

Review Article

Development of Chinese Public Finance Discipline in the Past 70 Years: Review and Prospects

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Abstract - Since the founding of the People's Republic of China, the development of fiscal discipline has experienced three stages from 1949 to the 1960s, from the 1970s to the turn of the millennium and from the millennium till now. Based on the review of the basic conditions and achievements of fiscal discipline in China, this paper also elaborates the problems that existed in the development and construction of fiscal discipline in China and then made prospects for the development of the fiscal discipline.

Keywords - Public finance, Fiscal discipline, Review, Problems, Prospects

I. INTRODUCTION

The construction and development of a discipline is an important part of the social development and progress of a country. On the occasion of the 70th anniversary of the founding of the People's Republic of China, the author makes a brief review, comment and prospect on the development of the fiscal discipline in New China.

II. REVIEW: THE BASIC TRACK AND ACHIEVEMENTS OF THE CONSTRUCTION AND DEVELOPMENT OF FISCAL DISCIPLINE IN CHINA

Public finance (hereafter referred to as fiscal) discipline can be considered as a specialized discipline that has emerged with economics and has relatively independently developed into a branch of economics with relatively comprehensive characteristics (economics, politics, sociology ...). After the founding of the People's Republic of China, the research on theories of public finance and on its policy and management level oriented by "combining theory with practice" have achieved positive results. From the perspective of the basic theory of public finance, the efforts and performance of Chinese scholars can be roughly divided into three stages, which can be summarized as follows.

1. The first stage from the founding of the PRC to the 1960s. In the early days of the founding of the People's Republic of China, financial scholars,

mainly in universities, were dedicated to the study of fiscal discipline to embrace the new era of standing up of the country. Later, national leaders represented by Mao Zedong paid great attention to fiscal research. Several fiscal research institutions, including the Research Institute of Fiscal Science of the Ministry of Finance, were established. Many institutional research groups also emerged. The "state distribution" theory, which was once influenced as the mainstream school, was developed in the 1950s and established its status at the first national fiscal theory seminar held in Dalian in 1964. There are several schools of contention with the state distribution theory, which together form a heated discussion of Chinese scholars on the proposition of financial essence in the study of basic financial theory. Discussions on the development of the socialist construction related to public finance, the summary of practical experience and policy optimization have also begun.

2. The second stage from the new era of the reform and opening up after experiencing ten years catastrophe of the Cultural Revolution in the late 1970s to the turn of the millennium. At this stage, education and scientific research in China developed vigorously. The financial scholars adhering to linking theory with practice participated in various forms of seminars, and a series of achievements in the understanding of the fiscal discipline was achieved. Extensive exchanges among relevant departments, colleges, institutions and social groups, the reference to foreign fiscal and economic theories, policy research results and practical experience, as well as the urgent demand for the reform, development and stability in China's real-life, required the joint efforts of three generations of old, middle and young researchers so as to create a new round of vigorous development for the construction of China's fiscal discipline. At the basic theoretical level, there were still debates among different schools. Based on the contribution of the theory of "state distribution", the theory of "common needs", the theory of "distribution of surplus value" and the theory of "reproduction promise", etc., the author put forward the theory of "centralized social distribution", strived to integrate the fiscal cognition into one before and



after the forming of the state so as to summarize the cognition of the basic theories of public finance. In addition, the author and his collaborators put forward original theoretical cognition in the fields of right-ethical public goods, the ternary paradox of fiscal distribution, and so on. In real life, in the late 1990s, when the policy-makers determined the general direction of the transition to the public financial framework, there were hot discussions on major issues concerning financial operating mechanisms and institutional transitions, such as the topics of “China public finance”, “dual finance” and “people’s livelihood finance”, and so on. The milestone reform of the tax-sharing system in 1994 transferred the Chinese fiscal system from administrative decentralization to economic decentralization. It aroused extensive discussion on many topics, such as the reform of the Chinese fiscal system serving the overall modern economic and social transition, the fiscal management and regulation serving the socialist market economy, etc., which formed intellectual support for scientific decision-making and policy optimization in reform and opening up, as well as in innovation and development, and have greatly promoted and enriched the construction of China’s fiscal discipline and fiscal talents.

3. The third stage after the turn of the millennium. At this stage, the research on the basic theoretical level of China’s public finance had once cooled down. The inexhaustible development opportunities brought by the “golden development period” of the economy and society and the consequent “contradictions highlighting period” formed a series of challenging realities. The problems made financial researchers pay more attention to the research of new perspectives and new binding points and pay more attention to focus on and accept multi-faceted realistic research tasks. However, the Third Plenary Session of the Eighteenth Central Committee of the Communist Party of China clearly stated that public finance was the foundation and important pillar of state governance and proposed to build a modern fiscal system. After then, the research on the basic fiscal theories of modern state governance became active. Following the cognitive framework of “overall fiscal state governance” and the “fiscal management of public risks”, a variety of new core concepts have been continuously proposed in recent years. It is predicted that China’s basic fiscal theory and discipline construction are expected to usher in a new round of contention of “a hundred schools of thought”.

Briefly, it can be seen that in the 70 years since the founding of the People’s Republic of China, the research efforts of Chinese fiscal scholars have made progress in the process of China’s modernization from “standing up”, “getting rich” to the new era of “getting strong” with providing specific intellectual support in aspects of the scientific field, and formed the specific contribution of Chinese fiscal researchers

to the fiscal discipline in the world human think tank. Especially at the level of the basic theory of public finance under the proposition of the “essence of public finance”, the Chinese scholars’ ideological contribution is unique and is the crystallization of the theory of fiscal discipline worthy of recording. In fact, it is already an academic achievement with world-class professional achievement.

III. MAJOR PROBLEMS IN THE DEVELOPMENT AND CONSTRUCTION OF CHINA’S FISCAL DISCIPLINE

While affirming the achievements, we should also point out the problems existing in the construction of China’s fiscal discipline. It is necessary to put it within the panoramic view of human society and academic circles to meet the rigorous and constructive requirements of the discipline to form relevant cognition. The author thinks that the following points should be highlighted.

1. During the 70 years, Chinese fiscal scholars’ in-depth thinking and several rounds of hot discussions on basic fiscal theories such as the essence of public finance, unfortunately, failed to connect with international academic exchange activities. Related literature written in Chinese had few foreign translations and failed to attend international seminars, forums and other related activities.

2. The general atmosphere of China’s financial research field after the turn of the millennium has been affected by the market gold worship and material impetuosity in society. The attention of young and prosperous scholars has turned to non-fundamental research-oriented academic work. There is a tendency to seek quick success and instant benefits by study, making fiscal theoretical research once depressed and neglected in the basic theoretical field. Meanwhile, solid and in-depth continuous research results are also rare. It seems that the cultivation of academic leaders of the new generation in financial academia is inadequate.

3. In recent years, there have been some new research papers on basic theories of public finance in China, which are impetuous and eager to strive for new independence without sorting out the previous theoretical frontiers or neglecting the viewpoints proposed by the predecessors or contemporaries. The convenience of searching and collecting academic literature today is completely different from that of a dozen years or decades ago; however, some authors may put forward new opinions without sorting out the previous achievements and obeying the basic principles of academic rigour, so that cannot form in-depth theoretical discussion and achieve significant innovation. The researchers can completely disagree with the viewpoints of the existing schools. However, the previous knowledge, comments and even criticism are necessary foundations for the new theory and also common sense in the methodology for academic research.

4. Due to a variety of subjective and objective reasons, the excessive ideological constraints of many financial theory researchers in China still exist obviously. The scholarly style that practice is the only standard for truth rather than theories from the books or words of the authority has not been promoted in recent years, but depressed. Some elaborate egoist considerations, red tape worries and the rules of the academic and publishing circles have had an adverse effect on the healthy development of the discipline.

IV. PROSPECTS FOR THE DEVELOPMENT OF CHINA'S FISCAL DISCIPLINE

China's modernization is to recognize the main trend of the development of human civilization and to surprisingly stride along with the innovation and development of the times based on the constraints of the national conditions in China. The development of the research on fiscal theories in China must serve and integrate with the overall advancement of China's modernization.

As far as the development of the fiscal discipline is concerned, here are some prospects and expectations.

1. It should correspond and integrate with the development of social science and socialist political economy, etc., with Chinese characteristics that absorb all the achievements of human civilization so that fiscal theoretical research is closely linked with practice. It should be doing that actively respond to the demands of real life, encourage and mobilize the internal academic interests and innovative enthusiasm of the researcher team; stand on the shoulders of the predecessors with broad minds, and continue to make persistent research efforts at the basic theoretical level and policy level; actively carry out academic exchanges between China and foreign countries in the context of globalization and make up for the shortcomings of previous international exchanges. Thus, academic communication can not only contribute to the modernization in China but also contribute to social finance and social science of the human being to promote the world to build a community of human destiny.

2. In the deep water zone of the reform in China, how to complete the transition of economic and social institutional construction is actually a historic test for the Chinese people. Like the mainstream economic theory and political theory, etc., the development of public finance in China should have benign interactions with institutional economics, transition economics, development economics and China's native new supply-side economics, new structural economics, and so on. Deepen the research in basic theories and express the social concerns and social responsibility of the fiscal researchers with strict and innovative achievements. Support the dynamic optimization of social reform, government decision-making, policy design, management performance, etc., with intellectual achievements.

3. The development of the fiscal discipline in China should have the characteristics of inclusiveness and openness, reflect the comprehensive, cross-border and interdisciplinary features of public finance and expand in two directions in the future. For domestic, it should integrate all the positive ideological heritage in the history of Chinese finance, in the history of fiscal thoughts, and in the achievements of financing and public affairs in ancient Chinese civilization. For foreign countries, it should learn and absorb the ideological and academic results of public ethics, social organization and public sector, behaviour science, psychology science, etc., that have made great progress in the foreign countries, to integrate and master. The inclusive and innovative development of the financial discipline in China will, of course, be based on the functional orientation of doing China's own things well first in the context of globalization. But as long as the discipline based on the domestic and embracing the world is promoted rigidly and scientifically, it will certainly contribute to the world as both oriental and occidental people share the same law of thought and there is no academic barrier between different regions.

4. The vision of the healthy development of China's social science disciplines cannot be achieved without the joint efforts of old and young researchers and the effective encouragement and rational cultivation of the new generation of academic talents. In the contradictions that are unavoidable in Chinese society and the unpredictable changes at home and abroad, we must strive to follow the rules of scientific research and build institutional conditions and social environments that are conducive to academic development and progress. Based on China's reform of the education and scientific research system, it is expected that Qian Xuesen's question for talent training can be effectively solved. We should abstain from academic impetuosity, overcome the adverse effects of the short-term behaviour of worshipping money in society, and further lead and encourage free academic exchange oriented by mind emancipation, careful and hard thinking, and in-depth reality linkage, with a view to continuously achieve high-level achievements worthy of the times, the social responsibility of financial researchers and historical mission. Put forward feasible suggestions based on grassroots investigation, social survey and policy discussions, and achieve great achievements in basic theories after hard work like "grinding a sword for ten years". These two aspects can not probably be achieved together by a certain researcher or research team but are indispensable for the construction of China's fiscal discipline. They should be achieved by the coordinated and joint efforts of ambitious fiscal researchers in China.