



Faculty of Commerce
Economics Department

**Brazil's Unique Experience of Economic Transformation & to
What Extent Can Egypt Benefit from This Experience**

**تجربة البرازيل الفريدة في التحول الاقتصادي ومدى إمكانية
استفادة مصر منها**

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degree in Economics

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بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

وَمَا تَوْفِيقِي إِلَّا بِاللَّهِ عَلَيْهِ تَوَكَّلْتُ وَإِلَيْهِ أُنِيبُ

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*To the Soul of my Dad, Family, My beloved Husband,
& Daughter*

ABSTRACT

The long-term process of economic transformation lies at the core of economic development. In addition, the importance of economic transformation lies on its impact on productivity growth. This study focuses on the relationship between economic transformation and productivity growth in Brazil & to what extent can Egypt benefit from its experience. To do so, the research will investigate the economic structure of Brazil & Egypt using major economic indicators to help analyze the sectoral performance of the economy, in addition to discussing the major sectoral policies that contributed to such performance. Moreover, the research will undertake a two-step analysis to *empirically* study the process of economic transformation in both Brazil and Egypt- a productivity decomposition equation called “Price’s Equation” and a multiple regression analysis using time series data.

Results showed that Brazil has undergone a process of structural transformation. One significant success in the Brazilian story is the notable growth of agricultural productivity. However, economic transformation took a wrong direction whereby workers moved to low productivity services dampening aggregate labor productivity and growth. The regression analysis revealed that surplus labor in agriculture, specialization in primary product exports, and real effective exchange rate were the major determinants of structural change in Brazil. With respect Egypt, results showed that it experienced a process of structural transformation taking the same direction as Brazil. However, what differentiates the Brazilian experience from Egypt is the success of structural transformation of the agriculture sector. Surplus labor in agriculture, specialization in primary product exports, and domestic credit to private sector were the major determinants of structural change in Egypt.

Keywords: economic transformation, productivity growth, agricultural productivity.

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