

# **Macro Income Distribution in China: A Flow of Funds Accounts Based Analysis**

Xianchun Xu

National Bureau of Statistics, China

Faqi Shi

National Bureau of Statistics, China

China's economic development and transition have resulted in continuous changes and restructuring of interests across institutional sectors. However, the decline of labor compensation and household income in the national income has caused serious concerns domestically and internationally. Using recently improved China's flow of funds accounts (FoF) data, this study analyses the causes of changes in China's income distribution since the economic reform and shed lights on future policy adjustment. This study is organized in five sections. Sections 1 and 2 discuss the current status and causes of the income distribution between government, enterprises and households since the reform, respectively. Section 3 focuses on the existing main problems in China's macro income distribution. Section 4 foresees the likely changed over the period of the 12th Five Year Plan (2011-2015). Finally, policy implications are presented in Section 5.