

Editorial Preface by the Editor-in-Chief*

As with so many developments in the economy, the role played by individual countries in the world economy exhibits considerable cyclicity. Of course, in this case, the length of the cycles should be measured in centuries rather than years. Until the end of the 18th century, approximately half of global GDP was generated by Asian economies (especially by China and India). After this, the Industrial Revolution and later the technological progress of the 20th century led to the primacy of first Europe then the United States of America. The past decades saw the unprecedented growth of the Chinese economy, which may induce further changes in the development of the spheres of economic influence. In recent decades, the People's Republic of China (from now on sometimes referred to as China) has become one of the major players in the global economy. The subtle shifts of the Chinese economy play a central role in the development of commodity prices and exercise a significant influence over the growth prospects of developed countries as well as the global financial market sentiment.

Moreover, China has been growing dynamically for decades now, following a model that diverged substantially in several regards from the one recommended by mainstream economists. Meanwhile, of course, the People's Republic of China has also changed completely: primarily from an economic and financial perspective, but these changes also entailed new trends such as urbanisation, during which large cities full of skyscrapers cropped up, practically out of thin air. The everyday life, habits and clothes of the Chinese population are vastly different from those a couple of decades ago, not to mention the period of the Cultural Revolution.

As the economy gained prominence, almost all think tanks have started considering it a priority to understand and continuously and comprehensively analyse the characteristics of the Chinese economy, society and financial markets. The current special issue of the *Financial and Economic Review* has undertaken to do precisely this.

In our publication, we show what today's China is like, and attempt to solve the mystery of what China has achieved and whether it will be able to break loose permanently from the status of moderately developed countries. A large proportion of the articles can envisage the further rapid progress of the economy. We touch upon Chinese monetary policy, financial supervision, the mobile payment system, the outward direct investment and the change in the global role of the Chinese currency, the renminbi.

We hope that the topics and issues mentioned in the studies encourage further thinking in the Hungarian professional public, which may spark professional discussions facilitating the development of the Hungarian economy.

Barnabás Virág

* The views expressed in this paper are those of the author(s) and do not necessarily reflect the official view of the Magyar Nemzeti Bank.