

Analysis of Macro-economic Operation Situation and Fiscal and Tax Policy Orientation in the Post-epidemic Era

Yue Wu^{1,a,*}

¹*Institute of Finance and Taxation, Nanjing University of Finance & Economics, Nanjing, China*
a. smilecynthiawu@ldy.edu.rs

**corresponding author*

Abstract: The COVID-19 pandemic has had a profound and lasting impact on the global economy and society. With the epidemic gradually under control, the international community has entered the post-epidemic era, and countries have begun to adjust the fiscal and monetary policies implemented since the spread of the epidemic to deal with the "side effects" caused by economic policies on society. In the post-epidemic era, China has entered a new stage of high-quality development, and the economy is basically improving. While adhering to the general direction of supply-side structural reform, the government has actively adjusted fiscal and monetary policies to stimulate the growth of effective demand. In response to the prominent contradictions in China's economic environment after the epidemic, the central government has introduced targeted policies and made structural adjustments to help orderly recovery and coordinated development of various industries. Through policy efforts to reduce the cost of input factors, improve production efficiency, encourage the cultivation of enterprise innovation ability, so as to integrate the advantageous resources of all walks of life, effectively improve the core competitiveness of products and services in the market. Looking forward to the future, China's institutional advantages are significant, the economy is large, the industrial system is complete, the market size is broad, the ability to resist risks is strong, economic development has huge potential, room for resilience.

Keywords: Post-epidemic era, high-quality policies, stable employment, financial incentives, effective demand growth

1. Introduction

Since the global spread of the epidemic, countries around the world have generally implemented large-scale proactive fiscal and tax policies and loose monetary policies to deal with the negative impact of the economic shutdown during the epidemic. With the gradual control of the epidemic and the gradual recovery of the economy, the global economy has begun to enter the post-epidemic era, but the contradictions caused by the previous measures to reduce government income and increase expenditure, such as increased fiscal deficit and high government debt, have become increasingly obvious [1]. In the post-epidemic era, the Chinese government has basically maintained the stability and sustainability of its macroeconomic policies, given full play to the government's regulatory function over the market economy, and strengthened precise regulation of the economic environment. The government's goal is to give full play to policy synergy to provide guarantee and support for high-quality, sustainable and stable economic growth. At present, China's economy has begun to shift

into a new stage of high-quality development. The economic fundamentals are stable and good, and the long-term recovery is good. The industrial foundation is strong, the domestic demand is broad, the human resources are rich, the scientific and technological strength is improved, the overall social stability is strong, the economic development is strong, the potential is full, and the space is wide. Future economic development is growth under new conditions of change and constraint. From the perspective of macroeconomics, combined with the current economic environment of China and the long-term economic planning formulated by the central government, this paper comprehensively analyzes the strategic impact of macro-fiscal and taxation policies on China's economic recovery and development in the future.

Under the tide of protectionism and anti-globalization, the external environment of the economy has undergone major changes, the international environment is complex and grim, meanwhile the impact of the COVID-19 pandemic is widespread and far-reaching, the global supply chain and industrial chain continue to undergo profound adjustments, and the international economic and political landscape is complex and volatile. To this end, based on domestic demand, based on the domestic, adhering to the opening up, green development, balanced and coordinated, to achieve high-quality development, is the main theme of China's future economic development model. However, at present, considering the current situation of China's economy into the era of high-quality development, the future policy formulation will take into account efficiency and fairness, shift to balanced development, will pay more attention to the coordinated development of economy and society, pay more attention to rural revitalization, regional coordinated development, pay more attention to the second and third distribution policies and guidance, and highlight the realization of the goal of common prosperity [2].

2. Analysis of Macroeconomic Operation in the Post-epidemic Era

2.1. GDP

In the past three years, the Chinese economy has stabilized the overall economic market despite overcoming difficulties and basically fulfilled the main development targets and tasks for the year in a complex and volatile environment. The Chinese economy has demonstrated the strong resilience of a major economy. But overall, the economy has not rebounded as strongly as expected. This is due to the aging population, diminishing returns to scale, environmental generation, lagging reform, and geopolitical factors that have driven China's rapid economic growth in the past [3]. The GDP growth target reflects the overall principle of seeking progress while maintaining stability. The government need to ensure people's wellbeing and ensure employment. They should reduce the blind pursuit of economic growth, reserve space for responding to external risks and challenges, and create a good environment for promoting domestic reform and innovation and high-quality development. At the same time, ensure the effective convergence of medium - and long-term development goals, and avoid excessive fluctuations in the setting of growth indicators. The expected goal of China's economic development in the future is to maintain a steady growth of GNP on the premise of grasping the strategic direction that the growth of residents' income is basically synchronized with economic growth. In the face of major changes unseen in the world in a century, strategic opportunities and challenges coexist. To this end, the government should adhere to the priority of stability, seek progress while maintaining stability, promote stability and improve quality, maintain the continuity, stability and pertinence of policies, strengthen the coordination and cooperation of various policies, and form a joint force to promote high-quality development.

2.2. Unemployment Rate

In the post-epidemic era, more occupational demands are mostly occupations with lower thresholds and strong operability. However, with the gradual popularization of higher education, most young people with degrees are reluctant to engage in such industries. At the same time, the global digital economy industry is booming, and some low-end industries have been eliminated, resulting in a wave of closures of some foreign-funded enterprises, small and micro enterprises, and also causing labor unemployment. Therefore, "slow employment" is widely popular among the young unemployed. "Slow employment" refers to the phenomenon that some college students do not intend to find employment or further study immediately after graduation, but temporarily choose to study abroad, volunteer teaching, stay at home with their parents or start a business investigation, and do not rush to consider their life path. In this regard, various policies will exert precise efforts and play a comprehensive role in helping the labor force employment [4]. The positive policies will increase the proportion of unemployment insurance funds that are refunded to industries in difficulty stabilizing employment, and increase subsidies for stabilizing employment and expanding employment. The government will implement policies to support entrepreneurship, such as guaranteed loans and rent relief. They will give prominence to the employment of college graduates and provide special assistance to those who have difficulty finding jobs. For the construction of key projects to promote the creation of jobs instead of unemployment relief, in a more fundamental way to solve the unemployment contradiction. At the same time, China should rely on the "new infrastructure" to give full play to the innovation and entrepreneurship of enterprises and individuals, from low-end industries to high-end industries, while protecting the basic survival opportunities of ordinary workers. Small and micro enterprises are an important part of our national economy and the place where most workers are employed. Preferential policies should be given to small and micro enterprises to help them tide over difficulties. In addition, on the basis of ensuring existing jobs, priority should be given to the youth, farmers, low-income groups and other major social labor forces to find jobs, expand employment channels, increase government expenditure in employment policies, and encourage innovation and entrepreneurship, so as to effectively reduce the unemployment rate [5].

2.3. Industry Classified

In the post-epidemic era, the strategy of encouraging enterprises to innovate through market mechanisms, improving the property rights protection system, strengthening intellectual property rights protection, stimulating innovation impetus, promoting international scientific and technological exchanges and cooperation, and promoting the industry to the medium and high end will be more firm. China's macroeconomic policies make the manufacturing industry the focus of the development of the real economy, promote the stable operation of the industrial economy, and keep the proportion of the industrial economy basically stable [6]. At the same time, in the near future, China will continue to unswervingly eliminate backward production capacity, open the industrial base reconstruction project, encourage enterprises to speed up equipment renewal and technological transformation, and promote the accelerated development of emerging industries such as biomedicine, optoelectronic information, new energy vehicles, photovoltaic, wind power and so on. China will deepen the integration of the digital economy and the real economy. The government will continue to promote the development of the Internet Plus initiative, which supports the development of the industrial Internet and promotes the digitalization and intelligence of the manufacturing industry. To promote the healthy and sustainable development of the platform economy, give play to its role in driving employment and entrepreneurship, expanding the consumer market, and innovating production modes. China will develop producer services such as R&D, design, modern logistics, inspection, testing and certification. The government will strengthen total quality management and

quality infrastructure construction, and comprehensively improve the quality and competitiveness of Chinese-made products. Under the new development pattern, the government investment will pay attention to the two aspects: "strengthening weak links" and "promoting upgrading". On the one hand, "reinforcing weak links" type of investment should carry out a number of key projects with strong foundation, such as increasing investment in infrastructure, modern agriculture, elderly care, ecological protection and other fields, and give full play to the "underpinning" role of investment in basic projects to lay the foundation for driving economic growth [7]. On the other hand, in the era when science and technology are the primary productive forces, "upgrading" investment will increase investment in emerging industries and new infrastructure construction with positive externalities, and take this opportunity to promote the positive interaction between the transformation of investment structure and the transformation and upgrading of consumption structure and the reduction of unemployment rate.

3. Analysis of Fiscal and Tax Policy Orientation in the Post-epidemic Era

3.1. Supply Side

Fiscal and tax incentives mainly refer to giving incentives to production, consumption, investment and other economic activities and behaviors through tax incentives, with emphasis on production. The fiscal and tax incentive policies involved by the government in the innovation and development of enterprises mainly include tax relief, financial incentives and other related policies. For example, the daily operation and operation of enterprises need to invest a lot of funds, and the government gives corresponding rewards to the performance of investment enterprises by exempting the income tax paid by enterprises within a certain period of time [8]. At present, there is an obvious phenomenon of "heavy secondary industry, light primary and tertiary industries" in China's industrial structure, and there is an obvious overcapacity problem in traditional industries. The main goal of China's supply-side structural reform requires fiscal and taxation policies to strengthen support for high-tech industries, optimize the layout of industrial structure, and improve the efficiency of resource allocation in industrial structure. The key point of supply-side structural reform is the reduction of production costs and technological progress. Under the background of The Times, based on the requirements of supply-side optimization, targeted adjustment of tax structure and differential taxation can effectively reduce the opportunity cost and innovation cost of enterprises. Enterprises can strengthen technological innovation or service innovation based on resource conditions and promote the overall improvement of technological level. At the same time, the adjustment of tax structure in the context of supply-side structural reform will help reduce production costs. Tax structure and tax rate level is an important support for the improvement of competitiveness of enterprises or service institutions. In the context of the supply side, relying on the needs of supply-side structural reform, strengthening tax reform and reducing tax expenditure of enterprises or service institutions can greatly reduce the cost of input factors, reduce the market price of products or services, and improve the market competitiveness of products or services. In turn, it further improves the efficiency of production services and reduces the total cost [9].

In order to promote enterprise innovation, the government gives preferential tax policies. In this way, the government transfers part of the risks borne by enterprises to itself, and the government's fiscal revenue decreases, which reduces the risks that enterprises may face in innovation and development, and thus stimulates the active initiative of enterprises to participate in innovation activities. Fiscal and tax incentive policies promote the continuous optimization of enterprise asset portfolio, find the best operation mode in the adjustment, and then provide support for innovation and development. Therefore, the government shares part of the risk on behalf of enterprises, and adopts a series of preferential tax policies such as low tax rate and pre-tax deduction to ensure that the risks of

enterprises in carrying out innovation activities are reduced and enterprises are encouraged to participate in innovation activities in the regular operation and operation. At present, China's economic development has entered a new period of development, and the supply-side structural reform focuses on the comprehensive adjustment of the economic structure, and is committed to the comprehensive structural upgrading and deepening reform at the supply side dimension, which has become the leading direction of the national macro-control. As an important form of national governance, finance and taxation have become an important fulcrum of supply-side structural reform and have a positive effect on the in-depth promotion of supply-side structural reform.

3.1.1. Industry- Classified

In view of the outstanding contradictions in the current economic environment, the fiscal and tax policies conducive to industrial development are mainly reflected in: optimizing the value-added tax system; Consumption tax expansion and adjustment rate, link move back, share the lower place; Smart taxation promotes the modernization of collection and administration; Increase the deduction of research and development expenses for enterprises to increase research and development and accelerate innovation. Policies will standardize and lower port shipping and other logistics charges to improve the business environment. The government will implement tax policies for energy conservation, environmental protection and comprehensive utilization of resources to promote green and low-carbon development. The main way to maintain the steady growth of China's economy is still infrastructure investment, including support for technological innovation, industrial chain reshaping, and investment in medical and old-age facilities. In response to severe natural disasters such as floods and droughts, government will not miss the start of the farm season to seize grain planting and harvest, supervise and coordinate the movement of agricultural machinery, ensure that agricultural activities are carried out in an orderly manner, provide agricultural subsidies in a timely manner, and ensure a bumper crop and a stable supply of important agricultural products [6]. The macroeconomic policies will still give full play to the role of coal as the main source of energy, to increase advanced coal production capacity, increase the support for power generation and heating enterprises, and ensure normal energy supply. The government will continue to carry out actions to strengthen industrial chains, focus on key industrial chains in the manufacturing industry, pool high-quality resources to jointly advance key core technologies, and fully stimulate innovation. They will continue to provide policy support for the digital transformation of traditional industries and small and medium-sized enterprises, and strive to improve the level of high-end, intelligent, and green. Meanwhile, the government will take a policy-oriented approach to accelerate research, development and application of cutting-edge technologies, and promote the commercialization of scientific and technological achievements. Vigorously develop the digital economy, enhance the level of normal supervision, and support the relevant policy preferences for the development of platform economy. Actively promote the development of market economy and encourage and guide small and micro enterprises to return to the economy as soon as possible [4].

3.1.2. Classified by Business Type

In order to promote the innovation and development of enterprises, the state has introduced a series of fiscal and tax incentive policies, such as substantial tax relief, adjustment of financial subsidies, tax reduction and fee reduction, etc., whose purpose is to give strong support to enterprises and enhance their core competitiveness.

Taking into account the actual situation of enterprises and the specific requirements of regional development, the fiscal and tax processes will be simplified, the people-oriented concept will be adhered to, and the supporting services will be optimized to promote enterprises to maintain lasting

vitality in the innovation and development [5]. With the booming global digital economy, China has given full play to the capacity of mass entrepreneurship and innovation to improve the modern enterprise system, and encouraged soes to focus on optimizing, restructuring and improving the quality and efficiency of their main businesses. To promote the healthy development of private enterprises, remove hidden barriers, provide policy support without discrimination, boost private investment confidence, the government encourage the cultivation of new enterprises to actively enter the market, and give appropriate preferential policies to small and micro enterprises. They will create an environment for fair competition and competitive development for enterprises of all types of ownership, and use real moves to stabilize market expectations and boost market confidence [1].

3.2. Demand Side

3.2.1. Residential Side

The unreasonable consumption structure is the main contradiction of China's demand structure, where there are great differences in the income level of Chinese residents, and the vast low-income groups are difficult to support the huge consumption needs. Therefore, fiscal and tax policies focus on giving policy support to low-income groups. China will further improve the income distribution system, increase tax and fee cuts for low - and middle-income people, improve the employment system, increase the disposable income of low - and middle-income people, and stimulate consumption. The policies will increase the number of middle-income people, increase government transfer payments to low-income people, and gradually improve weak areas such as social security, public services, and infrastructure, so that low-income people can move toward middle-income status. In addition, rural areas as a larger part of China's market, has a huge consumption potential, the establishment of rural support mechanism, increaseing government spending on infrastructure, health care, public education, supporting elderly and other aspects, accelerate the reform of the household registration system, further improve the urbanization rate, accelerate the narrowing of the income gap between urban and rural residents, the release of rural market consumption potential [7].

3.2.2. Enterprise Side

At present, China gives priority to restoring and expanding consumption. In addition to increasing the income of urban and rural residents through various channels, government will take a number of measures to stabilize the consumption of automobiles and other large items, and promote the effective recovery of productivity of life service enterprises such as catering, culture, tourism and sports. With government investment and policy incentives, the marcoeconomy should effectively drive investment from the whole society, increase the scale of special bonds issued by local governments, accelerate the implementation of major national projects, implement urban renewal actions, encourage regions to complement each other's strengths, and continue to increase support for the economic and social development of the regions that are hardest hit by the epidemic. The policies will encourage and attract more private capital to participate in major national projects and projects that strengthen weak spots, and stimulate the vitality of private investment. At the same time, due to low profits and heavy tax burdensome, labor-intensive industries have to lower wages for workers. Therefore, tax relief for enterprises, especially labor-intensive enterprises and small and medium-sized enterprises, is conducive to reducing the cost of employing enterprises, thereby expanding the space for enterprises to increase the income of workers. Government investment expenditure creates job opportunities. Infrastructure construction is an important driving force to promote economic development and stimulate employment demand. According to Keynes' investment multiplier theory, new investment can lead to a multi-fold increase in income and employment. Therefore, in the post-epidemic economic context, new infrastructure will play an important role in China's economic development

and employment. In response to the difficulties faced by small and medium-sized enterprises in financing and starting businesses, countries have set up fiscal subsidy policies to guide and support their development. Through employment expenditures and unemployment insurance funds, countries provide subsidies for starting businesses, subsidies for employment and start-up services, social insurance subsidies, subsidies for public welfare jobs, and subsidies for stable jobs. It has played a positive and important role in expanding employment opportunities and maintaining employment stability.

At the same time, the international economic and trade situation is complex and volatile, and the tide of anti-globalization is rising. Trade frictions have escalated. However, China's export advantages accumulated over the years are still in, while opening up the domestic cycle, the government should smooth the international cycle and promote a higher level of opening up. They will optimize the environment for foreign investment, improve the negative list system for foreign investment, increase the spillover effect of foreign investment, and better stimulate domestic demand [7].

4. Conclusion

According to the theory of Keynesian effective demand, combined with the current global economic situation and the current situation of China's economy, China still needs to adopt active and effective coordination between expansionary fiscal policy and monetary policy for a long time to stimulate domestic demand growth. In terms of fiscal policy, the government will stimulate people's consumption by issuing more consumer coupons and government bonds, improve the investment system, stimulate private investment, accelerate infrastructure construction in underdeveloped areas, and narrow the gap between urban and rural areas. In terms of monetary policy, the government will appropriately lower loan interest rates, increase money supply, and formulate preferential policies for corporate loans and housing loans to encourage people to spend money. At the same time, the current economic recovery is still in the stage, fiscal policy and monetary policy should maintain continuity and stability, with employment, investment, industrial and other strategic planning coordination, with active fiscal policy as the main, monetary policy as a supplement, for the development of a new balance between supply and demand, expand domestic demand to create a good policy environment. However, at present, the economy is still in a critical period of transforming the development model, optimizing the economic structure, and changing the drivers of growth, and the task of reform in key areas and key links remains arduous. Looking forward to the future, China's institutional advantages are significant, the economy is large, the industrial system is complete, the market size is broad, the ability to resist risks is strong, economic development has huge potential, room for resilience. In the future, the focus of China's macroeconomic policy adjustment will be to consider the payment methods, life cycle and wealth allocation, and macroeconomic policies have more choices, which can be carried out by increasing consumption coupons, diversified wealth allocation, and making full use of consumer consumption life cycle to carry out supply-side reform.

References

- [1] Hu, Y.J., Xiong Huijun. (2021) *The global outbreak era tax cuts trend analysis. Journal of international tax*, (05), 3-10.
- [2] Zhang, X.H., Zhang, J., Li, X. (2022) *Research and Judgment on the trend of macroeconomic and fiscal and Tax policies in the 14th Five-Year Plan. Contemporary Petroleum and Petrochemicals*, 30(05), 1-5.
- [3] Yu, Y.D. (2023) *About some thoughts on China's current macroeconomic situation and policy [J/OL]. Management modernization*.
- [4] Xu, M.R. (2023) *The outbreak era for China's economic development and unemployment situation analysis [J]. Modern commercial and trade industry*, 44 (4) : 133-135.

- [5] Jin, X. X., Liu, C. (2023) *Fiscal and taxation policy under the new economic effect on employment quality and path analysis. Journal of commercial economy*, (9), 154-157.
- [6] *Government Work Report*. https://www.gov.cn/gongbao/content/2023/content_5747260.htm
- [7] Liu, S.L., Xu, Y. (2023) *Demand-side reform from the perspective of Keynesian effective demand theory. Journal of Hubei University of Economics (Humanities and Social Sciences Edition)*, 20(07), 28-30.
- [8] Hugjil. (2022) *The impact of government fiscal and tax incentive Policies on Enterprise innovation and development. Business Observation*, (18), 57-60.
- [9] Chen, W.L. (2023) *Value orientation and focus of fiscal and tax policy reform of social organizations under supply-side reform. Tax Payment*, 17(08), 1-3.