

THE RISE OF ASIA AND THE NEW ECONOMIC ORDER

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TECHNOLOGY POLICY INSTITUTE

▫ Studying the Global Information Economy ▫

ASPEN
FORUM

THREE MAJOR TRENDS IN THE WORLD ECONOMY

CHINA OVERTAKES THE U.S. IN 2018:

The U.S. Has Been the World's Leading Economy for a Century

DEVELOPING ASIA OVERTAKES THE G7 IN 2018:

Mainly Due to China with a Contribution from India

THE NEW WORLD ORDER IN 2020:

China, U.S., India, Japan, Russia, Germany, and Brazil

THE RISE OF ASIA AND THE NEW ECONOMIC ORDER

THE SOURCES OF ECONOMIC GROWTH:

Capital Input, Labor Input, and Productivity

CAPITAL INPUT GROWTH:

Information Technology and Non-Information
Technology

LABOR INPUT GROWTH:

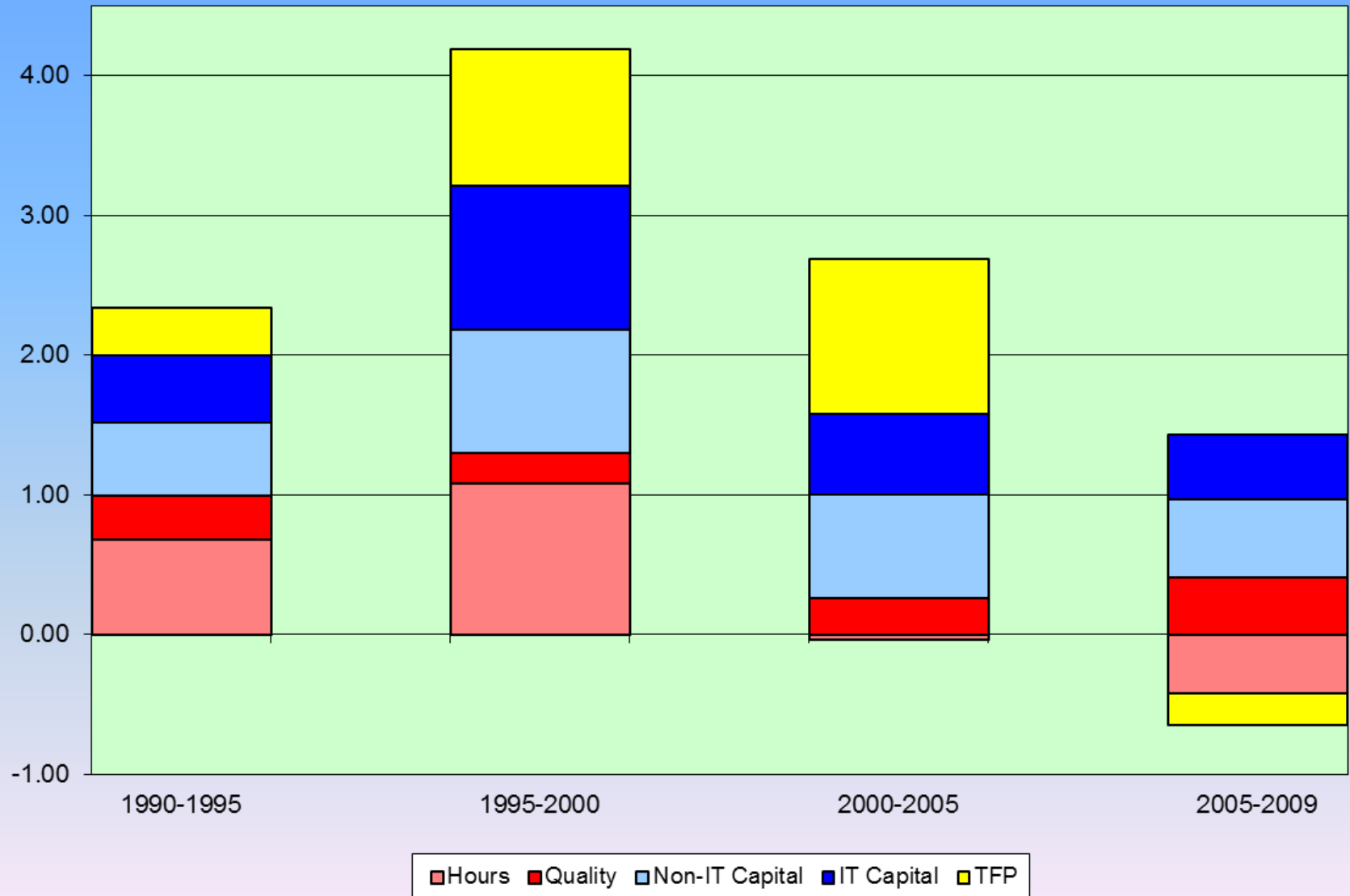
Hours Worked and Labor Quality.

PRODUCTIVITY

Output per Unit of Input

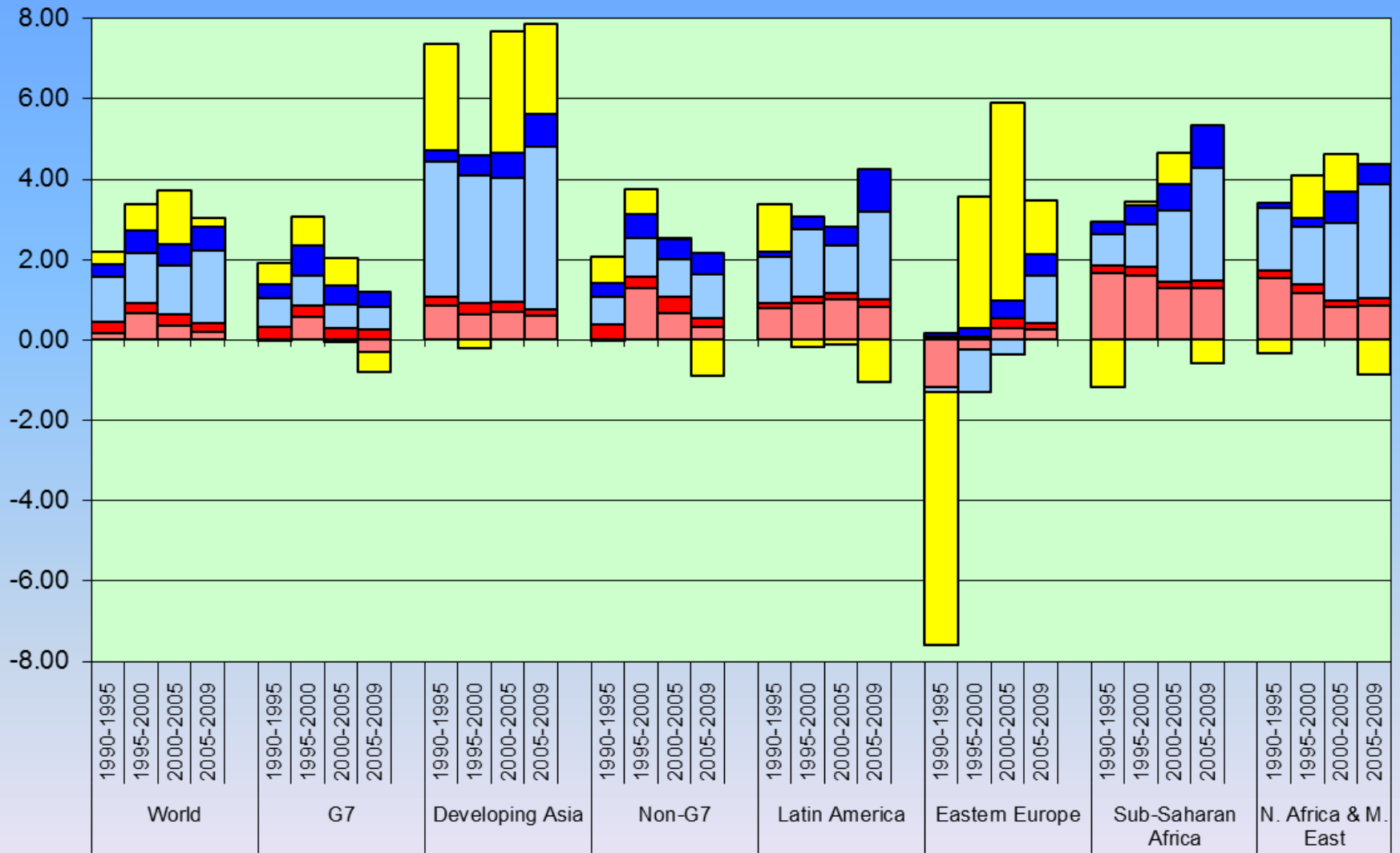
Sources of U.S. Economic Growth

Annual percentage growth rates



Sources of World Economic Growth

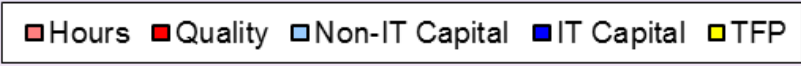
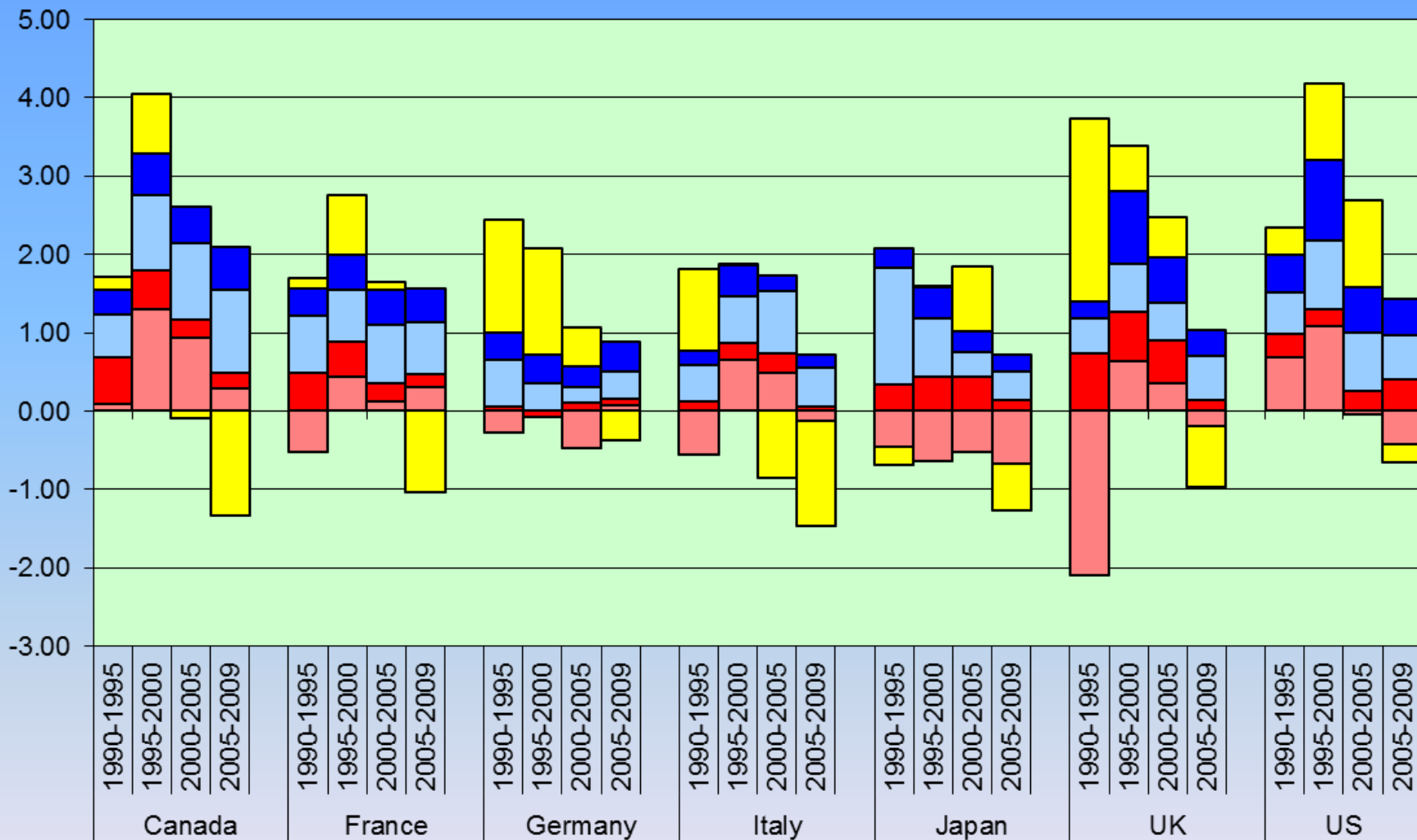
Annual percentage growth rates



Hours Quality Non-IT Capital IT Capital TFP

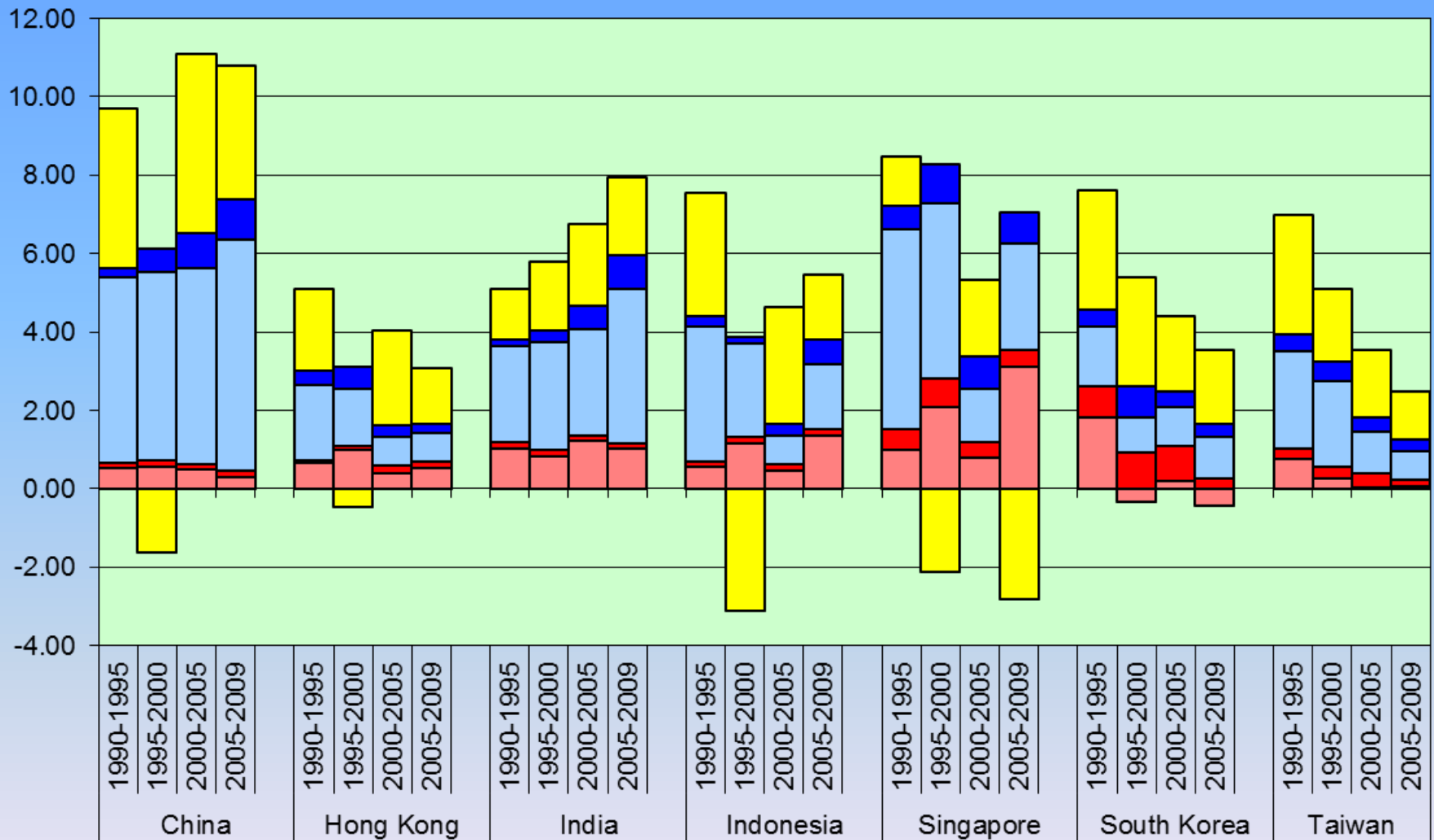
Sources of G7 Economic Growth

Annual percentage growth rates



Sources of Asia 7 Economic Growth

Annual percentage growth rates



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

PRODUCTIVITY:

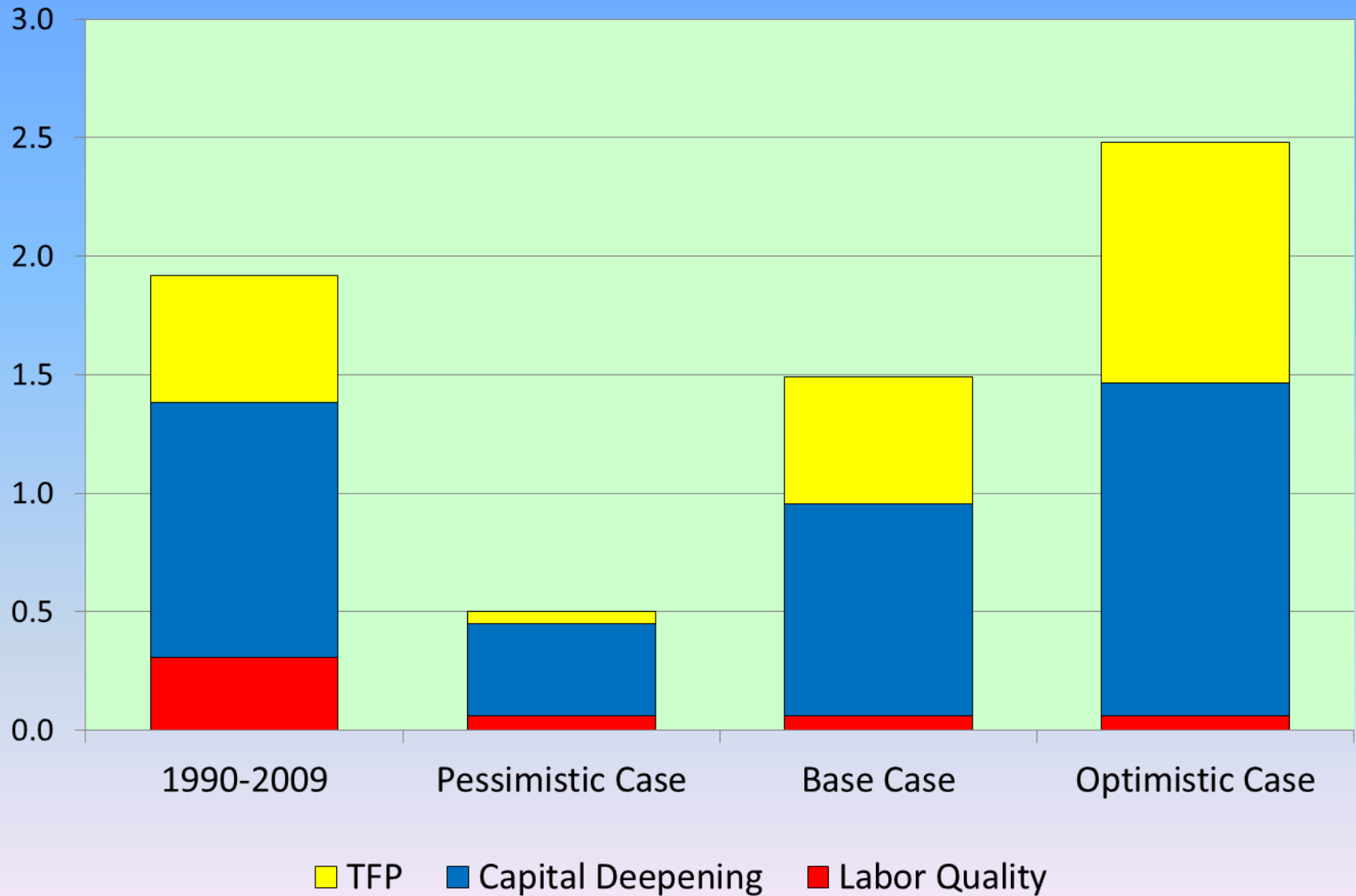
Growth of TFP, Capital Quality, and the
Gap between Output and Capital

GDP GROWTH:

Sum of the Growth of Hours Worked and
Labor Productivity

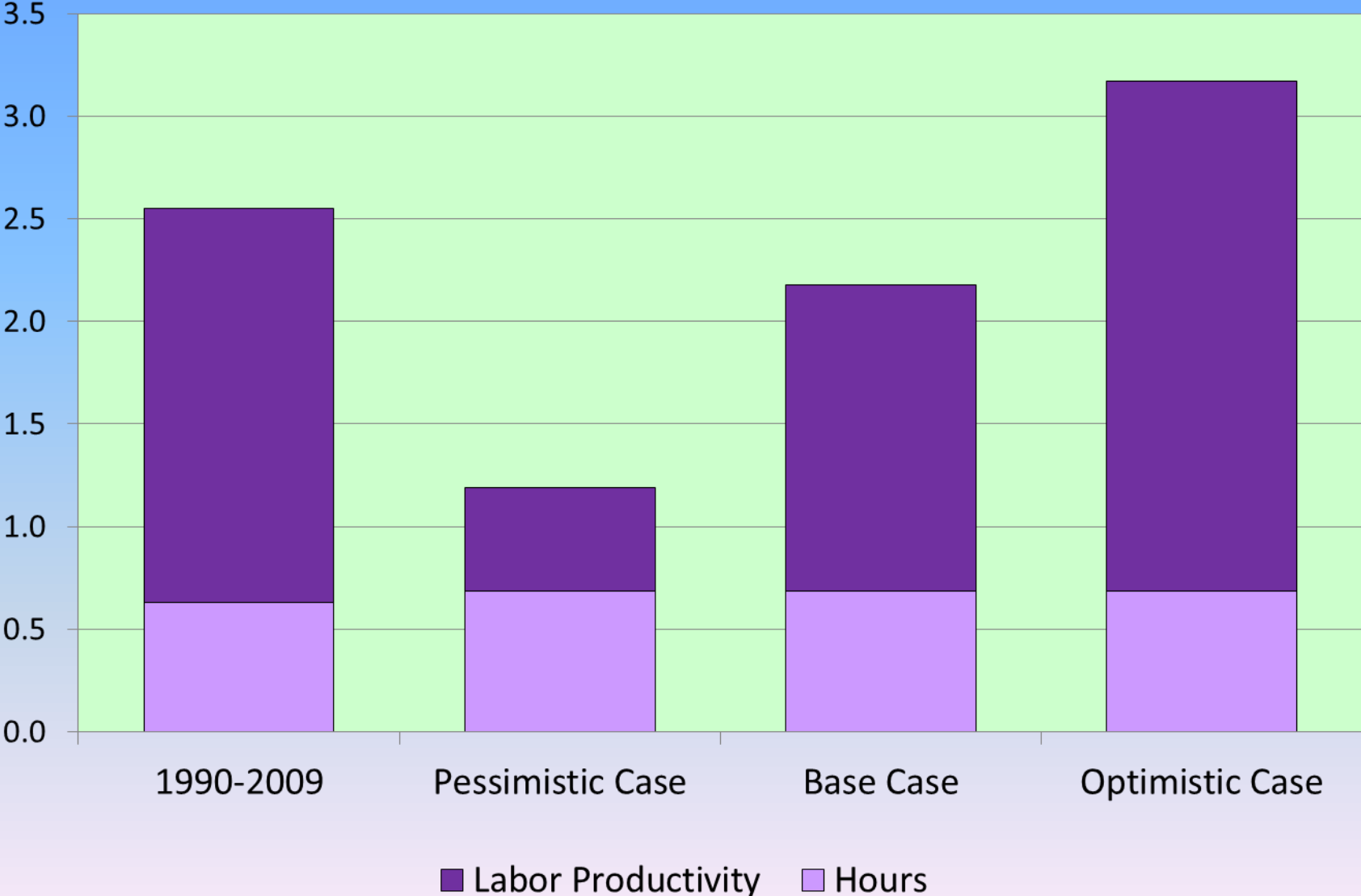
Range of U.S. Labor Productivity Projections, 2010-2020

Annual percentage growth rates



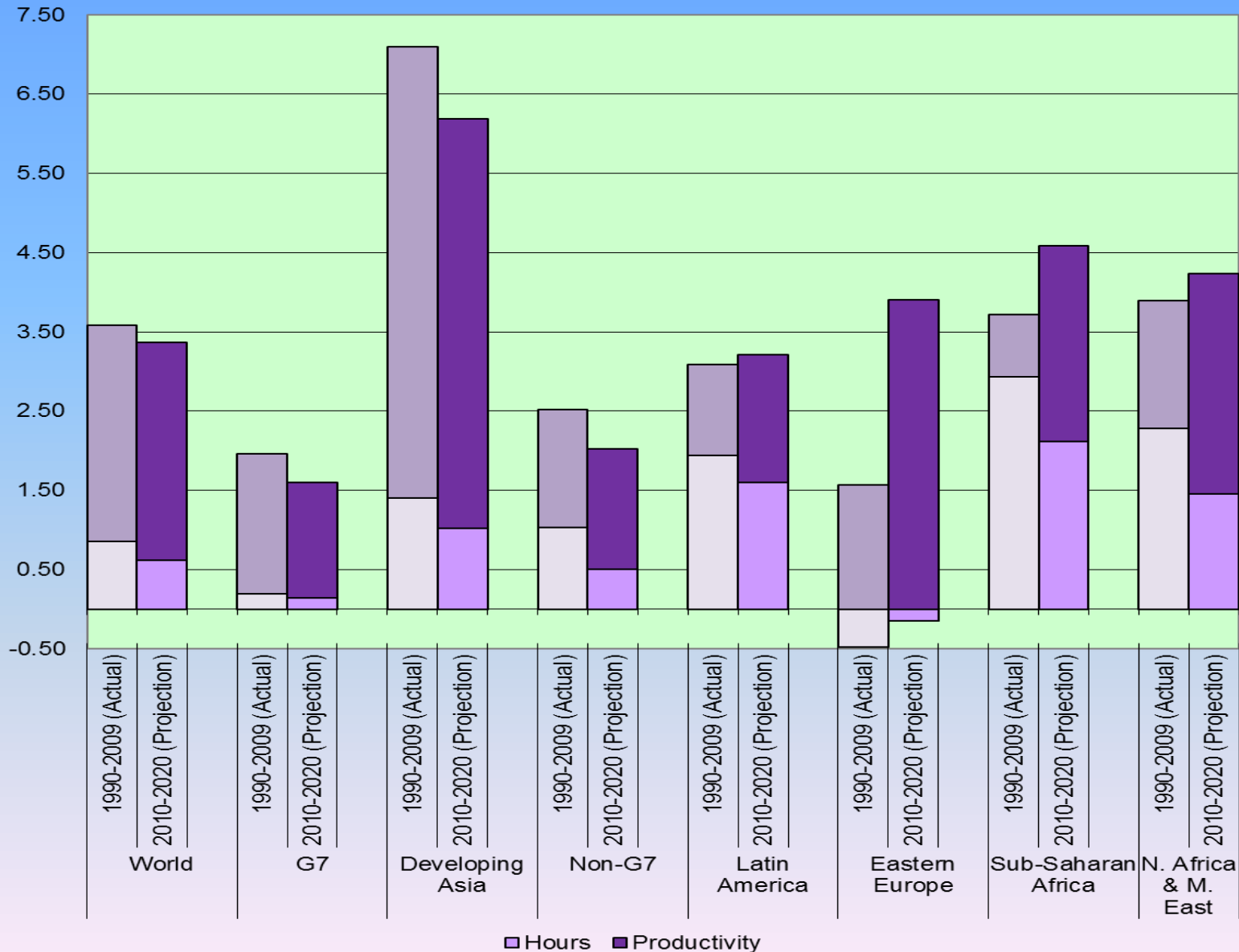
Range of U.S. Potential Output Projections, 2010-2020

Annual percentage growth rates



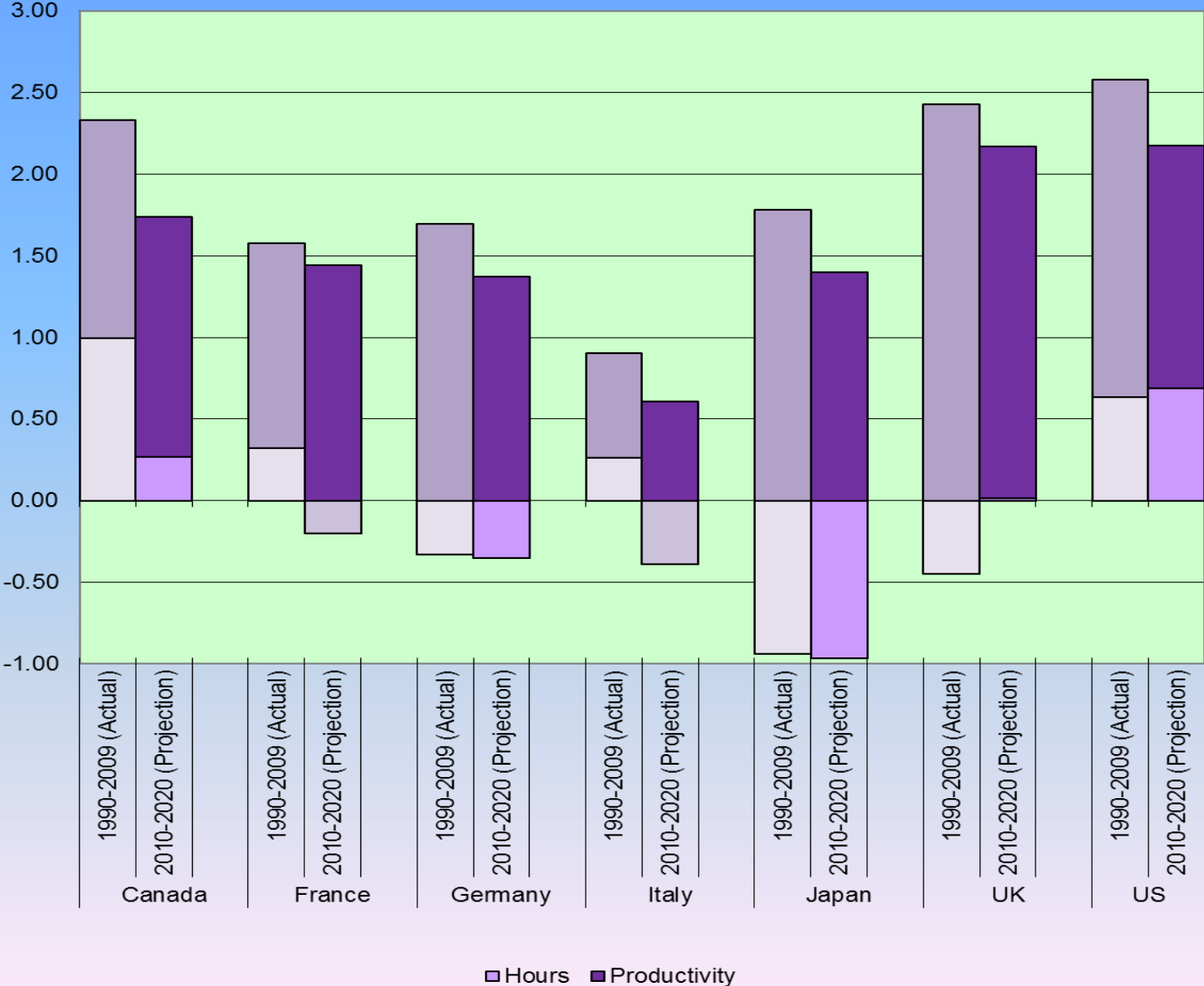
Growth Projections for the World Economy

Annual percentage growth rates



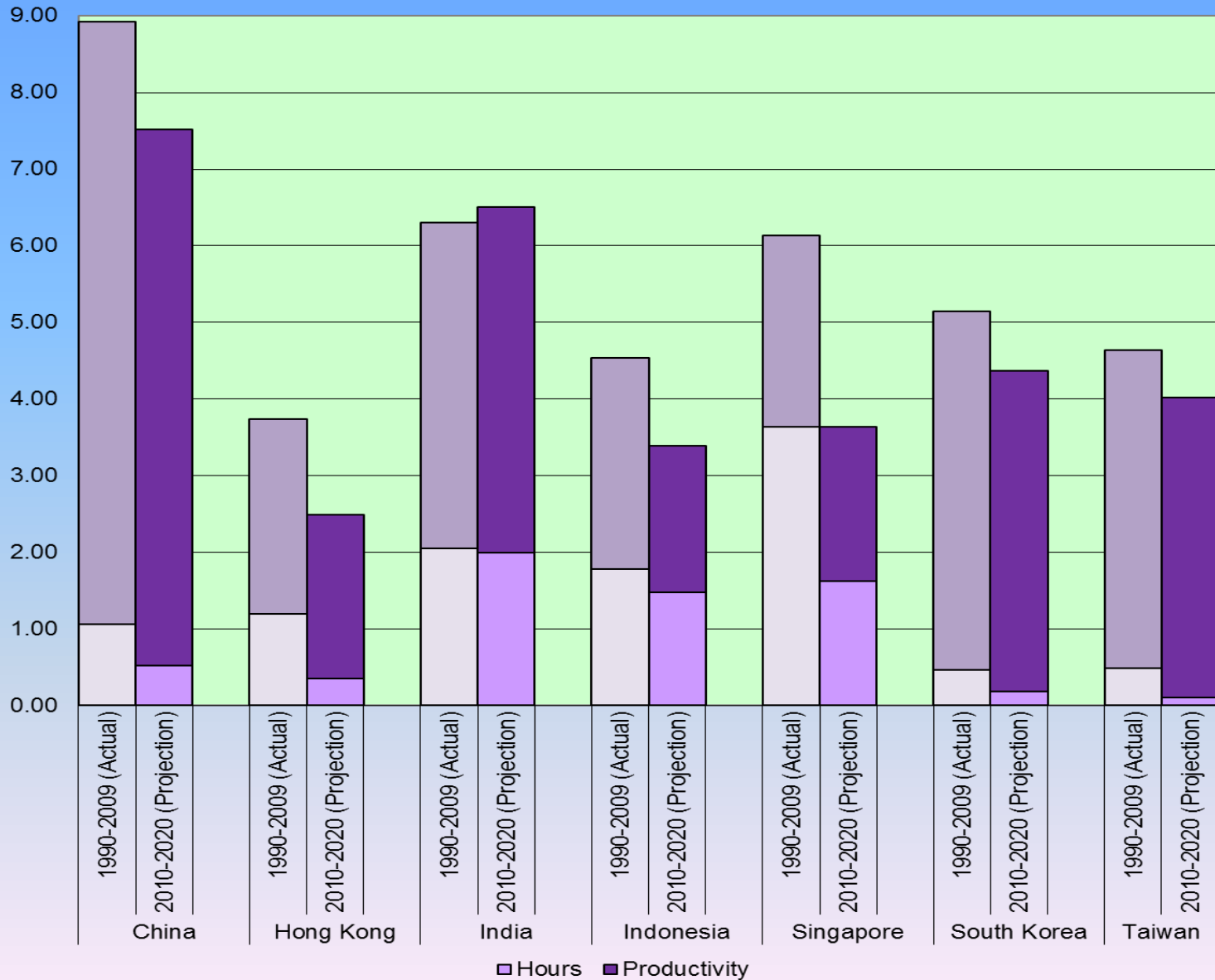
Growth Projections for the G7 Economy

Annual percentage growth rates



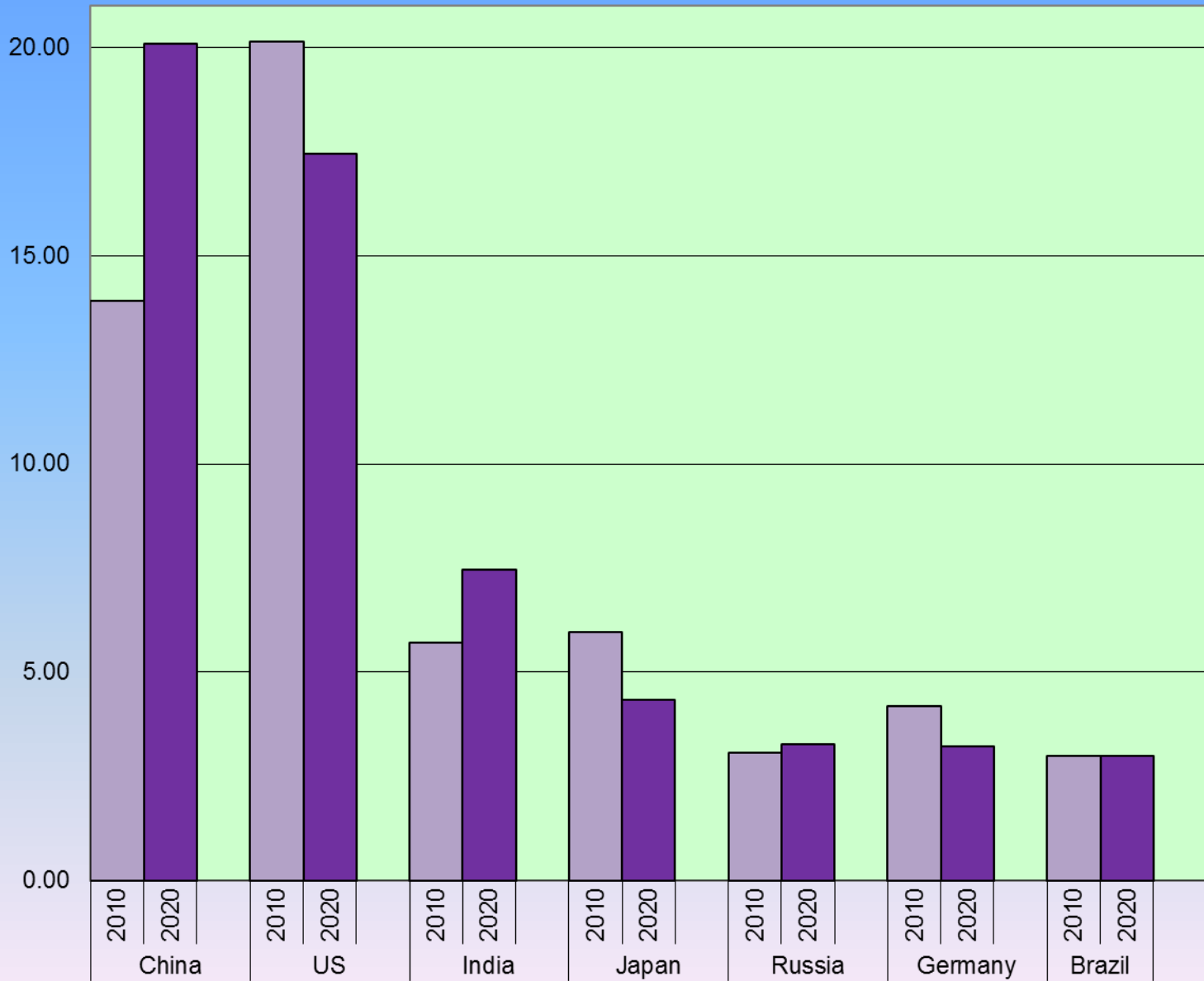
Growth Projections for the Asia 7 Economy

Annual percentage growth rates



New Economic Order 2020

Percentage shares of world GDP



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RESEARCH ON ECONOMIC GROWTH:

Growth of Input Greatly Exceeds Productivity Growth; Most
Growth is Replication Not Innovation

OFFICIAL STATISTICS:

Growth Belongs in Our National Accounts. This Requires a
New Architecture for the National Accounts

THE ASIAN MODEL OF^tECONOMIC GROWTH:

The Magic Sauce Is Globalization and the
Accumulation of Human and Nonhuman Capital

