

# The Economic Interpretation and Realization Form of the Integration of Primary, Secondary and Tertiary Industries under the Strategy of Rural Revitalization

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**Abstract.** With the continuous deepening of domestic reform and opening up, rural development has also been paid more and more attention by the state, and rural revitalization has also attracted widespread social attention. Under the strategy of rural revitalization, the integration of rural primary, secondary, and tertiary industries is critical to the development of the entire rural area, and it also contains many economic theories. This article mainly analyzes the economic interpretation and realization form of the integration of rural primary, secondary and tertiary industries under the strategy of rural revitalization in order to provide reference for the development of related industries.

## 1 Introduction

China has been a big agricultural country since ancient times. Agricultural development not only involves a large number of farmers, but also has important links with the economy, society, and national security. The issue of agriculture, rural areas and farmers is also increasingly valued by the party and government. The report on the 19th National Congress of the Communist Party proposed the strategy of rural revitalization, which is compatible with the current social life. For rural areas, a large number of rural areas are its main body. The key contradiction in the three rural issues is also rural. The rise and fall, economic development, social and ecological environment are of great significance.

## 2 The concept of the Primary, Secondary and Tertiary Industries and industrial integration

The tertiary industry originates from the West. They divide the different industrial structures into three categories. If the product comes from nature, it is the first industry. Reprocessing and production of the product is the second industry. It is for consumption and production. It is the tertiary industry that serves. This division effectively distinguishes various industries according to their economic functions, but ignores some other functions of the primary industry that are mainly agriculture. Agriculture not only provides the products people need, but also protects the environment, innovative entrepreneurship, and regional culture. It also plays an important role in development and characteristic tourism. However, after the industrial division, the economic role

of agricultural functions has been continuously expanded, but its social, cultural and ecological values have been ignored and weakened. Coupled with the development of urbanization, a large number of rural production factors flooded into the city, resulting in the continuous decline of the countryside.

In the 1990s, Japanese agricultural experts conducted research on the value of agricultural products and found that the value-added benefits of agriculture flowed out of the countryside after processing and circulation, which greatly restricted the development of the countryside. Therefore, based on the agricultural products as the core and establishing an industrial chain integrating production, processing, sales and service, the value of agricultural products can be better retained in the countryside, and the purpose of increasing employment can be achieved and the income of farmers can be improved. Fundamentally, this kind of thinking is to extend the rural industry to the second and third industries, integrate the three industries, and form a new form to promote rural development.

## 3 Economic interpretation of rural first, second and third industry integration

The idea of agricultural industrialization integration can be traced back to the relevant ideas of Marx and Marshall. Marx's capital theory and Marshall's related principles have laid the foundation for the theory of industrial integration. Since the 1970s, the research on the integration of agricultural industry theory has been increasingly deepened, mainly explained from the following aspects:

### 3.1 Economies of Scale and Scope

In the eighteenth century, Adam Smith proposed that the division of labor will greatly help improve production efficiency. The basis of division of labor is scale production, and its theory can be regarded as a classical explanation of economies of scale. At the end of the nineteenth century, Marshall explained the economy of scale. In the 1970s, Samuelson made an in-depth explanation of enterprise scale production from the perspective of cost. For this reason, the economy of scale can be stated as: If the absolute quantity of the company's products increases, and the scale of the company's operations expands, then the unit cost will decrease and the profit level of the company will increase. Scope economy refers to the continuous expansion of the company's production scope, but not because of the expansion of scale. This is mainly about the variety of products, rather than mass production of a certain product.

For rural one, two, and three industries, the additive effect of industrial integration is to connect these three industries and expand their industrial chains, so that the main body of production is constantly enriched and the scale of production is expanded. Moreover, the cost in the industrial chain is constantly allocated, so that the overall cost in the region will be reduced, thereby improving the overall profit. This additive effect is a manifestation of external economies of scale and is caused by the connection between vertical economic industries.

The multiplication effect of the integration of one, two, and three industries is more focused on the formation of some new formats, the integration of the original industrial chain, and the creation of more abundant and diverse products to meet market demand. First, these products can not only meet people's material needs, but also meet spiritual needs. Their investment themes include not only enterprises in the countryside, but also financial institutions, governments, and other forms of capital, which jointly share costs. Second, the integration of different industries can also attract and promote each other. For example, the integration of the first and second industries to create high-quality products can attract a large number of tourists to rural tourism, which also promotes the tertiary industry of tourism development, and the tertiary industry will also play a role in promoting the first and second industries. The multiplication effect is mainly to optimize resources, so that the distribution of resources among the three industries is more reasonable, and scope economy is to make the optimized products obtain more economic benefits, so that the theory can be translated into practical needs. In the integration of the three industries in the countryside, the two effects of addition and multiplication work together. Addition is a manifestation of economies of scale, and multiplication is the common result of scope and economies of scale.

### 3.2 Spillover effect and synergistic effect

Spillover effect greatly promotes economic development, which is mainly determined by the outside of the economy. When companies that can be imitated, such as technology and knowledge, carry out a certain activity, they will bring

to the surrounding organizations or people. To bring about beneficial effects, but the enterprise itself has not obtained relevant benefits, this is the spillover effect. In the integration of the three industries in the countryside, the collision of different cultures and ideas often leads to the innovation and development of knowledge and technology, and technological innovation will drive certain types of enterprises. For example, the use of Internet technology has continuously improved the efficiency of the first industry and the cost. The reduction has attracted more consumers, and the continuous expansion of the consumer market has also enabled the development of secondary and tertiary industries in the region. Moreover, for other enterprises in the primary industry, due to the increasingly fierce market operations, or the continuous proliferation of Internet technology, which has also continued to innovate or imitate, and promote the continuous development of other enterprises, this spillover effect is generally caused by the spread of knowledge or technology.

For synergy effects, in simple terms, one plus one is greater than two. System theory believes that if the organizational structure is reasonable, then a new system that combines two or more elements will be more powerful and complete. During the integration of the three industries in the countryside, because industrial gatherings bring about the connection between the horizontal economy, they are generally composed of many enterprises. Different enterprises collaborate and communicate with each other on the basis of their main products, whether for certain businesses or resources. Sharing, you can get higher profits than the previous development. Furthermore, the types of enterprises that can be developed collaboratively can be the same or different industries. For example, the model of leisure plus agriculture is the integration of the first and tertiary industries. This model is more than a single agricultural sales and leisure. Competitiveness.

## 4 The form of realization of the integration of the three industries in the countryside to promote the revitalization of the countryside.

For different countries, their industries and villages are very different and have their own characteristics. We must develop our own rural economy and have advanced experience in other countries. Absorb, conform to the national conditions, and continue to practice and try to take the principle suitable for their own development.

### 4.1 Pastoral complex model

Pastoral complex model is an innovative time for domestic research on rural development model to integrate industries. This model integrates concepts such as environmental protection and leisure with agricultural development to blend the three industries with specific characteristics. As follows:

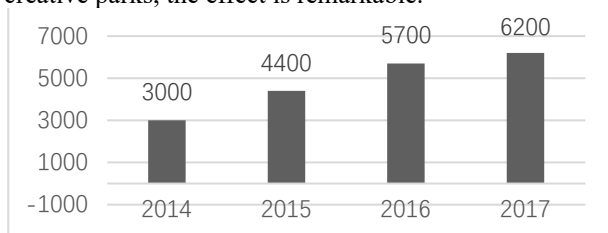
First, the functional positioning is more accurate. The integration of the three industries is still based on

agricultural development, and the main body of its construction is the collective organization of the countryside.

Second, the eco-environment is relatively friendly. This model pays attention to the protection of the environment during development. It is necessary to retain the green mountains and green water, and use environmental protection and green to promote the economic development of the region.

Third, the driving function is more significant. This model can effectively increase farmers' enthusiasm, improve farmers' benefits, and enable farmers to obtain the huge benefits brought by industrial integration. In the specific practice process, a breakthrough must be made in the past unidirectional thinking. For the countryside, the farmland can not only grow various crops, but also can be used for sightseeing, thereby making the countryside one of the places for tourism and leisure in nearby cities. In addition to living alone, it can also be transformed into a bed and breakfast or an inn. In general, in this model, cultural and creative, tourism, leisure, modern agriculture and other integration and penetration, and then form a sustainable development model.

At present, this model is practiced in many areas in China. For example, the model of Wuxi Yangshan Pastoral Oriental is very useful for reference. This model is based on the local peach production base and builds the region into a collection of tourism and entertainment Recreation, agricultural production and other integrated cultural and creative parks, the effect is remarkable.



**Fig1.** 2014-2017 National Leisure Agriculture and Rural Tourism Operating Income Statistics

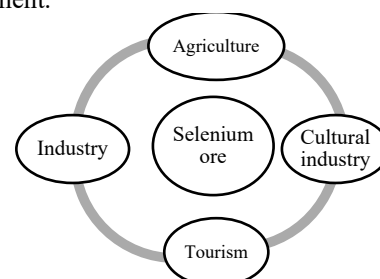
#### 4.2 Characteristic industry form

Characteristic industry is based on different regions, different resources and other conditions, using modern industry theory to comprehensively improve the production, sales, operation and service of enterprises, reposition the market, and increase the research and development of advantageous products. Increase innovation and integration, pay attention to the service experience of consumers, etc., so as to enable the industry to gain market advantage. For villages, most of their products and industrial characteristics are concentrated in the primary development of products. Under the background of the rural revitalization strategy, the development of the integration of the three industries, the characteristic industry has become an important form of rural agricultural modernization. Based on the rural characteristic industry, various new technologies are used to develop specialty products, explore new models, and explore the industry. Upgrade to form a space and advantages that have a leading role in the integration of

the three industries. The following takes the selenium +X model in Enshi, Hubei as an example for specific analysis.

Enshi is one of the main producing areas of domestic minerals, of which selenium resources are very rich, and it is called the world selenium capital. The output value of the selenium industry also accounts for half of the total output value of the Enshi region. In recent years, in order to take advantage of its relatively rich selenium resources, Enshi has built a characteristic industrial line based on selenium resources as its core and integrated its modern agricultural industry, modern characteristic resource processing industry and ecological tourism. An "Selenium+X" development model suitable for the rural industrial integration in Enshi was explored. Mainly reflected in the following aspects: First, the breeding and processing is the integration between the primary and secondary industries, promote the standardization of the breeding industry, and promote the refinement of the processing industry. Based on soil and water resources rich in selenium, Enshi has built a selenium-rich seed breeding base to promote the further processing of related agricultural products, such as selenium + microorganisms, or the manufacture of related fertilizers. Second, constantly innovate R&D, promote the development of marketing logistics, promote the integration of secondary and tertiary industries, and promote the development and growth of the secondary industry based on selenium resources, and the development of selenium-rich agricultural products has also enabled the processing industry to meet market needs. Relevant service industries play a stimulating role, and then promote the rapid development of logistics, technology services and other industries. Third, ecotourism and health development promote the integration of the three industries. Based on the element of selenium, Enshi vigorously develops health care, leisure, vacation tourism, etc., which is compatible with the requirements of Healthy China's planning, and is also compatible with the development of consumption upgrades in the market. The development of consumption in the processing industry promotes the unique advantages of selenium-rich products so that tourists can feel the concept of health in tourism and leisure.

This model must be based on local special resources and cannot be fully accepted. Research must be strengthened to develop special industrial products based on the predominant resources in the region, promote the development of agricultural products processing industry, and build an eco-tourism demonstration park to promote the development of the first, second and third industries integration promotes regional rural economic development.



**Fig2.** Enshi selenium-rich industrial cluster

In conclusion, for rural revitalization, the integration of primary, secondary, and tertiary industries is very important, and it needs to attract the attention of various regions. Each region should be based on its own regional characteristics, constantly innovate, strengthen research, and create a unique industrial chain suitable for the development of this region. On the basis of ensuring agricultural development in the region, local authorities promote the development of agro-industry processing industry, promote the upgrading of tertiary industries such as eco-tourism, leisure and entertainment, and then realize rural revitalization.

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