

Structural Transformation

Economics

The shift of workers from agriculture to industry and services.

The historical pattern.

1

Agricultural productivity rises

Fewer workers are needed to feed the population.

2

Labour is released

Workers become available for other sectors.

3

Manufacturing absorbs them

Higher productivity, and it can absorb low-skill labour at scale.

4

Incomes and demand rise

Domestic markets deepen.

5

Services expand

Eventually the largest sector by employment.

Premature deindustrialisation is a live concern: some economies are losing manufacturing share at far lower income levels than earlier