

Study on Fiscal Policy of the Development of Cultural Industry

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Abstract: As a strategic pillar industry of the national economy, the cultural industry plays an increasingly significant role in promoting economic development. The cultural industry has a high degree of dependence on investment and financing. At the same time, as a capital and knowledge-intensive industry, it has the characteristics of high investment, high income and high risk. Through the research, this paper finds that the cultural industry has faced various problems since it entered the new era of development, such as the narrow scope of financial support, the insufficient total amount of cultural investment, and the backward fiscal policy means of the cultural industry. In view of the above problems, some suggestions are put forward, including expanding the scale of financial support, adjusting and optimizing the structure of financial and cultural input, and comprehensively promoting financial support to help the steady development of cultural industry.

Keywords: cultural industry; fiscal policy; development proposals

1. Introduction

Chinese-style modernization is a new mission put forward by the 20th National Congress of the Communist Party of China. It is a modernization coordinated with material civilization and spiritual civilization. As an important way to meet the growing spiritual and cultural needs of the people, the cultural industry is an important part of Chinese-style modernization. The report of the 20th National Congress of the Communist Party of China pointed out that it is necessary to prosper and develop cultural undertakings and cultural industries, improve the modern cultural industry system, adhere to the social benefits in the first place, unify social benefits and economic benefits, deepen the reform of the cultural system, and improve cultural and economic policies. Improving the modern cultural industry system is an important measure to enhance the degree of social civilization in China. Under the background of national resource allocation and macro-control, cultural industry has become a potential growth point of current economic development[1]. As a strategic pillar industry of the national economy, the cultural industry plays an increasingly significant role in promoting economic development. The added value of China's culture and related industries increased from 1347.9 billion yuan in 2011 to 523.85 billion yuan in 2021, and the proportion of GDP also increased from 2.85% to 4.56%. In the context of the current era of high-quality economic development, the development of cultural industries has also jumped from the level of quantitative growth to the level of quality improvement[2].

At present, although China's cultural industry is in the initial stage of development, its development speed is very fast, and the state also provides very important support for the development of cultural industry in fiscal policy. However, the development of China's cultural industry at this stage cannot be matched with the economic scale, and more perfect and sufficient fiscal policy is needed to support it. [3]Therefore, it is of great significance to put forward development suggestions based on the analysis of the current situation of China's cultural industry development fiscal policy.

2. The impact principle of fiscal support policy

Financial investment is an important prerequisite and guarantee for the rapid development of cultural industry, which can fully reflect the economic level of a country and the importance of cultural heritage and cultural resources. Through the analysis of the transmission system and influence principle of the fiscal and taxation policy of the cultural industry, it is found that the fiscal support policy launched by the government takes the adjustment of fiscal revenue and expenditure as a tool to change

the external environment of the cultural industry, and acts on the internal factors affecting the development of the cultural industry, and finally balances the supply and demand of cultural products, so as to promote the prosperity of the cultural industry[4]. The influence principle of financial support policy is mainly reflected in the following three points.

The first is to avoid the operational risks of cultural companies. The development of cultural industry needs to invest a lot of money, and the project has a long operation period and high investment risk. It is difficult to predict the rate of return and accurately grasp the balance between investment and income. The government uses fiscal and taxation support policies to fund cultural companies, which can transfer or resolve some of the risks faced by the cultural industry and reduce the risks of the cultural industry.

The second is to increase the expected profit of cultural companies. The cultural company strictly abides by the basic criteria of the company 's production and operation, that is, the market law of profit maximization, and the core element of promoting the continuous innovation of the cultural company is the continuous increase of income. Only when the market recognizes the new products launched by the cultural company and the company 's economic benefits are considerable, the company will increase investment to expand the scope of production. The improvement of financial support policies on the company 's economic benefits is mainly manifested in the following two aspects : on the one hand, it can significantly reduce the operating costs of enterprises. Whether it is directly investing financial funds in cultural innovation projects or providing various tax incentives for cultural companies, it is helpful to reduce the company 's operating costs. On the other hand, financial support policies can effectively increase the income of enterprises. The government can reduce the income tax rate of cultural products through fiscal and taxation policies, or directly implement tax relief policies for cultural enterprises to increase the expected returns of market players.

The third is to increase the social demand for cultural products. Government procurement has a significant guiding and demonstration effect. The government can promote the increase of social demand through the procurement system under financial supervision, and use the cultural market formed by the needs of government departments to drive the growth of demand for cultural products by other groups of society. In addition, for cultural companies, signing procurement contracts with the government can enable the company to enter a low-risk stable market and focus more on cultural product innovation.

3. Current development of China's cultural industry

Table 1: Cultural Industry Data Sheet of National Economic Census

	2004	2008	2013	2018
Legal person unit (ten thousand)	31	46	91	210
Employees (ten thousand)	873	1008	1760	2055
Assets (billion yuan)	18316	27486	95422	226000
Operating income (billions)	16561	27211	83743	130000

Table 2: 2011-2021 national cultural industry added value and the proportion of GDP table

Year	The added value of national cultural industry (billion yuan)	Share of gdp
2011	13479	2.75%
2012	18071	3.34%
2013	21870	3.67%
2014	24538	3.81%
2015	27235	3.95%
2016	30785	4.12%
2017	35427	4.26%
2018	41171	4.48%
2019	44363	4.50%
2020	44945	4.43%
2021	52385	4.56%

The four data of the number of cultural enterprises, the number of employees, assets and operating income of cultural and related industries can basically reflect the rapid growth trend of cultural industries in recent years. According to the data of the number of cultural enterprises, the number of employees, assets and operating income (see table 1), the average annual growth rate of the second economic census (once every five years) is about 10 % compared with the first data, and the average annual growth rate of the third and fourth economic census data after 2011 is more than 20 %, ranking among the top 11 revitalization industries in the country, obviously entering a period of rapid growth. From the perspective of the added value of the cultural industry from 2011 to 2021 (see table 2), the added value of the national cultural industry increased from 1.3 trillion yuan to 5.2 trillion yuan, and the proportion of GDP increased from 2.75 % to 4.56 %, which exceeded the GDP growth rate of the same period in the context of China 's rapid GDP growth.

4. China's development of cultural industry fiscal policy status quo

From the perspective of the Ministry of Culture and Tourism 's investment in cultural undertakings, the financial investment in the cultural industry is increasing year by year, covering a wider area. According to the communique issued by the Ministry of Culture and Tourism, the investment in cultural undertakings (Fig.1) increased from CNY 6.316 billion in 2000 to CNY 113.288 billion in 2021. Although its growth rate showed a fluctuating decline, it has maintained a steady growth in terms of total investment. The proportion of cultural business expenses in fiscal expenditure has been rising continuously. In the past ten years, the proportion of national cultural business expenses in fiscal expenditure has shown a trend of increasing first, then decreasing, then maintaining steady growth, and then continuing to grow, reflecting the government 's high attention to cultural construction. In 2021, the proportion of cultural undertakings in total fiscal expenditure (Figure 2) is 0.46 %, which is 0.02 percentage points higher than that of the previous year. Although there is some progress, the growth rate still needs to be further improved.

From the geographical point of view, the financial support of cultural undertakings has begun to tilt to the grassroots level, not only showing a trend of increasing year by year in the total amount, but also emphasizing the balance of regional development[5]. Specifically, the government began to increase financial investment in grassroots cultural industries below the county level (see Fig.3), and gradually tilted to the central and western regions, paying attention to tapping regional cultural resources, and actively promoting the development of industrialization and marketization. In 1995, the financial investment above the county accounted for 73.2 %, while the financial investment below the county with a broader geographical area accounted for 25.8 %. By 2021, the financial proportion of cultural industries below the county level has surpassed that above the county level. In addition, the financial support of cultural industry for regional development is also reflected in the eastern and western regions (see Fig.4). In 1995, the eastern region accounted for 40.2 %, the central region accounted for 28.6 %, and the western region accounted for 24.9 %, which gradually decreased from east to west. However, after that, the financial support for the cultural industry in the western and central regions has gradually increased. Although China has continuously increased its investment in the construction of public culture in the central and western regions in recent years, it has been affected by the large regional differences in local fiscal revenue and the fact that public cultural investment mainly depends on local governments. The gap in financial investment between the eastern and central and western regions has not narrowed, but has further expanded.

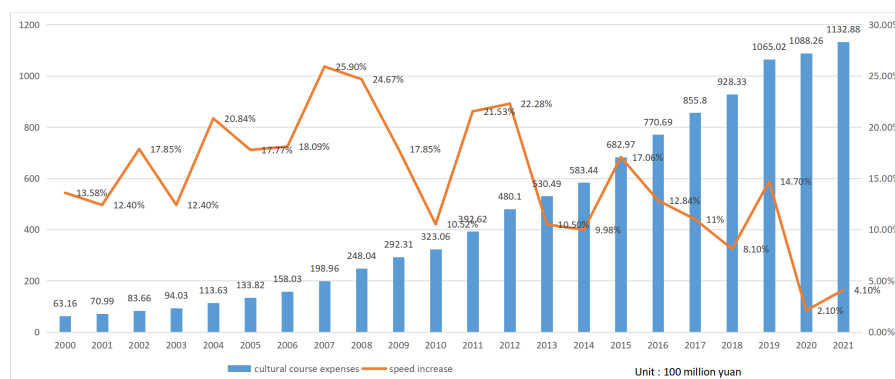


Figure 1: A schematic diagram of the national cultural expenditure and its growth rate from 2000 to 2021

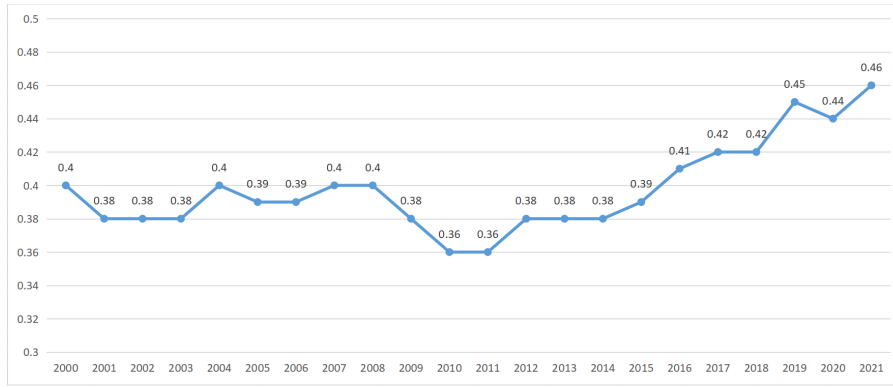


Figure 2: From 2000 to 2021, the proportion of national cultural expenses in total fiscal expenditure (%)

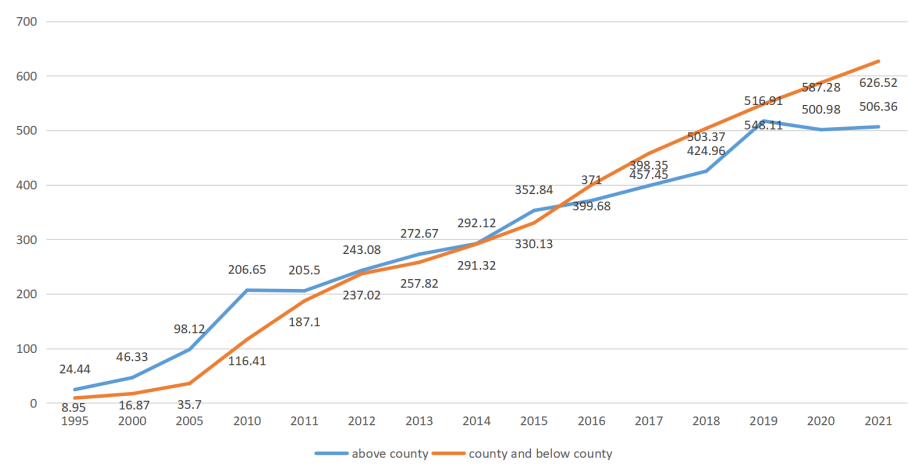


Figure 3: According to the total amount of urban and rural distribution of national cultural undertakings in 1995-2021 (100 million yuan)

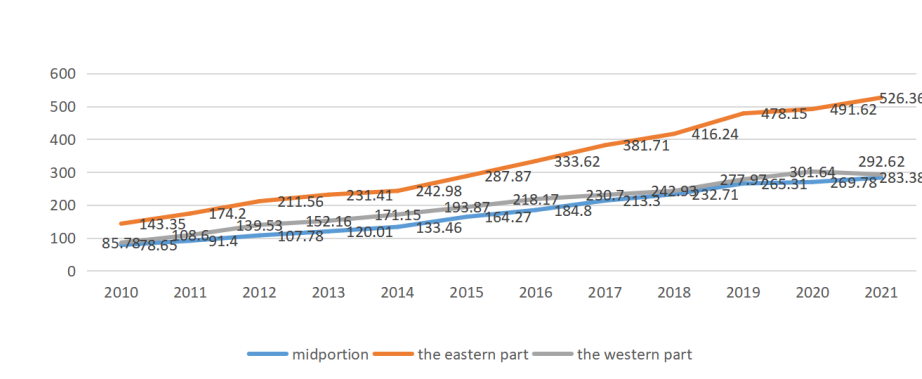


Figure 4: In 2010-2021, the total amount of national cultural expenses distributed by region (100 million yuan)

5. Problems of China's cultural industry fiscal policy

5.1 The scope of financial support is narrow and cannot support all cultural industries

Although the relevant departments of the state have provided great financial support for the development of the cultural industry, the current development of the cultural industry is very fast, and its scale and types of development are also continuing to expand. At present, the scope of support for the cultural industry in China is very narrow, and it is impossible to provide support for all cultural industries. As we all know, the state's financial support often plays a very important role in the development of related cultural industries. Therefore, if the state's financial support is too little or not,

it will greatly affect the development of cultural industries. This problem is often caused by the fact that with the development of society and the increase of people's needs, there are more and more types of cultural industries. Due to the lack of actual investigation, the relevant departments have insufficient understanding of the development of cultural industries, and the definition is not uniform. As a result, many cultural industries that have not received national financial support will face financing difficulties, lack sufficient research funds, and cannot obtain sufficient intellectual property protection, resulting in limited overall development of the cultural industry. For example, the financial support for the cultural industry should be inclined to public welfare, quasi-public welfare cultural industry, and for the operating cultural industry, the market needs to dominate and configure, so as to maximize the use of financial funds, thus forming a healthy development trend of the entire cultural industry. However, at present, China's public welfare and quasi-public welfare cultural industries, such as public libraries and museums, account for a low proportion of the total expenditure of financial allocation, accounting for only 60 to 70 % of the total allocation. However, the support for profit-making cultural industries such as creative animation and film is too large, which wastes financial resources.

5.2 The proportion of investment in cultural undertakings is small, and the proportion of financial investment is unbalanced

Although the state's investment in the cultural industry has been growing steadily in terms of the total amount of investment, compared with other countries' financial investment in the cultural industry and China's financial investment in other industries, the proportion of state investment in cultural undertakings is still small. For example, financial investment in other fields such as education, health care, social security and employment is much higher than the investment in the cultural industry. However, on the other hand, the demand for cultural industry by the audience in the market is getting higher and higher. By comparing the financial investment of governments at all levels in the cultural industry, it is found that large state-owned enterprises are the main object of financial support, which leads to the neglect of the development capital needs of small and medium-sized cultural companies. In addition, municipal finance generally has problems such as insufficient investment in cultural industries and vague support centers. The state's fiscal expenditure on the cultural industry mainly focuses on state-owned enterprises, and the support for private cultural enterprises is relatively lacking, which restricts the realization of the diversity of the cultural industry. In this way, the trend of the country's small proportion of investment in the cultural industry and the trend of increasing demand for the cultural industry in the market are in the opposite state, which is bound to affect the overall development of the cultural industry. In addition, the financial investment of the relevant departments of the state in cultural undertakings is also unbalanced. The proportion of the state's investment in different parts and different types of cultural industries, such as public welfare cultural undertakings and profitable cultural undertakings, is unbalanced, which is not conducive to the balanced development of these two parts of cultural undertakings.

5.3 The fiscal policy means of cultural industry are relatively backward, and the policy propaganda is not targeted

Although the country's fiscal policy measures have made great progress and development, the current fiscal policy measures to provide support for the cultural industry are still relatively backward, and traditional fiscal policy measures such as one-time subsidies, multiple reductions and exemptions, and tax reductions are still used. Therefore, at present, on the one hand, the country lacks the legal identification of fiscal policy for the development of cultural industry, that is to say, there is no special legal content to support the fiscal policy of cultural industry. On the other hand, the country lacks special financial credit means to support the development of cultural industry.

There are also some shortcomings in the publicity of financial support policies. Only cultural enterprises closely related to the government can obtain financial support in time, while small and medium-sized cultural enterprises have fewer ways to obtain support policy information, and cannot timely understand the requirements, objects and forms of financial support at all levels. It is difficult to keep up with the government's planning of the cultural industry and lose the golden opportunity for development. Although some regions have established online platforms and WeChat public accounts for financial support and put public service advertisements in public places, targeted key publicity is still relatively scarce.

5.4 The financial support management system is not perfect, lack of information exchange and effective assessment mechanism

The management system is imperfect. With the continuous expansion of the scale of the cultural industry, the number of projects is rising, and the resulting management problems are becoming more and more obvious. Due to the joint supply policy of the cultural industry, the degree of industrial integration is high and the coverage is wide. At present, the supervision of special funds invested by the government is limited to the review of the conditions for the allocation of funds, and the follow-up evaluation and tracking mechanism is still not perfect. On the one hand, the current assessment standards are too broad. Most of the examiners are the heads of the financial support projects, which leads to the strong subjectivity of the assessment indicators and the assessment and evaluation forms, and the proportion scores of each indicator cannot truly reflect the application effect of financial support funds.

When using fiscal policy to help the development of cultural industry, the cultural department is mainly responsible for selecting cultural projects that need financial support. When the cultural sector formulates and implements local cultural industry policies, it is prone to problems such as policy formalization, low degree of innovation, and mechanical imitation, resulting in serious duplication of financial special funds to support projects. The root cause of the repeated construction is not only affected by the current development stage of the cultural industry, but also by the improper allocation of financial funds. The financial department cannot timely obtain the complete information of the cultural company or related projects. Although cultural companies currently rely on financial support, there is a serious lack of communication and confirmation of relevant information in the process of applying for financial funds.

6. Conclusions

The 'gap' in the quantity and the 'absence' in the quality of cultural supply and demand will inevitably bring pressure on the state and the government in terms of funds, resources and other aspects. In the face of new challenges, it is imperative to optimize the structure of financial investment. As far as the cultural industry is concerned, it is mainly divided into two parts, namely, public welfare cultural undertakings and operational cultural industries. Different types of cultural industries have different development goals, so it is also necessary to formulate different financial fund plans according to their different development goals, adjust and optimize the structure of financial and cultural investment, so that the financial funds can give full play to their maximum value. The goal of strengthening the construction of cultural industry is to improve the economic benefits brought by the cultural industry. Therefore, when providing financial support to the cultural industry, on the one hand, it is necessary to ensure full support for public welfare cultural undertakings, on the other hand, it is necessary to always adhere to the central position of the operating cultural industry and increase the financial investment in the operating cultural industry. Therefore, the relevant departments of the state should be market-oriented, explore the cultural industries that the audience is interested in according to the needs of the audience, and strengthen the investment in these industries in order to maximize economic benefits. However, at the same time, it is necessary to ensure the state's financial investment in public welfare cultural undertakings such as libraries and museums, ensure the optimal structure of the state's investment in the two parts of the cultural industry, and promote the common development of public welfare cultural undertakings and profitable cultural industries[6].

Because the cultural product market cannot fully rely on itself to achieve the balance between supply and demand of cultural products, it is easy to produce market failure, so it should be properly guided. In the case of ensuring market share, finance needs to take the initiative to support the development of cultural industries and increase financial support for cultural industries. The government should not only ensure that the existing financial support funds for the cultural industry remain unchanged, but also need to continue to expand the supply channels of financial funds. Compared with some developed countries in the West, China's cultural industry started relatively late and the development stage is relatively short, so it lacks certain development experience. The cultural industry in Western developed countries has now entered a mature stage of steady development, so it has a relatively mature development experience in the development of cultural industries. In this situation, China should properly learn from the mature experience of some western developed countries in the development of cultural industry, to help China's cultural industry to achieve further development, to avoid detours. For example, drawing on the relevant cases of European and American

countries, lottery revenue, special tax revenue, etc. are included in the source of financial support funds for cultural industries. It can also learn from other countries' government-accompanied funding methods. In order to increase investment in cultural industries, the government should take the initiative to assume the responsibility of investment guidance. When the company determines the investment funds, the government should invest in the same projects in the same industry with the company to attract more capital investment [7]. From the perspective of China's cultural industry, in addition to maintaining the central and provincial financial support, it is also necessary to increase the amount of municipal financial support for the cultural industry according to the actual situation, and improve the investment and exit mechanism of the cultural industry under the guidance of the government.

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