



Structural change, social inclusion, and environmental sustainability: New perspectives and policies in economic development

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Abstract:

This special issue addresses the challenges of the international economy, focusing on structural change, social inclusion, and environmental sustainability. It brings together contributions from senior and young scholars, many from Latin America, to explore multidimensional issues like inequality, geopolitical tensions, financial instability, environmental crises, and technological asymmetries. The selected papers, initially presented at the 1st International Workshop on Structural Change, Social Inclusion, and Environmental Sustainability, provide diverse perspectives on topics such as economic policy for a fair transition, centre-periphery dynamics, and the intersection of gender, labour, and economic growth. These works aim to foster collaboration between experienced and emerging voices, enriching the conversation around economic development through pluralist approaches.

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How to cite this article:

Isabella F., Castillo J., Yajima G.T. (2024), "Structural change, social inclusion, and environmental sustainability: New perspectives and policies in economic development", *PSL Quarterly Review*, 77 (310), pp. 233-235.

DOI: <https://doi.org/10.13133/2037-3643/18649>

JEL codes:

O11, O44, Q01, E24, F63, P16

Keywords:

structural change, social inclusion, environmental sustainability, economic development

Journal homepage:

<http://www.pslquarterlyreview.info>

The current challenges of the international economy are multidimensional. To name a few, we have political tensions associated with rising inequality, geopolitical rivalries weakening the multilateral system, financial instability, environmental issues, and persistent technological and productive asymmetries between developing and developed countries. As a matter of fact, different paradigms in economics are trying to explain these crises and design policy responses. Moreover, these approaches are seeking to move towards sustainable development along its three main axes: economic, social, and environmental.

Post-Keynesian, Structuralist, Institutionalist, Evolutionary, and Schumpeterian economists, among others, have contributed to the debate and expanded the opportunities for a pluralist conversation and cross-fertilization. This conversation among researchers from different intellectual traditions and countries, especially from the global South, often struggles to find the space it needs to flourish. Consequently, opportunities for nonmainstream economists to discuss



their research findings and ongoing advancements on these critical topics remain severely constrained.

This special issue of the *PSL Quarterly Review*, titled “Structural Change, Social Inclusion, and Environmental Sustainability: New Perspectives and Policies in Economic Development”, seeks to address this problem. The works collected here were initially presented at the 1st International Workshop on Structural Change, Social Inclusion, and Environmental Sustainability: New Perspectives and Policies in Economic Development, which took place in Montevideo, Uruguay, on September 7 and 8, 2023.

This workshop was especially aimed at promoting the participation of Ph.D. students and young scholars (who earned their Ph.D. degree in the previous three years) working on the political economy of structural change and income distribution; the economic, industrial and technological policies for a fair transition; models and empirical analysis on gender, caring society and development; centre-periphery and the reshaping of the international insertion of the periphery; macroeconomic policy effects on structural change and income distribution; historical interpretations on structural change and multidimensional inequality; financial instability, debt and the financing of sustainable development; and multidimensional poverty and sustainable development goals.

The special issue comprises papers covering the abovementioned topics, bringing together senior and young scholars. By fostering collaboration between experienced experts and younger voices in the field, this issue creates a platform for exchanging ideas and insights. In particular, Setterfield (2024) discusses how gender and the social reproduction of labour routinely shape demand formation and/or the supply side of the economy, advocating for its inclusion in macroeconomic analysis, as it has implications for economic growth and the relationship between distribution and growth. Albuquerque (2024) argues that the insights on complex systems might be related to early intuitions of classical economists on the workings of capitalist economies. He uses complex systems to examine capitalist dynamics related to technology, technological revolutions, and the rate of profits. He argues for using complex systems to analyse economic development, including centre-periphery dynamics, in modelling efforts. Segura Moraes and de Azevedo (2024) reconstruct indicators grounded in Marxist theory for a sample of Brazilian firms to analyse production and appropriation of surplus value. Barletta and Suarez (2024) investigate the relationship between the productive structure and economic performance in Argentina at the subnational level. Including the regional dimension sheds light on the structural heterogeneity that exists at the province level. Graña Colella and Vernengo (2024) evaluate the effects of currency substitution and its relation with exchange rate dynamics by providing an empirical investigation of orthodox and alternative views for the case of Argentina. Isabella (2024) analyses how economic development is associated with the complexification of the productive structure and that, in order to be sustainable, it must take the form of unrelated diversification. Particular attention is oriented to economies situated at medium complexity levels in relation to the middle-income trap. Marmissolle (2024) argues that the persistent focus on micro foundations in economic theory has led a large part of the field to overlook the complexity of social interactions and suggests an alternative approach grounded on social foundations and closely connected to Post Keynesian economics to understand economic development. Martins et al. (2024) compare the flows of foreign investments between countries in South America, using the theory of economic social networks to explore the financial relationships between them. This helps to understand how the flow of funds dedicated to energy transition has behaved in the region. De Souza and de Amorim (2024) build a balance of payments constraint model with capital inflows, where green innovations are inducers of a positive structural change process. The paper

contributes to a better analysis of foreign direct investments in the context of climate change and natural resource degradation.

Finally, Villanueva (2024) presents a proposal for reinterpreting Solow's residual and applying it to the case of the Chilean economy, and discussing how the residual is linked to distributional dynamics rather than to technological change.

Taken together, the contributions to this special issue are diverse in focus and theoretical foundations, providing a good example of the current efforts made by scholars, primarily from Latin America, to address key challenges for our region.

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