

## Section 7. Economics and management

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Wenyu Yang,  
Shanghai Shangde Experimental School

### THE EFFECTIVENESS OF TAXPAYER BURDEN REDUCTION POLICIES USED BY SHANGHAI GOVERNMENT TO HELP REDUCE UNEMPLOYMENT

**Abstract.** With the epidemic, the economic situation in Shanghai was not good. At the same time, the Shanghai government adopted several programs to try to recover the economy, and because of my family's business, I was attracted by one of the policies directly related to my family's business: "reducing the tax burden for small and medium-sized enterprises". The detailed description of this policy led me to think about the unemployment rate in Shanghai and I intend to study it in more depth. I will use the following two methods to investigate:

Secondary research: By collecting data on Shanghai's real GDP before and after the implementation of the tax reduction policy on the authoritative statistical website, and analyzing the law of its changes, it is finally judged whether such a policy is effective.

Economic evaluation: Once the two tasks of data collection and charting are completed, the effectiveness of Shanghai's tax reduction policy is determined through a more systematic identification, measurement and valuation of the inputs and outcomes of the policy, followed by a comparative Finally, these processes are used to determine whether Shanghai's tax reduction policy is effective.

#### **Keywords:**

#### **Background:**

The Shanghai government will provide subsidized support to the local finance for the expenditure on epidemic prevention and disinfection of eligible small and medium-sized enterprises from February 11, 2020, and reduce the tax in this area again on March 29, 2022. Full subsidized support for the cost of regular nucleic acid testing for key positions in the retail and restaurant industries in accordance with epidemic prevention requirements; and subsidized support for

expenditures on epidemic prevention and extermination for retail and restaurant enterprises. Full subsidized support is provided for the expenses of nucleic acid testing for personnel in airport ports and cold chain related businesses. Due to the epidemic, Shanghai's prices are soaring, the quality of life of the middle and low-income groups is significantly reduced, while small and medium-sized enterprises continue to experience negative phenomena such as closing down because they cannot start producing goods and pro-

viding services but need to pay their employees, the reduction of taxes will lower the costs of production of enterprises, which will lead to lower prices of the products they sell, which is more conducive to promoting consumption. Reducing the tax burden on the flow of manufacturing enterprises is conducive to increasing the profitability of enterprises and increasing their capital accumulation, so that they will have enough capital to innovate and expand, and the economy of Shanghai will recover as a result.

### Literature Review:

The formulation of macro policies, the introduction of regulatory initiatives, and the implementation of reform measures should be timely and effective, especially to enhance the coordination and convergence of various policy measures with a systematic concept and comprehensive approach to form an overall synergy.

Judging from the operation of the macro economy in the first quarter, the triple pressures of insufficient domestic demand on the demand side, intensified shocks on the supply side, and weakening expectations for economic growth continued and tended to increase. New situations and changes need to be paid attention to, and the task of achieving the economic goals set forth in the government work report is even more challenging. And there are big differences between different industries in the job market, and the structural mismatch phenomenon is still serious. According to the report “2022 Spring

Employment Market Trend Observation” by boss Direct Recruitment Research Institute, the recruitment scale of high-end manufacturing industry has increased by more than 40% year-on-year, far exceeding finance (37.4%), e-commerce (29.8%), Internet (12.8%) and other industries, but there is a general shortage of engineering and technology talents, and the talent gap in most segments is greater than 20%. The rapid expansion of the Internet industry slowed down due to policy regulation in 2021 and the layoffs of major Internet companies. In the spring of 2022, the recruitment scale of the Internet industry grew at a year-on-year rate of 12.9%, still maintaining the growth trend, but the increase was at a low point since 2019. Also under the influence of policy regulation, in the spring of 2022, the education and training and real estate industries contracted the recruitment scale, of which the entire education and training industry job scale contracted by more than 30%, the decline in the ability to absorb jobs in the education and training industry directly led to a shortage of market job supply, intensifying the intensity of competition for people seeking jobs in related industries. The report shows that the real estate and education and training industry practitioners in the process of changing careers are the preferred industry for the Internet, which further intensified the degree of competition in the Internet industry.

### Data findings and analysis:

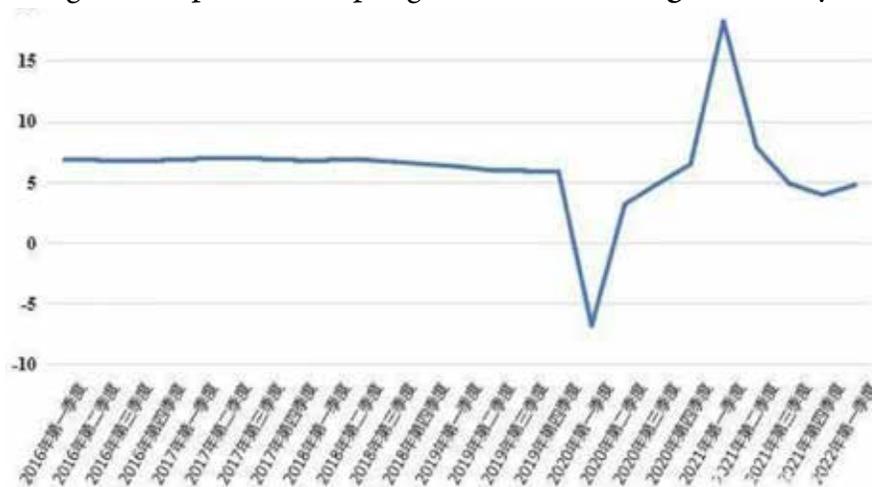


Figure 1.

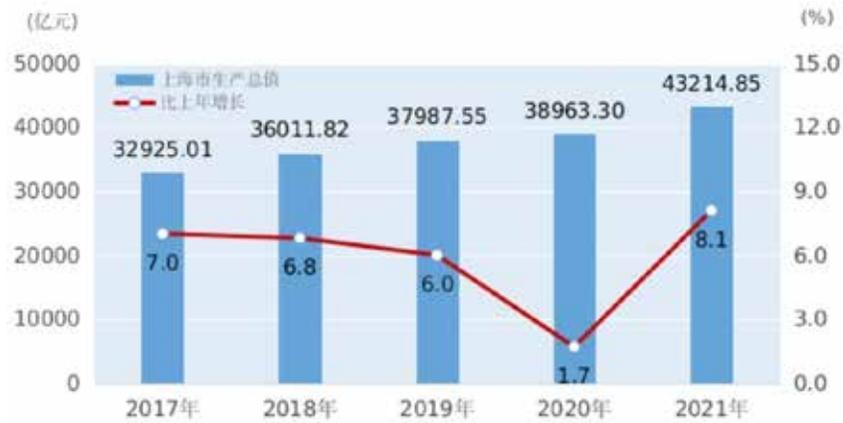


Figure 2.

表 2 2021 年地方一般公共预算收支及其增长速度

指标	绝对值 (亿元)	比上年增长 (%)
<b>地方一般公共预算收入</b>	<b>7771.80</b>	<b>10.3</b>
#增值税	2485.91	8.8
个人所得税	860.78	28.4
企业所得税	1694.40	21.5
契税	410.45	8.0
<b>地方一般公共预算支出</b>	<b>8430.86</b>	<b>4.1</b>
#一般公共预算支出	382.42	3.1
公共安全支出	453.72	2.9
教育支出	1039.46	3.9
科学技术支出	422.70	4.1
社会保障和就业支出	1023.97	4.4
卫生与健康支出	633.13	16.3
节能环保支出	159.30	-12.4
城乡社区支出	1431.04	0.8

Through the analysis of the data, I finally came to the following conclusions.

First, to stimulate the enthusiasm of all kinds of micro market players, to promote the release of consumer demand and investment demand to enhance. The key to the release of consumer demand lies in the sustainability of income growth, and it is recommended to launch a plan to multiply middle-income groups, which will be carried out and promoted from two dimensions:

income multiplication and quantity multiplication. decisive role. The controllable variables that will have a greater impact on economic growth in 2022 are still fixed asset investment, especially the stable role of infrastructure investment and manufacturing investment is crucial. China's traditional infrastructure and new infrastructure have a broad space for investment growth, and the imbalance in the distribution of infrastructure such as transportation, energy and water conservancy

between the East, Central and West, and between urban and rural areas is still relatively prominent.

Second, accelerate the supply chain and industrial chain to make up for shortcomings, tackle core technologies, and enhance the production security capacity of domestic resources in key areas. China's economy is facing different types of supply shocks, the most critical being the core technology bottleneck. At present, the fourth technological revolution is emerging, a new generation of information technology and manufacturing is showing a trend of deep integration, advanced sensing technology, digital design and manufacturing, robotics, intelligent control systems and other applications in the manufacturing industry are becoming more and more widespread, digital transformation, networked collaboration and intelligent change makes the traditional manufacturing form and ecology is undergoing profound changes. For 2025, we should strive to achieve the digitalization and networking of most manufacturing enterprises above the scale, the initial realization of intelligence in key industry backbone enterprises, promote the proportion of digital economy in China's economy to achieve a significant increase, and realize the transformation from factor-driven to efficiency-driven and innovation-driven. Based on this, the digital transformation of the relevant traditional industries can moderately accelerate the progress, in order to form more new growth poles and growth points, to inject new momentum for stable growth.

Third, deepen market-oriented reform and system-based opening. It is not enough to rely on loose policies alone to stabilize growth, we must ask for dividends from reform and opening up. The historical experience, practical exploration and theoretical logic since the reform and opening up have shown that reform is a powerful driving force for economic growth. As the reform enters deep water, it is not enough to rely solely on internal forces, and we should promote a new round of reform and development with the power of opening up to the outside world.

It should take the initiative to participate in bilateral and multilateral negotiations with a positive and open attitude, compare the highest level of free trade agreements and investment protection agreements, give market players greater economic freedom of choice, and create a rule of law and market-oriented environment for fair competition.

Unemployment rate rose in the first quarter, the labor market is under pressure. The report points out that the unemployment rate rose in the first quarter of 2022, close to the control target expected for the whole year, the dynamic adjustment between enterprises and industries in the labor market, the intensification of structural contradictions, the obvious shrinkage of population mobility due to the high popularity of Omicron, the decline in the growth rate of residents' income, the narrowing of the urban-rural gap and the labor market under pressure.

As for the unemployment rate, the data showed that the national urban survey unemployment rate from January to March was 5.3%, 5.5% and 5.5% respectively, with a continuous rise in the chain and -0.1%, 0 and 0.2% year-on-year, basically flat and close to the control target of 5.5% expected for the whole year. Among them, the urban survey unemployment rate in 31 large and medium-sized cities from January to March was 5.4%, 5.4%, 5.8%, up 0, -0.1%, 0.5% year-on-year. The unemployment rate is under continued upward pressure due to the epidemic, and the year-on-year increase rate has continued to climb since June last year. The number of new jobs added to March accumulated 2.85 million, down 4.04% year-on-year. In February and March, the average weekly working hours of employed workers in enterprises nationwide were 46.7 and 47.3 hours, lower than the previous quarter, but up compared to the same period last year, up 0.4 and 0.4 hours respectively.

In addition, data from the National Bureau of Statistics showed that the national per capita disposable income in the first quarter was 10,345 yuan, a real year-on-year increase of 5.1%. Urban per capita disposable income was 13,832 yuan, up 4.2% in real

year-on-year terms, of which 8,395 yuan was wage income and 1,495 yuan was net property income. Rural per capita disposable income was 5778 yuan, up 6.3% year-on-year, of which 2566 yuan was wage income and 365 yuan was net property income. Rural income rose faster than urban income as a whole, and the income ratio between urban and rural residents was 2.39, down 4.4% year-on-year, narrowing the income gap between urban and rural areas.

The average monthly income of rural migrant laborers in the first quarter was RMB4,436, basically the same as the previous quarter; the average monthly income growth rate was 5.9% year-on-year, down from the previous quarter.

At the same time, population movement shrank significantly, with large differences between different sectors of the job market. The report noted that population movement shrank significantly due to the high prevalence of Omicron. Under normalized epidemic prevention and control, population movement improved in January and February compared to the previous two years and gradually approached pre-epidemic levels. Rail passenger traffic steadily recovered, but road traffic was still blocked. Since the spread of the more contagious evolutionary branch of Omicron in March in the homeland, the scale of population movement across the country has shrunk sharply, continuing to fall to its lowest point in the last three years.

In addition, the structural contradictions are intensifying as the labor market dynamics adjust between firms and industries. The report analysis points out that the development of recruitment demand differs between enterprises of different sizes in the job market, with large enterprises being less affected by the impact of the epidemic and the economic downturn and under strong pressure, while SMEs are affected by the epidemic and more cautious in recruitment. Since February, the multi-point distribution of the epidemic across the country has restricted the cross-regional movement of people, and the activity of small and micro enterprises rely-

ing on offline operations has been affected, according to the Wisdom Associates Recruitment Institute's 2022 Spring Talent Flow New Features" report, compared with the same period last year, the hiring demand of small and medium-sized enterprises dropped in the first month after the 2022 holiday, with the number of hiring for enterprises with less than 20, 20–99, 100–499 and 500–999 employees decreasing by 7.8%, 3%, 4.7% and 11.6% year-on-year, respectively. Large enterprises have a strong ability to bear pressure, and recruitment demand remains strong, with the number of hires in enterprises with 1,000–9,999 employees increasing by 6.5% year-on-year and by 23.4% in enterprises with more than 10,000 employees.

#### **Conclusion and commendation:**

Regarding how to coordinate epidemic prevention and control and economic development, effectively resolve the triple pressure, and ensure that the economy operates within a reasonable range, the research team believes that economic construction is always the central task, and economic development is always the first priority. Under the circumstance of increasing risks and uncertainties at the international level and pressure on the growth of external demand, stabilizing China's macroeconomic market requires stable growth of domestic demand, which first requires the stabilization and preservation of market microeconomic entities. Only by consolidating the micro-foundation of macro-economy can we further stimulate the vitality of market entities and stabilize the macro-economic market. Under the current special situation of the epidemic, it is particularly important to provide service guarantees for enterprises and people's livelihood guarantees. It is necessary to firmly stabilize the industrial chain, supply chain, and capital chain, unblock the logistics and freight channels of enterprises, and make good use of platform enterprises to solve the problem. The role of going ahead steadily and surely and increase financial support for industries, enterprises and people affected by the epidemic.

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