

An Empirical Analysis of the Impact of the Scale of Social Financing on Industrial Structure in Hebei Province

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Abstract

The "Beijing-Tianjin-Hebei Cooperative Development Strategy" and the construction of Xiongan New Area urgently require Hebei Province to accelerate the process of market integration and promote the adjustment and upgrading of industrial institutions. Using econometric software to analyze the relationship between the scale of social financing in Hebei province and the three major industries represented by specific industries. The results show that the scale of social financing has different effects on the three major industries represented by specific industries. The three industries represented by specific industries in Hebei province are affected by the scale of social financing on the basis of the analysis of related relations, and the suggestions for the development of the three industries and related policy suggestions are put forward.

Keywords

Scale of Social Finance; Inregional Economic Development; Industrial Structure.

1. Introduction

In recent years, the financial market in Hebei province has developed rapidly, financial products and financial structure have diversified, and social financing methods have shown a trend of diversified development. The scale of social financing in Hebei Province has gradually increased. The scale of regional social financing can more comprehensively reflect the financial support that the local real economy gets from the whole financial system, help to monitor the changes in the scale and structure of regional financial development, strengthen the financial support to the regional economy, and better promote the development of the real economy. At present, the financial development of Hebei province is unbalanced, and the industrial structure is still dominated by the second industry. At the same time, the "Beijing-Tianjin-Hebei Coordinated development strategy" and the construction of Xiongan New Area urgently require Hebei province to speed up the process of market integration and promote the adjustment and upgrading of industrial institutions. Therefore, it is of great theoretical and practical significance to deeply study whether the scale of social financing in Hebei province promotes the development of the three major industries, how much it affects the development of the three industries and the impact on the industrial structure.

Domestic scholars have produced abundant research results on the scale and industrial structure of social financing. This paper refers to Rui Wang (2017), Qian Yang (2017), Lin Zhang (2016) Zhenxing Wang (2014), Xinyan Chen (2014) et al., research methods of social financing scale and industrial structure, and study the impact of social financing scale on industrial structure change [1-5].

2. Scale of Social Financing and Industrial Development in Hebei Province

2.1. The Development of Social Financing Scale in Hebei Province

From the perspective of the quarterly structure of social financing scale in Hebei province from 2014 to 2017, the new social financing in Hebei Province is mainly RMB loans, and RMB loans account for 83.47% of the total social financing scale on average. The second was the issuance of corporate bonds, which accounted for 10.09% of the total scale of social financing on average, and the two accounted for 93.56%. Trust loans, entrusted loans and domestic stock financing of non-financial enterprises are less subject to negative investment and scale restrictions on average. The average proportion of foreign currency loans and undiscounted bank acceptance bills is negative. (See Table 1)

Table 1. Quarterly structure of social financing scale in Hebei Province from 2014 to 2017 (unit: %)

Time	Scale of social financing	Among them						
		Renminbi loan	Foreign currency loans (including people)	Entru-sted loans	Trust loans	undiscounted banker's acceptance draft	Corpor-ate bonds	Domestic stock financing of non-financial enterprises
2014a	100	55.77	2.04	8.67	11.15	8.45	7.01	1.27
2014b	100	62.61	1.30	16.57	-2.88	2.38	11.67	1.08
2014c	100	91.85	-1.04	6.69	-7.52	-20.06	20.59	4.28
2014d	100	74.14	-4.51	11.46	8.03	-13.12	12.73	4.60
2015a	100	98.55	-0.08	0.46	-3.35	-4.79	4.95	0.91
2015b	100	71.23	0.00	-4.81	0.72	18.24	9.02	2.11
2015c	100	94.80	-0.33	1.16	2.81	-16.02	12.55	0.58
2015d	100	144.58	-3.75	11.53	-14.44	-91.94	22.64	21.39
2016a	100	70.59	-2.43	7.91	7.30	-4.46	14.10	4.36
2016b	100	95.95	-1.46	4.29	11.08	-14.81	0.97	0.32
2016c	100	82.14	-1.75	11.27	8.12	-36.34	16.67	16.11
2016d	100	85.82	0.65	7.62	10.52	-12.59	2.19	1.30
2017a	100	75.77	1.20	7.99	7.20	0.86	3.15	1.69
2017b	100	88.32	-0.48	4.13	20.26	-24.33	6.54	2.47
2017c	100	59.89	-1.38	-8.01	31.88	5.52	6.53	2.12
Average	100	83.47	-0.80	5.79	6.06	-13.54	10.09	4.31

Source: People's Bank of China

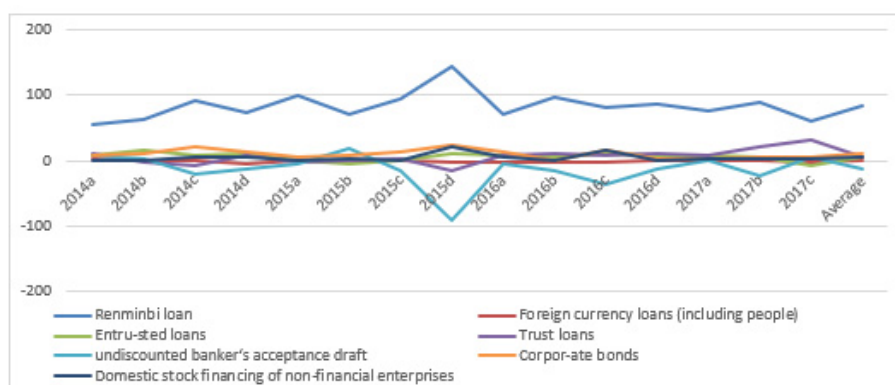


Figure 1. Changes in the Scale and structure of social financing in Hebei Province from 2014-2017

Source: People's Bank of China

2.2. Industrial Development of Hebei Province

Due to credit account for more than 80% of hebei province social financing scale, can to a great extent, on behalf of social financing to interact with the economic development of hebei province, in order to more scientific and more extended period and microscopic studies economic development in hebei province, this paper further research on bank lending and what specific industry contact more closely. In order to further analyze the scale and direction of social financing investment in Hebei Province at the level of industry development.

Among the three industries, the primary industry can be divided into agriculture, forestry, animal husbandry and fishery. The secondary industry can be divided into industry and construction; The tertiary industry can be divided into transportation, storage, post and telecommunications, wholesale and retail, accommodation and catering, finance, insurance, real estate, and other industries. In consideration of data availability, continuity and the small size of some industries, this paper only selects agriculture, animal husbandry, industry, construction, transportation, storage, post and telecommunications, finance, insurance, real estate and other major industries for analysis.

From 1997 to 2016, all the above major industries in Hebei province showed a significant upward trend, among which the average annual growth rate of the real estate industry was the highest, especially since 2004, the upward trend of the output value of the real estate industry was more obvious. However, in recent years, agriculture, animal husbandry, industry, transportation, storage and post and telecommunications industries have all seen a slowdown in output growth, and the industrial sector even showed signs of output decline in 2016.

Table 2. 1997-2016 Increment of output value of specific industries in Hebei Province
(Unit: 100 million Yuan)

Time	AGR	ANH	IND	CB	TSPTI	FII	ES
1997	475.98	250.22	1,701.42	232.96	276.61	202.98	68.31
1998	495.50	257.90	1,822.05	262.28	313.40	204.22	77.11
1999	491.20	274.50	1,895.21	293.38	359.85	199.40	85.71
2000	487.20	289.20	2,201.73	313.23	415.79	183.77	99.53
2001	527.40	330.90	2,378.04	318.59	498.03	167.29	118.13
2002	563.40	330.80	2,580.89	330.80	553.17	179.60	140.89
2003	648.30	358.40	3,009.92	407.64	609.09	199.87	185.19
2004	766.80	497.70	3,812.31	489.42	585.37	209.10	231.08
2005	848.50	539.30	4,704.28	567.29	790.19	213.47	330.87
2006	945.48	375.92	5,485.96	624.47	938.52	284.04	397.14
2007	1,105.00	542.00	6,515.32	686.56	1,155.62	347.65	467.97
2008	1,187.00	666.00	7,891.54	809.80	1,337.54	420.74	513.81
2009	1,338.50	661.80	7,983.86	975.97	1,491.92	525.67	612.40
2010	1,670.46	681.74	9,554.03	1,153.65	1,745.91	615.42	697.79
2011	1,876.81	790.51	11,770.38	1,356.48	2,046.22	746.01	918.02
2012	2,093.20	825.30	12,511.60	1,491.97	2,212.93	913.66	982.05
2013	2,348.80	858.60	13,194.76	1,600.15	2,345.10	1,137.72	1,063.09
2014	2,335.40	921.80	13,330.66	1,703.63	2,396.40	1,347.58	1,119.78
2015	2,337.50	898.10	12,626.17	1,780.49	2,359.09	1,480.92	1,313.62
2016	2,359.80	915.20	13,387.46	1,885.27	2,369.27	1,731.23	1,488.42

Data source: According to National Bureau of Statistics, collated by Wind

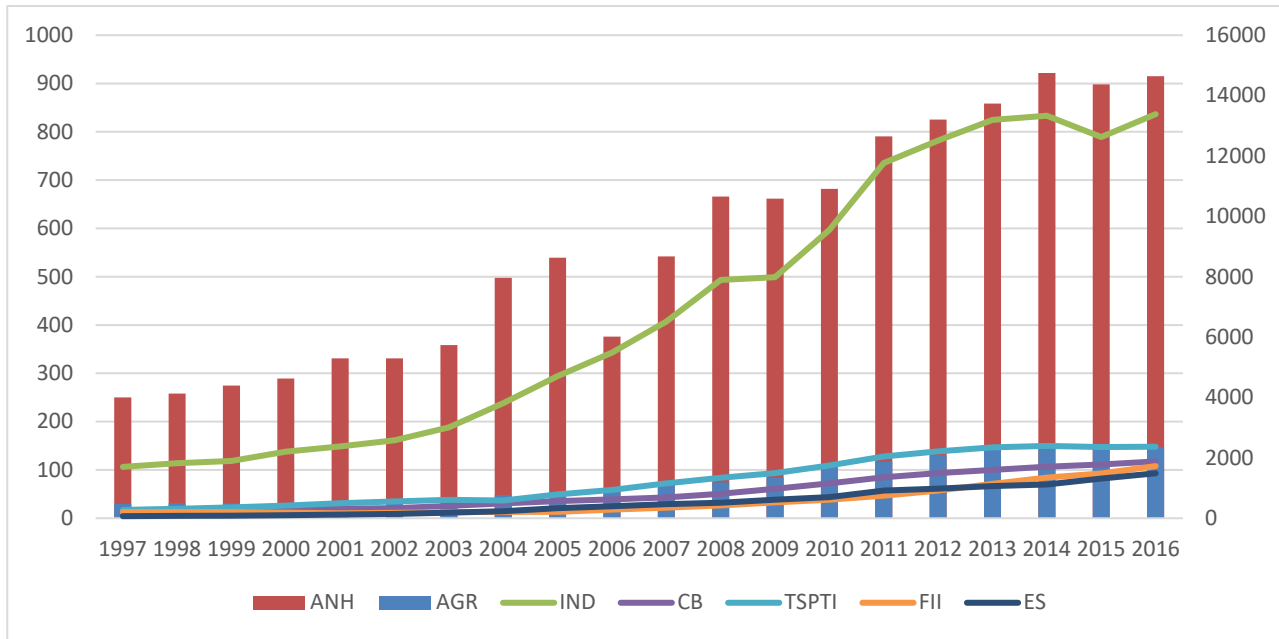


Figure 2. 1997-2016 Hebei Province AGE, AHN, IND, CB, TSPTI, FII, ES output (unit:100 million yuan)

Source: According to National Bureau of Statistics

2.3. Analysis of the Relationship between the Scale of Social Financing Represented by Credit and Specific Industries of the Tertiary Industry

To ensure the availability and accuracy of statistical data, the year-end loan belts of financial institutions were used to represent the lending scale of banks, and the annual data added value of specific industries of primary, secondary and tertiary industries were selected for analysis. The data were all from the National Bureau of Statistics and WIND Database.

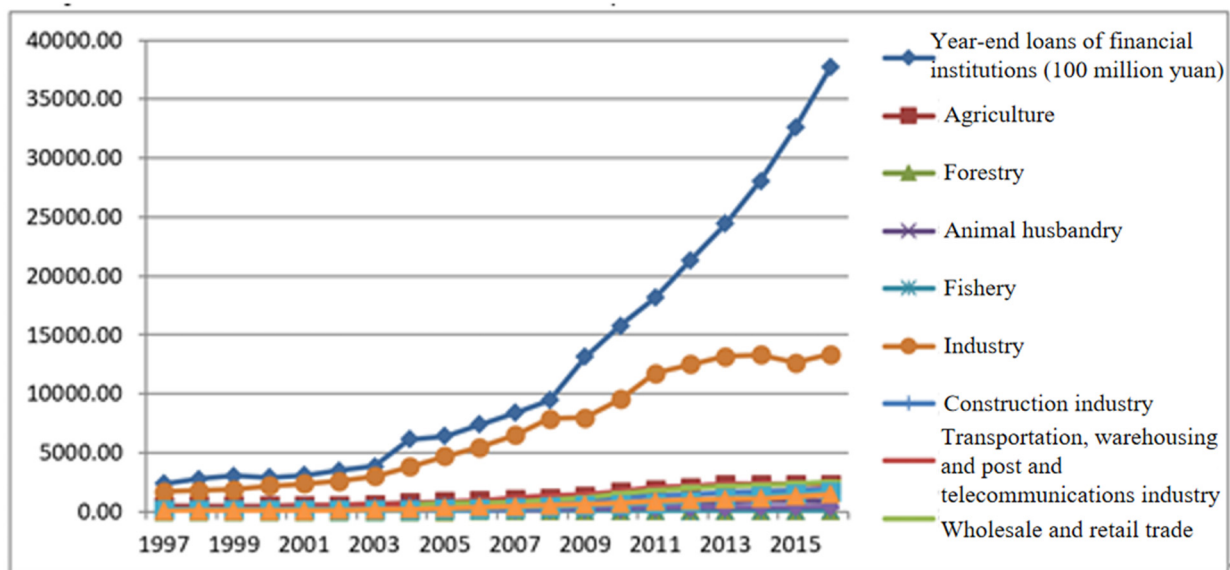


Figure 3. Loans of financial institutions at the end of the year and added value of output value of specific industries

With the growth of time from 1997 to 2017, the added value of the year-end loans of financial institutions and the output value of each specific industry in Hebei Province will increase to a certain extent. However, the year-end loans of financial institutions increase rapidly, exceeding

the increase speed and range of the output value of each specific industry. The year-end loans of financial institutions will promote the development of specific industries to a certain extent, among which the year-end loans of financial institutions are mainly invested in industrial enterprises. Due to the limitations of agricultural enterprises, financial institutions at the end of the year to invest less in agriculture; Capital flows to services have not been as great as to industry. There is a positive correlation between year-end loans of financial institutions in Hebei Province and the added value of output value of each specific industry, but the correlation between them needs to be empirically analyzed.

3. Empirical Analysis of Bank Lending and Industry Development

3.1. Variable Setting and Data Source

According to the availability of data, this paper selects 1997-2016 LBF of financial institutions in Hebei Province to represent the scale of bank lending, and selects the annual data of specific industries in the primary, secondary and tertiary industries for analysis. The data are all from the National Bureau of Statistics and WIND database. The year-end loans of financial institutions in Hebei province are selected to represent the scale of bank lending, and the regional GDP of the primary, secondary and tertiary industries in Hebei Province is selected to reflect the changes of various industries. Among them, agriculture (AGR) accounts for 64% of the primary industry, industry (IND) and construction (CB) of the secondary industry, transportation, storage and post and telecommunications (TSPTI) of the tertiary industry accounts for 23%, finance and insurance (FII) of 9%, and real estate (ES) of 10%. Before the empirical analysis, the sample data were taken logarithmic processing.

3.2. Correlation Analysis

Through variables between the correlation coefficient matrix of correlation coefficient can see financial institutions in hebei province is given at the end of the loan and hebei 123 industry the main industry there is a strong positive correlation between, one can reach 0.995, the highest correlation coefficient is greater than 0.9, the lowest that changes there may be some intrinsic relationship between variables, The specific interaction needs to be further verified by subsequent analysis (see Table 3).

Table 3. Correlation coefficient matrix

	LNLBFI	LNAGR	LNIND	LNCB	LNTSPTI	LNFI	LNES
LNLBFI	1.000000	0.993014	0.979744	0.995334	0.974939	0.967906	0.982922
LNAGR	0.993014	1.000000	0.989451	0.996089	0.984124	0.962010	0.984570
LNIND	0.979744	0.989451	1.000000	0.991645	0.994425	0.920892	0.995050
LNCB	0.995334	0.996089	0.991645	1.000000	0.989226	0.954460	0.990861
LNTSPTI	0.974939	0.984124	0.994425	0.989226	1.000000	0.919834	0.991857
LNFI	0.967906	0.962010	0.920892	0.954460	0.919834	1.000000	0.917515
LNES	0.982922	0.984570	0.995050	0.990861	0.991857	0.917515	1.000000

3.3. Sequence Stationarity Test

In order to avoid the influence of pseudo regression, data stationarity test was carried out. In this paper, ADF unit root test is used to determine the stationarity of variables. The results show that at the significance level of 10%, the original sequence is non-stationary, after the first-order difference, the sequence is non-stationary, after the original sequence is second-order difference, the sequence becomes stationary, that is, all the variables are second-order integration (see Table 4).

Table 4. Results of unit root test

variable	ADF tests t statistics	1% critical value	5% critical value	10% critical value	P value	stability
LNLBFI	6.118338	-2.692358	-1.960171	-1.607051	1.0000	NO
D(LNLBFI,1)	-0.971613	-2.708094	-1.962813	-1.606129	0.2828	NO
D(LNLBFI,2)	-7.429495	-2.708094	-1.962813	-1.606129	0.0000	smooth
LNAGR	1.663070	-2.728252	-1.966270	-1.605026	0.9700	NO
D(LNAGR,1)	-0.712026	-2.740613	-1.968430	-1.604392	0.3900	NO
D(LNAGR,2)	-1.918200	-2.740613	-1.968430	-1.604392	0.0552	smooth
LNIND	1.806164	-2.699769	-1.961409	-1.606610	0.9782	NO
D(LNIND,1)	-1.393082	-2.699769	-1.961409	-1.606610	0.1466	NO
D(LNIND,2)	-4.980701	-2.717511	-1.964418	-1.605603	0.0001	smooth
LNCB	2.292236	-2.708094	-1.962813	-1.606129	0.9916	NO
D(LNCB,1)	-1.086656	-2.699769	-1.961409	-1.606610	0.2402	NO
D(LNCB,2)	-3.495686	-2.708094	-1.962813	-1.606129	0.0016	smooth
LNTSPTI	5.349452	-2.692358	-1.960171	-1.607051	1.0000	NO
D(LNTSPTI,1)	-1.110240	-2.708094	-1.962813	-1.606129	0.2312	NO
D(LNTSPTI,2)	-7.232811	-2.708094	-1.962813	-1.606129	0.0000	smooth
LNFI	5.035540	-2.692358	-1.960171	-1.607051	1.0000	NO
D(LNFI,1)	-0.961367	-2.699769	-1.961409	-1.606610	0.2877	NO
D(LNFI,2)	-4.921207	-2.708094	-1.962813	-1.606129	0.0001	smooth
LNES	2.015173	-2.699769	-1.961409	-1.606610	0.9856	NO
D(LNES,1)	-0.481604	-2.708094	-1.962813	-1.606129	0.4919	NO
D(LNES,2)	-7.462063	-2.708094	-1.962813	-1.606129	0.0000	smooth

3.4. Johansen Test of Cointegration Relationship

According to the above ADF stationarity test, the original sequence of each variable is not stable and is second-order integration, so whether there is a co-integration relationship between the sequences needs to be further tested. In this paper, Johansen co-integration test method is adopted to test the co-integration relationship between variables. If there is a cointegration relationship between variables, it indicates that there is a long-term equilibrium relationship, otherwise it is not.

First, the vector autoregressive model VAR model is established, and the stability of the model is tested to judge the stability of the VAR model.

From left to right are the characteristic units and test results of VAR model established between agriculture, construction industry, real estate industry, finance and insurance industry, transportation, storage, post and telecommunication industry and RMB loan. All the dots are within the unit circle, indicating that each VAR model is stable.

Secondly, based on the VAR model, co-integration tests are conducted on the series at the significance level of 5% respectively to test the relationship between the year-end loans of financial institutions in Hebei province and the GDP of the primary, secondary and tertiary industries. The results are shown in the table. The cointegration equation exists between year-end loan of financial institutions (LNLBFI), real estate industry (LNES) and finance and insurance industry (LNFI) in Hebei Province. There is no co-integration equation between year-end loans of financial institutions (LNLBFI) and agriculture (LNAGR), construction industry (LNCB), industry (LNIND), transportation, storage, post and telecommunication industry (LNTSPTI) in Hebei Province, indicating that there is a co-integration relationship between year-end loans of financial institutions, real estate industry, finance and insurance industry, and there is a long-term equilibrium relationship. There is no co-integration or long-

term equilibrium relationship between the scale of RMB loans and agriculture, construction, industry, transportation, storage and post and telecommunication industries (see Table 5).

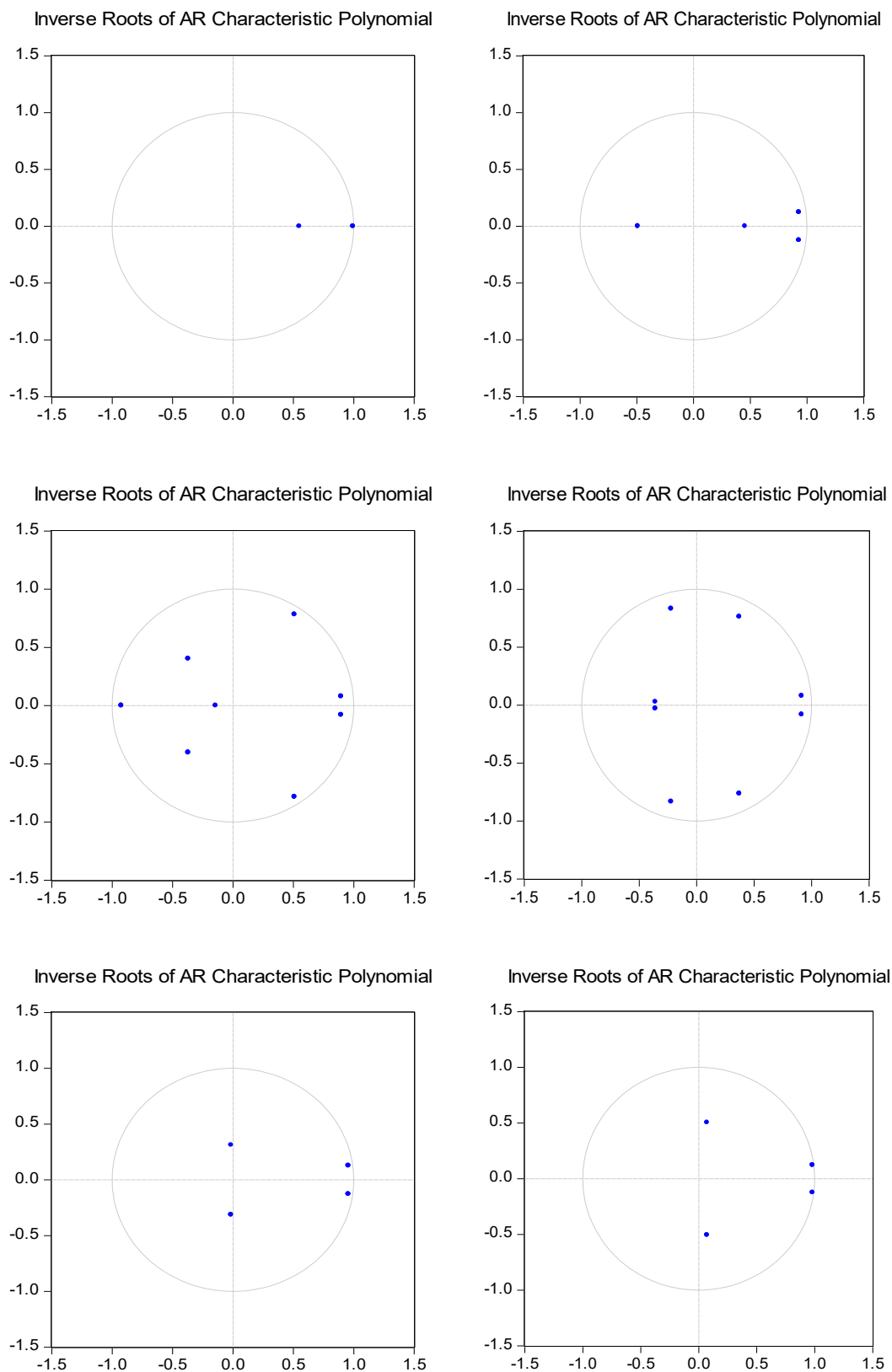


Figure 4. Unit root test

Table 5. Johansen cointegration test results

Cointegration variable	Number of cointegration equations	eigenvalue	trace statistic	5% critical value	P value
LNAGR and LNLBFI	None	0.237605	5.180139	15.49471	0.7894
	At most 1	0.001347	0.025616	3.841466	0.8728
LNCB and LNLBFI	None	0.284760	7.270655	15.49471	0.5464
	At most 1	0.066475	1.238174	3.841466	0.2658
LNES and LNLBFI	None *	0.624422	23.18133	15.49471	0.0029
	At most 1*	0.374713	7.512702	3.841466	0.0061
LNFII and LNLBFI	None *	0.870438	34.32344	15.49471	0.0000
	At most 1	0.096627	1.625918	3.841466	0.2023
LNIND and LNLBFI	None	0.314942	9.243897	15.49471	0.3433
	At most 1	0.126545	2.435370	3.841466	0.1186
LNTSPTI and LNLBFI	None	0.410356	15.03160	15.49471	0.0586
	At most 1*	0.264241	5.523350	3.841466	0.0188

3.5. Granger Causality Test

There is a co-integration relationship between RMB loans and the real estate industry, finance and insurance industry. Then, Granger causality test is used to test whether there is a causal relationship between RMB loans and the real estate industry, finance and insurance industry, and the direction of the causal relationship.

The test results are shown in the table. At the significance level of 10%, the change of RMB loan can cause the change of real estate industry, finance and insurance industry in one direction, but the change of real estate industry, finance and insurance industry cannot cause the change of RMB loan (see Table 6).

Table 6. Granger causality test results

Variables	null hypothesis	F statistic	P value	conclusion
LNES and LNLBFI	LNES does not Granger Cause LNLBFI	2.17719	0.1737	Accept
	LNLBFI does not Granger Cause LNES	3.27940	0.0816	refuse
LNFII and LNLBFI	LNLBFI does not Granger Cause LNFII	18.0599	0.0009	refuse
	LNFII does not Granger Cause LNLBFI	0.74508	0.5910	accept

3.6. Impulse Response Analysis

Impulse response analysis is used to test the impact of one standard deviation change of RMB loan on real estate industry. Given a standard deviation of RMB loan impact, the impact response of RMB loan to the real estate industry reached the highest point in the second stage, then fell to the fourth stage, then the reverse impact reached the maximum in the sixth stage, then fell to the seventh stage again, and then the positive impact increased, and began to be stable after the fluctuation. It shows that RMB loan can promote and restrain the real estate industry in the short term and promote it in the long term. Given a standard deviation of THE impact of RMB loans, the impact response of RMB loans on the financial and insurance industry begins to show a small negative impact, and after the second period, it shows a positive impact. And gradually increased, reached the highest point in the sixth phase, and then gradually stabilized. It shows that RMB loans have a great promotion effect on the finance and insurance industry in the long run (see Figure 5).

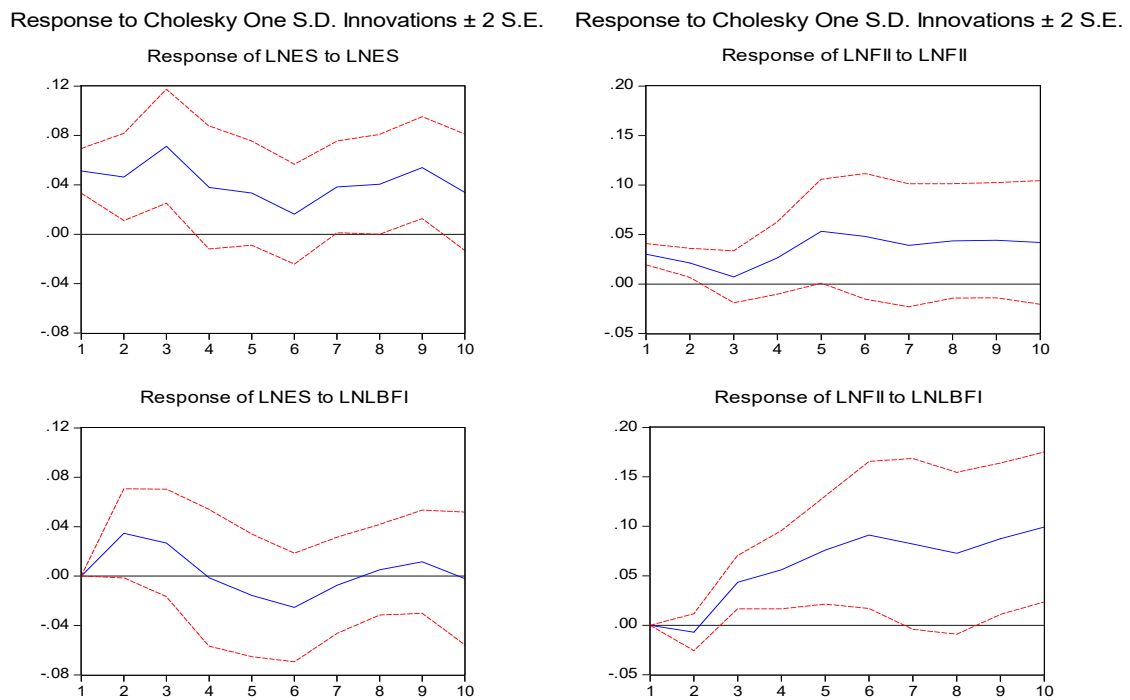


Figure 5. Impulse response analysis

3.7. Analysis of Variance Decomposition

In order to further analyze the impact of changes in RMB loans on the real estate industry, finance and insurance industry, variance decomposition of variables was conducted.

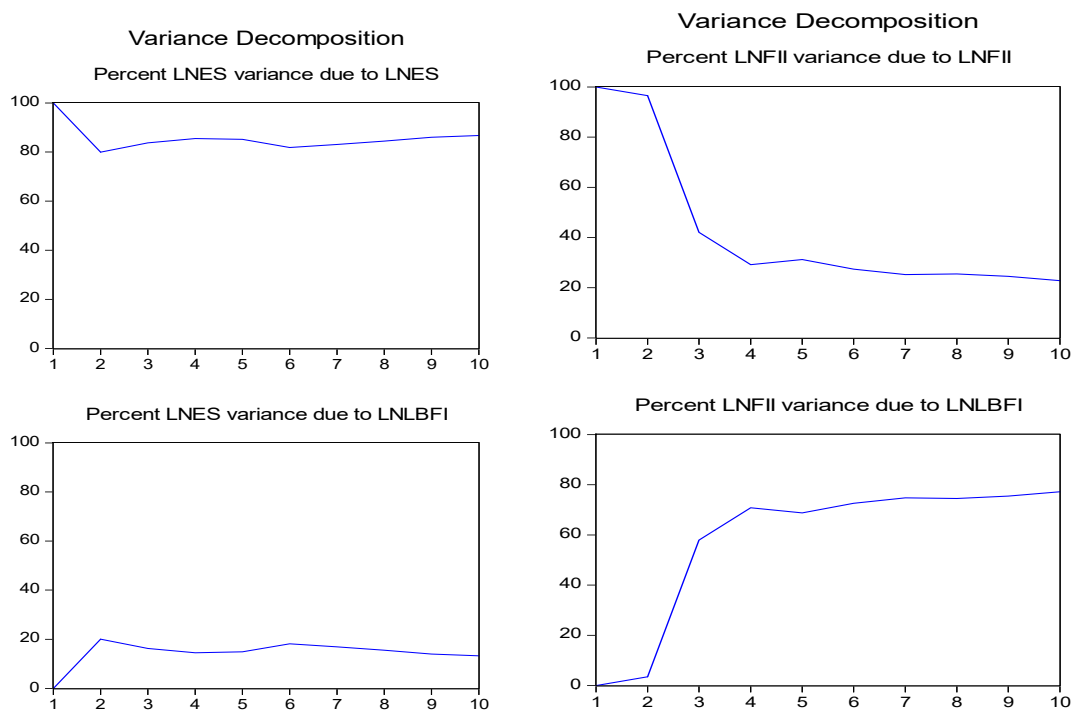


Figure 6. Variance decomposition

The variance decomposition between the real estate and the scale of RMB loans shows that the change of the real estate industry is mainly caused by itself, with the final contribution rate of nearly 87%. The contribution rate of the change of RMB loans to the real estate industry reaches

the maximum of about 20% in the second period, and then gradually decreases and becomes stable, accounting for about 13%. It shows that the change of RMB loan has a certain long-term impact on real estate industry.

The contribution rate of changes in RMB loans to the finance and insurance industry was small in the first two periods, then increased rapidly to the maximum contribution rate of about 70% in the fourth period, and then gradually increased to about 77% in the 10th period. It shows that changes in RMB loans have a great long-term impact on the finance and insurance industry (see Figure 6).

4. Conclusion

The following conclusions can be drawn from the analysis in this paper:

1. The GDP of the main industries in Hebei province showed a significant upward trend, among which the real estate industry had the highest annual growth rate, while the increase of output value of agriculture, animal husbandry, industry, transportation, storage and post and telecommunications all slowed down. The results show that the industrial structure of Hebei province is still dominated by the secondary industry, the primary industry develops gradually, the transportation, storage, post and telecommunication industry of the tertiary industry develops slowly, and the real estate industry of the tertiary industry develops rapidly. However, compared with other developed regions, the total amount of industry in Hebei province is insufficient, and the industrial structure is not advanced and rationalized, so it is in urgent need of industrial structure adjustment, optimization and upgrading.
2. Social financing scale in Hebei Province, represented by year-end loans from financial institutions, develops rapidly. The primary industry in Hebei province has a small demand for the strictly reviewed social financing scale. Due to the limitations of the primary industry itself, the social financing scale has a small supply to the primary industry, which ultimately makes a small contribution to the primary industry. The secondary industry is the main demand side of social financing scale and the largest investment industry of social financing scale, but the contribution efficiency of social financing scale to the secondary industry is not high. There is little interaction between the tertiary industry, such as transportation, storage, post and telecommunication, and the scale of social financing. Hebei Province is still dominated by the traditional circulation mode, while the modern circulation mode, such as chain, modern logistics and distribution, e-commerce and franchise, is not well developed. The interaction between the tertiary industry real estate and social financing scale is great.
3. The industrial policies of Hebei province are relatively backward. The effects of industrial policies on the adjustment and upgrading of industrial structure are not high, and there is a big policy gap between Hebei Province and big cities such as Beijing and Tianjin in terms of education, medical care, social security and other public services. The strength of industrial policies such as innovation and entrepreneurship support policies, strategic support policies, financial support policies and talent introduction policies in Hebei Province is not high and persistent, which makes the modern manufacturing industry in Hebei province lack of innovation development motivation, strength, scale effect and slow down the elimination process of backward production capacity industries. The transformation of the traditional service industry is slow, and the proportion of strategic emerging industries is small and the scale is small. Traditional agriculture develops slowly, characteristic agriculture, innovative agriculture develops slowly, technology content is low. Overall make Hebei province industrial structure adjustment, optimization and upgrading process is slow.

5. Policy Suggestions

5.1. Industrial Structure Adjustment and Upgrading, Multi-channel Innovation to Drive the Development of the Three Industries

To maintain the basic guarantee status of agriculture unchanged to promote the innovation of financial products and agricultural own financing channels, to provide strong financial support for the development of agriculture. Due to the limitation of agriculture, the supply of credit funds is less, and the development of agriculture is limited by funds. Agricultural value chain financing can not only link the production, processing, circulation and sales of agricultural products, provide effective and convenient financial services for participants in the agricultural value chain and improve the efficiency of capital use, but also drive small farmers to enter the big market and promote the development of the primary industry[6][7].

We should maintain the dominant position of the secondary industry, adjust and upgrade industries within the secondary industry, eliminate backward production capacity industries, and develop green finance. Taking "Industrial Manufacturing 4.0" and "Made in China 2025" as an opportunity, the intelligent level, scientific and technological level and competitiveness of hebei manufacturing industry will be constantly improved, and the initiative will be taken in the new round of industrial revolution. We should deepen the reform of the financial system, reduce financing costs, improve the financing environment, enhance the ability of the financial sector to serve the real economy, promote the sound development of the multi-level capital market, promote the transfer of secondary industry enterprises from low value-added areas to high value-added areas, and promote the efficient, sustainable and healthy development of the secondary industry.

To promote the development of tertiary industry and strive to make tertiary industry the leading industry in Hebei Province. Improvement of the third industry internal structure, improve the overall level of the tertiary industry, expanding service areas, continuous development of chain, modern logistics, e-commerce, franchising and other modern ways of distribution, speed up the development of culture, tourism, health, etc. The development of green industry, we must deepen the reform of the financial system to establish and perfect the capital market financing environment, reduce the cost of financing, Promoting finance to better serve the development of the industry and promoting the tertiary industry has gradually become the main driving force of economic growth in Hebei Province.

5.2. Boost the Growth of Social Financing and Adjust the Allocation and Structure of Such Financing

The average scale of RMB loan in Hebei province accounts for 83.47% of the total scale of social financing. Corporate bonds, corporate bonds on the size of an average about 10.09% of the total social financing scale, shows that financing is relatively single, hebei province, hebei province to major in industry and real estate financing scale, in financing to the relatively small size of other industry, the agriculture industry and small micro enterprise money smaller, namely financing scale to a single, lack of diversity.

Hebei province should promote the growth of social financing scale, establish and improve the rules and regulations related to small guarantee companies, financial companies and other financing methods, and provide a good social environment and policy support for various financing methods. Change money at the same time, in addition to emerging industries, manufacturing, real estate sectors such as financial support, should strengthen the agricultural industry, weak industry such as the small micro enterprise financing support, at the same time in the allocation of credit, interest rate pricing, credit period, business innovation, innovation of financial tools to give micro and small enterprises with preferential agricultural industry.

5.3. Strengthen and Sustain Industrial Policies

Hebei province should formulate industrial policies suitable for the development of Hebei province, focusing on the support plan of innovation, creation and entrepreneurship, and constantly promote the level of creativity in Hebei Province; Focus on high-tech industries, emerging industries, promote the collaborative development of industry-university-research; We will increase the intensity and consistency of policy orientation and reduce the policy gap with other regions in education, medical care, social security and other public services. Industrial policies such as innovation and entrepreneurship support policies, strategic support policies, financial support policies and talent introduction policies should be strengthened to provide a huge incentive mechanism for industrial development and transformation in Hebei Province.

5.4. Change the Concept of Development and Develop Green Economy

Due to the uniqueness of historical reasons and its own development in hebei province, mainly in the steel, cement, plate glass in the second industry overcapacity serious, serious at the expense of the natural and social interests, should be strict in the northern province of hebei, resolutely curb excess capacity from the system the blind expansion of the industry, increased due to the backward production capacity, economic compensation amount; At the same time, we will vigorously develop green economy, develop green finance, and invest capital in environmentally friendly industries. It should be made clear that developing green economy can not only produce better economic output than brown economy, but also not cause natural degradation or even promote ecological improvement. We will promote sustained and sound economic, natural and social development[8].

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