Macro Roundup Article

Headline: How Xi Jinping Plans To Overtake America

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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.

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