

Reforms and Improvement of Compiling Methods of Flow of Funds in Physical Transaction in China

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The flow of funds accounts (FoF) plays an important foundation for the analysis of the primary and secondary income distribution in an economy. It is essential for the understanding of changes in the composition of the national wealth and its allocation across sectors of the Chinese economy since the economic reform. This study focuses on the real economy FoF and is structured into five sections. Section 1 reviews the approach used in constructing the real economy FoF before China's First Economic Census (2004) and its deficiencies. Section 2 presents the revision of the FoF approach in the First Economic Census and its results. Section 3 presents the further improvement of the FoF approach in the Second Economic Census (2008) and its results. Section 4 discusses existing problems. Lastly, Section 5 proposes ideas for future improvement.