

Analysis on China's Urban and Rural Residents' Income Based on Structure Decomposition Analysis

Topic: Input-output analysis for policy making I

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Income distribution problems have been the hot issues that have attracted much attention of the society. In the last dozen years, China's economy maintained a rapid growth rate, however, China's urban and rural residents' income growth rate was relatively slow, which was significantly lower than GDP growth rate. Especially the average per capita net income of rural resident growth lagged behind that of urban resident per capita disposable income for a long time, the income gap between urban and rural residents became larger. How to improve residents' income and narrow the income gap between urban and rural residents has been a focus of public attention.

2002-2007 and 2007-2010 China's residents' income increase presented different stage characteristics. Which factors influenced the income growth differently during the two stages? This paper compiled China's 2002-2007 and 2010 urban and rural income input-output table. Using this table, based on the input-output technology of structure decomposition analysis, this paper analyzed the inner reasons of China's urban and rural residents' income growth of 2002-2007 and 2007-2010, the changes of residents' income were decomposed into the factors such as technology, final demand structure and GDP etc. By comparing the urban and rural residents' income changes of the two phases, this paper tried to find out the key factors which promoted and weakened them and explored the causes of the income gap between urban and rural areas.