China’s Fiscal Policies to Solve Impact of Externalities and Environment

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Introduction

China’s environmental problems
- Environmental pollution
- Waste pollution
- Atmospheric pollutants
- Water pollution
- Soil loss

Properties of environmental resources
- Externally positive (joint, external)
- Externally negative (exclusion, excludability, non-rivalry, cost-free cost)

Restricts the economic development of our country.

Seriously endanger the people’s living standard and life quality.

To get the government more need to strengthen the support in the process of environmental protection.

The total pollutant emissions from 4 main contaminants in China

What actions were taken in the case

These actions are in line with 7 existing theories and 2 policies.
- Public Good Theory
- Externality Theory
- Pigou Tax Theory
- Incentive Theory
- Incentive Theory
- The Market Failure Model
- Pigou Tax Theory

Chinese Environmental Protection Tax Law (The People’s Republic of China)

Actions link to the theory

1. Government Financial Investment is linked to the Public Goods Theory.
   — It is efficient to solve many problems caused by public goods.
   So as to be a public good, having the characteristics of non-exclusive and non-rivalry (excludability, non-rivalry).
   The essential characteristics of public goods determine the necessity of government supply.
   For example: The government provided a lot of money to make our country greener. If the government did not contribute, it would lead to the tragedy of the commons.

2. Pollution Price Policy.
   — It is excellent to internalize external costs imposed or others.
   textbook (2008)
   China has adopted a variety of tax policies on environmental pollution.

Theory

1. The quality of the environment has improved
   - The city is blue
   - Variations in China’s PM2.5 concentrations from 2013 to 2017 clearly show that the air quality is getting better and better.
   Besides in China, elevated air quality in 2020 the proportion of good days is 87.2%, which means that governments’ greening efforts have been effectively controlled.

2. The water is clearer
   - The quality of drinking water has improved significantly. The rate of management of sewage in China has been greatly improved.
   - The mountain is green.
   - The factory reduces costs and increases profits after undergoing an energy-saving transformation and utilizing a large amount of new energy equipment.

Discussion:

Weren’t these actions the most appropriate?

They are appropriate, but not the most appropriate.

Some of these actions are appropriate, because they reduce the environmental pollution and instead of shutting down enterprises, but they have given birth to a large number of additional enterprises.

However, they are not the most appropriate. There are also many shortcomings.

Conclusion

In recent years, although China’s environmental protection has improved, China’s fiscal policy on environmental protection has improved, the strength of these policies in investment is not in terms of both the investment of funds and the formulation of policies.

Especially compared with developed countries, China’s environmental protection still needs to be improved. Because environmental protection is very important in improving people’s quality of life, health, and happiness and improving economic development.

Therefore, environmental protection is a long-term and arduous task, especially when China is in the primary stage of socialism.

When promoting economic development, we must strengthen environmental protection.

Therefore, the special role of the government and fiscal policy in environmental protection is particularly important.

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Her learned and rigorous academic observation enlightens me not only in this thesis but also in my future. Besides, I shall remain my thanks to School of social sciences, Universiti Sains Malaysia, which offer me these excellent courses.

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References


Note:

1. Government Financial Investment is linked to the Public Goods Theory.
2. Pollution Price Policy.
4. Incentive Theory.
5. The Market Failure Model.

Amount of sewage treatment by different facilities

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