

# A Simple China Growth Model. Implications For Hard or Soft Landing

The Chinese economy generated about 10.4 trillion USD of nominal output in 2014, representing incremental nominal output of 680 billion USD, equivalent to 7.0% growth. If the Chinese economy continues to generate this same incremental nominal output of 679 billion USD this year and next, 2015 growth will be 6.54% and 2016 growth will be 6.14%. This naïve calculation provides one potential lower bound estimate for a safe landing for the Chinese economy, that is growth rates that would not trigger significant unemployment, deflation and social unrest. On this trajectory, China will have slowed to mature market rates of growth by 2030.

Incidentally, the Economist forecasts growth of 6.90% in 2015 and 6.80% in 2016.