. He has worked at the IMF, Turkish Prime Ministry and Islamic Development Bank and has been a consultant at the World Bank, the IFC, the EBRD and UNCTAD. He holds an MBA degree from Yale University, Ph.D. and M.A. degrees from Bilkent University, an MSM (management) degree from Boston University and a B.Sc. degree (mechanical engineering) from Bogazici University.

Dr. Piergiuseppe Fortunato
UNCTAD



Piergiuseppe Fortunato is an economist at UNCTAD where he is responsible for projects on structural transformation, industrial policy and Global Value Chains. Before joining UNCTAD he was at Department of Economic and Social Affairs of the United Nations and assistant professor of economics at the University of Bologna. Heavily involved in policy-oriented research including in economic development, political economy, international trade and South-South integration. He has published in journals such as *Journal of Economic Growth*, *The Economic Journal*, *Global Policy* and the *European Economic Review*. He edited a volume on post-conflict recovery for Bloomsbury Academic and contributes to several blogs (e.g. *Vox* and *La Voce*).

REGISTRATION AND PARTICIPATION

- Deadline for applications: 25 July 2018. There are limited number of seats available. Early applications are encouraged as eligible participants will be selected on a first come-first serve basis.
- Application and registration are by e-mail (sepip@ticaret.edu.tr) including the applicant's (i) CV and (ii) a cover letter briefly stating the reasons of interest in participation.
- Applications will be reviewed by the Summer School & Workshop Selection Committee with respect to the relevance of the Workshop to the applicant's background, current job and functions, previous participation in relevant training/courses, language proficiency, and a number of other criteria.
- There is no participation fee. Financial assistance may be provided for travel and accommodation expenses (excluding dinners) to a small number applicants on an availability basis.

CONFERENCE SECRETARIAT

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Ali Kürşat Sak, Conference Secretariat, 444 0 413 – 4253

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PROGRAM

The school and workshop covers two days, with two lectures in the morning and one in the afternoon. The morning sessions will run from 9:00 to 10:30, followed by a coffee break, and from 11:00 to 12:30. The afternoon sessions, which will include also group discussion and exercises, will be scheduled from 13:30 to 15:00 and from 15:30 to 17:00.

DAY 1 – Understanding Industrial Policy

Opening

Lecture 1: Structural transformation and Industrial Policy – An Introduction

*This lecture will introduce the main variables needed to examine the process of structural transformation and motivate the use of industrial policy. Delivered by: **Murat Yülek & Piergiuseppe Fortunato**.*

- Structural transformation: definition & empirical evidence
- The middle-income trap
- Does manufacturing still matter?
- Case studies
- Why do we need Industrial Policy? And for what?

Lecture 2: Industrial Policy: Definitions, Instruments and Challenges

*This lecture will define the key concepts in industrial policy and presents a clear taxonomy of instruments and means of implementation. Some important topics which will shape the role of industrial policy in the XXI century will also be discussed. Delivered by: **Murat Yulek & Piergiuseppe Fortunato**.*

- Defining Industrial Policy
- Modern Industrial Policy Instruments
- Implementing Industrial Policy
- Industrial Policy in Global Value Chains
- Industry 4.0: the challenges of automation and digitalization

Lecture 3: Growth Diagnostics – An operative tool to identify policy priorities

*This lecture will discuss the usefulness of country diagnostics and provide the participants with operative tools to identify criticalities and bottlenecks. Delivered by: **Piergiuseppe Fortunato***

- Country diagnostics: strategies & instruments
- Identifying macroeconomic liabilities (interest rates, domestic savings, financial risks...)
- Identifying microeconomic liabilities (property rights, taxation, information externalities...)
- Identifying infrastructural liabilities (physical infrastructure, human capital...)
- A useful tool: The Matrix of tests

Group work and discussion – Industrial Policy in Selected Countries

*An open debate among the participants will follow a short presentation on the Turkish industrial policy strategy delivered by a local institution. Moderated by: **Murat Yulek***

DAY 2 – Sustaining Industrialization Beyond Industrial Policy

Lecture 4: Trade Policies and Industrial Development

*This lecture examines the role of industrial policy in open economies, it introduces the notion of product space and discusses an operative tool to identify promising sector/products. Delivered by: **Piergiuseppe Fortunato**.*

- Industrial policy strategies in open economies
- Export sophistication
- Product density in the product space
- Defying the comparative advantage – An operative tool
- Case studies

Lecture 5A: Education Policies and Industrial Development

*This lecture aims at discussing how to use strategically different types of education to foster productive capability formation and industrial development. Delivered by: **Piergiuseppe Fortunato**.*

- Productive capabilities
- The role of different types of education on upgrading and transformation dynamics
- Matching education and economic sectors
- Education at different levels of development

Lecture 5B: Innovation Policies and Industrial Development

*This lecture focuses on innovation policies and on the role of innovation systems in favoring economic catch-up. The case of Korea and China will be discussed in detail. Delivered by: **Piergiuseppe Fortunato**.*

- The dimensions of economic catch-up
- Corporate innovation systems
- Patents and new metrics of innovation
- Case studies

Lecture 6A: Public Procurement Policies and Industrial Development

*This lecture focuses on the role of public procurement policies on industrial and technological development. Delivered by: **Murat Yulek**.*

- Definitions & tools
- Selected examples

Lecture 6B: What is a Strategic Sector- Sectoral Priorities

*This lecture discusses several important issues including the strategicness of sectors and sector prioritization. Delivered by: **Murat Yulek**.*

- Definitions
- Criteria defining strategicness of sectors
- Prioritisation of sectors

Group work and discussion – Sectoral Priorities & Policy

Participants will be divided in groups and discuss the needs and policy priorities in different areas (sectors, trade, innovation and education). The different answers will then be compared to assess the feasibility of a coherent policy package at the national level.

LIST OF SUGGESTED READINGS

- Baldwin, R. and P. Martin, 2016. Coordination of industrial policy in the European Union. EIB Paper 6/2006.
- Coyle, D., 2016. Making the most of platforms: a policy and research agenda. Jean-Jacques Laffont Digital Chair Discussion Paper.
- Dahlman, CJ, Ross-Larson, B, and Westphal, L (1987). Managing technological development. Lessons from the newly industrialized countries. *World Development* 15, 759–775.
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- Fortunato P, and Razo C (2014). Export sophistication, growth and the middle-income trap. In: Salazar-Xirinachs JM, Nübler I, and Kozul-Wright R, eds. *Transforming Economies: Making Industrial Policy Work for Growth, Jobs and Development*. International Labour Organization. Geneva: 267 –87.
- Kozul-Wright, R. and P. Fortunato, 2016. Sustaining Industrial Development in the South. *Development*.
- Hausmann R, J Hwang and D Rodrik (2007) What you export matters, *Journal of Economic Growth* 12(1): 1-25.
- Hausmann, R., Klinger, B. and R. Wagner (2008), *Doing Growth Diagnostics in Practice: A 'Mindbook'*, CID Working Paper No. 177.
- Lall S (1992). Technological capabilities and industrialization. *World Development* 20(2): 165–86.
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- Lee, K., 2018. *The Art of Economic Catch-Up: Barriers, Detours and Leapfrogging*. Cambridge University Press.
- Lin, J. and H-J Chang, 2009. Should Industrial Policy in Developing Countries Conform to Comparative Advantage or Defy it? A Debate Between Justin Lin and Ha-Joon Chang. *Development Policy Review*.
- McMillan, M.S.; Rodrik, D., 2011. Globalization, structural change and productivity growth. NBER Working Paper No. 17143.
- Mehta A and Felipe J (2014). Education and the journey to the core: Path-dependence or leapfrogging? *Asian Development Bank Working Paper Series No. 395*.
- Rochet, Jean-Charles, Jean-Charles and Jean Tirole, 'Platform Competition in Two-sided Markets,' *Journal of the European Economic Association*, 2003, pp. 990–1029.
- Rodrik, D., 2004. *Industrial Policy for the Twenty-First Century*. Harvard University.
- Rodrik, D. and and Rosenzweig, M., 2010. Development Policy and Development Economics: An Introduction," in D. Rodrik and M.R. Rosenzweig (eds.), *Handbook of Development Economics*, North-Holland.
- Rysman, M., 2009. 'The Economics of Two-Sided Markets.' *Journal of Economic Perspectives*, 23(3): 125-43.
- Salazar-Xirinachs, J.M., Nübler, I. and R. Kozul-Wright (eds), 2014. *Getting industrial policies right for growth, jobs and learning*. Geneva, ILO and UNCTAD.
- Timmer, M., Los, B., Stehrer, R. and G. De Vries, 2013. Rethinking competitiveness: The global value chain revolution. *Vox CEPR's Policy Portal*.
- UNCTAD, 2015. *Global Value Chains and South-South Trade*. UNCTAD, Geneva.
- UNCTAD, 2016. *Trade and Development Report 2016: Structural transformation for inclusive and sustained growth*. UNCTAD, Geneva.
- UNCTAD, 2016. *Virtual Institute Teaching Material on Structural Transformation and Industrial Policy*. Geneva, UNCTAD.
- Yülek, M.A. (2018 forthcoming) *How Nations Succeed: Manufacturing, Trade, Economic Development and Industrial Policy*, Palgrave Mac Millan
- Yülek, M., ve Taylor T. (Ed.) (2012) *Designing Efficient Public Procurement Policies to Foster Technology Transfer and Development Capacity in Emerging Markets*. New York: Springer
- Yülek, M. (Ed.) (2015) *National Economic Planning and Industrial Policy in the Globalizing Economy: Revisiting Concepts and Experience*. New York: Springer.
- Yülek, M., Hongyul Han (2017) *Science, Technology, Innovation and Industrial Policies in Korea and Japan*, Frankfurt: Peter Lang.
- Yülek, M. (Ed.) (2018) *Industrial Policy and Sustainable Development*, New York: Springer