

Does Digital Government Help Local Governments "Cut Costs"?

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Abstract: China proposes to accelerate the construction of network power and digital China. The in-depth promotion of digital government reform and construction is an inevitable requirement to adapt to the trend of the informationization development era and accelerate the construction of digital China. However, the relevant research is still insufficient about what impact digital construction will have on the government's financial expenditures. Under the epidemic situation, the financial burden of each region is large, and it is necessary to explore effective ways to "cut costs" for the government. Based on the experience of China's provincial digital economy construction, we analyze the impact of digital government construction on government financial expenditure from the theoretical aspect. On this basis, it is proposed to make full use of modern information technology to promote the construction of digital government in order to optimize the allocation of government financial resources and reduce the financial burden of the government. This paper provides policy suggestions for provinces to promote digital construction, facilitate government information sharing, improve government efficiency, and make full use of modern information technology to rationalize the structure of local government fiscal expenditure.

Keywords: Digital Government; Fiscal Expenditure; Digital China; Fiscal Burden.

1. Introduction

In the "14th Five-Year Plan", it is clearly proposed to "improve the level of digital government construction", while in the report of the 20th National Congress, it is also clearly pointed out to "accelerate the development of the digital economy, promote the in-depth integration of the digital economy and the real economy, and create an internationally competitive digital industry cluster". The report of the Twentieth National Congress also clearly states that "accelerate the development of digital economy, promote the deep integration of digital economy and real economy, and create internationally competitive digital industry clusters". With the development of information technology, digital construction is also in constant development, the digital economy is fully integrated into people's daily life, and the development of the digital economy also fully drive the growth of the national economy. Facing today's pattern of local government financial pressure, the construction of digital government is an effective measure to promote the modernization of national governance capacity, enhance national governance capacity and reduce the financial pressure of local governments, and it is an inevitable requirement to adapt to the trend of the new round of scientific and technological revolution and industrial change. As a new form of government in the digital era, digital government is the "core union" connecting and linking the digital economy and digital society, and it is also the "source power" of network power and digital China. From "promoting the construction of digital government" to "strengthening the construction of digital government", and then to the state adopted the "guiding opinions on strengthening the construction of digital government", the social attention of the digital government continues to heat up. It is foreseeable that the digital government has already carried the historical mission of promoting the modernization of the country's governance capacity and governance system, and will certainly have a far-reaching impact on accelerating the

realization of Chinese-style modernization. In this sense, digital construction is of great significance to the development of China's government.

Administrative expenditure is the material basis for the existence of local governments at all levels and the necessary inputs for the performance of their public service provision functions, which is the main component of local government administrative costs (Yang Jiankun, 2022), and the performance of appropriate functions at the lowest possible administrative costs has always been not only the main goal of government reform in countries all over the world, but also one of the core elements of governance reform in the Chinese government (Gu Xin and Ning Jing, 2018). Relevant data show that in 2006, the administrative cost in China's financial expenditure was as high as 757.1 billion yuan, which accounted for 18.7% of the financial expenditure (Wang Xiaolong and Xu Jingxuan, 2017). Excessive administrative expenditure attracted the attention of the government, and in 2012, the state emphasized that "strictly controlling the establishment of the organization, reducing the number of leading positions, and lowering the administrative cost", after which, the state emphasized that "strictly controlling the establishment of the organization, reducing the number of leading positions and lowering the administrative cost". In 2012, the state emphasized "strictly controlling the establishment of institutions, reducing the number of leading positions, and lowering administrative costs", and then introduced the "eight provisions" and "six prohibitions" to curb the momentum of rapid growth in the administrative costs of local governments. At the same time, studies have shown that the proportion of local government administrative expenditures in China's fiscal expenditures has exceeded the average level of G20 countries and is 25% higher than the world average, and the on-the-job consumption of local government officials has also grown too fast. On the one hand, the high administrative expenditure of local governments has aggravated the government's financial burden (Luo Wenjian and Chen Dongyou, 2012), seriously affecting the

improvement of the administrative efficiency of local governments and the ability of the central and local governments to manage all aspects of public affairs in the society. on the other hand, the high administrative costs have also strengthened the drawing power of local governments, which is not conducive to the improvement of productivity and economic growth (Jiang Kezhong, 2012). growth (Jiang Kezhong, 2011), and will also produce a crowding-out effect on other public services, and even exacerbate local government debt and induce rent-seeking phenomenon (Song Xiaoning et al., 2015).Therefore, how to restrain the expansion of local government administrative expenditures has not only become an important part of the reform of the economic and administrative management system, but also a difficult problem that needs to be solved in order to achieve the modernization of the national governance system and the ability to govern.

The traditional government has low efficiency and utilization of data, and the fixed nature of its time and office location leads to government officials' office being restricted by time and space. Compared with the digital government, the traditional government organization has many layers leading to the overlapping of institutions and functions within the government, resulting in some unnecessary financial expenditures of local governments. In the environment of the new crown epidemic, the government needs to increase the expenditure related to epidemic prevention and control compared with the previous government expenditure, which increases the burden of the government. Local governments make use of modern information network technology to carry out governance, and use digital construction to help local governments achieve the optimal allocation of financial resources.

2. Literature Review

The existing literature has laid a good foundation for further research in this paper. First of all, the current research on digitalization mainly explores the impact of digitalization on the development of enterprises, and most of the research on the impact of digitalization on the government is on the impact of digitalization on the promotion of government e-government, and very few scholars have paid attention to the impact of digitalization on the financial expenditures of local governments. However, affected by today's situation at home and abroad and the economic recovery after the epidemic, local finances are facing greater pressure, and governments at all levels urgently need to reduce their financial expenditures in order to alleviate their financial burdens. In this environment to explore the impact of digital construction on local government finance has significant practical significance.

Secondly, China attaches great importance to the construction and development of digitalization, and strives to create a new advantage of the digital economy, on the basis of which China's digital construction has achieved remarkable results, but at the same time of affirming the development results of China's digital construction, it should also be clearly recognized that there are still certain deficiencies in the process of China's digital construction, this paper examines the relationship between digitalization construction and the behavior of the local government based on the relationship between digitalization construction and local government behavior, for the Based on the study of the relationship between digital construction and local government behavior,

this paper provides policy recommendations to promote the rationalization of local government financial resource allocation.

3. Research on the Relationship Between Digital Construction and Local Government

Current research related to digital construction focuses on the impact of digital construction on digital government. From the perspective of the definition of digital government, data utilization plays a particularly crucial role in the construction of digital government. Data utilization can also be called data governance, and scholars have studied data governance from different disciplinary perspectives, mainly involving administrative science, economics, law, sociology, etc., and the content of the study contains platform construction, data security, and improvement of the organizational system. Huang Juan et al. combed through the data governance institutions of local governments in detail, and put forward policy suggestions to improve the governance institutions of local governments.

Digital construction promotes the change of local government administration, and the research on government digital transformation in China's academia originated from Professor Xu Xiaolin of Huazhong University of Science and Technology, who published the article "System Construction of Digital Governance in Urban Government Good Governance" in 2004, in which the authors re-interpreted the definition of digital transformation into a practical concept, i.e., the interaction and internal operation of the government and the citizens, and the government and the society, in the three main bodies of the government, the society, and the public. citizens, and government and society (Xu Xiaolin, 2004). Although the trend of government digital transformation in the future governance field is indisputable, many scholars have pointed out that the application of digital transformation in local government still has more risks, therefore, the localization process of transformation should carry out a shift in the dominant logic, objectively deal with the impact of the new public management movement, creatively explore the potential of digital transformation, pay attention to avoid technological misunderstandings, and reasonably match the governance and technological The relevance of governance and technology. At the same time, more and more world organizations and national government departments are beginning to use digital technology to upgrade their services at all levels of government-to-government, government-to-society, and government-to-citizen (Mao Fengfu, 2022). This shows that digital construction plays an important role in improving the administrative capacity of governments.

4. Impact of Digital Government Construction on Government Cost-savings

With the continuous development and application of information technology, digital government construction has become an important direction of modern government construction. Digital government construction refers to the process by which the government uses information technology and digital means to improve the efficiency of government management, enhance the level of government

services, and modernize government governance. The construction of digital government will have the following three effects on the financial expenditure of local governments.

First, digital government construction can improve government management efficiency and reduce management costs. The traditional way of government management is often cumbersome and inefficient, and requires a lot of human and material resources for support. And digital government construction can realize the refinement and automation of government management through informatization and intelligent means, reduce the waste of human resources and lower management costs. For example, government departments can realize information sharing and collaborative office work through the establishment of an e-government platform to improve work efficiency and reduce redundant labor, thus reducing financial expenditure.

Secondly, the construction of digital government can optimize the mode of government services and enhance service effectiveness. Traditional government services often have the problems of complicated service links and low efficiency. And digital government construction can realize one-stop processing of government services and improve service efficiency and quality by establishing a unified digital service platform. For example, the government can facilitate the public and enterprises to carry out government affairs through the establishment of online government affairs halls and mobile APPs, reducing the waste of time and costs caused by cumbersome processes, thus reducing the financial expenditure of local governments.

In addition, digital government construction can also optimize the government procurement process and reduce procurement costs. Government procurement is an important part of the government's financial expenditures, the traditional procurement method has a complex process, the problem of inefficiency. Digital government construction can improve the transparency and efficiency of the procurement process and reduce procurement costs by establishing an e-procurement platform and implementing e-tendering. At the same time, digital procurement can also help the government to realize the supervision and management of the procurement process, reduce corruption and guarantee the effective use of financial funds.

In summary, the construction of digital government has a positive impact on reducing the financial expenditure of local governments. By improving the efficiency of government management, optimizing the service mode, and reducing the procurement cost, digital government construction can effectively reduce government expenditure, improve the efficiency of the use of financial funds, and realize the fine management of financial expenditure. Therefore, strengthening the construction of digital government and promoting the modernization and intelligence of government management is of great significance for reducing the financial expenditure of local governments and improving the level of financial management.

5. Conclusion and Policy Recommendations

Digital government construction is one of the most important ways to promote government modernization and improve governance effectiveness at present. By means of digitalization and informationization, it can improve

government management efficiency, optimize the service mode, and reduce costs, thus reducing the financial expenditures of local governments. Based on this, this paper puts forward the following policy recommendations:

First, establish a sound digital government development plan and improve the infrastructure for digital government construction. Local governments should formulate a specific digital government development plan, with clear development goals, key tasks, implementation paths and timetables. The planning should take into account the actual situation of the localities, comprehensively consider the needs of government management, public services, and informatization construction, and ensure that the digital government construction is closely integrated with the saving of local government's financial expenditures. In the process of promoting the construction of digital government, local governments should increase their investment in digital infrastructure construction, including improving network infrastructure, upgrading data security and protection capabilities, and building digital service platforms. Only the establishment of a sound digital infrastructure can support the smooth progress of digital government construction and reduce financial expenditure.

Second, promote government services "one network". Local governments should actively promote the "one network" of government services, build a unified digital government service platform, and realize one-stop processing of government services. By integrating the service resources of various departments and levels of government, service efficiency can be improved, duplication of efforts and waste of resources can be reduced, and financial expenditures can be lowered.

Third, strengthen digitalized procurement management and financial management. Local governments should promote digital procurement management, establish an e-procurement platform, implement e-tendering and other measures to improve the transparency and efficiency of the procurement process. Through digital means, human intervention and corruption can be reduced, procurement costs can be lowered, and financial expenditures can be saved.

Moreover, local governments should strengthen digital financial management, establish financial informatization systems, and realize real-time monitoring and analysis of financial data. Through digital means, improve the transparency and efficiency of financial management, and reduce the waste and improper behavior in financial expenditure.

Fourth, strengthen the construction of talent team. Digital government construction needs to have a certain technical talent support, local governments should strengthen the talent team construction, training and introduction of information technology, digital management and other professionals. Only with professional and technical personnel, in order to ensure the smooth progress of digital government construction, thereby reducing financial expenditure.

In summary, only by comprehensively promoting the construction of digital government can we effectively reduce the financial expenditure of local governments, improve the utilization efficiency of financial funds, realize the fine management of financial expenditure, and provide better support and guarantee for local economic and social development.

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