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Premature Deindustrialization? A Reappraisal

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Recent studies document premature deindustrialization in developing countries. This paper proposes a broader conceptualization of modern activities, namely one that besides manufacturing includes modern agriculture, finance and business services. These activities share characteristics with manufacturing, such as economies of scale, insertion in global value chains, and potential for technological change. We introduce a new cross-country data set of modern activities and re-examine premature deindustrialization using the econometric approach in Rodrik (Premature deindustrialization. *Journal of Economic Growth*, 21(1), pp.1-33, 2016). Our findings suggest premature deindustrialization is not observed for modern activity output shares, but is observed for employment shares. We consider some of the implications for labor-intensive growth of these findings.