Abstract:
The power of Chinese economy and its market has attracted the most of global foreign investment from multinational enterprises. The sustainable economic growth of China could be very important for all global economies, either developed or developing countries. In the early stage as a developing country, China lacking capital to develop its market and production opens for foreign investment and relevant capitalistic knowledge. The importance of foreign investment for economic growth of China is emphasized in most of research papers. The successful strategy for the economic development of great China with the most population in world is to set up new economic zones close to Hong Kong and Taiwan for the foreign investment from western countries and especially the overseas Chinese including from Taiwan, Singapore, and Southeastern Asia. The competitive advantage of China in 1980s over the New Industrialized Countries (NIC) is that it provides the abundant natural resource and human power for the multinational companies in NIC into the fierce global competition.
The contagion theory also approved that the new economic zones lead the national wide economic boom in China. The local economies in China share the same benefits gradually dispersed from the success of new economic zones. However, the corporate governance and financial infrastructure is the foundation for sustainable economic development, and they could be taken into consideration seriously since the Asian Crisis in 1997. This paper provides the historical review of economic development of the other Asian countries in accordance with technology ladder theory, and therefore China could form its strategy to both maintain its consistent economic growth and face the global competition. The paper will suggest that the authority of China should shift its economy from the labour-intensity industry to capital-intensity and knowledge-intensity industries along with the nourishment of high-quality working human resource and stability of social movement.