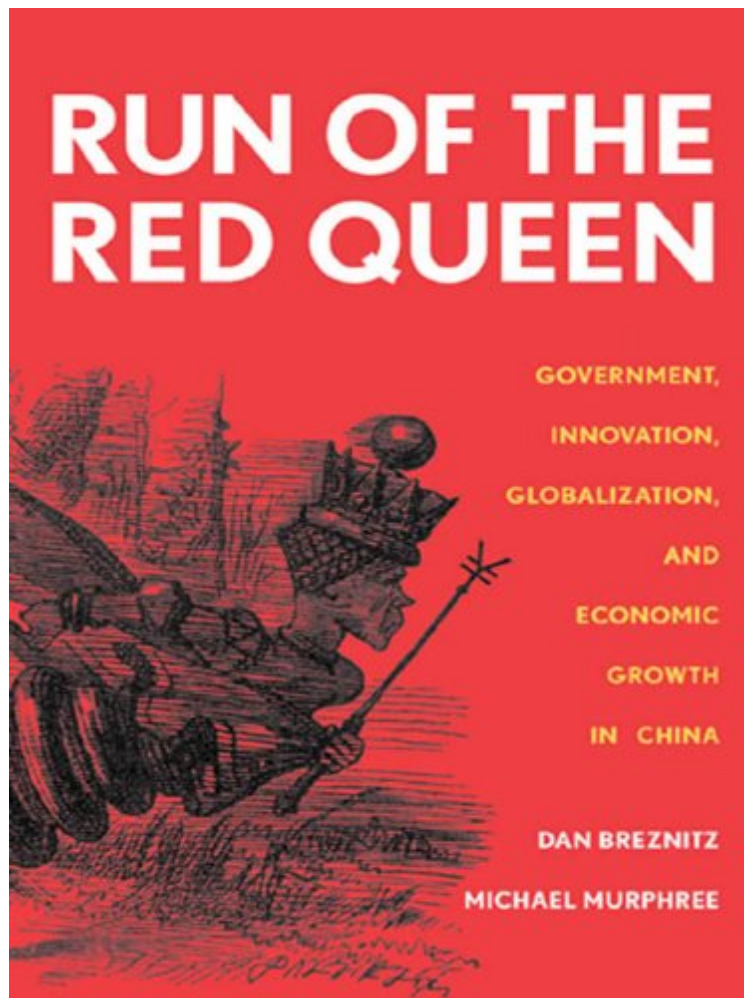


(Free) Run of the Red Queen: Government, Innovation, Globalization, and Economic Growth in China

# Run of the Red Queen: Government, Innovation, Globalization, and Economic Growth in China

*Dan Breznitz, Michael Murphree*

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**Dan Breznitz, Michael Murphree : Run of the Red Queen: Government, Innovation, Globalization, and Economic Growth in China** before purchasing it in order to gauge whether or not it would be worth my time, and all praised Run of the Red Queen: Government, Innovation, Globalization, and Economic Growth in China:

9 of 9 people found the following review helpful. Run of the Red Queen By JG This book by Breznitz and Murphree is excellent. With rigorous analysis, the authors arrive at important conclusions, including these three: (1) Global production can obscure which stage or stages of innovation generate optimal growth benefits. This has significant implications for business strategy and public policy. (2) Global production often involves disparate stages, and different innovation capabilities become necessary in the same industry. This leads to divergent and sustainable models of innovation that look nothing like Silicon Valley models. (3) China's innovation model, which has been

immensely beneficial to China and is sustainable for at least the next five years, is the opposite of what the central government in Beijing had intended, and central government policies are the main threat to continuation of China's economic success. Breznitz and Murphee are thorough and thoughtful in their explanations, and *Run of the Red Queen* is a requisite read.

5 of 5 people found the following review helpful. A solid book but it can be better (as always) By Yao

Overall, I find the book an interesting read, and enjoy the bits about the institutional details. As for the reasons why China is not successful in cutting-edge innovation, the views of the book are reasonable but not surprising to me. I agree that the constant but incoherent intervention of the governments is the main problem and that at this stage, it is not important for China to engage extensively in frontier innovations. That the book's views are not surprising to me is probably due to my background. My parents had worked for local governments in China, and I had worked in an SOE and later a private company in China. Currently I am an academic researcher in the US and my research touches on innovation in China (hence my interests in this book). Personally, I believe a few other factors also contributed to the lack of success. First, the system of funding university research projects is highly inefficient (see this critical article by two prominent Chinese scientists on the Science magazine: [...], leading to waste of vast amounts of research money. This is an important aspect of the national institution which is not covered in the book. Second, there is also a scarcity of highly educated scientists and engineers with experience in cutting edge research, although rank-and-file engineers are abundant. The current environment in China does not attract enough of the best overseas Chinese (let alone foreign) scientists and engineers to migrate to China yet. It's more difficult for them to find in China the type of employers they prefer, e.g. Intel. It's true that Intel has research facilities in China, but it's unlikely they have moved their most valuable research to China. Third, while China boasts great manufacturing capacity in many products, it does not produce the best high-precision machinery which is required for making advanced high-tech products such as computer chips and airplane engines. I would say this is a lack of manufacturing capacity at the top end. On the research methodology side, I would love to see a survey of executives on what they think are the most severe impediments to long-term RD. This would provide direct evidence on the link from weak institution to weak frontier innovation performance suggested in the book. Since RDs are carried out by firms and individuals, it's crucial to get an direct account of their behavior.

2 of 2 people found the following review helpful. High theoretical and practical values to understand innovation and economic growth in mainland China By Hubert Shea

In this book, two professors from Georgia Institute of Technology have refuted the widely-held belief that sustainable economic growth of a country is highly contingent on novel-product innovation and new-technology creation. Data collected from numerous interviews of Chinese entrepreneurs, government officers, academics, and senior executives have revealed that mainland China has established its formidable competitive capacity by following the "run of the Red Queen" development model to sustain for mid-to-long-term economic growth. The underlying assumptions of the "run of the Red Queen" development model are that economic growth does not solely rely on novel product innovation and creation of new technology. Analogous to Japanese and Korean experience, a country is not required to go beyond the cusp of the technological frontier so long as it can run fast enough into new niches on the basis of the original innovation. According to the authors, this development model is relevant and resilient to the China context for three key reasons. First, the overall institutional environment in mainland China cannot provide an incentive to economic actors and agents to be nuts about novel product innovation because of high level of structured uncertainty and low level of institutionalization (P.48). Second, the emergence of globally fragmented production in international economic system has resulted in interfirm trade in components and services that creates huge business opportunities to suppliers in emerging economies (P.14). For example, Apple is the original innovator of iPod and iPhone. They concentrate on RD but outsource or offshore production to manufacturers (Foxconn) in mainland China. Third, mainland China has a huge consumer market (1.3 billion population) (P.201) for second-generation innovation. Baidu, the dominant Chinese search engine and defines itself as the Chinese Google (P.80), and xiaolingtong (XTL), a personal hand-phone system of locally enabled mobile phones (P.59), are direct copies of original innovation from elsewhere (US and Japan). This book has high theoretical and practical values. In theory, the authors have adopted North's institutional theory to demystify the connection between novel innovation and national/regional politics in mainland China. Moreover, the authors also prompts readers to rethink theoretical connection between innovation and economic growth in which sustainable economic growth can be derived from imitation and second-generation innovation. In practice, this book guides readers to understand IT industry in three key economic cities/regions (Beijing, Shanghai, Pearl River Delta) under different political, economic, and policy models (Chapter 3, 4, 5). It is worthwhile for business executives from MNCs to understand that mainland China cannot be viewed as a single market from legal, political, economic, and market perspectives. More importantly, this book also provide insightful ideas to Chinese policy makers. Without having a stable institutional environment (i.e. protection of intellectual property right), the intention of building of a strong and independent innovative capacity in mainland China will continue to become a castle in the air. This book is highly recommended to readers who are interested in innovation, politics, and economic development in mainland China and other emerging economies.

Few observers are unimpressed by the economic ambition of China or by the nations remarkable rate of growth. But

what does the future hold? This meticulously researched book closely examines the strengths and weaknesses of the Chinese economic system to discover where the nation may be headed and what the Chinese experience reveals about emerging market economies. The authors find that contrary to popular belief, cutting edge innovation is not a prerequisite for sustained economic vitality and that China is a perfect case in point.