

Estimate Aggregated Production Function for China: A time series analysis

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Abstract

The study estimates aggregate production function for China using data from the early period when the People's Republic was established to the end of the first decade of the 21st century. Time series properties of the aggregate economy variables are analysed. Unit root tests and tests of co-integration are performed and estimation strategies are discussed. Arguments for using structuring time series models to accommodate the stochastic trend in the TFP growth term of the production function are presented. Stochastic trend are estimated under the maintained assumption that usually characterises a well define neoclassical production function.