The Rise of Developing Asia and the Decline of Industrialized Economies

by

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Introduction to the World KLEMS Consortium
WORLD GROWTH RESURGENCE: IT Investment and Productivity Growth.

TOTAL FACTOR PRODUCTIVITY:
IT-Production versus Non-IT Production.

SOURCES OF ECONOMIC GROWTH:
Capital Input, Labor Input, and TFP.

LABOR INPUT GROWTH:
Hours Worked and Labor Quality.
Sources of U.S. Economic Growth
Average annual growth rates, weighted by the income share.
Sources of G7 Economic Growth
Annual percentage growth rates
Projecting Growth of the U.S. and the World Economy

Hours Worked from Labor Force Projections; Labor Quality from Projections of Educational Attainment

Productivity Growth from Production Possibility Frontier: IT and Non-IT Productivity Growth, Capital Quality, and the Gap between Growth of Output and Capital

GDP Growth Is the Sum of Growth in Hours Worked and Productivity Growth
Range of U.S. Labor Productivity Projections

Annual Contribution (%)

1989-2008
Pessimistic Case
Base Case
Optimistic Case

- Labor Quality
- Capital Deepening
- TFP
Range of U.S. Output Projections

Annual Contribution (%)

- 1989-2008
- Pessimistic Case
- Base Case
- Optimistic Case

Hours
Labor Productivity
Range of G7 Output Projections

Annual Contribution (%)

1989-2008

Pessimistic Case
Base Case
Optimistic Case

Canada
France
Germany
Italy
Japan
UK
US
Range of Output Projections for Developing and Transition Economies

<table>
<thead>
<tr>
<th>Year</th>
<th>Brazil</th>
<th>China</th>
<th>India</th>
<th>Indonesia</th>
<th>Mexico</th>
<th>Russian Federation</th>
<th>South Korea</th>
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<td>1989-2008</td>
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Annual Contribution (%)

-1.50
0.50
2.50
4.50
6.50
8.50
THE RISE OF DEVELOPING ASIA
AND THE DECLINE OF INDUSTRIALIZED
ECONOMIES

Average Shares of World GDP Growth

Average Shares of World GDP

The Rise of China, India, and Developing Asia

The Relative Decline of the United States, Japan, and Industrialized Economies
World and Seven Regions: Shares of World GDP Growth

-25 -15 -5 5 15 25 35 45 55


G7 Developing Asia Non-G7 Latin America Eastern Europe Sub-Saharan Africa N. Africa & M. East
G7: Shares of World GDP Growth

Share of Growth (%)

1989-1995
1995-2000
2000-2004
2004-2008
2009-2019

Canada
France
Germany
Italy
Japan
United Kingdom
United States
Developing and Transition Economies: Shares of World GDP Growth

Brazil
China
India
Indonesia
Mexico
Russia
South Korea
DEVELOPING ASIA OVERTAKES THE G7 AND CHINA OVERTAKES THE UNITED STATES

Developing Asia Overtakes the G7

China Overtakes the U.S.

India Overtakes Japan

The New World Order: China, the U.S., India, Japan, Germany, and Russia
THE RISE OF DEVELOPING ASIA
AND THE DECLINE OF INDUSTRIALIZED ECONOMIES

RESEARCH ON ECONOMIC GROWTH:
Relative Importance of Investment and Productivity

OFFICIAL STATISTICS:
Implementation of a New Architecture for the National Accounts

POLICY ANALYSIS:
Potential Growth in the U.S. and the World Economy