ECONOMIC GROWTH IN THE G7 AND THE G20

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2012 WORLD KLEMS CONFERENCE
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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, Russia, Germany, Brazil
ECONOMIC GROWTH IN THE G7 AND THE G20

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

Annual percentage growth rates

1990-2010
Pessimistic Case
Base Case
Optimistic Case

- TFP
- Capital Deepening
- Labor Quality
Growth Projections for the G7 Economy
Annual percentage growth rates
Growth Projections for the BRICS Economy
Annual percentage growth rates
New Economic Order 2020
Percentage shares of world GDP
ECONOMIC GROWTH IN THE G7 AND THE G20

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