

Study on the Financial Policy of Promoting New Urbanization and Coordinating Urban and Rural Development — Taking Taierzhuang District of Zaozhuang City as an Example*

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Abstract—Finance is not only an important tool for participating in urban and rural development, but also an important way to promote optimal allocation of resources and facilitate urban and rural development. Based on the theoretical explanation of urbanization and fiscal policy, this paper expounds the current situation and the effects of fiscal policy in Taierzhuang District of Zaozhuang City, and then analyzes the problems existing in the fiscal policy of promoting urbanization and coordinating urban and rural development in Taierzhuang District to propose the suggestion for the transformation of financial system for promoting the healthy development of urbanization aiming at the existing problems.

Keywords—finance; urban and rural development; Taierzhuang District

I. INTRODUCTION

Since 2006, Shandong Province has attached great importance to the promotion of urbanization construction, and has introduced a series of measures to support the development of urbanization according to the economic conditions, regional characteristics and resources of various regions. The urbanization process has been accelerated, the urban system has been significantly optimized, the economic strength of the towns has been further enhanced, and the carrying capacity of the towns has also been continuously enhanced. However, with the rapid development of urbanization, it also brings new problems to the society. For example, the channel of financial capital income is unreasonable, the support of fiscal and taxation systems for agriculture is limited, the peasant economy does not meet the conditions for entering the city, and the urbanization lacks industrial support. These issues need to be coordinated by using government tools, among which fiscal policy is an important tool in the process of urbanization. This paper studies the development of urbanization from the perspective of fiscal policy, discusses the problems that arise in

urbanization, and proposes suggestions for the transformation of financial system for promoting the healthy development of urbanization.

II. THEORETICAL EXPLANATION OF NEW URBANIZATION AND FISCAL POLICY

A. Urbanization

Urbanization is the process of transferring rural population into urban population. The rural population is decreasing, the number and scale of cities are increasing, and the production and lifestyle of farmers are continuously urbanized, which means urban and rural infrastructure and public services are more coordinated and develop more harmoniously, synchronously and consistently, emphasize more on the development of urbanization [1].

B. Fiscal Policy

Fiscal policy is a kind of macro-control means for the state to increase national income (or total output) by increasing government purchases and using the government purchasing multiplier effect generated by it. It mainly includes fiscal revenue, fiscal expenditure, national debt and government investment. Fiscal policy plays an important role in the process of urbanization. It can not only promote the coordinated development of urban and rural areas, but also play an irreplaceable role in participating in urban construction and promoting new rural construction.

C. The Relationship Between Finance and Urbanization

Finance and urbanization supplement each other. On the one hand, the promotion of urbanization will promote the increase and upgrading of economic aggregates of economic aggregates, which will contribute to the development of the economy and thus increase fiscal revenue. On the other hand, the promotion of urbanization will put forward new requirements for fiscal policy, so further improvement of fiscal policy is needed to promote urbanization. Therefore, urbanization and fiscal policy eventually formed a benign cycle.

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III. ANALYSIS OF THE STATUS QUO OF FISCAL POLICY FOR URBANIZATION DEVELOPMENT IN TAIERZHUANG DISTRICT

A. Current Relevant Fiscal Policies

The current fiscal policy of Zaozhuang for promoting urbanization is as follows:

First is focusing on supporting the development of small towns. It is necessary to use high standards and high positioning to plan demonstration towns to achieve the development concept of small cities and expand the carrying capacity of small towns. The second is to support the urbanization financing mechanism. It is suggested to actively absorb private capital and social capital, constantly adjust the government's financing mechanism, and develop more financing channels for urbanization development. The third is to improve the financial system and balance financial rights and powers. It is possible to rationalize the financial and power rights of governments at all levels, and improve the financial security mechanisms of governments at all levels, especially at the grassroots level, so that governments at all levels can better perform their government duties [2].

B. Analysis of the Effects of Fiscal Policy

1) *Financial support promotes the urbanization process in Taierzhuang District*: The population of Taierzhuang District was 279,500 in 2010, 311,400 in 2015 and 314,000 in 2016. The urbanization rate increased from 32.2% in 2010 to 42.96% in 2016. Urbanization shows a linear ascending trend.

2) *Financial support for industrial transformation and upgrading in Taierzhuang area*

TABLE I. THE THREE INDUSTRIAL STRUCTURES OF TAIERZHUANG DISTRICT

Year	Industry proportion %	The primary industry	The secondary industry	The tertiary industry
2014		10.33	54.96	34.71
2015		10.47	53	36.53
2016		10.46	50.88	38.66

The three industrial structures of Taierzhuang were adjusted from 10.33:54.96:34.71 in 2014 to 10.46:50.88:36.66 and the proportion of tertiary industry were improved to a certain extent. In the first half of 2017, 48 directly-reported key service enterprises in the district achieved operating income of 39.116 million yuan, a year-on-year increase of 21.6%.

3) *Financial support improves infrastructure in the region*: In 2015, Taierzhuang District developed the green square, highlighting the farmer's market and the road water system, raising the standards for urban and rural environmental governance, expanding the area affected by public civilization action, and greatly improving the urban taste of Taierzhuang District. The government of Taierzhuang District invested 1.86 billion yuan for the

construction and improvement of infrastructure, implemented 36 key projects such as "two rivers, two roads and two communities", and built a water plant in the northern suburbs. The rural drinking water safety project benefited 112,000 people and completed 169. The upgrading and transformation of the village power grid, the integration of urban and rural sanitation and the realization of full coverage, the opening of 10 urban and rural public transports, rural living conditions significantly improved.

4) *Financial support improves people's livelihood and welfare*: In 2017, the per capita income of urban residents was 34,012, with an annual growth rate of 7.8%; the per capita consumption expenditure was 210,495 yuan, an annual increase of 8.3%. The per capita disposable income of farmers' residents is 130.495 million yuan. The annual growth rate was 7.9%; the per capita consumption expenditure was 9519 yuan, an increase of 8.8%. The income of farmers has been greatly improved. The social security system has been further improved. The proportion of reimbursement for hospitalization expenses within the scope of employee policy is more than 75%, and the proportion of reimbursement for residents is 70%. The unemployment insurance standard increased by an average of 5.6%, and the average level of disability allowance for industrial and commercial workers at 1-4 level increased by 8%.

IV. THE PROBLEMS IN FISCAL POLICY PROMOTING URBANIZATION DEVELOPMENT

A. Unreasonable Income Channel of Financial Funds

At present, there is certain blindness in the development of urbanization. Urbanization construction has generally seen the phenomenon of "city building", and financial funds were mainly invested in "face" projects, such as the construction of wide roads, large squares and image projects. The utility that these projects can bring to residents is not clear, but many situation will lead to excess-level and excess-financial development, resulting in serious environmental pollution and waste of resources. Under this circumstance, the government will use the land-transferring fees to raise funds quickly and efficiently, and develop the real estate industry blindly. This way will increase housing prices and increase the cost of living, which may hinder the development of urbanization to some extent. Therefore, whether the urbanization financing channel is scientific, the investment direction of funds is appropriate, the capital investment is sufficient, and the output income is reasonable or not is the problem that cannot be ignored in the current urbanization construction.

B. The Limited Support of Fiscal and Taxation System to Agriculture

The urbanization process includes not only the spatial transfer of population, that is, the movement of rural population to urban areas, but also the transformation of population identity and occupation. However, at present,

urbanization is kind of “passive” urbanization, which has a great relationship with the urban and rural division of fiscal and taxation systems. The government has not invested enough in “agriculture, rural areas and farmers”, so that it is difficult to achieve agricultural modernization. Farmers’ income is still very low, and the urban-rural gap is getting worse. At present, the government has expropriated a large deal of land for land finance, resulting in simple migration of peasant population to towns, which is not in line with the prospect of urbanization construction of new towns. Therefore, how to solve the “agriculture, rural areas and rural residents” problem, increase the income of farmers, and prevent the excessive income gap between urban and rural areas from leading to morbid migration is a problem that needs to be solved in the process of urbanization.

C. The Peasant Economy Has Not Reached the Conditions for Entering the City

In recent years, the region has vigorously developed the policy of benefiting the people, such as processing materials, which has greatly improved the income of farmers and greatly improved the quality of life. In 2016, the per capita disposable income of rural residents in the district was 11,436 yuan. However, with the increase in consumption levels, hundreds thousands of housing prices in urban areas are still very difficult for farmers. Secondly, the current downward pressure on the economy continues to increase. Rural residents mostly do temporary physical work in cities, so it is difficult to have long-term stable income. In addition, the consumption level of farmers’ families has increased substantially, the cost of living has risen sharply, and the pressure on living has increased significantly. Third, with the increase of state subsidies to rural areas and the improvement of rural public service levels, the entry of migrant workers into the city means giving up this part of the power, increasing the opportunity cost and raising the cost of urbanization.

D. Urbanization Lacks Industrial Support

Urbanization is the product of the development of industrial economy to a certain stage. The key to promoting urbanization is the smooth transfer of rural surplus labor to towns and stable employment. Industrialization is an important stage of urbanization development and the driving force behind urbanization. Due to the low level of industrialization in the whole region, poor foundation, thin base, small scale and low efficiency, there is a lack of labor-intensive enterprises that provide a large number of jobs for the farmers in the city. The ability to absorb labor is small, and urbanization development lacks industry and population support. It is not enough to stimulate the rapid development of infrastructure and promote the effective accumulation of production factors in cities and towns. Moreover, the growth rate of the tertiary industry in Taierzhuang is slow, because the development of the new urbanization in the next step mostly relies on the development of the tertiary industry, but increase in the proportion of the tertiary industry in the Taierzhuang District has been slower in the past three years, from 34.71% of 2014 increased to 38.66% in 2016, an increase of 3.95%.

V. REFLECTIONS ON THE TRANSFORMATION OF THE FINANCIAL SYSTEM PROMOTING THE HEALTHY DEVELOPMENT OF URBANIZATION

A. Regulating the Income Channels of Financial Funds

1) Increasing the payment intensity of fiscal transfer:

The construction of infrastructure in the Taierzhuang District and the provision of public services and social security are all performed by the grassroots government. Therefore, in order to achieve a balance between power and financial power, the finance needs to further introduce policies to ensure the financial level of the grassroots government. On the one hand, financial transfer payments and special transfer payments need to increase support for grassroots government, in order to ensure the normal operation of public services in Taierzhuang District. On the other hand, it is necessary to establish incentive transfer payments. For projects or areas with outstanding urbanization development, it should increase transfer payments, increase enthusiasm for work, and promote the further development of urbanization. In addition, it is necessary to strengthen the supervision of transfer payment funds, set up special agencies for the review, distribution and supervision of funds, and make the using department and supervising department perform their own duties.

2) Increasing the fiscal revenue of Taierzhuang District to cultivate a stable tax source: We will introduce measures to support the development of key service industries and broaden the development space of other profitable service industries. Tourism is the leading industry in the service industry, which has a high degree of correlation with other industries, and the marginal pull effect is large. The space for making an issue on the supply side is also huge. Our district can rely on the ancient city tourism as the main line to develop the current city tour, and expand leisure vacation, ecological picking and entertainment, etc. to attract the surrounding tourists to consume on weekends, forming a chain of food, accommodation, play, travel, shopping and entertainment. First of all, to increase the service industry market, it is necessary to increase investment promotion, guide the development of potential financial resources, form stable industries, and foster stable tax sources.

3) Establishing and improving the local tax system: Local tax revenue is an important source of income for local government finances. Therefore, the local tax system will be reconstructed, and the local government will be given more financial funds to facilitate its better investment in the urbanization of Taierzhuang District. It is imperative to increase the fiscal revenue of local governments. It is necessary to adjust the local tax system and integrate property tax, land use tax, vehicle and boat use fee, stamp duty, environmental tax, resource tax, inheritance tax, etc., so that local governments have sufficient funds to perform their duties and match the power and financial rights [3]. In addition, the collection of local taxes should be scientific

and reasonable, the management methods should be fine, the incentive mechanism should be applied to improve the taxation efforts of local governments, and the quality and efficiency of tax collection and management of tax revenues should be maximized to fundamentally solve the financial difficulties of local governments.

B. Improving the Conditions for Farmers to Enter the City

Urbanization is the engine for the rapid development of the economy in the future, but it is meaningless to speculate on urbanization. Because urbanization is a process or result, which needs to be promoted in a practical way, blindly accelerating urbanization construction may cause overheating of investment and increase the rapid rise of inflation. The core of urbanization is to transform peasants into urban residents. If peasants who enter the city cannot enjoy the corresponding public services, but instead form a polarized employment and life status with urban residents, it will be extremely unfavorable to economic and social development. It is suggested to change the old city into commercial area, service area and residential area suitable for people to live, expand the existing industrial parks and cultural industrial parks, attract more people to settle in, and gradually build new rural communities. Urbanization should develop cities, as well as develop rural areas, and form an equalization system for urban and rural basic public services. Education, medical insurance, housing and other issues of migrant rural population are all very important issues, so it is necessary to actively improve the conditions for farmers' entry into the city, so as to achieve a good and stable urbanization.

C. Vigorously Improving the Level of Industrial Development

Urbanization construction needs the guarantee of economic foundation. Urbanization is essentially the process of industrialization, which is the process of transforming traditional agriculture and rural economy with modern industry and transforming from dual economic structure to modern economic structure. It is necessary to firmly establish the awareness of industrial strong areas, improve the quality of industrial economic development, increase investment and attract investment, put investment promotion in a prominent position, accelerate the development of service industry and modern agricultural development, and gradually realize agricultural industrialization, science and technology, and rural modernization, so as to provide more jobs for farmers in the city, achieve urban and rural planning, and coordinate development, and accelerate urbanization.

D. Building a Social Security System for Farmers Entering the City

First, we must improve the income level of farmers entering the city. It is necessary to optimize the resources for vocational skills training, improve the effectiveness of training, organize migrant workers to conduct free training in professional skills, policies and regulations, safety knowledge and rights protection, improve employability and competitiveness, and provide various employment

opportunities to increase the income of migrants. The second is to increase farmers' subsidies for entering the city. To attract farmers to enter the city, we must first ensure the stability of their residence. The current government has introduced a subsidy policy of no less than 1% for farmers to purchase houses, but for buyers, 1% subsidies are not attractive. The government should increase communication with developers, increase the subsidies for farmers to purchase houses through multiple channels, and let farmers generate the desire to buy houses in the city. The third is to balance the welfare system of urban residents and farmers. We will relax restrictions on the purchase of houses and migrant workers, and give policy inclinations to children's schooling, job hunting, medical insurance reimbursement, etc., relax the access conditions for urban residents, implement urban and rural household registration management, so that the newly-coming residents have the same rights to the original residents and perform the same obligations.

VI. CONCLUSION

New urbanization has important strategic significance for the improvement of the quality of economic development and the realization of modernization. However, urbanization is a complex socio-economic phenomenon, and no single policy can solve this problem alone. This paper makes a certain analysis of the urbanization development of Taierzhuang District from the financial point of view and expounds the problems existing in the process of urbanization and the improved policies, but because of the author's narrow knowledge, there are some problems in the article. On the one hand, the research on the design of the development framework is not deep enough. On the other hand, the financial data needed in the process of writing is seriously lacking, which brings great trouble to the analysis of writing. Finally, the paper proposes some policies to promote the urbanization development of Taierzhuang District, but some specific issues related to fiscal policy tools still require further consideration and research.

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