

---

## Preface

It is news to no-one that China's influence in the world economy and in international affairs has been growing very rapidly over the past few decades. To some this is a threat, to others a promise, but for most, it is a mystery.

In this new edition of an already remarkable book published by the Development Centre in 1998, Angus Maddison provides a detailed analysis of the development of the Chinese economy over the past millennium and the prospects for the next quarter century. He demonstrates that Chinese per capita income was higher than that of Europe from the tenth to the early fifteenth century and it was the world's biggest economy for several centuries thereafter, before falling into decline. Its extraordinary progress in the reform period since 1978 has been a resurrection, not a miracle and it is likely to resume its normal position as the world's number one economy by 2015. He applies standard OECD measurement techniques to estimate the pace of Chinese progress and finds somewhat slower growth, nearly 8 per cent a year rather than the 9.6 per cent of Chinese Bureau of Statistics. Instead of using the exchange rate to measure the *level* of Chinese performance, which greatly understates China's role in the world economy, Maddison uses purchasing power parity to convert yuan into US dollars and finds that China accounted for 5 per cent of world GDP in 1978, 15 per cent in 2003 and that this is likely to rise to 23 per cent in 2030.

These conclusions are important, as the Development Centre must assess the impact of Chinese growth on the world economy and, in particular on the economies of Africa, Asia and Latin America. This new edition comes precisely when the Centre has published its own related work, richly nourished by the data and conclusions included in this book. We have drawn attention to the need for developing and emerging economies throughout the world to recognise potential weaknesses in their own performance related to growth in China, while reinforcing sectors that can benefit from it. Development Centre research, much of it related to the analyses of Angus Maddison, draws lessons from Chinese experience for other countries. At the same time, we recommend that developing countries should not simply shift their dependence from one part of the world to another but should diversify their economic partners as well as the structures of their economies in order best to benefit from the re-emergence of China.

Angus Maddison has been associated with the OECD for more than half a century. The author of twenty books on economic growth and development, nine of them published by or for the Development Centre, including the monumental 2006 book, *The World Economy*. This new edition of *Chinese Economic Performance in the Long Run* is thus but the latest in his contribution to our ambition to enhance understanding of the rise and decline of economies in order to develop policies to encourage growth and spread prosperity.

Javier Santiso  
Acting Director  
OECD Development Centre

September 2007