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TITLE: ESTIMATION OF PRODUCTION PRICE AND MARKET PRICE FOR CHINA: A STUDY OF INPUT-OUTPUT TABLE OF YEAR 2005.

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ABSTRACT:

From the times of Smith and Richard until today, economists defend that all market prices move around a natural price, or equilibrium price. Marx's theory suggests that Richard's natural price or production price (pp), answers to this formula: $pp = pp(A+D+B) + rpp(K+A+B)$ Where A is the production coefficient matrix, D, depreciation matrix, B worker consumption coefficient matrix. Production price is the sum of medium economy profit rate, salary and capital expenditure by sector. Using the 2005 Chinese Input-Output table, Inverse Matrix of Leontief (1966) and Vertical Integration of Pasinetti (1973), this paper estimates the Production Prices (pp) for Chinese economy. The pp determines which sectors and products have lower or higher price than the equilibrium one. This kind of information is important for policy makers who should take under control those sectors with prices above the equilibrium.