

**Introduction to International Economics**  
**Update to Chapter 24**  
**Structural Change and Adjustment**

**Structural Change**

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Sectoral Composition of GDP, selected years (% of GDP)

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		<b>1970</b>	<b>1980</b>	<b>1990</b>	<b>2000</b>	<b>2010</b>
Low income	Agriculture		38	38	35	25
Low income	Manufacturing		12	12	11	13
Low income	Services		50	50	54	62
Middle income	Agriculture	25	20	18	11	10
Middle income	Manufacturing	24	26	23	22	20
Middle income	Services	51	54	59	67	70
High income	Agriculture	6	4	3	2	1
High income	Manufacturing		24	21	18	16
High income	Services		72	76	80	83

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Source: World Bank, World Development Indicators Online.

Consider the data presented in Table 24.1. This presents gross domestic product (GDP) of low, middle and high income countries, spit up between agriculture, manufacturing and services for years reported by the World Bank in its World Development Indicators. Not all years are available, but if we were to generalize from the data in this table, we can see that, as development proceeds, agriculture declines from approximately 40 percent of GDP to approximately 2 percent of GDP. Manufacturing initially increases from approximately 10 percent of GDP to approximately 25 percent of GDP and subsequently falls below 20 percent of GDP. Services increase from approximately 50 percent of GDP to approximately 80 percent of GDP.