

## **Economic Structural Change and the Development of Service in China**

Topic: Structural analysis

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Based on the Chinese input-output tables in 1997, 2002, and 2007, and the input-output tables of US and Japan, the features and problems of service development in China are analyzed in this paper, by using Miyazawa partitioned matrix multiplier and labor flowing matrix. The main results show that, in recent years, the pulling effects of final demands on service somehow decrease, and the effects of manufacture on service drop down as well. Yet at the same time, some business service sectors, including finance and insurance, leasing & business service, synthetic technical services, and scientific research, have an obvious growth. Moreover, the relations of these business service sectors and manufacture sectors including chemical products, Manufacture of Electrical Machinery and Equipment, Manufacture of Communication Equipment, Computers and Other Electronic Equipment, Production and Supply of Electric Power and Heat Power, are strengthened. These changes may indicate the promotion of modern service in China, as well as the deepening connection of economy and finance. From the view of employment, generally, the total employment multipliers of most service sectors are much higher than manufacture sectors, and keep increasing. It shows that the potential of service sectors to solve employment problem is large. Moreover, the total labor connections of business service sectors and other sectors, especially manufactures and construction, tend to be strengthened, indicating the developing of service outsourcing in China.

Key words: service; input-output technique; Miyazawa partitioned matrix multiplier labor flowing matrix