

In Search of Fluctuations:  
Another Look at China's Incredibly  
Stable GDP Growth  
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Starting point

Findings ->

Figure 1: Nominal and real GDP growth rates, 1998Q1-2018Q3



Stable

Close to target

Vs. nominal fluctuations

Figure 3: Real GDP growth rate and constructed series

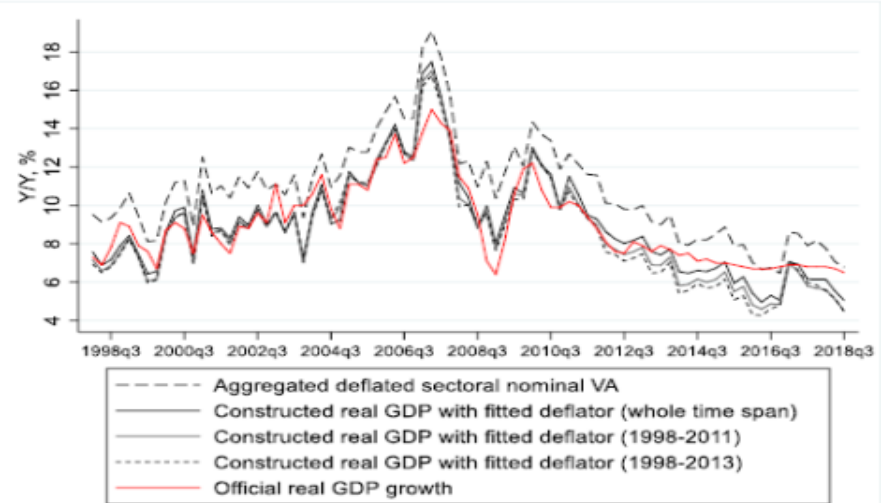
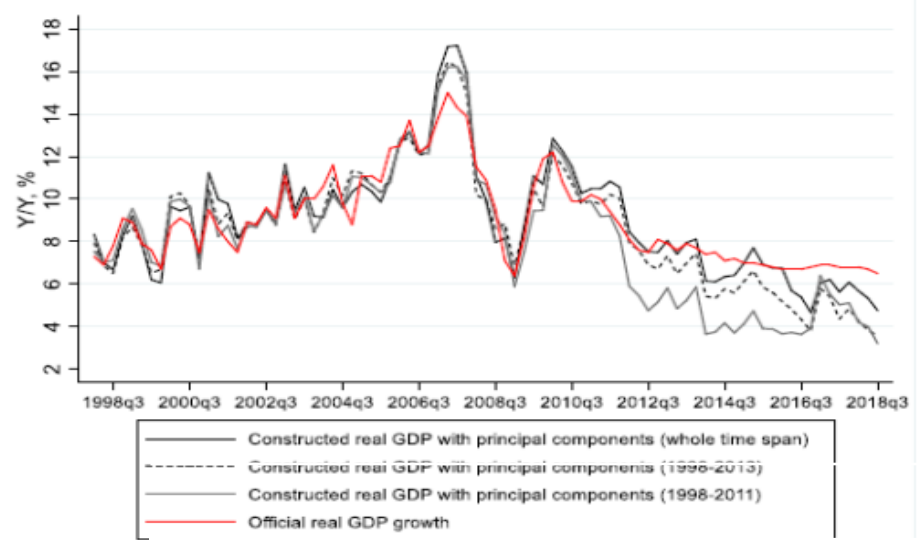


Figure 4: Real GDP growth rate and deflated series with constructed deflators



Alternatives come with fluctuations

Alternatives are lower (+2014-16 discr.)

Started by reading Holz...



-> How can I find anything wrong with the paper?

## Questions about deflators

In principle + in PRC -> meaning of GDP

Any statistical breaks in CPI series/weights (exp. categories)? (~1990)

Deflate construction using structures (construction and installation) sub-index of investment in fixed assets price index, not using full FAI price index

Missing wage deflator in principal component analysis = most important component of services deflator? (missing 'best' deflator for  $\frac{1}{2}$  of GDP?)

Consider wage changes in low-productivity-growth sector such as govern. admin.

## Highly adaptive government expenditures in the PRC – stability

Alternative estimates yield lower real GDP growth: important

-> 2 conclusions: one on fluctuations, one on level

Li Keqiang index / credit: including shadow banking? [+ slide]

Alternative explanations for findings re fluctuations?

NBS changed price index compilation procedure? De-seasonalizing?

Drop 1998-2002 from calculations

Questions about 1998/99 real growth, also fit of first principal component

Two price (deflator) effects

NBS survey teams that collect price data and NBS HQs know what's "expected"

Derivation of GDP deflator from underlying price indices (this paper)

Figure 5: overlay own estimates over others' indicators

National GDP (nominal or real) is not the sum of provincial data

NBS and provincial statistics offices use some of the same raw data

Move Year 2015 – 2017/2018 discussion of BOFIT Forecasts into appendix

NBS 2007 real growth rate is (known to be) problematic (Figure 8)

Could include in Figure 1 target growth rates of earlier years

I appreciate the clear writing style

## So goes finance growth...

Adjusted total social finance versus GDP growth (YoY %)



Note: TSF adjusted to include local and central government bonds

Sources: Wind, FT Confidential Research

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