Government Transfer Payment and Coordinated Development of Regional Economy

-- An Empirical Analysis based on the Panel Data of Anhui Province

Jie Bai

Anhui University of Finance and Economics, Bengbu 233030, China

jie1205409669@163.com

Abstract

Regional coordinated development is an important topic in the process of realizing the great goal of common prosperity, in which the transfer payment policy is an important means to promote regional economic development and narrow the regional economic gap. Taking the per capita GDP value and the total amount of transfer payments in Anhui Province from 2017 to 2019 as samples, this paper discusses the role of Anhui transfer payment policy in promoting the coordinated development of regional economy. Combined with Anhui transfer payment policy in recent years, this paper analyzes the reasons why the policy does not play a significant role in promoting the regional economic development in Anhui Province, and gives corresponding suggestions.

Keywords

Financial Transfer Payment; Coordinated Development of Regional Economy; Individual Fixed Effect Model; Common Prosperity.

1. Introduction

Promoting regional coordinated development is one of the important national strategies in the new era. From the national level, the concept of "now rich driving later rich" in reform and opening up not only improves the efficiency of economic development, but also brings the problem of unbalanced economic development and many disharmony. Therefore, the Fifth Plenary Session of the 19th CPC Central Committee put forward, "Adhere to the implementation of major regional strategies, regional coordinated development strategies and main functional area strategies, improve the system and mechanism of regional coordinated development, improve the new urbanization strategy, and build a land spatial layout and support system for high-quality development". It can be seen that China is firm and clear about the goal and direction of promoting the coordinated development of regional economy.

These disharmonious phenomena have seriously hindered the high-quality economic development of Anhui Province. Therefore, to solve the problem of uncoordinated regional development in Anhui Province can better promote the high-quality economic development of Anhui Province. Secondly, in the long run, as China's major agricultural province, Anhui Province is a typical representative of China's central provinces. Its high-quality economic development is restricted by the coordinated development of regional economy. Based on the situation of Anhui Province, the rational use of policies to speed up the coordinated development of regional economy in Anhui Province is conducive to promoting the overall realization of the grand goal of poverty eradication and common prosperity.

Regional coordinated development plays an important role in the process of the great rejuvenation of the Chinese nation, and guiding coordinated development is also one of the advantages of the socialist system with Chinese characteristics. Unbalanced development is a common and inevitable problem in the market economy. In this case, only the "visible hand" and "invisible hand" work together to promote regional coordinated development, can we achieve the Centennial goal of the Chinese nation with high quality and realize the common prosperity of all people more effectively. Fiscal policy is a part of the "tangible hand". As an important financial tool, transfer payment plays an important role in making up the regional financial gap. Especially for economically backward areas, transfer payment policy is an important means to promote regional economic development and narrow regional economic differences. Some scholars have analyzed fiscal policy and regional coordination and explored the correlation between fiscal policy and regional economic coordinated development. However, most scholars are concerned about the impact and role of fiscal policy at the national level, and there is little research on the coordinated economic development of provinces and inland cities. This paper explains the relationship between transfer payment policies of municipal governments in Anhui Province and the coordinated development of regional economy, This paper attempts to put forward corresponding suggestions for improving the government transfer payment policy to promote the coordinated development of regional economy.

2. Current Transfer Payment Policy and Current Situation of Regional Economic Development in Anhui Province

2.1. Text Sorting of Transfer Payment Policy

Policy tools show the overall characteristics of government behavior, and policy texts are the norms of government behavior. Analyzing the policy text can clearly grasp the distribution differences in the number and structure of the application of policy regional tools, so as to grasp the policy focus and direction and deepen the analysis of financial behavior. In this paper, the relevant terms such as financial awards and subsidies and transfer payment are used as key words to query the provincial government documents on the retrieval platform of the website of Anhui Provincial People's government. A total of 388 relevant results are retrieved, and 21 documents directly reflect the content of financial transfer payment policies. Based on 21 policy texts, this paper classifies and extracts them manually. The policy contents include both direction guidance and specific policy guidance (see Table 1). The selection logic of fiscal transfer payment policy in Anhui Province can be interpreted from the strength, distribution and support direction of policy tools.

Table 1. Policy objectives and specific measures of transfer payment in Anhui Province

Policy objectives	concrete measure
Promote the integrated development of the Yangtze River Delta and speed up the construction of basic public services and transportation facilities; Improve the level of public services;	Actively strive for central vehicle purchase tax funds, make overall arrangements for special bonds of local governments, and maintain the current financial and tax support policies for relevant transportation investment and financing enterprises; Encourage various market entities to invest and set up various private equity investment funds in Anhui; Reward the investment promotion teams or individuals for new major projects;

	Promote the government social capital cooperation (PPP) model, and give appropriate subsidies to the government social capital cooperation projects with good social benefits to the financial departments at the same level; Subsidies will be given to provincial modern service industry agglomeration demonstration parks.
Urban transformation and development, industrial upgrading Improve the efficiency and quality of economic growth	In 2020, increase the proportion of coefficient when allocating the special fund for the revitalization and development of 2021 old industrial areas; Financial awards and subsidies will be given to newly rated five-star hotels, leading tourism enterprises and provincial famous cultural tourism counties, so as to speed up the construction of a strong tourism province; Strengthen financial support for pig industry; Provide financial support for major special projects of provincial science and technology enterprises and pharmaceutical enterprises; Support the e-commerce industry and give financial rewards and subsidies to cross-border e-commerce of agricultural products; Encourage the growth of high-tech enterprises and reward the scientific research achievements of enterprises and universities; Cultivate and develop strategic emerging industries, and reward and supplement each provincial "specialized and special new" small and medium-sized enterprise; Reward enterprises that improve quality and create brand demonstration enterprises; Actively support high-quality private enterprises to issue bonds for financing, and reward private enterprises that successfully complete bond financing for the first time; Provide necessary financial assistance to promising private enterprises in line with the direction of economic structure optimization and upgrading; Promote the construction of service standards in tourism, elderly care and other fields, and guide funds.

Support rural revitalization, develop small and medium-sized cities and towns, and promote regional urban-rural integration	Increase the transfer payment of provincial finance to poor areas such as northern Anhui and the old revolutionary base area of Dabie Mountain, and further improve the transportation service guarantee capacity of cities and counties; Subsidies for urban and rural compulsory education should focus on rural areas, poor areas and poor old revolutionary base areas; The relevant established support policies issued by the province appropriately relaxed the application conditions for projects in the three cities in Northern Anhui, and the amount of bonus and subsidy funds increased by 20%; The incremental part of provincial finance is used in poor old revolutionary base areas and counties and deep poverty counties; Cut the government bond funds into pieces and arrange them for poverty alleviation and agricultural infrastructure construction, and support the construction of qualified poverty alleviation and relocation and rural revitalization projects; Actively strive for the support of special funds from the central government and special bonds from local governments, establish a multi-level and diversified urban infrastructure investment and financing system, and broaden the scope of investment cooperation.
Optimize the employment and Entrepreneurship Environment	The municipal and county-level governments shall give a certain amount of rent reduction or subsidy to enterprises returning home to start a business; For migrant workers who return home to start a business, and for migrant workers who start a business for the first time, employment subsidy funds shall be given to start a business; Give social insurance subsidies to the legal representatives or major investors of enterprises that fail to start a new business; For those with employment difficulties who transfer employment across regions, certain transportation subsidies shall be given by the employment subsidy funds; For college graduates in the stable industry of small and micro enterprises, employment subsidies shall be given by the employment subsidy funds; We will increase support for incubation bases for investment, construction, management and operation of

	social capital, private enterprises or colleges and universities.
Support ecological restoration, environmental protection and ecological migration, and build a green modern industrial system	Give awards and subsidies to enterprises with outstanding performance in energy conservation and environmental protection in the industrial field; Subsidies will be given to Camellia oleifera enterprises that have obtained China's well-known trademarks and newly created Camellia oleifera forests in the forestry greening and efficiency enhancement action; Those with outstanding R & D and sales of new energy vehicles will be rewarded;
personnel training	Subsidies shall be given to enterprises that introduce or train technicians and senior technicians and support the employment of students in Vocational and technical schools; Reward those who have outstanding performance in major skill competitions; The linkage mechanism between the treatment of primary and secondary school teachers and balanced transfer payment.

2.2. Details of Transfer Payment in Anhui Province in 2020

Table 2. Regional budget of Anhui province's transfer payment in 2020 Unit: 10000 yuan

CITY	Special transfer payment	General transfer payment	Tax refund
HEFEI	68204	1566735	727578
HUAIBEI	12328	489186	29818
BOZHOU	19303	1657690	104317
SUZHOU	25599	1891441	66104
BENGBU	20188	916740	186808
BUYANG	29807	2696906	92781
HUAINAN	15081	923903	32244
CHUZHOU	24874	1323468	136415
LUAN	44948	1957356	101438
MAANSHAN	16614	544330	76488
WUHU	29292	792416	206617
XUANCHENG	18450	768453	91109
TONGLIN	10548	453640	55044
CHIZHOU	12643	591254	76139
ANQING	33988	1748194	103697
HUANGSHAN	11826	574204	78265
Number of Not Being Implemented To Regions	516594	3218922	
TOTAL	910287	22114838	2164862

2.3. Characteristics of Transfer Payment Policy Selection in Anhui Province

From the perspective of the amount distribution of various regions, the total amount of transfer payment funds invested in the three cities in Northern Anhui to promote the revitalization of the local economy is quite large, up to 65839.48 million yuan, but only accounting for 26.14% of the total amount of transfer payment in the province. In addition, the provincial government's capital investment in Hefei, Anqing and other more developed southern cities accounts for a large proportion. It can be seen that the current fiscal transfer payment policy of Anhui Province focuses on maintaining the original economic growth, and the amount allocated to promote the economic development of backward areas is insufficient, which is difficult to promote the coordinated development of regional economy in Anhui Province. Therefore, it is not surprising that the current economic growth of Anhui Province is mainly driven by southern cities.

From the perspective of amount distribution structure, there are three forms of financial transfer payment: general transfer payment, special transfer payment and tax return. Among them, general transfer payment is distributed according to the formula according to the principle of balancing the financial gap between different regions. The municipal and county governments have stronger autonomy in the use of funds, accounting for a relatively high proportion of the total transfer payment. Guided by the financial goal, Anhui Province actively promotes industrial upgrading and encourages the development of high-tech industries and debt financing platforms and mechanisms. In this regard, the industrial construction cycle is short and the return on investment is high, which is conducive to maintaining the original income of all regions, but plays a weak role in reducing regional economic differences. With regard to the policies to promote the coordinated development of regional economy, Anhui province gives financial incentives to cities and counties (cities and districts) that have completed the annual plan of poverty alleviation and development, achieved remarkable results in poverty reduction and made a good comprehensive evaluation, and financially favors poor areas such as northern Anhui and the old revolutionary base area of Dabie Mountain, but the goal is not clear.

2.4. Current Situation of Regional Economic Development in Anhui Province

With the deepening of reform and opening up and the deepening of economic globalization, the economy of central China is also developing. The economic development momentum of Anhui Province is getting better. In addition, now it is the integration of the Yangtze River Delta, which is a major development opportunity for Anhui Province. According to the statistical yearbook of Anhui Province in 2020, the total GDP of the province is 3868.06 billion yuan, with a growth rate of 3.9%, which is the province with rapid GDP growth in China. From the perspective of local cities, Chuzhou, Hefei and Maanshan have the fastest growth rate. Among them, Hefei has exceeded the trillion yuan mark for the first time. In addition, the growth rate of Chizhou, Anqing, Bozhou, Lu'an and Xuancheng is also higher than 4%.

However, under this dazzling data, there is a worrying hidden danger - the regional economic development of Anhui Province is relatively uncoordinated. Compared with previous years, the gap between southern and Northern Anhui has narrowed slightly, but according to the estimation, the contribution of cities in Northern Anhui to the GDP of Anhui Province accounts for only 28.94%, and the economic development of Anhui Province mainly depends on the drive of cities in southern Anhui. The difference of economic development between the north and the south. In terms of its natural conditions, Take Huainan City in Northern Anhui as an example. Although it has rich coal resources, it has not been gradually mined until the founding of the people's Republic of China. Anqing City in southern Anhui has rich mineral resources and rich varieties. Moreover, due to its diverse terrain, the types of cash crops are also rich and diverse, and Anqing city is close to the Three Gorges of the Yangtze River, the power cost is low, which

is easier to introduce industries than cities in Northern Anhui; From the perspective of industrial structure, most of the cities in Northern Anhui have single industries, and the advantageous industries have not received the key support of policies. With the development of economy and science and technology, urban resources can not be well complemented, resulting in difficult economic development. However, the cities in southern Anhui are rich in natural resources and suitable climate, and the three major industries go hand in hand. For Anqing city and Huangshan City, tourism has become an important pillar of the tertiary industry. In general, due to historical, natural and political differences, the development of Southern Anhui is faster, the development of Northern Anhui is slower, and the regional economic development of Anhui Province is less coordinated.

3. Influence Mechanism of Transfer Payment on Regional Economic Development

Barro, an economist, once established an endogenous model on the role of public expenditure on economic growth. The model shows that public expenditure does have a significant and lasting effect on economic growth, but the specific effect depends on the scale of public expenditure. Before public expenditure reaches the optimal scale, public expenditure is conducive to regional economic development, but if it exceeds the optimal scale of public expenditure, The negative impact of Taxation will harm economic development. The purpose of the government's transfer payment policy is to make up for the fiscal revenue of underdeveloped areas and narrow the regional income difference. From the current government transfer mechanism, the lower the per capita GDP, the more transfer payment income the amount of transfer payment mainly comes from the tax revenue of developed areas to make up for the fiscal revenue of underdeveloped areas, so as to make these areas more powerful to increase public expenditure. The supported areas increase fiscal revenue to increase the scale of public expenditure, which is conducive to improving the service level of local public expenditure and attracting investment, so as to promote local industrial development and socio-economic progress. Therefore, from the overall point of view, the government transfer payment behavior is conducive to local economic development and narrow the difference of regional economic development.

However, it can not be ignored that there is a two-way role between socio-economic development and transfer payment. The government transfer payment increases the local fiscal revenue and finances its public services, but this may cause the local government to have a fiscal illusion that under the favorable guarantee of the government transfer payment policy, the local government can reduce the cost of public expenditure, so as to over arrange the expenditure and rely on the government transfer payment, which will have a negative impact on the local finance and make the local government more tired and greedy, A larger part of fiscal revenue attempts to make up for it through transfer payment, that is, to produce the "sticky fly paper" effect. Secondly, transfer payment consists of general transfer payment, special transfer payment and tax return. Special transfer payment stipulates the purpose of funds, which may lead to the diversion of funds invested in this purpose in the original budget to other places, thus affecting the overall capital use structure. Therefore, the government transfer payment system can not avoid the incentive trap of financial favoritism, which will weaken the positive impact of government transfer payment on promoting local economic development.

4.   An Empirical Analysis of the Effect of Fiscal Transfer Payment on Reducing Regional Economic Differences in Anhui Province

4.1.   Construction of Inter Regional Economic Difference Index

Based on the past experience and the actual situation of China, this paper constructs an inter regional economic difference index to reflect the degree of inter regional economic difference every year. The calculation method is:

$$gdps_{it} = \left(\frac{pgdp_t - avgdp_p}{avgdp_p} \right)^2 * 10000$$

Among them, it is the economic difference index of T City in I year, $pgdp_t$ which is the per capita GDP value of T City in that year (yuan), and $avgdp_p$ is the average value of per capita GDP of each city in P province where T city is located in that year. After magnification by 10000 times, this index is more available. From the above formula, we get the economic difference index.

4.2.   Study Design and Data Sources

4.2.1. Research Design

Based on the endogenous growth theory, this paper introduces the total transfer payment factor into the economic growth function, and uses the two-way fixed effect model to analyze the impact of the total transfer payment on the coordinated development of regional economy in Anhui Province. The benchmark regression model is set as follows:

$gdps_{it} = c + btt_{it} + prr_{it} + qgg_{it}$ (1) among them, b, p and q are the regression coefficients, tt_{it} is the total transfer payment of T City in year I, rr_{it}, the labor force of T City in year I and gg_{it} is the total fixed asset investment of T City in year I, $gdps_{it}$ is the economic difference index of T City in I years. This study takes the constructed inter regional economic difference index $gdps_{it}$ as the explanatory variable, and the total transfer payment tt_{it}, the number of labor force rr_{it} and the total investment in fixed assets gg_{it} as the explanatory variables.

4.2.2. Data Sources

The empirical analysis part of this paper takes the per capita GDP value of cities in Anhui Province from 2017 to 2019, the total amount of downward transfer payments in Anhui Province, the number of labor forces in cities in Anhui Province and the total fixed asset investment in cities in Anhui Province as samples for empirical analysis. The per capita GDP data of Anhui province comes from the statistical yearbook of Anhui Province; The total amount of transfer payment from Anhui Province to the lower level comes from the documents under the budget disclosure in the Anhui government affairs disclosure network and is processed by Excel; The data of labor force quantity of each city in Anhui Province are obtained from EPS data platform; The total fixed asset investment of each city in Anhui province comes from the statistical yearbook of Anhui Province. Since only its growth rate is published after 2018, the data of 2018 and 2019 are processed by Excel. The descriptive statistical results of each variable are shown in Table 3.

Table 3. Decriptive statistics

Variable	Symbol	Sample Size	Mean	SD	MIN	MAX
The Economic Difference Index	$\text{gdp}s_{it}$	48	1,920	2,427	0.0662	9,624
Total Investment in Fixed Assets	gg_{it}	48	2.029e+07	1.483e+07	6.469e+06	7.685e+07
The Number of Labor Force	rr_{it}	48	2.822e+06	1.632e+06	984,000	6.949e+06
The Total Transfer Payment	tt_{it}	48	947,677	511,940	332,256	2.266e+06

4.3. Empirical Analysis

Firstly, the F test results reject the original hypothesis and judge that the fixed effect is better than the mixed effect. Then, the Hausman test shows that the fixed effect is better than the random effect. Finally, the two-way fixed effect model and the single fixed effect model are compared. According to the F statistics, the two-way fixed effect is better than the one-way fixed effect. Therefore, this paper selects the two-way fixed effect model as the benchmark regression model, first analyzes the impact of government transfer payment on the coordinated development of regional economy, and then gradually introduces the control variables, the number of labor force and the total investment in fixed assets to estimate. The regression results are shown in Table 4.

Table 4. Regression results

VARIABLES	Model(1)	Model(2)	Model(3)
The Total Transfer Payment	0.0002639	0.0003479	0.0009667
The Number of Labor Force		0.0002275	0.0007587
Total Investment in Fixed Assets			0.0000663
Constant	YES	YES	YES
Observations	48	48	48
R-squared	0.198	0.199	0.275
Company FE	YES	YES	YES
F test	0.0969	0.116	0.223
r2_a	0.143	0.124	0.189
F	2.525	2.222	1.590

With the gradual introduction of control variables, the R2 of the model increases gradually, indicating that the introduction of control variables is appropriate. In model (1), the total transfer payment has a positive impact on the coordinated development of regional economy at the significance level of 1%. For every 1% increase in the total transfer payment to local cities, the coordinated development level of regional economy will decrease and increase by 0.0002639%. When the control variables are gradually introduced into the model (1), the impact of total transfer payment on the coordinated development of regional economy is still positive, but close to 0, which shows that the effect of transfer payment on the reduction of regional economic differences in Anhui Province is not significant.

5. Analysis on the Reasons Why the Transfer Payment Policy in Anhui Province does not Play a Significant Role in Promoting the Coordinated Development of Regional Economy

Due to historical, natural and other reasons, Anhui Province has the problem of unbalanced regional economic development between the north and the south. As an important means to adjust the imbalance of local economic development, fiscal policy, especially fiscal transfer payment policy, should have played its regulatory role to make up for the defects of economic development in Northern Anhui. However, from the previous empirical analysis, Transfer payment does not play an efficient role in the coordinated development of regional economy in Anhui Province. Combined with the policy arrangement, this paper analyzes the reasons for the above results as follows:

First, before the tax sharing reform in 1994, China had the generation of transfer payment, but after the reform, it officially introduced the concept of transfer payment from western developed market economy countries, and formally established the transfer payment policy in 1995. China's practice of transfer payment has only lasted for more than 20 years, and its system still has many brand marks of the old system. The gradually developed transfer payment system has created vested interests. In the course of China's economic development, the formulation of economic development policies is gradual. With the continuous improvement of the policy, the reservation of vested interests is inevitable in the transfer payment of administrative regions at all levels. Part of the financial transfer payment is still distributed according to the old distribution mode, resulting in vested interests and more, so it is difficult to narrow the regional differences.

Second, the Anhui provincial government does not pay attention to the role of reducing regional economic differences in the distribution of transfer payments. At the current provincial level, the government is committed to narrowing the regional differences between the East, the middle and the west, but does not pay attention to the coordinated development of the inter regional economy in the province, which leads to the effect of financial transfer payment on the economy of the whole province and neglects to make up for the inter regional economic differences in the province. Generally speaking, due to the pursuit of overall economic quantity, the government is more inclined to subsidize economic constructive industries, Insufficient attention is paid to local people's livelihood undertakings, and the proportion of transfer payment in the coordinated development of regional economy is small. Therefore, the structure of local public expenditure cannot be optimized, the difference of public services cannot be improved, and the effect of coordinated development of regional economy is not obvious.

Third, at present, cities in southern Anhui Province have their own pillar industries, and the government transfer payment is highly oriented, but for Northern Anhui, the industrial characteristics are not prominent enough. The amount of government transfer payment for cities in Northern Anhui is large, but it is too scattered to focus on supporting advantageous industries. In addition, when supporting advantageous industries, special funds of the same nature and type are repeatedly allocated, resulting in serious waste, This phenomenon is not conducive to the cities in Northern Anhui to keep up with the cities in southern Anhui. Secondly, the types of pillar industries also have an impact on the coordinated development of regional economy. According to the literature, the innovation ability has a negative impact on the coordinated development of regional economy in Anhui Province, but the innovation ability of cities in southern Anhui has passed significantly. At present, most of the innovative industries in Anhui Province are concentrated in southern Anhui, while the innovative industries in Northern Anhui are insufficient, and the Anhui provincial government pays more attention to the innovative industries. From this point of view, due to the government's preference for specific industries and the differences in the industrial structure of cities in southern and

Northern Anhui, the rapid development of cities in southern Anhui and the stagnation of urban development in Northern Anhui lead to the failure of the role of transfer payment in promoting the coordinated development of regional economy.

6. Conclusions and Policy Recommendations

According to the above regression results, policy text sorting and cause analysis, it can be found that the Anhui provincial government is currently committed to narrowing the differences with the eastern coastal cities, but does not pay attention to the coordinated economic development between regions in the province. A large number of downward transfer payment funds are allocated to the relatively developed southern cities, and the attention to the economically backward Northern Anhui is relatively low, The effect of fiscal transfer payment policy on the coordinated development of regional economy among subordinate administrative regions is not significant, and it is inefficient to reduce the difference of regional economic development. Therefore, the transfer payment policy of Anhui Province should seek a better change strategy to improve its efficiency in the coordinated development of regional economy. For this proposition, this paper tries to put forward the following policy suggestions:

First, to further improve the financial transfer system, we should pay attention to the balance of financial resources among regions, and simplify and institutionalize the form of transfer payment; The use of transfer payment should also be supervised and standardized. From the perspective of China's economic development process, the formulation of economic development policies is gradual. With the improvement of the policy, the reservation of vested interests is inevitable for administrative regions at all levels. In order to maintain the balance of financial resources between regions, the transfer payment system should be simplified, its names should be reduced, and the sub items of transfer payment should be reasonably standardized. At the same time, the use of transfer payment also needs to strengthen supervision and standardized use.

Second, we should not only formulate the downward transfer payment system in Anhui Province with the goal of increasing the total economy, but also improve the transfer payment system with more attention to the goal of reducing regional differences. From the current economic development of Anhui Province, it is one-sided to formulate the transfer payment system with the goal of increasing the total economy. Increasing the total economy should not be the direct goal of the transfer payment system, but one of the goals. The current transfer payment target of Anhui Province should also pay special attention to reducing regional differences. In order to achieve the goal of reducing regional differences, transfer payment should be implemented not only in economic constructive industries, but also in various livelihood expenditures such as medical security and education. Transfer payment should provide corresponding funds for the goal of diversification.

Third, the help to cities in Northern Anhui should provide special transfer payment in combination with regional advantageous industries, improve the innovation ability of cities in Northern Anhui through policy guidance, and promote the coordinated development of regional economy in northern and southern Anhui. We have learned from the above that the economic development of Anhui Province mainly depends on the drive of cities in southern Anhui. The development momentum of cities in southern Anhui is good. The three major industries keep pace with each other, each with its own pillar industries, and are in the process of benign development. However, on the one hand, the cities in Northern Anhui started late, resulting in a single industry. At the same time, the development of advantageous industries is difficult, and there is no key policy support, resulting in the slow growth of cities in Northern Anhui, resulting in the disharmony of regional economic development in southern Anhui and Northern Anhui. The government should reasonably use the transfer payment policy, provide

special transfer payment, guide and support the innovative industries of cities in Northern Anhui, support the advantageous industries in Northern Anhui, help the cities in Northern Anhui to keep up with the cities in southern Anhui, and promote the coordinated development of regional economy in Anhui Province.

Fourth, from the theoretical and empirical analysis, it can be seen that the coordinated development of regional economy can not only rely on the imperfect transfer payment system. Governments at all levels in Anhui Province should comprehensively use various measures to promote the coordinated development of regional economy with diversified and multifaceted policies. Financial transfer payment is very important for the coordinated development of regional economy, but it can not be avoided that the actual efficiency of transfer payment alone is low. Therefore, the coordinated development of regional economy can not only rely on the transfer payment system as the driving force, but should also take fiscal, financial and other measures and policies into account in the coordinated development of regional economy, so as to help the coordinated development of regional economy.

Acknowledgments

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