

## Macro Roundup Article

**Headline:** [How Xi Jinping Plans To Overtake America](#)

**Article Link:** <https://www.economist.com/finance-and-economics/2024/03/31/how-xi-jinping-plans-to-overtake-america>

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Publication	The Economist
Publication Date	April 04, 2024

**Tweet:** China is launching a new effort to drive economic growth via "new productive forces," such as photonic computing, brain-computer interfaces, and nuclear fusion; Xi has said success will be measured by TFP growth.

**Summary:** According to Mr Xi, the new productive forces will flow from the application of science and technology to production. The phrase is a signal that China's technology push should be even more ambitious than it is today, and more tightly integrated into economic production. China's leaders have promised a "whole of nation" effort to boost technological self-reliance. The central government's budget, unveiled in March, increased annual spending on science and technology by 10%, the largest percentage increase of any division. Frugal innovation, this is not. As of 2020, China was spending almost 2.9trn yuan (\$420bn, or 2.8% of GDP) on science and technology, according to Rhodium Group, a consultancy. The government's contribution exceeded 60% if generous tax breaks are included. Of the recipients, a sixth ended up with universities or research institutes. Roughly 60% flowed to companies. Related: China's Record Manufacturing Surplus and Will Xi's Manufacturing Plan Be Enough to Rescue China's Economy? and The US-China Chip War is Escalating

**Primary Topic:** China

**Topics:** China, GDP, Growth, Innovation/Research, Investment, News article, Productivity

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