The Rise of Asia and the Transformation of the World Economy

by
Dale W. Jorgenson
Samuel W. Morris University Professor
Harvard University

http://scholar.harvard.edu/jorgenson/

Asia's Revival - The New Economic Driver
Public Forum: The Third Asia KLEMS Conference
Taipei, Taiwan – August 13, 2015
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 2022:
China, U.S., India, Japan, Germany, Russia, Brazil
SOURCES OF WORLD ECONOMIC GROWTH

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 World Economic Growth

Annual percentage growth rates
Sources of G7 Economic Growth
Annual percentage growth rates

- Canada
- France
- Germany
- Italy
- Japan
- UK
- US

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
Growth Projections for the BRICS Economy
Annual percentage growth rates

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

- Hours
- Productivity
New Economic Order 2022
Percentage shares of world GDP
The Rise of Asia and the New World Order

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