

Income distribution, technological progress, and structure change

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Income distribution change and technological progress can cause the change of value added rate. The former depends on political relation and industrial policy, while the later shows the effect of technology. By using historical input-output tables of China, this study decomposes these two factors for Chinese economy in the pre-reform era. Historical input-output tables of China are obtained from the project called China historical input-output tables (CHIOT), which estimates input-output tables (IOT) of China for every year from 1958 to 1973. Based on the availability of the statistic and firm-level data, the IO tables are set to be hybrid. In other words, the tables have both products in physical units and industries in monetary unit. The products in physical unit include 161 industrial products, covering almost all the major industrial product the pre-reform era. Meanwhile, In order to cover the sectors that cannot be represented by the 161 industrial products, especially the agriculture and service sectors, 18 industries in monetary units are included to close the mode. Our analyze shows that the driving factor of the change of value added rate varies cross sectors.