

Research on the Impact of Global Value Chain Embedding on the Leverage of Local Government Debt in China

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Abstract

The development of the global value chain is one of the important characteristics of the current global economy, which has had a profound impact on the economies of various countries. Government debt leverage is one of the important indicators of national fiscal stability, and the development of the global value chain may have an impact on government debt leverage. This article aims to explore the impact mechanism and transmission path of global value chain embedding on the leverage of local government debt in China, and conduct a series of analyses, in order to provide reference for the management of local government debt in China. This article adopts literature review and empirical research methods to collect data indicators related to the degree of global value chain embedding and Chinese local government debt leverage. Econometric models are used for empirical research, mainly using vector autoregressive models and conducting detailed analysis based on the actual situation of Chinese government debt leverage. The research results show that there is a certain correlation between the degree of global value chain embedding and the level of local government debt leverage. Specifically, the increase in the degree of embedding in the global value chain will have a certain degree of impact on local government debt leverage, but the impact is not a single linear relationship, but is influenced by a combination of multiple factors. However, the specific impact mechanism still needs further in-depth research. Due to the impact of various factors such as fiscal policy, economic growth, and external shocks on global value chain embedding and government debt leverage, it is necessary to comprehensively consider the interaction of these factors in empirical analysis. Studying the impact of global value chain embedding on the leverage of local government debt in China can help deepen our understanding of the impact mechanism of globalization on national debt, in order to address the challenges and opportunities brought about by globalization. At the same time, it also provides new perspectives and ideas for Chinese local governments to formulate reasonable fiscal policies and debt management strategies, and proposes targeted policy recommendations.

Keywords

Global Value Chain, Economic Globalization, Government Debt Leverage, Fiscal Policy, Debt Management