
Yilin Hou

Abstract

This article reviews 31 academic studies on establishing the intergovernmental fiscal transfer system in China since 1994. These studies were selected from major academic journals published in mainland China and reviewed by their theme—design of the transfer system, transfers for equalization, local fiscal stress and tax efforts, rural tax/fees reform, outcome evaluation, and routes of development. The article starts by placing China’s economic reform and government roles into the general framework of industrialization and human development; it ends with a section critiquing research reviewed and linking the reviewed studies to existing literature in the West.

The Industrial Revolution did not develop simultaneously over the continents but has occurred in three waves at 100-year intervals. For example, Britain and Germany as forerunners of the modern society first experienced it at the turn of the 19th century, the United States at the turn of the 20th century, and now China in the late-20th and the dawn of the 21st centuries. Each wave has brought rapid productivity increase, substantial improvement of living standards, and dramatic advances of

Yilin HOU is the Stanley W. Shelton Professor of Public Finance at the Department of Public Administration and Policy, School of Public and International Affairs, the University of Georgia. His current research examines the development of intergovernmental fiscal relations in China. He can be reached by email at yihou@uga.edu and by mail at Baldwin 204, Athens, GA 30602-1615, USA.