

THE RISE OF ASIA AND THE NEW ECONOMIC ORDER

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THE NEW ECONOMIC ORDER

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Wednesday, 13 July 2011



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:

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

THE RISE OF ASIA AND THE NEW WORLD 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.

CAPITAL INPUT GROWTH:

INPUT SHARES OF IT:

Computers, Communications Equipment, and Software

CAPITAL CONTRIBUTION BY INFORMATION TECHNOLOGY:

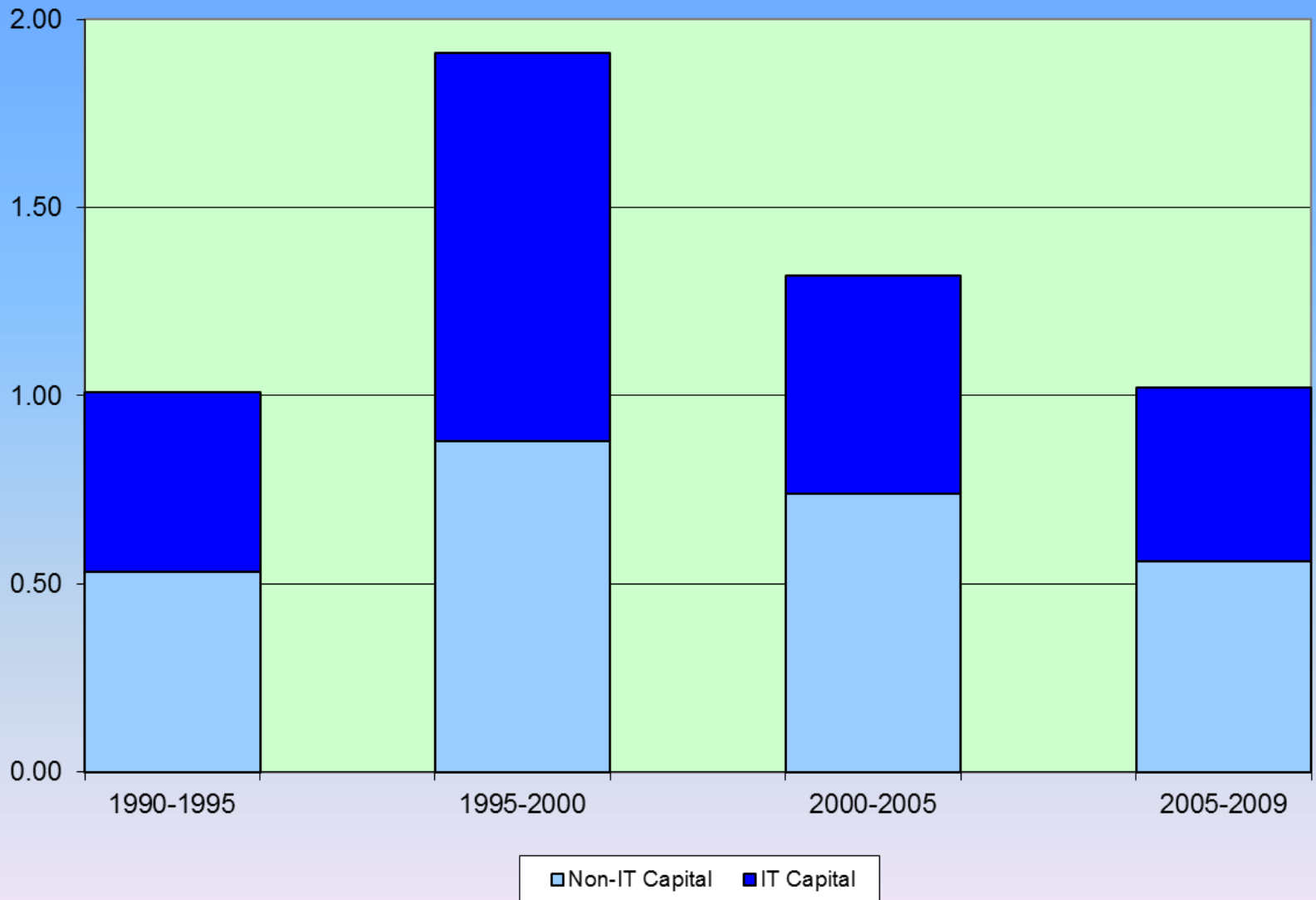
Computers, Communications Equipment, and Software

CAPITAL CONTRIBUTION IT AND NON-IT:

IT vs. Non-IT Capital Services

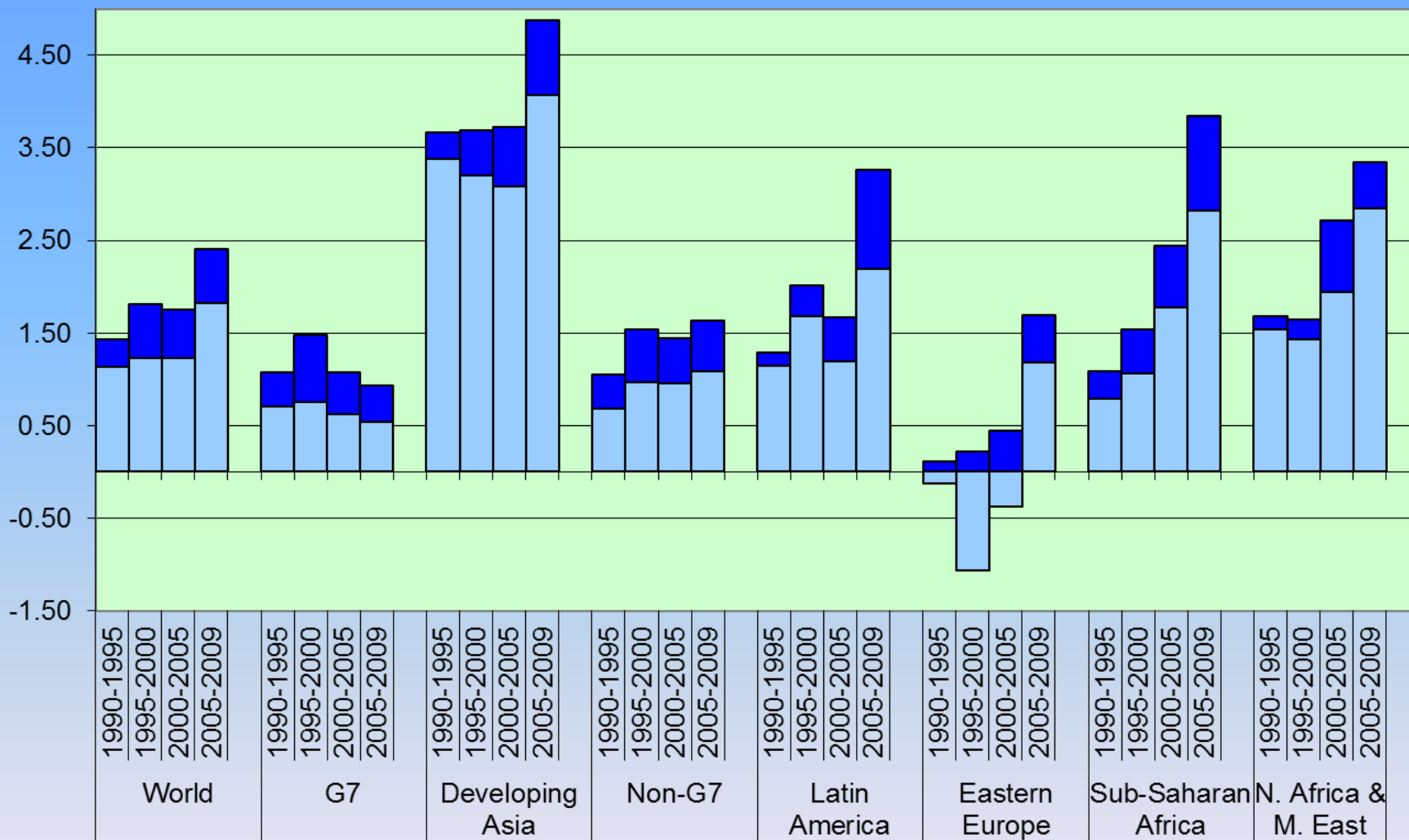
U.S. Capital Input Contribution of Information Technology

Annual percentage growth rates, weighted by income shares



World Capital Input Contribution of Information Technology

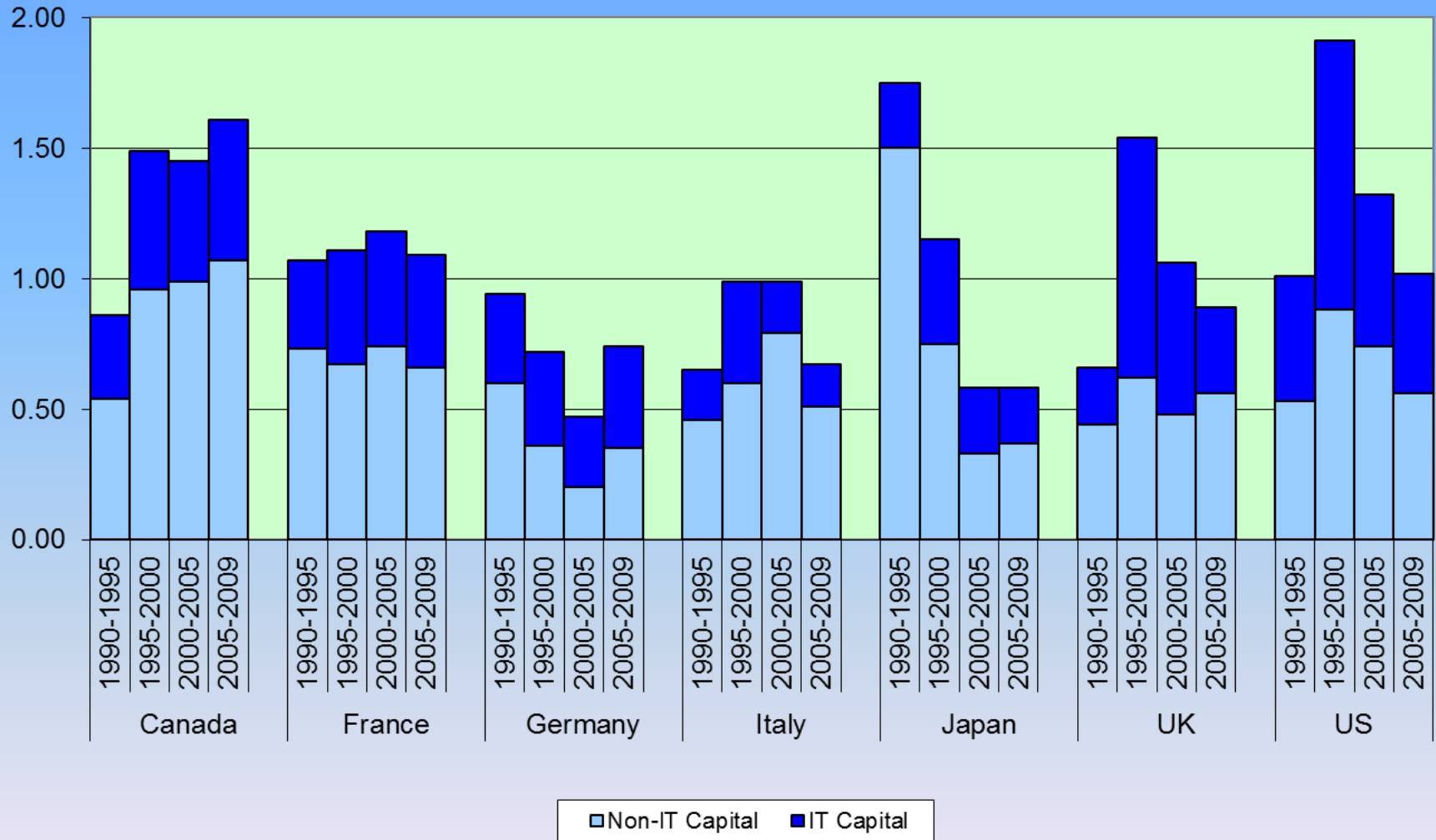
Annual percentage growth rates, weighted by income shares



■ Non-IT Capital ■ IT Capital

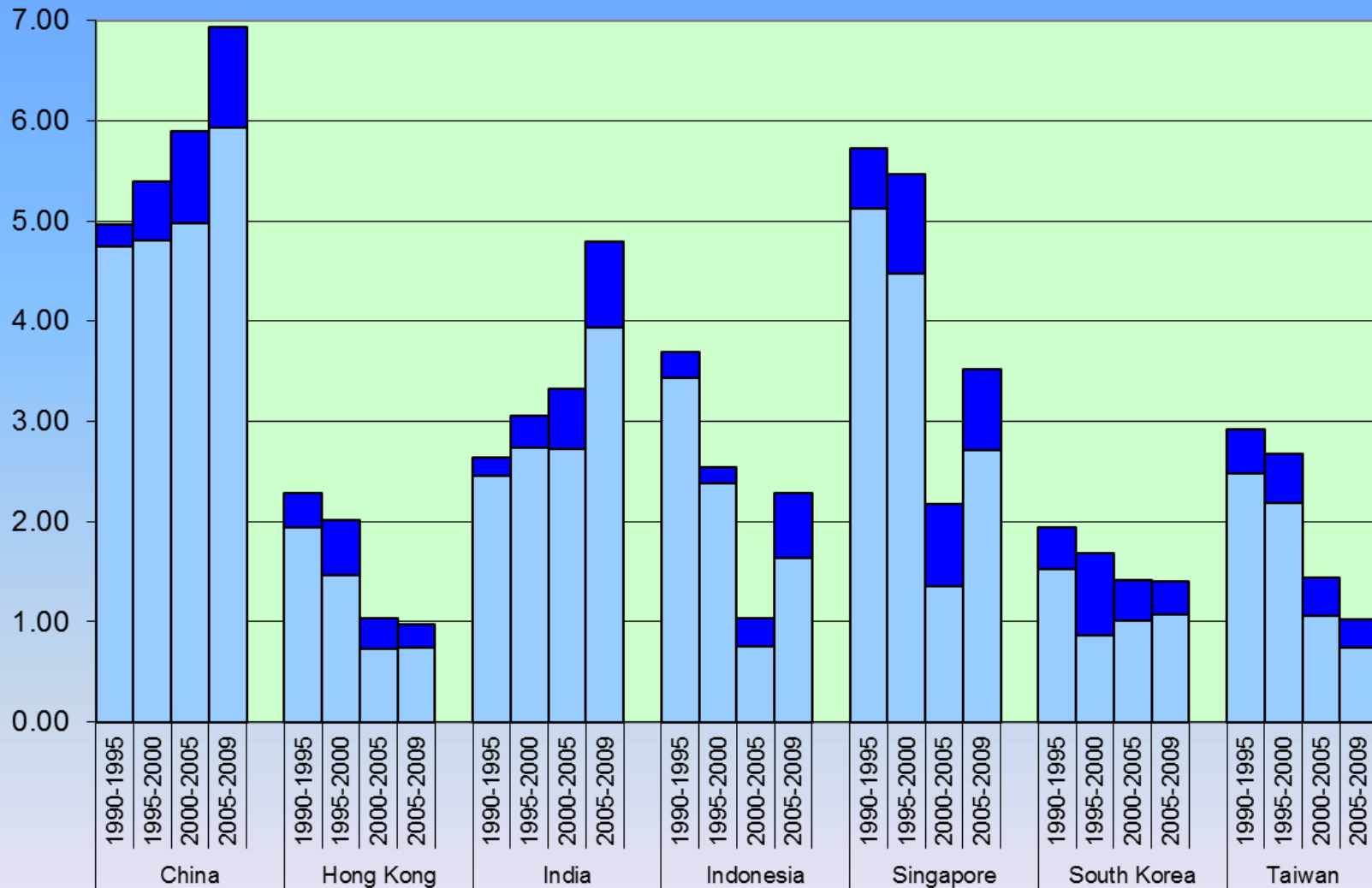
G7 Capital Input Contribution of Information Technology

Annual percentage growth rates, weighted by income shares



Asia 7 Contribution of Information Technology

Annual percentage growth rates, weighted by income shares



■ Non-IT Capital
 ■ IT Capital

SOURCES OF U.S. ECONOMIC GROWTH

LABOR INPUT GROWTH:

Hours Worked and Labor Quality

TOTAL FACTOR PRODUCTIVITY:

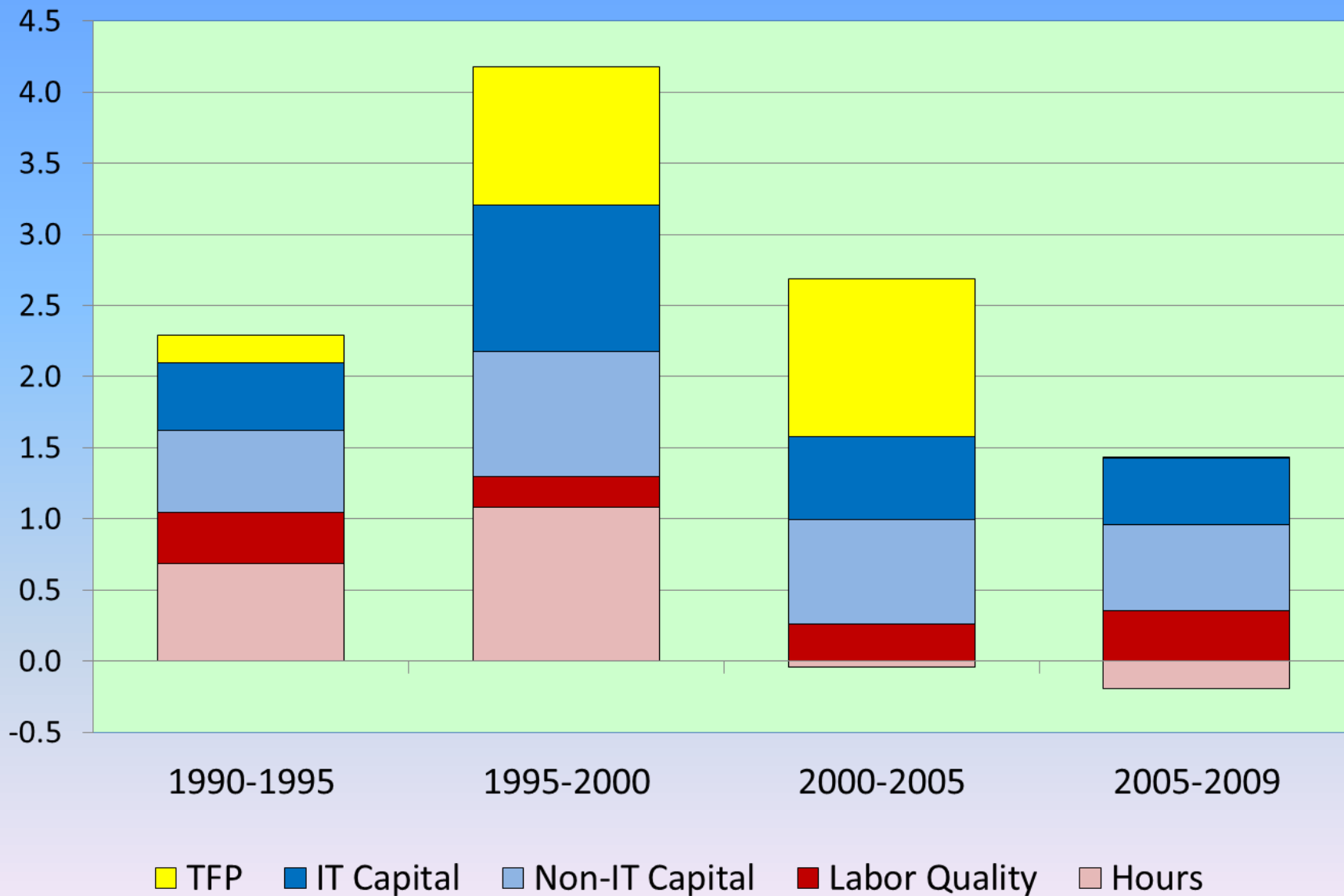
Output versus Input

SOURCES OF ECONOMIC GROWTH:

Capital Input, Labor Input, and TFP

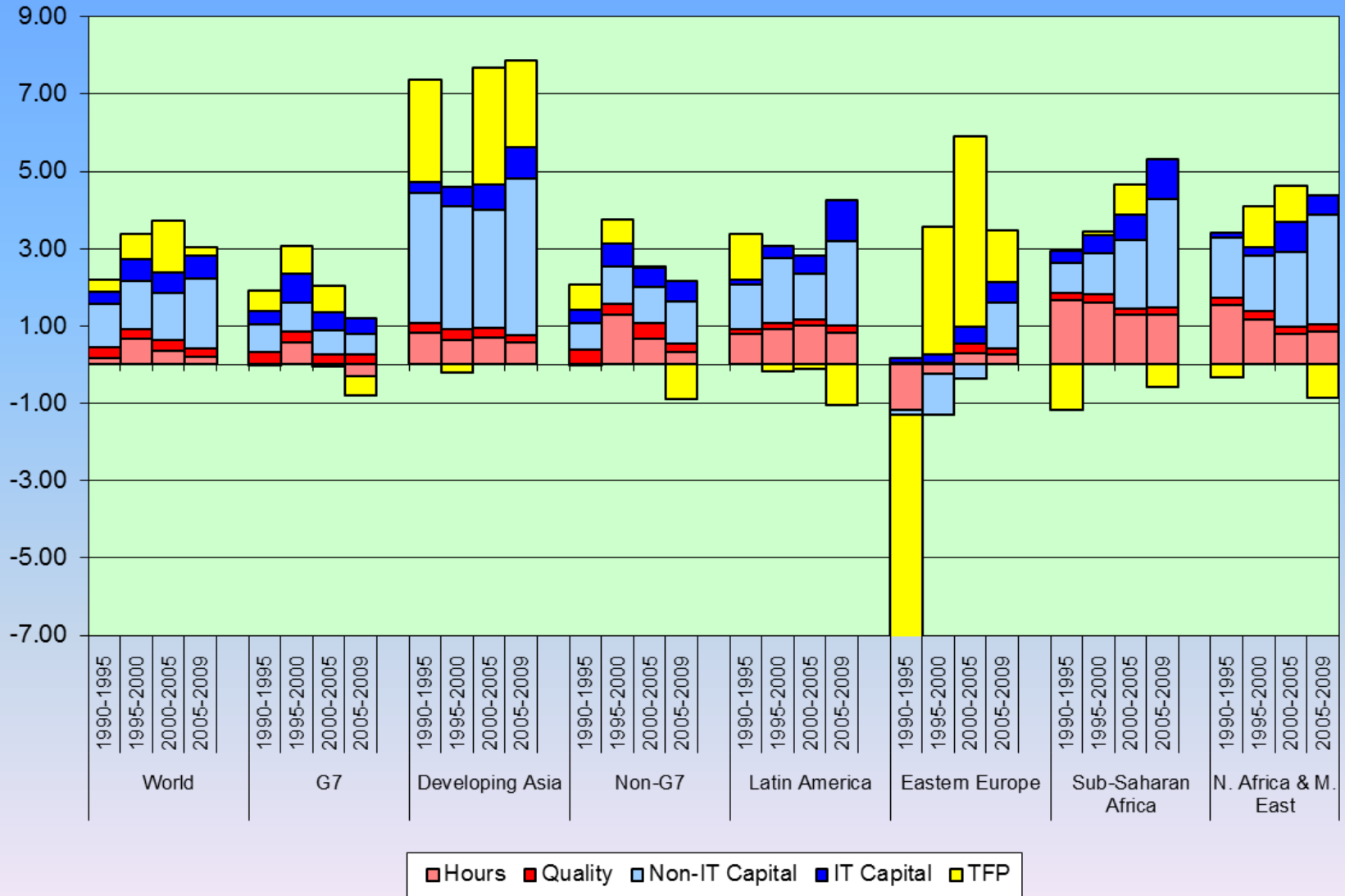
Sources of U.S. Economic Growth

Annual percentage growth rates



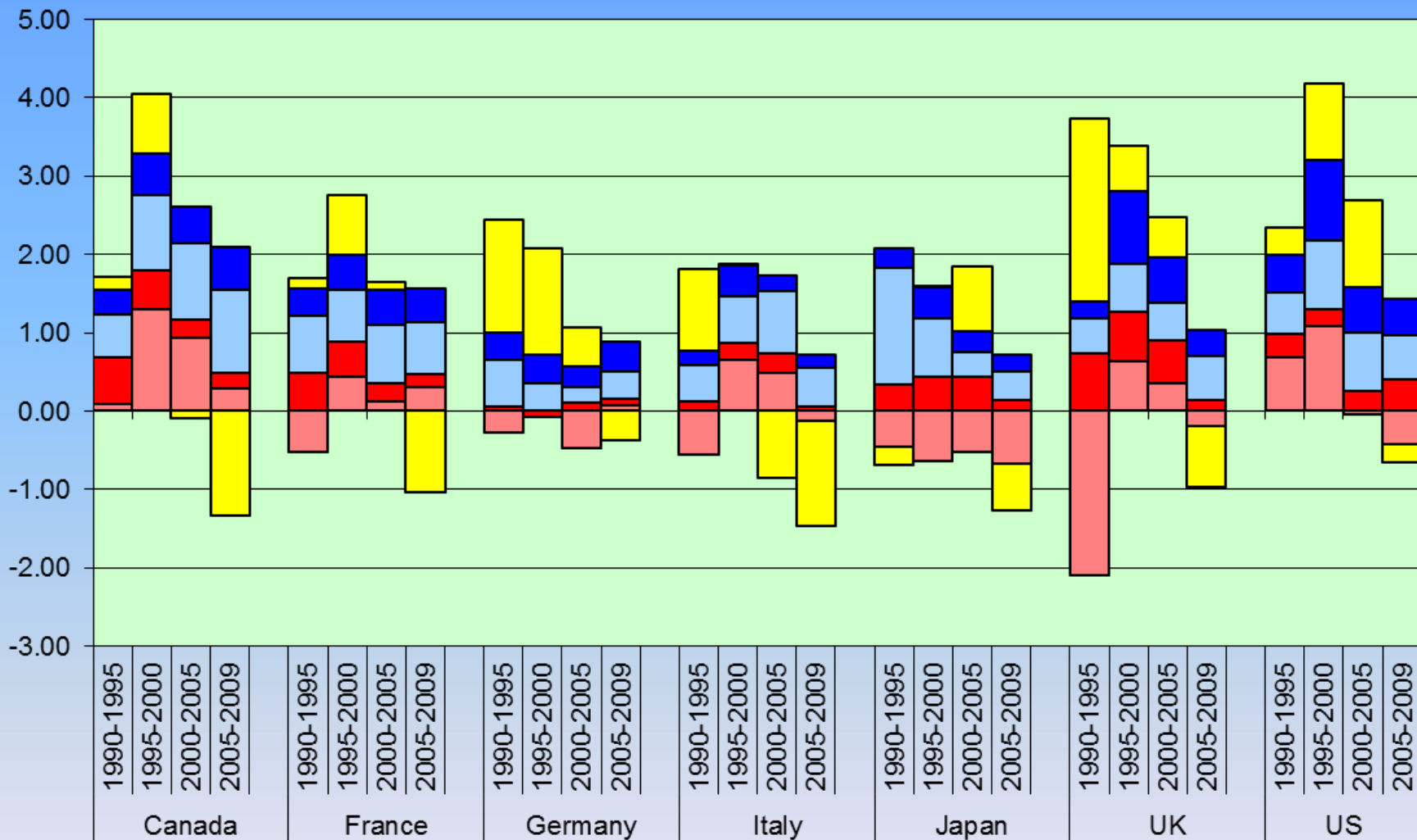
Sources of World Economic Growth

Annual percentage growth rates



Sources of G7 Economic Growth

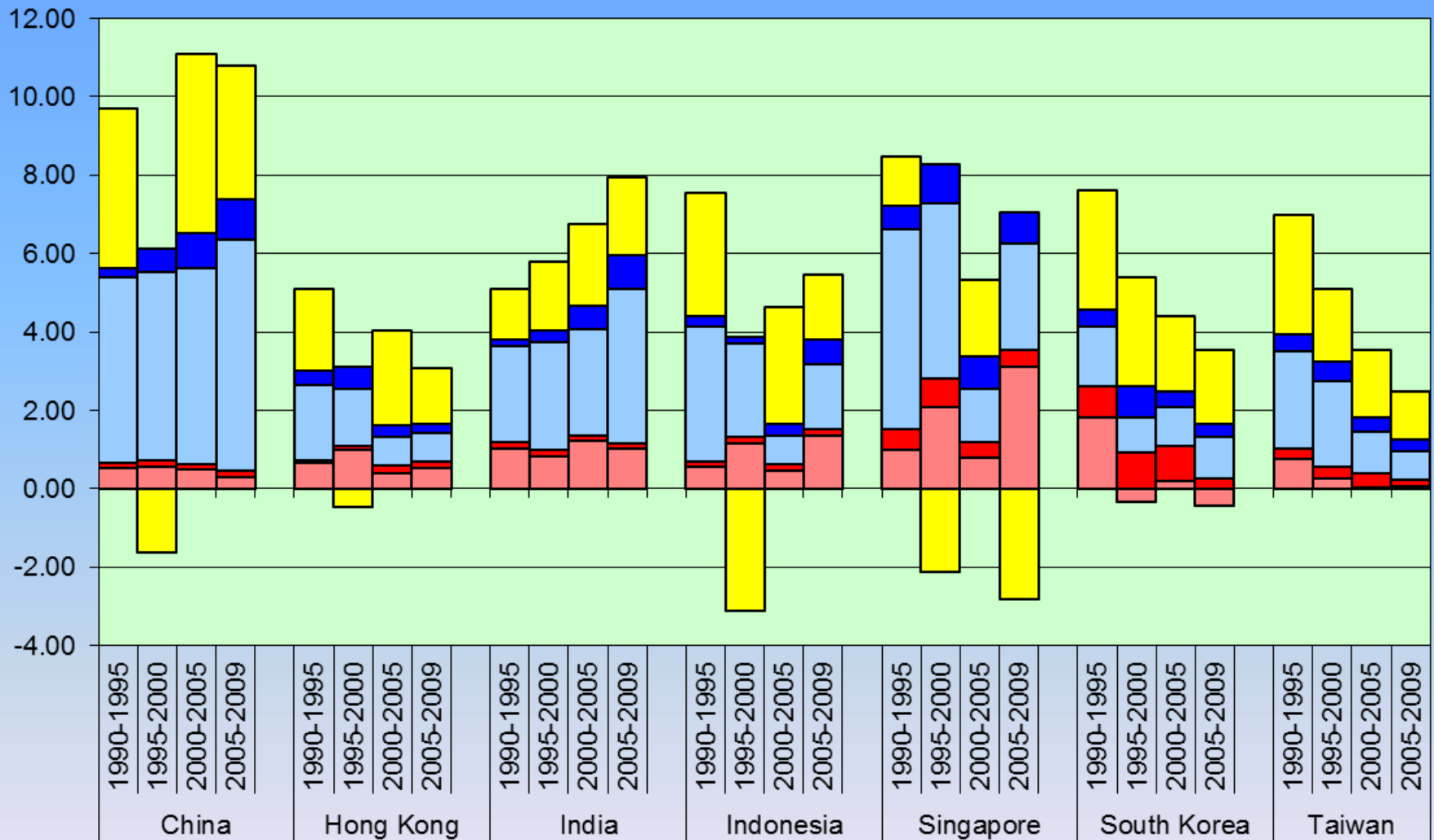
Annual percentage growth rates



Hours Quality Non-IT Capital IT Capital TFP

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:

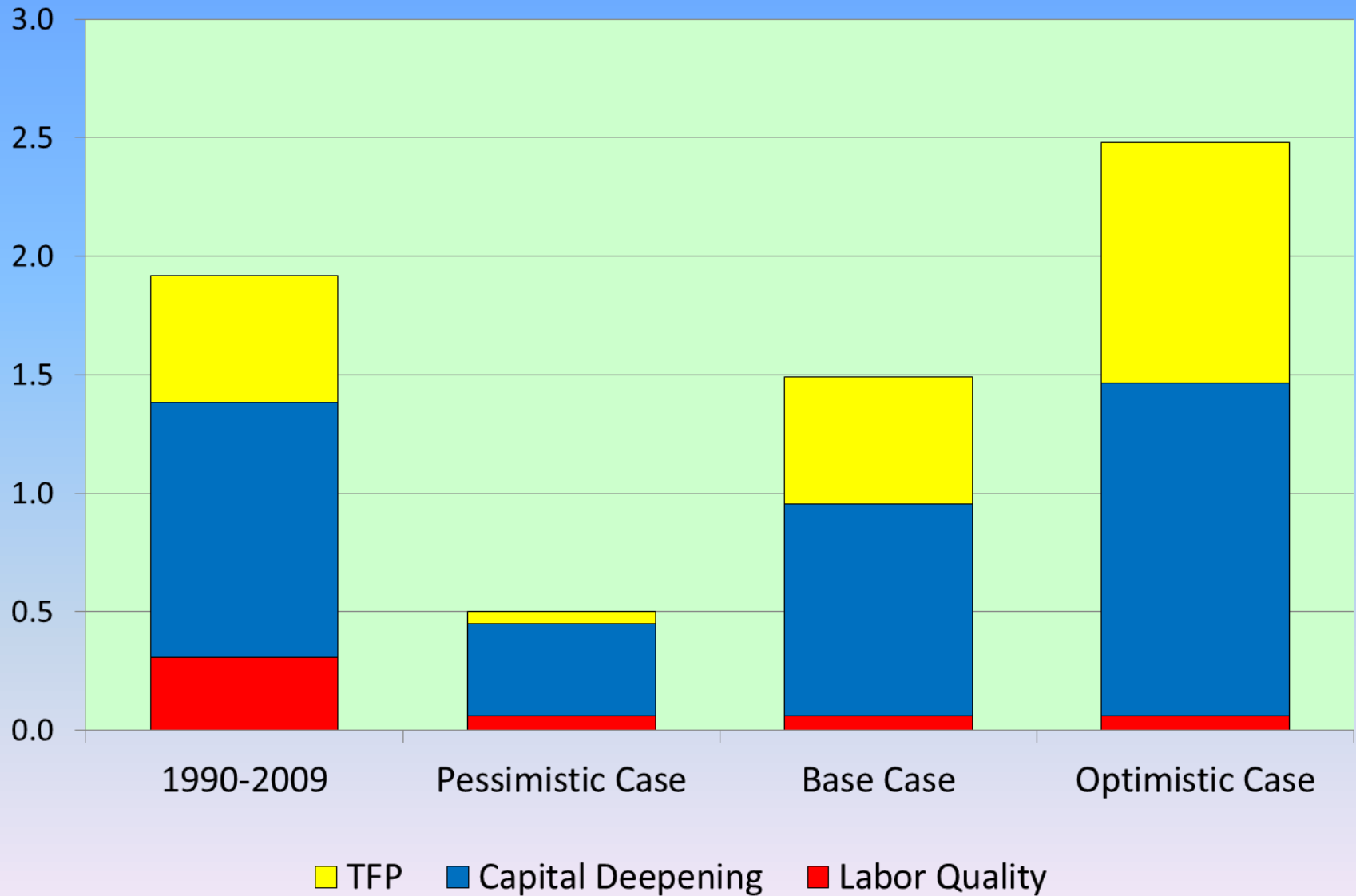
Growth of TFP, Capital Quality, and the
Gap between Output and Capital

GDP GROWTH:

Sum of the Growth of Hours Worked and
Labor Productivity

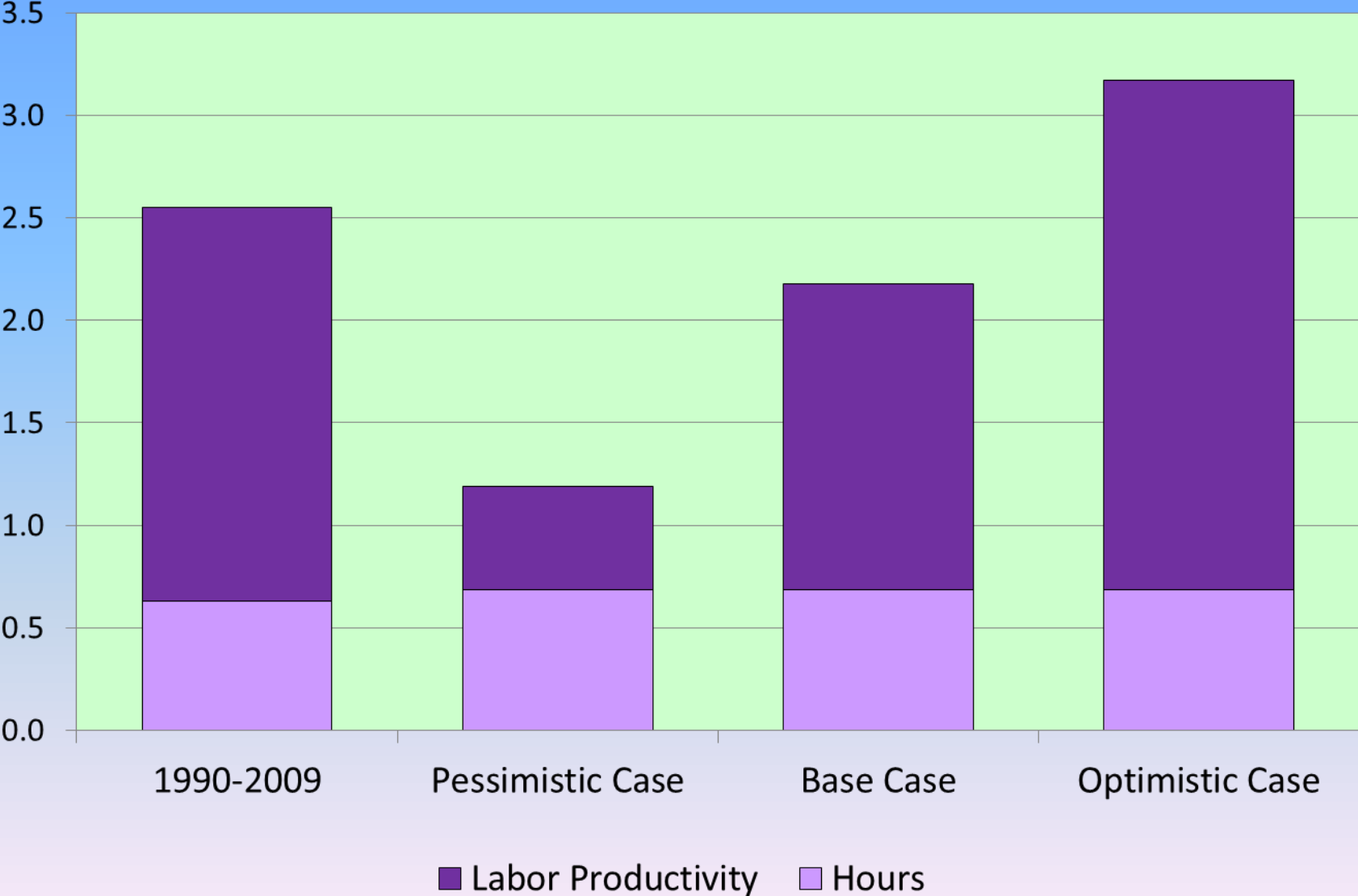
Range of U.S. Labor Productivity Projections, 2009-2019

Annual percentage growth rates



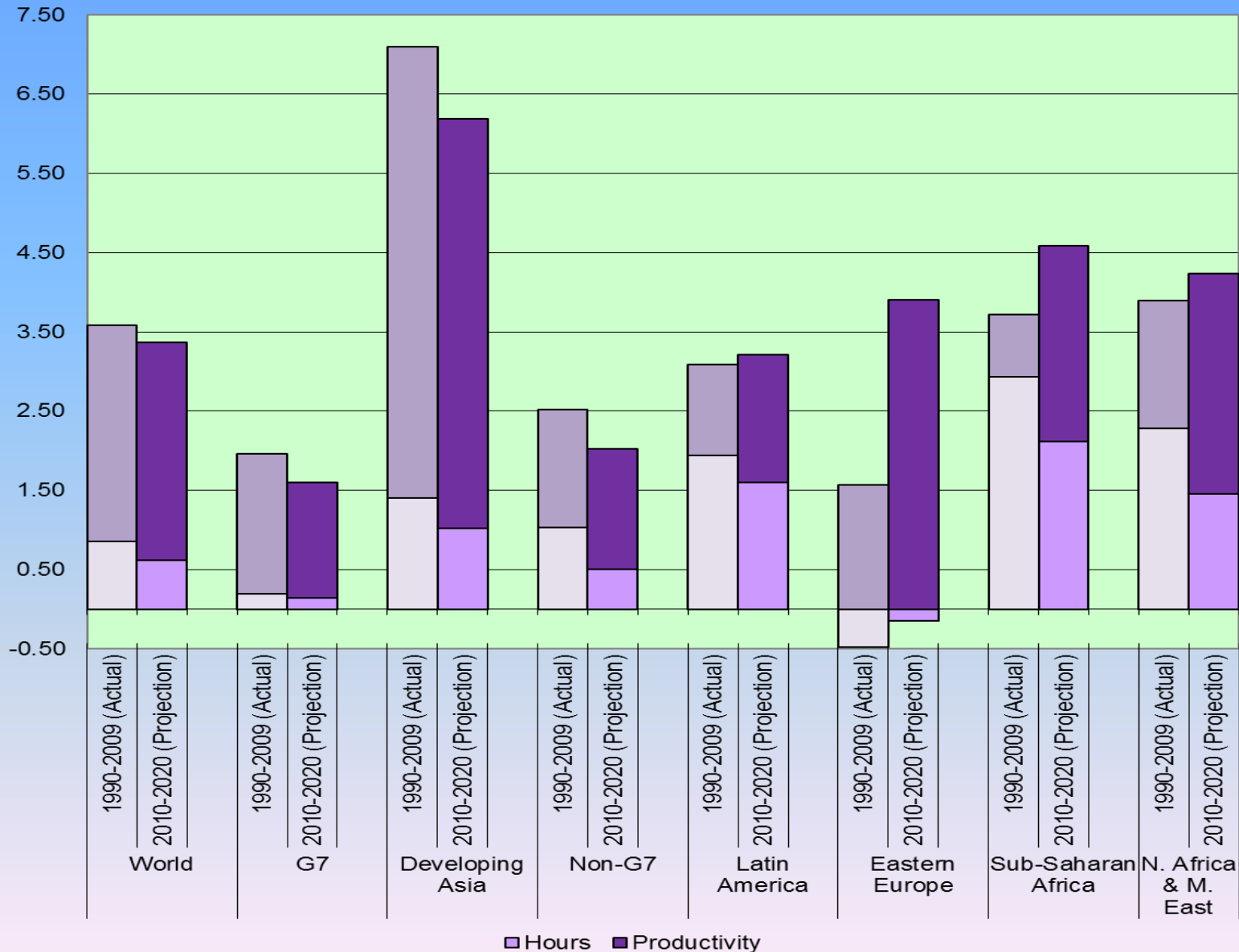
Range of U.S. Potential Output Projections, 2009-2019

Annual percentage growth rates



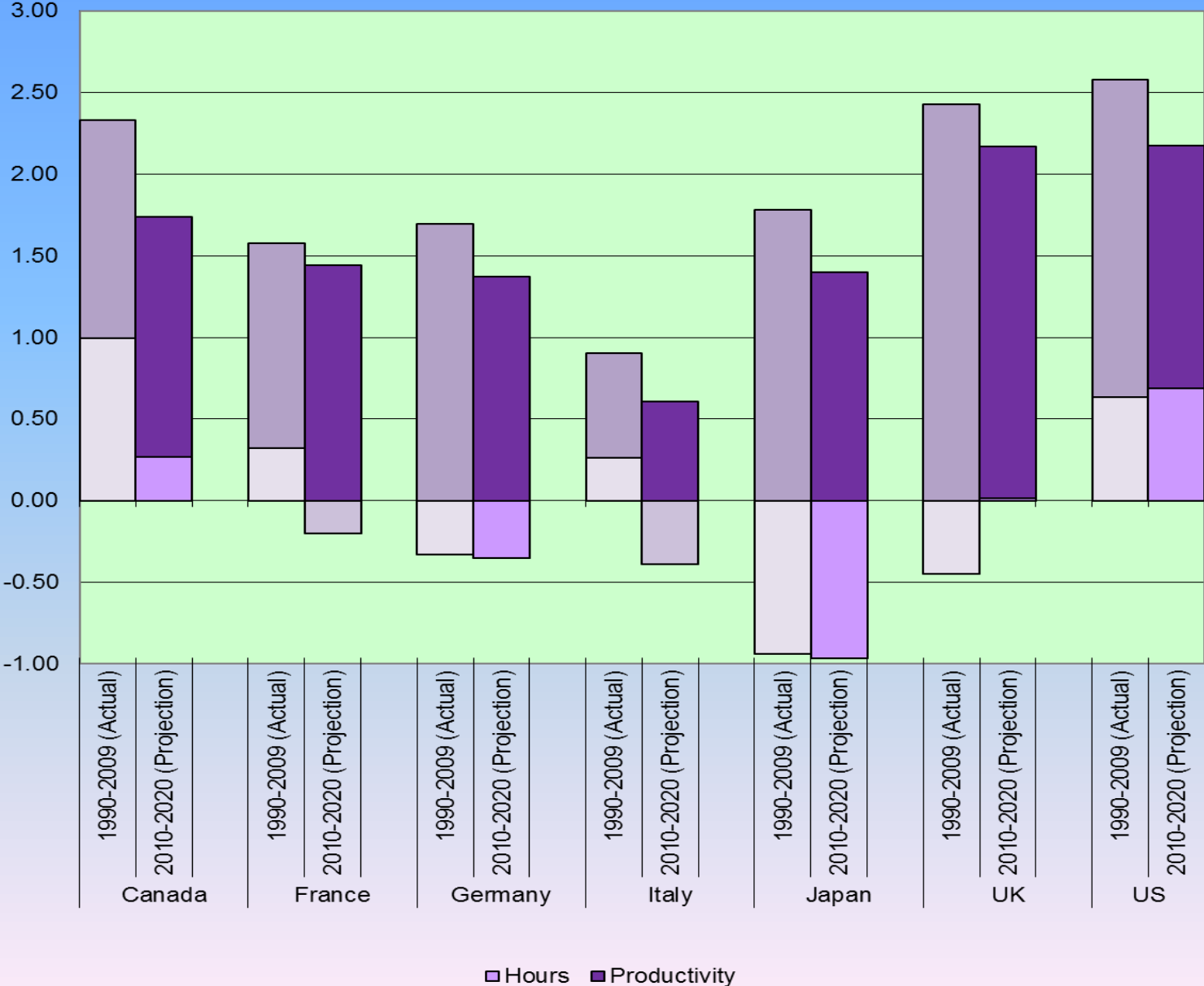
Growth Projections for the World Economy

Annual percentage growth rates



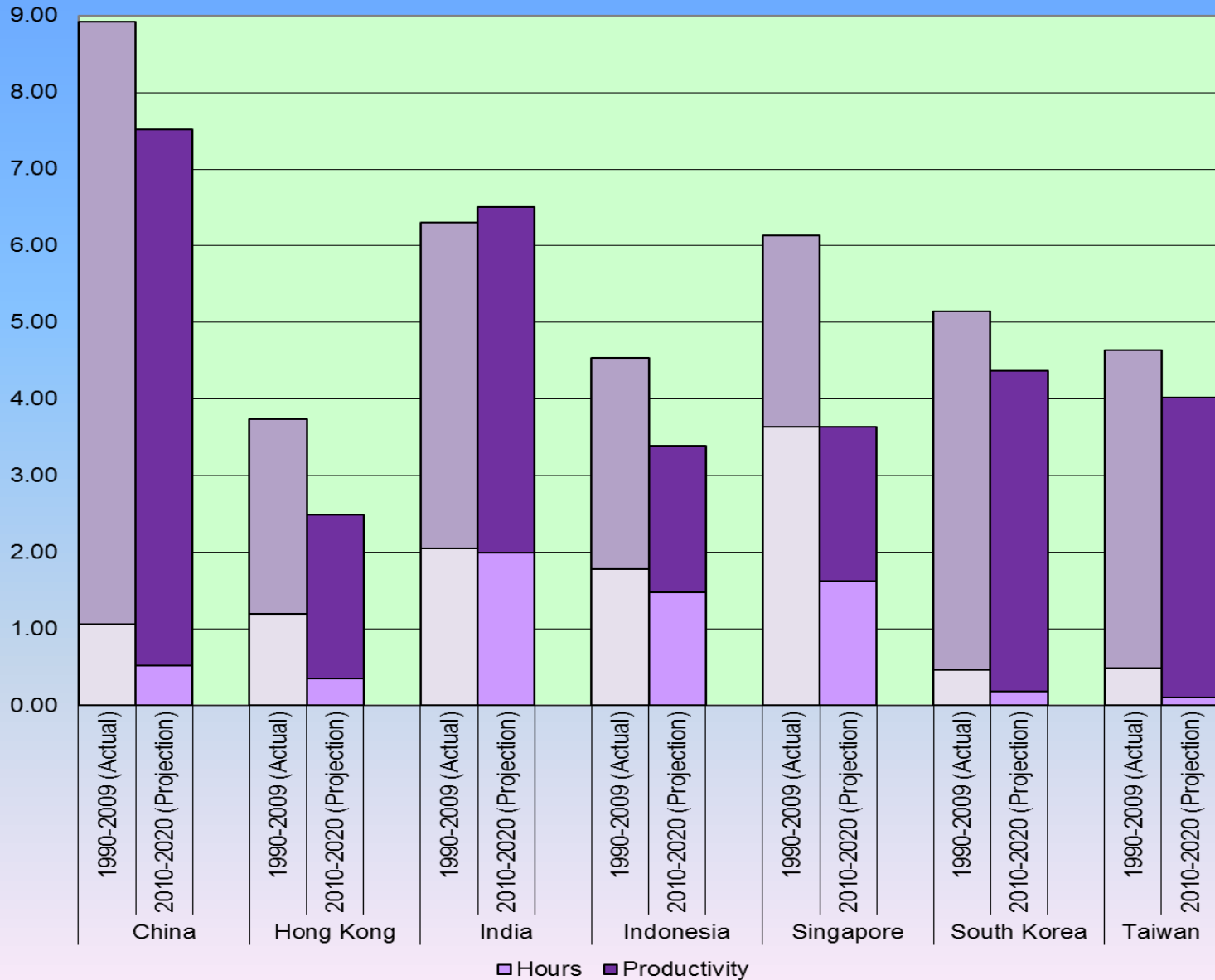
Growth Projections for the G7 Economy

Annual percentage growth rates



Growth Projections for the Asia 7 Economy

Annual percentage growth rates



THE RISE OF ASIA AND THE NEW WORLD ORDER

RESEARCH ON ECONOMIC GROWTH:

Growth of Input Greatly Exceeds Productivity Growth

OFFICIAL STATISTICS:

A New Architecture for the National Accounts

THE ASIAN MODEL OF ECONOMIC GROWTH:

Globalization and Accumulation of Human and Nonhuman Capital

