

Research on the Mechanism of Public Policy's Influence on Regional Economic Development

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Abstract: Over the years, under the macro-control of the government, the society has gradually developed steadily and the social economy has rapidly developed to a higher level, but there are still many economically backward areas. Due to various reasons, local governments often have deviations in the process of regional public policy choice and system innovation, leading to aberrant behaviors, such as localism and short-term behavior. Local governments should scientifically implement regional public policy choice and institutional innovation, focus on providing an innovative environment and atmosphere for regional innovation activities, and provide a policy support system through stimulating policies, guiding policies, protective policies and coordinated policies. This paper analyzes the influence mechanism of public policy on regional economic development, and points out that it is necessary for the government to intervene in regional economy strategically and to a certain extent while perfecting the market economic system in the process of developing regional economy. Local governments' timely and effective public policy choices and institutional innovations have an important impact on promoting economic development and the realization of economic development goals, and play a key role.

1. Introduction

China's social transformation is essentially a process of institutional change, and large-scale institutional innovation has promoted great social progress. Among them, the innovation of government system is the most important, and local governments also play an important role in it. With the economic progress and deepening reform in China, people's living quality and level have been greatly improved, which is closely related to the macro-control implemented by the government[1]. Historically, the unbalanced development of regional economy and the existence and widening of regional disparities are common phenomena in the process of economic development. No matter in developed countries or developing countries, there will always be unbalanced development of regional economy and regional disparity due to the influence of natural, historical, objective and subjective factors[2]. Regional economic development policy has gradually changed from balanced development policy to unbalanced theory and practice. The regional economic development policies that are gradually established and implemented are basically unbalanced regional breakthrough strategies. However, there are still many areas in China whose economic development can't keep up with the average level of China. Although this gap is widening in the development of the eastern, central and western regions, the continuous widening of the gap between the eastern, central and western regions, with an accelerating trend, will inevitably have a strong impact on the existing distribution pattern and social order, and will restrict the further sound development of the national economy[3]. For the economic development of such regions, it is necessary for government departments to implement macro-control by public policies, so that the regional economy can develop rapidly.

Due to the government's special development policy for the eastern coastal areas, the state investment has been greatly tilted to the east, and the eastern part has also taken the lead in transforming from a planned economy to a market economy in terms of economic system. In addition, due to the objective differences in geographical location, natural conditions and factor

endowments of various regions, the economic gap between the eastern, central, western and domestic regions has been widening[4]. The eastern region has achieved good economic returns, established a relatively complete and independent market system, and can form its own good circular development[5]. How the government should act, what means and measures should be taken to curb the widening gap, and use the good effects of the eastern region to drive the balanced development of the central and western regions. What is the effect of the existing policies, and what kind of improvement should be made, are the hot issues that people pay attention to now, the problems that government think tanks need to solve urgently, and a focus of economists' research[6]. This paper analyzes the influence mechanism of public policy on regional economic development, and points out that it is necessary for the government to intervene in regional economy strategically and to a certain extent while perfecting the market economic system in the process of developing regional economy. Local governments' timely and effective public policy choices and institutional innovations have an important impact on promoting economic development and the realization of economic development goals, and play a key role.

2. The Position of Public Policy in Regional Economic Development

2.1 Guide Regional Economic Development

With the rapid development of global transnational investment and international trade, regional economic cooperation is becoming one of the important carriers of economic globalization and playing an increasingly important role in the world economy. While actively participating in international regional economic cooperation, China vigorously promotes domestic regional economic cooperation and implements the strategy of coordinated development of domestic regional economy. In regional development, public policies play a guiding role, and the goal that public policies are formulated and focused on is economic development. The formulation of public policies needs to proceed from the actual situation of the region, and at the same time, policies can provide practical guidance for economic development. Generally speaking, public policy can point out the development direction for the development of regional economy, unify all kinds of complicated operations, provide guarantee for economic development, and ensure the orderly development of regional economy[7]. Public policies are formulated by government agencies and government officials. Public policies reflect their ways and processes of activities in the political system and specific environment, express their behavior and purpose, and reflect what they actually do and their effects. For any ruling class, the implementation of public policies must be stable. However, any country or region faces different problems in different periods, so the formulation, implementation and evaluation of public policies must be properly adjusted according to the changes of public policy environment and resources to adapt to the development and changes of social economy.

2.2 Coordinate Regional Economic Development

Public policy, as a behavior rule formulated by authoritative departments, is to restrict the economic development behavior, so as to avoid negative behaviors, which will have a negative impact on the economy and society. When public policies regulate economic behavior and people's behavior, they need to clearly point out what can and can't be done. When developing the regional economy, people need to know the code of conduct and make proper economic behavior. On the one hand, the formulation and implementation of public policies must involve various fields of social life, such as politics, economy, culture, ecology, history and so on. On the other hand, public policy is universally binding on all social strata, and its application targets are very wide. The adjustment carried out by the market has a certain lag and blindness, resulting in unreasonable resource allocation and uneven income distribution[8]. Only relying on the adjustment of the market, the regional economy is prone to "Matthew effect", which affects the economic development. Once the public policy is not recognized by the majority of the people, and it is not formulated by the legal subject according to the legal procedures, even if the government and other power

departments impose it, the results will be unsatisfactory, even damaging the social interests and disturbing the social order. In order to make up for the defects of the market economy effectively, it is necessary to positively intervene the regional economic development through public policies, so that the regional economy can be actively and reasonably adjusted, and thus the interests of the regional economy can be reasonably adjusted.

3. The Orientation of Local Public Policy

3.1 Give Full Consideration to Efficiency and Fairness

Fairness and efficiency are an eternal theme of regional economic development, but it is difficult to give consideration to both in regional economic development. When the government formulates policies, it should pay attention to the combination of the two. It should fully consider the relationship between the east and the central and western regions, and the relationship between the backward regions and the developed regions. It should not only ensure the overall efficiency, but also not excessively widen the gap between regions. In the development of regional economy, the position of local government is irreplaceable, and the orientation of local public policy plays a substantial guiding role in the development of regional economy. Therefore, analyzing the influence of local government's policy orientation of maximizing short-term income on regional economic development is the premise to understand the advantages and disadvantages, and then to find a good prescription for regional economic development. Local public policy is the sum total of the systems, policies and measures formulated and implemented by local governments to manage local public affairs. The formulation of local public policies is restricted by various factors, such as local environment, public psychology, national macro policies and so on. Although the pursuit of maximizing short-term income is easy to produce short-term behavior and damage long-term interests, it can't be considered that this policy orientation has no merit. In a certain range and limit, this policy orientation also has a positive effect on regional economic development. As the policy makers, local governments need to consider various important factors, and on the basis of measuring various interest relationships, form a comprehensive policy, which is the optimal expression of local governments' own interests. The industrial evolution model of regional economic industrial structure optimization is shown in Figure 1.

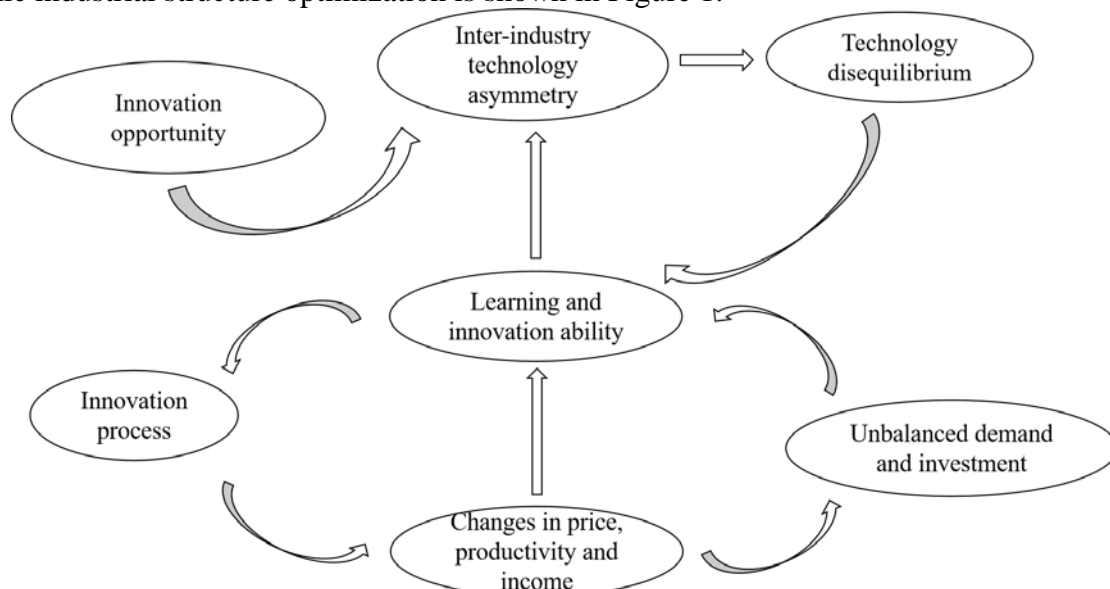


Fig.1 Industrial Evolution Model of Regional Economic Industrial Structure Optimization

From the perspective of public economics, local governments have the advantage of scale efficiency in providing public goods, and the premise is that the government supply price of public goods is lower than the market and private supply price. Once the public goods have the problem of inferior price and quality, the contract between the local government and its people may be

interrupted. The local government's revenue acquisition is essentially a financial process. The local government's self-interest behavior revolves around the financial acquisition and the pursuit of government officials' self-interest. In order to obtain more financial allocations, local governments play games with higher-level governments and governments at the same level. In the interest game with the superior government, the bargaining power of the local government is the decisive factor for it to obtain more financial allocations. From a certain point of view, some short-term actions of the government are also a last resort, and their basic starting point is to develop the regional economy. Once the local government has introduced investment, it will play an important role in the adjustment of regional industrial structure and technological progress, and form a linkage effect in the region, which will drive economic activities such as employment, transportation and consumption, and objectively promote regional economic development.

3.2 Control the Intensity of Intervention

The regional policy is regional, inclined and developmental. According to the advantages of resource allocation in different regions, the regional policy optimizes the industrial structure according to local conditions, making the resource allocation more reasonable. When using public policies to deal with regional economic development problems, we should deal with problems according to different regional characteristics, so that policies can be better applied to actual economic activities. In order to analyze the local government's policy orientation more clearly, we can examine the local government's behavior from the long and short periods. In the long run, local government policies should be long-term and meet the needs of local future development. In the short term, because of the term limit, local governments must make achievements. The achievement of political achievements often depends on the size of disposable financial resources. When the policy meets the needs of the society, and the implementation of the policy is conducive to the needs of people's livelihood and economic development, the trust of the society in the government will naturally increase, thus ensuring the stability of the society and the regional economy to a certain extent. Figure 2 shows the process of regional economic forecast and analysis.

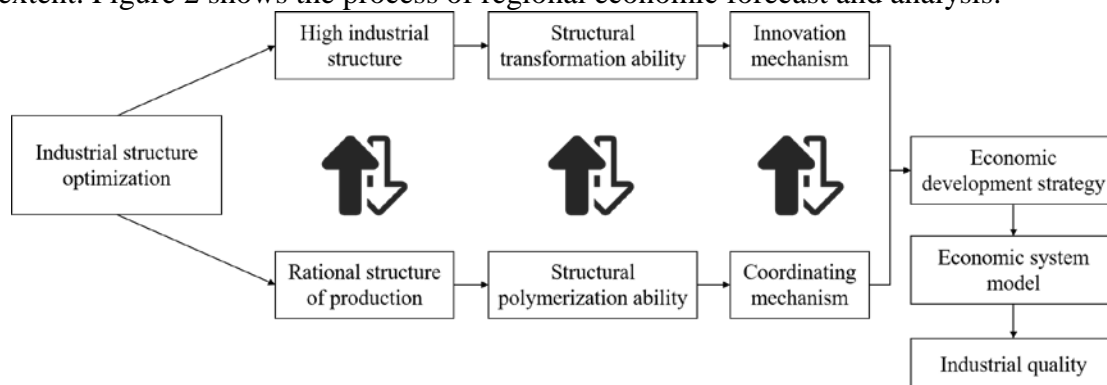


Fig.2 Regional Economic Forecast Analysis Process

Under the influence of various factors, the local government realizes the balance between public welfare and self-interest by choosing the short-term profit maximization scheme, and finally forms the local public policy. From the perspective of location theory, concentrating limited funds on areas with high capital productivity and labor productivity will undoubtedly bring huge economic benefits, but in the long run, it will inevitably widen the economic differences among regions. The balanced and unbalanced development between regions has always been a controversial theory between economics and geography, but it is certain that eliminating the economic differences between regions does not mean restraining the economic development of relatively developed regions. Public policies should also focus more on how to supervise and ensure the development of regional economy to a deeper level and how to better enhance the competitiveness of regional economic development. Local governments must clearly realize that the focus of local regional innovation activities should be emerging industries and high-tech industries, because they are not only necessary for the information society, but also the main force to transform local traditional

labor-intensive industries, and can drive the development and innovation of various regional enterprises through the development of new industries and high-tech industries.

4. Conclusions

The orientation of maximizing short-term benefits of local public policies has both advantages and disadvantages on regional economic development, and it does more harm than good. Therefore, how to limit the short-term behavior of local governments and make them change to focus on regional long-term development is a problem that needs to be deeply considered and solved. In regional economic development, public policy plays an important role in guiding regional economic development, restricting regional economic behavior and coordinating regional economic development. Public policy also plays an important role in regional economic development, and the central government policy plays a role in guiding regional coordinated development. In the process of regional economic competition, certain externalities will inevitably occur. To solve cross-regional public problems, the central government needs to play a certain role in coordination and supervision. All regional policies formulated to encourage innovation should be targeted and operable, have direct regional effects, and become the direct driving force of regional economic development, so as to promote enterprises with innovative ability in the region to realize innovation universally, continuously and efficiently, promote technological progress and structural upgrading in the region, and improve the quality of economic development and regional competitiveness.

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