

Innovation in China

THE
CHENGDU
TRIANGLE

JOHN & DORIS NAISBITT



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/ Nandian village in Puyang, Dujiangyan, Chengdu



/ The Financial Center in Chengdu



/ Broad and Narrow Alleys



/ A beautiful river in Chegndu

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Preface

Forging a New Path to Sustainable Reform for China's Cities

There is no place in the world that is more dynamic than China. Wherever we are in the world, China is the Elephant in the room and it is not the question of if, but when China will challenge the only superpower, the United States of America.

During the coming years we will witness the unfolding of a bi-polar world played by China and the U.S.. But unlike the old ideologically anchored bi-polar world of the U.S. and the Soviet Union, the new world-dominance by China and the U.S. will be grounded in economics, which calls for a commitment to cooperation on the part of everyone. Despite all political posturing, economic considerations will overwhelm political considerations, as they have in fact already for many years. Companies and countries will increasingly calculate their initiatives against anticipated responses of China and the U.S..

Despite its growing importance in the global community, for many China is still relatively unknown. Often seen as a threatening monolith, there is little understanding about its diversity, the different stages of its unevenly spread development and its strategy for the future. China's strategy does have a central and overall goal, but it only sets a frame in which provinces, regions and cities operate. Differences within that frame can be significant and offer great opportunities, but to leverage any of them it is indispensable to gain an in-depth understanding of current, local developments. Understanding a part is the key to understanding the whole.

China on the brink to fall or at the dawn as innovation nation?

To get a deeper understanding of the direction China is most likely headed we decided to choose a part of China that was taking a pioneer position in China's most urgent problems: The growing gap between rich and poor and rural and urban. We were searching for a city that would set a direction for social economic developments other parts of China could follow. We found it in the city of Chengdu, located in China's aspiring west. Regular visits confirmed our view of Chengdu's pioneering role.

Chengdu's population of 14 million was large enough to show the facets of the complexity of the problem and it was manageable enough to be able to cover the ground.

To accomplish our goal of a better understanding of Chengdu's

future development we needed the support of the local government to our various interview requests while fully respecting the independence of our research and writing. Although, our analysis and judgment of the city's issues are not in complete and mutual agreement with the current administration and many more challenges are to be tackled, Chengdu government's response could not have been more forthcoming. During the year we dedicated to our investigation of Chengdu's efforts on urban-rural integration we were able to look into all aspects of social economic change taking place in this city. We visited poor and remote villages and ultra-modern high tech parks. We discussed Chengdu's development with farmers and migrant workers, with government officials and academics, and with CEOs of international companies and local businessmen.

China is in a transition period. The leaders who have lived through the hardships of the Cultural Revolution are coming of age and will before too long be replaced by a generation who grow up in a China much more open to the world. A great part of China's population is now well educated, well informed and connected to each other. A different quality of leadership is in demand. Not only to gain the trust of the people, but also to create the environment to move from workshop of the world to innovation nation.

Innovation starts with a change in thinking, and it has to start in the leadership. Farmers and peasants must not be seen as second class citizens, but a hitherto unutilized talent pool. Leveraging their talent

will be a boost in China's goal to become an innovation nation, and building on dignity instead of welfare will improve a tense social climate. Equal access to education will enable peasants to improve their lives not on dependence courtesy of the State, but by their own merits. Thanks to comprehensive social economic reforms China's emerging middle class will increasingly be joined by the rural class that is beginning to benefit from reforms in property rights and efforts towards equalization of public service, creating a fertile ground for innovation.

For us, there are two key elements behind Chengdu's economic success and social progress. It started with a change in the mindset of Chengdu's leaders from ruling to service oriented, then an emphasis on respect for individual rights, the core for profound change in China. Chengdu might not be the only and it might not be the first city to work on it, but it is a great example how a poor region can be transformed into a city listed in Fortune Magazine as one of the world's "Best New Cities for Business".

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