

in the form of services. When a country's GNP per capita is 2,000 dollars per year, only 10 percent of that amount is from the production of raw materials and food, while 40–50 percent is composed of industrial production and 40–50 percent is in the form of services. Although the relative share of the primary sector declines from 60 percent to 10 percent during industrialization, the absolute value of the primary sector's product actually rises with increasing GNP.

Two striking facts about this general pattern are that it has been exhibited by industrialized countries as disparate as the United States, Italy, and Japan and that it seems to characterize both countries that industrialized early in this century and countries that are just now beginning to industrialize. In Figure 3-3A the primary

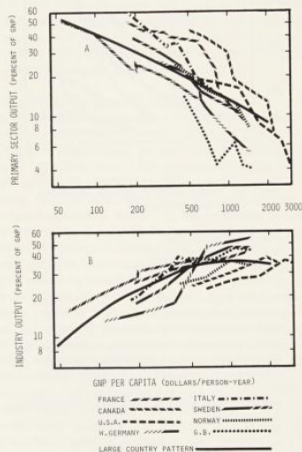


Figure 3-3 GNP per capita versus the contribution of primary and industrial production to total output during the development of nine countries, 1860–1960 (time-series data)

A. Primary share versus GNP per capita

B. Industry share versus GNP per capita

Source: Chenery and Taylor 1968, p. 401.

sector's share of total GNP is plotted against GNP per capita for nine industrialized countries over the period of their industrialization. Primary production falls from 60 percent of GNP to 10 percent or less in each case. Figure 3-3B summarizes the growth in industry's share of total GNP for the same countries. During the period of development, industry's share of each national economy rises from about 15 percent to about 40 percent. Figures 3-4A and 3-4B confirm the generality of this development pattern, showing cross-sectional data relating the primary and industry sector shares of GNP to total GNP per capita at one point in time for nineteen large countries.

In another study, Temin (1967) describes patterns in the sector composition of nine national economies over time. Although Temin included mining products in the industry sector rather than in the primary sector, his data, summarized in Figure 3-5, suggest an evolution pattern similar to that identified by Chenery and Taylor (1968).

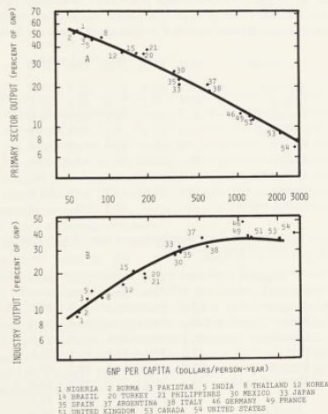


Figure 3-4 GNP per capita versus the contributions of primary and industry production to total output at one point in time for nineteen large countries (cross-sectional data)

A. Primary share versus GNP

B. Industry share versus GNP

Source: Chenery and Taylor 1968, p. 394.