

Structural Change and Sectoral Integration In The Main European Countries: What Differences?

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Abstract

In recent decades, there has been a progressive increase in employment in the service sector in the more developed economies. This trend has been accompanied by the contraction of the manufacturing sector. The traditional sectoral boundaries are becoming more blurred, causing some difficulties in determining the role of each industry in the economic system. This paper treats this topic in the main European countries (1995–2011) by adopting a subsystem approach to the input–output model. We raise the issue of national and sectoral heterogeneity. The analysis captures a growing cross-country gap in the dynamics of manufacturing. These differences do not seem to emerge with the traditional approach. In sum, the tertiarization of the economy has been accompanied in many cases by a deindustrialization trend, while in other cases manufacturing has maintained its leading role through an increasing function as the buyer of inputs from the service sector. On the one hand, this study reinforces the main indications in the literature; on the other, it produces interesting new evidence that may provide key policy suggestions.

Keywords: Structural change, Input-Output Analysis, Sub-System approach

JEL Codes: L60, O14, P51

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