International Comparison of Productivity Growth in China, Japan and South Korea

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There are two opinions about China’s productivity growth. The one is that economic growth is rapid but productivity growth is slow. The other is that not only economic growth but also productivity growth is rapid. We try to draw a conclusion about this question from statistical data. We will compare China’s productivity growth in 1987-2007 to Japan’s one in 1960-2005 (especially in 1960s of the high rapid growth period) and South Korea’s one in 1975-2005 (especially from the late 1980s to the early 1990s of the high rapid growth period) by using input-output tables and analyze them. Our calculation results show the following. In China in 1987-1992, although economic growth was rapid, productivity growth was slow. But in 1992-1997, 1997-2002 and 2002-2005, not only economic growth but also productivity growth was rapid. It was by no means slower to those of Japan in 1960s and South Korea in 1985-1995, when those were the most rapid. We measured productivity growths of the three countries by using the indicator of total labor productivity (TLP, ratio of output to direct and indirect labor). Indirect labor means labor used for production of raw material, machine etc. We think that TLP is better indicator of productivity growth than traditional total factor productivity (TFP) in respects that TLP is productivity which includes fixed capital efficiency and that TLP can be measured regardless of competition condition etc. By bringing up TLP, we would like to contribute to improvement in method of measuring productivity.

Key Words: Total factor productivity, total labor productivity, input-output table, China’s economic growth