

## China Development Forum 2024 The Continuous Development of China

### Symposium on AI Development and Governance (Dialogue)

Hosted by the Development Research Centre of the State Council (DRC) and organized by the China Development Research Foundation (CDRF), the China Development Forum (CDF) 2024 was held at Diaoyutai State Guesthouse in Beijing from March 24th to March 25th. The "Symposium on AI Development and Governance" took place on the afternoon of March 24. Notably, Li Shi, Distinguished Professor, Zhejiang University, and James Heckman, Professor, Chicago University; 2000 Nobel Laureate in Economics, participated in the dialogue session. The symposium was chaired by Zhang Shunxi, vice president of the DRC.

Over the past four decades, China has seen remarkable economic growth, yet some imbalances persist within the social sphere. Heckman has previously explored the roots of income disparity, including variations in human capital investment. On this note, Li Shi expressed the hope that Heckman would elucidate the significance of human capital in fostering equity, particularly the strategies for enhancing human capital investment to attain common prosperity in China.

Heckman highlighted that China has significantly advanced in enhancing income distribution compared to 20 or 30 years ago, securing equality for the vast majority. The issue of investing in human capital is not unique to China; it is a global challenge. As the global economy and society evolve, conflicts and pressures coexist with constant innovation, making adaptability and skill enhancement ever more crucial. Currently, the rapid pace of global development, with developed economies focusing on labor division and specialization, demands greater human development and skill. Simultaneously, it presents increasing opportunities worldwide, particularly in specialization, prompting the creation of numerous new fields. Innovative thinking needs to be applied, keeping pace with the times and reacting quickly. The notion of intelligence (IQ) includes the capacity to understand and discern various matters. Exceptional talents, aiming to enhance their intelligence and capabilities, should not only tackle practical issues but also possess a thorough grasp of global development and needs, understand the core of developmental challenges, and methodically solve problems across different categories. This calls for an emphasis on education and prioritizing crucial sectors. Whether through emulation or self-reliance, by choosing appropriate paths to boost competitiveness and manage life effectively, more and superior opportunities can be created, thereby diminishing inequality.

Li Shi emphasized that in today's society, particularly within the digital economy era, there's a need to nurture skilled talent, signifying the need for further investment in education.

Heckman observed that there's considerable discourse on the digital economy today. Undoubtedly, AI will take over some complex, repetitive, and monotonous tasks. However, we should educate individuals to adapt to this era, capitalize on the opportunities offered by AI, and pursue roles that AI cannot supplant, particularly certain specialized positions. Consider lawyers: proficient lawyers have substantial paperwork, and AI can be utilized to minimize repetitive tasks and enhance work efficiency.

A top priority for the Chinese government is to spur economic growth through increased investment and the promotion of consumer spending. Heckman once categorized capital into two types: physical capital and human capital. On this matter, Li Shi inquired which type of capital investment should China intensify?

Heckman mentioned that as society grows more intricate, the importance of people's adaptability to such complexities escalates, necessitating more pragmatic knowledge and problem-solving abilities. With more problems come more opportunities. Skills must be honed accordingly, thinking creatively, innovating in action, deriving lessons from facts, and then making informed plans. As a tool, AI indeed processes information faster than humans in certain domains. It can be fully utilized to perform repetitive tasks and assist us in solving problems more efficiently.

Li Shi remarked that China has previously invested heavily in infrastructure and education. He suggested it's worth considering which sectors China should focus its future investments on.

In reply, Heckman stated that innovation plays a definitive role

in education. China, having the world's second-largest population, boasts a vast talent pool across its urban and rural regions, presenting ample opportunities for educational development. For instance, rural children in China possess significant potential for development. Employing more adaptable technologies and integrating their innate abilities will be a key focus in educational advancement. Cultivating human capital isn't limited to attending college. Innovative methods can forge an entirely new education system that bolsters economic growth.

Li Shi concurred with the notion of investing in education, and highlighted that China should shift its focus towards greater investment in human capital relative to its original emphasis on physical investment.

Heckman explained that human capital and physical capital are, in fact, complementary to each other. The more specialized the human capital, the more it attracts physical capital. The modern workforce possesses robust skills, and the more skilled they are, the higher their productivity. With an increased ability to adapt to new changes, a wealth of fresh ideas will emerge. Germany, grounded in its manufacturing industry, boasts a workforce with an exceptionally high skill level. As workers adapt to technological shifts through skill updates and iterations, they generate numerous new ideas, leading to more innovative practices within businesses.

CDRF has conducted various research initiatives in the field of education, positively influencing many aspects. Heckman's research with CDRF revealed that while schools might have been the primary learning setting in the past, vocational education now

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often includes not only teachers but also parents. Our understanding of education and learning has evolved, and by engaging families and parents more actively and deeply, better educational outcomes can be achieved.

Li Shi emphasized that innovation is vital for the advancement of AI, and that innovation relies heavily on the education system and teaching methods.

Should China's education system and teaching methods undergo refinement to accelerate progress in the field of AI? Heckman noted that China's students often hold a reverence for authority. To ignite their creativity, students should be encouraged to question authority and recognize their own creative potential, thereby bringing their ideas to life.

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--Background Information--

Under the mandate 'Engaging with the world for common prosperity', China Development Forum (CDF) serves as an important platform for Chinese government to carry out candid exchanges and discussions with leaders of global businesses and international organizations as well as foreign and Chinese scholars. Initiated in 2000, CDF has made remarkable contributions for the policy exchange and international collaborations between China and the world.

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