



Regional Characteristics and China Inter-Regional Relative Price Level Convergence

Wanglei

International Statistical Information Center, NBS of China - wanglei@gj.stats.cn

This paper studies the impacts of a variety of regional characteristics on the convergence of inter-regional relative price levels. On the one hand, the paper modifies the panel threshold arbitrage model to support various hypothesis that different factors have different influence on China inter-regional relative price level convergence. On the other hand, the paper tests the nonlinear character of China inter-regional relative price level disclosed by theoretical model through statistical modle such as ESTAR. The paper divides the sample data into different groups according to their regional characters and then investigates the inter-regional price level convergence of different groups during 1995-2010. This paper finds that openness and wealth are more important than other factors. Furthermore, China inter-regional price level convergence has the conditional club convergence characteristics.

Keywords: regional characters; relative