

The Long Landing Scenario

Discussant: Zheng (Michael) Song, CUHK

HKIMR, Jan 14 2016

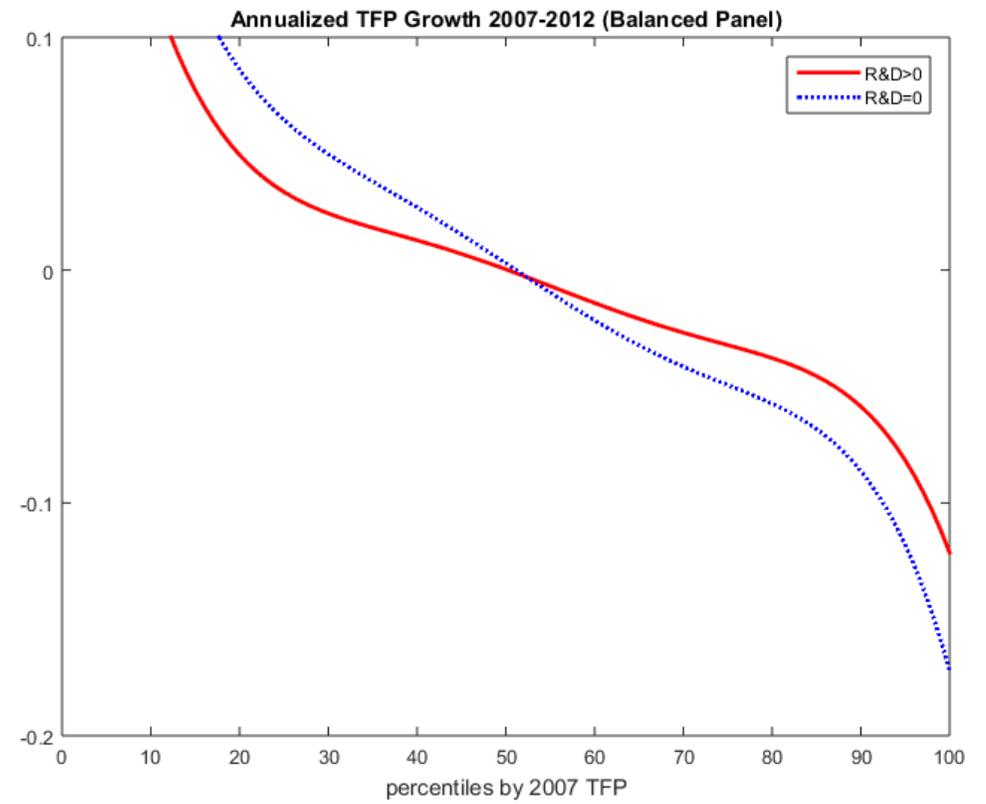
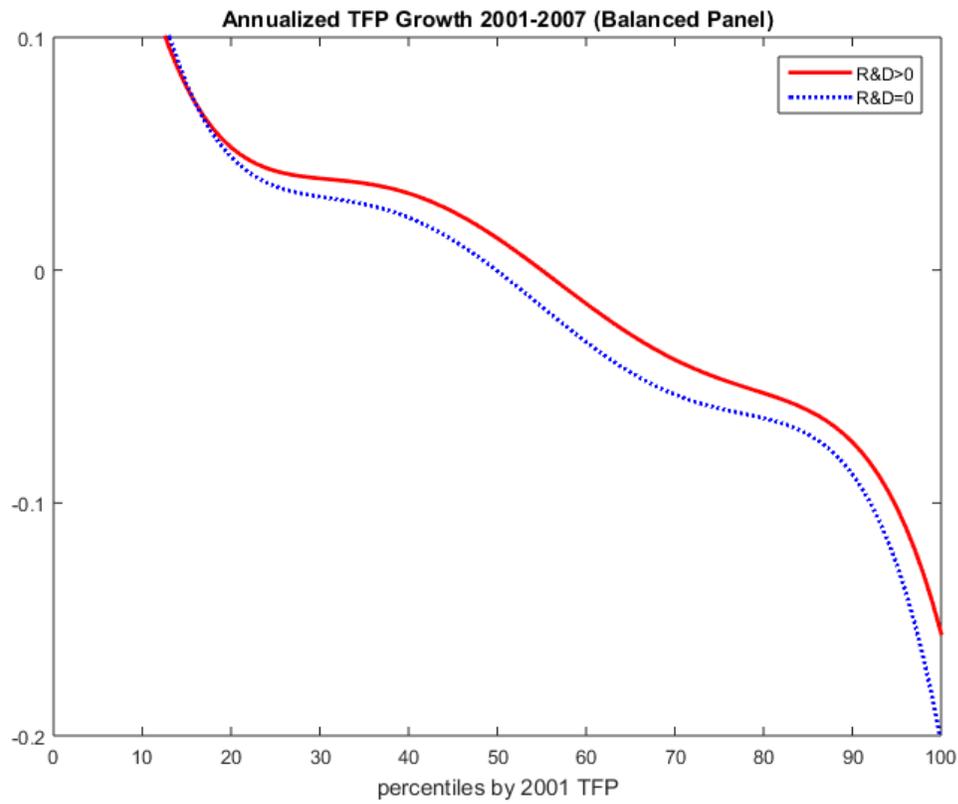
Overview

- TFP growth
- Capital/labor growth
- Sectoral reallocation
- My recent work

TFP Growth and R&D

- König, Song, Storesletten and Zilibotti (in progress): Using China's industrial firm data 2001-2013
- Stronger sorting mechanism between productivity and R&D over time
- Stronger growth effect of R&D

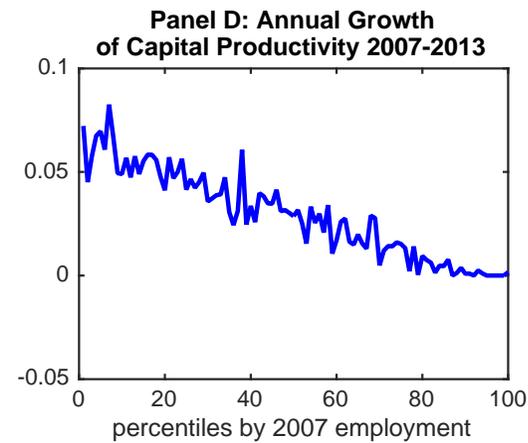
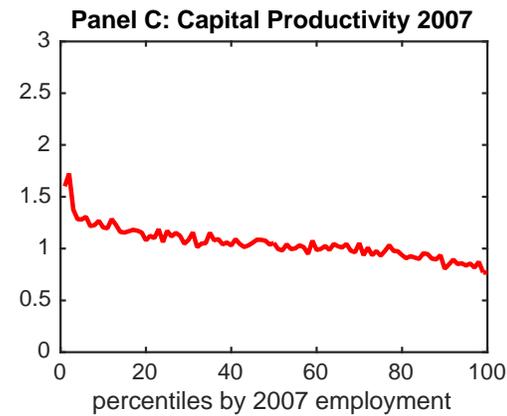
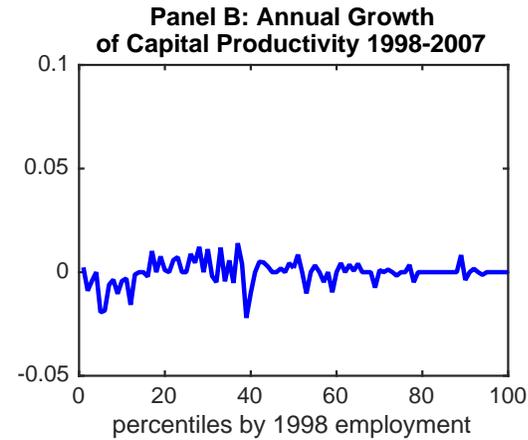
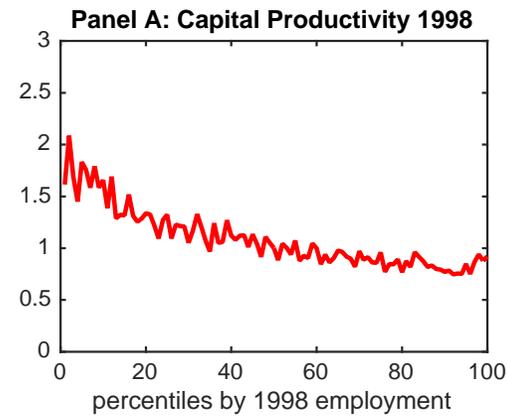
R&D and Firm TFP Growth 2001-2012



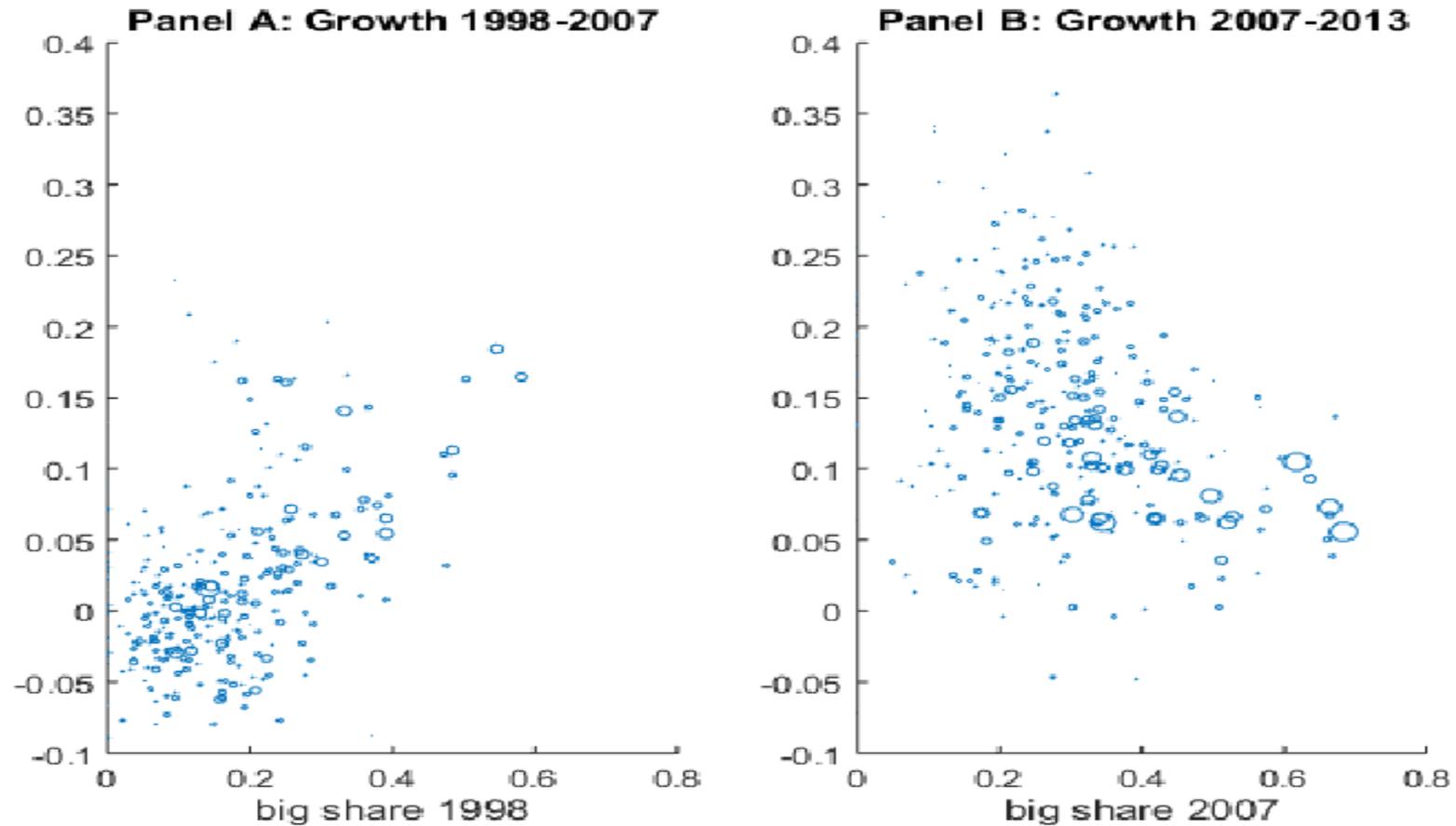
Capital/Labor Accumulation

- Bai, Hsieh and Song (2015): Informal institutional arrangements
- 1998-2007:
 - (i) Improvement in resource allocative efficiency
 - (ii) Positive growth effect
- 2007-2013:
 - (i) Deterioration in resource allocative efficiency
 - (ii) Negative growth effect

Firm Size and Capital Misallocation 1998-2013



Big Firm Share and Employment Growth



Summary

- TFP growth: Promising
- Capital/labor growth: Distorted
- Sectoral reallocation: Distorted but with high potentials