**The Three-Sector Model**

The **three-sector model** in [economics](https://en.wikipedia.org/wiki/Economics) divides economies into three sectors of activity: extraction of raw materials ([primary](https://en.wikipedia.org/wiki/Primary_sector_of_industry)), manufacturing ([secondary](https://en.wikipedia.org/wiki/Secondary_sector_of_industry)), and services ([tertiary](https://en.wikipedia.org/wiki/Tertiary_sector_of_industry)). It was developed by [Allan Fisher](https://en.wikipedia.org/wiki/Allan_George_Barnard_Fisher), [Colin Clark](https://en.wikipedia.org/wiki/Colin_Clark_%28economist%29) and [Jean Fourastié](https://en.wikipedia.org/wiki/Jean_Fourasti%C3%A9).

According to the model, the main focus of an [economy](https://en.wikipedia.org/wiki/Economy)'s activity shifts from the primary, through the secondary and finally to the tertiary sector. Fourastié saw the process as essentially positive, and in *The Great Hope of the Twentieth Century* he wrote of the increase in [quality of life](https://en.wikipedia.org/wiki/Quality_of_life), social security, blossoming of education and culture, higher level of qualifications, humanisation of work, and avoidance of [unemployment](https://en.wikipedia.org/wiki/Unemployment).

Countries with a low [per capita income](https://en.wikipedia.org/wiki/Per_capita_income) are in an early stage of development; the main part of their [national income](https://en.wikipedia.org/wiki/National_income) is achieved through production in the primary sector. Countries in a more advanced state of development, with a medium [national income](https://en.wikipedia.org/wiki/National_income), generate their income mostly in the secondary sector. In highly developed countries with a high income, the tertiary sector dominates the total output of the economy.

The following figure illustrates the percentages of a country’s economy made up by different sector. The figure illustrates that countries with higher levels of socio-economic development tend to have less of their economy made up of primary and secondary sectors and more emphasis in tertiary sectors. The less developed countries exhibit the inverse pattern.



**Structural transformation according to Fourastié**

The distribution of the workforce among the three sectors progresses through different stages as follows, according to Fourastié:

**First phase: Traditional civilizations**

Workforce quotas:

* Primary sector: 64.5%
* Secondary sector: 20%
* Tertiary sector: 15.5%

This phase represents a society which is scientifically not yet very developed, with a negligible use of [machinery](https://en.wikipedia.org/wiki/Machine). The state of development corresponds to that of European countries in the early [Middle Ages](https://en.wikipedia.org/wiki/Middle_Ages), or that of a modern-day [developing country](https://en.wikipedia.org/wiki/Developing_country).

**Second phase: Transitional period**

Workforce quotas:

* Primary sector: 40%
* Secondary sector: 40%
* Tertiary sector: 20%

More machinery is deployed in the primary sector, which reduces the number of workers needed. As a result, the demand for machinery production in the secondary sector increases. The transitional way or phase begins with an event which can be identified with the [industrialisation](https://en.wikipedia.org/wiki/Industrialisation): far-reaching mechanisation (and therefore automation) of manufacture, such as the use of [conveyor belts](https://en.wikipedia.org/wiki/Conveyor_belt).

The tertiary sector begins to develop, as do the [financial](https://en.wikipedia.org/wiki/Finance) sector and the power of the state.

**Third phase: Tertiary civilization**

Workforce quotas:

* Primary sector: 10%
* Secondary sector: 20%
* Tertiary sector: 70%

The primary and secondary sectors are increasingly dominated by automation, and the demand for workforce numbers falls in these sectors. It is replaced by the growing demands of the tertiary sector. The situation now corresponds to modern-day industrial societies and the society of the future, the service or [post-industrial society](https://en.wikipedia.org/wiki/Post-industrial_society). Today the tertiary sector has grown to such an enormous size that it is sometimes further divided into an information-based [quaternary sector](https://en.wikipedia.org/wiki/Quaternary_sector_of_the_economy), and even a quinary sector based on human services.



**Sectors of economy on the basis of economic activity**

Primary sector

An industry involved in the extraction and collection of natural resources, such as copper and timber, as well as by activities such as farming and fishing. A company in a primary industry can also be involved in turning natural resources into products. Primary industries are also known as agriculture sector. Primary industry tends to make up a larger portion of the economy of developing countries than they do for developed countries. The primary sector is concerned with the extraction of raw materials. It includes fishing, farming and mining.

Primary industry is a larger sector in [developing countries](https://en.wikipedia.org/wiki/Developing_country); for instance, [animal husbandry](https://en.wikipedia.org/wiki/Animal_husbandry) is more common in countries in [Africa](https://en.wikipedia.org/wiki/Africa) than in [Japan](https://en.wikipedia.org/wiki/Japan).

In [developed countries](https://en.wikipedia.org/wiki/Developed_country) the primary industry has become more technologically advanced, for instance the mechanization of farming as opposed to hand picking and planting.

Secondary sector

The secondary sector of the economy includes [industries](https://en.wikipedia.org/wiki/Industry) that produce a finished, usable [product](https://en.wikipedia.org/wiki/Production_%28economics%29) or are involved in [construction](https://en.wikipedia.org/wiki/Construction).

This sector generally takes the output of the [primary sector](https://en.wikipedia.org/wiki/Primary_sector_of_the_economy) and manufactures finished [goods](https://en.wikipedia.org/wiki/Good_%28economics%29) or where they are suitable for use by other businesses, for [export](https://en.wikipedia.org/wiki/Export), or [sale](https://en.wikipedia.org/wiki/Sales) to domestic consumers. This sector is often divided into [light industry](https://en.wikipedia.org/wiki/Light_industry) and [heavy industry](https://en.wikipedia.org/wiki/Heavy_industry). Many of these industries consume large quantities of energy and require factories and machinery to convert raw materials into goods and products. They also produce [waste](https://en.wikipedia.org/wiki/Waste) materials and [waste heat](https://en.wikipedia.org/wiki/Waste_heat) that may cause environmental problems or cause [pollution](https://en.wikipedia.org/wiki/Pollution). The secondary sector supports both the primary and [tertiary sector](https://en.wikipedia.org/wiki/Tertiary_sector_of_the_economy).

Manufacturing is an important activity to promote economic growth and development. Nations that export manufactured products tend to generate higher marginal GDP growth which supports higher incomes and marginal tax revenue needed to fund the quality of life initiatives such as health care and infrastructure in the economy. The field is an important source for engineering job opportunities. Among developed countries, it is an important source of well-paying jobs for the middle class to facilitate greater social mobility for successive generations on the economy.

Tertiary sector

The tertiary or the service sector consists of the production of [services](https://en.wikipedia.org/wiki/Service_%28economics%29) instead of [end products](https://en.wikipedia.org/wiki/Product_%28business%29). Services (also known as "intangible goods") include attention, advice, access, experience, and [affective labour](https://en.wikipedia.org/wiki/Affective_labor). The [production of information](https://en.wikipedia.org/wiki/Information_economy) has long been regarded as a service, but some economists now attribute it to a fourth sector, the [quaternary sector](https://en.wikipedia.org/wiki/Quaternary_sector).

The tertiary sector of industry involves the provision of services to other businesses as well as final consumers. Services may involve the [transport](https://en.wikipedia.org/wiki/Transport), [distribution](https://en.wikipedia.org/wiki/Distribution_%28economics%29) and sale of goods from producer to a consumer, as may happen in [wholesaling](https://en.wikipedia.org/wiki/Wholesaler) and [retailing](https://en.wikipedia.org/wiki/Retailer), [pest control](https://en.wikipedia.org/wiki/Pest_control) or [entertainment](https://en.wikipedia.org/wiki/Entertainment). The goods may be transformed in the process of providing the service, as happens in the [restaurant](https://en.wikipedia.org/wiki/Restaurant) industry. However, the focus is on people interacting with people and serving the customer rather than transforming physical goods.