

Structural change and sustainability: insights on the Italian case

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Structural change is associated with qualitative and quantitative transformations of sectors or other components of the economies. Sustainability of structural change depends on the ability of structural change to avoid the collapse of the system from an economic, social and environmental point of view. Structural change sustainability, hence, deals not only with rising productivity of economies, but also with their abilities to promote equity and environmental sustainability. Nevertheless, the consistency among these principles cannot be taken for granted in contemporary economic systems. A proper evaluation of sustainability requires to analyse in detail the features of a country's economic structure and the ability of its industries to consistently advance productivity, equity, and environmental sustainability. This research focuses on the evolution of Italian economic structure. A new composite indicator is introduced to measure the integrated performance in productivity, equity and environmental sustainability of 62 industries (at 3-digit level of analysis) over the period 2008-2022. The analysis shows a general progressive improvement in the ability of industries to advance consistently the three structural components of sustainability, although the three measures continue to appear incompatible with each other. The research discusses the implications in terms of industrial policies that emerge from the empirical analysis.