

How do Enterprises Resolve Government Debt in the Post-epidemic Era

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Abstract: In the post-epidemic era, the problem of government arrears is long in age, large in amount and difficult to resolve, which has become the most prominent problem restricting the high-quality development of enterprises, especially small and medium-sized enterprises. This paper analyzes the performance of the government debt problem and the crux that is difficult to resolve, and puts forward some suggestions on how to resolve the government debt for enterprises.

Keywords: Enterprise; Government Debt; Resolve.

1. Introduction

This year's macro-economy is in the recovery period after the epidemic, and the process is relatively slow. Insufficient total demand and lack of confidence in the recovery period have restricted the improvement of enterprises' income and profits. Enterprises have generally experienced cash flow shocks, and a large number of 'triangular debts' have emerged in the market. Among them, the problem of government arrears is long in age, large in amount and difficult to resolve, which has become the most prominent problem restricting the high-quality development of enterprises, especially small and medium-sized enterprises. Due to the long-term precipitation of corporate cash in the government, enterprises are forced to add large loans every year to make up for the interest on bank loans caused by huge receivables. The operational risks and financial risks are increasing year by year and are constantly intensifying, which poses a serious threat to the safety of corporate capital chain.

To solve the problem of serial debts between the government and enterprises, the whole society needs to pay attention to and coordinate to solve this difficult problem. The the State Council executive meeting held on September 20, 2023 pointed out that solving the problem of enterprise's arrears of accounts is related to the production and operation of enterprises and the investment expectation, and it is related to the sustained economic recovery, so we must attach great importance to it. Provincial governments should take the overall responsibility for clearing debts in their own regions, pay close attention to solving the problem of government's arrears in corporate accounts, and untie the "chain debt" of mutual arrears between enterprises. Central enterprises and state-owned enterprises should take the lead in repayment. It is necessary to highlight substantive liquidation, strengthen policy support, overall planning, supervision and assessment, strive to be clear and clear, and strive to build a long-term mechanism. The solution of the serial debt between the government and enterprises must break any link, promote the circulation of capital chain and form a good demonstration effect. From the perspective of enterprises, this paper analyzes the performance of government debt problem, the crux that is difficult to solve and the suggestions for solving it.

2. First, The Performance of the Government Debt Problem

The arrears between enterprises and the government are mainly in the form of project funds. At the beginning of cooperation with local governments, enterprises are committed to the development of local superior resources and the creating of new business cards in Shaanxi. In this process, enterprises have invested a lot of manpower, material resources and funds in local areas, providing advances or loans to local governments in various aspects such as government repurchase projects, land consolidation and project construction, and over time, they have formed high government debts. It is difficult to solve the problem of government arrears, which is not only influenced by objective factors such as market changes, policy adjustments and leadership changes, but also restricted by subjective factors such as enterprise's own strategic adjustment and thinking vision. In a nutshell, it is manifested in the following outstanding problems.

(1) The working mechanism with the government is not smooth, and the work progress is difficult. Although the enterprise actively promoted the settlement of creditor's rights and debts in the years after the formation of debts, the main leaders of the enterprise and the main leaders of local governments held many consultations, but they could not establish an efficient working mechanism, which was embodied in three aspects: "clear accounts are not handled", "coordination accounts are delayed" and "core accounts are difficult to handle". The confirmation of the debts of both parties is the first important problem encountered in the process of promoting debt settlement. In view of the fact that local governments often fail to issue clear audit results on the reports of third-party accounting firms on related creditor's rights and debts, the settlement process is directly at a standstill for a long time. Even for the debts that have been clearly defined in the early stage, the local government has been slow to return them, which has seriously weakened the credibility of the local government.

(2) The urgency of dealing with the problem is not equal, and the deadlock is difficult to break. The failure of the government to repay the debt has caused enterprises to need financing for development, which has caused a heavy financial burden to enterprises, greatly affected the safety of

enterprise capital chain and reduced the debt ratio, and seriously hindered the high-quality development of enterprises. However, local government debt is unique, and the debt resolution and risk response between enterprises and local governments should be a systematic project led by the main leaders of local governments and coordinated by various departments, and it is by no means possible for enterprises to make breakthrough progress on their own. The actual situation is that the term of office of local government officials is short and changes frequently, and there is still a big deviation in the understanding of debt resolution between the administrative system and departments of the municipal government and the platform. Moreover, because it is difficult to grasp the policy trend in the later period, local governments still have different understandings of the level of debt statistics under different calibers, resulting in certain differences in the pressure and objectives of debt resolution, which is still one of the important reasons that hinder the substantive progress of government debt resolution.

(3) The account age is long, the composition is complex, and it is difficult to identify. First of all, the account has a long age and a large scale. There are frequent debts between enterprises and local governments and affiliated platform companies, and the debt offset relationship is complex. Many accounts have accumulated for many years due to historical reasons, which makes it more difficult to solve the problem. Secondly, some accounts are not paid back for many years because of the bankruptcy of the unit or the incomplete handover of personnel accounts. Finally, enterprises and the government are prone to large deviations in the determination of the amount of creditor's rights and debts. The differences mainly focus on the determination of project construction costs, the determination of the nature and use of current accounts, and the commitment of interest, late fees and penalty interest caused by related debts.

3. Second, the Reason Why the Government Debt Problem is Difficult to Resolve

(A) ideological understanding

From the perspective of enterprises, on the one hand, it is the mission of enterprises to tap the high-quality resources in Shaanxi Province and promote the traditional creative transformation and innovative development. Therefore, the debt problem has been avoided as a factor affecting the cooperation between the two sides, and the urgency and importance of promoting debt resolution are not fully understood. On the other hand, as an enterprise, it still lacks enough experience in dealing with cooperation and differences with government units, and has insufficient expectations for the risks of cooperation and inefficient communication with local governments. From the local government's point of view, to some extent, the lack of awareness of the main responsibility leads to the non-performance of the contract agreement signed in the early stage, the non-implementation of the planning and decision, and the non-fulfillment of the policy of benefiting enterprises, which greatly increases the communication cost between government and enterprises and prolongs the period of solving the debt problem.

(B) ideas and concepts

In terms of debt resolution, the enterprise's solution ideas have gradually changed with the development of the problem,

and gradually changed from insisting on a package solution to a combination of a package solution and individual problem solution. On this basis, it constantly made reports and suggestions, and promoted the provincial party committee and government, the provincial department of finance and other higher-level units to help promote related work. The relevant demands were supported by higher-level leaders, but the pace of work could not keep up with the change of government policies, and the implementation of related work was slow. In addition, some good suggestions made by enterprises to resolve debts are advanced in form and have not been understood and supported in communication with them, which further increases the difficulty of solving problems. The local finance is really tight. Under this circumstance, local governments are more willing to allocate limited funds to new construction projects, and at the same time, they do not think that paying off debts is also a work achievement, and their enthusiasm for solving debt problems is low.

(C) Institutional mechanisms

First of all, the rapid rise of local government debt is closely related to three factors: first, the evaluation criteria of local government performance mainly focus on GDP growth rate, and second, there is a lack of necessary supervision and assessment for local government debt indicators. Third, local governments undertake a large number of functions of providing local public goods, but the financing cost is extremely expensive market-oriented financing cost, which leads to high local debt. In the current institutional environment, the money owed by local governments to enterprises does not need to be cashed in or publicized on the online platform, which does not affect the local government's business development, thus amplifying the local government's impulse to borrow, resulting in many government entities whose development does not match the debt. Secondly, in the cooperation with government units, enterprises naturally belong to the passive side, and promoting the settlement of local government debts is absolutely inseparable from the support of the provincial party Committee and government.

(D) Ability and style

On the one hand, enterprises lack experience and methods in dealing with the problem of arrears, and their ability to comprehensively use various means to safeguard their rights is insufficient. On the other hand, the lack of effective ideas, methods and courage to solve the debt problem according to local conditions, the indifference of the new government to the debt problem, and the phenomenon that the new officials ignore the old accounts have greatly hurt the cooperation foundation between enterprises and local governments. The long-term delay of government debt first harms the state-owned enterprises and private enterprises that have cooperative relations with local governments. As a result, due to the lack of liquidity, the upstream enterprises of the partners are eventually involved in the triangular debt, dragging down or dragging some enterprises to death.

4. Measures and Suggestions for Enterprises to Solve Government Debts

In the post-epidemic era, economic recovery needs time and confidence accumulation, which cannot be completed overnight. In this case, enterprises should take the initiative to

break the link of serial debt, promote the circulation of capital chain, and get rid of the adverse effects brought by government debt. We hereby put forward the following suggestions:

(1) Seize the important opportunities of policies and make breakthroughs in debt resolution. According to the spirit of the executive meeting of the State Council, with the attention and support of the provincial party committee and government, enterprises should further clarify the government debt ledger, define the responsible units, make full use of the province's policies of dissolving local debts, and the government's promotion of reducing the financing cost of enterprises and relieving difficulties, seize the opportunity, and put forward solutions as soon as possible within the scope of laws, regulations and policies.

(2) Reduce psychological expectations, flexibly adjust working ideas and mechanisms, and consider choosing appropriate assets to offset accounts. On the basis of basic consensus, speed up the confirmation of audit results, clarify the big accounts recognized by both parties as soon as possible, and first focus on solving clear accounts; Secondly, fully cooperate with the government audit work, form a debt confirmation result, clarify the fund repayment plan, and include the remaining arrears in the financial budget; Finally, for the part with insufficient repayment funds, the enterprise can choose the assets coordinated with the enterprise business from the government assets to offset the account as soon as possible, so as to realize rapid blood return and reduce the operating pressure of the enterprise.

(3) Make good use of the website "Credit China", give play to the supervisory role of public opinion, improve the credit awareness of government departments, and optimize the business environment. "Credit China" is guided by the National Development and Reform Commission and the People's Bank of China, and sponsored by the National Public Credit Information Center. It is a window for the government to praise honesty and punish dishonesty. "Credit China" website has opened the window of "Typical Cases of

Discredibility of Some Government Departments and State-owned Enterprises in Arrears of Private Enterprises' Small and Medium-sized Enterprises' Accounts", which has exposed the cases of state-owned enterprises and governments in arrears of corporate accounts. As the practice subject of government integrity, government departments should abide by the spirit of contract, keep promises, value contracts and set an example first. For local governments that lack the sense of trustworthiness and the spirit of responsibility, we can consider urging and resolving them by exposing information.

(4) Make good use of legal means to increase peacekeeping power. In order to speed up the agreement on the disposal of creditor's rights and debts, enterprises can take multiple measures to reach an agreement on controversial issues in batches and sub-projects under the premise of ensuring the interests of enterprises, and solve the problems steadily and orderly. If we can't reach an agreement to deal with the problem in the end, enterprises can use legal weapons and resort to legal means to safeguard their legitimate rights and interests, which is often the fastest and most effective means.

All in all, in the post-epidemic era, enterprises should clearly understand the situation, seize the policy dividend, take active actions, take measures to dissolve government debts, unload their burdens and go into battle lightly, and seize the opportunity of steady macroeconomic recovery to achieve high-quality development of enterprises.

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