

Extended Input-Output Model for Demographic Change – Preliminary Application to the Chinese Urbanisation

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China carries out “Urbanisation” as an economic policy which intends to concentrate people in the urban area and boost the whole economic growth on the basis of “Economy of Agglomeration” struggling with the pressure of “middle-income trap” or “new normal.” The research question here is about how the labour migration from rural areas to urban areas has an economic and industrial impact on the Chinese economy, and whether or not the geographical change between space is truly beneficial for Chinese economic growth in the near future. To answer these question, this research develops the extend input-output model based on the previous research such as Batey (2018) and their other research, which focus on incorporating labour account with Input-Output model. In this original model, the Input-Output model has been developed into the economic model with a household which takes account of immigrants from other regions, people who are out of work, and ordinary labour force. This study develops this extended Input-Output model for demographic change, in particular, change of population movements from villages to cities in China since the urbanisation process is seen as the continuous concentration of people in the certain areas, especially, cities. The study will illustrate the preliminary results in the case of China by using this model. Furthermore, the paper will discuss the possibilities of a wide range of application of the Input-Output table in terms of demography.