

# **China's future in the knowledge economy**

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# **China's future in the knowledge economy**

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**Engaging the new world**

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*edited by  
Bhajan Grewal,  
Lan Xue,  
Peter Sheehan and  
Fiona Sun*

Centre for Strategic Economic Studies,  
Victoria University, and  
Tsinghua University Press

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# Preface

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In times of rapid economic and social change, many new concepts emerge as attempts are made to describe and analyse the process of change. Most of these concepts prove to be of limited value, referring only to a marginal aspect or to a passing phenomenon, and quickly drift from common use. The distinction between 'new' and 'old' industries, much beloved of market analysts during the high-tech boom, is a case in point. But it is increasingly accepted that the concept of the knowledge economy describes fundamental aspects of the present period of economic change. Quite new activities, structures and arrangements are emerging on a global basis, characterised above all by rising knowledge intensity in, and increasing globalisation of, processes for the creation, production and distribution of goods and services. This is described as the emergence of the knowledge economy.

The knowledge economy hypothesis implies that the world in which countries such as China will pursue their economic development in the coming decades will be quite different from what has gone before. That is, it will be very different from the world in which the countries of the West achieved advanced economy status, and even from that in which the Asian Tigers shot to prominence. The knowledge economy will provide the central context for China's development, conditioning the possibilities available to it and shaping the challenges to which policy and strategy must respond.

This book is about China's future in the knowledge economy. Our understanding of the knowledge economy, and of what it means for developing countries, is still very limited. Neither the process nor the final destination is yet at all clear.

It is thus appropriate that this book provides many voices – distinguished Chinese academics and scholars, Chinese practitioners and policy-makers, leading experts from the OECD and the World Bank, and academics from Australia and several other countries. Each of these represents a distinctive voice in the debate, and we hope that in total this volume contributes to a better understanding of this central issue facing China and its people. On behalf of my fellow editors, I thank the contributors for their participation in the original conference in Beijing in 1999 and for revising their papers for inclusion in this volume.

The present volume is a major output from a project funded by AusAID entitled ‘China and the Knowledge Economy’. We are most grateful to AusAID for that support, and to Kanya Schwinghamer and her colleagues at IDP Australia for their generous and helpful administration of the support. The collaborating partners from China in the project were the Ministry of Science and Technology, Tsinghua University and the Chinese Academy of Sciences. We are particularly indebted to Feng Xuan and Xielin Liu from the Ministry, and to Lan Xue from Tsinghua and Fang Xin from the Academy of Science, for their willing and highly professional collaboration. Their involvement was central to the intellectual development of the work, and their generous spirit meant that the collaboration was a great pleasure for all concerned. We are particularly grateful to Feng Xuan, who was the original driving force of the project from the Chinese end, and to Lan Xue, who remained the central co-ordinating person up to the completion of the present volume.

Within the Centre for Strategic Economic Studies, Fiona Sun has played a vital co-ordinating role, from the original assembly of the collaborating group and the organisation of the Beijing conference down to her various contributions to the present volume. Her unique mixture of academic expertise and of the ability to co-ordinate activities in different cultures was vital to the success of the collaborative process. As the volume has taken shape, Margarita Kumnick has played an increasingly important role. She has pulled together a wide range of organisational and information matters with great skill and patience, as well as reviewing the entire volume on several occasions. Finally, I would like to express our thanks to our fellow editor, Bhajan Grewal, without whose commitment and expertise this project could not have been brought to completion. Among many other contributions, he took the prime responsibility for the preparation of the introductions to each part of this volume. We hope that these introductions will be useful in guiding readers to the papers in which they are particularly interested.

The editorial task in this volume was especially difficult, as it involved authors from very different traditions writing originally in English and in Mandarin. The detailed editorial work was undertaken by Carla Taines, and required all of her very considerable expertise and experience over quite a long period. We are most grateful to her, to Derrick Stone, who produced an attractive volume through his skilled work on design, layout and typesetting, and to Alan Walker who prepared the index.

All the editors are also grateful to Tsinghua University Press for agreeing to co-publish this book and also a subsequent Chinese language edition. The work of translating papers written initially in English into Chinese was undertaken by Fiona Sun, Guo Yan and Dexin Yang in Melbourne and by Lan Xue and his colleagues at Tsinghua University.

As I have said, we do not know where the knowledge economy is leading us, nor what it means for developing countries such as China. Our hope is that the various perspectives provided in this book will assist policy-makers in China in responding to the massive challenges that it will present.

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