

HOW COMPETITIVE IS CHINESE INDUSTRY? – Decomposing Skilled and Unskilled Labor Costs in an Input-Output

Topic: Productivity and Efficiency Analysis

Author: Keiko Ito

Co-Authors: Harry X Wu

Using newly available labor employment and compensation matrices for Chinese industry and matching input-output table data at detailed sector level, both constructed under the CIP (China Industry Productivity Database) Project, we conduct unit labor cost (ULC) analysis in an input-output table framework to investigate the dynamics of China's competitiveness over the period 1980-2010. Specifically, changes of skilled and unskilled labor costs per unit of real value added are accounted for individual industries and industry groups from upper stream to downstream industries, which may shed important light on the role of the state. The results are compared with ULC for industries in Japan and South Korea.

Key works: Skilled and unskilled labor costs, unit labor cost (ULC); labor productivity; labor employment and compensation matrices; input-output table

JEL classification: C82, E01, E24, E31, O47