

Research on the Endogenous Growth Theory and Chinese Economic Growth

Danlin Li^{1, a}

¹Jilin Business And Technology College, Jilin, China

^a6205918@qq.com

Keywords: Endogenous Growth Theory, Economic Growth, Research

Abstract. Endogenous growth theory is a new type of economic theory which was born in the 1980s, it is believed that sustained economic growth momentum not only comes from the two factors of capital and labor in the traditional theory, technological innovation and progress is more important. Compared to traditional economic theory, endogenous growth theory can better explain the continued growth potential source of economy, as well as a monopoly in some positive era of knowledge economy. For China's current economic situation, increasing investment in human capital, improving human capital mobility, making measures to protect the development of policies and knowledge innovation, and reforming education investment structure, promoting the development has a guiding significance of vocational education.

Introduction

In the modern theory of economic growth, a factor in the development of the social economy of labor, capital and technological factors composition, from classical economic theory began, people role of labor and capital factors to have a more comprehensive understanding, but for technical progress on economic development the impact, but it has a larger debate, and our understanding of technological progress is even more late. Therefore, in the case of developed countries have developed the relatively large high-tech industries, and has produced some of the economic benefits of how to develop an effective policy to promote the technology to catch up the knowledge economy, for our country to achieve sustainable economic development has a positive meaning.

Development and Significance of Endogenous Growth Theory

The Main Contents of Endogenous Growth Theory. Endogenous growth theory is produced in the 1980s a western economic theory, it thinks the economy can not rely on external force and self-sustained growth, and its growth drivers are endogenous technological progress, its representation theory was promoted by the Romer and Lucas. Romer believes economic development resource utilization of knowledge resources need to consider not just the traditional theory of natural resources. In his theory of economic growth, an effective knowledge and technology is to promote economic growth sources, such resources on the one hand there is a strong reproducibility, on the other hand knowledge and technology can be constantly enriched accumulate over time, so as to promote economic continued growth; economic theory in Lucas, his human capital as the main drivers of economic growth (as opposed to the physical capital), with different knowledge resources, human capital there is a diminishing marginal effect, a region knowledge resources within the unlimited accumulation of human capital and the number is limited by population and education resources. But whether it is or Lucas Romer, we believe that the fundamental factor in promoting sustained economic growth and technological progress, a region in order to achieve sustained economic development, the key is a steady stream of capital investment in education and technical personnel to absorb.

Advantages of Endogenous Growth Theory. In traditional economic theory, economic driving force mainly from two factors of capital and labor, but can not explain the long-term sustainable economic growth reason. Endogenous growth theory, Roemer well integrated into the technical factors, and a detailed explanation of the source of technological progress, namely, human capital

from formal education or vocational training and scientific research generated knowledge resources inventions produced by together form, culminating in a long-term sustainable economic growth; the same time, endogenous growth theory and the traditional growth theory views on monopoly there are differences: the traditional economic growth theory that competition is the driving force of growth, and the monopoly is detrimental enthusiasm for economic growth. Romer endogenous growth theory is that, for personal or small-scale research and development team, has a monopoly of intellectual property rights can encourage ongoing research and development work, and for large-scale research institutes, scientific research personnel contribute monopoly coverage and focus R & D resources, and technical compared to capital and labor has an overflow, and is noncompetitive its large-scale investment in output to some extent, for sustained economic growth is a positive.

The Practical Significance of Endogenous Growth Theory in Our Country. At twentieth century, by the Organisation for Economic Co-operation and Development "knowledge economy" to support the current driving force of world economic development, and human capital has been represented by the traditional industrial investment into knowledge and intelligence elements. Eighties of the last century created a large number of medium-sized intelligence collection has grown to a group of high-tech giants such as IBM, Microsoft, Google, Apple, etc., in the world economic development especially dazzling. In this environment, the situation of China's economic development is more opportunities and development in parallel. "Twelve Five" period, China's scientific and technological progress to economic contribution rate has increased to 55.1%, the high-tech output value accounted for the proportion of GDP reached 18.7%, the driving force of economic and technological progress is evident. But Compared to developed countries, China's economic growth and the advancement of knowledge of the interactions is still not strong, the growth of knowledge, technological progress and personnel training mainly rely on the state's investment policy, rather than by increasing revenue from economic growth brought driven . On the other hand, the national fiscal expenditure in the gross domestic product (GDP) is an important measure of economic growth impetus. This proportion was 9% in developed countries, the world average of around 7%, while the index of the currently reached only 4% of base level.

The Economic Growth Measures in China and Endogenous Growth Theory

Increase Investment in Human Capital. In the early stage of economic development, resource-rich areas easy access to a rapid growth rate, and with the upgrading of industries, the importance of knowledge resources gradually reflected. According to Lucas, the human capital theory, an important measure to increase technological progress is to increase investment in human capital. In our current investment structure, investment in the underdeveloped areas is often limited to investment in physical capital, but do not change the poor areas of materials, the low quality of the population and other fundamental issues. Governments need to recognize that investment in human capital in the broad sense, including health care, vocational training, formal education, and the current number of labor is still relatively abundant and the main task is to improve the quality of human resources, increase the intensity of investment in education.

Optimize the Education Investment Structure. In the overall investment no longer able to increase the premise of all educational levels, optimize the structure of investment, the investment is to improve efficiency, optimize the allocation of resources and effective means to improve the level of education. According to current statistics, China's investment in education for the majority of people educated small proportion of higher education, and a lot of investment to higher education but because of touch with social needs, should not receive money. So on the one hand of the need to increase investment in basic education to meet the educational needs of common sense, and in order to address social needs and bridge the gap between higher education, application training should increase investment in higher education, but also with developed countries on vocational training and continuing investment in education experience to support the development of vocational education. Governments at all levels need to support a variety of private schools and school-enterprise co-training institutions to support the school system in various forms. Paying

particular attention to optimize the investment structure of education needs to stimulate economic development for the express purpose, and ultimately economic investment in education.

Sound Human Capital Flow Mechanism. Apart from the urgent need to increase investment in human capital, the existing human capital flow mechanism, there are some problems that affect the efficiency of existing human resources. On the one hand, the less developed regions of the corporate sector there is a lot of demand for high-quality talent, talent in urgent need of additional knowledge; but on the other hand, in the north of Guangzhou and other economically developed areas of education, high-tech talent universities and research institutes of the large backlog, It did not achieve the desired value. Therefore, the government needs to develop and guide personnel between research institutes and enterprises flow to ensure efficient use of knowledge-based talent. At the same time the government needs to take measures to encourage market-oriented research units, according to market research and deployment of economic resources so that human resources are more efficiently utilized.

Formulate Relevant Policies to Promote Technological Progress. In our current economic situation, the stimulus of government policy still has a large influence. Therefore we recommended that the government develop a reasonable policy to stimulate technological advances, providing tax, financial subsidies and other policy support for the development of high-tech enterprises based on endogenous growth theory. The most important is to strengthen the research investment, encourage enterprises and research institutes to build R & D base to ensure effective competition mechanism, reform knowledge management, technological innovation management, human resources management systems. Special needs of that knowledge and technological progress need to protect property rights policy management. Only R & D personnel to protect the legitimate rights and interests are not compromised, in order to promote their ongoing knowledge and technological innovation.

Conclusion

In the traditional classical economic theory, since setting the capital and labor as the main indicator of economic growth, so that economic growth will come to a standstill and a series of wrong conclusions and cannot explain the sustained growth of the global economy in the new century. Resulting in the 1980's the endogenous growth theory has attracted public attention because of its technical considerations into economic growth reference factor, more accurately interpret the law in the knowledge economy environment for economic development, the development of the world economy development policy provides a reference, especially for the formulation and implementation of economic and technology policy in our country and other developing countries have a greater positive significance.

References

- [1] Ding Jianwei: Journal of Economic Review, Vol. 14 (2009) No 53, p.6-8
- [2] Jiao Cong: Economic and Technological Cooperation, Vol. 13 (2014) No 27, p.16-17