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Regional Economic Disparity, Financial Disparity, and National Economic Growth: Evidence from China

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Abstract

The dynamic relations among national economic growth, economic disparity, and financial disparity in China are examined. Specifically, the focus is on whether economic disparity or financial disparity affects national economic growth. As measures of economic and financial disparity across regions and provinces, the Williamson coefficient of disparity is employed using both regional data (eastern, central, and western) and provincial data (from 31 provinces). Overall, it is found that both provincial financial disparity and, to a lesser degree, economic disparity have a negative effect on national economic growth. In addition, financial disparity appears to be exogenous, suggesting that financial disparity is not influenced by either economic disparity or national economic growth.

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