

# ECONOMIC GROWTH IN THE G7 AND THE G20

by

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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:

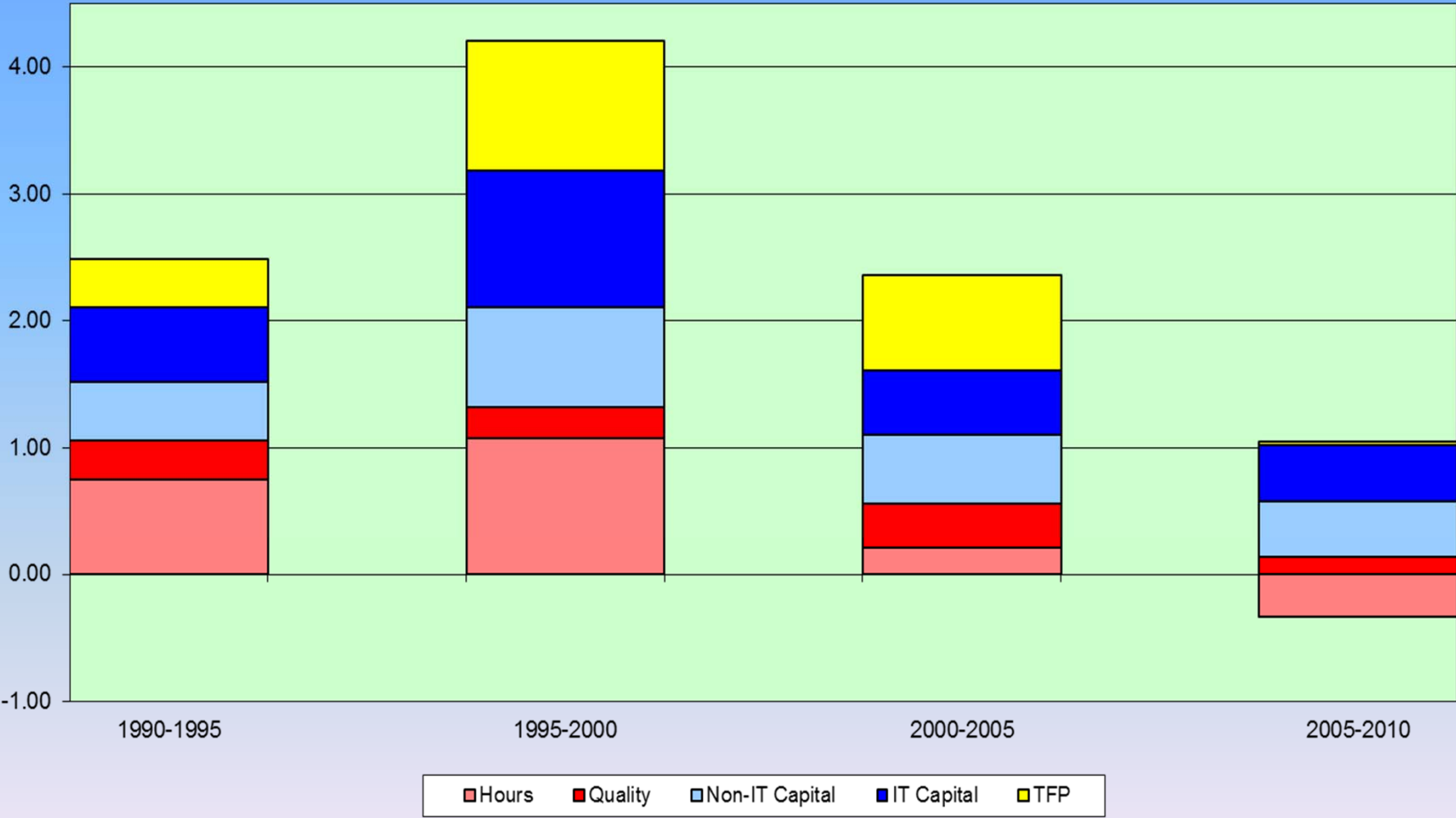
Hours Worked and Labor Quality.

### TOTAL FACTOR PRODUCTIVITY

Output per Unit of Input

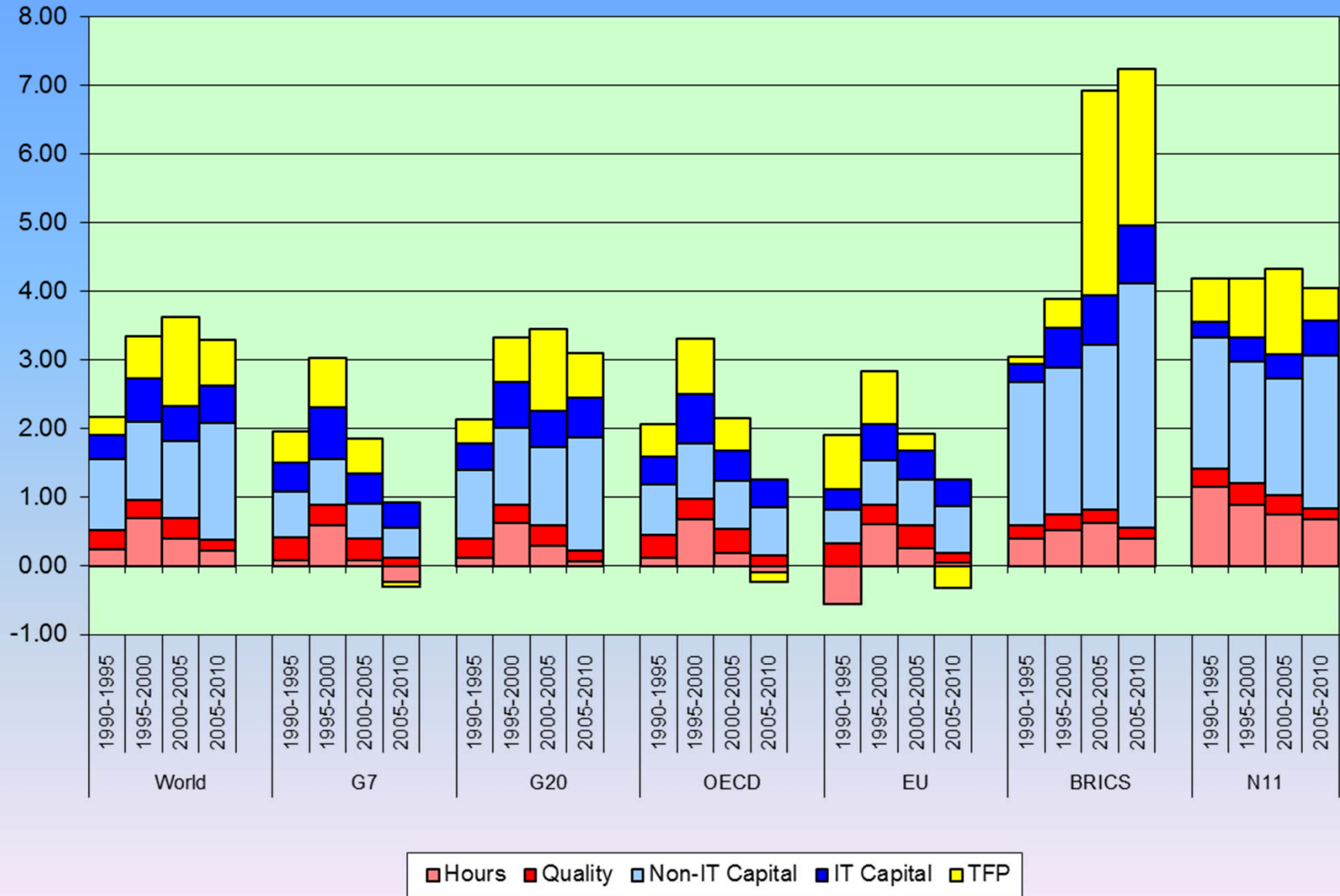
# Sources of U.S. Economic Growth

Annual percentage growth rates



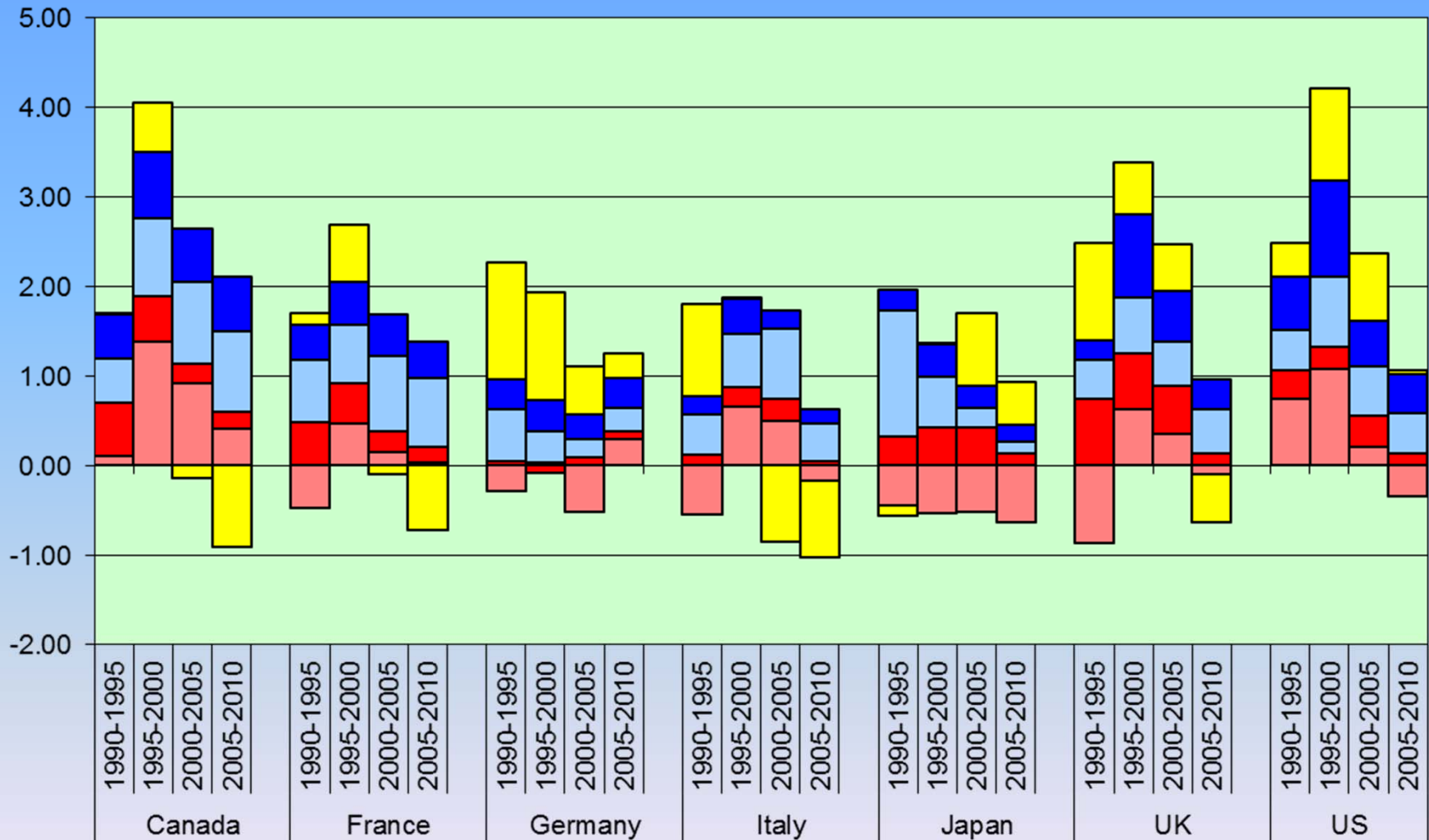
# Sources of World Economic Growth

Annual percentage growth rates



# Sources of G7 Economic Growth

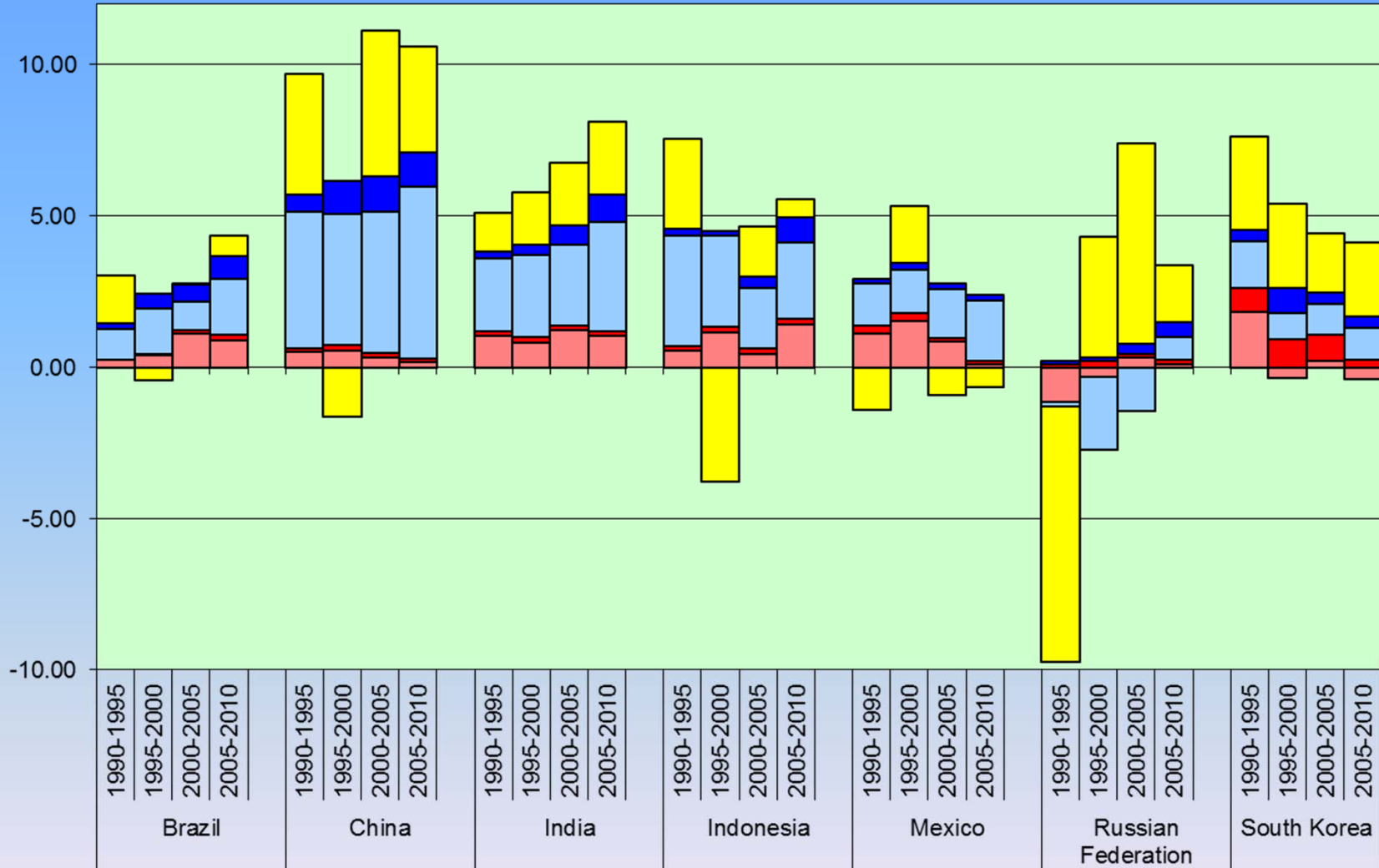
Annual percentage growth rates



Hours Quality Non-IT Capital IT Capital TFP

# Sources of BRICS 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

## LABOR PRODUCTIVITY:

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

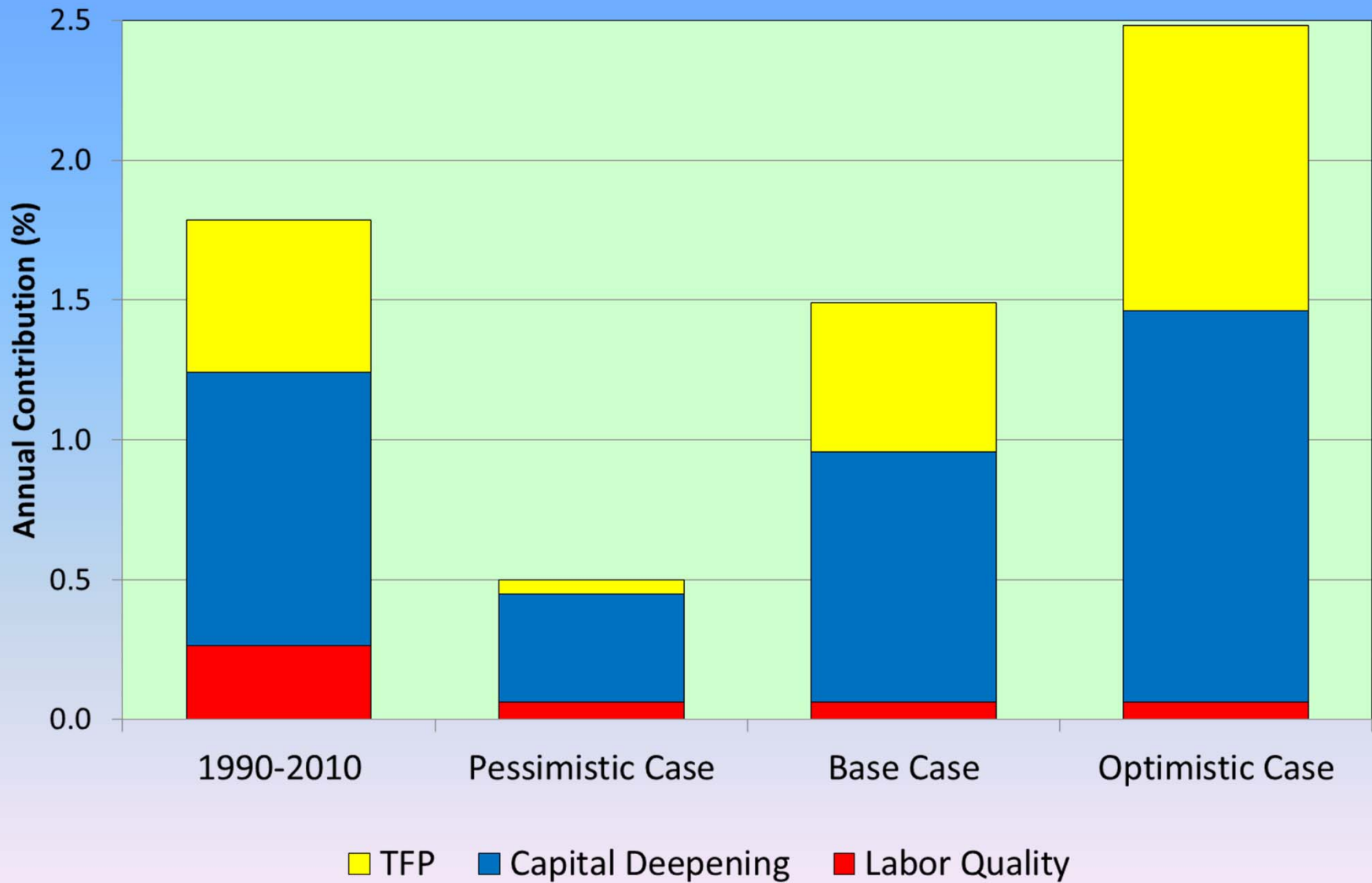
## GDP GROWTH:

Sum of the Growth of Hours Worked and  
Labor Productivity



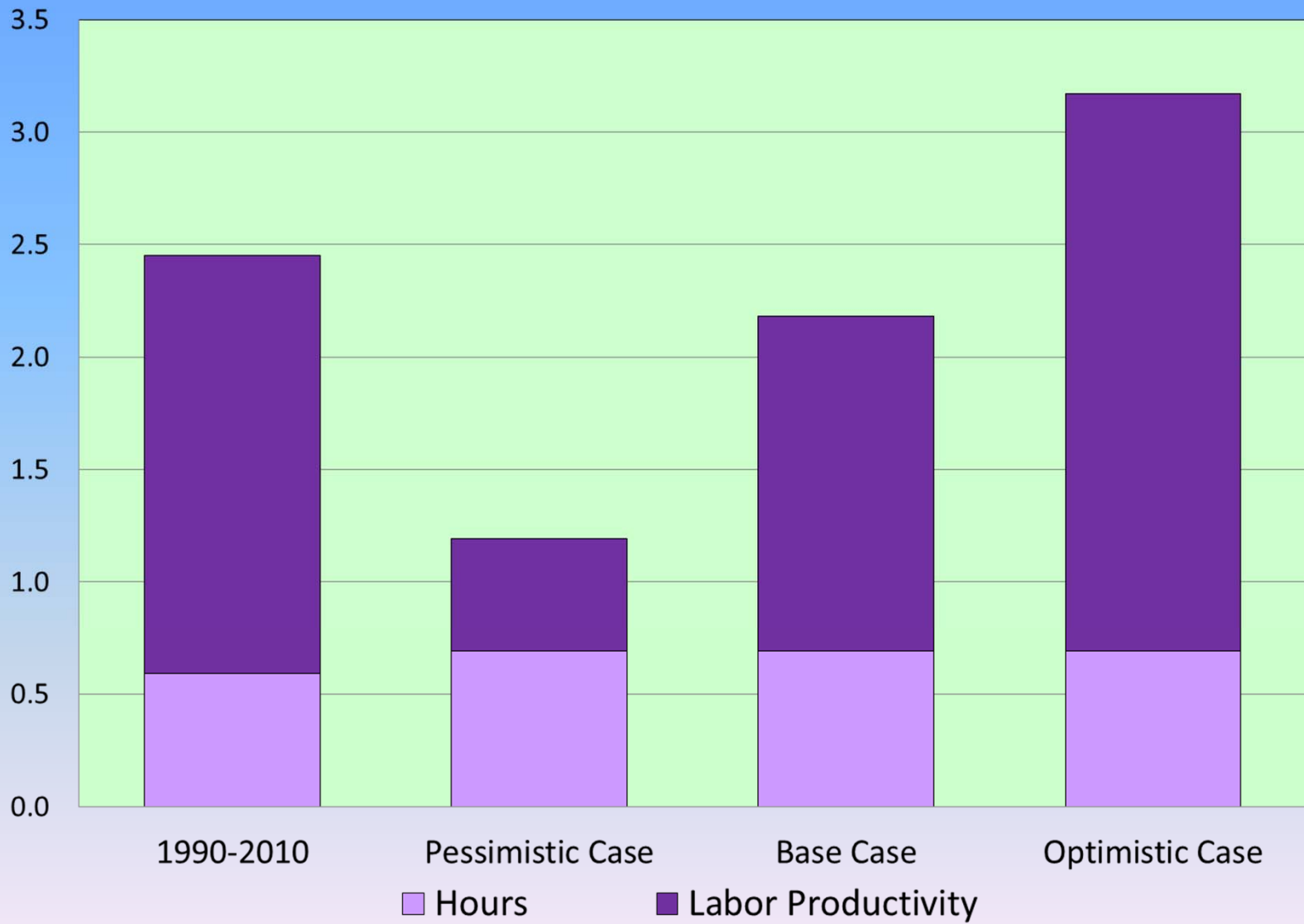
# Range of U.S. Labor Productivity Projections, 2010-2020

Annual percentage growth rates



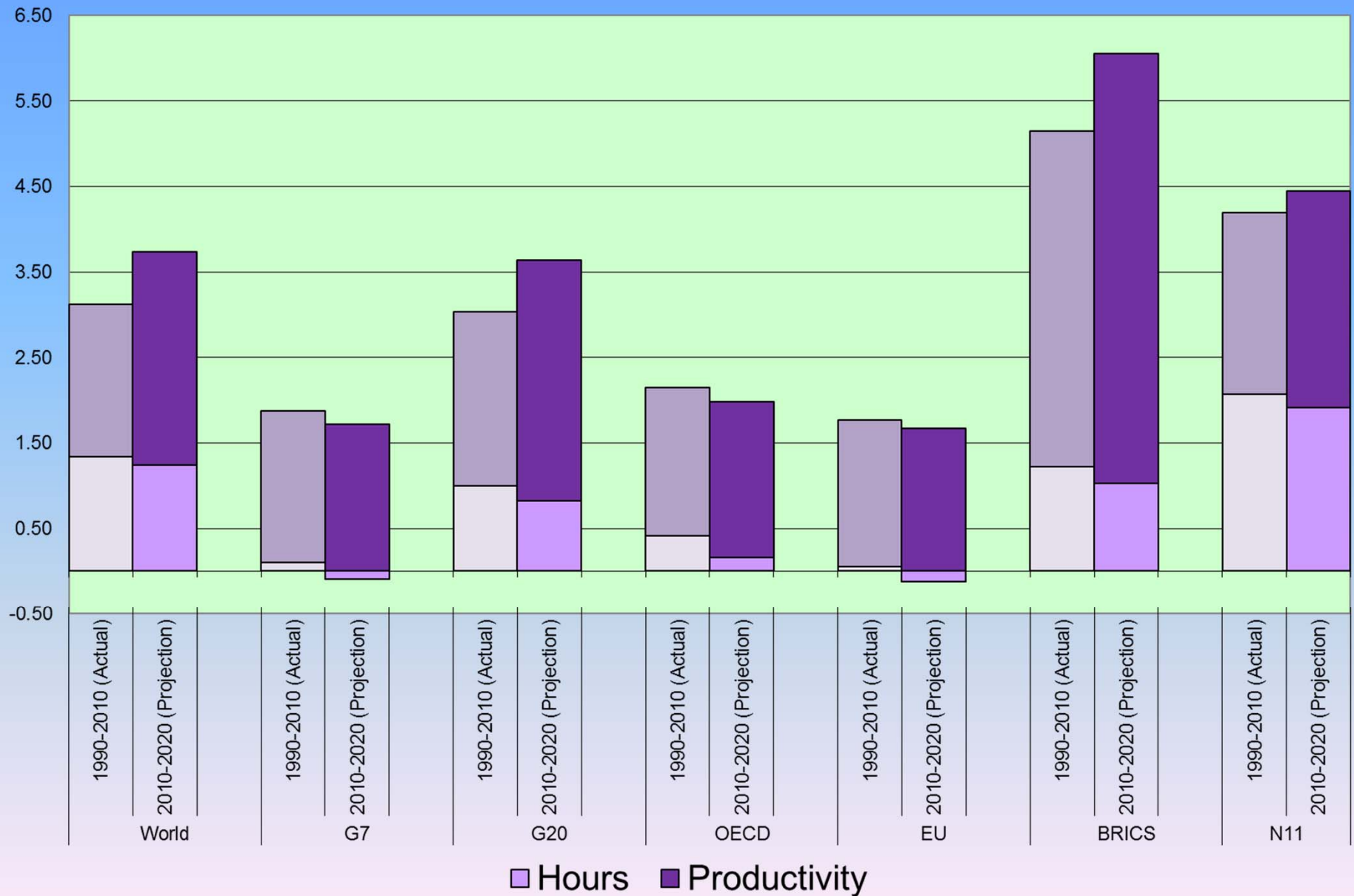
# Range of U.S. Potential Output Projections, 2010-2020

Annual percentage growth rates



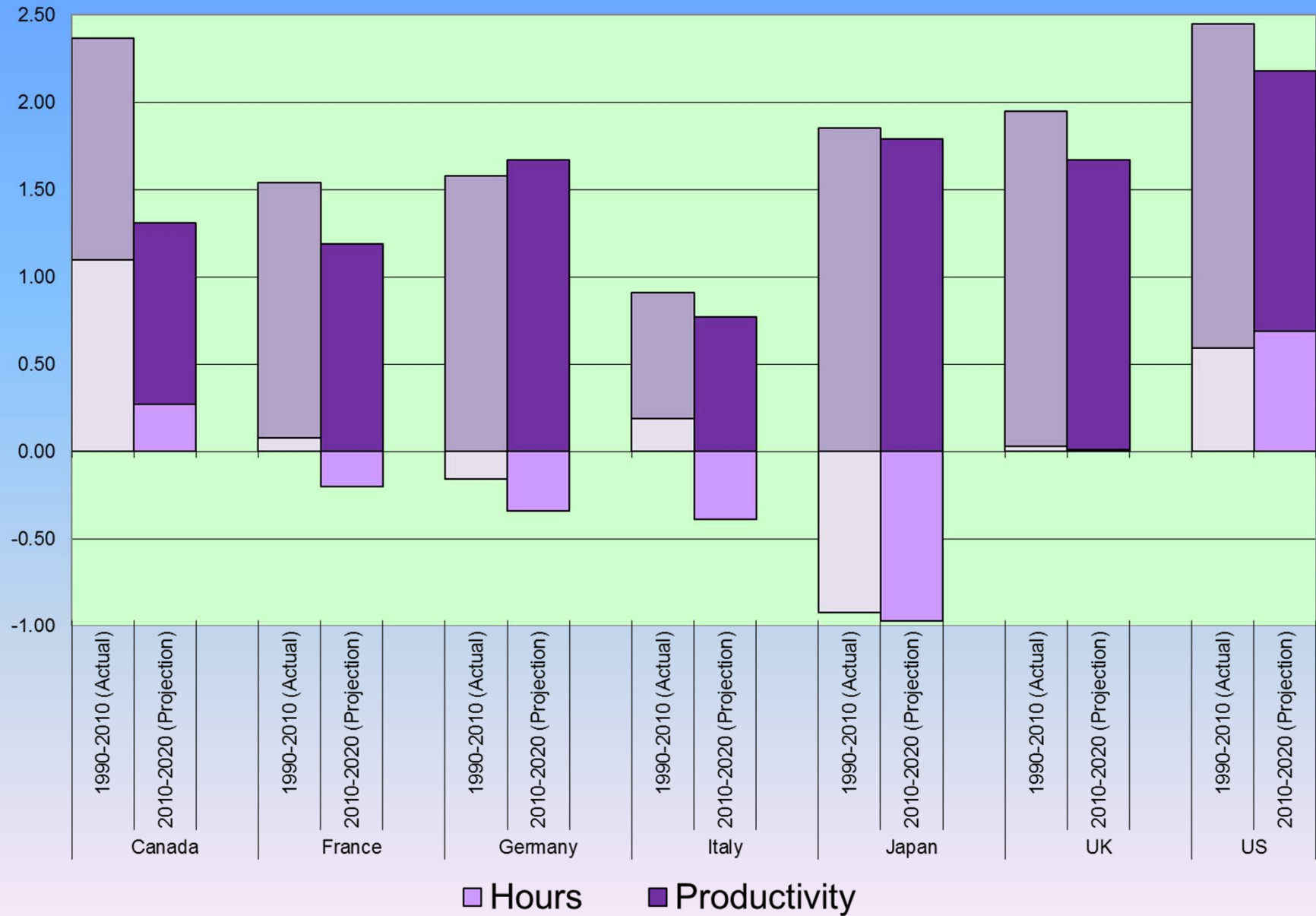
# Growth Projections for the World Economy

## Annual percentage growth rates



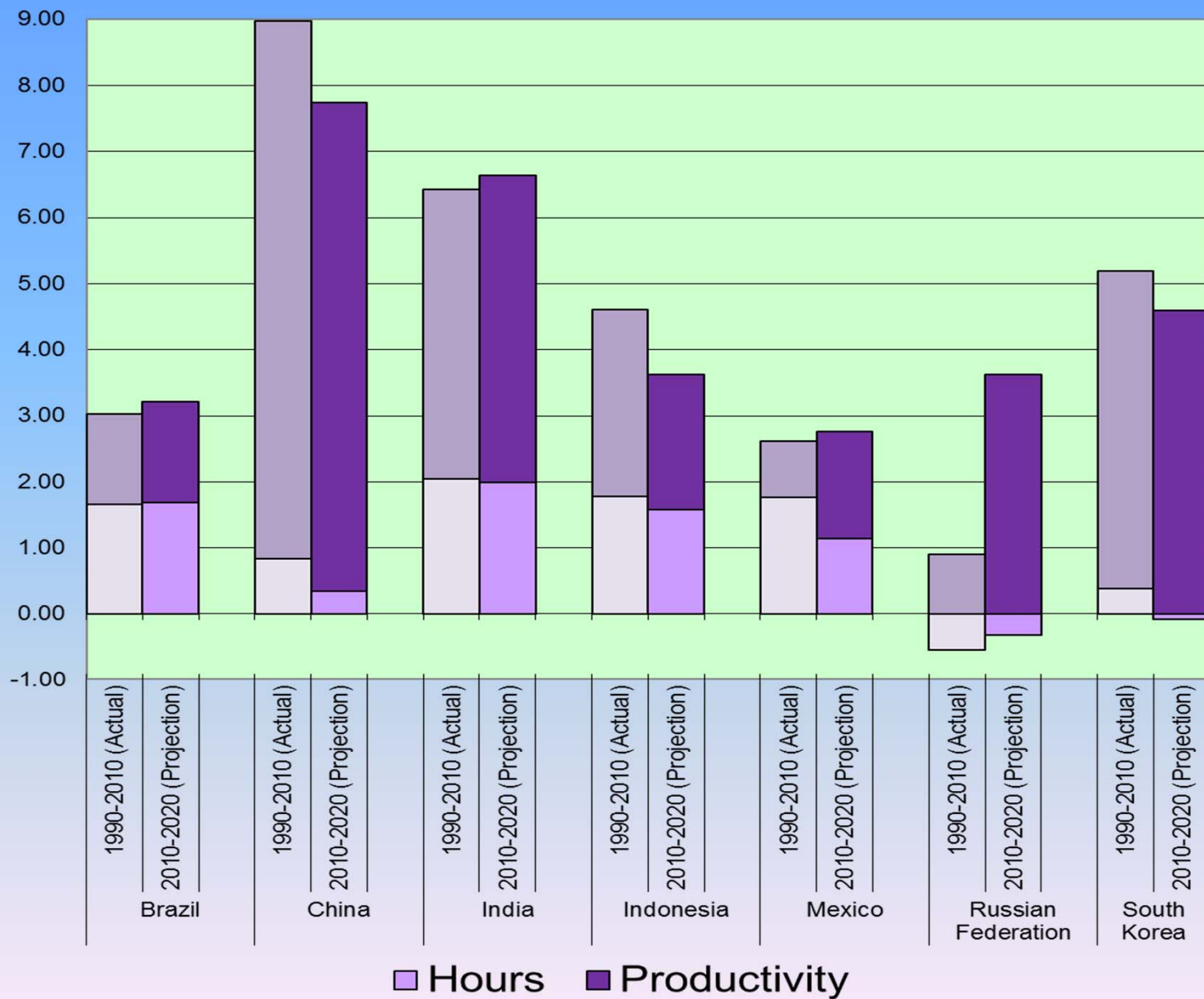
# Growth Projections for the G7 Economy

## Annual percentage growth rates



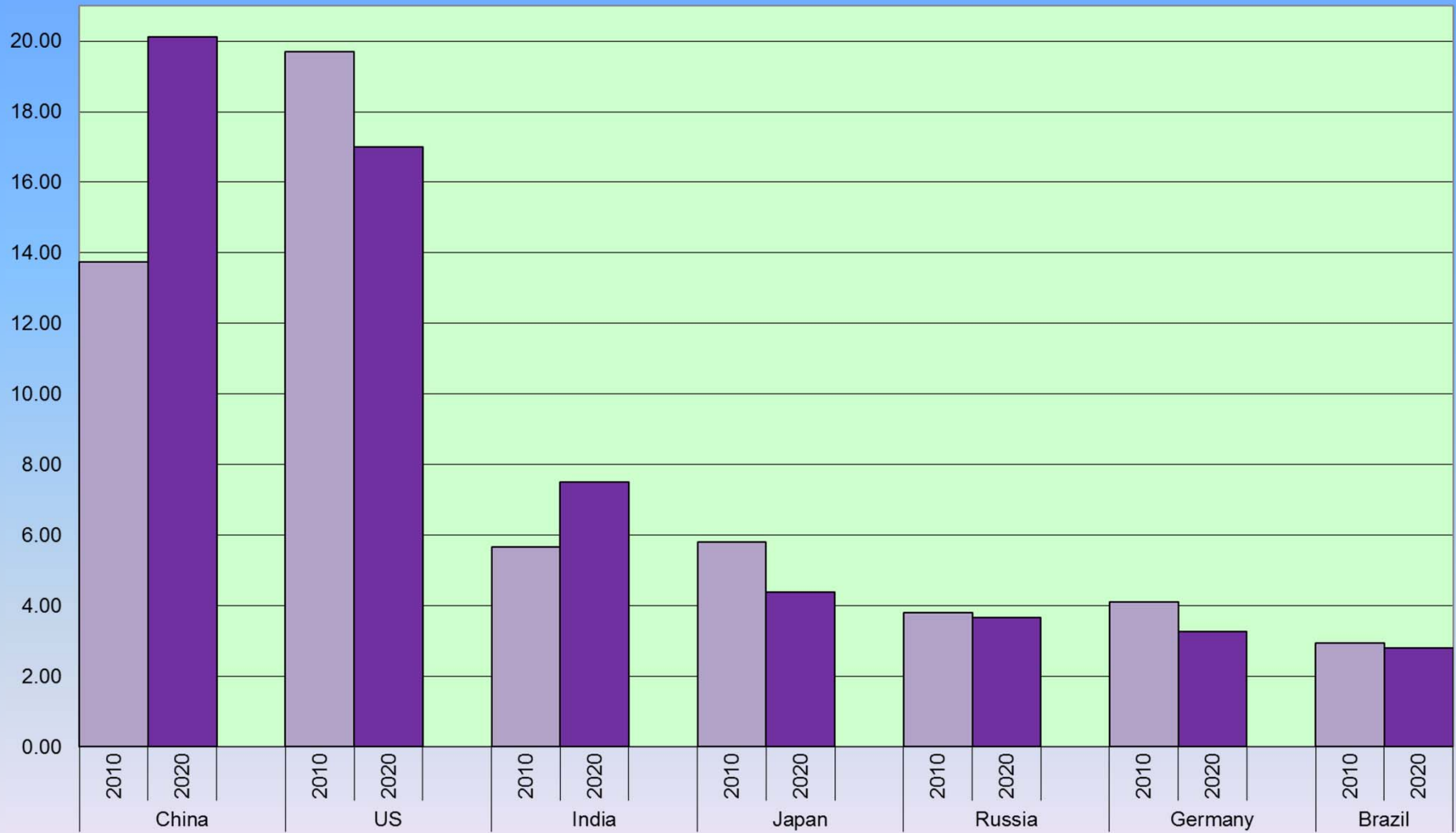
# Growth Projections for the BRICS Economy

## 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

