

Preface

Since 1949, China has adopted a heavy-industry-oriented development strategy in the attempt to support technological development and national defense and to catch up with the developed countries. Moreover, the Chinese technology policy reveals a historically rooted concern about technological autonomy. An indigenous technological capability would reduce the country's dependence on foreign technology, especially from Japan and the USA. China's industrial structure has favored capital-intensive heavy industry since then (Holz and Tian Zhu 2002, p. 88). To ensure that enterprises would follow the state's orders, and to ensure that surpluses would be used to fulfill the state's strategic goals, state ownership was adopted for the enterprises. That is, the state ownership of enterprises was established to meet the state's strategic goals. Through state ownership the state could exercise control over revenues and surpluses according to its strategic goals. Accordingly, a substantial portion of state-owned enterprises (SOEs), especially the large ones, have high capital intensity. SOEs were also assigned the best managerial staff, technicians, and workers (Lin et al. 1999, pp. 66–71).

Since the end of 1970s, the technological determinism logic has been further emphasized: According to Marxism, the forces of production (technology) are the determinants of social and economic transitions. China has also struggled to achieve a “rich country, and a strong army” (*fuguo, qiangbing*). A high-technology economy would lay the foundation for future improvements in military power. Hence, acquisition and innovation of technology, the transformation of “advanced” technology, and the development of the productive forces, embodied in the term “Four Modernizations” were further emphasized as China's strategic goal (Gabriel 2006, pp. 4–6). But the existing Central Planning System could not generate sufficient surplus to fund the acquisition, innovation, and transformation of technology. The “Four Modernizations” would require more fundamental economic reforms to establish the framework of a market economy, to liberate and expand the productive forces, to improve efficiency, and to generate more surpluses for the modernization project (Gabriel 2006, p. 36). On the one hand, in the state sector the state ownership is still significant in managing the transition, particularly in orchestrating the adoption and coordinating the innovation of advanced technologies (Gabriel 2006, p. 4), such as semiconductors, new materials, and new energy sources. This strategy of using the core competitiveness of “coordination” to absorb and improve new technology and

to build up an incremental innovation system is similar to that in other coordinated market economies, like those of Japan and Germany. On the other hand, China is pursuing another strategy to acquire a different kind of innovation system – radical innovation system. This aim is achieved via building up core competitiveness in information technologies in the private sector, which is similar to that in liberal market economies, like those of the USA and the UK. In its private sector, China has developed nongovernmental high-technology enterprises (*minying keji qiye*) in the information industries.

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