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The Influence of Rule of Law on Government's Sustainable Economic Management: Evidence from China

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Abstract: The Chinese government has continuously stressed the Chinese model and its characteristics for national economic governance. As a result, it is worth studying the effect of China's rule of law on the government's sustainable economic management, and the rule of law regarding this model can also provide a reference for governing other countries. This paper adopts the multiple linear regression analysis method using time-series data from 2007 to 2017 and from 2002 to 2019. This reflects the rule of law in the government's sustainable economic management via the impact on government institutions, people's courts, people's procuratorates, and social organizations on the economy. The results show that the economic effect of the rule of law on government sustainable economic management is not significant. The rule of law in fiscal revenue and social organizations, rather than being arbitrarily dictated by powerful people, positively affects the economy. This effect was seen only in the 2002–2019 time series, but not in the 2007–2017 time series. Based on these results, it is suggested that China should strengthen the rule of law in managing its courts and procuratorates to enhance their roles in ensuring and accelerating sustainable economic development and regulating government activities. That is, the economic management effect of the public sectors, which indirectly participate in economic governance, is insufficient. This and other insightful policy recommendations are suggested to assist the government and policymakers in more effective and efficient sustainable economic management. Therefore, the system and regulations regarding their governance should not only focus on economic effects but also pay attention to the sustainable effects of economic development.

Keywords: sustainable economic management; rule of law; rule by law; China's model; governance

1. Introduction

China's national governance model has undergone a transformation from the rule of man to legalization (i.e., rule by law), and then to the rule of law. The guiding ideology of economic governance has gone through a transformation from following the laws of the market economy to Chinese characteristics, and then to the Chinese model. To read this paper more easily, we first need to understand the following concepts.

In China, "the rule of man "refers to the way in which a country is governed by the wise individual ruler, which can easily lead to individual arbitrariness and dictatorship. "The rule by law "refers to a government that manages state affairs in a legal and institutionalized way, and uses law as a tool and means to govern the country. "The rule of law" refers to the principle that the government's system, procedures, and operations in managing the country implement the supremacy of law and act strictly according to law.

"Chinese characteristics "refers to combining the universal laws and principles of the world with China's actual situation, and solving the problems faced by China based on its actual situation including the political system, economic development stage, and other practical national situations. The "Chinese model" refers to China's own development model, which reflects Chinese characteristics. "Government sustainable economic management" refers to institutionalized management by the government to promote economic development to achieve long-term economic development. Rather, economic governance has long-term effects on promoting economic development.

1.1. Connotation and Necessity of the Rule of Law of the Chinese Model

The rule of law within the Chinese model has many characteristics that include a national governance strategy. China's national governance strategy admonishes the people to adhere to democratization, the rule of law, science, and civilization. The administrative rule of law is in place to restrict power within a certain scope of the law to facilitate effective governance. Since 2013, there has been a consistent shift away from rule by law. This refers to the government managing state affairs in a legal and institutionalized way and using the law as a tool and means to govern the country. The essence of the rule by law in China is that the government holds a higher position than the people, and the people obey the government. In this setting, the will and interests of a certain class or group are prioritized. On the other side of the coin, the rule of law refers to the principle that the government's system, procedures, and operations implement the supremacy of law and act strictly according to it. The essence of the rule of law in China is that the people are higher than the government, and the government obeys the people. This law should reflect the will and interests of the people of China and their dealings, considering the widespread occurrence of issues in various markets, industries, and enterprises. These issues include the overcapacity of China's steel [1], real estate [2], and other industries [3]. In addition, state-owned enterprises lack vitality [4], and China's aging population and rising labor costs have made it more difficult for enterprises to operate [5]. Furthermore, many Chinese high-tech enterprises, such as Huawei and ZTE, have been facing unprecedented international pressure due to the significant changes in the international economic and political environment. The rule of law in China considers the interests of the people as an important goal, which inevitably requires the rule of law in sustainable economic management.

In terms of governance, undesirable phenomena occurring due to the rule by law often manifest in selfish projects. For instance, the local governments are often accused of wasting resources on projects that do not solve the real problems of the citizenry but pride themselves. These and other issues are emblematic of deeper problems with fiscal capital efficiency and the standardized management of government. For example, Wang [6] considers the current scope of the Chinese government's economic management functions to be still too broad and that government workers perform these functions with excessively high degrees of uncertainty. This reflects that there are still problems with fiscal capital efficiency and standardized management, necessitating a transition from a rule by law to the rule of law [7]. Due to insufficient and unreliable laws and regulations, the principal components of the various industries often lack integrity. This widens the income gap between the rich and poor, raising the nation's Gini coefficient [8]. Also, fair competition in the Chinese markets is often lacking, which is clear when state-owned and private enterprises are compared [9]. To eradicate these issues, enterprises must be induced by law to actively assume social responsibility [10]. Based on this, Wang [11], in his study of government management performance, proposed that China must undergo significant governance reforms.

1.2. Sustainable Economy and Economic Sustainability

A sustainable economy operates smoothly and achieves sustainability in the long term. Businesses are responsible for their social, environmental, and economic impacts of their activities, strong relationships between advanced sustainable supply chain practices,

and the adoption of a circular economy [12]. For enterprises, sustainability emphasis is imperative for modern design and manufacturing enterprises [13], and sustainable manufacturing practices affect sustainable performance [14]. For the industry, sustainable machining needs to consider economics and the environment [15]; "overall equipment effectiveness" (OEE) and "one-piece flow" (OPF) are precursors of "economic sustainability" (ESU), and low levels in OEE and OPF can impede an industry from reaching adequate ESU levels [16]. For example, in developing new types of tourism, each country identifies its own potential and promotes it in the form of innovative tourist packages and/or products and/or services. Innovation as a concept involves setting up the scene for economic growth and is an important tool for economic progress and competitiveness [17].

In terms of macroeconomics, economic sustainability refers to the harmonious development of the economy, society, and nature, based on advancements in science and technology over a long period of time. The government has the responsibility to create economic sustainability and should analyze modern monetary theory from the perspective of sustainable finance for economic sustainability [18]. For example, the economic sustainability of small and medium-sized enterprises (SMEs) is measured by SME profitability and their stock of goods [19]. The extensive use of petrochemical plastic packaging leads to greenhouse gas emissions and contamination of soil and oceans, posing major threats to ecosystems [20]. This practice needs public sector intervention or political power intervention [21].

In terms of enterprises, economic sustainability criteria have been proposed, such as healthy profitability ratio, financial stability ratio, room occupancy, and income per guest [22]. In today's competitive environment, companies need to be cost-effective, environmentally friendly, and socially responsible to deal with the challenges that exist in markets [23]. Statistically significant relationships were found to exist between the economic sustainability of SMEs and key employee characteristics [24].

For economic sustainability, the government can not only set sustainable guidelines for private companies but can also directly initiate the state default, i.e., public enterprises, in the promotion of economic sustainability [18]. Governments cannot simply apply energy conservation policies by reducing the total consumption of fossil fuels without negatively affecting economic activity, as this generates positive ecological effects with very negative economic consequences [25]. To some extent, economic governance is the sustainable economic management of the government.

1.3. Transitioning to the Rule of Law in Chinese National Governance

Although the Chinese government has gradually reduced its interference in the market; however; it should be noted that while anti-corruption efforts have been made, market supervision remains insufficient [26]. To solve these problems, a series of laws must be introduced. However, increasing high-quality economic growth is a systematic project that should not be limited to the economic field. There should be a guaranteed mechanism for high-quality economic development [27]. Implementing the rule of law in the government's sustainable economic management is meant to effectively implement the government's management function in the law and give it legal authority, thereby guaranteeing high-quality economic development [28,29]. Further, Swenson [30] and Kleymenov [31] thought that implementing the rule of law in government sustainable economic management requires using "legal thinking and legal mode" to solve various problems in the government's sustainable economic management activities. But, in China, due to the characteristics of China's political system, its rule of law is the coexistence of the rule of man and the rule of law. Therefore, in addition to laws and systems, China's rule of law also emphasizes people's interests, economic interests, and the unity of science and civilization. Based on the issues discussed, the need for studies that help to enhance the rule of law to benefit citizens and their dealings is necessary. The main purpose of this study was to examine the effects of China's rule of law on the government's sustainable economic management. Specifically, its objective was to expose the rule of law in the government's sustainable

economic management via the impact of government institutions, people's courts, people's procuratorates, and social organizations on the economy. By achieving this objective, the following contributions will be made to the body of literature and policy implications. First, this study adds to the previous literature by using multiple linear econometric models to conduct an analysis that enhances administrative management according to the rule of law in the Chinese model. Also, using a cluster analysis of economic variables, this study tested the consistency between the Chinese government's management strategy and economic development. It also established an economic multiple regression analysis model to explore the economic effects of the rule of law on Chinese national strategies and the differences between the effects of different government departments on the rule of law. These research methods provide a quantitative research method reference for law and administrative management. Finally, the policy suggestions made in support of the rule of law for the government's economic management will provide a guarantee for the sustainable development of the Chinese economy.

2. Literature Review

2.1. Law and Economic Management

Currently, there is no unified definition of law. Generally, laws bind social norms formulated or recognized by the state and enforced by the state's coercive force, which specifies the rights and obligations of the parties. Different law definitions contain three basic contents: the lawmaker, rights, and obligations. In this setting, the law breaks into the social space as social norms and binds to society.

Raz [32] claims that an essential feature of legal systems is their claims of comprehensiveness, supremacy, and openness. Those who engage in legal philosophy are "attempting to give a profitable and satisfying direction to the application of human acts in the law" [33]. Fuller's "moral" principles of lawgiving merely make the pursuit of purposes through law more effective. Consequently, the internal morality of law has everything to do with efficacy and nothing to do with morality. So, the governor will unnaturally act according to ethics and norms and will be managed by relevant laws and systems [34]. According to Hart's point of view, one of the distinctive characteristics of a legal order is that it is sustainable only based on official acceptance. However, due to the social and political factors that condition our attitude towards the law and the normative and collective nature of law as a social norm, the legal system is endemically alienating [35].

Raz [32] defines the institutions applied in primary norms as "institutions with the power to determine the normative situation of specified individuals, which are required to exercise these powers by applying existing norms, but whose decisions are binding even when they are wrong". These actions should not only be justified by reason but should also be reasonable and relative to their declared reason. The government in all its actions is bound by laws and rules, making it possible to foresee with fair certainty how the authorities use their coercive powers to plan individuals' affairs based on this knowledge [36]. No one doubts the fact that systems and laws are enriched by and change with economic development. The rules do not explain the reasons for management actions, and the rules may become the reasons for actions. However, the opacity of the rules reduces the standardization of management actions [37]. Hence, continuously improving the economic management mechanism is the objective need for different stages of economic development [38].

2.2. Rule of Law

Under the condition of economic freedom, the rule of law and scale of government impact the micro-subjects of the market economy, and the technical efficiencies for both social and operating efficiency are contaminated by government managerial inefficiency [39]. Corruption is everywhere, and the fight against it should be constant. Different countries have different levels of corruption, and the solutions to be used depend on the degree of its prevalence. All the solutions are related to several principles: transparency, professionalism,

integrity, moral values, and accountability. To achieve a significant result in the fight against corruption, substantial changes are needed in the composition and operation of the Judicial Council, the Council of Public Prosecutors, and the Steering Committee of the Academy for Judges and Public Prosecutors. It is necessary to increase transparency and accountability in the work of these entities, especially in their composition [40]. Another aspect is that legislation might be able to purify the law of its accumulated corruption but cannot solely rely on creating entirely new laws [41]. The power of the law lies not in providing predictability and certainty for economic actors, as posited by formal perspectives, but in exploiting and managing uncertainty. Regulatory agencies have been created, often semi-autonomous from the central state, and tasked with a range of functions, including granting licenses, permits, or franchises, establishing quality and performance standards, and setting the terms for markets and competition [42]. Outdated laws can cause damage to the economy and the environment [43].

2.3. Law and Democracy

The constitution confers the legitimacy of judicial review and ensures that democracy is respected via the procedures of democratic legislative bodies [44]. Regarding democratic decision making, different actors in different social settings obey different laws [45]. Political liberties ensure a certain degree of social stability and order, such as in Russia and China [46]. The "political reasons" for institutional legitimacy and consultative democracy do not take the preference of public officials or other political considerations into account in institutional decision making and give play to its democratic administrative legitimacy [47]. If economics is at the service of people's proclaimed goals, it is possible to respect the search for substantive democracy in a given set of economic rules [48].

Laws and systems formulated with democratic participation can form good laws (that is, there are many effective laws). National governance under democratic supervision can lead to good governance (i.e., the effectiveness, efficiency, fairness, and impartiality of governance). Then, using good laws and good governance, sustainable economic management can be achieved. The relationship between them is shown in Figure 1.
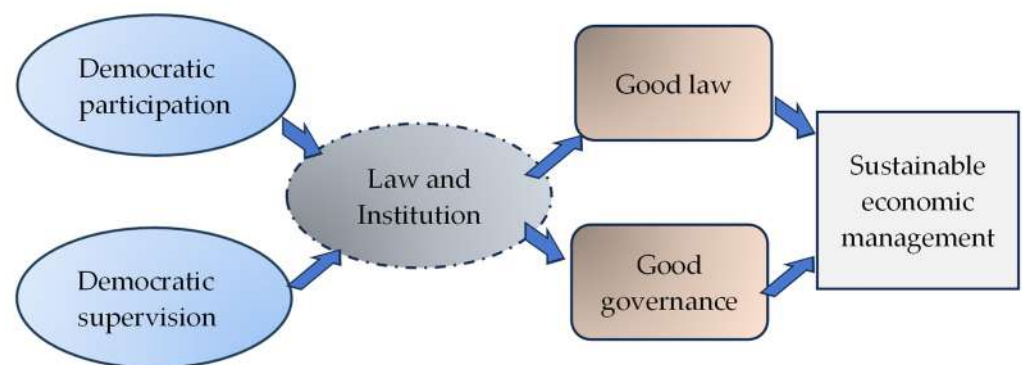

Figure 1. Schematic diagram of the interaction between law, democracy, and sustainable economic management.

2.4. Government Activities

Government activities are not only a prerequisite for China's long-term survival and development, but also the key requirement for ensuring that people live and work in peace and contentment. The necessity of government's involvement in supervising the economy must have legal and normative implementation [49]. Ma and Tian [50] considered that government activities affect the market, from input to output and employment to distribution. Implementing the rule of law in government economic management is not a single process but is affected by internal and external factors. These factors may include culture, management philosophy, political system, economic system, the level of the social rule of law, and the quality of government staff [51]. According to fiscal

theory, the national economy is the combination of a market economy and a government economy. The government economy is the economy created by government activities (mainly fiscal activities). The government economy is the outcome of the market economy and is closely related to the exercise of political power. The government economy may be divided into direct government economy (economy generated by government financial activities) and indirect government economy (economic benefits generated by government departments). In different economic fields, the rule of law of economic management requires the government to achieve good laws, which refer to the laws and systems that regulate government power, protect civil rights, and ensure the effectiveness of social operation and good governance [52]. Good governance as a principle and a right is a guarantee imposing qualitative parameters for exercising public power and respecting citizens' rights [53]. It can be measured in three dimensions: political stability, the rule of law, and the control of corruption and its accountability [54]. The path of applying the rule of law to economic management is shown in Figure 2.
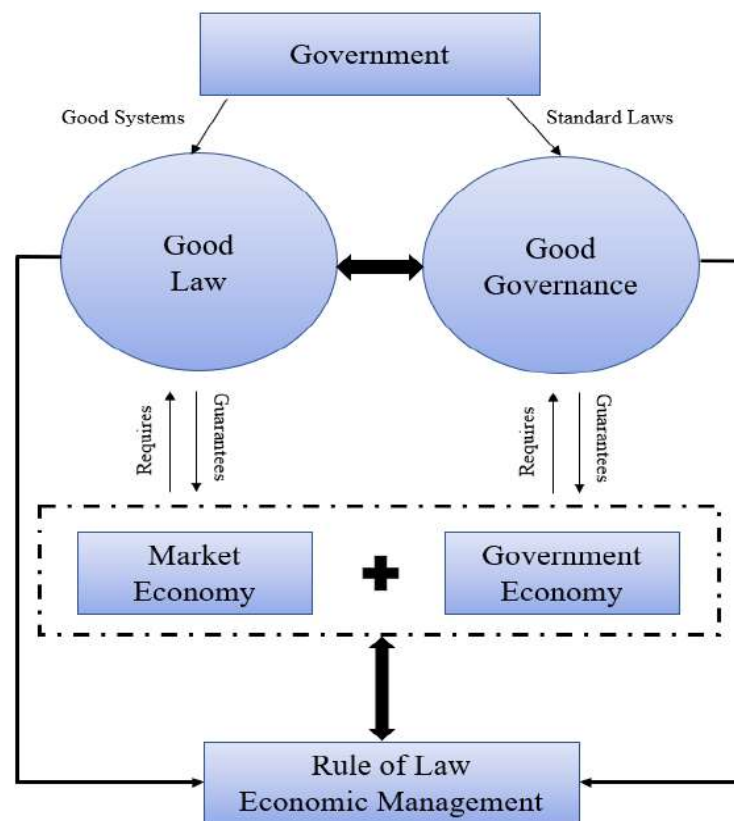
Figure 2. The path diagram of the rule of law of government economic management in China.

The government formulates governance goals to achieve economic sustainability based on the will of the country and utilizes legal and institutional tools to achieve sustainable economic development of market entities through government activities.

Governments should achieve good governance, and intervention in the market should achieve good law. Government activities form the government economy. Government activities should not only focus on economic effects but also achieve the sustainable development of the market economy.

China's laws are quite inadequate, and many laws are sufficient [55] compared to other countries like the United States. For example, China lacks a lot of soft laws (mainly the standardization of administrative management), i.e., a code of conduct that is not legally binding in principle but has a practical effect [56]. However, in the United States, in addition to various domestic and international laws, there are various industrial and consumer laws. Moreover, a government project will introduce a law, but China does not.

If the Chinese government wants the government project to achieve the same efficiency as the market economy, it needs to fully implement the market mechanism. Therefore, it is important to ensure fair market competition, which is one of the responsibilities of the government [57]. For example, it is necessary to continuously formulate standard production, process, employment, environmental protection, and other systems [58] to standardize management and market transactions. Zueva and Fairbrass [59] believe that corporate social responsibility is not formed spontaneously and, as such, the system should be used to restrict illegal acts perpetrated by enterprises. However, due to the lack of a system or supervision for the market in China, the cost of breaking the law is essentially insignificant. One of the main objectives of legalizing government economic management is to achieve a good legal system, but every law has its limitations. Only by providing sufficient laws and systems can good laws be realized [60].

According to the interpretation of the Chinese government, implementing the rule of law in governmental economic management ensures that the market economy can achieve order, justice, efficiency, and social harmony. In this way, the Chinese government can realize public service, market supervision, social management, environmental protection, and other government functions to serve the market economy, reduce market transaction costs, achieve market fairness, and solve the problem of market failure [61]. Many social issues exist in the industries under the market economy, mainly because of the lack of good laws. Therefore, Fletcher's view was that the social or industrial problems in the market economy should be corrected in the form of laws or systems as much as possible [62]. As the main body of the rule of law, the government or industrial organizations should form a linkage and regulate the relationship among the government, the market, and enterprises via the construction of legal systems, such as responsibility lists, power lists, and negative lists [63].

The creation of laws and systems should not be the privilege of the government, departments, or industries, let alone for the benefit of some interest groups. Silver [64] posits that the government should have extensive democratic participation; simultaneously, democratic participation contributes to the observance of the law. This way, we can draw upon a wide range of democratic opinions. This may significantly shorten the process of forming a good legal system, improve the benign relationship between the system and the law, and help realize the institutionalization and legislation of the government's economic management behavior [65]. Therefore, according to the requirements of the fiscal function in the market economy, it is necessary to provide an excellent legal system and create good laws. To realize the role of guidance, evaluation, education, prediction, and enforcement of the law, it is also necessary to achieve effective implementation of the law.

Montes and Luna [66] considered good governance a prerequisite for the operation of a free economy. At the same time, Emara and Rebolledo [67] believed that a legal system should regulate government activities and that there should be a procedural legal system to regulate government activities. A positive correlation exists between good governance, equitable justice, and lasting peace [68]. What, then, should be done? According to Wagner's Law, as government functions continue to expand, a country must implement the rule of law of government management at a specific stage [69]. To carry out the administrative rule of law, we must restrict administrative power to the legal system and promote the rule of law for government functions, administrative power allocation, and administrative organization and establishment; in addition, the operation of administration should be in power for the people. According to the characteristics of China's socialist market economy, China should reform the pattern of power and its interests [70], clarify administrative responsibility, and establish an administrative standard. Moreover, administrative supervision should have rules to follow. Bekkers and Homburg [71] thought that administrative supervision is not limited to decision makers and executors, but that third-party supervision should also be strengthened. There are some problems in China, such as the basis of administrative supervision not being standardized. The focus of administrative supervision is biased; the supervision procedures and working methods are not standardized and unified. China still retains the inertia of "rule by law". Therefore, China should imple-

ment the principles of law priority, legal reservation, statutory authority, administration according to law, and the unity of power and responsibility to promote the rule of law for administrative supervision [72].

Moreover, China should promote the construction of the rule of law in fiscal activities. The public finance system, which adapts to the market economy, requires supplementing the government economy with the market economy, and the service-oriented, democratic, normative, and legal characteristics of public finance. Hajduga and Łuczyszyn [73] believe that the rule of law of the government economy and the role of the local government should change in local economy management as per the needs of economic development. Because the government's fiscal activities reflect the government's political and economic activities, "what the government wants to do is what the fiscal wants to do". Therefore, the rule of law of the government's economic management inevitably requires the rule of law for fiscal activities. The government should provide institutional guarantees for the market economy and regulate fiscal activities through the system and the law. For example, the rule of law of budget disclosure [74] and the rule of law of fiscal expenditure projects can improve fiscal fund efficiency.

In addition, democratic participation and supervision should be strengthened since politicians are not more special and important than the people in China. Under the socialist system, people are the masters of the country, and protecting people's interests and social fairness and justice is an essential requirement of national governance [75]. However, without effective democratic participation and supervision, it will be challenging to ensure the modernization of national governance in order to effectively protect people's rights and interests and fully realize social fairness and justice. We should strengthen public governance, such as citizen participation in governance, transparency of decision making, serving the public interest [76], and constantly promoting the rule of law over the rule by law. China's democracy, which is led by organization selection, is not centered on votes; it is a combination of democracy and centralization. Therefore, compared with other countries, China's democratic participation is conducted by indirect representation, but it is also broad democratic supervision under the leadership of the ruling political party. Corruption is usually a form of power rent-seeking. It distorts market prices, reduces economic efficiency, squeezes out market opportunities, and reduces market economic composition. Therefore, China must ensure the sound operation of the market economy and promote economic growth via anti-corruption campaign. Delacroix [77] stated that economic management is one of the government's essential functions, which is mainly realized through financial activities. Currently, the field of economic management in China is facing many problems. These problems are caused by the insufficient rule of law in economic management, an imperfect credit system, and unclear responsibilities and obligations of the government, departments, and organizations.

Based on this discussion and in fulfilling the study's objectives, we propose the following hypotheses.

Hypothesis 1. *China's rule of law strategy should be reflected in the government's activities.*

Hypothesis 2. *The rule of law in China's economic management positively affects economic development.*

Hypothesis 3. *The rule of law in government activities in China has a positive economic effect.*

3. Data and Methodology

The logical relationship demonstrated in this paper is that the five-year strategic planning management mode is implemented in China, and in each economic cycle, economic development must be closely related to the current planning. Therefore, based on qualitative analysis, the variables of the economic effect model of the economic management rule of law were selected. First, the change in variables in the analysis model is similar to the economic data used to explain the economic effect of China's rule of law strategy. Second, the economic effect of different variables was analyzed. Also, the economic contribution

of variables in the rule of law was discussed, and the existing problems were identified. Finally, the conclusion was drawn. The first half of the econometric analysis is a priori analysis, and the latter is a posteriori analysis. According to the analysis results, the problems with the rule of law were exposed.

3.1. Variable Selection and Data

China proposed a strategy for the rule of law of national governance in 2013, but there may be differences in the overall effect of the strategy over time. Since 2017, due to the theory of the "China threat theory" (referring to the threat that global media believe is posed to other countries around the world by China's sustained rapid economic growth and distinctive political system), the external environment for China's economic development has been difficult. There is a time lag for some effects; therefore, the two time periods of 2007–2017 and 2002–2019 were used for the regression analysis. To explore the effect of the rule of law on governmental sustainable economic management in China, the representative variables selected were gross domestic product (GDP), fiscal expenditure (recorded as CZZC), and fiscal revenue (recorded as CZSR), etc., based on the previous analysis. Among the many affairs of the judicial and procuratorial departments, the data that can represent the rule of law strategy are "the number of administrative first instance cases handled by the people court" (recorded as FYXZ), "the number of administrative appeal cases submitted by the people's Procuratorate" (recorded as JCJZ), the number of social organization units (recorded as SHZZ), etc.

So, this study established a multiple linear regression model (Equation (1), where ε is an error term) to explore the impact of fiscal departments, people's courts, people's procuratorates, and social organizations on GDP. The data used in this model were from 2002 to 2019, extracted from the data of each variable, and are shown in Table 1.

$$\ln GDP = \beta_0 + \beta_1 \ln CZZC + \beta_2 \ln CZSR + \beta_3 \ln FYXZ + \beta_4 \ln JCJZ + \beta_5 \ln SHZZ + \varepsilon \quad (1)$$

Table 1. Summary of data-related variables for China's rule of law from 2002 to 2019.

Year	GDP (Billion CNY)	CZZC (Billion CNY)	CZSR (Billion CNY)	FYXZ (pc)	JCJZ (pc)	SHZZ (pc)
2002	121,717.4	22,053.15	18,903.64	80,728	20,460	244,509
2003	137,422	24,649.95	21,715.25	87,919	22,802	266,612
2004	161,840.2	28,486.89	26,396.47	92,613	23,012	289,432
2005	187,318.9	33,930.28	31,649.29	96,178	25,026	319,762
2006	219,438.5	40,422.73	38,760.2	95,617	23,277	354,393
2007	270,092.3	49,781.35	51,321.78	101,510	26,594	386,916
2008	319,244.6	62,592.66	61,330.35	108,398	27,227	413,660
2009	348,517.7	76,299.93	68,518.3	120,312	39,451	431,069
2010	412,119.3	89,874.16	83,101.51	129,133	41,909	445,631
2011	487,940.2	109,247.79	103,874.43	136,353	43,826	461,971
2012	538,580	125,952.97	117,253.52	129,583	41,140	499,268
2013	592,963.2	140,212.1	129,209.64	123,194	43,599	547,245
2014	643,563.1	151,785.56	140,370.03	141,880	57,463	606,048
2015	688,858.2	175,877.77	152,269.23	220,398	97,185	662,425
2016	746,395.1	187,755.21	159,604.97	225,485	104,227	702,405
2017	832,035.9	203,085.49	172,592.77	230,432	104,288	761,539
2018	919,281.1	220,904.13	183,359.84	256,656	140,417	817,360
2019	986,515.2	238,858.37	190,390.08	279,574	138,760	866,335

3.2. The Performance of the Rule of Law in China's Economic Management

Given the social problems in government management listed above, the Chinese government has put forward the rule of law strategy. Before studying the rule of law in economic management, this study first considered the implementation of the rule of law strategy in terms of whether the rule of law is reflected in relevant management

via the selected variables' data or if there are differences before and after implementing the rule of law strategy. The SPSS system cluster analysis method was used to analyze whether the time dividing point (TDP) of the variable data grouping is consistent with the implementation time of the rule of law to reflect whether it has played a role. The SPSS analysis results are shown in Table 2 below.

Table 2. Results of system cluster analysis of related variables.

Project	GDP	CZZC	CZSR	FYXZ	JCJZ	SHZZ
TDP	2009–2010	2010–2011	2010–2011	2014–2015	2014–2015	2013–2014

From Table 2, the variable data of GDP, CZZC, and CZSR in implementing the rule of law strategy are different. Still, the variable data of FYXZ and JCJZ lagged behind the performance of the rule of law strategy. SHZZ was consistent with the implementation of the rule of law strategy. The TDP between different indicators is inconsistent with the time of implementing the strategy of governing the country according to law. The main reason is that economic problems occur on the front, while administration and policy are on the back, so their TDPs are inconsistent.

3.3. Least Squares Method

In order to obtain the undetermined coefficients of Equation (1), the least squares method was used. Equation (1) is re-expressed in the matrix form as follows:

$$Y = X\beta + \varepsilon \tag{2}$$

$$Y = \begin{pmatrix} y_1 \\ \vdots \\ y_n \end{pmatrix} \tag{3}$$

$$X = \begin{pmatrix} 1 & x_{12} & x_{13} & \cdots & x_{15} \\ 1 & x_{22} & x_{23} & \cdots & x_{25} \\ & & \cdots & & \\ 1 & x_{n2} & x_{n3} & \cdots & x_{n5} \end{pmatrix} \tag{4}$$

where Y represents the time series data of ln (GDP); and x_{i1}, x_{i2}, x_{i3}, x_{i4}, and x_{i5} (i = 1, 2,..., n) represent the time series data of ln (CZZC), ln (CZSR), ln (FYXZ), ln (JCJZ), and ln (SHZZ), respectively. In the time series, x_{ij} represents the ith year and the jth indicator, which is observed as the value of the independent variable. β is the regression coefficient:

$$\beta = \begin{pmatrix} 1 \\ \beta_0 \\ \vdots \\ \beta_6 \end{pmatrix} \tag{5}$$

where ε represents the error term and $\varepsilon = \begin{pmatrix} \varepsilon_1 \\ \vdots \\ \varepsilon_n \end{pmatrix}$. Then, $\varepsilon = Y - X\beta$. If the sum of the squares of the errors $\sum_1^n \varepsilon_i^2$ is taken as a loss function, there is $\sum_1^n \varepsilon_i^2 = \varepsilon^{|}\varepsilon = (Y - X\beta)^{|}(Y - X\beta)$, where $\varepsilon^{|}$ is the transpose of ε. In order to obtain the optimal linear model, the loss function

should be minimized. That is, the minimum value of the sum of squares should be considered, which implies that the following requirements should be met:

$$\frac{\partial\left(\varepsilon^{|}\varepsilon\right)}{\partial\beta}=0 \text{ or} -2X^{|}Y+2X^{|}X\beta=0 \tag{6}$$

From this, the estimated coefficient of the regression model can be estimated:

$$\beta=\left(X^{|}X\right)^{-1}X^{|}Y \tag{7}$$

3.4. Weighted Least Squares Method

In order to prevent the assumption of the same variance of the model from being tenable, the WLS method can be used to eliminate the heteroscedasticity problem. Equation (2) is rewritten as follows:

$$Y=X\beta+\varepsilon, \text{ if } E(\varepsilon)=0, \tag{8}$$

$$\text{And there are } COV\left(\varepsilon,\varepsilon^{|}\right)=E\left(\varepsilon\varepsilon^{|}\right)=\delta_u^2 W \tag{9}$$

where the matrix W is

$$W=\begin{pmatrix} w_1 & & & \\ & w_2 & & \\ & & \ddots & \\ & & & w_n \end{pmatrix} \tag{10}$$

Therefore, Equation (2) has heteroscedasticity. We order $W=DD^T$, where

$$D=D^T=\begin{pmatrix} \sqrt{w_1} & & & \\ & \sqrt{w_2} & & \\ & & \ddots & \\ & & & \sqrt{w_n} \end{pmatrix}, \text{ and } D^{-1}=\begin{pmatrix} \sqrt{w_1}^{-1} & & & \\ & \sqrt{w_2}^{-1} & & \\ & & \ddots & \\ & & & \sqrt{w_n}^{-1} \end{pmatrix} \tag{11}$$

We use D^{-1} to multiply Equation (2) to arrive at

$$D^{-1}Y=D^{-1}, \text{ and } YY=X\beta+D^{-1}\varepsilon \tag{12}$$

$$Y^*=X*\beta+\varepsilon^* \tag{13}$$

Then, Equation (5) has the same variance because

$$COV(\varepsilon,\varepsilon*)=E\left(\varepsilon(\varepsilon^*)^T\right)=E\left(D^{-1}\varepsilon\varepsilon^{|}\left(D^{-1}\right)^T\right)=D^{-1}E\left(\varepsilon\varepsilon^T\right)\left(D^{-1}\right)^{|}=D^{-1}\delta_u^2 W\left(D^{-1}\right)^{|}=\delta_u^2 W \tag{14}$$

Therefore, the heteroscedasticity of the model can be eliminated by using the square of the residual.

3.5. Stepwise Regression

Generally, the lag problem of the model requires relatively more sample data. It considers the collinearity problem, but the maximum time period of the sample data in this study was only 20 years. The data were used to find the best regression model and the fewest independent variables that were enough to explain the maximum of the whole regression model to solve the collinearity problem between the variables. The steps of this method are as follows: First, according to the influence degree of all factors on Y (after calculating the correlation coefficient), the regression equation was introduced one by one from large to small. Second, we tested all variables contained in the regression equation at any time

to determine whether they were still significant. If not, we eliminated them. When all the variables contained in the regression equation had a significant impact on y, we considered introducing new variables. Finally, among the remaining unselected factors, the one that had the greatest effect on Y (after calculating the size of the partial correlation coefficient) was selected to test its significance. If it was significant, the equation was introduced, and if it was not significant, it was not introduced. This continues until no significant factors could be introduced and no insignificant variables needed to be eliminated.

$$r_{x_1 y} = \frac{\sum (x_1 - \overline{x_1})(y - \overline{y})}{\sqrt{\sum (x_1 - \overline{x_1})^2} \sqrt{\sum (y - \overline{y})^2}} \tag{15}$$

The partial correlation coefficient independent variable x_2 with the dependent variable Y recorded as follows:

$$r_{y(x_2, x_1)} = \frac{r_{yx_2} - r_{yx_1} \cdot r_{x_2 x_1} \cdot}{\sqrt{1 - r_{x_2 x_1}^2}} \tag{16}$$

where the influence of x_1 to y is excluded from x_2.

4. Results

4.1. Least Squares Analysis

When we used the data from 2007 to 2017, we obtained the least squares regression output results and regression test shown in Tables 3 and 4, and Figure 3. From Table 3, the model equation of the regression model from 2007 to 2017 is as follows:

$$\text{lnGDP} = 0.20 + 0.25\text{lnCZZC} + 0.50\text{lnCZSR} + 0.12\text{lnFYXZ} - 0.12\text{lnJCJZ} + 0.32\text{lnSHZZ} \tag{17}$$

Table 3. Results of regression analysis of the rule of law of China's economic management with LS method using 2007–2017 data.

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.204222	1.251095	0.163235	0.8767
ln(CZZC)	0.246239	0.263560	0.934283	0.3930
ln(CZSR)	0.497314	0.269763	1.843526	0.1246
ln(FYXZ)	0.119264	0.138831	0.859055	0.4296
ln(JCJZ)	−0.116107	0.117700	−0.986469	0.3692
ln(SHZZ)	0.315138	0.127141	2.478641	0.0559
R-squared	0.998662	–	–	–
Adjusted R-squared	0.997324	–	–	–
S.E. of regression	0.019141	–	–	–
Sum squared residual	0.001832	–	–	–
Log-likelihood	32.24346	–	–	–
Mean dependent variable	13.13004	–	–	–
S.D. dependent variable	0.369998	–	–	–
Hannan–Quinn criterion	−4.908347	–	–	–
Durbin–Watson statistic	1.644887	–	–	–
F-statistic	746.3235	–	–	0.00000

Table 4. Summary of the model regression test analysis of China's rule of law from 2007 to 2017.

Breusch–Pagan–Godfrey Heteroskedasticity Test			
F-statistic	1.076048	Prob. F(5,5)	0.4689
Obs*R-squared	5.701470	Prob. Chi-Square(5)	0.3364
Scaled explained SS	1.244284	Prob. Chi-Square(5)	0.9406

Breusch–Godfrey Serial Correlation LM Test			
F-statistic	3.889756	Prob. F(2,3)	0.1468
Obs*R-squared	7.938637	Prob. Chi-Square(2)	0.0189
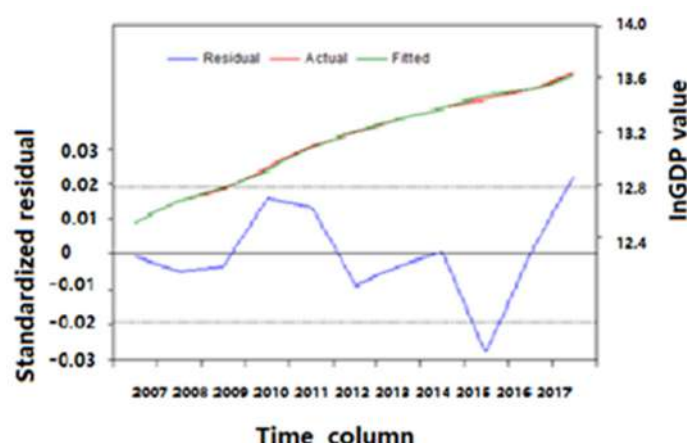
Figure 3. The result of the residual normal distribution test of the regression model using data from 2007 to 2017.

From the regression test results, under the 0.05 significance level, in the heteroscedasticity test of residuals, the test statistic F value was 1.08, and the probability value was 0.4689 > 0.05. We, therefore, accept the hypothesis that the model has the same variance; that is, there is no heteroscedasticity. In the residual of the serial correlation LM test, the test statistic F value was 3.89, and the probability value was 0.1468 > 0.05; therefore, we accept the hypothesis that the model has no autocorrelation. From the standardized residual diagram, it can be seen that the model residual has a normal distribution.

When we used the data from 2002 to 2019, we obtained the regression output results shown in Tables 5 and 6, and Figure 4.

Table 5. Results of the regression analysis of the rule of law of China's economic management with LS method using data from 2002 to 2019.

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	−0.347755	0.955082	−0.364110	0.7221
ln(CZZC)	0.401480	0.210680	1.905645	0.0809
ln(CZSR)	0.272338	0.198602	1.371279	0.1954
ln(FYXZ)	0.079300	0.135077	0.587069	0.5680
ln(JCJZ)	−0.084709	0.103978	−0.814684	0.4311
ln(SHZZ)	0.427872	0.120284	3.557186	0.0039
R-squared	0.999188	–	–	–
Adjusted R-squared	0.998849	–	–	–
S.E. of regression	0.022933	–	–	–
Sum squared residual	0.006311	–	–	–
Log-likelihood	46.06111	–	–	–
Mean dependent variable	12.88543	–	–	–
S.D. dependent variable	0.676095	–	–	–
Akaike info criterion	−4.451235	–	–	–
Schwarz criterion	−4.154444	–	–	–
Hannan–Quinn criterion	−4.410311	–	–	–
Durbin–Watson statistic	1.130507	–	–	–
F-statistic	2952.578	–	–	0.00000

Table 6. Summary of the model regression analysis of China's rule of law from 2002 to 2019.

Breusch–Pagan–Godfrey Heteroskedasticity Test			
F-statistic	3.782248	Prob. F(5,12)	0.0274
Obs*R-squared	11.01225	Prob. Chi-Square(5)	0.0511
Scaled explained SS	5.496688	Prob. Chi-Square(5)	0.3583
Breusch–Godfrey Serial Correlation LM Test			
F-statistic	3.166255	Prob. F(2,10)	0.0860
Obs*R-squared	6.979036	Prob. Chi-Square(2)	0.0305
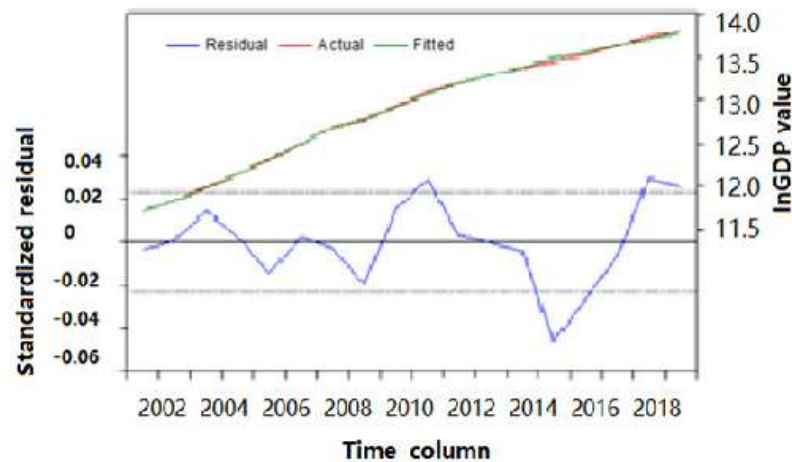
Figure 4. The result of the residual normal distribution test of the regression model from 2002 to 2019.

From Table 5, the model equation of the regression model from 2002 to 2019 is as follows:

$$\text{lnGDP} = -0.35 + 0.40\text{lnCZZC} + 0.27\text{lnCZSR} + 0.08\text{lnFYXZ} - 0.08\text{lnJCJZ} + 0.43\text{lnSHZZ} \quad (18)$$

From the regression test results, under the 0.05 significance level, in the heteroscedasticity test of residuals, the test statistic f-value was 3.78. The probability value was $0.0274 < 0.05$; therefore, we do not accept the hypothesis that the model has the same variance as there is heteroscedasticity. In the residual of the serial correlation LM test, the test statistic f-value was 3.17, and the probability value was $0.086 > 0.05$; therefore, we accept the hypothesis that the model has no autocorrelation. From the standardized residual diagram, it can be seen that the model residual has a normal distribution.

However, in the two regression models at different times, some coefficients of the variables did not pass the significance test (at the 0.05 significance level), and the coefficient of the variable JCJZ was negative. The increase in the number of cases submitted in writing by the people's procuratorate for correction did not correlate with the GDP growth.

4.2. Weighted Least Squares Analysis

The WLS method was performed using the data from 2007 to 2017 and 2002 to 2019 to estimate Equation (1) again, and the reciprocal of the residual square was taken as the weight. The regression analysis results are shown in Tables 7 and 8. As shown in Table 7, the model results did not improve much; there may be multicollinearity between variables. It can be seen from Table 8 that the significance of coefficients and the model passed the test, but the value of the F statistic was too large (F statistic = 57,047,724). So, there exists collinearity between the variables in Model 1.

Table 7. Results of regression analysis of the rule of law of China's economic management using the WLS method from 2007 to 2017.

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	−0.501144	3.086151	−0.162385	0.8774
ln(CZZC)	−3.192650	1.434093	−2.226250	0.0765
ln(CZSR)	3.510815	1.318706	2.662318	0.0448
ln(FYXZ)	−1.764831	0.978202	−1.804158	0.1311
ln(JCJZ)	1.038185	0.676151	1.535433	0.1853
ln(SHZZ)	1.521817	0.272024	5.594421	0.0025
R-squared	0.999422	-	-	-
Adjusted R-squared	0.998845	-	-	-

Table 7. *Cont.*

Variable	Coefficient	Std. Error	t-Statistic	Prob.
S.E. of regression	0.011073	-	-	-
Sum squared residual	0.000613	-	-	-
Log-likelihood	38.26349	-	-	-
Mean dependent variable	13.36163	-	-	-
S.D. dependent variable	20.55392	-	-	-
Akaike info criterion	−5.866089	-	-	-
Schwarz criterion	−5.649056	-	-	-
Hannan–Quinn criterion	−6.002899	-	-	-
Durbin–Watson statistic	1.512624	-	-	-
Weighted mean dep.	13.44314	-	-	-
F-statistic	1730.092	-	-	0.00000

Weighting series: $1/(residual)^2$.

Table 8. Results of regression analysis of the rule of law of China's economic management using the WLS method from 2002 to 2019.

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.109314	0.187193	0.583961	0.5701
ln(CZZC)	0.342987	0.017701	19.37688	0.0000
ln(CZSR)	0.346015	0.022482	15.39069	0.0000
ln(FYXZ)	0.072992	0.013172	5.541260	0.0001
ln(JCJZ)	−0.059553	0.010471	−5.687345	0.0001
ln(SHZZ)	0.365345	0.024792	14.73638	0.0000
R-squared	1.000000			
Adjusted R-squared	1.000000			
S.E. of regression	0.000302			
Sum squared residual	1.10×10^{-6}			
Log-likelihood	123.9768			
Mean dependent variable	12.94637			
S.D. dependent variable	41.31503			
Akaike info criterion	−13.10853			
Schwarz criterion	−12.81174			
Hannan–Quinn criterion	−13.06761			
Durbin–Watson statistic	1.536860			
Weighted mean dep.	13.18801			
F-statistic	57,047,724			0.00000

Weighting series: $1/(residual)^2$.

4.3. Stepwise Regression Analysis

To solve the multicollinearity problem, the stepwise regression method was used to exclude variables. The results of the SPSS regression analysis are shown in Tables 9 and 10.

Table 9. Results of stepwise regression analysis from 2007 to 2017.

	Non-Standardized Coefficient	Standardization Coefficient	t	Significance
Constant	0.858		1.656	0.136
ln(CZSR)	0.735	0.829	19.065	0.000
ln(SHZZ)	0.286	0.179	4.114	0.003
F-Statistic	2375.110	-	-	0.000

The dependent variable is ln(GDP) and the forecast variables, ln(CZSR) and ln(SHZZ), are constant.

Table 10. Results of stepwise regression analysis using data from 2002 to 2019.

	Non-Standardized Coefficient	Standardization Coefficient	t	Significance
Constant	0.239		0.386	0.705
ln(CZZC)	0.266	0.318	2.283	0.039
ln(SHZZ)	0.393	0.225	5.029	0.000
ln(CZSR)	0.400	0.461	3.984	0.001
F-Statistic	5424.146			0.000

The dependent variable is ln(GDP), and the forecast variables, ln(CZSR) and ln(SHZZ), are constant.

From Table 9, the optimal model equation of the regression model from 2007 to 2017 is as follows:

$$lnGDP = 0.86 + 0.735lnCZSR + 0.29lnSHZZ \tag{19}$$

From Table 10, the optimal model equation of the regression model from 2002 to 2019 is as follows:

$$lnGDP = 0.24 + 0.27lnCZZC + 0.40lnCZSR + 0.39lnSHZZ \tag{20}$$

5. Discussion

5.1. Qualitative Analysis

In China, national interests are of paramount importance, followed by collective and personal interests. China always regards safeguarding its national economic interests as an important national function. The ultimate goal of China's national strategy is national economic development. Therefore, there is a relationship between China's economy and the strategy of governing the country according to the law. The government's fiscal activities (i.e., fiscal revenue and fiscal expenditure) should reflect the government's strategy of governing the country according to law. Similarly, government agencies and organizational departments should implement this strategy. China established a public fiscal system with the core goal of meeting general needs, serving the market economy, and the means of democracy and the rule of law [78] under Chinese characteristics. By transforming from the planned fiscal to the public fiscal strategy, significant changes occurred in China's fiscal functions. From the single function of resource allocation supplemented by the function of supervision, control, and system suppliers in the socialist market economy, China's fiscal operations are becoming more and more extensive [79]. Democracy and the rule of law are some of the connotations of public fiscal functions; excessive fiscal decentralization causes resource misallocation [80]. The basic principles for determining fiscal functions are fiscal responsibility (i.e., what to do) and fiscal roles (i.e., how to achieve the goal of government management). From a fiscal point of view, the scope of government activities is mainly manifested in the following five aspects: for the direct operation of national strategy and security; for the government's administrative procedure to purchase products and services; to influence private production by intervening in the market; for the redistribution of stable social income; and to provide a legal system to ensure fair competition in the market [81]. Therefore, China's public fiscal system serves the market economy, which requires the implementation of the rule of law in fiscal activities and government activities. The relationship between the government and the market is determined through good laws and good governance to ensure the rule of law in government economic management and improve the efficiency of government management functions [82]. Whether it is government intervention in the market or government activities themselves, it is necessary to standardize the administrative behavior of government economic management under the rule of law requirement. Standardizing is performed via various legal systems and norms to ensure the market's decisive role in resource allocation and efficiency [73]. It is also necessary for society to realize various government functions in the environment of the rule of law, such as administrations, courts, procuratorates, social organizations, etc. All market entities can abide by these rules. Courts, procuratorates, and social organizations [82] can

promote the rule of law based on social credit and provide organizational guarantees for economic development.

The role of courts and procuratorates in the rule of law need not be described. The following is mainly about the role of social organizations in the rule of law. Social organizations undertake certain government management functions. The principal role of the government in a free market is to enforce the rules of voluntary exchange. However, F. A. Hayek and other scholars wrote extensively about the maligned economic and social effects of special government privileges granted to labor unions in a free market [83]. The national cultural habits and management systems help to integrate and coordinate social resources through the importance of formal and informal social organizations [84]. For example, broker organizations increasingly facilitate the partnering process of public–private partnerships (PPPs) for development [85]. Relying heavily on external support from government programs, foundations, and parenting non-profit social enterprises as a form of social welfare organization serve society instead of the government [86]. But, under the socialist market economy system, social organizations have become an important force in promoting social harmony and economic development in China [87]. Social organizations can alleviate local governments' social management pressure but challenge their authority. In China, local governments prioritize developing social organizations and promoting economic development and social service, and they focus on constructing a structural relationship between the government and social organizations with benign interactions [88]. The internal relationship between economic management and the rule of law is shown in Figure 5.
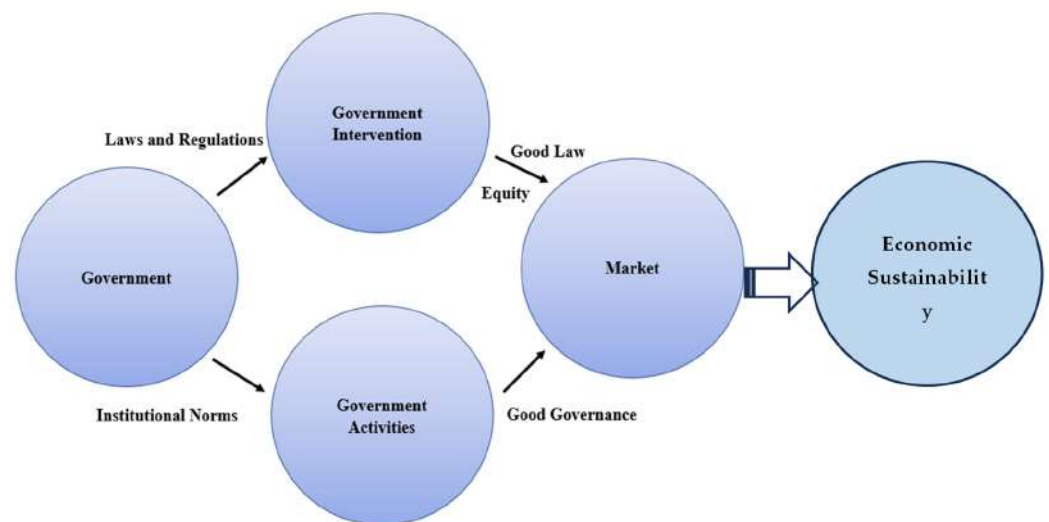
Figure 5. Logic diagram for applying the rule of law to economic management.

5.2. Verification of Hypotheses

China implemented the national management mode of a "five-year strategic plan". After the promulgation of the strategic plan, governments at all levels must implement the strategic plan. Therefore, in theory, all three hypotheses should be true.

Using a systematic cluster analysis, we can conclude that China's strategy of the rule of law of national governance has played a role because the implementation of the national strategy has a lag effect. There is a lack of understanding of the government management problems brought on by the rule of man. Therefore, economic and financial activities take place earlier than the inflection point of the strategy, while people's courts, procuratorates, and social organizations take place later than the inflection point of the strategy. So, hypothesis 1 is verified. It can be seen that Hypothesis 2 is true from Equations (17)–(20). Their differences indicate that the rule of law in China's economic management positively impacts economic development. However, the rule of law in Chinese government activities has incomplete positive economic effects; therefore, Hypothesis 3 is not completely true.

In terms of social organization and fiscal revenue, their coefficients reflect the positive economic effect of China's rule of law, while fiscal expenditure shows a lack of the rule of law effect. At the same time, the procuratorates and courts should be the implementation and guarantee institutions of the rule of law strategy, which also shows the lack of economic effect of the rule of law. Therefore, the Chinese government should strengthen the construction of the rule of law in government institutions and public departments and strengthen the standardization and legal management of government governance.

5.3. Econometric Analysis

There are significant differences in the analysis results for two different lengths of the time-series data. This indicates that the economic effects of different public sectors are not only different but are also influenced by society, environment, and policies.

According to the regression results, the coefficients of the social organization variable passed the significance test only from 2002 to 2019. The importance of different variables to GDP is different and determined according to the size of the coefficient. If the coefficient is large, the importance is high, and vice versa. In either the period (2007–2017) or (2002–2019), the regression equation passes the test and fits well. But the coefficients of the other two or three variables did not pass the significance test. These variables may play a collaborative role in promoting economic growth and might indicate that the rule of law of economic management can promote economic development. According to the qualitative analysis, fiscal expenditure and social organization directly impact the GDP. The growth in fiscal expenditure can bring about the growth in GDP. However, the contribution of fiscal expenditure to GDP is not as large as that of fiscal revenue or social organizations, which is inconsistent with the theory of fiscal multiplier [89]. Due to social organizations performing administrative functions instead of the government, tax revenue, like credit, which is very standardized and legally administrative, has positive economic effects [90].

According to economic theory, fiscal revenue growth should decrease GDP. In the long-term rule of law model, the growth of fiscal revenue by 1% will bring about the growth in GDP by 0.49% or 0.27%. This result is inconsistent with the traditional theory. The results of the WLS regression analysis show that the coefficients of the long-term model pass the significance test, but those of the short-term model did not pass the significance test. This indicates that the short-term model was not the best in this study. Tables 9 and 10 show that in the long-term or short-term economic management rule of law model, only social organization and fiscal revenue are always included. The variable of fiscal expenditure was excluded from the short-term model. Meanwhile, whether in the long-term or short-term, the two variables of court and procuratorate were excluded from the economic effect of the rule of law model. This is the cost that the government must incur to legalize economic management. In the regression model, the negative coefficient of the people's procuratorate department shows that the work of the procuratorate has a certain reverse relationship with economic development. Centered on the starting point of the rule of law strategy, there are differences in the conclusions of different time-series models, further indicating that there are deficiencies in implementing the rule of law in China's fiscal expenditure. In addition to theoretical explanations, there are also practical reasons for the impact of the model effects. Fiscal transparency can reduce information asymmetry and the existing discretionary power of public officials, politicians, and legislators. In addition, fiscal transparency and a strong legal system might be able to increase the expected cost of corruption and, consequently, the deterrent effect against corruption [66]. The effect of the model is not ideal. In addition to the important explanation of random factors, the failure of variables to play their due role is also an important reason. For instance, civil society should complement the state in monitoring and imposing the responsibility to deliver and sustain those goods and the commons on companies. The role of law should trigger a more sustainable economy by guaranteeing trust and cooperation among private companies, public institutions, civil society, local communities, and citizens to replace sustainable development with a sustainable economy. The law should trigger such a shift by ensuring

trust and cooperation among public institutions, private companies, civil society, local communities, and ordinary citizens [91].

6. Conclusions and Implications

6.1. Conclusions

This study used two forms of data (2002–2019 and 2007–2017) to assess the effect of the rule of law on the government's sustainable economic management via the impact of government institutions, people's courts, people's procuratorates, and social organizations on the economy. Multiple regression analysis was adopted for this study. After running a series of tests, the conclusive results found that the rule of law in fiscal revenue and social organizations, rather than arbitrary dictates by powerful people, positively affected the economy. However, the economic effect of the rule of law on governmental sustainable economic management was not significant. The economic effect of China's rule of law on economic management was insufficient. This is because the purpose of the rule of law in the Chinese model is to protect people's rights, meet their demands, and constantly enhance their sense of fulfillment, happiness, and security. Therefore, it is concluded that the financial, procuratorial, and judicial departments of the Chinese government have insufficient economic effects on the rule of law management. The economic impact of the Chinese model's rule of law management is inconsistent with the traditional economic theory. Therefore, in the process of continuing to promote the Chinese model of rule of law management, China must consider its economic impact while emphasizing Chinese characteristics. As a result, the procuratorial and judicial departments should refine the economy-related statistical data to guide government departments to promote the growth of the government economy. Based on this conclusion, the implications are outlined in the following subsection to guide policymakers and future studies.

6.2. Research Implications

6.2.1. Practical Implications

This study revealed that there is still more space to improve the rule of law regarding fiscal expenditures and government offices. China should continue to implement the rule of law for sustainable economic management further. We make the following specific policy suggestions.

The rule of law of the respective government departments should be strengthened further for sustainable economic development due to the tight relationship between fiscal principles and economic growth. To further optimize the tax-sharing system and implement the principle of equal rights and responsibilities for fiscal revenue and expenditure, China should implement the standardization and institutionalization of fiscal funds, improve the efficiency of fiscal funds, and effectively improve the quality of fiscal expenditure. Moreover, government departments should consider the feasibility of introducing corporate governance principles to maintain the sustainability of governance.

Again, from the indicators, there have been insufficient impacts on the economic development of China's rule of law in economic management, and China should establish national credit via this rule of law in economic management. The country will realize the rule of law of participation and supervision of economic management. This will help to realize the rule of law in national governance. The country should reduce the rule of man and increase the rule of law. The government should vigorously improve the standardization and effectiveness of social management and supervision undertaken by courts, procuratorates, and social organizations, and constantly perfect the social credit system. Also, urban governance can be used as a government unit to realize responsiveness, effectiveness, procedural justice, resilience, and the counterbalance of national governance. Finally, the study calls on the Chinese government to attach importance to the development of the government economy and to promote the cooperation of government departments to improve government efficiency. It has reference significance for China's democratic participation and supervision.

6.2.2. Theoretical Implications

This study also makes some meaningful theoretical contributions that have been highlighted in this section. This study used the method of econometric analysis to study China's politics, which will enrich the research methods for China's national conditions. The system cluster analysis method verified the positive effect of China's transition to a rule of law strategy, which is difficult to demonstrate in words. Similarly, the best model obtained by regression analysis excludes indicators such as civil courts and people procuratorates from the model, which can objectively explain their insufficient economic effects on the rule of law and why they should receive enough attention from the government.

Moreover, in the rule of law in the Chinese model, the contribution of fiscal revenue to economic growth is positive and greater than the economic effect of fiscal expenditure, which is different from the conclusion that fiscal revenue has a negative effect on economic growth in the general economic development model. This is a significant contribution to economic theories. Also, using the length of the time series to verify the differences between models is a beneficial addition to the research methods concerning policy effects. This research is a posteriori study; that is, via econometric analysis, the findings can be explained as resulting from China's strategy of implementing a rule of law paradigm. Cluster analysis was used to explore the effects of China's rule of law.

6.3. Limitations and Future Research

This study believes that the lack of non-detailed government department data may be one of the reasons for the insufficient economic effect in the model. This is also an issue for future studies on the Chinese style of the rule of law. At the same time, the Chinese characteristics emphasized by China are generally considered to be factors such as large population, stage of economic development, and political system. There are many factors, such as history, culture, and nature, which were not considered in this study but are worth studying in the future. As a result, future studies can determine whether there are other or more appropriate methods to investigate the economic effects of national strategies. At the same time, it is necessary to further decompose the economic components of indexes of procuratorates, courts, and social organizations to improve the accuracy of econometric analyses.

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