China's Growth: The making of an economic superpower.

Venue: LSE, London
Date: 21/03/2013
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Event sponsor: CIBL Confucius Institute of Business London

China's Growth
Factors since 1979
Rebalancing challenges
Goals for next 30 years
Overcoming the middle income trap

China is half GDP of US
Standard of living
Measure of economic success
Early 2000, Linda considered China a bear
WTO membership
Graph of major reforms
GDP Peaks and troughs / phases
Economic cycles
Chinas economy is doubling every 7 years
1998 housing reforms

60-70% from capital
30% from productivity
10-20% from adding workers
50% adding capital
TFP growth
11-15% human capital
8-15% reallocative efficiency

Dramatic transformation over 30 years
Now over half population is urban
Was 10%

Moving from state owned enterprise to private enterprise

Productivity growth is one-off
Sectorial shift
16-17% Innovation
Imitation vs innovation
2/3 imitation
During catch up phase
6-13% growth through technology
Going global policy
Is to buy world class companies
Rebalance away from imitation toward innovation
Raise consumption
Reduce inefficient savings
Now bigger than US
in terms of Trading
Grow private sector
Reduce distortion from SOE
Increase reliance on own market
Reduce on exports
Continued opening
Going global
Acquiring international companies
Shift away from agriculture - expected to shrink
Increase services sector - 5 year plan
Labour intensive sector - inviting companies in to grow sector

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Income inequality in China is east west problem Rural vs Urban divide
Income inequality has increased
New premier is first to have an economics degree also has law degree
Head of Supreme Court first to have legal training

Only 2 other countries have bigger income inequalities

Corporate savings have increased
Need to reduce savings encourage spending

Shift away from agriculture - expected to shrink
Increase services sector - 5 year plan
Labour intensive sector - inviting companies in to grow sector

Formal adoption of IP protection policies
Needed to promote innovation
Patents registrations increasing

2030
Productivity and innovation as growth drivers

2040
Stable and strong institutional foundations

SOE
Accounted for 80% of industrial output in the late 1980s
Now accounts for 30%
Down from 10million to 200,000
SOE less efficient less productive
But have been Strategic for development

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2020
Restructuring the economy

2050
Reduction in poverty

2060
Stable and strong institutional foundations

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