

Comments on Economic Development of China in the Post-war period

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Revision of official data is needed, see also former Eastern European countries see:

CIA project Thad Alton. From Material Product System to National Accounts.

- Including non-material services
- Checking volume trends in especially manufacturing
- Checking prices, and weights of industries in total GDP

First attempt to revise official data provided by Maddison (1998) later updated (Maddison 2001 and 2003) and Maddison and Wu (2007). Revisions along SNA lines

- Agriculture on the basis of FAO.
- Industry based on Wu (1997, 2000 and 2002) weighted average of 117 different products.
- Including material services, assuming zero growth of labour productivity (and increasing number of people working in the military)

All series weighted on the basis of the first SNA-based I/O table (1987)

Points of discussion:

- The treatment of services;
- How robust are the industrial growth figures?
- The use of the 1987 I/O table as a weighting scheme for the whole period 1952-present



Does it make sense to use only one benchmark (1987), assuming constant relative prices and I/O relations?

Kuboniwa paper argues for use of chain indices

More adequate way of dealing with structural change in general and relative prices in particular.

Deflation of VA-current price series, chain indices, price data for 1952, 1957, 1970, 1980 and 1990)

Elegant presentation/ sensitivity analysis in the paper

	Base1	Base2	hybrid1	hybrid2	Madd98
1952-1978	6,1	 4,8	4,8	4,8	4,4
1978-1995	9,9	9,8	 8,6	8,0	7,5
1952-1995	7,6	6,7	6,3	6,0	5,6

1952-1978: structural change matters, see differences in baseline model (macro) and sum of sub sectors. Earlier weighting schemes than 1987 might yield better results (see the use of 1970 weights -> baseline macro +6,1%, sum of industries+ 5,4%))

1978-1995: main differences not in weighting, but in industry

Two points of view:

-Maddison-Wu: use one weighting scheme (1987) and time-series on volumina.

Because of problems with official prices which tend to exaggerate growth.

-Kuboniwa: it is important to take structural changes/relative prices into account -> more weighting schemes need to be used.

Where do we go from here?

Questions on volume series (for Maddison-Wu):

- Non-material services: consensus on zero productivity growth of labour productivity, but how about the increase of the share of this sector with one-third?
- Industry: Holz (2006, table 6) strong differences in 'real growth of industry' measured in product quantities versus real industrial value added: 1,20% versus 3,77% average annual growth rate for 30 countries in the period 1978-1997. How robust are industrial growth figures?

Questions on prices and weighting schemes (Kuboniwa paper)

-How useable are the "comparable prices"?

Wing Thye Woo 1997: GDP growth 1985-1993
9,4% with conventional prices for industry,
+7,5% using factory-gate prices;

Chinese officials admit shortcomings see study by
the industrial division of SSB Hunan province
branch (1989) -> 1983-1987 average annual
industrial growth of +9,2% instead of +13,5% on
basis of comparable prices!

-Check growth pattern using expenditure estimates
(less price distortions?)

I think that segmented indices are to be preferred, but it all depends on the quality of the weighting schemes/ the price data:

But.... Is it possible to use the Alton procedure to 'construct' more reliable prices? What can we learn from other 'adjustment' studies?

Main questions:

To Maddison-Wu:

- Higher share of non-material services;
- Measurement of industrial growth (see Holz):
volumina versus deflated VA series

To Kuboniwa:

- How reliable are comparable prices in the light of the critique of Chinese officials as well as the Wing Thye Woo paper
- Is it possible to follow the Alton et al procedure for price measurement?
- What can we learn from production vs. expenditure comparison?