

# Research on the Transformation of Local Government Economic Development Strategy for New Quality Productivity

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**Abstract:** In the context of economic globalization and increasingly fierce competition in key core technologies, it is of great practical significance to explore the impact of new quality productivity on local government governance and traditional industries. Through the analysis of the new quality productivity and the economic development strategy of local governments, this paper further clarifies the prominent problems faced by local governments in the governance work, and draws the conclusion that the formation of new quality productivity is conducive to promoting the transformation and upgrading of traditional industries of local governments and enabling high-quality economic development. Therefore, the local government and colleges should innovate the training methods of talents, and cultivate compound, applied and innovative talents. Actively build a digital government and enhance the digital governance capacity of local governments; Support enterprises to carry out green production, promote the optimization and upgrading of industrial chain and supply chain, and help achieve carbon peak carbon neutrality; Strengthen regional cooperation and intensive use of various factors to make industrial cluster development; Build a modern industrial system commensurate with the new quality of productive forces.

**Keywords:** New quality productivity, Local government, Economic development strategy, Economic transformation.

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## 1. Introduction

As global scientific and technological innovation enters a period of unprecedented intensity and vitality, and new industries, new business forms and new models continue to emerge, China is facing a historic confluence of a new round of scientific and technological revolution and industrial transformation and accelerating the transformation of economic development mode. To this end, China must actively participate in and promote a new round of scientific and technological revolution, strengthen scientific and technological innovation and industrial innovation, and take the development of new quality productivity as a major strategic choice. New quality productivity is a new, new and advanced productivity, which is driven by scientific and technological innovation, and takes strategic emerging industries and future industries as the matrix of innovative industries, and is manifested as the productivity of developing new driving forces [1]. By the end of 2023, China's fiscal deficit will reach 4.888 trillion yuan, the outstanding balance of central government bonds will be 300326 trillion yuan, and the outstanding balance of local government general debt will be 15.8687 trillion yuan. How to make progress while maintaining stability in fiscal work is of Paramount importance. The 14th Five-Year Plan and the Outline of 2035 Vision Goals also put forward that one of the three aspects of promoting the modernization of Chinese-style national governance is to improve the government's economic governance capacity and improve the effectiveness of government governance. It can be seen that local governments play a key role in the process of national governance modernization, as the central force responsible for the underlying promotion, and as an important window to observe the progress of national governance modernization [2]. Therefore, the discussion on the formulation of local government economic development strategy based on the

perspective of new quality productivity will not only help to promote the smooth progress of local government governance, but also promote economic transformation and upgrading and high-quality development.

## 2. New Quality Productivity and Local Government Economic Development Strategy Analysis

The so-called "new" means that the new quality productivity is different from the traditional productivity in the general sense, is the productivity generated by the realization of key subversive technological breakthroughs, and is the productivity with new technology, new economy and new business forms as the main content. The so-called "quality" is to emphasize that on the basis of adhering to the innovation-driven nature, the breakthrough of key technologies and disruptive technologies provides a stronger innovation driving force for the development of productivity. The essence of new quality productivity is innovation-driven, and the key to this innovation drive lies in the breakthrough of key technologies and disruptive technologies [3]. The new quality productivity involves new fields at the industrial level, high scientific and technological content, and strong cross-attribute, which can play the role of the replacement mechanism of old and new industries. New quality productivity can promote the high-end of industrial structure by reshaping traditional industries, driving strategic emerging industries and future industries, and promoting industrial integration and development at three levels [4]. Different from traditional productive forces, new quality productive forces highlight the leading role of scientific and technological innovation in the development of productive forces. With the vigorous development of digital economy and its penetration, diffusion and integration in the field of industrial economy, new quality productivity has become a

new driving force to promote China's deep embedding in the high-end of the global value chain [5].

In order to respond to the call of national policies and better develop the economy, many places will speed up the transformation and upgrading of traditional industries, cultivate and strengthen emerging industries, and inject new momentum into economic growth according to their own characteristic resource advantages. For example, the Hunan government said that it will speed up the construction of a modern industrial system with Hunan characteristics, focusing on building an industry-leading Beidou scale application industrial cluster and a competitive new energy automobile industrial cluster. The Hubei government proposes to accelerate the transformation of the automobile industry to new energy, the steel industry to high-end, and the chemical industry to fine, so as to cultivate and strengthen strategic emerging industries. The Anhui government proposed to moderately advance the layout of intelligent computing infrastructure and promote the construction of Wuhu data center cluster, the hub node of the Yangtze River Delta.

### 3. New Quality Productivity and The Main Problems Existing in Local Government's Economic Development Strategy

#### 3.1. The Development of New Quality Productive Forces Is in The Exploratory Stage

In September 2023, General Secretary Jinping Xi mentioned the development of "new quality productivity" for the first time during the investigation and research in Heilongjiang, pointing out that it is necessary to "get rid of the traditional economic growth mode and the development path of productivity." How to achieve scientific and technological breakthroughs, so that the new quality of productivity to promote industrial transformation and upgrading, and then promote high-quality economic development is a long way to go. In addition, the current world political structure and international forces are accelerating restructuring, a new round of scientific and technological revolution and industrial transformation is

advancing rapidly, and the global industrial chain supply chain pattern and energy and resources layout are accelerating restructuring, which provides new opportunities for China's development of new quality productivity, high-quality economic development and modernization, but also brings serious challenges.

#### 3.2. Regional Development of Digital Economy is Unbalanced

While the new quality productivity promotes the rapid development of the digital economy, China's digital economy has problems such as low development level and unbalanced development, weak basic innovation ability, low degree of industrial digitalization and weak digital governance, and it is difficult for government departments to implement precise policies when formulating and implementing digital economy development policies [6]. Backward digital infrastructure in some rural and remote areas is not conducive to the development of new quality productivity, but also induces the digital divide, which will exacerbate the risk of regional development imbalance.

From the perspective of regional differences, the development level of digital economy among provinces shows a trend of differentiation. The development level of digital economy in developed provinces led by Guangdong Province has grown rapidly, followed by Jiangsu and Zhejiang provinces, and the development level of digital economy is ahead of the country. The national total digital economy index in 2022 is 35.7, and only 12 provinces, Guangdong, Jiangsu, Zhejiang, Beijing, Shandong, Shanghai, Sichuan, Anhui, Henan, Hubei, Hunan and Fujian, have a digital economy development level higher than the national average, among which Guangdong's digital economy development index is the first, but Qinghai's development index is only 21.3 during the same period. It reflects the imbalance of the development level of digital economy in provinces. To a certain extent, the emergence of the digital divide has exacerbated the imbalance of regional economic development, become an obstacle to the coordinated development of regions in the new era, make the problem of unbalanced economic development increasingly prominent, and become an important constraint to meet the people's ever-growing needs for a better life.

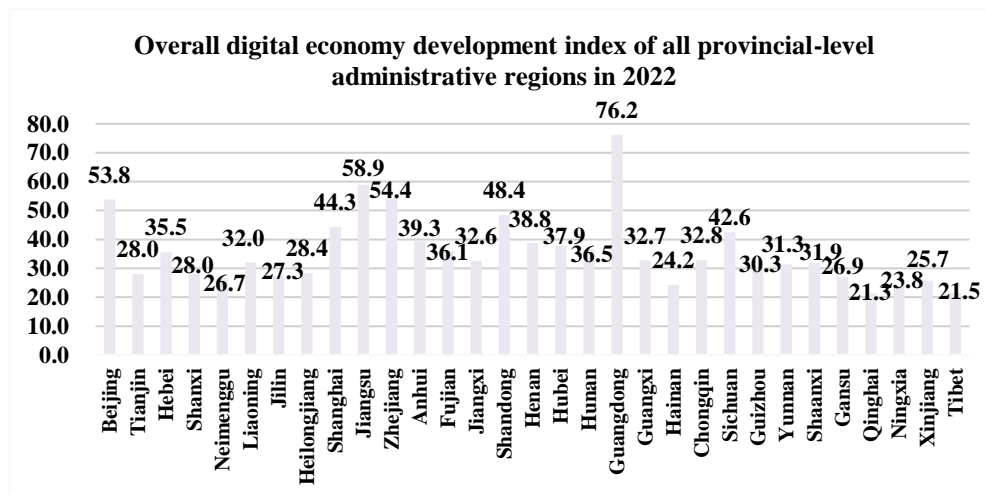


Figure 1. Overall digital economy development index of all provincial-level administrative regions in 2022

### 3.3. The Pressure on Local Governments to Balance Their Fiscal Revenues and Expenditures Has Become Prominent

The controllable risk of local government debt is not only the basis for high-quality fiscal development, but also a key factor for long-term, sound and stable economic and social development [7]. According to the data of the China Statistical Yearbook and the Ministry of Finance, the main revenue of the local general public budget in 2022 will be

10,876.215 billion yuan, and the main expenditure of the local general public budget will be 22,498.129 billion yuan. According to the data on the website of the Ministry of Finance, the outstanding debt of local governments in China will be 35.06 trillion yuan. An increase of 15.06% from the end of 2021. In recent years, affected by the slowdown of global economic growth and the aggravation of trade frictions, China's economic growth is facing greater challenges, and the scale of local government debt is constantly expanding, and the debt risk borne by local governments is increasing.

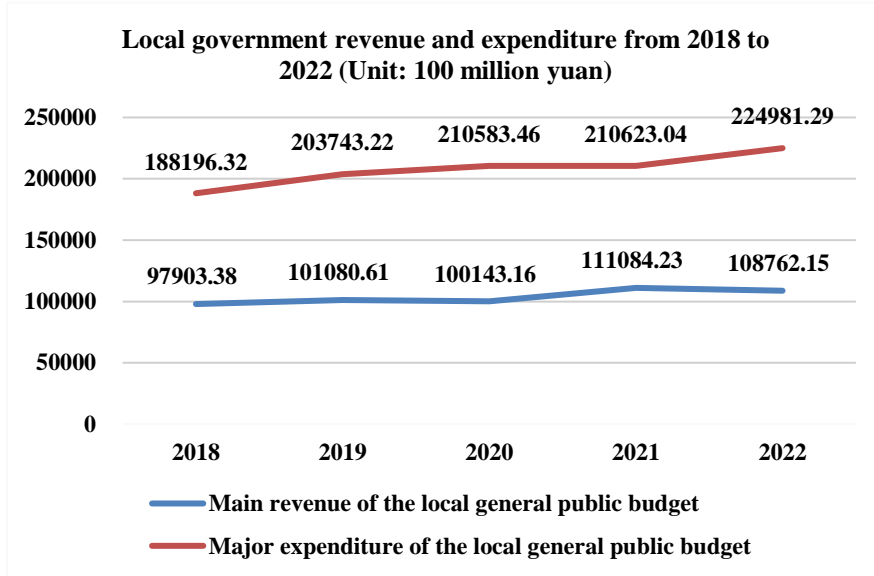


Figure 2. Local government revenue and expenditure from 2018 to 2022 (Unit: 100 million yuan)

The inefficiency of government debt investment in economic growth. Due to the existence of crowding-out effect, the higher the social investment rate, the lower the economic effect of local government debt, and vice versa [8]. Some local governments have blindly borrowed debt in pursuit of rapid economic growth, which is easy to aggravate the debt risk of local governments. In the process of using local government debt resources, Chinese governments at all levels are faced with the trade-off between balanced development and risk control [9]. Although hidden local debt has been reduced by more than a third, it could still lead to systemic financial risks. It may even have a potential impact on the country's overall welfare and national economic security [10].

In addition, there are still some problems and difficulties in the implementation of local governments' budgets and financial management that cannot be ignored. The main ones are: there is considerable pressure on the balance of fiscal revenues and expenditures, and some local communities are faced with many difficulties in implementing the "three guarantees"; In some localities, there are still problems of new hidden debt and resolving false debt, and some localities are under great pressure to resolve debt risks. We need to make budget formulation more scientific and budget implementation more standardized. The standard system for budgetary expenditures is not sound enough, and the efficiency of the use of government funds needs to be further improved. Some localities, departments and units are not in place to implement tight requirements, and violations of financial discipline still occur from time to time. Therefore, local governments should attach great importance to and seriously study these problems and difficulties, and take effective measures to solve them.

## 4. Conclusion and Suggestion

In this paper, it is of great significance to explore the influence of new quality productivity embedded in economic development on the transformation of local government's economic development strategy from the perspective of new quality productivity. On the whole, the formation of new quality productivity is conducive to promoting the transformation and upgrading of traditional industries of local governments and enabling high-quality economic development. In order to better enable the new quality productivity to change the economic growth mode, change the original extensive expansion mode, and promote economic transformation and upgrading, this paper puts forward the following policy suggestions for the development strategy of local governments:

First, local governments and universities should adopt innovative talent training methods to train composite, applied and innovative talents guided by market demand. Colleges and universities should, on the basis of the original traditional courses, set up disciplines and majors that adapt to new technologies and new industries, strengthen the training of artificial intelligence professional and technical talents and the construction of discipline systems, promote the construction of artificial intelligence-related majors in colleges and universities, increase the cooperation between enterprises and colleges and universities in related fields and scientific research institutions, and strive to create a good ecosystem for the training of artificial intelligence professional talents. Local governments should also formulate supporting policies related to colleges and universities, implement effective policies to attract, employ and retain talents, consolidate the talent support for artificial

intelligence to enable new quality productivity, and build a "reservoir" of Chinese science and technology leaders.

Second, we should actively build a digital government and enhance the digital governance capacity of local governments. To develop new quality productive forces is essentially to give play to the leading role of scientific and technological innovation. The application of the Internet, big data, and artificial intelligence has brought profound changes to traditional industries, making the production process of traditional industries more intelligent and refined, and the sales process more precise and specialized, which has greatly improved the total factor productivity. Therefore, local governments should realize the innovative allocation of production factors through the development of new quality productivity, constantly transform human production tools with emerging technologies, and constantly expand the scope and use of labor objects to realize the jump of workers, labor materials, labor objects and their optimal combinations. Through "artificial intelligence + technological innovation", it enables industrial transformation and upgrading, and improves the modernization level of the industrial system.

Third, local governments support enterprises to carry out green production, promote the optimization and upgrading of industrial chain and supply chain, and help achieve carbon peak carbon neutrality. At this stage, there is still a gap between China's energy and resource utilization efficiency and the international advanced level, and the process of green transformation is even more uneven in different regions. We must vigorously develop new quality productive forces with green characteristics, change the driving force of development, innovate the mode of development, and speed up the modernization of harmonious coexistence between man and nature. Through scientific and technological innovation, industrial structure optimization and upgrading, the new quality productivity will promote the transformation of the economic development model to a greener, low-carbon and efficient direction, which will help realize the strategic goal of carbon peak and carbon neutrality at an early date. Local governments should actively respond to the central government's policies, firmly grasp the main line of supply-side structural reform, reduce capacity, deinventory, deleveraging, reduce costs, and make up for weaknesses, accelerate the transformation and upgrading of traditional industries, and promote the high-end, intelligent and green transformation of traditional industries, so as to reduce carbon emissions and energy consumption. In addition, local governments should develop local clean energy according to local conditions, and reduce the technological cost of developing clean energy and improve the efficiency of clean energy use by developing new quality productivity. New quality productivity itself is green productivity.

Fourth, local governments should strengthen regional cooperation and intensive use of various elements to make industrial cluster development. There are differences in the development conditions and development conditions of different industries in different regions, which objectively requires specific analysis of specific circumstances, and adaptation to local conditions and times to achieve accurate development. Therefore, the development of new quality productivity can not simply apply a single development model, to avoid homogenization, low-level development. Local governments should make good use of local resource endowments, industrial bases and scientific research conditions, promote the renewal and iteration of traditional

technologies, transform traditional industries in light of local conditions, promote the transformation and upgrading of traditional industries, build industrial clusters with advantages and characteristics, and constantly enhance the international competitiveness of industries. In order to better cooperation and sharing among regions and complement each other's advantages, local governments should take the lead in establishing the upper, middle and downstream industrial organizational structure system to empower traditional industries with new quality productivity. For enterprises that actively respond to national policies and use digital intelligence technology, the government should give financial subsidies and preferential policies.

Finally, local governments should build a modern industrial system that is compatible with the new quality productivity, closely combine science and technology with industry, and integrate the industrial chain, capital chain and talent chain. In order to break through the blockage in the economic cycle, the government should speed up the construction of state-level development zones and world-class advanced manufacturing clusters, promote the close integration of science and technology with the economy, promote the deep integration of finance and the real economy, cultivate and strengthen emerging industries, layout and construction of future industries, and build digital industrial clusters with international competitiveness.

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