

Unbalanced Productivity Progress and Urban-rural Dual Economy – Theory and Empirical Study based on China Historical Input-output Tables

Topic: China's Interregional Input-Output Database: Construction and Applications

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In order to analyze the urban-rural dual economy of China, this paper constructs a dual economy model under the framework of Sraffa-Leontief system. This paper argues that with migration barriers and price regulation, the unbalanced technology progress exacerbates the dual structure. To empirically prove the theoretical conclusion, this paper utilizes the newly compiled China historical input-output tables 1957-1973 (CHIOTs), which include 161 commodities and 17 sectors, to conduct a numerical analysis. The numerical analysis shows that in the past 60 years the actual price of agriculture product was lower than the theoretical price of the ideal unified economy. However, thanks to the relaxation of both migration barriers and price regulation, the gap is decreasing in the last 10 years.