

# The impact of government budget on social development and optimization strategy

Min Xu<sup>1</sup>, Tianzhi Chen<sup>2</sup>, Zhiyao Jiang<sup>3</sup>, Kaiying Qu<sup>4</sup>, Yafei Cui<sup>1</sup>

<sup>1</sup>School of Finance and Public Administration, Anhui University of Finance and Economics, Bengbu, China

<sup>2</sup>School of International Economics and Trade, Anhui University of Finance and Economics, Bengbu, China

<sup>3</sup>Anhui University of Finance and Economics Law School, Bengbu, China

<sup>4</sup>School of Accounting, Anhui University of Finance and Economics, Bengbu, China

## Abstract

**This paper aims to explore the relationship between government budget and economic development, as well as the impact and role of government budget on economic development. First, the important role of government budget in economic growth, resource allocation, and employment promotion is analyzed, and the role of government budget in promoting infrastructure construction, promoting industrial transformation and upgrading, and improving social welfare is explained. Secondly, the process and basis of government budget compilation are explained. Finally, the key factors affecting government budget on economic development are analyzed, the importance of government budget to economic development is summarized, and effective suggestions related to government budget to promote economic development are put forward.**

## Keywords

**Government budget, implementation, budget management, economic development.**

## 1. Introduction

As the core tool of national fiscal management, government budget plays a vital role in achieving economic development, social welfare and public services. With the deepening of economic globalization and marketization, the compilation, implementation and supervision of government budget also face many challenges and problems. Therefore, in-depth research on the impact of government budget on economic development, problems in the compilation process and solutions are of great significance to improving fiscal management efficiency and promoting sustainable economic development.

This paper aims to explore the impact of government budget on economic development, analyze the compilation process of government budget, deeply analyze the problems existing in the current government budget, and put forward corresponding solutions.

## 2. The impact of government budget on economic development

The government budget is the government's basic fiscal revenue and expenditure plan, that is, the national annual fiscal revenue and expenditure plan approved by legal procedures. The national budget is the basic means to realize fiscal functions. It reflects the country's policy and social and economic policies, and stipulates the scope and direction of government activities. The government budget mainly includes the general public budget, government fund budget, state-owned capital operation budget and social insurance fund budget. A reasonable government budget can promote economic growth, improve people's livelihood and maintain

the smooth operation of the country. For example, the government budget can be used for infrastructure construction, building schools, hospitals, squares, roads, bridges, etc., to improve people's sense of happiness in life and promote their consumption. Secondly, the government budget can be used in the field of social security and welfare, optimize resource allocation, direct resources to areas with insufficient development momentum and vulnerable groups, promote balanced economic development in various regions of my country, narrow the gap between cities and cities, cities and villages, expand the people's domestic demand, and promote the domestic circulation. The government budget can also improve the provision of tax reduction and fee reduction services and other services to help enterprises innovate and develop, promote enterprises to conduct scientific research and innovation, support enterprise transformation and upgrading, improve enterprise competitiveness, thereby expanding employment levels and promoting high-quality development of the domestic economy. Finally, the government budget is of great help in dealing with emergencies such as economic crises, natural crises, and risk diseases. Just like the COVID-19 pandemic that has ravaged the world in recent years, China has survived the economic downturn in recent years because of a reasonable and strong government budget.

### **3. The process of government budget preparation**

The process of government budget preparation mainly includes: budget preparation, budget review and approval, budget implementation and adjustment, budget final accounts and auditing. Among them, budget preparation is the most important and critical step. The basis for budget preparation mainly includes my country's laws and regulations and macroeconomic policy systems, national economic and social development plans, multi-year fiscal budget planning and performance management regulations. The preparation of the government budget includes the preparation of departmental budgets. The preparation of departmental budgets is conducive to strengthening the accuracy and scientific nature of the government budget, improving the transparency of the government budget, and facilitating public supervision of the government budget. Other processes are also important for the preparation of the government budget. Each step is indispensable. The government budget must be reviewed and approved by the state, and it must be continuously adjusted and improved according to the actual situation during implementation to maximize the role of the government budget. Finally, a final accounts report is prepared based on the actual amount used, and compared with the government budget report to pave the way for the preparation of the government budget for the next year.

### **4. Situations affecting government budget execution and problems with government budgets**

The execution of government budgets is a complex process, facing various challenges and difficulties, and may be affected by a variety of factors in the actual process. When the government's revenue and expenditure are affected by changes in the economic situation, policy adjustments, changes in social needs, changes in the external environment, and domestic economic emergencies, it may lead to difficulties in the execution of the government budget, and it is necessary to adjust the budget expenditure plan and find other sources of funds. The execution of the government budget involves multiple departments and positions. If the consultation between departments is not smooth, it may lead to contradictions and conflicts in the execution process. Not only that, when the government budget is not fully supervised and evaluated during execution, it may lead to inadequate government budget execution, opaque budget expenditures, and budget financial risks.

At the same time, there are also some problems in my country's government budget management, such as the lack of professionalism of budget performance management personnel. Budget performance management is a comprehensive and professional management activity, but as far as the current situation is concerned, the shortage of comprehensive management talents in my country is an urgent problem to be solved. The budget performance management work of my country's government is generally the responsibility of administrative personnel, and the financial department provides budget indicators. However, administrative personnel are not completely professional counterparts. They do not have a deep understanding of grassroots governments, and the budget preparation is not comprehensive and the preparation quality is not high. Due to the lack of integration of theory and practice among practitioners, and the lack of timely understanding of the various fiscal policies implemented by the country, many local governments and departments lack comprehensive budget performance management talents, which has a negative impact on budget performance management.

Secondly, the budget preparation methods of some local governments are unscientific, the preparation procedures are not standardized, the budget execution is relatively arbitrary, and the expenditure is over-concentrated, resulting in unbalanced resource allocation and lack of budget seriousness. The budget execution efficiency is low and the fund utilization efficiency is not high, so the budget allocated by the state cannot be fully and effectively used, wasting resources. In addition, in some towns and villages, the data foundation of budget performance management is weak. Some local governments have not promoted the information construction of budget performance management for a long time, and the application of various information technologies is not deep enough, lacking in-depth data analysis methods. Some local governments have problems such as inconsistent data caliber and data fragmentation, which affects data sharing.

## **5. Suggestions and measures for improving government budget management**

In order to better play the role of government budget, we must grasp the above pain points and find reasonable and effective ways to solve them. First, we should optimize the national revenue and expenditure structure, expand revenue sources, explore reasonable revenue channels, improve the level of fiscal revenue, and ensure that every fund is used in the right field according to national planning and social needs. In addition, the government should flexibly respond to changes in the internal and external economic environment, flexibly adjust budget execution, and respond to economic challenges in a timely manner. Secondly, the government should not only focus on comprehensive talents, increase recruitment efforts for graduates of business administration disciplines in colleges and universities, pay more attention to those with second degrees and interdisciplinary postgraduates, and absorb high-quality talents, but also pay attention to the management experience and work background of applicants in social recruitment, and take information management and business integration as the main assessment direction. For grassroots employees, the government should provide training on basic financial knowledge and performance evaluation knowledge, and require them to understand the current government reform goals and business adjustment processes. The main purpose of the training is to arouse grassroots employees' recognition and respect for budget performance management so that they can cooperate more in the future, and at the same time reduce the irregularities in the process of information data transmission, so that budget performance management can be smoothly connected internally. The government also needs to distribute and communicate the tasks of various departments, strengthen policy coordination, and strengthen departmental communication, so as to improve the efficiency of

budget execution. Local governments need to actively promote information construction, strengthen the data support for budget performance management, unify data caliber, break down barriers between different information systems, realize data sharing, and implement relevant requirements for budget performance management. Finally, we should strengthen the supervision of budget implementation, improve budget transparency, improve the budget supervision system, ensure the maximum efficiency of budget funds, let the public know the preparation and implementation of our country's budget, let the people know where our country's fiscal revenue is used, and enhance social supervision and public participation. We should strengthen the rationality of budget planning, pay attention to performance evaluation, and ensure that budget planning meets the actual needs of social and economic development.

In summary, the government budget plays a vital role in modern society. It is not only a tool for the government to manage finances, but also an important means to achieve economic and social development goals. It can be seen that every change in the government budget affects social development, and it affects the whole body. Therefore, we should attach importance to the preparation and implementation of the government budget, promote the scientificity, democracy and transparency of the government budget, and make positive contributions to the realization of sustainable economic and social development. Through the study and analysis of the government budget, we can better understand the government's fiscal situation and policy orientation, and provide a scientific basis for government decision-making. Finance is the foundation of national governance, and the budget is the pillar of fiscal management. As an important resource for the party's governance, the budget reflects the will of the party and the country and is an important means for the government to govern and regulate the economy.

Through this exploration, we can conclude that there are still some problems that can be adjusted and improved in the current national budget system. In future research, we can further explore the optimization and improvement measures of the government budget, such as how to improve the efficiency and transparency of budget execution, how to strengthen budget performance evaluation and supervision, and how to promote the transformation of the budget to performance orientation. Through continuous exploration and practice, we can better play the role of government budget in economic and social development, promote the continuous improvement of the national fiscal management level, and achieve the goal of sustainable economic development and social stability and prosperity.

## References

- [1] Liu Rong. Research on local government budget performance management issues [J]. *Administrative Assets and Finance*, 2024, (03): 22-24.
- [2] Zhuang Yue'e. Problems and solutions to government budget performance management [J]. *Vitality*, 2023, 41 (17): 82-84.
- [3] Yao Dongmin, Zhao Jiangwei, Gao Qiunan, et al. Dynamic evolution and transformation dynamics of provincial government budget expenditure patterns in my country - a typological analysis [J]. *Sociological Review*, 2022, 10(04): 131-150.
- [4] Wang Lingzhi. On the government budget compilation driven by policies and plans and its implementation methods [J]. *Budget Management and Accounting*, 2016(11): 11-15.
- [5] Ma Caichen, Yuan Jiao. International experience and China's reality of medium-term budget reform [J]. *Economic Perspectives*, 2016(04): 114-120. DOI: 10.16528/j.cnki.22-1054/f.201604114.