

# Economic Geography and Economic Policy of Regional Industrial Agglomeration

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**Abstract:** This paper uses the analytical framework of new economic geography to discuss the impact of economic geography and economic policies on industrial agglomeration, and the factors that lead to industrial agglomeration in China. This paper proposes a tentative analytical framework: public service input and public service quality jointly change public service output and then have an impact on regional industrial agglomeration, which ultimately leads to an unbalanced pattern of regional development between the center and the periphery. For areas with high investment in public services and low quality, the quality of public services is an important condition for promoting regional industrial agglomeration. Therefore, the government should improve the public service supply system. Improve the quality of public services. With the continuous advancement of the industrialization process, my country's urban industrial structure has begun to show obvious characteristics of industrial agglomeration. Secondly, rationally play the role of the government, and under the guidance of the market mechanism, selectively use industrial policies to support the agglomerated development of industrial types suitable for the city's own economic development; then, incorporate the consumer service industry into the industrial development plan to promote the synergistic effect of urban industries.

## 1. Introduction

China's reform and opening up follows a gradual advancement model. In the process of regional development, the Chinese government hopes that the coastal areas can develop first, and then drive the development of the interior[1]. Enterprises of different scales benefit from different types of agglomeration economies in cities of different scales, and coastal cities benefit from external economies, which further promotes industrial agglomeration, especially the agglomeration of different industries. It is an indisputable fact that although our country has been committed to transforming from a planned economy to a market economy, expanding domestic demand and establishing a free and unified internal market, most provinces, cities and regions still ignore the overall national development plan and the arrangement of regional division of labor, which violates the comparative advantage of the division of labor. Moreover, with the continuous advancement of the industrialization process, China's urban industrial structure has begun to show a trend of transition from industry-led to service-led, and the service industry also presents obvious industrial agglomeration characteristics in cities [2]. Among them, with the continuous expansion and extension of the industrial value chain, urban functions show a trend of specialized division of labor, and industrial agglomeration is the embodiment of the division of labor in the form of spatial organization.

China's experience is not unique, in fact many developing countries and countries with economies in transition [3]. After the economic opening, the gap between regions continued to widen, and a more basic fact was that industrial production agglomerated in these countries. These phenomena challenge the neoclassical growth theory. Existing research only focuses on examining the role of new economic geography factors on industrial agglomeration, but ignores the role of other factors such as economic policies, which have been proven in empirical tests of growth theory and regional economic theory is very important, compared with the existing literature [4]. The urbanization process also has an important impact on industrial agglomeration, and the trend of urbanization level decreasing from east to west also leads to significant differences in industrial

agglomeration. We agree with this point of view, but it should be pointed out that the relationship between the distribution of factors and the differences in regional industrial development is a two-way interaction, so the differences in factors themselves are not the ultimate determinants of regional industrial development.

## **2. Actively Promote Farmers' Transfer**

Cities are places where the population lives in a large scale, and have high scale and agglomeration benefits, which are conducive to the development of non-agricultural industries; rural areas are places where the population lives in a small-scale scattered manner, lacking economies of scale and agglomeration, which is not conducive to the development of non-agricultural industries. This is the main reason for the gap between urban and rural areas. The understanding that farmers enter the big system of cities will give full play to their abilities through non-agricultural employment [5]. The agglomeration of rural population to cities, especially central cities, is essentially a transfer from areas with poor non-agricultural development conditions to areas with good conditions, which is beneficial to the development of non-agricultural industries and the increase of residents' income. The fundamental way to eliminate the gap between urban and rural areas and solve the three rural problems is to promote the concentration and agglomeration of non-agricultural industries and the continuous and stable transfer of farmers to cities and towns, and on this basis, to promote the moderate concentration of rural arable land and the large-scale operation of agriculture.

Comparing the various development paths, the way for farmers to go to the city is more, faster and more economical, and the way for non-agricultural industries to go to the countryside is a way of less, slower and less expensive. In order to increase the speed of development, there should be pressure to maintain, and more energy and investment should be used to promote farmers to enter the city, instead of saving farmers on the spot in the countryside through pepper-sprinkling investment [6]. Since the reform and opening up, although my country has gradually loosened the control over farmers entering cities, the dual urban-rural household registration, social security, land, and housing systems have led to a huge group of “migratory” migrant workers who can only work in cities. , cannot settle down in the city, and have to go back to their hometown in the countryside to build a house. The area is large and the utilization rate is very low. Generally speaking, in small cities with a population of less than 200,000, it is difficult for the service industry to develop rapidly, and it is difficult for the tertiary industry to increase the proportion of GDP. Movies in the countryside are mostly in the open air; movies in the city are mostly in the cinema. The reason for this difference is not government policy or the subjective desire of any leader to discriminate against peasants and prohibit the construction of movie theaters in rural areas, but the inevitable result of economic laws. Because of the small scale of rural areas and scattered living, even if a movie theater is built, its utilization rate is very low, and its benefits are poor; in large cities, where many people live together, the utilization rate of movie theaters is high, and its benefits are good. In view of the lessons of the past, we engage in large-scale Actions should be made cautiously, and the promotion of advanced models in rural areas should be fully demonstrated in terms of universality and foresight, and advanced models without universality should not be promoted. The construction of new rural areas with village reunification as the main form should first be carried out in urban suburbs, non-agricultural industry agglomeration areas and other places where non-agricultural industries have a foundation and good prospects, and the main criterion is whether farmers can achieve non-agricultural employment. After the villages in these areas are withdrawn and merged, farmers basically no longer engage in agriculture, and can engage in non-agricultural industries to increase their income; instead of living in exclusive courtyards, they live in communities composed of high and multi-storey buildings to save land; the land saved is mainly used for Non-agricultural industries to increase economic value; link to cities for economies of scale [7].

Non-agricultural industries should be planned and distributed according to the industrial base, comparative advantages and development prospects. The population, especially the rural population, should be concentrated and agglomerated with the agglomeration and development of

non-agricultural industries. In the same way, the population of the industrialized era should follow the sound and rapid development of non-agricultural industries. It cannot be reversed, so the development of non-agricultural industries should be adapted to the highly dispersed residential pattern formed in the farming era, and non-agricultural industries, especially industries, should be sent to the countryside. Because the result of doing so is bound to be too scattered, too slow, too much land occupation, too high cost, and intractable pollution. An important reason is that the scale of rural areas is too small, the residences are too scattered, and there is a lack of economies of scale and agglomeration, which is not conducive to the development of non-agricultural industries.

### **3. Join Forces between Urban and Rural Areas to Speed Up Industrialization and Urbanization.**

Judging from the objective laws of non-agricultural industry development and the lessons Henan has learned from developing non-agricultural industries in rural areas over the years, to achieve sound and rapid development of non-agricultural industries, industrialization and urbanization must be combined, mainly in that the foundation and conditions are relatively good. The development of non-agricultural industries in the cities and towns of China should promote the agglomeration and development of production factors in advantageous areas, advantageous towns, and advantageous parks, and form characteristic industrial clusters and industrial bases. The construction of the Central Plains Economic Zone, the realization of the rise of the Central Plains and the revitalization of Henan, is not the lack of rural areas and small towns, but the lack of large cities like those, leading and regional central cities that lack attractiveness, competitiveness, and strong radiation. Industrialization should focus on the development of characteristic and advantageous industrial clusters and bases, and urbanization should focus on the construction of three-level central cities at the provincial, municipal and county levels. Focus on optimizing the development environment and attracting industrial transfer, Focusing on urban industrial parks with good non-agricultural industry foundation, good prospects and obvious advantages, vigorously develop characteristic and advantageous industrial clusters and bases to provide strong industrial support for the rise of the Central Plains [9]. The non-equilibrium evolution model of the industrial economy is shown in Figure 1.

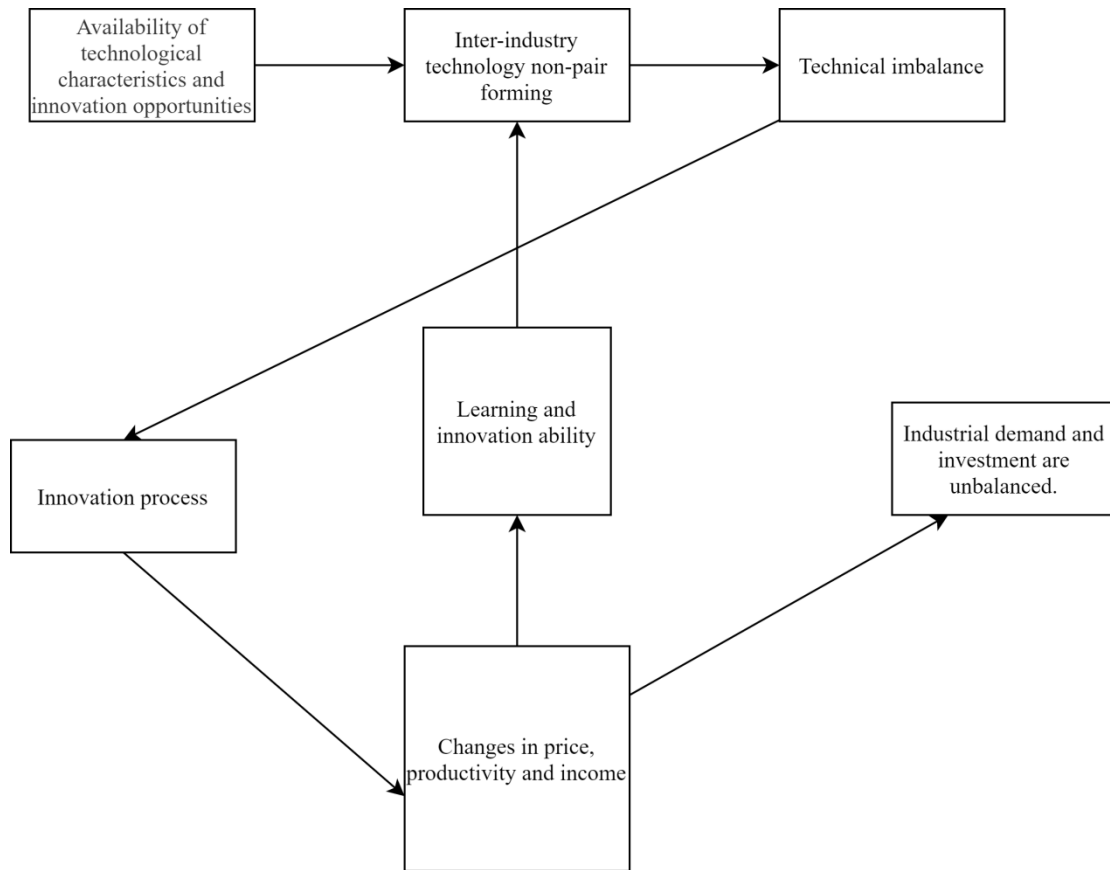


Fig.1 Non-Equilibrium Evolution Model of Industrial Economy

Implement the migrant workers-to-citizen project as soon as possible, turn those migrant workers who have the conditions into urban residents as soon as possible, take effective measures to solve their problems in urban household registration, housing, social security, and children's education, and guide, encourage, and help more farmers to enter the city. Migrant workers, do business, and integrate into the city. On the basis of continuously and steadily promoting the transfer of farmers to cities, implement rural land remediation projects, formulate policies to encourage rural remediation of hollow villages, “empty nest” courtyards and various abandoned land suitable for agriculture, and establish and improve the system for the transfer of rural land re-cultivation indicators to cities and towns Mechanism to solve the land supply bottleneck of industrialization and urbanization on the premise of ensuring that the area of cultivated land does not decrease. In addition to joint production and contracted management, various major actions have been carried out in rural areas for many years, including the early establishment of people's communes and dining halls, and later the establishment of economic unions, township enterprises, and villages. The actual effect is not very good. History has proved that the road of agricultural socialism without industrialization and urbanization is impracticable. Without the premise of a substantial reduction of farmers, it is only a populist fantasy to let the majority of farmers realize modernization in the countryside. At the same time, do a good job in agricultural infrastructure construction and rural social security to ensure the continuous improvement of grain production capacity and farmers' living standards [10].

#### 4. Steadily Promote the Construction of New Countryside.

Due to the objective dependence on the path of agricultural development caused by the better conditions for agricultural development, and the subjective influence of small peasant consciousness, village concept, and ultra-left thinking, insufficient attention has been paid to industrialization and urbanization for a long time. Even if we are engaged in industry, we must emphasize that industry should go to the countryside and develop township enterprises in the countryside. Urbanization is more about developing small towns in the countryside, engaging in a

big strategy for small towns, ignoring or controlling the development of large and medium cities consciously or unintentionally. After the villages in these areas are withdrawn and merged, farmers basically no longer engage in agriculture and can engage in non-agricultural industries to increase their income; instead of living in exclusive courtyards, they live in communities composed of high and multi-storey buildings to save land; the land saved is mainly used for Off-farm industries to increase economic value; link to cities for economies of scale. For those pure rural areas that are far from cities and towns, have a poor non-agricultural industry foundation, and have no non-agricultural industry resources such as minerals, tourism, and transportation, pilot projects can be carried out first, and it is not appropriate to fully roll out in the short term, and it is not appropriate to forcefully promote them. There must be comprehensive arrangements and practical plans for the non-agricultural employment of farmers after the village is merged, the source of funds for building new houses, the restoration of old villages and the disposal of construction wastes [11].

On the whole, cities in the region show different evolution trends of industrial agglomeration due to different resource endowments and locations. Central cities with initial market size follow the path of “agglomeration-diffusion and coexistence of agglomeration”. Due to the advantages of market size, urban industries present a virtuous cycle of agglomeration, but the limited urban resources determine the agglomeration to a certain scale. For more cost-sensitive industries such as labor-intensive industries, the transfer and diffusion from within the city will release the market space [12]. It further promotes the agglomeration of capital-intensive industries. Due to the heterogeneity of industries, cities have the characteristics of the proliferation of labor-intensive industries and the coexistence of capital-intensive industries. The surrounding general cities follow the path of “agglomeration”, but the time node of this agglomeration is After undertaking the industrial diffusion of the central city, it is dominated by labor-intensive industrial agglomeration [13]. While increasing the market size, urban wages and land rents will continue to rise. Labor-intensive manufacturing enterprises will be more sensitive to the gap between wages and land rents due to their labor-intensive use and large demand for land. The agglomeration effect brought by it is lower than the congestion effect caused by costs, etc., and the industry is the first to spread out from the central city.

## **5. Conclusions**

Eliminate administrative barriers between cities, build and improve regional transportation and communication networks, improve regional transaction efficiency, and promote the process of urban functional division of labor. The evolution of urban industrial agglomeration and the division of functional space should follow the principle of market mechanism as the main and government guidance as the supplement. The government should correctly understand the relationship between economic and industrial activities between cities under the action of the market mechanism. Accelerate and improve the construction of regional transportation infrastructure, build a dense and fast diversified transportation network, promote the rapid flow of production factors and products in the region, effectively play the role of general cities in the evacuation of industrial activities, and further strengthen the integration of general cities. Regional production function; accelerate the construction of inter-city communication facilities, build a complete information regional network, enhance industrial interaction and information sharing among cities, maximize the radiation and driving role of central cities in the region, and further strengthen the regional service functions of central cities; The relationship between the Qing government and the market, correctly understand the basic role of the government in resource allocation, break local protectionism, eliminate the phenomenon of market segmentation formed by administrative barriers, speed up the cultivation of regional market intermediary organizations, improve the rules and regulations related to industrial development, and create The relaxed policy environment and benign market environment will further improve the efficiency of intra-regional transactions and deepen the process of functional division of labor between cities.

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