

One sows and another reaps: the impact of heavy industry strategy on the technology selection after the economic reform of China

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This paper uses the newly compiled Chinese historical input output tables (CHIOTs) 1957-1973 and a multi-sectoral model to rationalize the rapid technology introduction and economic growth after economic reform. D. Licardo argued that the introduction of new technology/machines needs condition that makes the introduction of new technology/machines profitable. The condition is decided by the accumulation of capital and labors. This study shows that the heavy industry strategy in the pre-economic reform era accelerated the capital accumulation and made the introduction of new technology of the light industry more profitable. This finally speeded up the economic growth of China. This study is based on the CHIOTs, which provides inter-industrial data for the years before economic reform of China in high degree of resolution.