**2019-09-17 CPI Bunker**

김준성

1. AEI (American Enterprise Institute)

출처 : Derek Scissors, [ China’s Economic “Miracle” in Context ], 2019년 8월

<http://www.aei.org/publication/chinas-economic-miracle-in-context/>

1. Personal Income

- GDP measures economic activity, but the reason of large population can boost country’s GDP, it is poor measure of success. China is one of example (China’s GDP in 2017: $12.24t China’s GDP per capita in 2017: $8,826.99). However if China could sustain the most recent trend, it could be narrow income gap, according to combined evidence from other indicators say that is unimagined.

2. Agriculture Productively

 - Agriculture productivity is the first cornerstone of development. It is tied both income levels for the bulk of the population at the time and development of a national labor market. As productivity improves, some farmers become unnecessary and can migrate if work is available in cities.

 - Despite the benefit of 17 more years of technological progress, yields are inferior to Korean agriculture at each step. Nonetheless, yields match Japan’s at reform +38 and are growing faster - Because China’s reconstruction is started in 1979 and it means China’s reform +38 is in 2017. Chinese agriculture productivity at china’s reform +38 had not stopped and could be compatible with becoming a rich country.

3. Labor Productivity

 - The quantitatively major factor in China’s rise is successful utilization of its huge labor force. However, China’s Life expectancy and aging labor force is much higher than Japan and South Korea at the start of economic expansion (China: 67.3 Japan: 55.6 South Korea: 56).

- When labor forces are decreased due to aging, it puts an ever-increasing premium on productivity. China can’t pay for it because the education is critical to productivity and China’s education levels are inadequate. Previous mean years of schooling in China is where Japan was at reform +2 (8.5 years). And South Korea started where China did (5 years), but they vastly outperformed now (10.5 years).

4. Return on Capital

 - Although the start is unclear, both China and Japan at reform +20 is essentially comparable. Japan’s credit position started getting worse than China’s by reform +29 and, viewed isolation, looks quite poor at reform +38. However, deterioration in China’s implied return on capital from 2008 to 2017 (reform +28 to +38) is much worse than Japan’s for 1975 to 1984 (reform +28 to +38).

5. A Stab at Innovation

 - R&D (Research and Development) spending is a standard measurement of national innovation. On the data, the gap between three countries – South Korea, China and Japan – is small, but it shows at reform +38. That is to say, the data shows 1984 of Japan, 2000 of South Korea and 2017 of China.

 - Even though R&D is no expectation and Chinese investment is unproductive, patent granted is a quality measure that potentially corrects for misleading quantity. However patents themselves can be misleading for various reasons. One of them is larger economies and more populous countries require more patents to drive economic progress.