

Structural change and premature deindustrialization in the Democratic Republic of Congo in 1970-2013: An Input-Output Perspective

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Many Sub-Saharan African countries have experienced rapid periods of deindustrialization despite substantial economic growth and high demand of manufactured goods. The existing growth literature has found that structural change and growth go hand-in-hand and that structural change towards high productive sectors is often associated with industrialization. From these two stylized facts, recent work by development economists has established that Sub-Sahara Africa has failed to industrialize. Several theories on the origin of this premature deindustrialization have also been proposed. However, most studies have only focused on a highly aggregated manufacturing sector, ignoring the existing heterogeneities within the manufacturing sector and the linkages with a highly growing “productive” service sector. Furthermore, most of the evidence on deindustrialization to date is based on cross-country econometric analysis and no previous study has investigated this issues using an input-output framework. In this paper, we comprehensively document the dramatic changes in the manufacturing sector and the large declines in employment rates and uncover economic linkages across sectors and over time that the literature on deindustrialization has had overlooked.

To do so, this study uses a fourteen-sector aggregation of the 1970, 1987, 1997, 2005, and 2013 input-output tables of the Democratic Republic of Congo. For finer analysis of deindustrialization, we breakdown manufacturing industries in detail, in consistent way in all the input-output tables. We make several contributions. First, we build a new input-output table using 2013 as the base year for a country with poor quality data. This new data is combined with the previous input-output tables created by the authors to constitute the largest dataset of input-output tables from developing Sub-Saharan African countries. We then apply the field of influence of coefficients and economic decompositions to explore long term features of structural changes and deindustrialization. The present study appears to be the first attempt to thoroughly examine premature deindustrialization in a natural-resource country.