

The Rise of Developing Asia and the Decline of Industrialized Economies

by

Dale W. Jorgenson
Harvard University

January 8, 2011

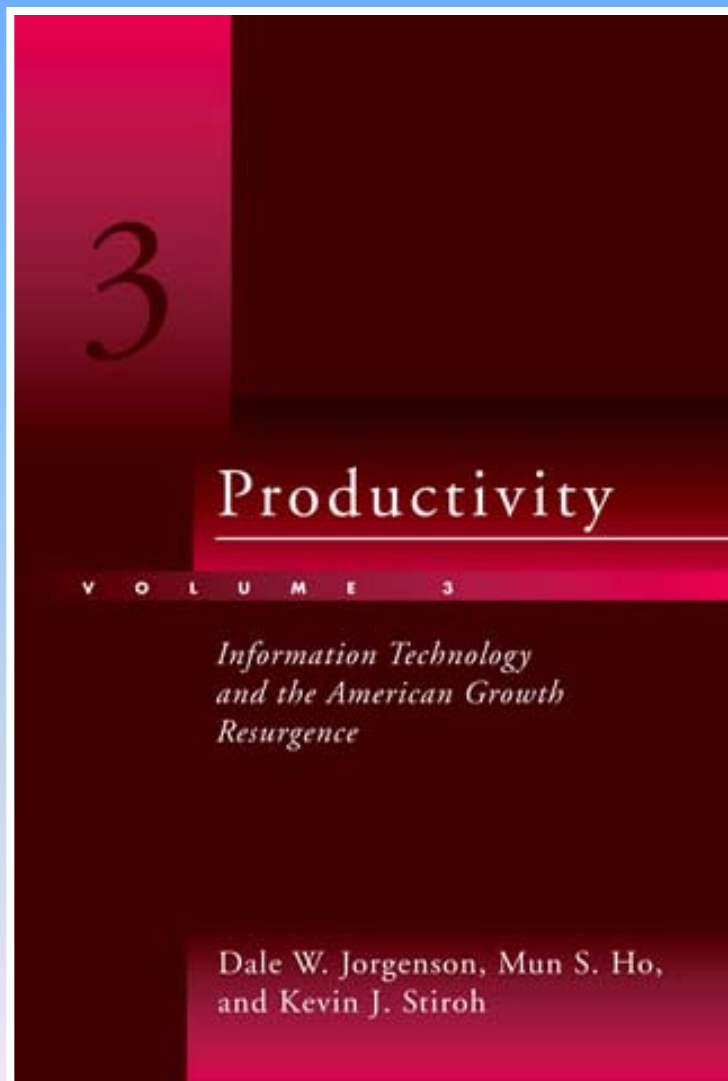
<http://www.economics.harvard.edu/faculty/jorgenson>

Session: The United States in the World Economy



American Economic Association Annual Meeting
Denver, Colorado

Introduction to the World KLEMS Consortium



WORLD GROWTH RESURGENCE: IT Investment and Productivity Growth.

TOTAL FACTOR PRODUCTIVITY:

IT-Production versus Non-IT Production.

SOURCES OF ECONOMIC GROWTH:

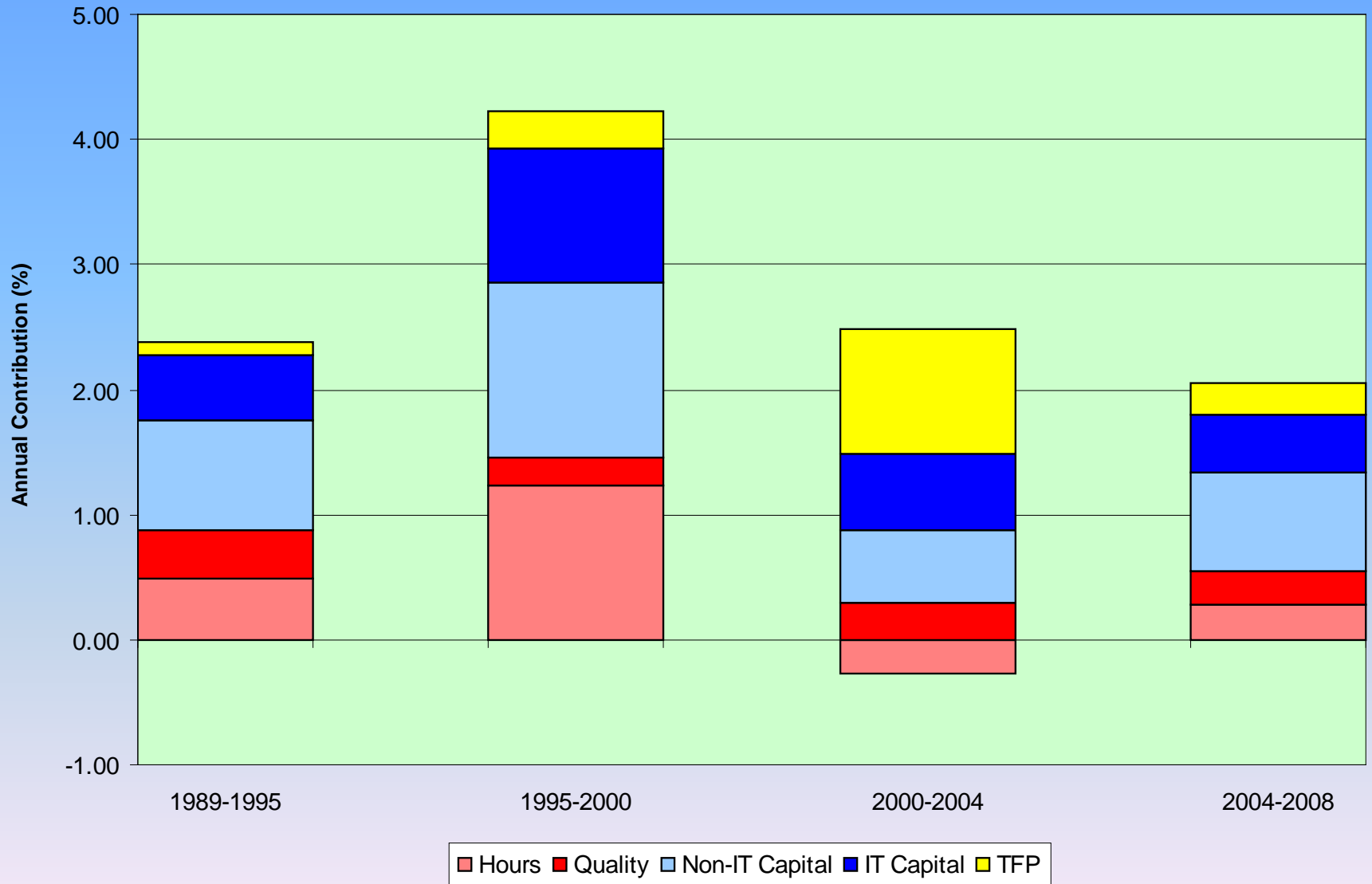
Capital Input, Labor Input, and TFP.

LABOR INPUT GROWTH:

Hours Worked and Labor Quality.

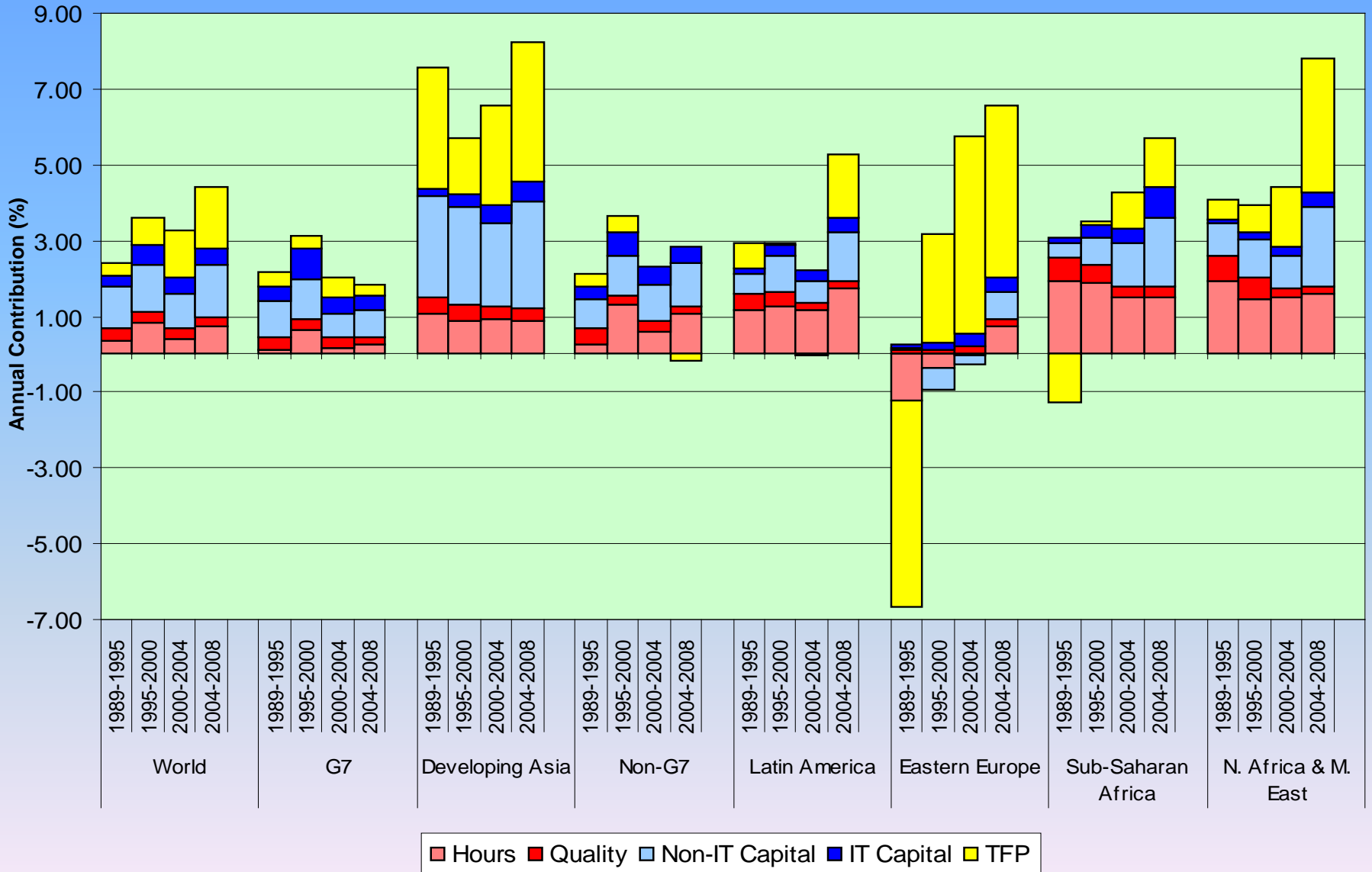
Sources of U.S. Economic Growth

Average annual growth rates, weighted by the income share.



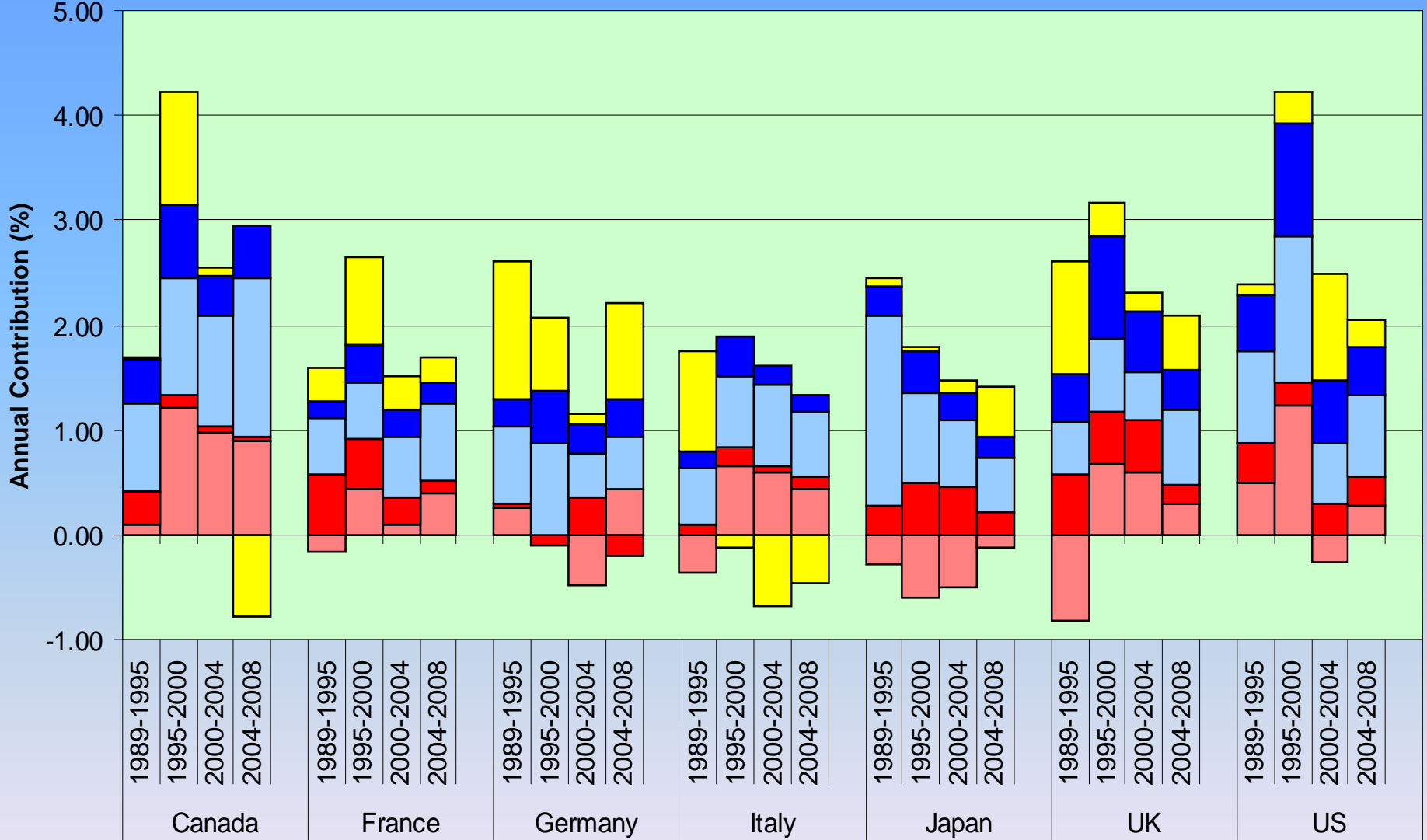
Sources of World Economic Growth

Annual percentage growth rates



Sources of G7 Economic Growth

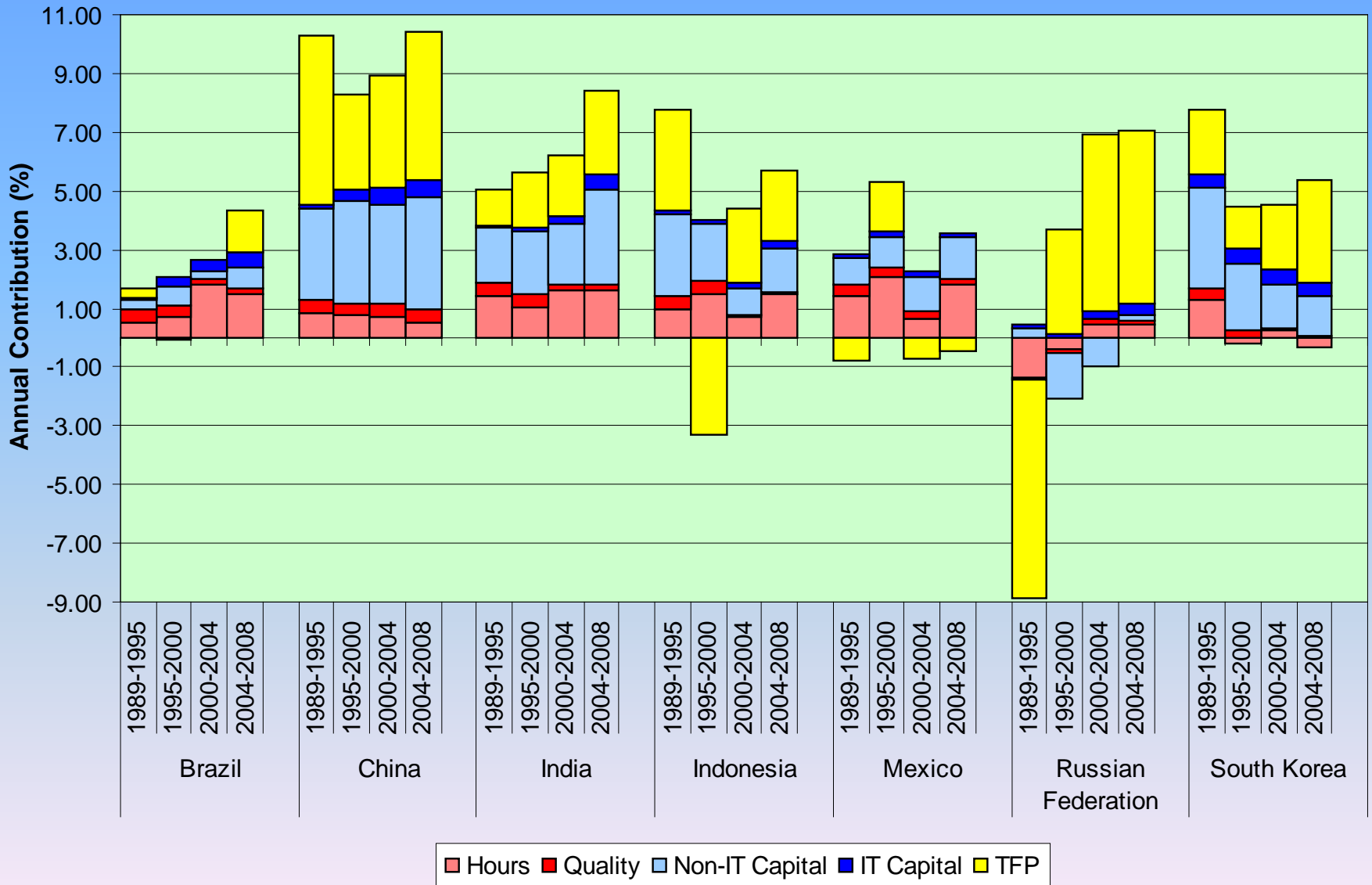
Annual percentage growth rates



Hours Quality Non-IT Capital IT Capital TFP

Sources of Growth for Developing and Transition Economies

Annual percentage growth rates



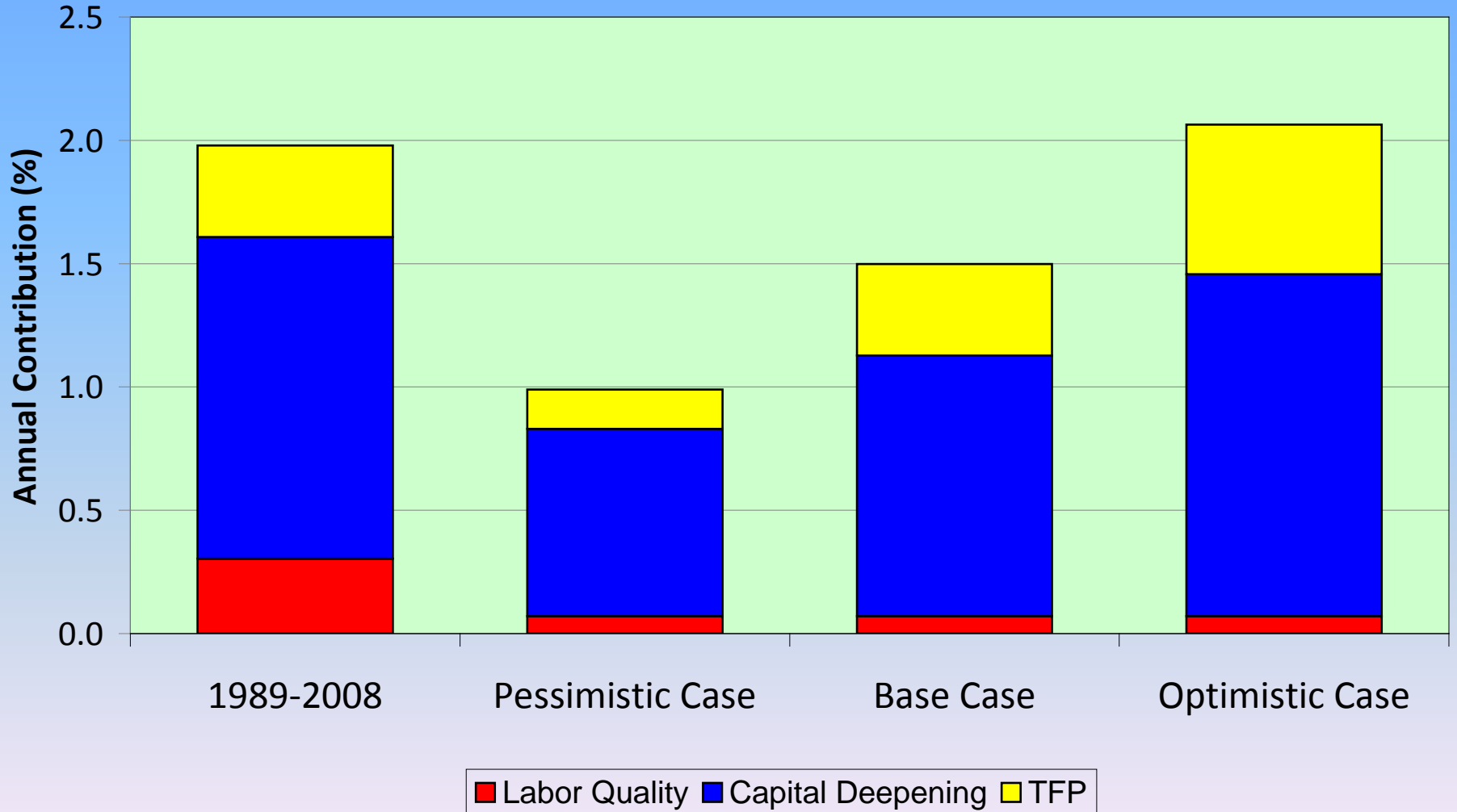
Projecting Growth of the U.S. and the World Economy

Hours Worked from Labor Force Projections;
Labor Quality from Projections of Educational Attainment

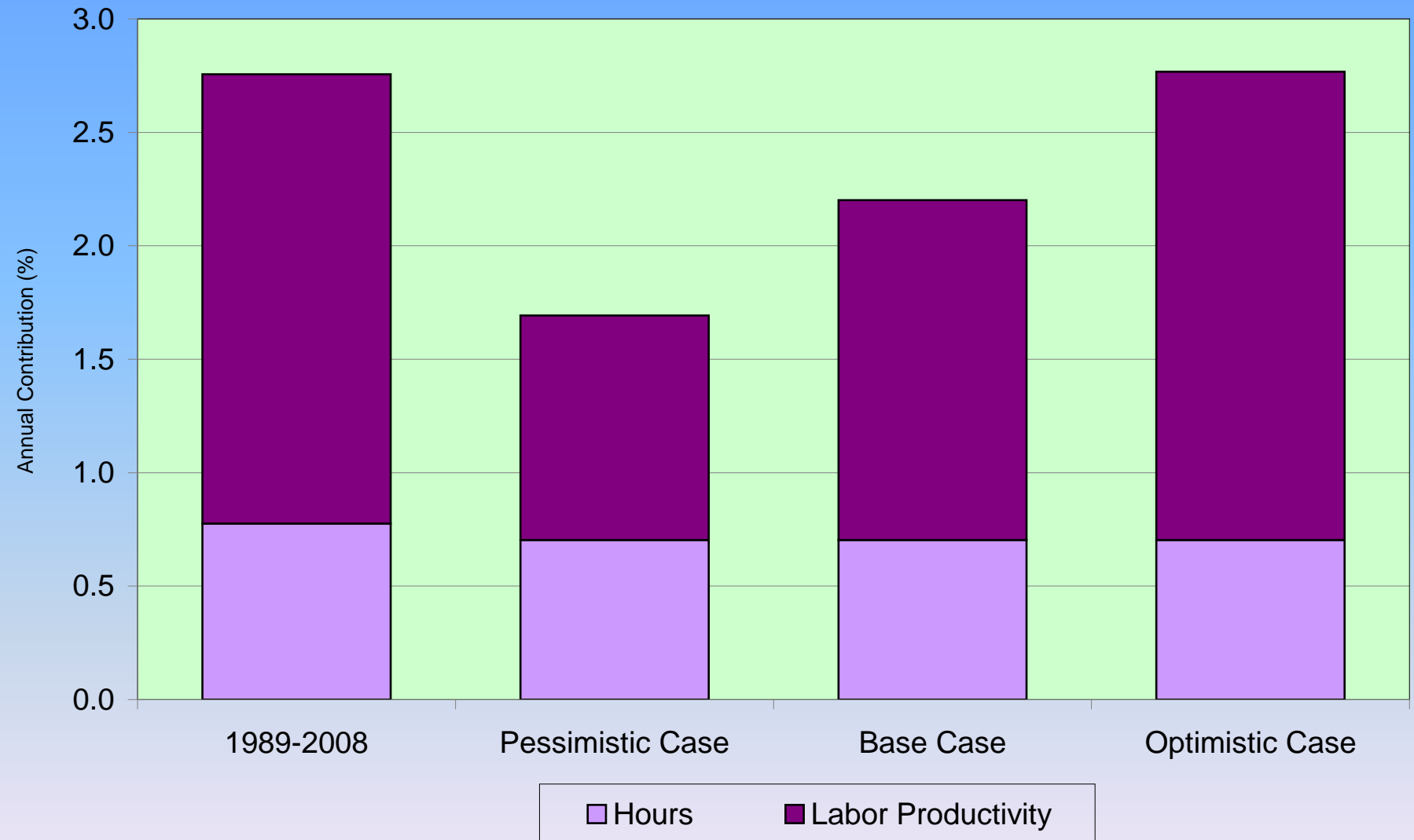
Productivity Growth from Production Possibility Frontier:
IT and Non-IT Productivity Growth, Capital Quality, and the
Gap between Growth of Output and Capital

GDP Growth Is the Sum of Growth in
Hours Worked and Productivity Growth

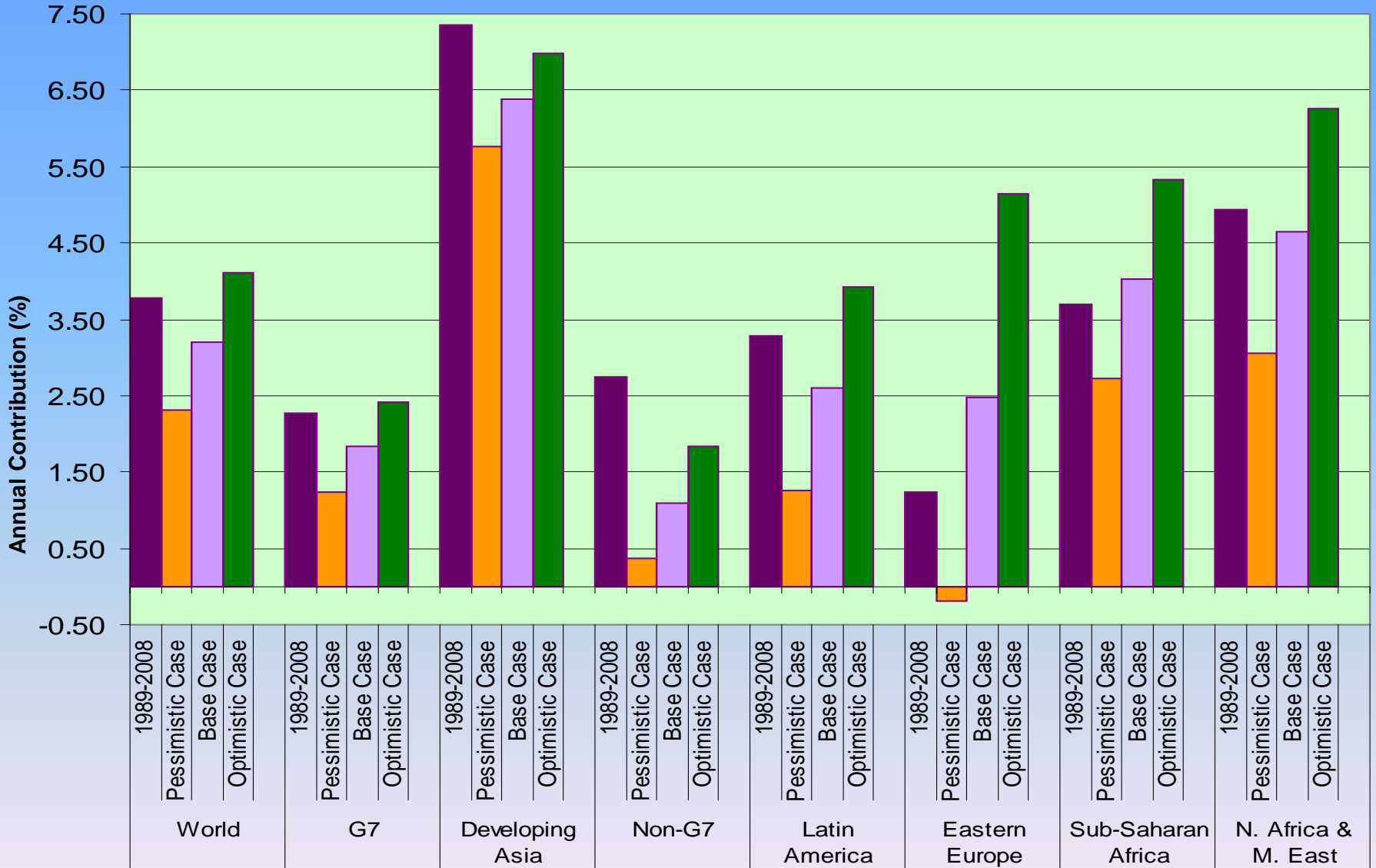
Range of U.S. Labor Productivity Projections



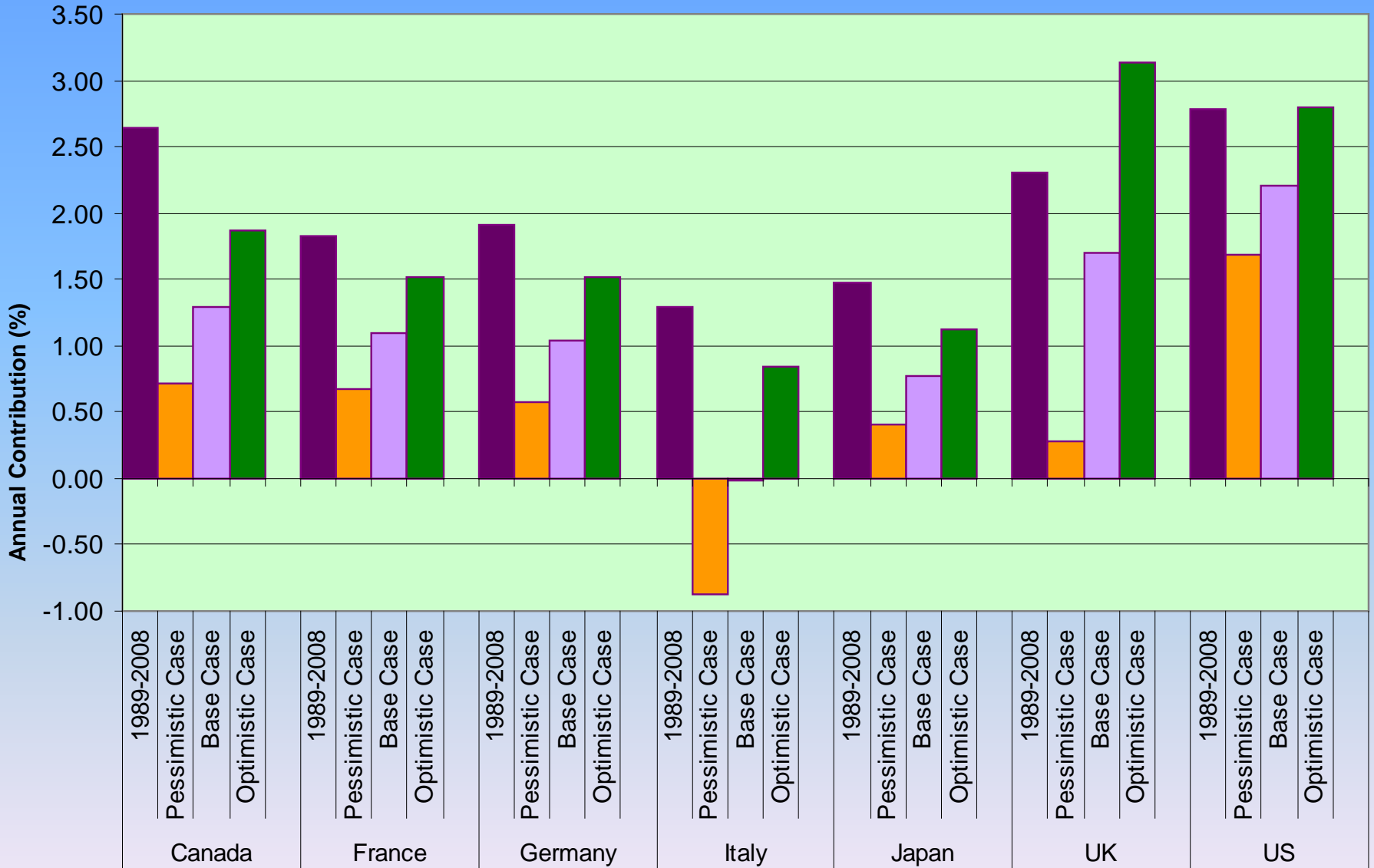
Range of U.S. Output Projections



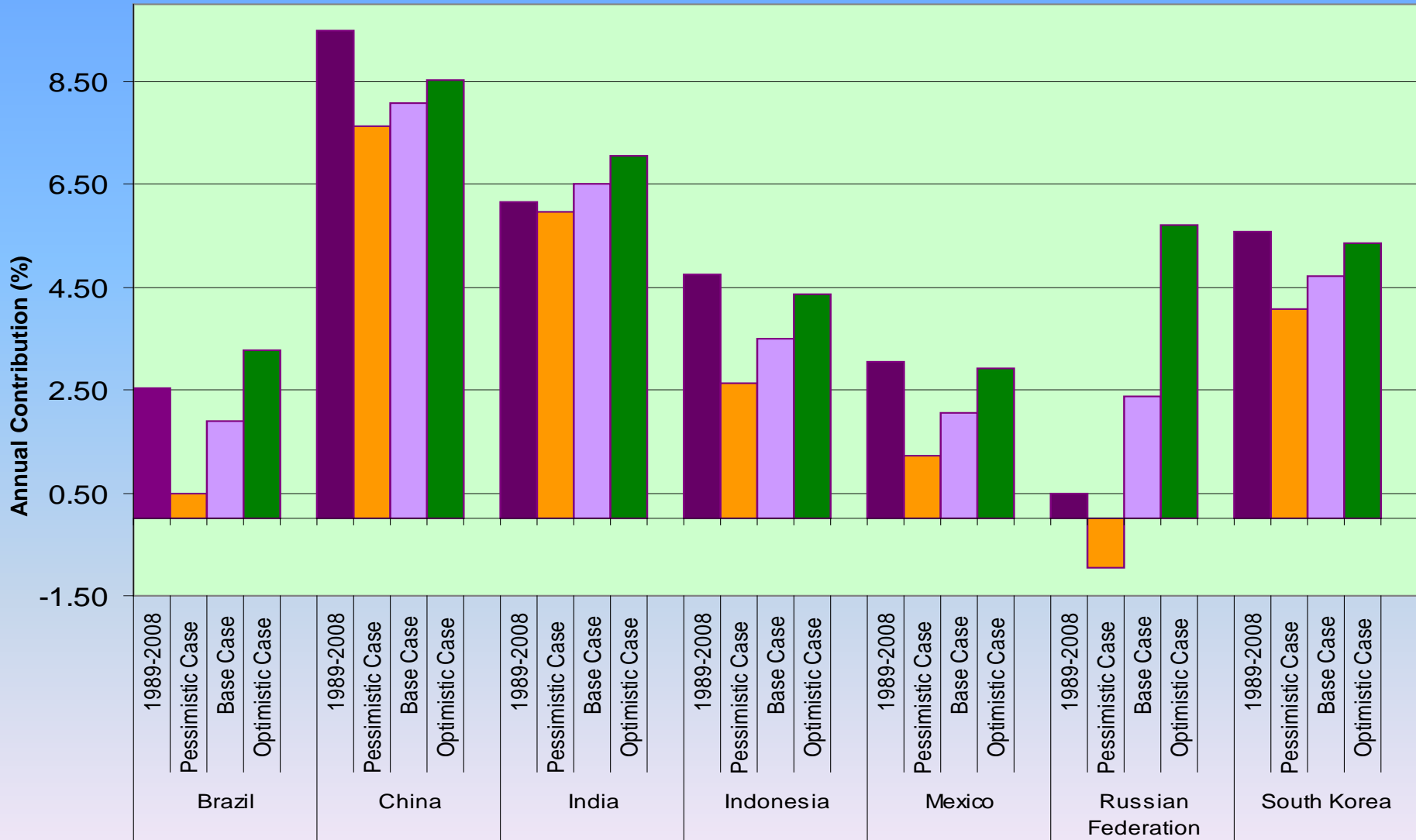
Range of World Output Projections



Range of G7 Output Projections



Range of Output Projections for Developing and Transition Economies



THE RISE OF DEVELOPING ASIA AND THE DECLINE OF INDUSTRIALIZED ECONOMIES

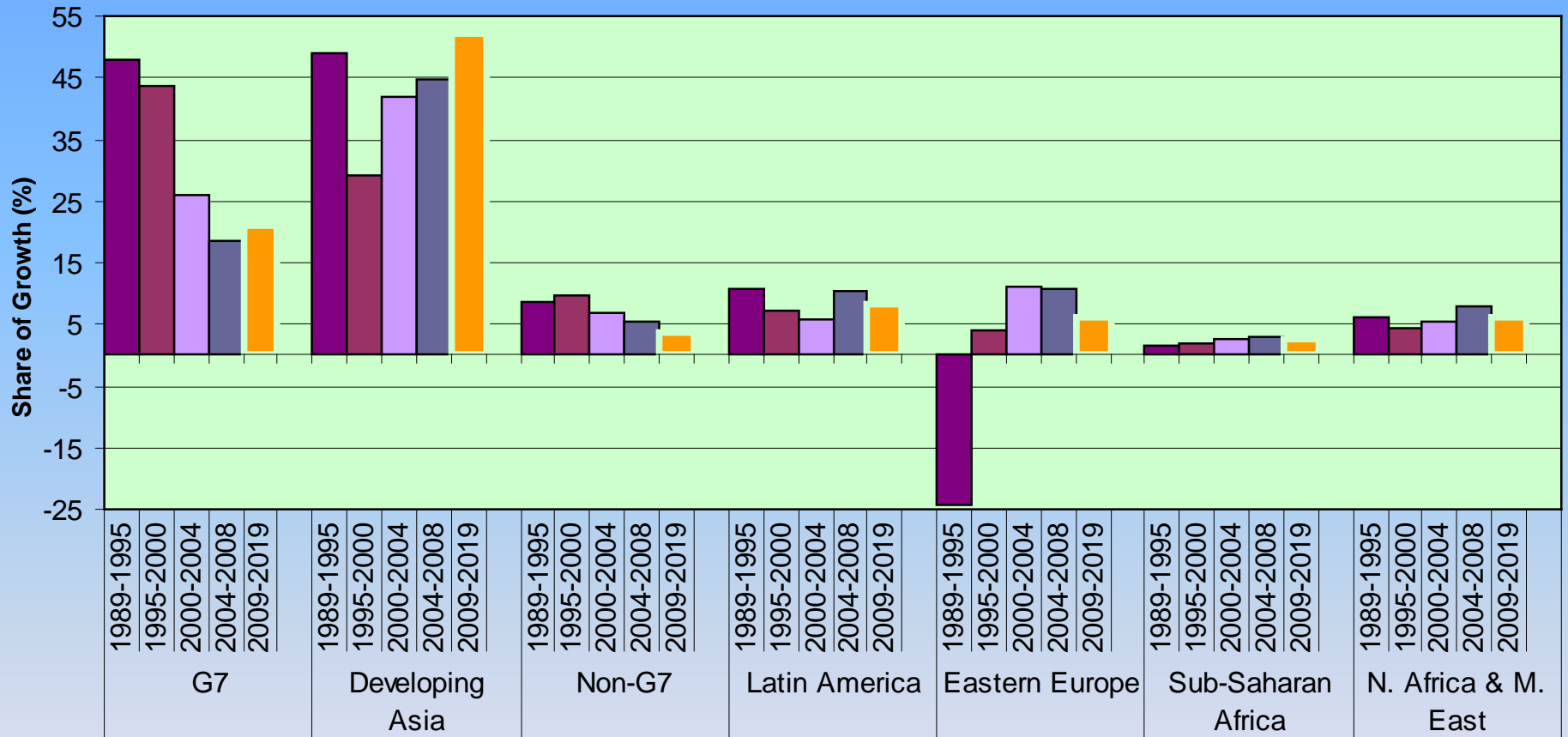
Average Shares of World GDP Growth

Average Shares of World GDP

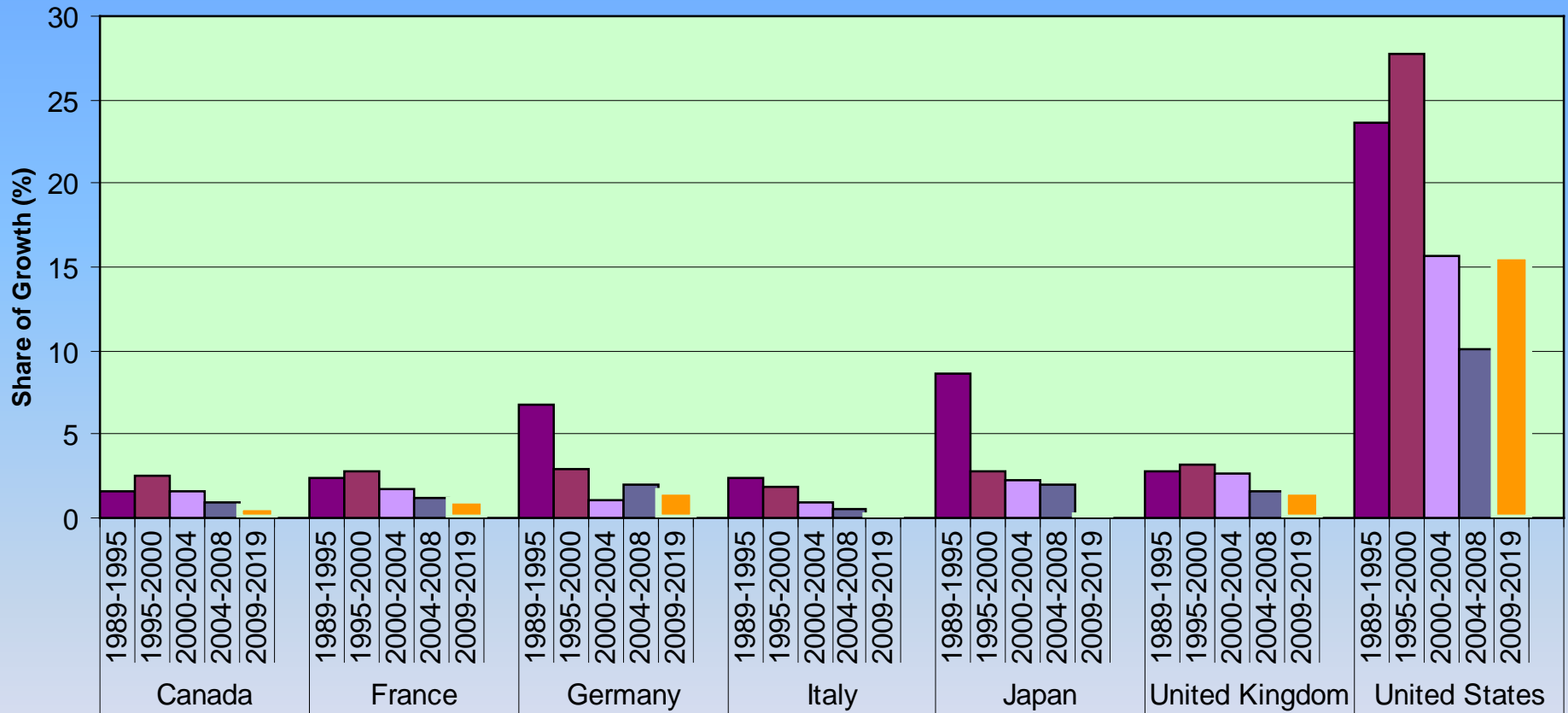
The Rise of China, India, and Developing Asia

The Relative Decline of the United States, Japan, and
Industrialized Economies

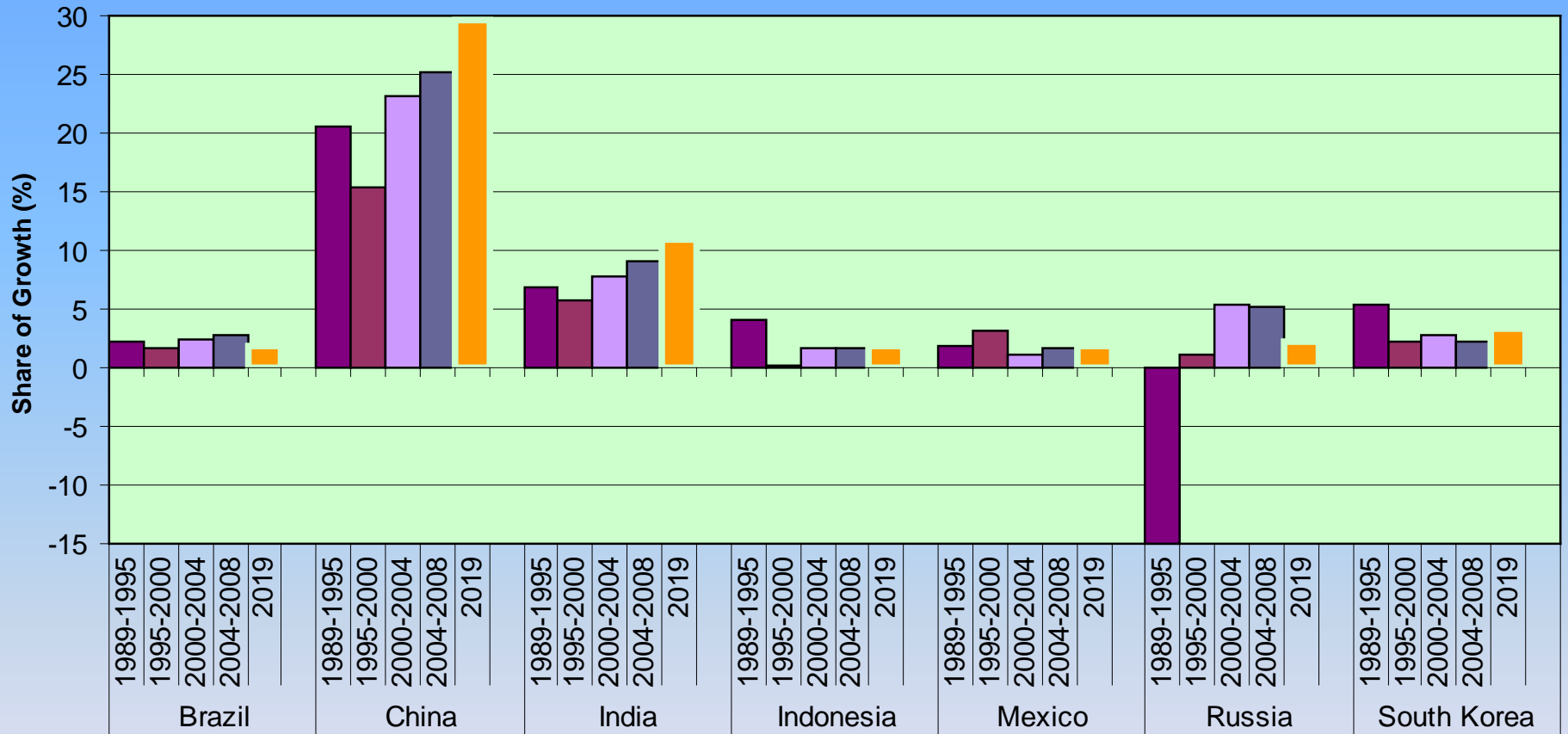
World and Seven Regions: Shares of World GDP Growth



G7: Shares of World GDP Growth



Developing and Transition Economies: Shares of World GDP Growth



DEVELOPING ASIA OVERTAKES THE G7 AND CHINA OVERTAKES THE UNITED STATES

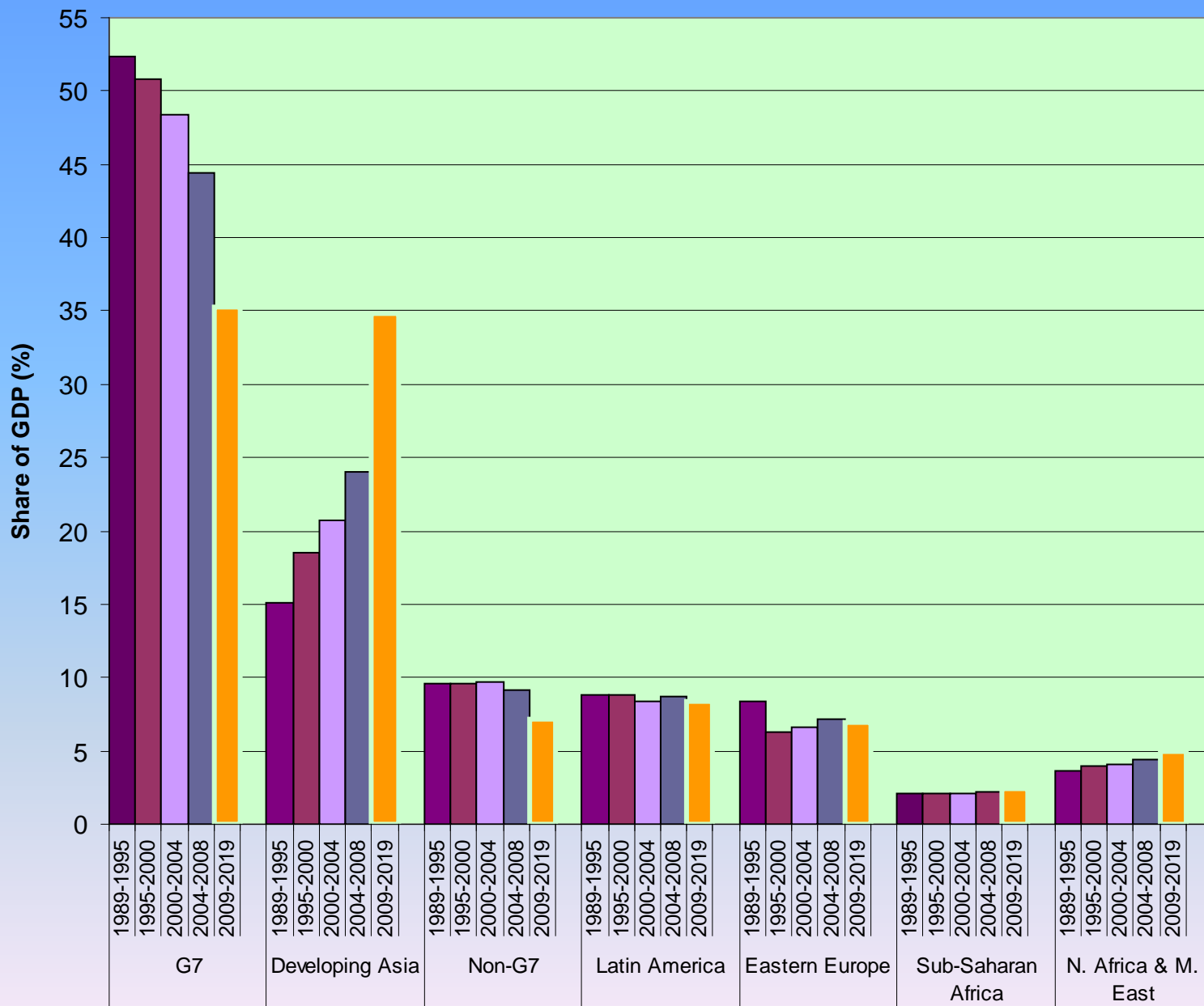
Developing Asia Overtakes the G7

China Overtakes the U.S.

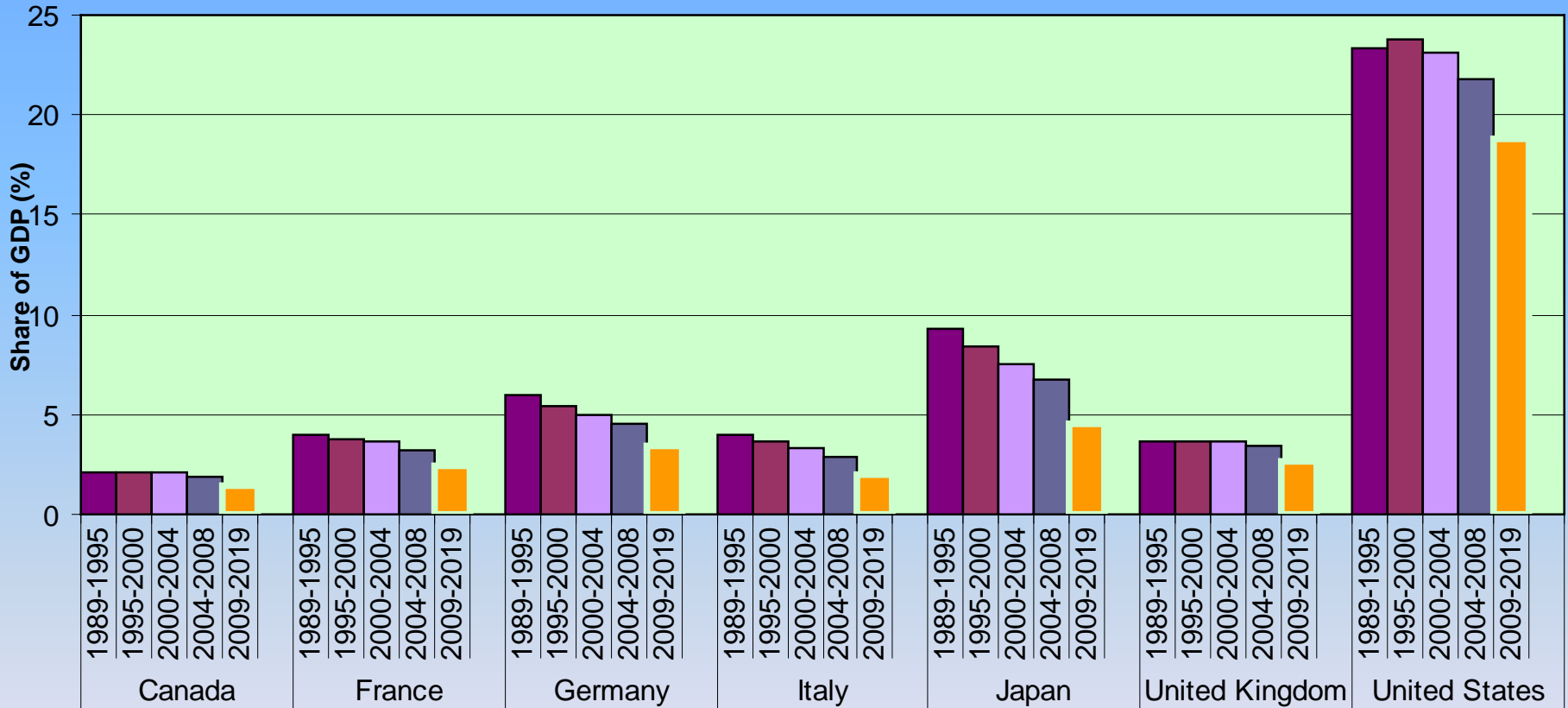
India Overtakes Japan

The New World Order: China, the U.S., India,
Japan, Germany, and Russia

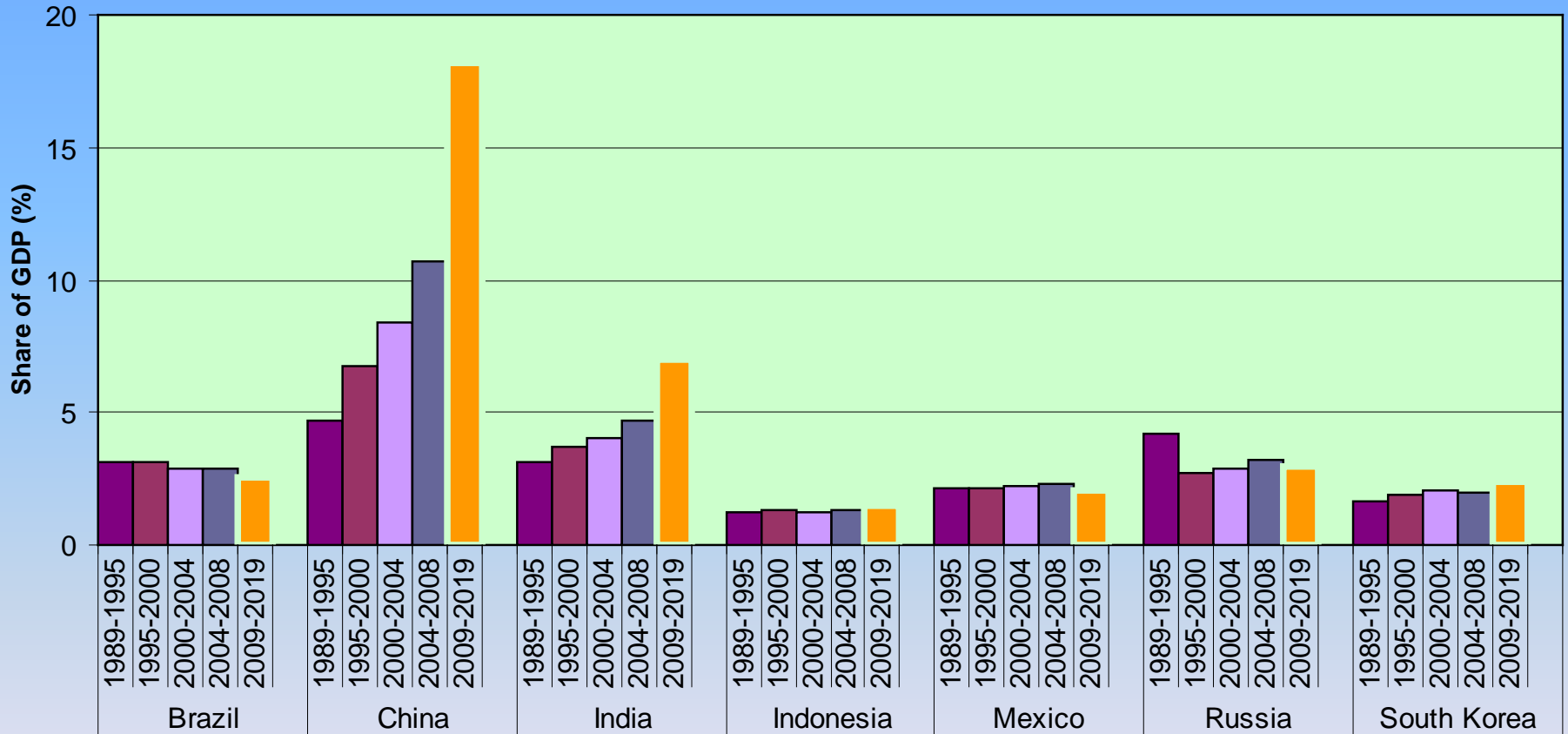
World and Seven Regions: Shares of World GDP



G7: Shares of World GDP



Developing and Transition Economies: Shares of World GDP



THE RISE OF DEVELOPING ASIA AND THE DECLINE OF INDUSTRIALIZED ECONOMIES

RESEARCH ON ECONOMIC GROWTH:

Relative Importance of Investment and Productivity

OFFICIAL STATISTICS:

Implementation of a New Architecture for the National Accounts

POLICY ANALYSIS:

Potential Growth in the U.S. and the World Economy