

# Comment: China's Industrial Structure and Economic Growth

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<b>China Statistics - Weak Categories</b>					
<b>Overreported</b>					
<b>Farm employment</b>					
<b>Average urban wages</b>					
<b>Underreported</b>					
<b>Tertiary employment/activity</b>					
<b>Road transport</b>					
<b>Industrial employment</b>					
<b>Private-sector investment</b>					
<b>Births, deaths</b>					
<b>Urban unemployment</b>					
<b>Confused/Neglected</b>					
<b>Product quality</b>					
<b>Inventories</b>					
<b>Stock of Capital &amp; Education</b>					
<b>Small firms</b>					

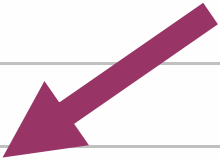
# Plausible Adjustments to Recent Chinese Aggregates

Farm Labor				<b>DOWN</b>				
Industry Quality				<b>UP</b>				
Employment				<b>UP</b>				
Average Wage				<b>DOWN</b>				
Wage Bill				<b>UP</b>				
Tertiary sector				<b>UP</b>				
Employment				<b>UP</b>				
Road Transport				<b>UP</b>				
GDP				<b>UP</b>				

## Quality & Growth in Chinese Industry: TV Example

	Q	%	1987		Output (RMB Mil	
	Million	Color	Price		Wu	Revised
1963	0.3	0	470		2.0	1.2
1987	1934.4	35	766		14809.7	14809.7
1997	3637.2	75	1104		27846.9	40141.3
2005	8283.2	100	1320		63416.9	109338.5

## Growth Rate of TV Output Value 1987-2005

Wu method		8.4		
Revised: sliding price		11.7		
Assortment effect	+10%	12.3		
on 2005 price	+25%	12.9		
	+50%	14.3		

# Sectors with Major Upgrade in Quality & Assortment

- Motor Vehicles & Components
- Machine tools
- Home appliances
- Garments
- Steel
- Office & telecoms equipment
- Railway & construction equipment
  - And Many, many others

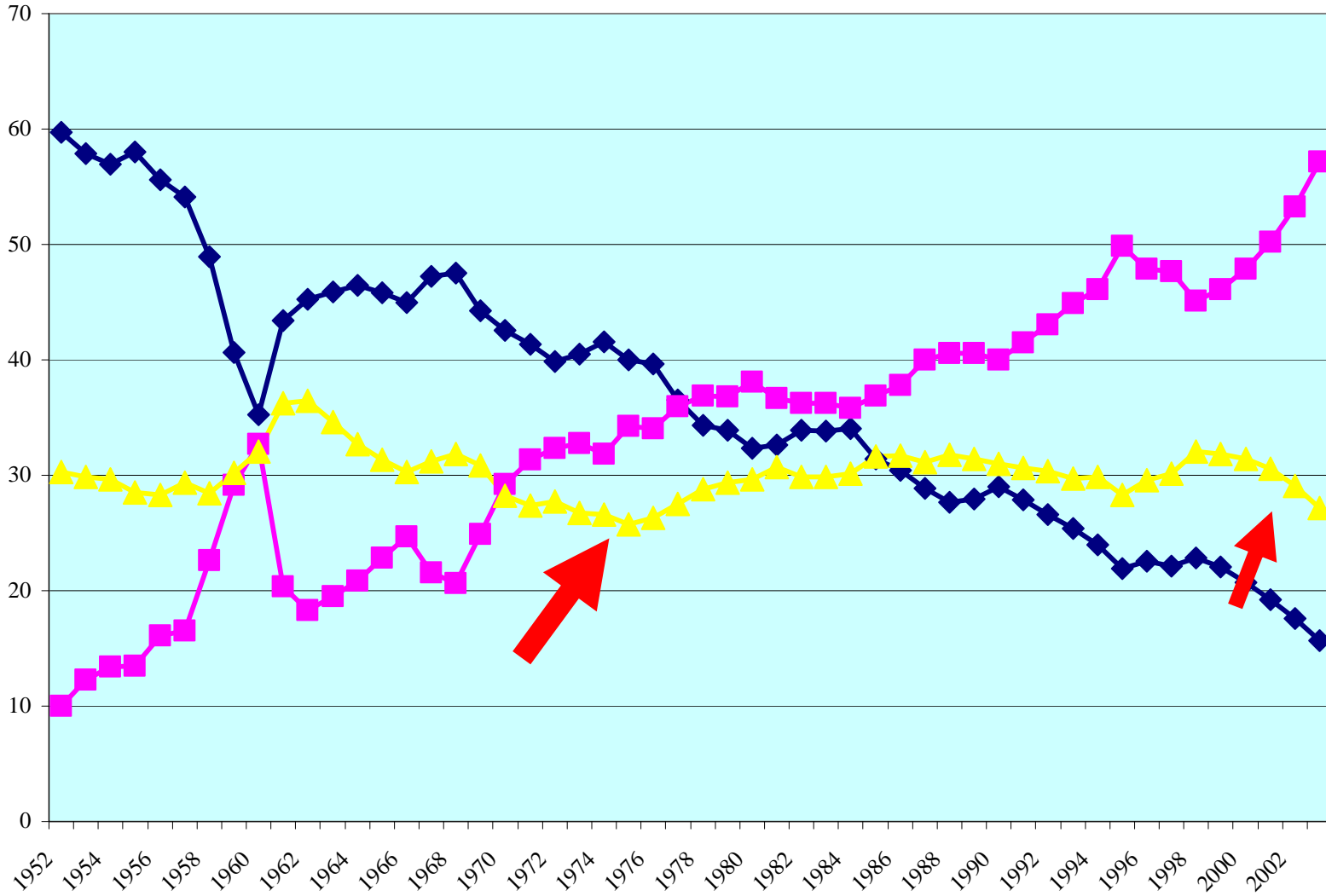
# Sectors **WITHOUT** Major Upgrade in Quality & Assortment

- Coal?
- Cement?
  
- That's about it!

# New Service Activities, 1975-2007

- Hospitality, Tourism, Travel Agencies
- Stock and Bond Markets
- Real estate, Advertising, Entertainment
- Customer-oriented Trade & Commerce
- Legal Services, Accounting, Consulting
- Long-distance Highway Transp., Telecom
- Personal Services: health clubs, religion

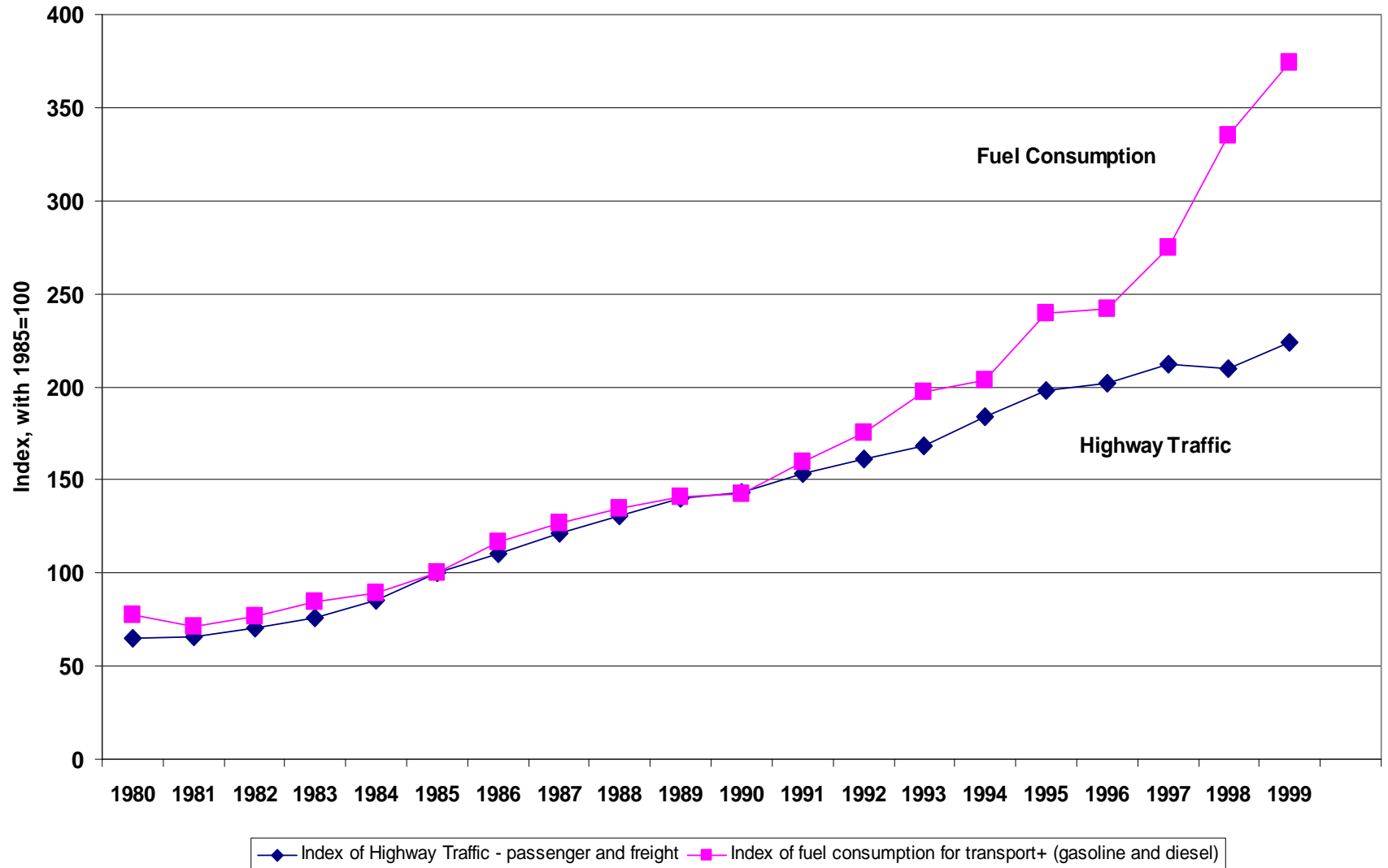
# Sectoral Shares of Chinese GDP, 1952-2003, Maddison-Wu Series





# Fuel Consumption vs. Transport Traffic, 1980-1999

## 1985=100



# China: Tertiary Sector Nominal Wage Growth, 1987-2005

National Average Wage Growth = 1

## *Material Services*

**Transport** 1.02

**Information Transmission** 2.21

**Wholesale & Retail** 0.94

## *Non-material Services*

**Finance** 1.76

**Real Estate** 1.12

**Science, R&D** 1.35

**Education** 1.04

**Health & Welfare** 1.16

**Culture & Sports** 1.26

**Government, Party etc** 1.11

***Manufacturing*** 0.85 (too high!)