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**TITLE: EVALUATION ON RURAL RESIDENTS' CONSUMPTION POTENTIAL, THEIR EXPORT REPLACEMENT CAPACITY AND PULLING EFFECT ON CHINESE ECONOMIC SYSTEM**

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**ABSTRACT:**

To further expand domestic demand is an important and effective means of China response to the current world economic and financial crisis. To expand the rural residents' consumption is the key of it. With the 2005 China input-output table at current price, this paper analyzed and compared the consumption structure of rural and urban residents in 42 sectors in 2005, then used 1992, 1997, 2002 and 2005 input-output tables at constant price, analyzed the change rule of the consumption structure among industries of Chinese rural and urban residents. Based on these, two models to evaluate the rural residents' consumption potential and their export replacement capacity of each sector are presented. Applied these two models, the rural residents' consumption potential in 42 sectors in 2009 and their export replacement capacity were evaluated. Then models to evaluate the pull effect of rural residents' consumption potential on the value added of each sector, on the GDP of the whole economic system and its consumption multiplier were provided. With assumed scenario, applied the models, we found that the rural residents' consumption potential will pull China's GDP in 2009 increase 1.43%, its consumption multiplier is 1.83. Finally, policy suggestions to expand rural residents' consumption to response current world economic and financial crisis were provided.