

Evaluating Chinese Household Consumption Potential, Their Export Replacement Capacity and Pulling Effect on Chinese Economic System amid the 2008 World Financial Crisis

Topic: Input-output applied to social issues II

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To further expand domestic demand is an important and effective means of China response to the world economic and financial crisis since 2007. To expand the residents' consumption is the key of it. With the 2007 China input-output table at current price, this paper analyzed and compared the consumption structure of rural and urban residents in 42 sectors in 2007, 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, the model to evaluate the residents' consumption potential and their export replacement capacity of each sector is presented. Applied the model, the rural and urban residents' consumption potential in 42 sectors in 2010 and their export replacement capacity were evaluated. Then models to evaluate the pulling effect of residents' consumption potential on the value added of each sector, on the GDP and its consumption multiplier were presented. Applied these models in assumed scenario, we found that the residents' consumption potential will pull China's GDP in 2010 increase 4.1%. Finally, policy suggestions to expand residents' consumption to response to the world economic and financial crisis were provided.