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TITLE: AN INPUT-OUTPUT STICKY-PRICE MODEL

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ABSTRACT:

Input-output price model is able to calculate modifications of other prices or the whole price index in response to changes in some prices. Over the years, scholars tried to improve it and designed a lot of expansion models, which continue to be refined. According to this research, we find that the degree of smoothness of prices' transmission makes the result great different. However, the vast majority of the improved models are still trapped in the assumption that price block does not exist when they are applied to analyze the effects of changes in prices. Therefore, this paper, in line with sticky price theory, especially the characteristics of Fischer model, improves the classical model on price transmission to make it more fitting to the real situation. In addition, the paper also adopts the improved model and takes advantage of China's actual data from 1992 to 2002 to examine the effects of sticky price on Chinese economy under the changes in one sector's product price.