

Abstract:

The first stylized fact is urbanization from rural to urban regions. The second stylized fact is structural change from agriculture to manufacturing, and to service sectors. Our aim is to show that modern economies have undertaken a structural transformation of these stylized facts at the regional and industry levels simultaneously.

We show that a steady flow of technological innovations may explain the structural change from agriculture to manufacturing, and then from manufacturing to service, together with the spatial transformation of the economy in which manufacturing and services get more agglomerated in urban regions.