JAPAN AND THE GROWTH OF THE WORLD ECONOMY

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Tokyo, Japan
May 22, 2014
THREE MAJOR TRENDS IN THE WORLD ECONOMY

CHINA OVERTAKES THE U.S.:
The U.S. Has Been the World’s Leading Economy for a Century

WORLD ECONOMIC GROWTH ACCELERATES:
Mainly Due to China with a Contribution from India

THE NEW WORLD ORDER IN 2020:
China, U.S., India, Japan, Germany, Russia, Brazil
GROWTH OF THE WORLD ECONOMY

THE SOURCES OF ECONOMIC GROWTH:
Capital Input, Labor Input, and Productivity

CAPITAL INPUT GROWTH:
Information and Non-Information Technology

LABOR INPUT GROWTH:
Hours Worked and Labor Quality

TOTAL FACTOR PRODUCTIVITY
Output per Unit of Input
Sources of Japan Economic Growth
Annual percentage growth rates
Sources of BRICS Economic Growth
Annual percentage growth rates

- Brazil
- China
- India
- Indonesia
- Mexico
- Russian Federation
- South Korea

Legend:
- Hours
- Quality
- Non-IT Capital
- IT Capital
- TFP
PROJECTING GROWTH OF THE WORLD ECONOMY

DEMOGRAPHICS:
Hours Worked from Labor Force Projections;
Labor Quality from Educational Attainment

LABOR PRODUCTIVITY:
Growth of TFP, Capital and Labor Quality, and the
Gap between Output and Capital

GDP GROWTH:
Sum of the Growth of Hours Worked and Labor Productivity
Labor Productivity Projections for Japan, 2012-2022

Annual percentage growth rates

- **1990-2012**
  - Capital Deepening (1.2%)
  - Labor Quality (0.8%)
  - TFP (0.2%)

- **Pessimistic Case**
  - Capital Deepening (0.8%)
  - Labor Quality (0.4%)
  - TFP (0.2%)

- **Base Case**
  - Capital Deepening (1.0%)
  - Labor Quality (0.5%)
  - TFP (0.5%)

- **Optimistic Case**
  - Capital Deepening (1.0%)
  - Labor Quality (0.8%)
  - TFP (0.2%)
Growth Projections for Japan, 2012-2022

Annual percentage growth rates

- 1990-2012
- Pessimistic Case
- Base Case
- Optimistic Case

Hours vs. Labor Productivity
Growth Projections for the G7 Economy
Annual percentage growth rates
Growth Projections for the BRICS Economy
Annual percentage growth rates
AUSTRALIA AND THE GROWTH OF THE WORLD ECONOMY

RESEARCH ON ECONOMIC GROWTH:
Growth of Input Greatly Exceeds TFP Growth;
Most Growth is Replication Not Innovation

THE ASIAN MODEL OF ECONOMIC GROWTH:
The Special Sauce Is Globalization and the Accumulation of Human and Nonhuman Capital

OFFICIAL STATISTICS:
Growth Is Now Included in Our National Accounts; This Involves a New Architecture for the Accounts