

Democracy > Autocracy

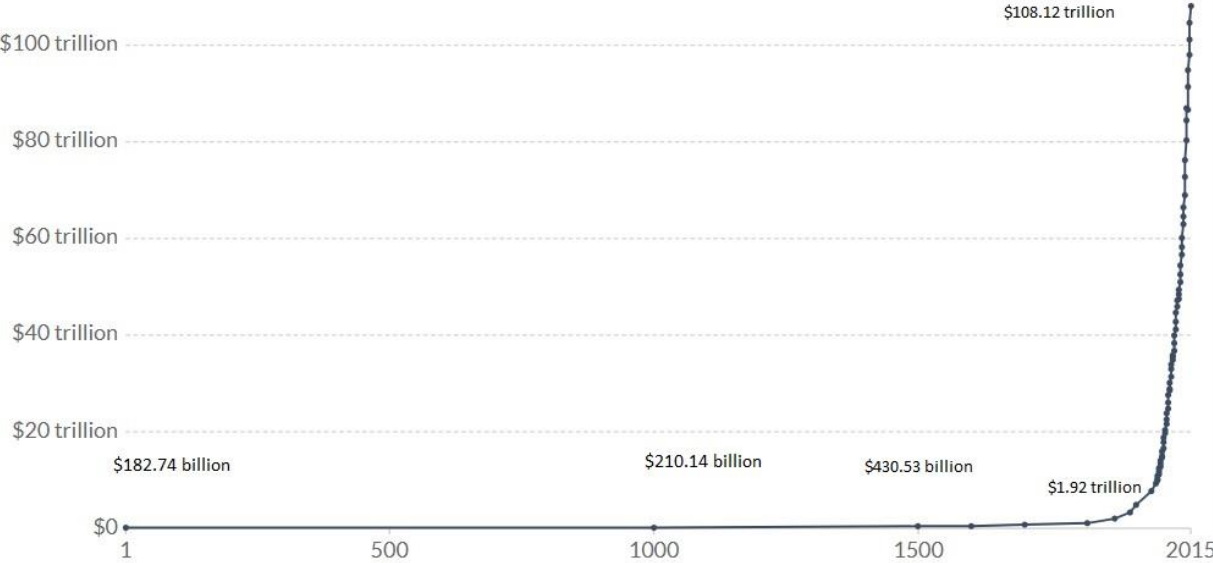
A Case Study: Xi Jinping and China

George Bailey, You Really Had a Wonderful Life, er, century and half

World GDP over the last two millennia

Total output of the world economy; adjusted for inflation and expressed in international-\$ in 2011 prices.

LINEAR LOG Relative change



Source: World GDP - Our World In Data based on World Bank & Maddison (2017)

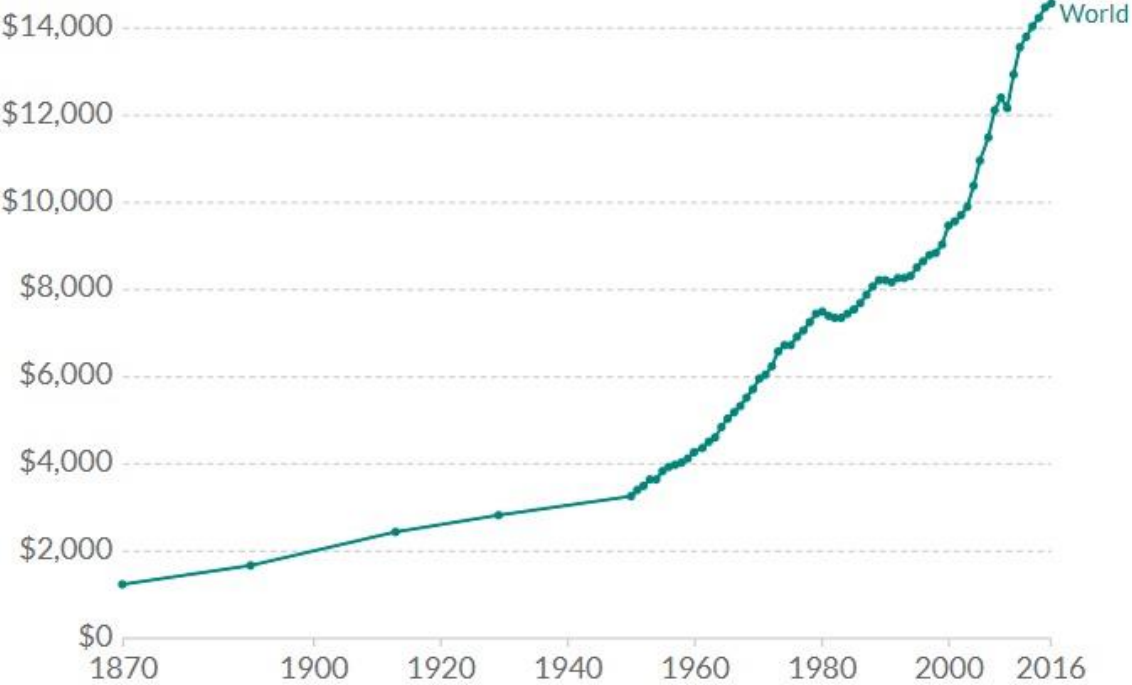
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GDP per capita, 1870 to 2016

GDP per capita adjusted for price changes over time (inflation) and price differences between countries - it is measured in international-\$ in 2011 prices.



LINEAR LOG Add country Relative change

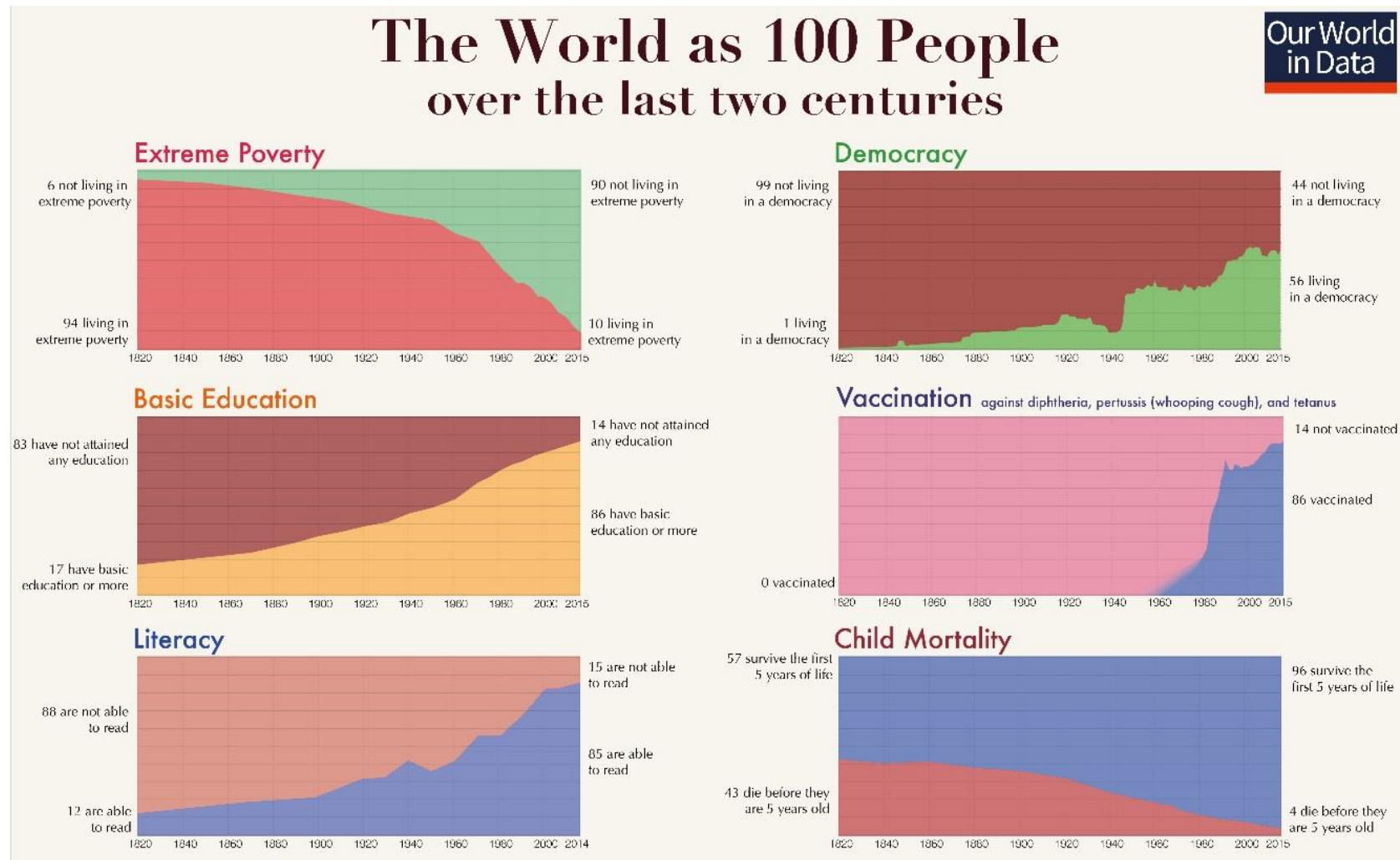


Source: Maddison Project Database (2018)

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Note: These series are adjusted for price differences between countries using multiple benchmark years, and are therefore suitable for cross-country comparisons of income levels at different points in time.

The World Really Did Get Better



Why?

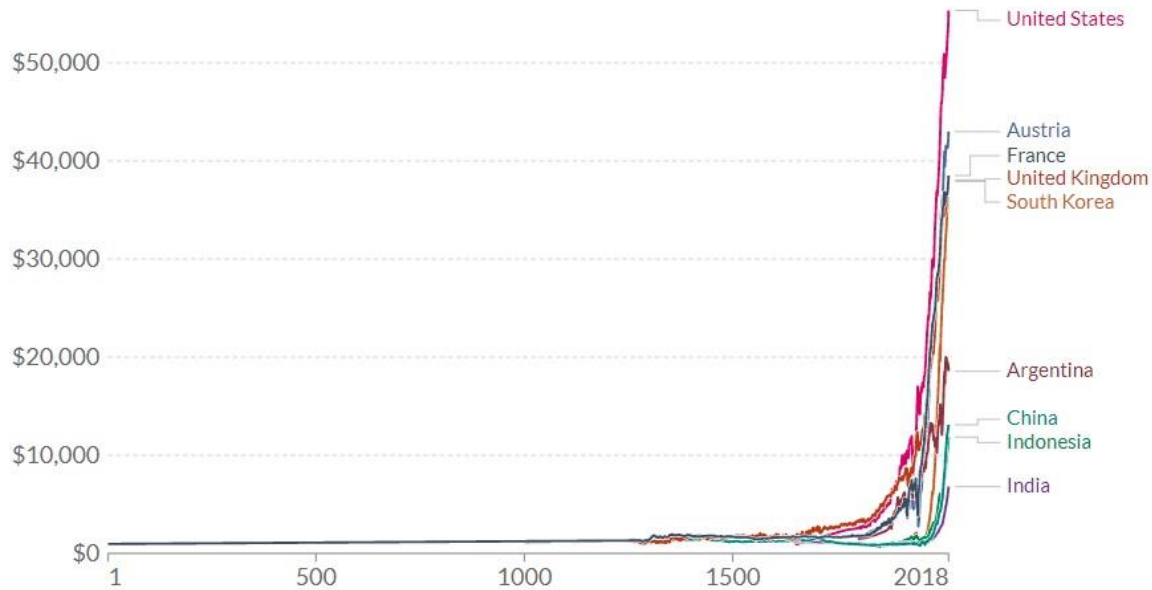


GDP per capita, 1 to 2018

GDP per capita adjusted for price changes over time (inflation) and price differences between countries – it is measured in international-\$ in 2011 prices.

Our World
in Data

LINEAR LOG Add country Relative change



Sources: Maddison Project Database 2020 (Balk and van Zanden (2020))

OurWorldInData.org/economic-growth-a-GDP

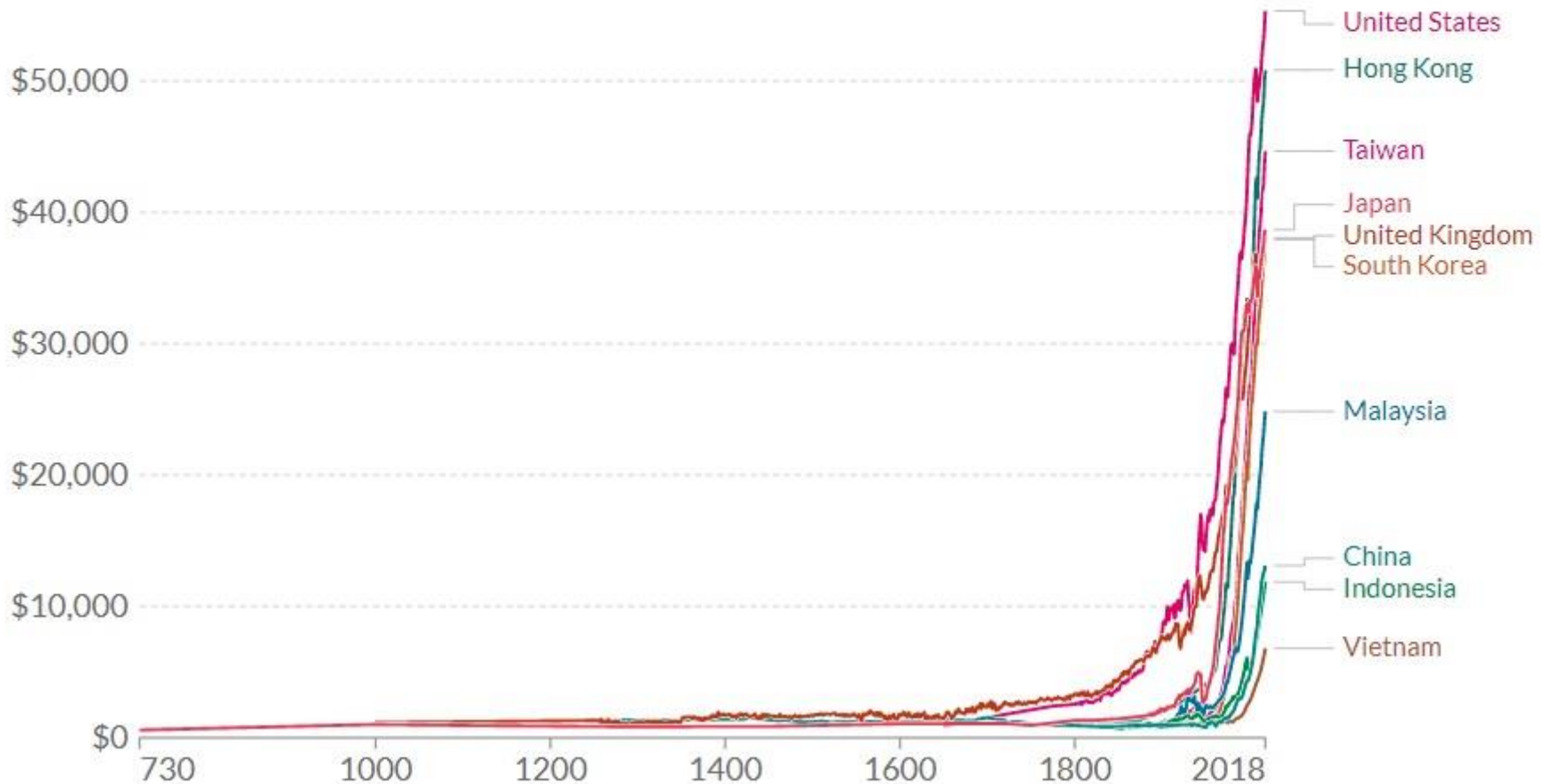
Asia Has Joined the Party the Last 50 Years

GDP per capita, 730 to 2018

GDP per capita adjusted for price changes over time (inflation) and price differences between countries – it is measured in international-\$ in 2011 prices.

Our World
in Data

LINEAR LOG **+** Add country Relative change



Source: Maddison Project Database 2020 (Bolt and van Zanden (2020))

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Freedom



Jon Batiste - FREEDOM

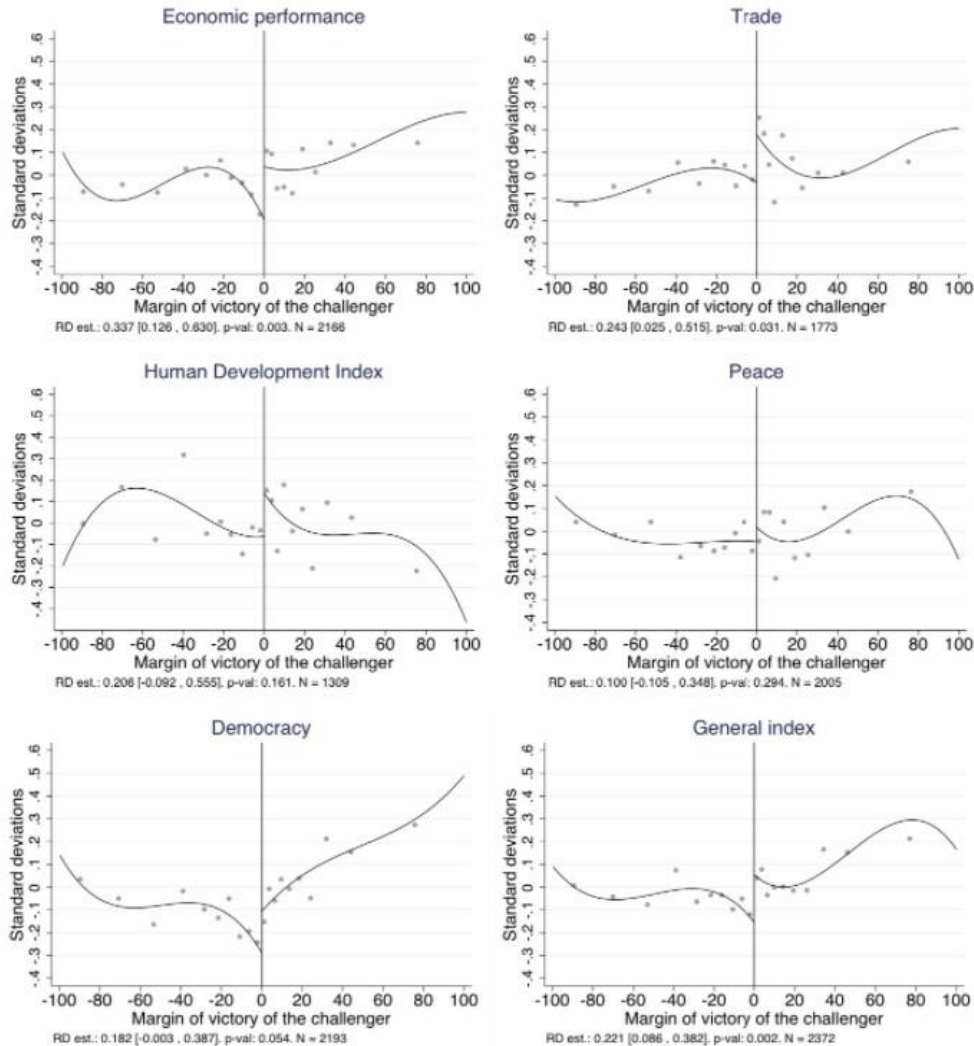
13M views · Jun 10, 2021

YouTube › JonBatisteVEVO

 Save

Start Defending Democracy and a Liberal World Order

Figure 5: Effects of electoral turnovers on country performance



Democracy Does Cause Growth

Daron Acemoglu, Suresh Naidu, Pascual Restrepo, and James A. Robinson

PDF PDF PLUS Abstract Full Text Supplemental Material

Abstract

We provide evidence that democracy has a positive effect on GDP per capita. Our dynamic panel strategy controls for country fixed effects and the rich dynamics of GDP, which otherwise confound the effect of democracy. To reduce measurement error, we introduce a new indicator of democracy that consolidates previous measures. Our baseline results show that democratizations increase GDP per capita by about 20 percent in the long run. We find similar effects using a propensity score reweighting strategy as well as an instrumental-variables strategy using regional waves of democratization. The effects are similar across different levels of development and appear to be driven by greater investments in capital, schooling, and health.

NBER WORKING PAPER SERIES

ELECTORAL TURNOVERS

Benjamin Marx
Vincent Pons
Vincent Rollet

Working Paper 29766
<http://www.nber.org/papers/w29766>

NATIONAL BUREAU OF ECONOMIC RESEARCH
1050 Massachusetts Avenue
Cambridge, MA 02138
February 2022

“...ation for a future where we will win the dominant position.”—Xi Jinping

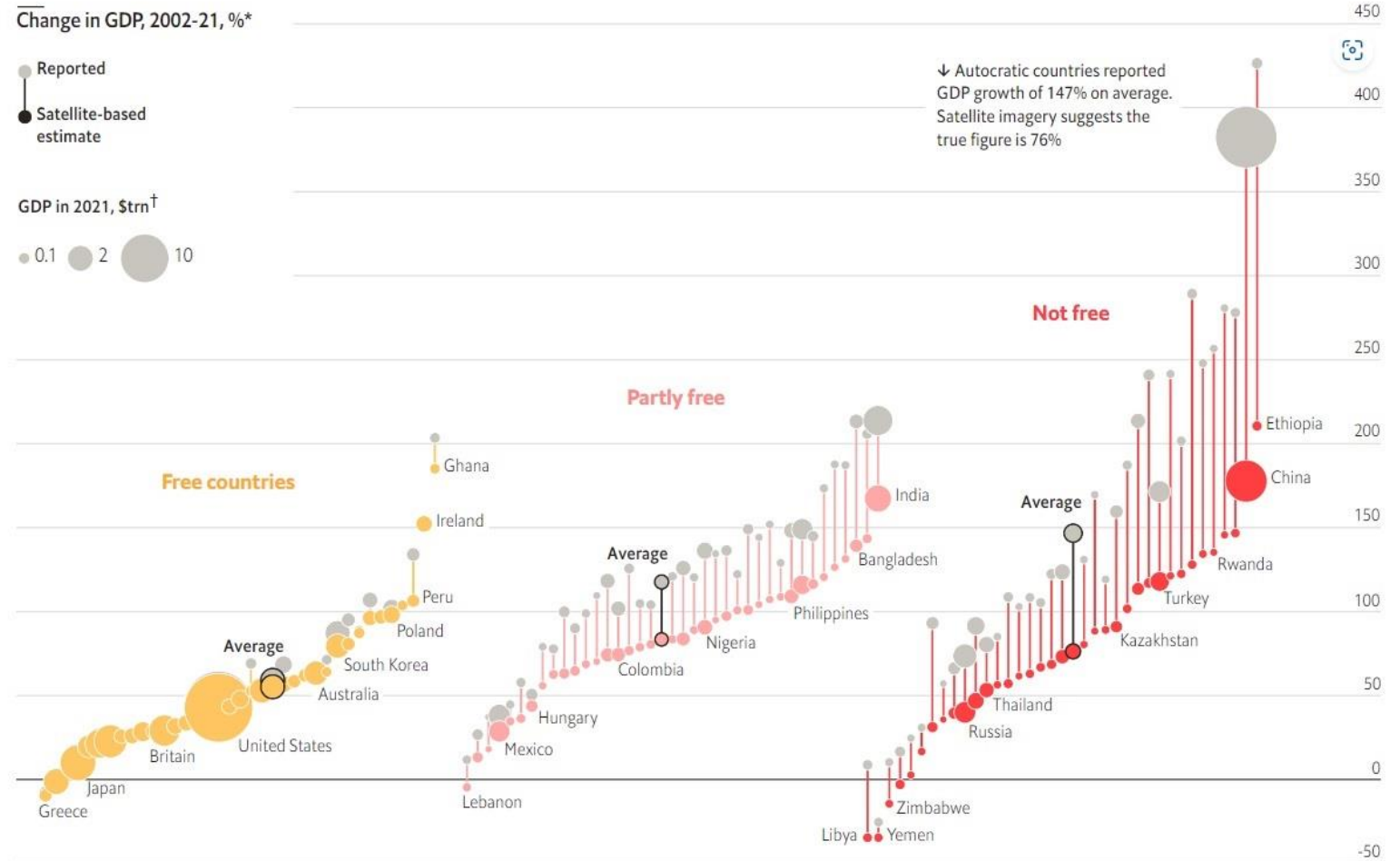
Start Defending Democracy and a Liberal World Order

How Much Should We Trust the Dictator's GDP Growth Estimates?

Luis R. Martínez

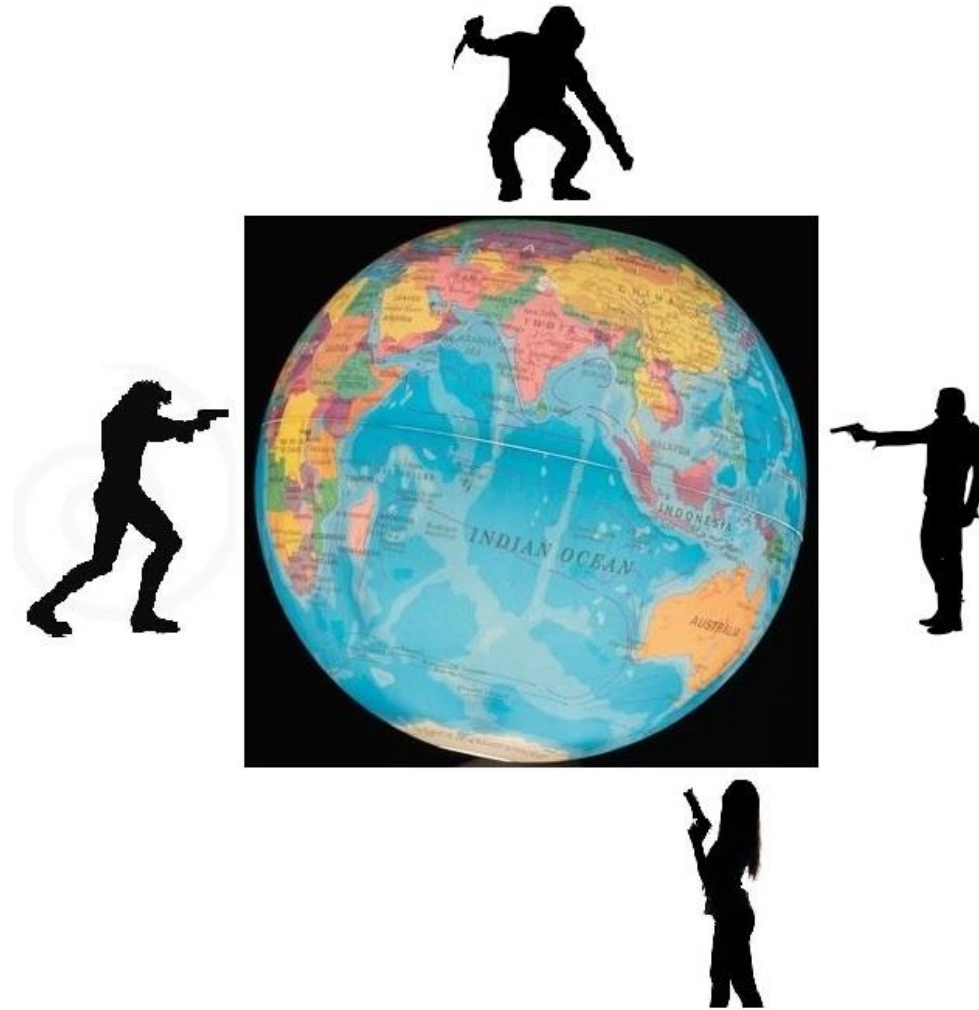
Abstract Full Text PDF Supplemental Material

- **Not much!**



*Countries with over 5m people, freedom status in 2021 †In 2021 \$ at market exchange rates, assuming reported 1992 GDP figures are accurate

Four Interrelated, Contradictory Forces



“...a period of major change never seen in a century.”
--Xi Jinping

It's Coming From Inside the House

Allowing the Outside to be a Threat Too

THE CALL IS COMING



FROM INSIDE THE HOUSE

Russia Invasion Waking The World Up



China must lay “the foundation for a future where we will win the initiative and have the dominant position.”—Xi Jinping

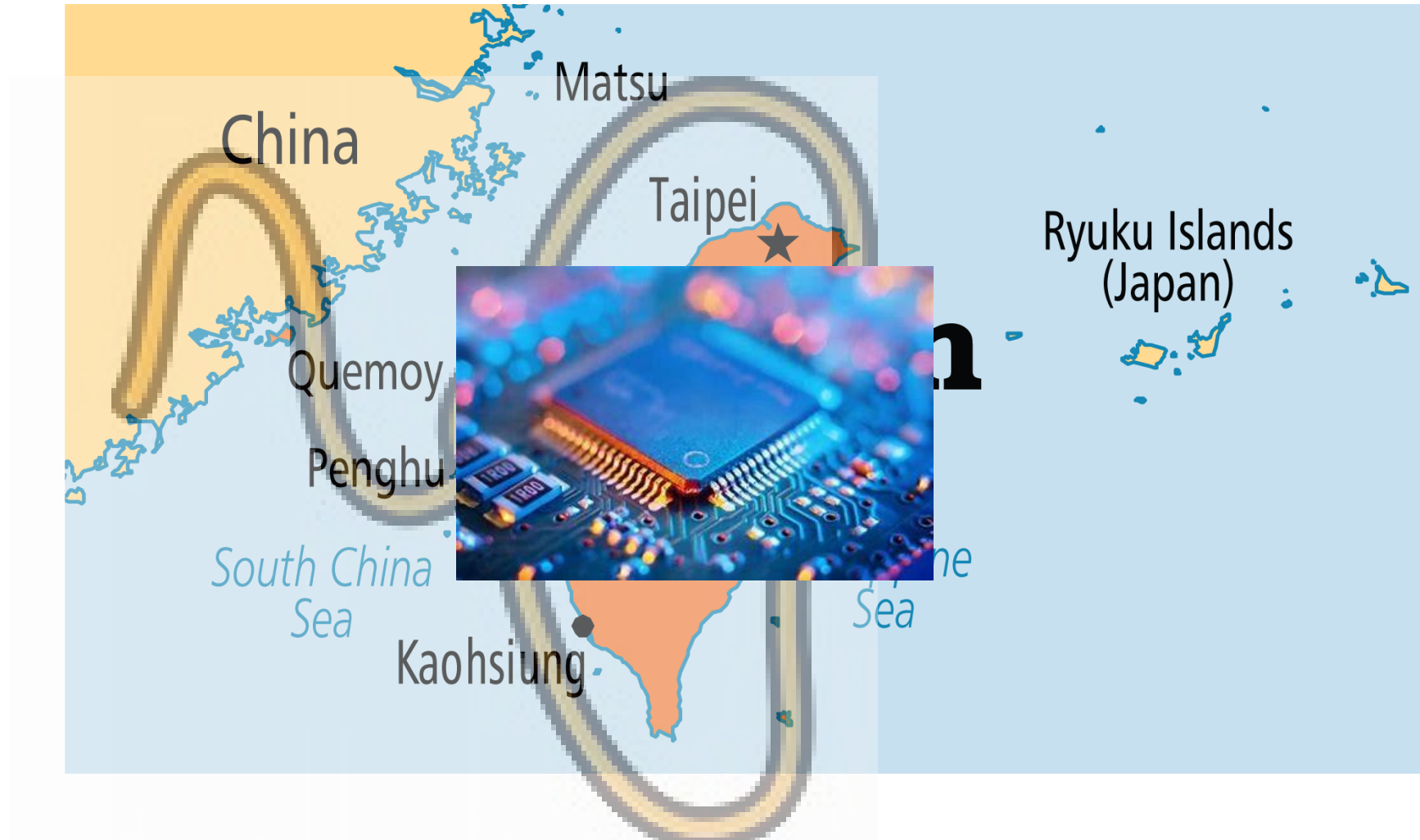
China's View of the World

“Changes Not Seen in a Century”



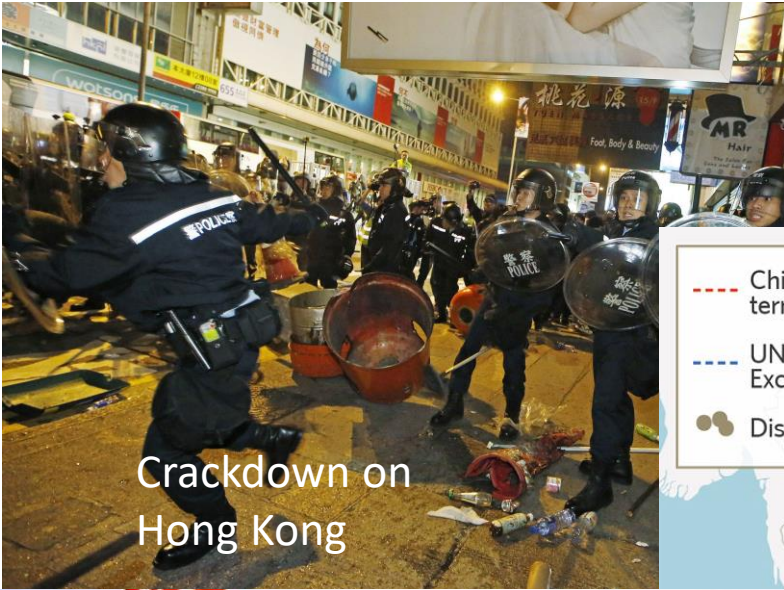
China must lay “the foundation for a future where we will win the initiative and have the dominant position.”—Xi Jinping

China and Taiwan



“The historical task of the complete reunification of the motherland must be fulfilled, and will definitely be fulfilled”—Xi Jinping

What Does a China World Look Like?

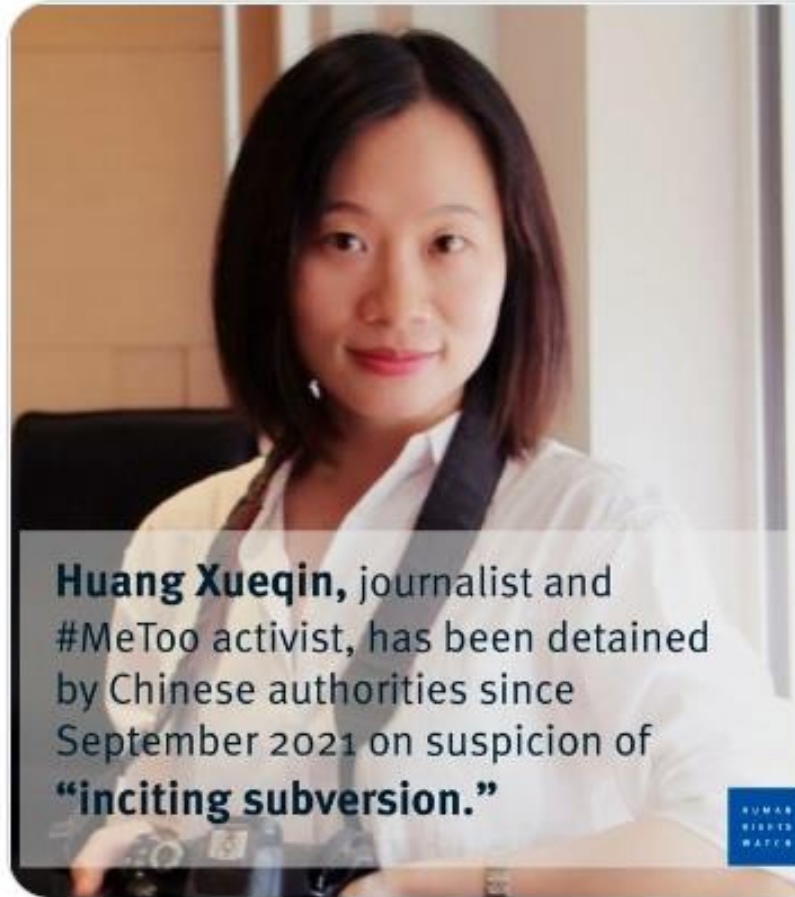


- China's claimed territorial waters
- - - UNCLOS 200 nautical mile Exclusive Economic Zone
- Disputed islands



China must lay “the foundation for a future where we will win the initiative and have the dominant position.”—Xi Jinping

Human Rights



Huang Xueqin, journalist and #MeToo activist, has been detained by Chinese authorities since September 2021 on suspicion of “inciting subversion.”

HUMAN RIGHTS WATCH

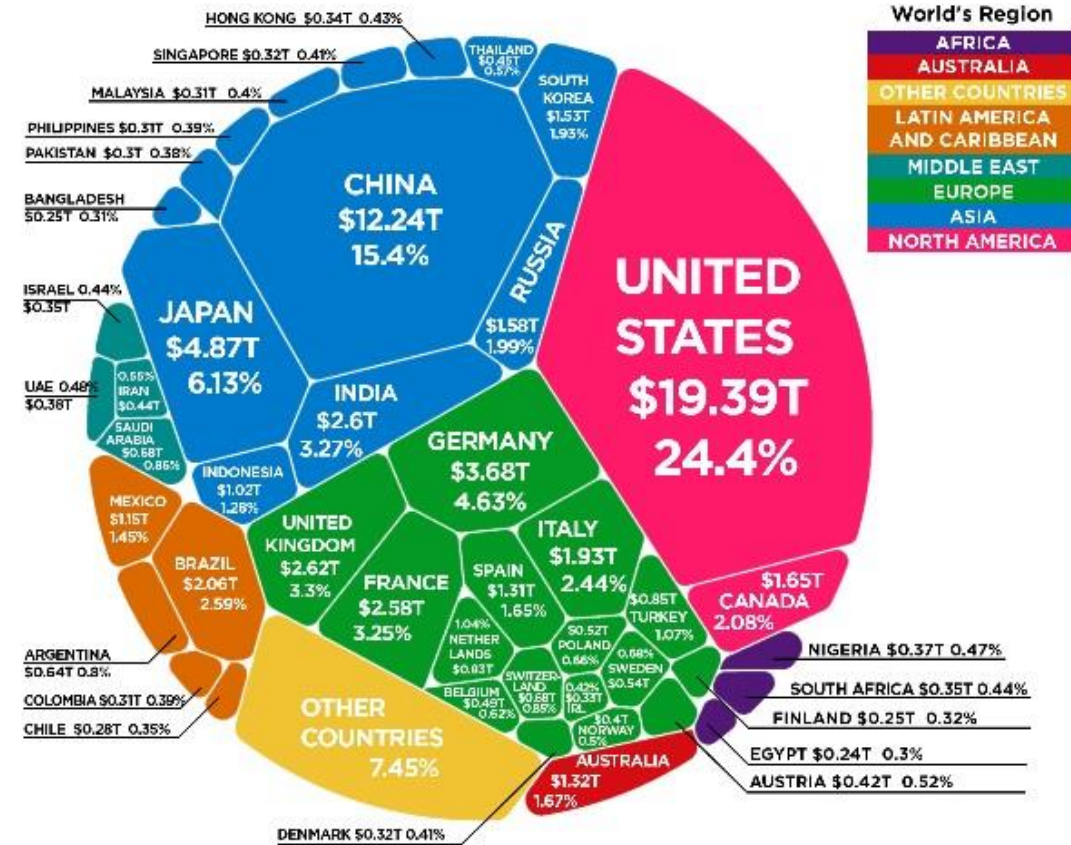


Labor rights activist **Wang Jianbing** has been detained by Chinese authorities since September 2021 on suspicion of “inciting subversion.”

HUMAN RIGHTS WATCH

It's the Economy, Stupid

Countries Share of World GDP



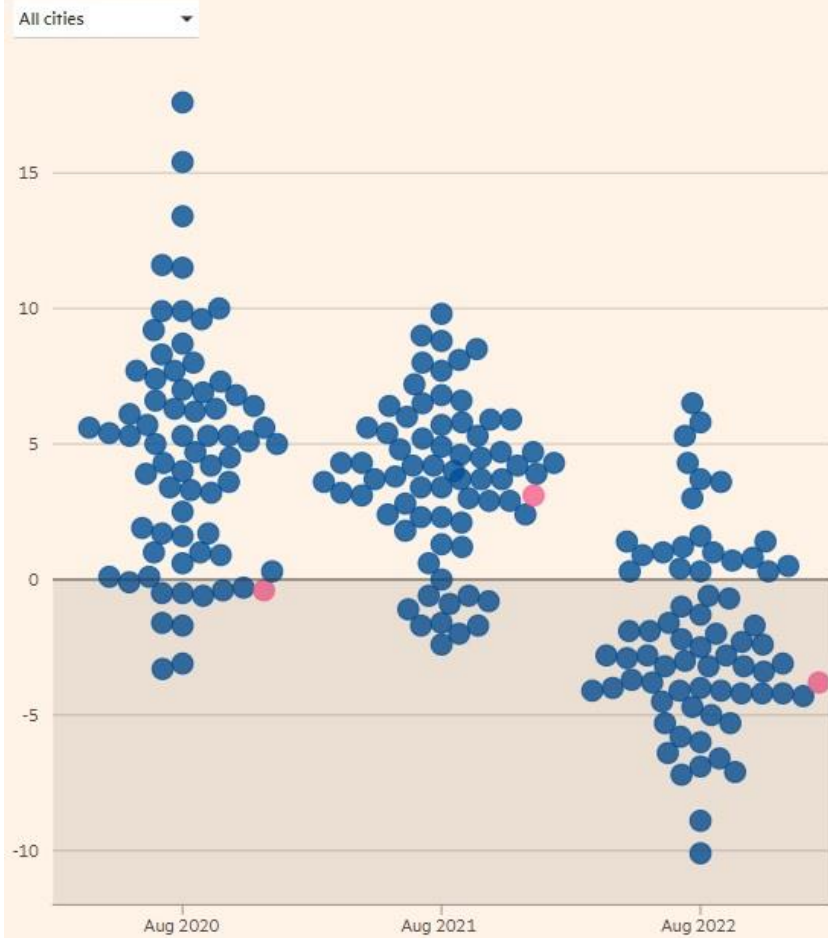
Article and Sources:
<https://ibeam.chrone.fr/class/the-world-economy-2017>
<http://dataank.worldbank.org/data/download/3.1.pdf>

Real Estate Crisis

House prices in August fall in nearly three-quarters of large Chinese cities

New home price in 70 cities, year-on-year change (%)

Pink circle is Zhengzhou



Source: National Bureau of Statistics of China
FT Data: Andy Lin/@imandylin2

FINANCIAL TIMES

Most Chinese property developers were rated worse than 'very high credit risk' or not rated in June 2022

Chinese property developers' ratings, share of 71 rated developers (%)



Source: Moody's
FT Data: Andy Lin/@imandylin2

FINANCIAL TIMES

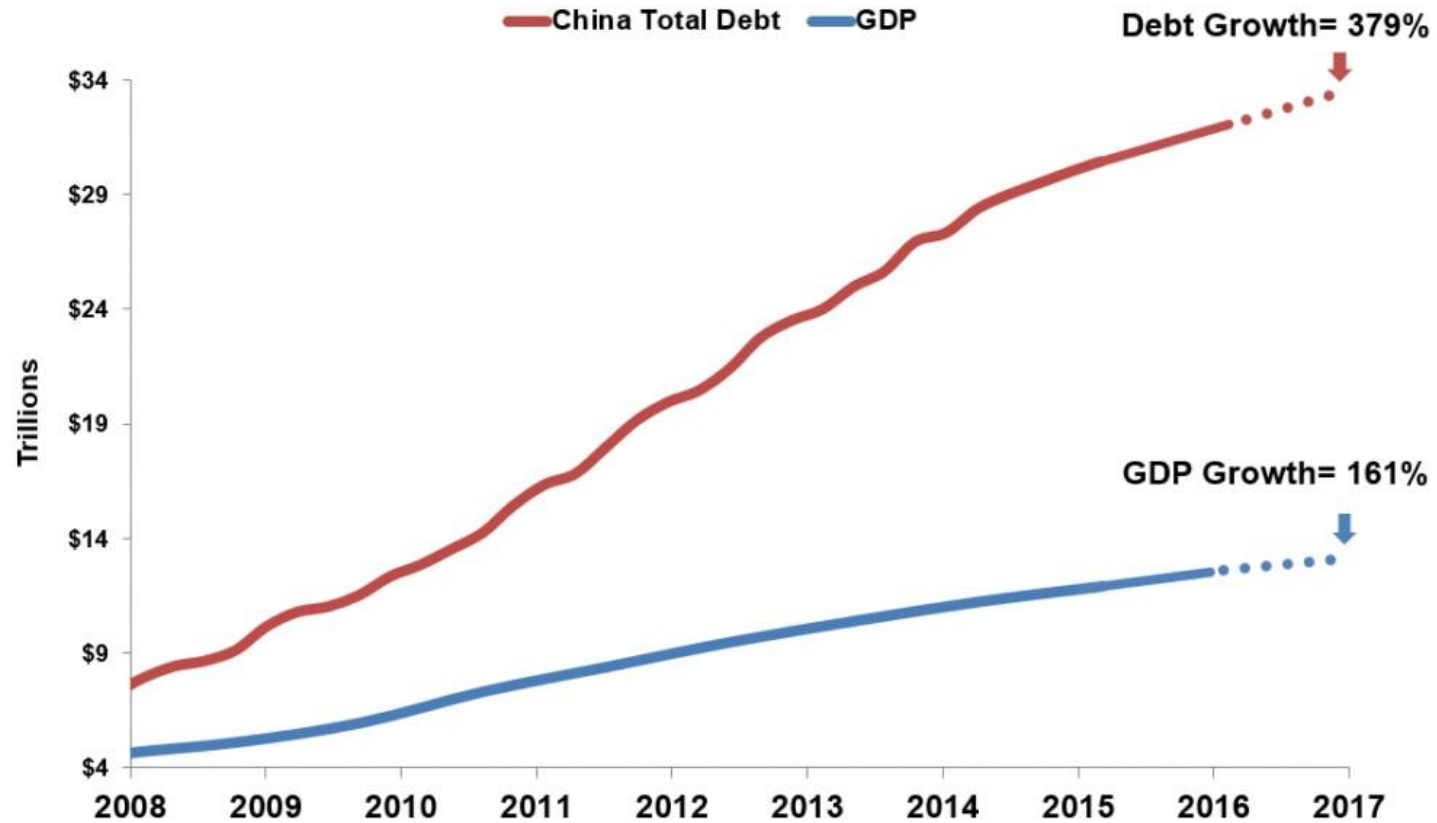
Real Estate and Local Governments



Debt Bombs

China's Debt Has Exploded Since the Financial Crisis

GDP versus Total Debt Growth



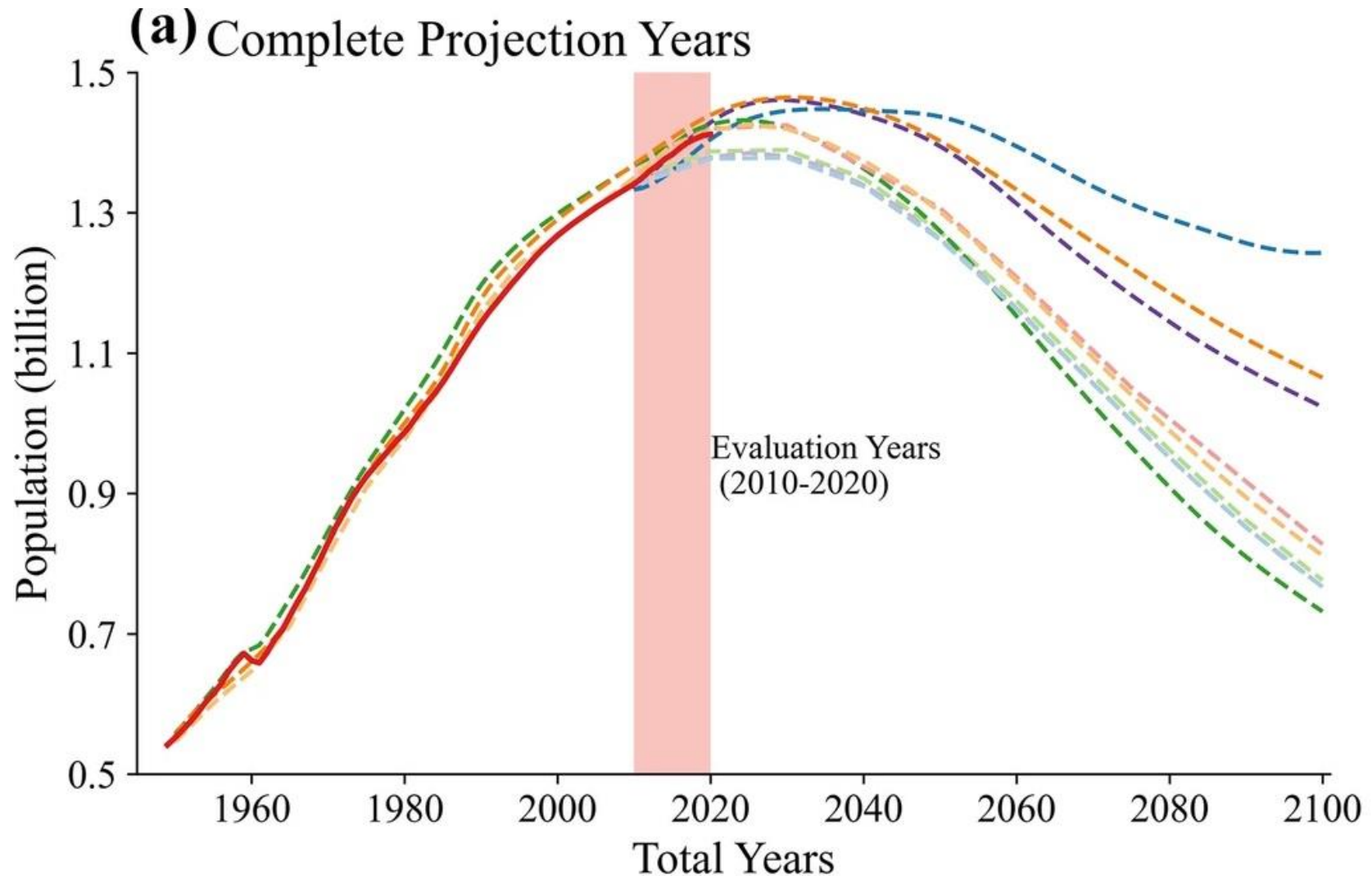
Source: Bloomberg

www.dentresearch.com

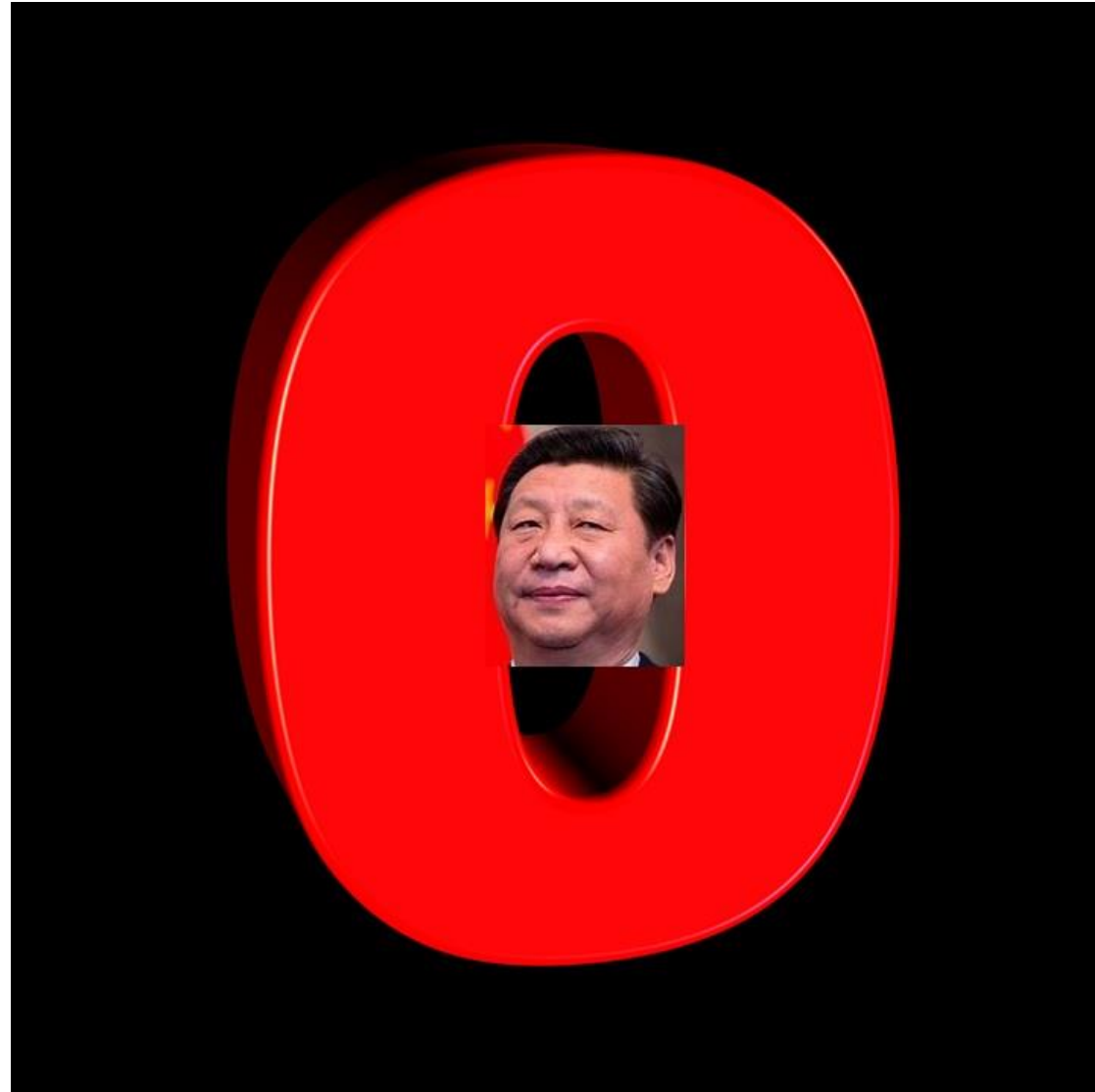
Population Bomb

"By '25 there'll be >300M over age 60, or 20% of [#China](#)...Chinese women increasingly unwilling to have children...Marriage has also fallen out of favour, with # of 1st-time marriages falling from 23.8M in '13 to 12.2M in '20"

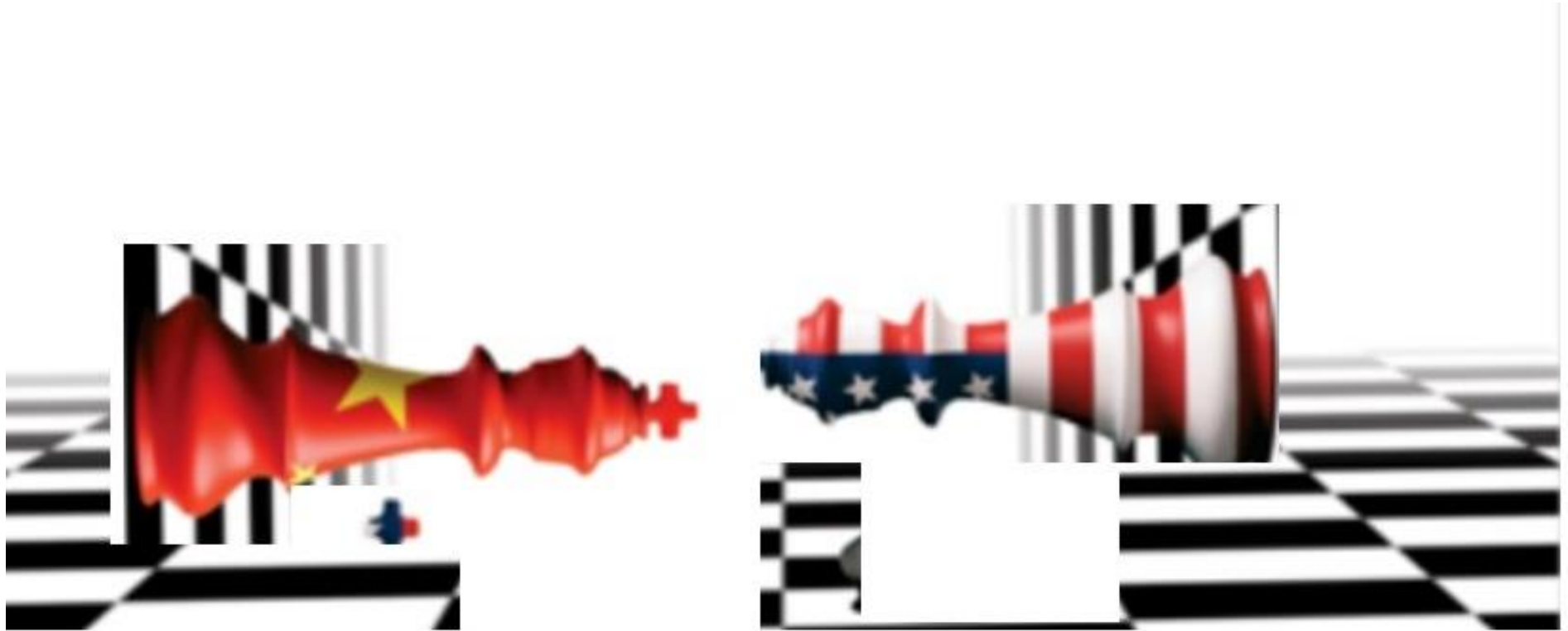
Fertility Rate down to 1.3!



Zero Covid Has Changed Everything



A Competition of Competence



Strategic Industry Priority Industries

Made in China 2025 Priority Industries

Information Technology

Robotics

Green Energy and Green Vehicles

Aerospace Equipment

Ocean Engineering

Railway Equipment

Power Equipment

New Materials

Medicine and Medical Devices

AI, IoT,

Agricultural Machinery

14th Five Year Plan Investment Priorities

Artificial intelligence

Biotechnology

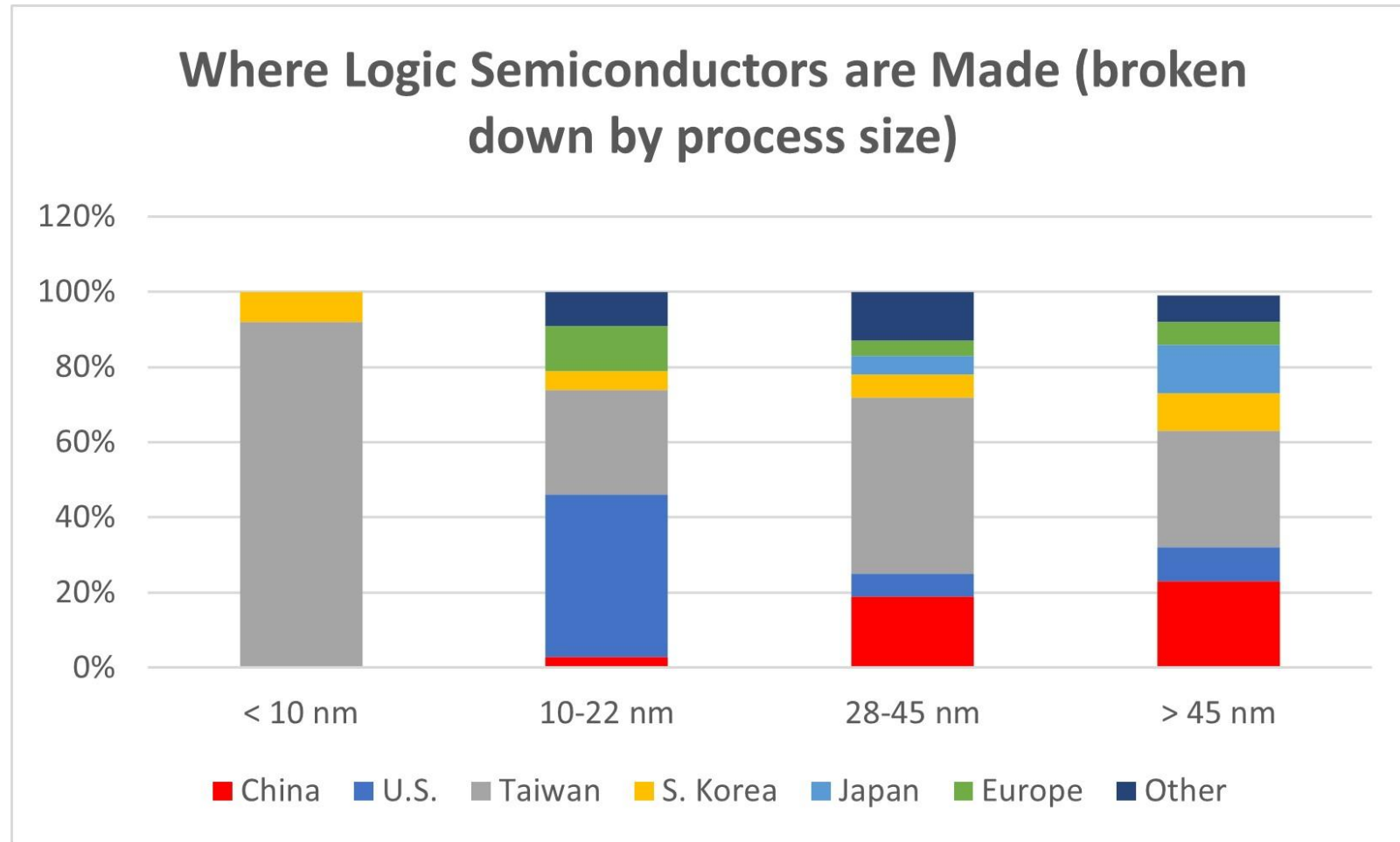
Blockchain

Neuroscience

Quantum Computing

Robotics

Semiconductors and the Competition of Competence

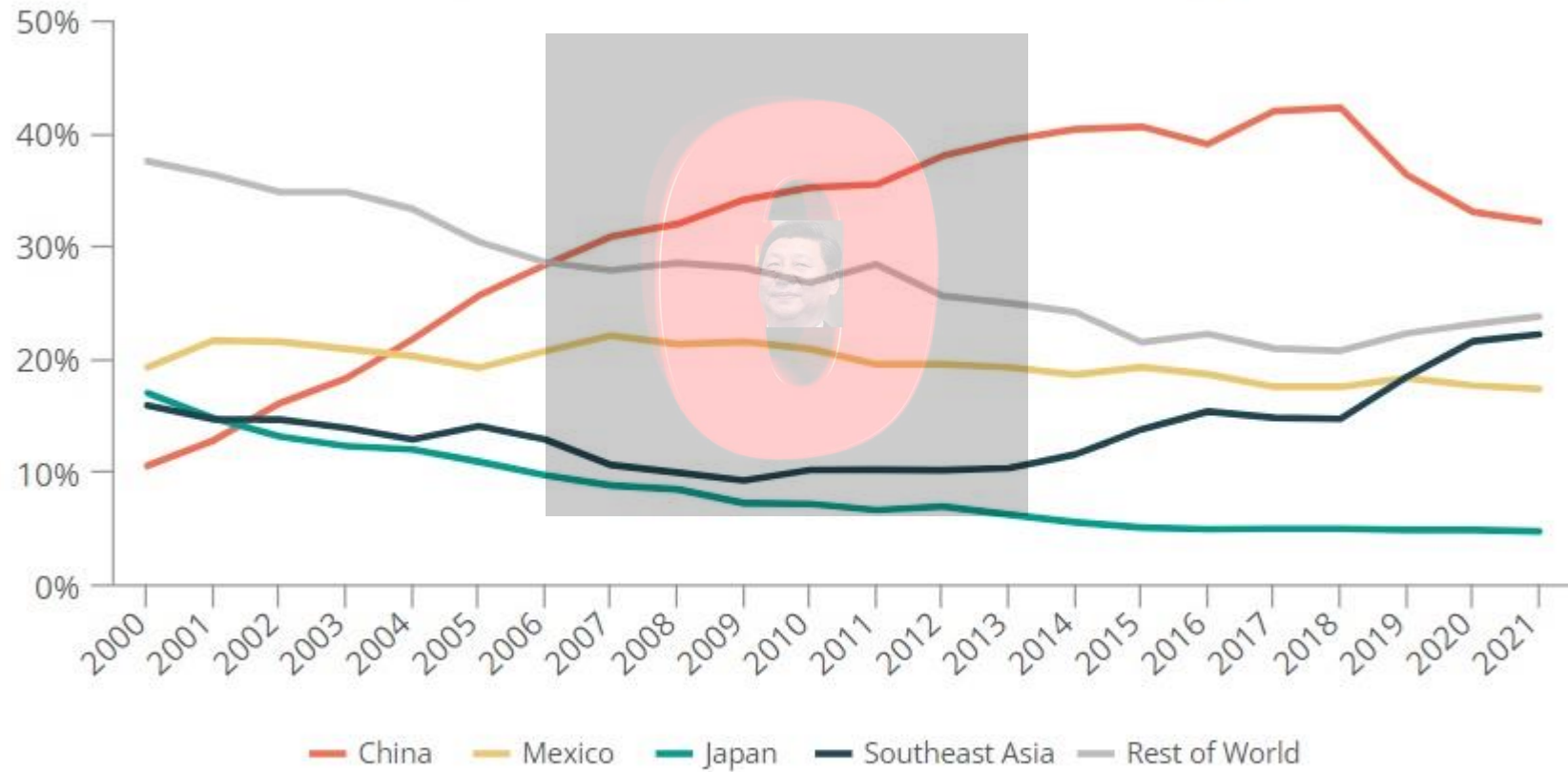


Batteries and the Competition of Competence

Largest Countries for Battery Cell Production			
Country	Global Share	Production	EV Stock
China	61%	134.5 Gwh	483,200
Japan	12%	27.3 Gwh	86,400
U.S.	9.5	20.9 Gwh	297,100
E.U.	8.9	19.6 Gwh	260,000

Diversification of Supply Chains

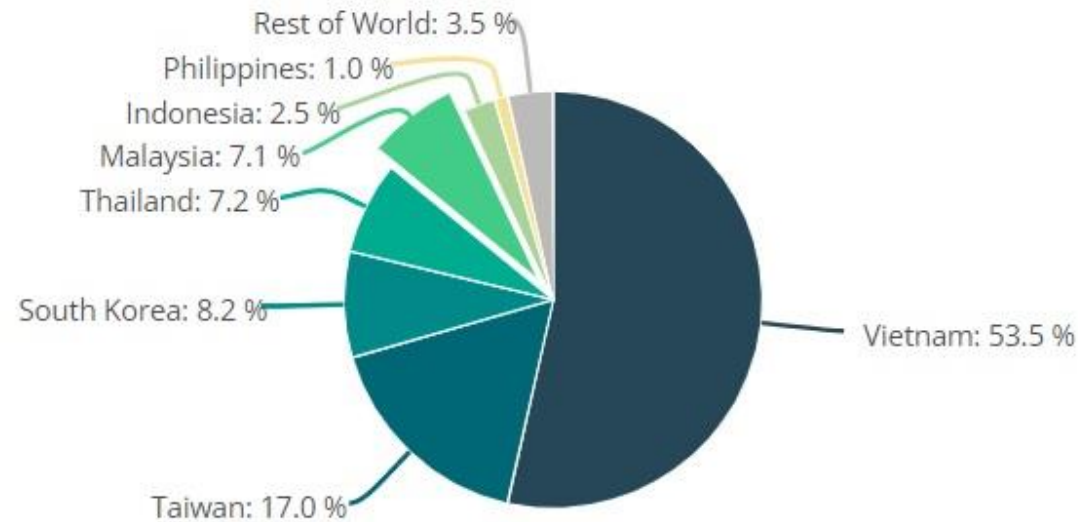
Figure 1a. China Declines, Southeast Asia Rises in Electronics Exports to US



Source: US Census Bureau; author calculations.

Diversification of Supply Chains

Figure 1b. Vietnam Made Up More Than Half of the Export Decline from China

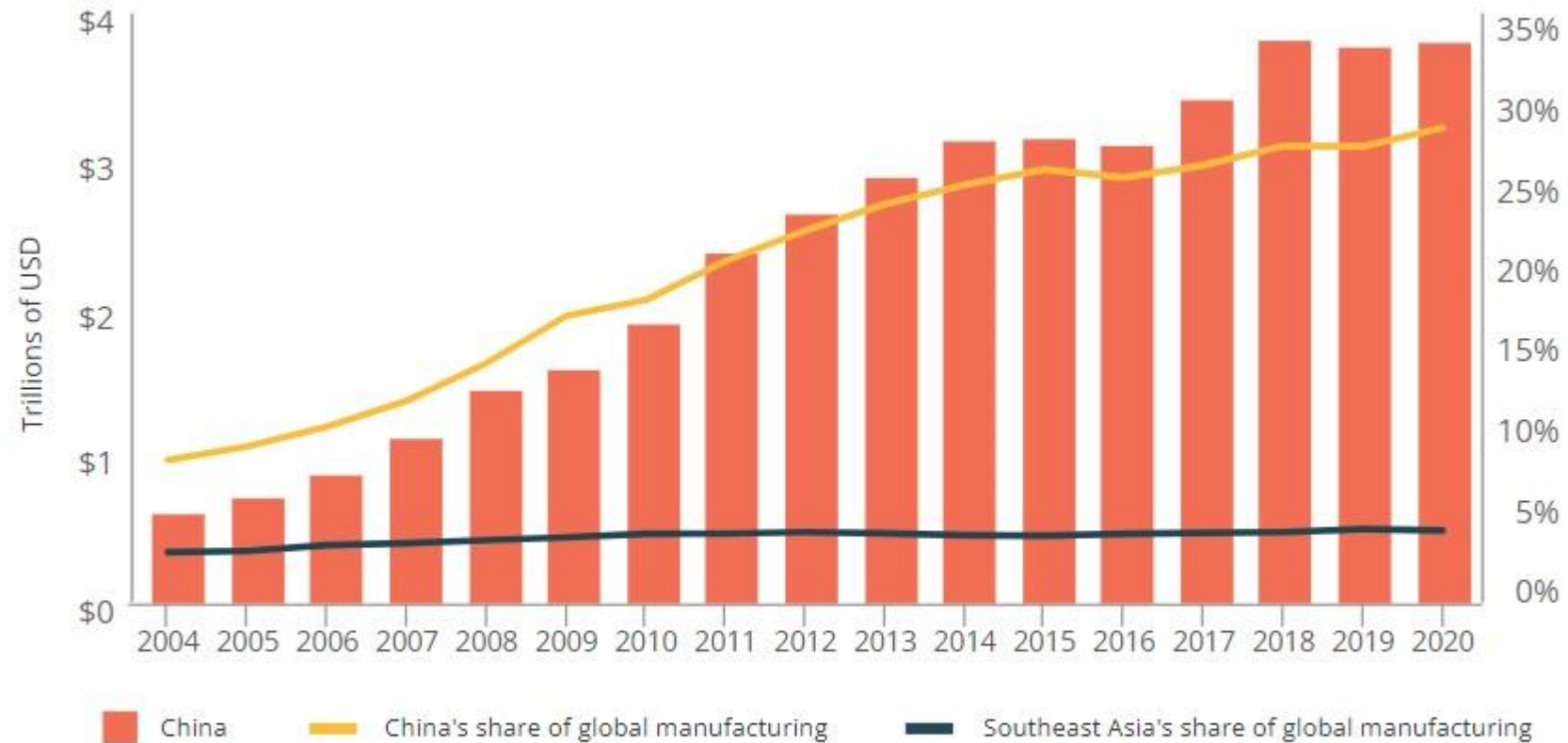


Notes: Figure 1a shows share of each country in US imports (customs value in US dollar). Figure 1b shows the composition of US imports increase by country of origin from 2018 to 2021. All data for Electrical Machinery and Equipment category only.

Source: US Census Bureau; author calculations.

Diversification of Supply Chains

Figure 2. China's Manufacturing Weathered the Pandemic Fine



Source: World Bank; author calculations.

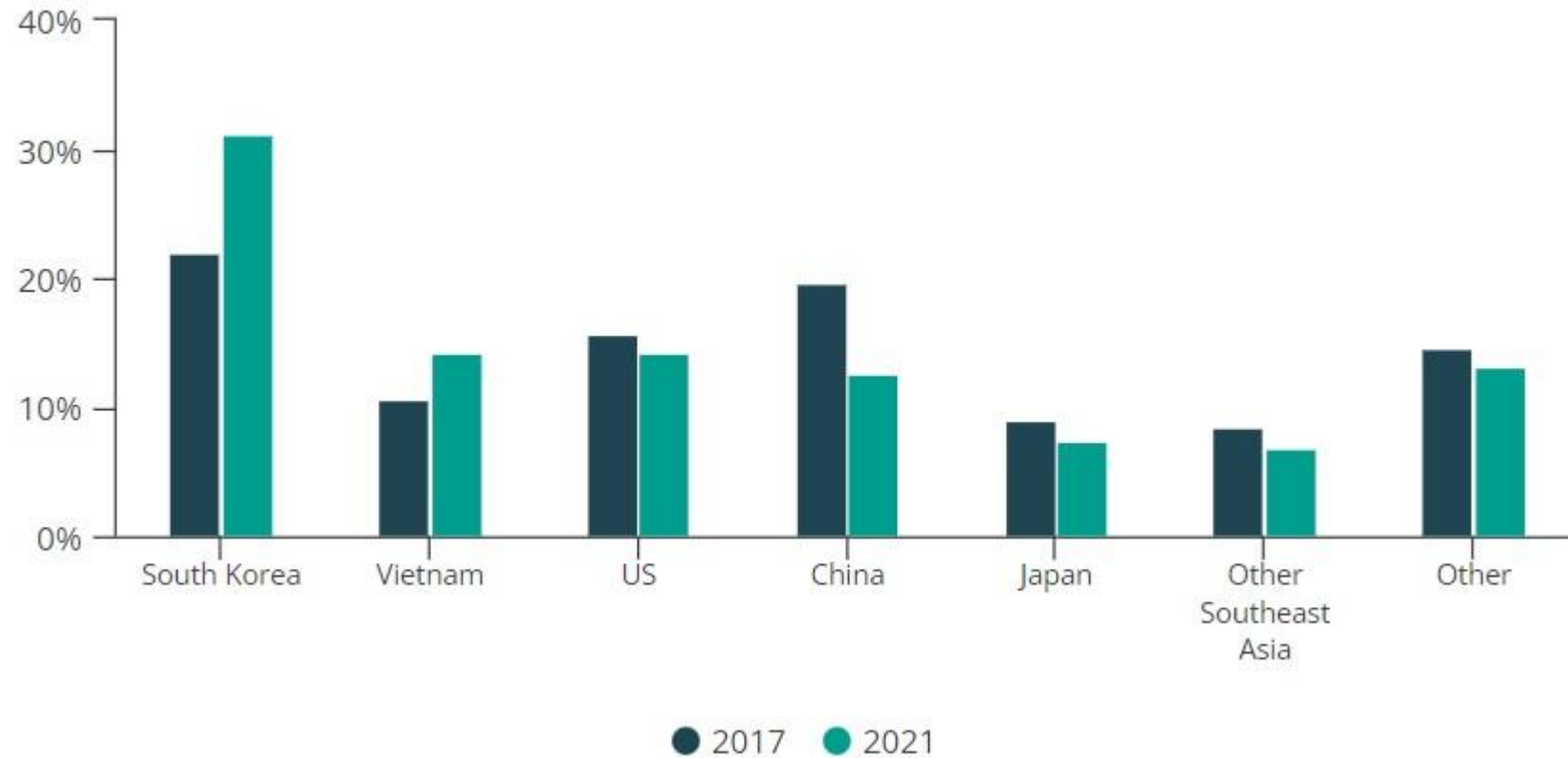
Diversification of Supply Chains

Figure 4. Apple Suppliers Have Eyed Vietnam for Expansion



Diversification of Supply Chains

Figure 5. Samsung “Leaving” China Is More About a Return to Homebase



Diversification of Supply Chains

THE WALL STREET JOURNAL

Apple Suppliers Add Manufacturing Sites in U.S., With Focus on California

[wsj.com](https://www.wsj.com)

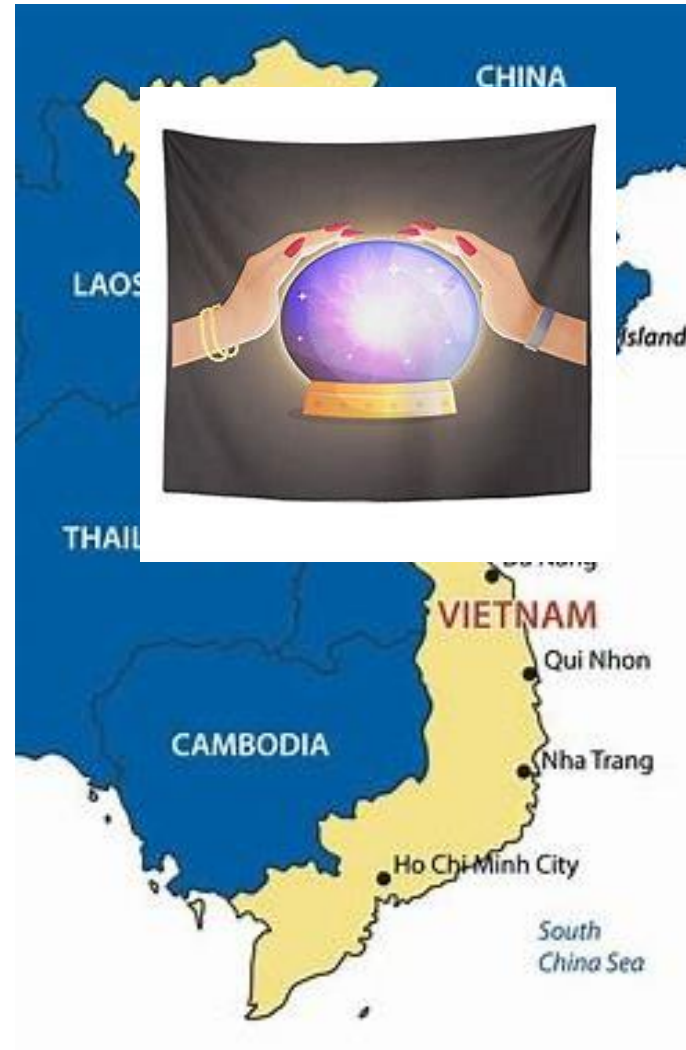


 Bloomberg Asia  @BloombergAsia · Oct 3

EXCLUSIVE: Apple's iPhone exports from India top \$1 billion and are set to double by March 2023, boosting the nation's push to rival China on manufacturing

trib.al/eRzoZxi

Will Vietnam Foretell our Future?

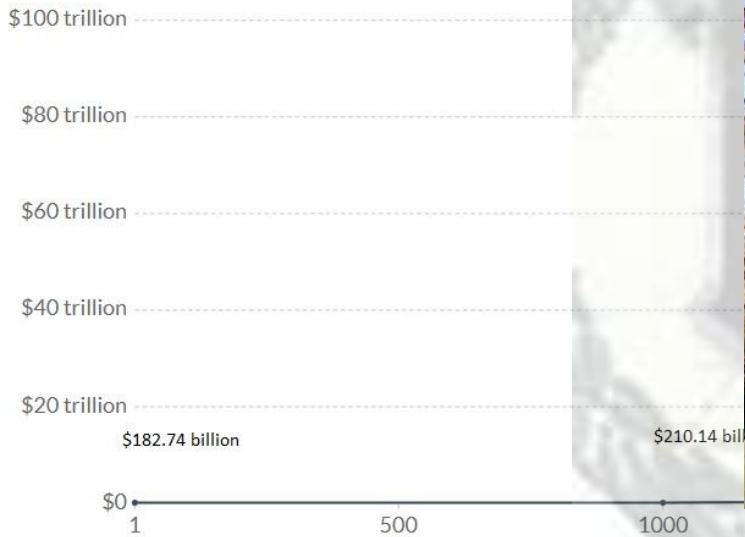


A New World?

World GDP over the last two millennia

Total output of the world economy; adjusted for inflation and expressed in international dollars.

LINEAR LOG Relative change



Source: World GDP - Our World In Data based on World Bank & Maddison (2017)



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GDP per capita, 1870 to 2016

GDP per capita adjusted for price changes over time (inflation) and price differences between countries - it is measured in international-\$ in 2011 prices.

Our World in Data

Country Relative change



Source: Maddison Project Database (2018)

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Note: These series are adjusted for price differences between countries using multiple benchmark years, and are therefore suitable for cross-country comparisons of income levels at different points in time.