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Development and Sources of Labor Productivity in Chinese Provinces

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Abstract:

As China exhibited unprecedented rapid economic growth ever since its reform and openness, the development and source of labor productivity has gradually come to the forefront. This paper studies the development and the source of labor productivity in 31 Chinese provinces during the period of 2000-2009. The labor productivity is investigated through an examination at both the provincial and the growth rate. Particularly, we first look at the production function relationship, to see the contribution of labor and other production factors to the gross domestic product. Then, a number of possible determinants are defined. They are regressed on the level and the growth rate of labor productivity to shed light on their relationships. Controlled for unobserved time-specific and province-specific effects, the fixed effects model with heteroskedasticity robust adjustments have been used for the estimation of three functions. Regional breakdown shows severe disparity in the economy where three municipal cities have the highest labor productivity among other regions. Subsequently, we summarize the different sources and their contributions to labor productivity and provide several policy suggestions.

Text: See [Discussion Paper No. 6263](#)



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