

# Impact on Public Cultural Spending: The Perspective of Institutional Change in Government Cultural Functions

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## Abstract

This article explores the government cultural function factors that affect government spending on public culture services in the main point-institutional hinge by using historical data in China. The results yield main finding which is the institutional change of government cultural function would affect the scale, structure and efficiency of public cultural spending. At present, the insufficiency of values guide in government cultural functions leads to the low efficiency of public cultural expenditure, thus, institutional arrangement of government's cultural function should pay more attention to the guidance of positive values to improve the efficiency of public finance resources in the cultural field.

## Keywords

Public Culture Spending, Government Cultural Functions, Institutional Change, Value Guidance

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## 1. Introduction

Public cultural spending is the expenditure of government on public cultural services, which refers to public cultural facilities (such as library, museum, memorial, art museum and cultural center etc.), cultural products, cultural activities and other related cultural services that are very important deliveries for government to meet the public's basic cultural needs. These significant deliveries are mainly provided by government due to the slow development of cultural non-profit organizations. The essence of public cultural services is, in the citizen, to form identity on positive value orientation and noble spiritual pursuit which can shape people's good behavior, and maintain social stability. Public cultural ex-

penditure is the allocation of public resource and economic elements in the field of public culture. The scale and structure of public cultural expenditure and the public's satisfaction with public cultural services can reflect allocation efficiency status of public resources in the cultural field to a certain extent. The insufficiency, unreasonable structure and lower efficiency on public cultural services, financial expenditure (Chen, 2006) have greatly affected the formation of positive values, the shape of people's good behavior and people's satisfaction with public cultural service in China. Thus, it is necessary to study the influence factors on scale, structure and efficiency of public cultural expenditure reflecting the allocation efficiency of public resources in the cultural field in some degree. The factors about population density, urbanization level, per capita GDP, illiteracy rate and fiscal decentralization would affect public cultural spending (Tu, 2012), Yang & Xu (2013). Based on the literature searched in the CNKI, some researchers studied government position on public cultural service function and the change of public cultural service function (Gong, 2008) (Yang, 2011), but few scholars in China specially analyzed the impact on public cultural expenditure from the institutional change perspective of government cultural functions. By exploring the effect of government cultural functions on public cultural spending from the perspective of system evolution, this article tries to contribute to further enriching the theory of public cultural services and tries to offer some advice on innovating the functions of public cultural services from the perspective of institutional change to improve the allocation efficiency of public resources in the cultural field. This research also contributes to knowing more the literature in historical data of government cultural functions in China.

## **2. Government Cultural Function and Public Cultural Spending**

Government cultural function refers to the duties and functions of government playing a service role and a guide role in the cultural field, which mainly include government management on public cultural institutions such as cultural industry sector, cultural administration departments and cultural resource sector as well, government management on the cultural system like the reform of the cultural system and the promulgation and implementation of cultural laws and regulations, government management on the spiritual culture, namely, cultivation of social values such as rebuilding social values during social transition period. Government acts as an authorizer, a service, a guide, and a supervisor in the cultural sphere (Wang, 2006).

To some extent, government cultural function is boundary conditions of the governmental activities in the cultural field which need the establishment of a restraint and control system. It can be seen that the government cultural function is a system of cooperation level with collective choice, which embodies the law of institutional change. Economic development, economic system reform, political system reform, social environment change is the main reason for the change of government cultural function.

Public cultural spending is the expenditure on the government in public cultural field under some certain institutional environment. The change of the government cultural function is the important institutional environment changes which public cultural spending face.

In order to complete the cultural functions government need to deliver cultural products and service with financial funds. Public cultural spending offers financial guarantee for government public cultural activities. As the economic measure to realize government cultural function, the responsibility of public cultural spending is to provide financial guarantee for the government to realize the cultural function. Thus, the scope and structure of public cultural spending mainly depends on government behavior and its scope of activities. The amount and scope of public cultural spending, to a certain extent, reflects the size and depth of governmental involvement in public culture. Under the different stages of development on social and economy and different economic system, the effect and the scope of activities of government cultural function are different, and the scope, size and structure of public cultural spending are different.

With the social and economic development, adapting to the changes of the scope of government cultural functions, reasonably defining the scale and scope of public cultural spending, adjusting the structure of public cultural spending, effectively improving the efficiency of public cultural expenditure have become important problems which public cultural spending need to face in different periods. Public cultural spending can best reflect the requirements of government cultural function, the change of government cultural function would affect the changes in public cultural spending.

### **3. Impact on Public Cultural Spending: Institutional Change in Government Cultural Functions**

#### **3.1. Public Cultural Spending under Government Cultural Functions with a Guidance Politicization during the Planned Economy Period before 1978**

A planned economic system had been implemented in China after the founding of new China since 1949. The planned economy had lasted until Chinese Reform and Opening-up in 1978. During the period from 1949 to 1978, social order had been mainly guided by politics; government cultural function had excessively focused on political education function. In Chinese cultural construction in the period, cultural ideological and educational functions and national ideology attributes had been focused on, people's education with the mainstream ideology and resistance and elimination to the effects of heterogeneous culture had been paid attention to. The aesthetic of popular culture, entertainment, and basic cultural needs are often subject to political needs and be slighted or even ignored. In general, there are low degree of differentiation in the functions of politics, economy, culture (science, art), namely, the functions of political, economic and cultural had been almost integrated into a unity. Cultural functions is also political functions, political education function of culture dominated the cultural

functions although policies on cultural construction were formulated. In the era of extreme culture and art even almost completely become a political tool to serve and meet the ideological control needs, functions of cultural and artistic entertainment could meet the people's spiritual and cultural needs was even lost.

Under the government culture duties and functions of politics guiding, public cultural expenditure is a spending which take on all things. Resources had been allocated in accordance with the administrative planned instructions. The private and non-profits had been prohibited to engage in public welfare cultural cause during this period. Cultural institutions carried out cultural production according to the government's instructions or plans, government had become the only subject of cultural management and cultural production. The production and supply of cultural products to meet the citizen's cultural needs had become the party and the government's responsibility. In the context of the highly centralized planning system, the cultural sectors which were extending from the center government to the rural had borne the planning, production and management functions of cultural services. Therefore, this supply model with strict bureaucratic values cannot get rid of administrative intervention. The state often emphasizes the planning and regulation of cultural services, while ignoring the social attributes to meet the needs of citizen spiritual and cultural life. The government promises to cultural organizations and cultural institutions for the full supply of material, capital, personnel, information and technology, and all the cultural activities of citizens had the attributes public property in the sense of public welfare. State had established a large number of infrastructures such as science, culture and education, and had provided citizens with relatively equal public cultural services (You, 2011). Therefore, the proportion of public cultural spending in GDP during this period is relatively high. Based on the organized data coming from China Statistical Yearbook of Cultural Relics, the average proportion from the 1st Five-Year Plan period to the 5th Five-Year Plan period was 0.12%. Public cultural spending accounted for the proportion of fiscal expenditure were respectively 0.39%, 0.39%, 0.41%, 0.39%, 0.42% from the 1st Five-Year Plan period to the 5th Five-Year Plan period. While the average data from the 11th Five-Year Plan period to the 12th Five-Year Plan period were 0.38%. However, due to the low level of economic and financial income, the total social supply is seriously inadequate. The absolute scale of public cultural service expenditure is relatively low. The total amount of Public cultural spending from the 1st Five-Year Plan period to the 5th Five-Year Plan period were respectively ¥ 497 million, ¥ 799 million, ¥ 1.036 billion, ¥ 1.536 billion, ¥ 2.204 billion, totaling less than the total amount of Public cultural spending (¥ 6.316 billion) in 2000.

In addition, the using efficiency of expenditure in this period was also low. In the period of planned economy, government constructed a "large factory" of national system and developed the social and economy withers sources concentrating through very level department. The cultural sector was only a production workshop in the "big factory" (Liu, 2009) (Mao, 2009). On the basis of various professional division of labor, it established the cultural industry system, such as

cultural and art systems, radio and television systems, press and publication systems, cultural relics system. It established basic organizational framework including the party and government, government and industry, industry and grassroots units in accordance with the planned organization model. This model was not only an inefficient resource allocation model, but also an inefficient mode of production. The decision-making power of cultural production was concentrated at the top of the organization, and the necessary information for the decision-making of the superior was not enough, the information transmission process was easily distorted, and the information asymmetry between superior and subordinate makes low efficiency in the financial expenditure decision. Because of the unmeasurable of art production, it cannot make the remuneration of the members directly linked to the contribution of labor. The income distribution mechanism of the fixed wage system and opportunistic behavior are used to curb the enthusiasm, initiative and creativity of the cultural producers. Leading to the single main body of production, disorders of cultural structure, it is difficult to effectively meet the spiritual and cultural needs of citizens.

### **3.2. Public Cultural Spending under Government Cultural Functions with a Guidance of Marketization in the Period of Economic Transition 1979-1992**

Since the reform and opening-up in 1979, with the establishment of the socialist market economy system, the market forces penetrated into the traditional cultural fields, replacing the “class struggle as guiding principle” with “economic construction as the central task”. This fundamental reform orientation changed the traditional relationship between “economy” and “culture” separate from each other. Cultural market had rapidly formed in China since the 1980s’. A large number of cultural industries emerged. Market-oriented in cultural field had begun in this period. Highly centralized management system began to loose and transit to decentralization system. The reform include econtents adjusting the layout of the art department and the art group, imitating the management experience of the economic system reform, trying to make up the insufficiency of the state financial investment by using market mode of operation where public cultural institutions were managed like an enterprise. ‘Contract responsibility system’ had been implemented in the cultural institutions to solve the institutional rigid and institutional defects of uneven distribution. At the same time, in order to solve the shortage of funds in cultural institutions, the reform measures getting revenue through cultural market to subsidize cultural institutions had been implemented. The divided into two type, one was the few cultural institutions with the national ownership supported by public finance, the other was varieties ownership cultural institutions allowing the introduction of social forces to raise funds and encouraged to get capital resource through market mechanism. The most important outcome of this stage of reform in cultural field was the development of cultural market and recognition of its status.

During the transition period, the range and the scale of public culture expend-

iture was reduced due to the emergence of the marketization in the cultural field. Structure adjustment of expenditure was obvious and the expenditure efficiency was low. The public cultural services cannot effectively be expanded by introduction of the market mechanism. The actual operational nature of many cultural institutions is increasingly disconnected from its public cultural attributes. Due to the public goods nature and externalities of public cultural services, many public cultural departments had more difficult to generate income even without income. Public cultural services provided as before have been almost completely abandoned in this period. On a whole, public cultural services formed by public cultural spending in this period are shrinking. The total amount of public cultural goods and services provided is decreasing. The average share of public cultural spending was 0.09%, while the average data was 0.12% before 1978. The citizens' short-sightedness on the efficacy of public cultural services due to utilitarian considerations has seriously affected the practical effect of public cultural services (Niu & An, 2009).

### **3.3. Public Cultural Spending under Government Cultural Functions with Cultural Industry Orientation from 1993 to 2004**

With the establishment of China's market economic system and the improvement of social productivity, the production and consumption of cultural products has become an important part of citizen's daily life, and the cultural market was rapidly expanded. More and more cultural products such as pop music, karaoke, song and dance entertainment, drama, fashion, bestseller, advertising, film and television animation products which have been produced formed a huge cultural industry group, thus the cultural industry has become a new economy growth point. In this realistic context, the National Ministry of Culture set up a "cultural industry division" in 1998.

The cultural policies for various issues caused by excessive marketization before have been adjusted. Firstly, the focus of the reform would be extended to the inside of cultural institutions. According to the various characteristics of different kind of cultural institutions, the incentive competition mechanism had been established and improved inside cultural institutions, the vitality had been strived to enhance. At the same time the reform to promote public cultural institution with commercial to cultural enterprise had been carried out, a variety of cultural enterprise groups had been established, various types of cultural industry had been developed and expanded. Secondly, continue to cultivate the socialist cultural market, including theatrical performances market, film and television market, audio and video market, art and entertainment market, cultural tourism market. Thirdly, cultural management departments strengthened their own reform through transfer the function to macro-manage and improving the efficiency. In this stage, the government cultural department power in business, personnel and finance had been further decentralized from upper level department. This period of the total expenditure of public cultural spending ac-

counted for 0.067%, in 1995 and 1996 to reach the minimum value of 0.05%, the average share of public cultural expenditure in GDP during this period was 0.067%, reaching a minimum of 0.05% in 1995 and 1996. There was an upward trend after the early decline in the proportion of public cultural spending in GDP during this period due to the emphasis on cultural function reform.

### **3.4. Public Cultural Spending and Government Cultural Functions with Emphasis on Public Cultural Services from 2005 to Present**

With the deepening of China's administrative system reform from 2004 to 2005, the construction of service-orientation government has become a direction of reform, and the construction of public cultural service system has become one of the tasks of building a service-orientation government. "To gradually form a more comprehensive public culture service system covered the whole society through increasing government spending in cultural field" was pointed out in "the CPC Central Committee on the formulation of the Eleventh Five-Year Plan proposal about national economic and social development" in October 2005. The "Report on The Work of The Government" in the Fourth Session of the Tenth National People's Congress in 2006 put forward the theme "to deepen cultural reform, develop cultural undertakings and cultural industries, strengthen cultural infrastructure construction especially rural grassroots culture, and improve public cultural service system". The content of public cultural service system had been interpreted and guided in "National Cultural Development Plan in 11th Five-Year Plan Period" with a very detailed content in September 2006. It can be seen that the construction of public cultural service system has been gradually laid emphasis on as the important cultural construction content in the country.

The construction of public cultural service system views had been put forward on once again in the "Report on The Work of The Government" in the Fourth Session of the Tenth National People's Congress in 2007, that is, "accelerate the development of cultural undertakings and cultural industries, Promote cultural system reform, and improve the cultural industry policy. Prosper the press, the radio and television, further develop the philosophy and social sciences, focus on meeting the masses cultural needs, protect the people's cultural rights, gradually establish a public cultural service system covered the whole society, construct comprehensive cultural stations in community and township, carry out some cultural project such as radio and television village projects, the national cultural information resources sharing project, rural film projection project, rural book-room project.

In June 2007, the Political Bureau of the Central Committee of the CPC meeting for the construction of public cultural service system was specialized held. In August 2007, the General Office of the CPC Central Committee and the State Council General Office jointly issued "the Opinions on Strengthening the Construction of Public Cultural Service System", clarified the guiding ideology

and objective tasks of the construction on public cultural service system, and proposed that, in accordance with principle including the rational structure, balance development and strong network, effective operation, benefit the whole people, strive to build a public cultural service system covering the whole society with the basic public cultural framework mainly combined by production delivery, facilities network, fund and human resource, technical guarantee, organizational support and operational evaluation'. In "Decision of the CPC Central Committee on Deepening the Reform of Cultural System to Promote the Major Problems of Great Development and Prosperity of Socialist Culture" in October 2011, it was pointed out that the growth of public finance spending in cultural construction higher than the growth rate of fiscal recurrent revenue, and increase the proportion of cultural expenditure to fiscal expenditure can be ensured. Guarantee the construction and operation on public cultural service system through expanding public finance coverage, improving spending mode, strengthening fund management, improving fund utilization efficiency. The financial security of public cultural services has been emphasized in subsequent years in government work reports and the party documents.

In 2015, the national public cultural spending were 682.97 billion yuan, an increase of 400.1 percent compared with the 13.882 billion yuan in 2005, and the national public cultural spending totaled more than 267 billion yuan during the "12th Five-Year" period<sup>1</sup>. The average annual growth rate was 35.76%. Cultural construction spending in country's urban and rural areas of in five years has increased by 350.6% and 481.1% respectively since "12th Five-Year". Per capita public cultural spending increased from 10.23 yuan in 2005 to 49.67 yuan in 2015; the growth rate was 385.5%.

It seems that the government's responsibility for the delivery of public cultural services has been gradually emphasized and that the level of public cultural services has also greatly risen. An average growth rate of 0.067% in the ratio of public cultural spending in GDP from 1993 to 2004 rose to 0.082% from 2005 to 2015.

#### **4. The Value Guidance in Government Cultural Function**

At the past, the change of government's cultural function is mainly shown in three aspects which is emphasis change from social education to the civic education, from taking on every cultural affair to providing cultural services, from weak cultural barriers to strong cultural security (Wu, 2016). However, the efficiency of the public cultural spending is still low due to the insufficient value guidance in government cultural functions. At present, the cultural responsibility of the government mainly embodies the supply of public cultural service facilities with a focus on achieving full coverage. The public cultural expenditure is mainly used for public cultural facilities, but the efficiency of public cultural service facilities is not high, and the supply and demand of public cultural service facilities do not match. For example, the utilization rate of public libraries,

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<sup>1</sup>From 2011 to 2015.



bookstores and other public cultural service facilities is low, cultural activities with knowledge was less than cultural activities with entertainment. The demand for chess room in idle time is far more than the desire for libraries. A survey shows that 84.4% of the residents do not often go to the public library or bookstore, 78.9% of the farmers in the spare time often watch TV, play mahjong, play cards and other similar recreational activities (Cao & Yang, 2011). The percentage of cultural activities with knowledge such as reading newspapers is only 7.9%, participating in learning or training is 3.8% (Zhou, 2012). Therefore, it is difficult to achieve the positive values cultivation of public cultural service. The important reason for the low efficiency of public cultural expenditure is that the distort value like utilitarianism and hedonism has damaged the good atmosphere of public culture, and ultimately affect the realization of the positive values. For the individual citizens, the public cultural service can realize their cultural needs, more importantly; it can improve the quality of the citizenship. So the institutional arrangements of government in the cultural function should be carried out by the value guidance of public cultural services to form citizens' identity on positive value orientation and noble spiritual pursuit which can shape people's good behavior, and maintaining social stability. The cultivation of values in public cultural expenditure should be paid more attention to, so as to improve the efficiency of expenditure and realize the optimal allocation of public cultural resources to a certain extent.

The value guidance of public cultural services can be carried out by increasing the participation of the masses in the public culture service and integrate positive value into the public cultural life style. On the one hand, organize activity to attract the residents' participation in public cultural services by understanding the needs of citizens after the pre-activity survey. The citizens' demand expression mechanism of public cultural service should be improved to achieve the supply and demand docking and create a good cultural atmosphere. On the other hand, through the cultural and artistic festivals, theaters, exhibitions, intangible cultural heritage protection and other cultural and artistic forms and style of life close to the entertainment needs of public cultural, assimilate positive values and healthy public cultural lifestyle into the cultural life to realize the citizens' shaping and cultivation of positive cultural values.

## 5. Conclusion

Public cultural spending can best reflect the public cultural requirements of government cultural function, the change of government cultural function would affect the changes in public cultural spending. The institutional change of government cultural function would affect the scale, structure and efficiency of public cultural spending. It is important to adapt to the changes of the scope of government cultural functions by reasonably defining the scale and scope of public cultural spending, adjusting the structure of public cultural spending, improving the efficiency of public cultural expenditure. The insufficiency of values guide in government cultural functions leads to the low efficiency of pub-

lic cultural expenditure, thus, institutional arrangement of government's cultural function should pay more attention to the guidance of positive values to improve the efficiency of public finance resources in the cultural field.

The paper analyzes the influence of government cultural function, institution change process on public cultural expenditure. However, there is not enough research on the influence of stakeholders and conditions of the institution changes of government cultural function, and the impact of the target on public cultural expenditure, we will focus the further research on its.

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