

Analysis of Influencing Factors of Economic Development and Growth

Jiahao Luo^{1,a,*}

¹*Nanchang No.2high school, Nanchang, China*

a. elong52581@student.napavalley.edu-

**corresponding author*

Abstract: This article is based on the background of economic development and economic development is an important factor for a country or region to achieve prosperity and sustained growth. With the advancement of globalization and the rapid development of science and technology, economic development has become one of the top priorities for many countries. and reviews 12 literature on the economic development of China and other countries. It provides detailed reviews and suggestions on the ARDL model, multiple linear review model, spatial analysis method, and DSDM model to analyze economic growth factors, economic growth factors in some regions of China and Europe, and economic growth factors in fisheries, coal industry, tertiary industry, and tourism, The conclusion was drawn that China's overall economic development prospects are good and there are great opportunities, and the economic specialization of the European Union cannot ensure economic growth. Suggestions were given for the economic development of some industries, environmental economy, and green economy in China.

Keywords: economy, economic specialization, green economy, economic model

1. Introduction

Economic growth is a prerequisite for economic development. In today's globalized world, economic development has become the goal and purpose of every country. Whether in industries such as handicrafts, agriculture, manufacturing, industry, etc., economic growth has gradually become the standard for measuring the quality of industrial development. Usually, the economic development of a place can be judged by the total GDP and per capita GDP. With the development of the times, the factors of economic growth are constantly increasing. The main factors of economic growth can usually fundamentally affect the direction of the economy. The importance of economic growth for developing countries is much higher than that of developed countries. Because economic growth can not only rapidly change a country's infrastructure but also lay the groundwork for future development. For developed countries, economic growth is a foundation for consolidating the inherent economy for development. The economic foundation determines the superstructure, and it can be concluded that economic growth is very important for all humanity. And economic growth is the main factor in improving residents' sense of happiness, usually the economy determines a person's sense of happiness. As the economy continues to grow, people's sense of happiness will also continue to rise. The happiness of residents is very important for a country, and there is a strong connection between economic growth and social stability. As the economy

continues to grow, people's happiness continues to improve, crime rates will gradually decrease, and the economy of a country that has not been growing for a long time will gradually lose momentum. Therefore, economic growth is a key factor determining whether a country can sustain development.

This article is based on multiple articles, summarizing the analysis of economic growth factors by relevant models, the main factors of economic growth in different regions, and the economic growth factors of different industries. It also summarizes each part and provides opinions and perspectives on economic growth based on the summary content.

2. Analysis of the Influencing Factors of Economic Growth

2.1. Analysis the Influencing Factors of Economic Growth Based on Related Models

Qiao used a multiple linear regression model to analyze the economic growth of Beijing from 1998 to 2018 [1]. Qiao selected five indicators that affect economic growth: residents' consumption level, investment in important assets of the whole society, total imports and exports, fiscal expenditure, and total energy consumption [1]. The analysis found that residents' consumption level and total imports and exports are the main factors affecting Beijing's economic growth [1].

Kong et al. used the ARDL model to analyze the relationship between the quality of China's economic growth and opening-up from 1994 to 2018 [2]. They believe that there is a stable synergistic integration relationship between trade openness and the quality of economic growth [2]. In particular, trade openness can significantly improve economic quality in both the short and long term, and this positive effect also shows clear regional heterogeneity and nonlinear threshold characteristics. In other words, trade openness plays an important role in improving the quality of China's economic growth; Secondly, the positive impact of trade opening on economic growth varies in different regions and at different stages.

Li et al. used the energy theory and combined with China's agricultural green GDP data from 2003 to 2018 to carry out a detailed statistical analysis [3]. By applying spatial analysis methods, they explored in depth the various factors affecting the growth of China's green agricultural economy [3]. The results show that in different regions, the level of economic development, the level of investment and openness in infrastructure construction, and innovative technology all play an important role and have a significant impact on the realization of sustainable agricultural development within the region [3].

According to Liu et al., they used data from 30 provinces in China from 2004 to 2015 and applied the DSDM model to explore the direct and indirect effects of environmental laws on high-quality development and regional heterogeneity in China [4]. The results show that the environmental law has a significant direct or indirect impact on the quality of economic growth in the central and eastern regions, but less on the western regions [4]. In addition, research and development investment, environmental governance investment and fiscal decentralization have different degrees of influence on the adjustment of economic development, and these adjustment factors show obvious heterogeneity among different regions.

Based on the above literature, this paper can conclude that residents' consumption level and total exports are the main factors affecting Beijing's economic growth. Trade openness has a significant impact on China's economic quality growth. Environmental laws, government governance investment, and fiscal decentralization have a certain impact on the environmental economy. Innovative technology, infrastructure construction investment, and openness are important factors for the development of the green agricultural economy.

2.2. The Main Factor of Economic Growth in Different Regions

Based on the large-scale form of intelligent specialization in the European Union, Dzemydait analyzed the impact of economic specialization on regional economic development. And Dzemydait showed that both economic specialization and economic diversity cannot ensure economic growth in some EU countries with different economic structures [5].

According to Li et al., they used a set of samples and the Mankendall test to explore the relationship between local public services and economic conditions in China from 2003-2017 [6]. They found differences in time trends and geographic location for different types of public services, but significant increases in income and spending across all Chinese provinces during the study period [6]. In addition, they quantify the contribution of public services to local economy using variance decomposition method, and conclude that different types of public services have different degrees of significant impact on local economy.

Zhao and Hu analyzed the impact of energy industry agglomeration in 9 provinces and regions in western China on regional economic growth from 2003 to 2016 from the perspective of industrial agglomeration [7]. Research has found that overall, both the analysis of the 9 western provinces and regions as a whole and the analysis grouped by region indicate that energy industry agglomeration has a negative impact on regional economic growth [7].

Yan used econometric analysis to conduct regression analysis on the influencing factors of economic growth in the Sichuan and Chongqing regions of China, identifying the main factors and conducting a comparative analysis [8]. The research results showed that the growth value of the secondary industry and tourism income played a significant role in the economic growth of the Sichuan region, and the per capita life expectancy and tourism income played a significant role in the economic growth of the Chongqing region [8].

Based on the above literature, it can be concluded that neither economic specialization nor economic diversity can guarantee the economic growth of EU countries alone. Instead, in China's local economy, the type of public service has had a different but significant impact. Specifically, energy clusters have had a negative impact on economic growth in some parts of China. This may be due to over-reliance on the energy industry, which has led to limitations in other areas of development or uneven allocation of resources in the region. On the other hand, average life expectancy and tourism income have a significant impact on the economic growth of Chongqing, China. Life expectancy may be linked to the level of health and the quality of the labor force, thus boosting economic activity in the city. At the same time, tourism income, as an important source of foreign exchange and job creation, has played a positive role in promoting Chongqing's economic development. In summary, when considering the economic growth of a country or region, it is not necessary to rely on specialization or diversification in specific industries or sectors alone to ensure success. Instead, it is necessary to take into account the impact of various factors such as the type of public services, specific industry clusters, and the health status of the population on economic growth in order to formulate more comprehensive and effective development strategies.

2.3. The Main Factor of the Economic Growth of Different Industries

Calero and Turner reviewed some articles on regional economics and economic geography and concluded that the tourism industry was not included in early regional development, mainly because the regional economy and location research departments did not believe that the tourism industry was sufficient to affect the development of the regional economy [9]

Li et al. mainly analyzed the impact of internal and external factors on China's coal industry and estimated the uncertain factors of China's coal industry economy in 2023 [10]. The results showed that in the medium to long term, the crisis in the coal industry outweighs the opportunities [10]. The

coal industry should promote industrial transformation and optimize the coal-based industry, expand new energy and new materials industries to seek economic growth [10].

Ping and Zhao used regression analysis and component data prediction models to analyze the structure of China's fishery industry [11]. They systematically analyzed the contribution of changes in the fishery industry structure to the growth of the fishery economy and concluded that China's fishery industry should divide its specialization, expand its industrial chain, and promote the development of leisure fisheries to seek the growth of the fishery economy [11].

Cai explored the relationship between logistics input-output and economic growth in the tertiary industry through a combination of theory and empirical analysis [12]. The samples were tested using Granger causality, VAR model regression analysis, cointegration relationship, and unit root test. Finally, the conclusion was drawn that the logistics industry has a strong connection with economic growth in the tertiary industry [12].

Based on the above literature, it can be concluded that China's tourism industry does not include early regional economic development. China's coal industry faces more crises than opportunities in the medium to long term. China's coal industry should expand new energy and materials industries to seek economic growth. China's fisheries industry should divide its fishing profession, expand its industrial chain, and promote the development of leisure fisheries to stimulate China's fisheries economic growth. The logistics industry in China has a significant impact on the tertiary industry economy.

3. Discussion

China should increase its total export volume stimulate public consumption to grow its economy, and strengthen the opening up of foreign trade to improve the quality of economic development. For China's green economy, the government should increase infrastructure investment and openness, and improve innovation technology and creativity to promote green economic growth. For the environmental economy, it should increase government governance investment and fiscal decentralization to stimulate economic development. China can strengthen its tourism industry in provinces with tourism as its primary income and different service types should be developed for different regions to promote economic growth. For the Chinese industry, the coal industry should expand new energy and materials industries to promote economic transformation and overcome the medium to long-term crisis over opportunity. China should strengthen the development of the logistics industry, improve the quality of the logistics industry, and indirectly promote the development of the tertiary industry. For Chinese fisheries, the industrial chain should be expanded to stimulate the development of the fishery economy. For the European Union, although economic specialization cannot ensure economic growth at present, it can improve the quality of the economy, so it should continue to promote economic specialization.

4. Conclusion

This article reviews the economic growth factors in China and other countries around the world based on 12 literature reviews in the context of economic redevelopment after the epidemic. It is divided into three parts: based on relevant models, economic growth factors in different regions, and economic growth factors in different industries, the following conclusions are drawn:

First, in the past 20 years or so, China's economy has shown a rapid development trend, with residents' consumption levels and total exports being significant factors affecting the capital of China, Beijing. China's high-quality economic development in the past 24 years has benefited from the policy of opening up to foreign trade, as this policy has a synergistic relationship with China's high-quality economy. For the development of China's green agricultural economy, infrastructure

construction investment is crucial, The degree of openness and innovative technology are important factors in the development of a green economy, while environmental law, government governance investment, and fiscal decentralization have a certain impact on the environmental economy.

Second, in the context of smart specialization, economic specialization alone cannot ensure economic growth in the EU. On the contrary, factors such as the type of public services, tourism development and life expectancy play an important role in economic growth. In contrast, in some parts of China, these factors have had a significant impact on economic growth. China's energy sector, on the other hand, has had a negative impact on economic growth.

Third, on the whole, some industries in China have good economic development prospects, but the tourism industry is not included in the early regional economic development. The crisis of China's coal industry outweighs the opportunity in the medium to long term development. China's fisheries will expand the industrial chain to promote the development of leisure fisheries to stimulate the development of the fisheries economy. The logistics industry has a very significant impact on the economy of China's tertiary industry.

References

- [1] Qiao, CX. 2021, *An empirical study on the influencing factors of economic growth in Beijing*, (Bohai Rim economic outlook, vol. 1), pp. 73-74.
- [2] Kong, Q. Peng, D. Ni, Y et al. 2021, *Trade openness and economic growth quality in China: an empirical analysis based on the ARDL model*, (Finance Research Letters, vol. 38), pp. 101488.
- [3] Li, Z. Jin, M. Cheng, J. 2021, *Economic growth of green agriculture and its influencing factors in China*. (Environment, Development and Sustainability, vol. 23), pp. 15494-15512.
- [4] Liu, Y. Liu, M. Wang, G et al. 2021, *Effect of environmental regulation on high-quality economic development in China*, (Environmental Science and Pollution Research, vol. 28), pp. 54661-54678.
- [5] Dzemydaitė, G. 2021, *The impact of economic specialization on regional economic development in the European Union*, (Economies, vol. 9), pp. 76.
- [6] Li, Z. He, S. Su, S et al. 2020, *Public services equalization in urbanizing China: Indicators, spatiotemporal dynamics and implications on regional economic disparities*. (Social Indicators Research, vol. 152), pp. 1-65.
- [7] Zhao, WQ. Hu, J. 2020. *Research on the influence of energy industry agglomeration on economic growth*, (Journal of Xi'an University of Finance and Economics, vol. 33), pp. 71-81.
- [8] Xiao, Y. 2023. *Comparative analysis of the factors influencing economic growth in Sichuan and Chongqing regions*, (Chinese market, vol. 20), pp. 31-34.
- [9] Calero, C. Turner, LW. 2020, *Regional economic development and tourism*. (Tourism Economics, vol. 26), pp. 3-26.
- [10] Li, JQ. Li. YQ. 2023, *Research on the economic trend of coal industry and the countermeasures of coal enterprises*. (China's coal, vol. 49), pp. 16-22.
- [11] Ping, Y. Zhao, LR. 2018, *Analysis and prediction of the contribution degree of the economic growth of the fishery industry*. (China's fishery economy, vol. 36), pp. 64-69.
- [12] Cai, YM. 2023, *Analysis of the relationship between the economic growth of the tertiary industry and the logistics input-output efficiency*. (Business Economic Research, vol. 12), pp. 72-75.