Introduction

Growth of the World Economy Has Slowed since 2000.


The Transformation of the World Economy Has Led to a New Economic Order, Led by China, the United States, India, and Japan.
SOURCES OF WORLD ECONOMIC GROWTH

Average annual growth rates, weighted by the income share

- Hours
- Quality
- Non-IT Capital
- IT Capital
- TFP
SOURCES OF G7 ECONOMIC GROWTH

Average annual growth rates, weighted by the income share

Hours | Quality | Non-IT Capital | IT Capital | TFP
SOURCES OF EM7 ECONOMIC GROWTH

Average annual growth rates, weighted by the income share

- 2000 - 2005
- 2005 - 2010
- 2010 - 2015
- 2015 - 2018

Legend:
- Hours
- Quality
- Non-IT Capital
- IT Capital
- TFP


RANGE OF WORLD OUTPUT PROJECTIONS, 2018-2028

Annual percentage growth rates

2008-2018  Pessimistic Case  Base Case  Optimistic Case

Hours  Labor Productivity
Future Growth of the G7


The Upside Potential for Overcoming the Stagnation of the G7 Economies Would Require a Revival in the Sources of Average Productivity Growth, including Capital Deepening and Total Factor Productivity Growth.

The Downside Potential for Continued Stagnation Would Involve a Further Decline in These Sources of Growth in Average Labor Productivity.
OUTLOOK FOR THE MAJOR REGIONS OF THE WORLD ECONOMY

Future Growth of Emerging Economies

Will Slow to 4.46 Percent Annually in 2018-2028 from 6.5 Percent Annually During the Past Decade, 2008-2018.

These Economies Will Continue to Grow More Rapidly than the World Economy, so that the Share of These Economies in World GDP Will Rise from 37.43 Percent in 2018 to 42.15 Percent in 2028.

The Upside Potential for Emerging Economies During 2018-2028, 5.69 Percent Annually, Will Be Insufficient to Continue the Rate of Growth of the Past Decade. The Downside Potential Is for a Much More Substantial Slowdown to 3.70 Percent Annually.
RANGE OF G20 OUTPUT PROJECTIONS, 2018-2028

Annual percentage growth rates

- **2008-2018**
  - Hours: 1
  - Labor Productivity: 2.5

- **Pessimistic Case**
  - Hours: 0.5
  - Labor Productivity: 1.5

- **Base Case**
  - Hours: 0.5
  - Labor Productivity: 1.5

- **Optimistic Case**
  - Hours: 0.5
  - Labor Productivity: 2.5
RANGE OF G7 OUTPUT PROJECTIONS, 2018-2028

Annual percentage growth rates

- 2008-2018
- Pessimistic Case
- Base Case
- Optimistic Case

- Hours
- Labor Productivity
SUMMARY OF THE TRANSFORMATION OF THE WORLD ECONOMY

The World Economy Is Entering a Period of Sustainable Growth at a Rate of 3.24 Percent Annually during 2018-2028, only Slightly Below the Rate of 3.36 Percent Annually During the Past Decade, 2008-2018.

The Relative Importance of the Emerging Economies Like China and India Will Continue to Increase, even with Much Slower Growth in China and Sustained Rapid Growth in India.

Growth Potential Will Decrease in the G7 Advanced Economies and Shrink Their Relative Importance in the World Economy.

The Base Case Projection of the World Economy Is for Moderate but Sustained Economic Growth and a Continuing Shift from the Advanced Economies of the G7 to the Major Emerging Economies. This Has Established the New World Order of the 21st Century.
The World Economy: Growth or Stagnation?

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