

Regional economic structure and structural change for the Chinese economy: An input-output analysis

Topic: Structural change and dynamics 4

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The concept of fundamental economic structure has been widely approved in regional aspect, by regressing the intermediate deliveries in the input-output table on one or more independent variables that represent the regional economic "size". It is also extended into a temporal aspect by regressing the intermediate deliveries based on a time series of input-output tables. This research extends the concept of fundamental economic structure approach from intermediate delivery into final demand in input-output table as well. By regressing the sectoral consumption and investment in input-output with regional independent variables, this research distinguishes the fundamental part and non-fundamental part within final demand. Based on a time series of Chinese regional input-output tables at 1997, 2002 and 2007, the empirical regress is conducted to provide an understanding of the regional economic structure and structural change for the Chinese economy at the regional levels during this period. By comparing the regression results over time, the following questions will be stressed: Does a regional FES exist for the Chinese economy in terms of intermediate deliveries during the period 1997-2007? What proportions of the cells in intermediate deliveries are predictable? How the patterns of fundamental cells change over time? What proportions of consumption and investment are fundamental? What is the change of the pattern in regional consumption and investment structure over time?