

# Government Behavior and Sustainable Development in Regional Economy

## COMPORTEMENT GOUVERNEMENTAL ET DÉVELOPPEMENT DURABLE DE L'ÉCONOMIE RÉGIONALE

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**Abstract:** Due to problems such as area segmentation and regional blockade, unbalanced development between regional economies, the decreasing dependency among regional economies, the development of regional economy have faced many obstacles. It is necessary and of great significance to strengthen the government management in developing and promoting sustainable development in regional economies. This article approaches from analyzing the main problems facing sustainable development in regional economies, explores the necessary conditions to realize sustainable development and gives suggestions from the perspective of government to promote sustainable development.

**Key words:** government, regional economy, sustainable development

**Résumé:** A cause de la division et le blocus régionaux, le déséquilibre du développement économique régional, l'affaiblissement de la dépendance des régions, le développement de l'économie régionale présente beaucoup de problèmes. Ainsi, le renforcement de la supervision gouvernementale revêt une signification considérable pour promouvoir la prospérité de l'économie régionale et son développement durable. Le présent article, commençant par l'analyse des problèmes principaux existant dans le développement durable de l'économie régionale de notre pays, explore les conditions nécessaires à la réalisation du développement durable de l'économie régionale, et propose des conseils politiques du point de vue du gouvernement.

**Mots-Clés:** gouvernement, économie régionale, développement régional

### 1. CURRENT SITUATIONS OF DOMESTIC AND ABROAD STUDIES

Regional economy is an important component of the national economy system; sustainable development of regional economy is the premise of the healthy development of national economy. Regional economy is closely related to the expansion of domestic demand, the stimulation of sustained economic growth, national unity, social stability, border consolidation, ecological rectification, and the realization of sustainable development. The study of sustainable development of

regional economy is getting more and more attention.

1<sup>st</sup>. Studies abroad on sustainable development of regional economy are gradually turning their attention from the perspective of Macro-economy to that of Meso-economy. That is, their focus is on regarding regional economy as a comparatively independent economic level to conduct research. Researchers ranging from Francois Perroux, Boudeville, Hirschman, Williamson who put forward the U theory to Chamon and Houston, all represent this direction. The research methodology turns to pay more attention on positive analysis methods, especially the application of economic-mathematics.

2<sup>nd</sup>. The domestic research on sustainable

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development of regional economy is gradually transforming from closed domestic research to open international research. Currently speaking, we put more emphasis on the Macro-economy perspective. Of course, more and more people are paying attention to the Meso-economy perspective. The research methodology in domestic researches puts emphasis on the integration of theoretical analysis and experimental analysis, as well as positive analysis and normative analysis. Domestic researches have achieved gratifying results.

## **2. THE COMING UP OF PROBLEMS**

In the past twenty years since the reforming and opening-up policy, China has witnessed a high-speed economic growth; the comprehensive national power has increased greatly; people's life has been greatly improved. The need for investment and consumption resulted from China's steady high-speed economic growth contributed positively to the development of global economy. At the same time, China has also accumulated many contradictions and problems during the development of economy, among which the increasing distance between regional economies and the communication difficulties among different regions resulted from long-time blockade have become the main factors restricting China from further developing its economy steadily, healthily and coordinately.

Among the factors that influence the development of regional economies in China, the government behavior plays a protruding role. In terms of organizing, planning and carrying out the sustainable development strategies, sustainable development from the very beginning is government behavior. In terms of developing regional economy, government is in charge of all or most of the investment resources of our society, promoting the economic growth by large-scale investment or investment in infrastructure. Because the investment of government greatly influences regional development, regional economies rely heavily on government investment, which inevitably results in the effect of "some regions are developed in price of the economic interest of other regions". This makes it difficult to build a healthy, stable, and orderly market economy relationship among regions.

Effective government behaviors in developing regional economies benefits optimizing the allocation of space resources, increasing the exploration efficiency, promoting the steady and healthy development of economy; it also has great significance on improving the market economy system and maintaining social stability.

## **3. THE MAIN PROBLEMS FACING THE SUSTAINABLE DEVELOPMENT OF REGIONAL ECONOMY IN CHINA**

Regional economy in its early development phase did have protected and maintained the sustainable development of the local regions, having successfully maintained the regional interest. However, as the establishment of economic integration, regional economy has not achieved major breakthrough in getting rid of the fetters of departmentalism and local protectionism. It has hindered the long-term development of regional economy in certain aspects, resulting in environmental degradation, greater distance between the rich and poor; the unbalanced situation among regions is further highlighted, which is accompanied by the increasingly serious task of coordinating regional economy.

### **3.1 regional segmentation and blockade deepens the interest conflict**

The difficulties of coordinating regional economies are rooted in the developmental goal. In order to maintain the balance and stability of local economy, each region lays strict limit on the free flow of commodity and capital; high-technique and new technology can not flow in, forcing the region to give up its advantaged industry and concentrate on industries with comparatively high efficiency in a short-term, the result of which lead to market separation with each other and the expansion of unfair competitions among different regions.

### **3.2 The unbalanced development among different regions leads to the strengthening of unfair state**

Market is segmented; developed areas get their opportunity to further develop in price of the interest of undeveloped areas. Some disadvantaged elements for developed regions, such as items bringing serious contamination are continuously transformed to undeveloped areas. At the same time, the advantaged resources in undeveloped regions (including human and capital resources) are flowing to developed areas. This hinders the future development of the undeveloped regions; and such negative influence will be long-term and far-reaching.

### **3.3 Ignoring the restrictions of resource and environmental conditions has weakened the basis and ability of sustainable development of regional economy**

The enthusiasm of the regional independent economies on the one hand, activate the enthusiasm and initiative of local government in developing economy; on the other hand, it also leads to severe competitions in some large-profit, short-cycle fields in processing industries among the government, developed areas and developing areas, with local government trying to pursue and protect local interest, developed areas to protect its leading position in economy and undeveloped areas striving to get rid of the vicious circle of poverty.

### **3.4 The initiative of local government is insufficient in the issue sustainable development**

It occurs often that the sustainable development policy made by the central government can not be correctly carried out and practiced in local regions, resulting in some regional differences and deviances of the original sustainable development policy. In addition, local governments are often engaged in looking for some vacancies of the central sustainable development policy so as to make some profit for the local region. Therefore, the main strategies of the country's sustainable development are often distorted and lose its effect in its practice in regional areas.

## **4. THE NECESSARY CONDITIONS FOR REGIONAL ECONOMY TO REALIZE SUSTAINABLE DEVELOPMENT**

### **4.1 A good humane environment**

It is necessary to create a good humane environment in the realization of sustainable development in regional economies. High-quality labors and management teams are of some critical significance in realizing sustainable development in regional economies. Viewed from multiple aspects such as labors, managers, manufacturing tools, management jobs, management devices, sustainable development requires that labors and managers should be equipped with high-levels of culture and technique knowledge as well as the ability to put them into practice and make new achievements; it also requires labors as well as managers to adapt themselves in time to the increasing economic structure and market change as well as the increasing strict management requirement.

### **4.2 Stable leading industries**

Under the circumstance of market economy which is accompanied by severe competitions, owing and expanding the leading products of the market is the only way for regional economy to realize sustainable development. Thus, the choice and exploration of leading industries in regional economy should follow three principles, that is, the principle of adjusting measures according to local conditions, the principle of strong leading effect, and the principle of in accordance with economic social and ecological effect. After the leading industry is formed, the government should grant some support policies. In terms of developing the leading industries, the government should make beneficial policies and create optimized environment. In terms of the functions of leading industries, the government should try to combine the long-term effect and the short-term effect, promote diversity of forms, and follow the principle of efficiency-first. In terms of the stability of the leading industries, the government should establish and perfect all-round system. Meanwhile, the government should do more marketing research, analyzing and predicting the market needs so as to establish the management way and aim of the leading industries, in order to adjust its development orientations and gain maximum efficiency.

### **4.3 Balanced resource basis**

Sustainable development of regional economy must be established on the basis of sustainable resources and ecological balance. Therefore it is quite urgent to explore and make use of the balanced resources. Carrying out the sustainable development policy requires us to make full, appropriate and efficient use of the existed resources so as to take the maxim advantage of them. At the same time, we should resort to whatever legal means, including economic, political, technological, and judicial means to protect resources, extend their expiration limit and improve their efficiency. Exploring various resource in a scientific and orderly way refers to the exploration of the unfound but potential resources as well as the exploration of the existed resources in a more efficient and useful way both in quality and quantity; it also refers to the exploration and expansion of the introducing channel and exploration means of the resources brought in from abroad. We should strive to combine the process of exploitation, protection and exploration together and try to transform the resource advantages to economic advantages with high efficiency, promoting regional economies to prosperity.

## 5. GOVERNMENT'S EFFECTIVE WAYS TO PROMOTE SUSTAINABLE DEVELOPMENT OF REGIONAL ECONOMIES

### 5.1 The government should establish an index system that is in accordance with sustainable development of regional economies, evaluating about the state, structure and quality of regional sustainable development

When evaluating regional sustainable development, the government should combine each single index into an index system, making evaluations from aspects of population, resources, environment and economic coordination etc. The government should gradually implement the green checking index in regional economies, checking for the natural resource wealth as well as social production wealth. The government should also establish an environment responsibility investigation system for leaders and cadres of government, tracing one's responsibility for environment protection both when one is in position or in retirement.

1<sup>st</sup>. Economic measurement: green net national product GNNP. GNNP, based on NNP, excludes the decline of social wealth resulted from the consumption of resources and environment pollutions. Thus obviously, compared with NNP, GNNP can better reflect the reality of social welfare. GNNP reflects the extreme possibility of current consumption without lowering the future consumption possibility. The formula is  $NNP=C+S-K$

$$GNNP= C+S- K_m - K_{n1} - K_{n2}$$

C represents the total domestic consumption; S represents the total national savings;  $K_m$  represents man-made capital depreciation;  $K_{n1}$  represents the consumption of natural capital;  $K_{n2}$  represents the degradation of natural capital.

2<sup>nd</sup>. Ecological measurement: ecological occupation. The ecological deficit / surplus of a certain region is amount to the remainder of ecological carrying capacity minus the ecological area occupied. Ecological deficit shows that human occupation is more than the ecological capacity. So in order to satisfy the consumption need of the population under current condition, this area has two choices: one is to import scarce resources from outside the region to reach ecological balance; the other is to consume natural capital to make up the insufficiency of estimated flow of income. Both of the modes show that this area is in the state of non-sustainable development, the degree of which is measured by ecological deficit. On the contrary,

ecological surplus means that the consumption mode of the area is in the state of sustainable development. To represent it in formula is like the following:

$$EF=N \times \sum r_j B_j ; EC=N \times \sum a_j r_j y_j$$

EF is the ecological need for the whole population ( $hm^2 / cap$ ) · N is population;  $r_j$  is balance factor;  $B_j$  is the summary collection of the production area of the similar kind; EC is the capacity of the whole population in the region;  $a_j$  is the per capita area of productive land of  $j$  kind;  $y_j$  is product factors.

### 5.2 The government should play its role of regulation and guidance to realize sustainable development education

The realization of sustainable development of regional economies relies mainly on training sustainable development human resources by education, so as to efficiently raise the level of human resources. So education about sustainable development is one of the inevitable trends of the 21 century education in our country. The government should make sustainable development policies appropriate to our conditions as soon as possible and establish the nation's coordination and regulation systems, taking the whole situation into account and planning accordingly, coordinating each department's jobs, setting up the decision-making concept of promoting social economic coordinative development relying technology and education, constructing new educational modes that is in accordance with our national conditions and appropriate for the need of regional sustainable development. Meanwhile, in carrying out the education of sustainable development, we should adjust measures according to local conditions and treat different regions differently based on the imbalanced development among regions and the objective differences of public opinion and quality. For instance, China is a multi-ethnic country, so when carrying out sustainable development education, our government should establish new institutions to promote the development of sustainable development education, based on policies protecting the knowledge of minority groups, their cultural property rights, their traditional cultural knowledge and ethnic habits.

### 5.3 Encourage reasonable flow of production elements among regions, guide the investment orientation, promote the establishment of inter-regional enterprise groups

In current situations, there are still some system barriers hindering production elements in enterprises from cross-regional flowing, such as the segmented

management system of bank loan, the lack of systems to deal with the problem of revenue attribution of cross-regional enterprises. The government should play its role in strengthening the management of regional economies and promoting free and appropriate flow of elements among regions so as to realize the optimization of resource allocations. Only in this way can we maximize the relative advantages of the regions and make full use of the production elements in each region. For instance, the government can guide the non-state owned investment space through investing in infrastructure and exploring large-scale resource items. This is an important policy strategy to realize the government's regional economic policy aim.

## 6. CONCLUSION REMARKS

Regional economy is an important component of the

national economy system; especially in terms of sustainable development, regional economy is the important basis for the national and global sustainable development, the aim and outcome of all the work of sustainable development. Therefore researches on regional sustainable development either theoretical or practical are of great significance. In regional economic development, due to the limitation of market devices, the government should play its part in a certain extent but never go to extremes. The main duties and functions of the government is to establish and maintain good marketing order and marketing environment, transforming the government's dominant role as in planned economy. I hope this paper serves as a starting point for us to pay our attention to the issue of sustainable development of regional economies and to make the results of our researches contribute to the sustainable development of regional economies as well as the overall development of our national economy.

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