

# The Role of Agricultural Productivity on Structural Change

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## Abstract

Many authors have estimated and found that the productivity growth in agriculture was higher than that in non-agriculture in today's richest countries. Several papers suggested that growth in agricultural productivity was essential for today's richest countries to take off early. However, few articles noticed that growth in agricultural productivity is critical in driving structural change in today's richest countries. This paper studies a two-sector neoclassical growth model with subsistence agricultural consumption and shows that growth in agricultural productivity plays a more important role than growth in non-agricultural productivity in governing massive structural change in today's richest countries.

*Keywords:* two-sector neoclassical growth model; subsistence agricultural consumption; sectoral productivity growth; structural transformation; sectoral reallocation; shooting algorithm

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