

Econometric Analysis of the Relationship between Economic Growth and Rural Income Distribution in China

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論 文 内 容 の 要 旨

This thesis focuses on the relationship between rural income distribution and economic growth in China. The main purpose is to study the trend of rural income inequality and the effect on economic growth. How economic growth affects rural income inequality is also taken into consideration. Particular attention is paid to measure income inequality by individual-level survey data and find out the fundamental determinants of income inequality in rural China.

Chapter 1 briefly introduces background, research objectives and significance of this dissertation. This part provides the reasons why rural China is considered, and illustrates the background of rural income inequality and the cause of income inequality in rural China. Administrative factors are the main cause of rural income inequality. Besides, economic factors also contribute to rural income inequality. Due to some special characteristics of China, the motivations are also illustrated.

Chapter 2 reviews past literature relating to this topic including theoretical literature and empirical studies. Theoretical literature states the theories and models in detail on income inequality and economic growth. Empirical studies present the methodology the studies used. In the end, it summarizes the main literature concerning rural China. However, there are few studies contributing to the link between macroeconomic growth and rural income distribution in China. This study will complement this field.

Chapter 3 provides a brief introduction to the development of models of income distribution and applies Dagum (1977) distribution to household data in rural China over the time period of 1985 to 2010. Two methods including Iterative I and maximum likelihood are easy to estimate the parameters of Dagum model. Both of the methods provide an increasing trend of income inequality in rural China.

Chapter 4 conducts an empirical analysis on the effect of rural income inequality on economic growth by employing time series data over the period of 1978-2010. Unit root test and Granger causality test are applied to identify rural income inequality as an endogenous variable. GMM, OLS, and 2SLS are applied to study the effect of rural income inequality on economic growth. GMM estimator is proved to be the most effective method. Empirical evidence shows that there is negative relationship between economic growth and rural income inequality. That means increasing rural income inequality is harmful for economic growth of China.

Chapter 5 studies the impact of economic growth on rural income inequality over the period of 1978-2010. Both inter-provincial labor force mobility and intra-provincial labor force mobility are also taken into consideration from 1998-2010 due to data unavailability. The result shows a significant negative relationship between rural income inequality and economic growth. It can be concluded that economic growth is good for the reduction of rural income inequality. Both inter-provincial labor force mobility and intra-provincial labor force mobility increase income inequality of rural China.

Chapter 6 employs individual-level survey data (2003, 2005, 2006, 2008) to compute various inequality indices and concentrate on addressing the fundamental determinants of rural income inequality by applying regression-based decomposition approach. Gini coefficient in 2003 is 0.538, while in 2008 it increases to 0.588. Decomposition results show that age, education, gender, eastern dummy, health, political status and happiness are determinants of rural income inequality.

Chapter 7 summarizes the whole dissertation and presents the prospects for further research. The thesis concludes that rural income inequality shows an increasing trend. Rural income inequality is harmful to economic growth. However, economic growth will decrease rural income inequality with regional development. Both inter-provincial labor force mobility and intra-provincial labor force mobility increase income inequality of rural China. By addressing the fundamental determinants of rural income inequality, it is found that age, education, gender, eastern dummy, health, political status and happiness are the fundamental determinants of rural income inequality. Policy implications are also offered according to the empirical evidence.