

# TECHNOLOGY POLICY AND THE RE-INDUSTRIALIZATION OF HONG KONG

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## Abstract

Dictionary defines "technology" as "the collection of all means by which human life is sustained and improved." This definition has never been more timely than now, when with the end of the Cold War the world's focus has shifted from military to economic security; and never more appropriate than here in East Asia, where so much of the improvement in life has been the direct result of effective use of technology.

Much of modern technology as we know it is the result of science, which itself is more concerned with the discovery of truth and knowledge than their application. The path from scientific discoveries to the full realization of their economic benefits as products and services is often long and sometimes tortuous. "Technology policy" refers to a coherent set of government policies that deliberately foster the development and application of technology. While everyone would agree that some involvement by the government is needed, there is strong disagreement on the appropriate degree and basis of government involvement. This is the basic question of technology policy and one of the issues that I propose to examine.

The great economic successes of Japan, especially in the decades of the seventies and eighties, pose a challenge to the traditional model of how investment in scientific research enables a nation to gain an industrial advantage. For an economic power with a great technology base, Japan has made relatively little investment in basic research. Instead, it has gained its competitive advantage by focusing on advanced development and manufacturing. Is this the model for the economies of East Asia? Are the United States and the countries of Europe wasting their resources by their large investments in basic research, the fruits of which must be shared with world anyway? "Should the nations with emerging economies invest in basic research?" is another question I wish to explore.

For Hong Kong these issues are particularly timely. In twenty years the manufacturing sector in Hong Kong has declined from 30% to 10% of GDP. Re-industrialization of Hong Kong would require a far more advanced technology base than that exists now. Can that be achieved without changing the traditional free-market and laissez-faire policies of Hong Kong?