

## Research on Chinese Economic Growth Momentum Based On Modern Growth Theory

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**Abstract.** Through the analysis of theory and practice, this paper finds that in the modern society, the economic growth needs certain social conditions. As endogenous growth theory points out, in the long run, the ultimate decisive forces of economic growth are the promotion of scientific and technological innovation and human capital, especially after the industrialization society. Industrialized productions need a series of social conditions, if society pushed industrialization without these conditions, like many developing countries, we will see the national economic stagnation and even backwards. In developed countries, economic growth is a more common phenomenon, except in a short-term recession phase of the whole cyclical fluctuations. In ordinary years the western countries can always obtain certain economic growth rates, although compared with some developing countries, the rate is lower, but developed countries is not easier to fall in long-term stagnation than developing countries.

### Introduction

With the changes in the Chinese economy and the world economy, the Chinese economy began to quietly enter a crossroad. In China, with the development of the economy and the disappearance of the demographic dividend, China is facing increasing pressure for wage increases, which offset the cost advantages of Chinese manufacturing to a considerable extent, the existing workers in technical capabilities, scientific and cultural aspects of the new development does not seem to match the requirements of Chinese economic development had negative effects can not be ignored; the storm continued international financial and debt crisis. Not only in developed countries so greatly diminished purchasing power, but also induce the trade protectionism, China has become the biggest target of national trade protectionism. Of Chinese economic development has generated very real threat. Some countries, for various reasons, Chinese development is bound to take more stringent restrictions, including restrictions on market access, to initiate investigations of specific companies, to develop a more stringent restrictions on technology exports to China and liberalized economic rival technology China to restrict exports of industrial upgrading, to restrict the further development of Chinese economy. Faced with this new economic situation, we need to develop new ideas and development strategies, so as to ensure further healthy Chinese economy, stability and development.

Facts have proved that China wants to get in under the new historical conditions, rapid economic growth and become a moderately developed country and eventually become a developed country, we must change the mode of growth, economic growth will depend on supplies from the capital and cheap manpower transition to rely on technological innovation and enhance human capital endowments to the path, which we need to combine the theory of modern macroeconomics, to make a practical reality of China research. Here we look at the theory of economic tools chosen reason.

### The Modern Growth Theory

Theory of economic growth is one of the two important areas of contemporary macroeconomics development. The founder of modern macroeconomics is Cairns, Cairns doctrine born in Marshall, but in the long-term research and practice in politics, Cairns and gradually get rid of the Marshall School of academic paradigm, he started out of its own way. After World War I the British chronic

recession, when the prime minister Lloyd George introduced economic revitalization plan • one hundred million pounds of public investment, a move that shocked economists, Keynes wrote specifically to defend, this time onwards, Keynes deviated from Marshall micro-economic analysis, analysis of the total embarked on the road. In 1936, Keynes published "Employment, Interest and Money General Theory", marking the birth of modern macroeconomics, modern macroeconomics any one school, you can see Keynes academic paradigm created by the impact.

But from the perspective of the history of economic development, Keynes's theory is not complicated. It does not make economic growth ponder and answer questions, but failed to tell people the power and source of economic growth lies. The reason is that Keynesian macroeconomic theory is the 1920 British economy long-term depression and subsequent Great Depression of the product worldwide, with a strong contingency color, theoretically not fully self-consistent, is essentially a short-term analysis, failed to studies made long-term economic performance and growth, this shortcoming, by Keynes and American economist Solow Ramsay students are filled.

Early in 1928, Keynes proposed student Ramsey optimal savings path model which is a variational method, referred to as the Ramsey model. After Ramsey proposed model, its approach is too advanced, and yet many of the concepts of macroeconomics molding, Ramsay himself and died early, forgotten by the world for nearly 40 years. 1960, David Cass and Jialin• Koopmans using new mathematical tools developed, rediscovered Ramsey model and modify some rough edges, so that with a modern form, and thus the model in modern literature, also known as Ramsey - Cass - Koopmans model.

From this time onwards, economic growth theory to find its own unique research methods and paradigms, Keynes was deeply affected the creation of methods to another important area - the economic cycle theory. Economic growth theory and business cycle theory is known as the two core areas of modern macroeconomics, at the forefront of modern macro-economics, the integration of these two areas have the potential, and gradually with some important measurement methods combined, creating a number of new fields.

## **The Method of Chinese Economic Growth**

**Enhance the Quality of Our Human Capital.** China in behind the industrial age, but also with China was general human capital, lack of a strong and professional related to this case in particular, appear in elite human capital. In modern industrial society, universal strong human capital as a whole is not easy to produce structural unemployment, and easier to bring advanced technologies to faster spread to various industry sectors. However, in the division of labor has not yet fully developed, specialized than general human capital, better promote the development of technology and industry differentiation, when general human capital is too strong and could lead to a considerable extent hinder the diffusion of new technology, but also difficult to form a study of advanced Western technology and culture in the country to lead the class. The reason why Chinese economic and social transformation is falter is that it has a great relationship with the absence of such a class.

**Strengthen Technological Innovation Capability of Science and Technology.** If we consider the ancient China as a huge economy, many of the Mediterranean coast and the Arab world through trade problems through the "Unity" internal state power and non-trade-oriented, and we will clearly understand, many small economies need to solve the problem of the trade in ancient China through national solved. Small economies because they do not have a unified system of bureaucratic management and material allocation system, had to spend a lot of effort to solve the problems raised in the production of, directly or indirectly, to promote the technical and scientific progress, and has between these small economies frequent communication, virtually enrich their technical and scientific system, this condition is not available in ancient China. At the same time due to the lack of support for science and technology of ancient Chinese nation, Chinese scientific challenges in the face of Western science, and the reaction of the Qing Dynasty Chinese scientific community the state is so weak it is easy to understand.

Modern Chinese economic development and modernization of the embarrassment is also here. On the one hand, the world of science and technology, especially the development speed is very fast, every five years or so there is a surge of development (reflected in the economic development of the so-called Kondratieff cycles), and China due to the institutional barriers, the heavy technology the light of science, often not completely digested and absorbed in the outcome of the last cycle, the advanced countries have begun to enter the next economic and technological development of the long-period, China was forced to cope with the next development cycle in case of indigestion, and deep-seated reasons namely excessive keen for the development of science and technology and neglect. It can be said that Chinese economic modernization falter, the key reason that is not formed their own scientific tradition in China, so the lack of in-depth ability to innovate.

**Foster Secondary Advantage.** Endogenous growth theory, the fundamental driving force and basic driving force of human capital is technological innovation where economic development, economic growth is on these two factors. On this basis, endogenous growth theory developed a number of models, but most models are based on the work of these two models, through the introduction of some special parameters to make a theoretical setting, the method does not take off and Romer Lucas scope of work, which means that steady economic growth that is the fundamental driving force that enhance human capital endowments and technological innovation.

We note, however, only if the steady growth mechanism established economies has been more mature, the economy can only rely on only enhance human capital endowments and technological innovation to achieve growth, real example is the Western countries. These countries basically completed the construction and infrastructure construction steady growth mechanism of Keynesian prescriptions for its stable economic growth situation no significant role, at least in the long run is the case. Annual economic growth in some developing countries is lower than that, but every year they maintain a certain growth rate, much higher than the volatility of the economy in developing countries is low. And although the economic development of developing countries prone to ups and downs of the volatility, but only to walk the stage of economic take-off, the pace of development has to exceed the average of developed countries. This shows that, in the transition phase of the economy, there are other factors as the driving force of economic growth, this article will these factors affect economic growth called secondary factor.

## Conclusion

Looking to the future development of Chinese economy, Chinese economic growth momentum is still abundant in the next decade, China is the key to steady economic growth in a decade formation mechanism, as long as seize the opportunity of this decade, China will establish a truly independent industrial system and technology system, and this system will play an important independent role in the whole world. We can say that the Chinese people have an unlimited ability to innovate, do a solid job as long as enhance local technological innovation, make the depth of promoting new industrialization, enhance the work of national human capital endowments and actively support the development of high-tech private enterprise. This innovation potential will be fully developed and Chinese economy will also enter a new level of development. In next decades, Chinese industrial base will fully absorb foreign advanced technology, combined with the strength of their basic subjects and will make some major original innovation and a lot of secondary innovation, and train a large number of experienced entrepreneurs, technical staff, managers and skilled workers, these valuable talent will be a valuable asset in Chinese sustained economic development, it is important to ensure steady economic growth in China mechanism formation. We believe that within the next ten years, Chinese economy will grow at a high speed and ultimately realize the formation of local steady growth mechanism.

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