

Gary H. Jefferson, Albert G. Z. Hu, and Jian Su
“The Sources and Sustainability of China’s Economic Growth”
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China’s economic transformation is proceeding at different rates across different regions and sectors, and China’s most advanced regional sector, coastal industry, still lags well behind the world’s technology frontier. This paper explores the implications of these internal and international productivity disparities for China’s ability to sustain rapid economic growth. When China’s GDP catches up to U.S. GDP, Chinese living standards still will be only one quarter those of the United States. If, at that time, productivity in some major regions and sectors remains far below the average, coastal industry may have to achieve productivity that approaches or even exceeds U.S. productivity. Coastal industry’s productivity growth is then likely to slow substantially, impeding China’s overall economic growth. The paper examines the need for policies that facilitate economic integration across regions, to enable the lagging regions and sectors to catch up to coastal industry, and the prospects for continued institutional reform.