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ACHIEVING SUSTAINABLE DEVELOPMENT AMID URBANIZATION: CAUSAL EVIDENCE FROM CHINA

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Abstract

The rapid urbanization of the 21st century has not only positively impacted economic development but has also presented significant environmental challenges. To deepen our understanding of sustainable development and urbanization in developing countries, this paper examines the impact of Government-Driven Urbanization (GDU, hereafter) on industrial pollution emissions in China using data from multiple sources. Employing the difference-in-differences (DID) method, our findings underscore the substantial contribution of GDU to enhancing environmental performance in urban areas. Furthermore, our investigation demonstrates that this improvement can be attributed to urbanization's reduction of local protectionism, compelling polluting companies to reduce emissions to comply with regulations and limiting their ability to evade environmental pressures. These findings are crucial for promoting green and sustainable development. Given that severe local protectionism often prioritizes profit over environmental concerns, it can hinder the efficient allocation of resources toward green and sustainable development initiatives.

Key words: industrial pollution, local protectionism, sustainable development, urbanization

Received: December, 2023; Revised final: July, 2024; Accepted: August, 2024; Published in final edited form: March, 2025

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