

The Stage and Cause of Regional Industrial Specialization Evolution in China

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Abstract : This paper aims to probe into the general rules of industry specialization or diversification in a region during its process of economic growth and the specific reasons for the difference of industry specialization development in the eastern, central and western regions of China. It is found in this paper that the changes of regional industry specialization in China, like most of countries in the world, also present the U-shaped curve. Regional industrial structure is diversified in the first place. And when the per capita income exceeds a certain level, distribution of economic resources in this region will be concentrated again. From the perspective of rising total factor productivity and falling of transaction cost in the process of economic development, this paper comes up with a theoretical model to explain the U-shaped curve. Through the empirical test of China's provincial panel data, this paper explains the factors that cause the inequality of the industry specialization development in the eastern, central and western regions of China.

Keywords : u-shaped curve, regional industrial specialization, technological progress, transaction costs

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