

# *The Current Status and Future Prospects for Public Financial Management in Northeastern China*

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## **Summary**

With China's strategy of national importance, the "Strategy of Revitalizing the Old Industrial Bases Including Northeast China", which was put into effect in 2003, the central government, beginning with support in the areas of public finance and the taxation system for northeastern China, has undertaken a great number of preferential-treatment policies. Through this, the regional economy has achieved rapid growth, and in particular foreign trade has expanded, and many foreign-invested enterprises have been focusing attention on northeastern China as a promising market.

What foreign-invested enterprises are interested in regarding northeastern China, however, is not only preferential treatment in policies, but also the important key-term of public financial strength for evaluating whether northeastern China's growth is sustainable. In order to continue investment with an eye on the future, it is necessary to take into consideration the problems of local government finance as risk factors having a bearing on regional economic growth. As has been pointed out often in recent years, however, problems such as the non-transparency of the management of local government finance, the unbalance in the financial resources and work allocation of local governments, and the disparities between regions, are complicating the prospects for the public financial strength of northeastern China.

Therefore, in this paper, in addition to making an overview of the public financial situation for the three provinces of the Northeast after the tax reform of 1994 and then ascertaining the public financial strength and the risk factors for the three provinces of the Northeast, I undertook investigation of the approaches for the sustainable management of public finance.

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