

History repeats

If current growth rates continue, China will be the largest economy in the world by 2015, although its large population means that on a per capita basis it will still be some distance behind western countries. India is also emerging as a dominant trading nation. The rise of both these countries as major players in the international economy is a special focus in this issue of the *Monash Business Review*.

But the *emergence* of China and India is not new. Historically, it can be seen as a *re-emergence*. For many centuries, China and India have been wealthier and more organised than most countries further West. Only in the last two hundred years have European or European-derived countries – such as those in North America or Australia – had larger economies and higher living standards.

It seems clear that the means by which China and India have re-emerged are the same as those that benefited the West in the past two centuries; trade, openness and facilitating market forces. China's trade-related openness since 1978 has been more effective than what Eslake describes in our cover story (*Catch Me If You Can*) as India's "40 years of growth-stultifying socialism". From a similar level in the 1970s, China had by 2005 a per capita GDP double that of India.

China has other advantages. It is more homogenous than India, with more than 90 per cent of the population Han Chinese. After thousands of years of central authority, a still authoritarian China is unified; India is democratic but somewhat fractious. Both countries face the same threat: it is always possible that matters of politics will intrude, as they have before, and the seemingly inexorable growth will come to an end.

For a small country like Australia, it is unlikely that an explicit choice need be made between aligning with either China or India. While Chinese growth is more neatly complementary to Australia's commodities-based economy and economic ties with India are fewer and perhaps more directly competitive given its development in the service sector, for Australian business schools there are great advantages in being located in this east Asian region.

Our European and US academic traditions plus the academic contacts that derive from our location in this area, combine to attract students from both of these countries that continue to grow in global dominance. These students will be the agents of future positive relationships between their nations and ours.

Owen Hughes

Deputy Dean (Education), Faculty of Business and Economics, Monash University