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Industrial Countermeasures for Economic Development in the Central Region in Post-financial-crisis Era

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Abstract From adjusting industrial structure, strengthening industrial guidance and promoting industrial cluster, this paper puts forward the industrial countermeasures for regional economic development in Central China in post-financial-crisis era as follows. In terms of industrial structure adjustment, we should optimize the structure of agricultural production, and form agricultural industrialization operation; propel upgrading of industrial structure, and promote the concentration of industry; improve the development of service industry, and meet the diversified needs of consumers. In terms of industrial guidance, we should give priority to the development of leading industries, and foster leading enterprises; develop hi-tech industry rapidly, and cultivate new industrialization technology base in the central region. In terms of industrial cluster, we should strengthen government guidance, and create good policy environment for the development of industrial cluster; foster core enterprises, and promote spontaneous establishment of trade association or chamber of commerce; establish hi-tech industrial cluster, and further improve the cooperative mechanism of "production, teaching and research".

Key words Industrial structure, Industrial cluster, Industrial division of labour, China

The global financial crisis stemming from the USA in 2008 dealt whopping blow to global economy, deeply affecting continuous and sustainable development of regional economy in China. The central region are important economic development regions in China, endowed with unique geographic advantage of "connecting link between the east and the west". In the era of post-financial-crisis, accelerating the adjustment of structure and conducting reasonable industrial division of labour, is the key to achieving leap-frog development in the central region. I conduct research on the economic and industrial development in the central region.

1 Adjust industrial structure

The industrial structure adjustment of the 6 provinces in Central China should focus on fostering and development of advantageous industries and specialty industries at the same time. The central provinces should avoid the phenomenon of duplication of similar projects and industrial isomorphism, give full play to their advantages, and find their place in orientation of leading industries and pillar industries with regional characteristics^[1]. British economist Clark (L. G. Clark), through myriad statistical data regarding transfer of labour forces in different historical periods in several countries in the primary industry, secondary industry and tertiary industry, conducted meticulous analysis and research, and deduced the following conclusion: the labour forces transfer in the primary industry, sec-

ondary industry and tertiary industry, closely related to the development of regional economy and increase of national income per capita. With increasing growth of the level of national income per capita within the region, the labour forces first gradually transfer from the primary industry to the secondary industry, so that the labour forces in the primary industry diminish inchmeal, and then the labour forces in the tertiary industry gradually increase gradually. The direct momentum of structural changes of labour forces distribution is from the relative income differences of industries in the process of economic development^[2]. Therefore, the industrial structure adjustment should first begin from the adjustment of internal structure of three industries.

1.1 Optimize agricultural production structure The internal structure adjustment of the primary industry is mainly to optimize the structure of agricultural production. Implementation of the strategic adjustment and optimization of agricultural production structure is one of the most effective ways to improve the overall strength of agriculture and economic benefit in the central region^[3]. Central China is the region with relatively significant economic characteristics of agriculture in China. On the basis of agricultural industrialization, developing the characteristic agriculture with comparative advantage and high value-added green agriculture, can pay to improvement of the agricultural labour productivity and socialization level in the central region, so that the farmers' income is quickly raised. It should strengthen the production of high-quality grain focusing on high-quality wheat and rice; improve processing base construction; emphasize high-quality livestock production, large-scale breeding and processing base construction; play a leading role to promote the regional distribution of agriculture and specialized

production, and extend the agricultural industrial chain. In addition, it should strengthen food processing industries taking grain as the main raw material, nurture and expand the leading processing enterprises of agricultural products, vigorously carry out deep processing and finish machining, and promote processing and conversion ability of grain and livestock products, so that the agricultural processing products gradually better meet the needs of the market, toward nutrition-oriented, facilitation-oriented, security-oriented and quality-oriented direction. It should strengthen promotion of high-quality varieties, increase efforts to actively adjust the planting structure, promote the coordinated development of farming, forestry, animal husbandry, sideline production and fisheries, optimize agricultural production structure, vigorously carry out industrial management in rural areas, and gradually form integrated operation of agricultural production, processing, marketing.

1.2 Promote industrial structure upgrade The adjustment of internal structure of the secondary industry is mainly to promote the upgrading of industrial structure. In 2010, the government work report of the State Council made it clear that China's economic development should change from "maintaining growth" to "adjusting structure". Therefore, according to the requirements of scientific thought of development, the central region should promote strategic adjustment and upgrading of industrial structure, adopt reorganization, combination, merger, holding shares and other forms, and establish a batch of large-scale, supergiant enterprise groups with prominent industries, strong core competitiveness and independent intellectual property rights, to promote industrial upgrading. It should also increase concentration of industry ceaselessly; focus on increasing product variety, improving quality, preventing pollution, saving energy and reducing losses, and improve labour productivity; develop energy, chemicals, metallurgy, machinery, textile, building materials, construction and other industries with comparative advantage in the central region; support a number of key enterprises to strengthen technological transformation; significantly improve the level of equipment and technology. It is required to adhere to the guideline of "letting go, releasing and assuring", support non-public ownership economy to participate in restructuring and reorganization of state-owned, collective enterprises, guide the powerful non-public enterprises to incessantly elevate the industry level and management level, and support qualified enterprises to speed up and strengthen^[4]. The internal structure adjustment of the tertiary industry is mainly to improve service industry.

1.3 Improve service industrial development Currently the development of the tertiary industry in the central region is still in its infancy, rapid growth required by the structural upgrading has just started, and in recent years, quickened pace of urbanization plays a strong role in promoting the development of the tertiary industry in the central region, so the tertiary industry in the central region is bound to assume vigorous growth momentum^[5]. The central region should sort out the policies and measures for promoting the development of the tertiary industry, use advanced concepts and technologies to enhance serv-

ice industries, fully make use of unique geographic advantage of "connecting link between the east and the west" in the central region, and vigorously develop modern logistics industry. It should focus on the construction of the logistics infrastructure and logistics node, integrate and restructure the logistics resources scattered in the central provinces at present; give play to the geographic advantages of large cities in the central region; foster large business enterprises and logistics groups; establish the regional logistics center. The central region should actively develop tourism, take culture and scenic spots as a link, form regional fine tourist attractions and lines, coordinate the integration of tourism resources in the central region, and further improve the level of tourism services. It needs to vigorously develop the financial services industry, encourage domestic and foreign financial institutions to set up regional management institutions in the central region, innovate upon services mode, improve service levels, strengthen support for local economic development, and develop commerce, information, consulting, law and other service antecedent, to meet diversified needs of consumer.

2 Strengthen industrial guidance

2.1 Give priority to the development of leading industries

The 6 provinces in Central China should draw on the differentiated strengths of all the provinces, to focus on the development of leading industries^[6]. The leading industries of in the 6 provinces in Central China are in raw material industry, fuel and power industry, processing of agricultural products and other fields. Some provinces form a host of leading industries with high added value and high technological content. We should carefully make planning to enhance two comparative advantages of food and livestock and poultry; use deep and fine processing, brand marketing, and intensive development, to lead the upgrading of the structure of food industry; foster and expand high-growth industries of dairy products, fruits and vegetables, oils, snack food, and so on, and improve the food safe production system which the consumers are extremely concerned about; focus on the development of car plates, silicon steel and other products with high added value, and build Wuhan City in Hubei Province as world-class steel base, the world's largest cold-rolled silicon steel plate production base and major automotive plate production base in China; use the unique advantages of bauxite resources in Henan and Shanxi, extend and improve the chain of aluminum industry, and focus on the development of civil and industrial aluminum structure material; enhance giving play to the advantages of copper, lead, zinc and other mineral resources in Jiangxi, Hunan, Anhui and Hubei, to build a strong copper, lead, zinc industrial chain; further optimize the technology path and industry pattern of coal chemical technology, and foster a number of key enterprises with important influence in China and research and development centers for coal chemical technology, so that it becomes China's most representative coal chemical industry base.

2.2 Accelerate the development of high technology industry We should accelerate the industrialization of high tech-

nology, which is an important measure to achieve industrial upgrading. Governments at all levels in the central region should study and institute high-tech industry development strategy and overall planning according to the characteristics of the region, determine development policies and priorities, guide social capital input direction, and accelerate the process of industrialization of high technology^[7]. There are nine national high-tech industrial development zones in the central regions and 36 provincial-level high-tech industrial development zones. The high-tech industrial fields these regions focus on can be shown in Fig. 1.

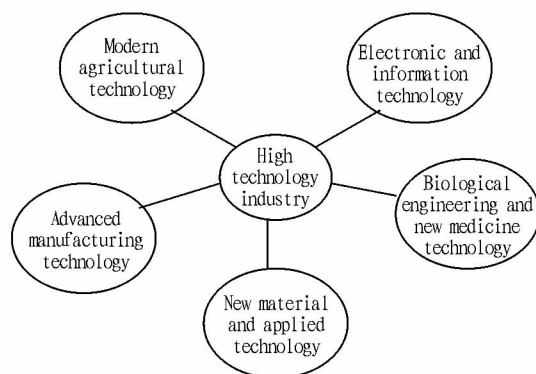


Fig.1 The high technology industrial field with development priority in the central region

Wuhan City, Hefei City, Changsha City and other places in the central regions, agglomerate multitudinous talents specializing in electronic information, biotechnology, new medicine, new materials, and software. We should integrate various resources, to rapidly develop these high-tech industries^[8]. Jiangxi Province and Hunan Province have rich resources of Chinese herbal medicines, which can promote the pharmaceutical companies and research institutions to gather in the park. We should build a platform for medical technology innovation; in the mean time, we should speed up the secondary development of famous Chinese patent drug, modern Chinese herbal medicine and new pharmaceutical preparation, and focus on traditional Chinese medicine health care products and prepared slices of Chinese crude drugs to create unique features. We should increase the promotion of applying computer-aided design to the enterprise, introduce advanced production equipment and production technique, enhance the level of technical equipment of enterprises, transform the traditional industries, give full play to the advantages of high-tech zones in the central region in technology innovation, industry cluster, institution and technique, and improve the technological innovation capacity, so that innovation has become driving source for economic development in the central region. Moreover, we should accelerate the expansion of industrial scale of high technology, so that high-tech zone becomes the main base for new-type industrialization of the central region.

3 Promote industrial cluster

Today, the industry cluster has become a kind of characteristic form of industrial organization in global economic development, which is not only the important driving force for region-

al economic development, but also a development model which can enhance regional competitiveness rapidly^[9]. Developing industrial cluster can promote the specialized division of labor and collaboration, and promote utilization degree of raw materials, capital, labour forces and so on.

3.1 Strengthen government guidance The central region is a region with relatively high proportion of the agricultural economy, lacking innovation tradition. If it merely relies on the spontaneous force of market and business, it is difficult to form industrial clusters. Therefore, in terms of planning and implementing industrial development strategies in the central region, it should give full play to the guiding role of the government. The government in the central region must strengthen the study on planning of industry cluster, conduct corresponding planning under the prerequisite of existing or emerging industry clusters, and focus on improving infrastructure, providing information for enterprises, expanding the cluster market share and influence, etc^[10]. The government in the central region can offer special support policies for the industry clusters that have fledged, so that they form a batch of business groups with closely connected industrial chain, to develop the local industrial economy. By formulating relevant government policies and forming system innovation, it can create a favorable external environment for the healthy growth of industry clusters in the central region.

3.2 Cultivate leading enterprises Core business is a very active force for promoting the development of industrial clusters. The core business in one region is the driving force for elevating clusters to high-end industries, and the key to attracting and uniting upstream and downstream enterprises in value chain, while the competitiveness of core enterprises becomes the key to development and upgrading of local industry cluster. Numerous studies assert that the government should take responsibility of supporting the cluster core business, but low efficiency characteristics of government administration, often makes the integration of local industrial clusters difficult to get rid of makeshift. Clearly, what dominates the cultivation process of core business should be the third-party force outside the government and market, namely the non-governmental organization represented by trade association. The trade association or chamber of commerce established spontaneously by the private entrepreneurs in accordance with the principles of contract and spirit of democracy, can promote orderly competition and division of labor, which plays an irreplaceable role in identifying and fostering core business^[10].

3.3 Establish industrial cluster of high technology Vigorously developing high-tech industries and using high technology to transform traditional industries, and take road of new industrialization, is an important strategic choice to achieve the goal of rise of Central China. The central region should focus on talent environment building, formulate the measures conducive to attracting talents and give great exertion space for the talents. We should further improve the cooperation mechanism of "production-learning-research", and make full use of rich university resources of the central region, to form healthy and

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ting farmers' land right, we should formulate reasonable land expropriation compensation standard and timely regulate the transfer of collective construction land. Under the circumstance of having not carried out strict regulation on the transfer of collective construction land and the corresponding tax system, if we limit national land expropriation completely within the scope of public welfare by one step, it is likely to exert negative impact on farmers' land right. Therefore, we believe that in the context of current rapid urbanization, we do not have the conditions for defining the public interests. After the pace of urbanization is relatively stable, it is equipped with the system basis for replacing the ownership control by planning control and use control. At that time, the public interest can be defined, so as to more effectively guarantee farmers' land right.

Second, the farmers with more non-agricultural employment opportunities in economically developed areas, express more satisfaction for compensation from land expropriation. This shows that the necessity of coordinated development of urbanization and industrialization, needs corresponding industrial development as support in the process of urbanization. When the social security function of land gradually disappears, and its property function gradually looms, the farmers will gradually enjoy the right to turn the land assets into cash.

However, the current reality is that many less developed regions are also trying to build large-scale industrial development zones, and the local government takes land as collateral to loan for building development zones, and hopes to increase local revenue through inviting investments to pay off loans. Therefore, in China's many places, the industrial land is basically transferred at zero or negative land price, leading to idling of development zones or risk of surplus producing capacity. Once the bubble bursts, a large number of landless farmers will exert adverse effect on economic and social stability and development.

Finally, we should establish sound land expropriation compensation mechanism, and strengthen the participation right of

farmers, so as to give fair and reasonable compensation from land expropriation to farmers. Due to great differences between regions, between projects, it will make fair and reasonable compensation become a very complex issue. Therefore, the policy design also needs to study carefully how to achieve reasonable and fair compensation. The study data shows that in the process of land expropriation, there is strong correlation between whether the farmers have the right to participate, and farmers' satisfaction with land expropriation compensation. This shows that in the process of amendment to *Land Management Law*, we should strengthen the participation rights of farmers, reinforce consultation and mediation mechanism, improve procedures of land expropriation compensation, and strengthen the bargaining position of farmers, so that farmers can fully express their will, which is the basis for building a harmonious society.

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interactive development of universities and enterprises. Through the establishment of science and technology base, industrial base, and constructing network system of division of labor and synergy, we should transform regional resource advantages into comprehensive economic advantages, rapidly promote technological content of enterprise products, constantly develop leading industries, and form strong industry cluster. Meanwhile, we should continue to expand the influence of the leading business groups, and give priority to the development of advanced manufacturing, so as to stimulate development of other industries, ultimately form high-tech industrial clusters economic belt with powerful strength, and make high-tech industry cluster become catalyst for rise of Central China.

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