

Synthesis of Research on Fiscal Transfers for Coordinated Regional Development

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Abstract:

The fiscal transfer system, a crucial instrument for encouraging coordinated regional development is the fiscal transfer system, which is a significant component of the contemporary financial system and a key tool of national governance. As China's coordinated regional development policy has been implemented more thoroughly in recent years, the central government has boosted its transfer payments to local governments and proceeded to reform and enhance the fiscal transfer system. There is some practical value in investigating how finances transfers affect to regions coordinated growth. The role of regional coordinated development, the importance of implementing fiscal transfer payments, and its effects on regional coordinated development are the main topics of this paper. It also offers a cross-regional macro overview of regional coordinated development and makes pertinent recommendations from the standpoint of spreading regional coordinated development in the new era. This paper's theoretical investigation demonstrates that both special and general transfer payments support the local economy.

Keywords: Regional coordinated development; general transfers; specialized transfers.

1. Introduction

Since the 18th National Congress, China has made remarkable achievements in coordinated regional development. The regional development strategy has witnessed a historical transformation, changing from an emphasis on balanced development to unbalanced development and then to coordinated regional development. The report of the Communist Party of China's 20th National Congress stated clearly that "thoroughly implementing the strategy of coordinated regional development, major regional strategies, and the strategy of new urbanization" indicated the new

era of regional development. After that, this year's government work report stressed the necessity of boosting the coordinated development of new urbanization and regions, and also the full implementation of the new urbanization strategy action to optimize the development spatial pattern. China's regional plan for growth has been constantly deepened and improved, pushing coordinated regional development to new skies by developing an efficient coordination mechanism, optimizing spatial layout, and promoting new urbanization.

However, facilitating regional coordination is a strenuous and long - term task. The current status of Chi-

na's regional planning and growth includes the strategic advancement of the Beijing-Tianjin-Hebei Cooperative Development, the Yangtze River Economic Belt, and the Guangdong-Hong Kong-Macao Greater Bay Area to form a multi-centered development pattern, and in China's pattern of economic growth, there are still problems such as unbalanced regional development, unequal distribution of resources, homogenization of the industrial structure in some regions, and increasing environmental constraints.

The central financial transfer payment, as an important means of assistance to underdeveloped regions to improve social utilities and promote the balanced development of regional economy, plays a crucial role in narrowing the economic development gap with developed regions. From the perspective of coordinated regional economic development, A standardized transfer - payment system ought to enhance the central Government's macro - regulation of regional economic development, rectify regional economic imbalance, and promote major local public infrastructure building. This is to improve the economic environment in underdeveloped regions, prepare for slow - growing regional economies, and achieve balanced regional economic development.

At present, the research on fiscal transfers mainly focuses on basic public services, financial equalization, legal issues, education equity, etc., and there is less literature on the role of fiscal transfers on the advancement of the region in a coordinated manner, and most of the existing literature is case studies of one single region, and there is a lack of cross-regional macro-analysis, so it is necessary to summarize the combination of policy tools and synergistic mechanisms. In view of this, this research explores in depth the machinery and effect of the economic policy of fiscal transfers on the coordinated development of regions by sorting out the evolution of fiscal transfers.

2. Literature Review

2.1 Connotation of Coordinated Development of Regions

Coordinated regional development is an important strategic goal in China for high-quality development. It seeks to address the relationships between the east, central, and western parts, as well as the coasts and hinterland, increase basic element flow, and close regional gaps. China has implemented a number of significant regional development strategies, including Beijing-Tianjin-Hebei coordinated development, Yangtze River Economic Belt development, Guangdong-Hong Kong-Macao Greater Bay Area construction, Yangtze River Delta integrated development, and Yellow River Basin ecological protection and high-quality development.

As for the essence of regional coordinated development, some scholars have made further research, Wu Jing believes that efficiency priority and moderate equity, and the rational choice of urbanization path are the basic premise and driving force of regional economic coordinated development [1]. Chen Xiushan and Liu Hong believe that the core of regional coordinated development is a regional economic development strategy, emphasizing the dynamic coordination of balanced development combined with uneven development, the key lies in the "coordination" of equal opportunities for the development of each region, and the core is the overall "efficiency" of regional development [2]. The key lies in the "coordination" of equal development opportunities in each region, and the core is the overall "efficiency" of regional development [2].

Therefore, regional coordinated development is an important strategic path for China to achieve high-quality development, The essence of which lies in balancing efficiency and equity, combining balanced and uneven development, and creating a regional economic pattern by optimizing resource allocation and supporting the flow of components with complementary gains.

2.2 Problems of Regional Coordinated Development

From a perspective of regional development, the imbalance between the coast and the interior, and between the south and the north is a comprehensive manifestation of the long - term interweaving of old and new problems of regional coordinated development, with the core being the urban - rural coordinated development problem [3]. In terms of regional disparity, regional economic development has intensified economic differentiation among regions in China. The unbalanced development strategy has widened the economic gap between the coast and the interior, resulting in extremely unbalanced regional economic development. Cao Hongtao's research showed that when economic development reaches a certain stage, regional disparity will be the key problem restricting China's economic development [4].

This shows that addressing the development gap between the central and western regions and solving the problem of unbalanced regional development is significant for the region's coordinated and sustainable development.

2.3 The Significance of Promoting Regional Coordinated Development

Some scholars have found that regional economic coordinated development impacts regional higher education, administrative boundary areas, and practicing the scientific concept of development [5-7]. First, realizing regional higher education coordinated development is important for promoting regional higher education and economic -

social development. Secondly, strengthening theoretical research in administrative boundaries is a practical need for the new - era regional coordinated development strategy and a way to construct a new pattern. Third, regional coordinated development, as part of practicing the scientific concept of development, is a way of facilitating social progress, national economic progress, and the intention to build a society and it's just prosperous in general[5-7].

Promoting regional economic coordinated development, a major strategic task of the Party and the State, has great practical and far-reaching historical significance. In summary, as a major national strategy, regional coordinated development is not just about balanced economic growth but also involves education, administrative governance, sustainable development and other dimensions, with multi-dimensional and far-reaching significance.

3. Fiscal Transfers

3.1 International Comparison of Fiscal Transfer Payments

Transfer payments between governments are not single, but a combination of methods. Combined with specific national conditions, countries combined with specific national conditions, in order to achieve the goal of fiscal transfers, respectively, to take a flexible and diverse financial payment methods. Hu Wei from the perspective of the world's financial transfer system, comparative analysis of the United States, Japan and Germany's financial transfer system. The fiscal transfer system of the United States, the use of top-down financial special allocation mode. The Japanese government's tax return model. The German government adopts a fiscal equalization model and a vertical and horizontal fiscal balance system, which mainly includes horizontal fiscal balance and vertical fiscal balance. Combined with international success, founding a fiscal transfer supervision system and strengthening supervision of transfer funds aim to achieve balanced economic and social development in China. However, there's a large gap between China's fiscal transfer system and that of advanced countries [8]. Additionally, different countries define central and local authority and financial authority through legislation [9]. China should adopt diversified transfer-payment forms combining general and special ones, improve the existing system, and establish a scientific and standardized transfer - payment system.

3.2 Types of Fiscal Transfers

According to whether or not restrictions are stipulated and the specific use of funds, fiscal transfers are divided into two categories: general transfers and special transfers. Among them, special transfers can be divided into

non-complementary special transfers and complementary special transfers, and complementary special transfers can be divided into limited complementary special transfers and unlimited complementary special transfers.

3.3 Three Stages of Fiscal Transfer

Liu Changgeng and Wu Ji roughly divided the central fiscal transfer since 1995 into three stages: transfer payment system over Payment system changes are roughly divided into three stages: transfer payment system transition stage (1995-2001), transfer payment system improvement stage (2002-2012) and transfer payment system maturity stage (2023-present) [10].

3.4 Significance of Fiscal Transfer Payments

First, Liu Shuming and Qiu Lina found that fiscal transfer payments, as an important policy tool for balancing the financial relationship between the central government and local governments, play an important role in promoting the coordinated development of regions and the equalization of basic public services [11]. Second, fiscal transfers promote high-quality economic development by facilitating the optimization of industrial structure. Finally, Tan Shuguang proposes to increase the financial support for compulsory education to ensure the balanced development of compulsory education, which can provide financial and institutional support for the development of financial payments for education [12].

It can be seen that financial transfer is an important tool for regulating regional financial disparity and promoting coordinated development. China's eastern, central and western regions develop unbalancedly, and less developed regions rely on transfer payments for fundamental public services such as education and medical care. Scientific transfer payments can narrow the development gap and support high - quality development.

4. The Impact of Fiscal Transfers on Intra-Regional

Based on the county-level statistics of 28 provinces in China, leveraging the natural experiment of Western Development, using the nighttime lighting data of counties and cities as a proxy variable for GDP to conduct regression, and applying the fuzzy breakpoint regression analysis method to measure China's real economic growth, the study discovered that transfers significantly contribute to the GDP growth of the recipient areas. Every 1% increase in per-capita transfer payments will result in an approximately 1% increase in per-capita GDP. Transfer payments have a promoting effect on the productive financial expenditures of county governments, yet have a limited impact on the improvement of livelihood public goods like edu-

cation and healthcare [13].

5. The Mechanism of Fiscal Transfer Payments for Regional Coordinated Development

Regarding the mechanism of fiscal transfer payments for regional coordination, Hui Yan's research shows regional economic development differences are related to fiscal policy's resource - allocation function [14]. Central to local fiscal transfers for high-quality economic development narrow the gap in local financial resources, optimize resource allocation, promote cross-regional cooperation, and facilitate the balanced development of basic public services, infrastructure, and people's living standards across regions, thus improving regional coordinated development [10]. Miao Xiaolin and Zhang Rong indicated that basic public services, regional infrastructure, regional individuals, and regional economic development have all four parts of the task that financial transfers play in ensuring regional coordinated development [15].

To sum up, for regional coordinated development, financial disparities between regions are adjusted to promote the equalization of basic public services and facilitate the rational flow of resource factors. For high-quality economic development, it guarantees infrastructure and public service investment, lays the foundation for economic growth, guides resource optimal allocation, supports the cultivation of characteristic industries in less developed regions, and promotes regional economic coordinated development.

The fiscal transfer system, being a crucial component of the modern fiscal system and a significant method of national governance, serves as a fundamental instrument for facilitating coordinated regional development and has been extensively utilized.

6. Endogeneity of Transfer Payments

Ma Guangrong et al. use breakpoint regression demonstration (RDD) to assess the effects of general and specialized transfer payments on local economic growth in China. The study shows that both types of transfer funds have a positive effect on regional economic growth, and that specialized transfers have a greater driving effect on local economic growth than general transfers. General transfers have a higher degree of financial equalization, which may create negative incentives for local governments develop their economies and weaken the effect of transfer funds on economic growth [16].

7. Conclusion

Based on the relevant literature and basic theories at home and abroad, the economic impact of fiscal transfer payments are looked at in this study, and the mechanism by those payments enable region coordinated development. Following the goal orientation of regional coordinated development in the new era, the import to implement fiscal transfer payments and endogenous problems, including affect it on regional coordinated development, are investigated based on the role of regional coordinated development.

First, improve the comprehensive evaluation index system. Given that regional coordinated development is a systematic project and depends on the availability of data, the selection of comprehensive evaluation indicators is not comprehensive enough. In the future, on the basis of this study, a more complete and systematic comprehensive evaluation index system can be constructed to further enhance the authenticity and precision of the empirical research results.

Second, further refinement of transfer payment categories. In the future, on the basis of the research in this paper, it is also necessary to refine the categories of general and special transfers, and further explore the impact of each specific category of fiscal transfers on the overall level of China's regional coordinated development and the influence of each sub-field.

Third, relevant research should be conducted at the provincial and municipal levels. In the future, we should take the municipal and county level as the research object, obtain data through multiple channels such as applying for government disclosure, field research, and the application of big data platform, etc., to analyze in depth the effect of fiscal transfers on the coordinated development of the region, so as to further enrich the related research findings.

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