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Opening the Door to Accounting Change. Transformations in Chinese Public Sector Accounting

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Abstract Accounting has changed radically in China over the last 30 years, a transformation which is associated with one of the most astonishing episodes of economic development witnessed in modern times. Most researchers of accounting in China focus their attention on contemporary business accounting or identify challenges for the future. This article takes a different perspective. First, it investigates accounting changes in the Chinese public sector. It explores how public sector accounting has been involved in the process of modernizing the state bureaucracy. Second, the article takes a historical viewpoint and attempts to understand the changes in public sector accounting regulation which have taken place in recent decades.We identify various *streams* of regulation and *waves* of policy outputs over time. Four main *phases* of continuity and change are also located, providing a framework in which future researchers may analyze accounting developments in the post-Open Door period. We define these phases as: restoration, revision, innovation and maintenance

Keywords: Accounting history, public sector accounting, China, reforms, Open Door policy

Introduction

In 2010, China became the world's second largest economy following an impressive period of two-digit growth in recent decades. The rate of change is astonishing in itself, and has become a central point of interest and discussion among economists and economic historians, and among businessmen and business historians. Accounting developments in China are also attracting the increasing attention of accounting historians.

What is also distinctive about the Chinese experience is that it is the result of a process of administrative transformations activated by the State, commencing with economic reforms from the late 1970s. Change has not resulted, therefore, from the autonomous development of market forces, the operation of the invisible or the visible hand. Neither was it the result of the collapse of the State, as was the case in the USSR and several other socialist countries in Eastern Europe. As the result of an internal process of change, in 30 years, the Chinese leadership has been able to move from a centrally planned economy to a market economy, a process that, amongst other outcomes, took hundreds of millions of people out of poverty.[1][1]

Accounting is surely involved in this epochal transformation. The construction of a market economy has been a pervasive process over the last 30 years, and Chinese accounting reform tends to be seen as responsive to it (Ge and Lin 1993; Lin 2003). After the Open Door Policy was inaugurated in 1978, foreign direct investment was encouraged into China and generated a need for accounting internationalization. The first Western style accounting rule for business entities was promulgated by the Ministry of Finance (MOF) in 1985. Subsequently, the market economy developed very quickly, and demanded changes in accounting norms every few years. The MOF changed the accounting rules of business enterprises in ways reflective of Anglo-Saxon style accounting standards (Ge and Lin 1993; Lin 1998; Xiao, Weetman, and Sun 2004). In February 2006, the MOF promulgated a new set of accounting standards for business enterprises, which were recognized by the International Accounting

[1] Measured in terms of the World Bank poverty standard of (of 888 yuan per person per year at 2003 rural prices), China's poverty reduction performance has been even more striking. Between 1981 and 2004, the fraction of the population living below this poverty line fell from 65% to 10%, and the absolute number of poor fell from 652 million to 135 million, a decline of over half a billion people…A fall in the number of poor of this magnitude over such a short period is without historical precedent. (World Bank 2009, iii)

Standards Board as convergent with International Financial Reporting Standards.

A good deal of research has been performed and is currently taking place on these topics in China (Liu, Wang, and Xue 2010; Wang 2005; Wang, Sun, and Chen 2001, among others). Some research outputs are available in English (Chen and Su 1999; Ge and Lin 1993; Lin 1998, 2003) though much is published in Chinese. Quite understandably, given the nature and rapidity of accounting change, scholars tend to focus on current and future issues and concentrate on accounting for business and private entities. With few exceptions (Chan 1994, 1996, 2001; Lin 2003), little research has been undertaken to comprehend change in the recent past. There is scope for further investigations of the dynamics of accounting change over the past 30 years, with a view to understanding the role accounting played in the transformation triggered by the Open Door Policy of Deng Xiaoping. As the title of this article suggests, this policy opened the door to accounting change in ways and diverse arenas that deserve greater attention from accounting historians.

Moreover, what tends to be overlooked even by Chinese accountants and accounting historians, is that the transformation occurred 'within' the state, with the process of change affecting those parts of the previously economy now representing the Chinese 'public sector'.[2] To be sure, the very notion of a Chinese 'public sector' is a social construction of the last few decades, for it would be inappropriate to refer to its existence in a planned economy. However, it is the unusual process of 'divestment' of activities carried out by the once centripetal state that allow us to talk about a 'public sector'. Whereas the market economy was *created*, this is a process of internal *transformation* of the state apparatus, where norms and procedures (including those relating to accounting) were reformulated as opposed to being imported/copied from international standards (as was the case with private business activity).

This article will focus on the evolution of accounting norms and procedures in the public sector as part of the broader process of administrative reform that drove change. As a substantially unexplored subject, the study is largely descriptive in nature, seeking to familiarize accounting historians with the contours of the transformation of public sector accounting and offering a potential framework for analyzing the specific developments therein. The study relies on sources written in Chinese and in English and, therefore, seeks to share understandings with the wider international community of scholars. The authors recognize that no periodization or 'sense-making' is possible without overcoming the asymmetric information which arise from barriers of language.

Although its approach is largely descriptive, the article also seeks to interpret in ways that contribute to debates among scholars interested in accounting in China. In particular, we seek to provide an alternative periodization of developments. Official documents tend to divide the reforms of the last 30 years into three periods: the planned economy, the planned commodity economy and the socialist market economy (Ge and Lin 1993, note 1). Similarly, Guo (1999) divided the accounting history of China over the last 50 years into two main periods: those of the planned period (October 1949–June 1958), where the Chinese accounting system was established by emulating the accounting model of the Soviet Union; and, the reform period (1978-present), with the emergence of an accounting system consistent with a market-based economic model. Between these two major periods, Guo (1999) also identified a 'special period'.[3]

These two common periodizations appear quite uncontroversial and give the impression that the whole reform process was well designed and was implemented in order to achieve specified goals. But this was far from the case. When we examine the evolution of accounting norms and procedures in the

[2] Very marginal attention has been devoted to the subject. For instance, in a special issue on accounting history published by the Accounting Society of China it occupies only 1 of the 14 chapters (Zhang 2000).

[3] Guo (1999) explains this special period thus: "Looking back to the 50 years' development of Chinese accounting reform since new China was built, we could divide it into two major periods, e.g. copying the former Soviet Union account model, setting up the basic accounting system in new China (from October 1949 to June 1958) and transforming the planned economy accounting model to the market economy accounting model (1978-now). The period between these two (from July 1958 to 1977) is the special period for Chinese economy, and also a special period for Chinese accounting, thus, this paper treats it as a special period."

public sector over the last 30 years, we find that the process of transformation from planned to market was not as instantaneous as implied by Guo (1999). The process of reform in public sector and budget accounting is akin to that experienced in other areas, which was described as 'crossing the river by touching the stones', that is, change was essentially incremental. Rather than assuming a linear evolutionary process (Lou 2002; Zhang 2000), we focus here on discontinuities and changes, and seek to provide a more empirically grounded periodization.

There are many ways of understanding accounting change in the public sector in China. For instance, one could focus on the transformation of norms and ideologies, or one could study changes in accounting practices and procedures brought about by shifting ideologies and norms. Though our epistemological preference would be for the latter (Ezzamel, Xiao, and Pan 2007; Zan and Xue 2011), the lack of knowledge about changes to regulations incline us to focus on the former. In this regard, it is also significant that China is a law-driven country. From 1978–2008, hundreds of norms were promulgated which related to public sector accounting. Many of these are not available in English. The aim of this article is to disentangle the complex flow of rules and regulations, and to trace and analyze the process of change in Chinese public sector accounting over the last 30 years.

A broader understanding of the whole set of reforms that represent the complex process of administrative transformation is provided elsewhere (Zan and Xue 2011). However, as a precursor to our analysis of accounting change in this article, we briefly summarize the four main features of that transformation. In much of the current literature, each of these features tends to be treated as discrete subjects with the result that the interdependencies between them are seldom identified. The four features are as follows:

(1) *Decentralization of central apparatus*. One of the critical elements of the Open Door Policy is a trend toward decentralization, from the center to the periphery. Power is increasingly devolved to the provincial level and below. Indeed, China is nowadays recognized as one of the most decentralized countries in terms of decision and policy-making (Burns 1989; Cautfield 2006; Chan 1999; Lin, Tao and Liu 2005; Orban, Chen and Koehn 2003; Straussman and Zhang 2001).

(2) *Fiscal reform*. Spending responsibilities were moved from the center to the province yet the fiscal system emphasizes the centralized collection of revenues. This implies a very peculiar situation of deficits at the periphery and surpluses at the center. In such a scenario, re-allocations and transfers of resources become critical. This calls for the determination of rules to regulate these transfers and define the entities able to make transfers (Bahl and Martinez-Vazquez 2003; Jia and Yan 2000; Jin and Zou 2000; Ma and Norregaard 1998; Wong and Bird 2007).

(3) C*hanges to the budgeting system*. Great efforts were made to transform the procedure for allocating the national budget and regulating the transfers across different levels of the state administration (Chan 1996, 2001; Lou 2002; Qi and Zhao 2007).

(4) *Transformation of public sector units* (hereafter PSUs). In parallel, an important process of redefinition of the nature and functioning of the entities inside the public sector took place (OECD 2005; Wong, Zhang and Mountfield 2003; World Bank 2005).

In such a context, accounting could be seen as the last condition necessary for the implementation of the administrative transformation; operationalizing a budgeting reform involving newly defined entities, in a setting where the decentralization of expenditures was combined with centralized fiscal revenue, and as part of the broader process of administrative transformation associated with the Open Door Policy. Despite its contribution to activating a period of unparalleled change in the Chinese public sector, the literature offers little on the importance of accounting.

The rest of this article is structured as follows. The next section provides information about some important antecedents to the various administrative reforms in China, and offers a short description of accounting regulation before the Open Door period. The section which follows provides a preliminary description of the waves of reforms that had a direct impact on accounting issues, in terms of general budget regulations, accounting laws, budget accounting regulations and financial management rules. Subsequently, there features a discussion of phases of change at various levels in the accounting realm. This culminates with the presentation of a periodization based on the analysis of elements of continuity and change in public sector accounting over the period studied. Some concluding remarks are also offered.

Accounting antecedents

Although the main focus of this article is accounting change related to the Open Door reform, to understand the dynamics of change it is necessary to revisit the major accounting transformations that characterized previous periods in the history of the People's Republic of China (PRC). While historians are usually interested in the political agenda of these periods, it is important to recognize that calls for transformations in administrative and accounting rules formed part of that agenda. Of the two main periods referred to by Guo (1999), the first was the years of Soviet influence. The Chinese government set up a unified accounting system for the public sector after the liberation in 1949, echoing the Soviet model. However, radical developments such as the Great Leap Forward in 1958, and later the Cultural Revolution (1966–1976) would also have a dramatic impact on the Open Door Policy.

Setting up the budget accounting systems

Under the political influence of the 'old brother', the Soviet Union, the PRC set up a planned economy from 1949. Like other socialist countries, it established state monopolies and a government-controlled economy. The accounting rules adopted by all organizations in the PRC were to conform to a general budget regulation.

General budget regulation

On 27 December 1949, the Government Administrative Council (*Zheng Wu Yuan*) issued *Indication for the Final Accounts of 1949 and Financial Budget of 1950*. The first national budget in the PRC was formulated in 1950. In March of that year, the Political Council issued *Regulations for the Central Government Treasury*, and in December, the MOF introduced two separate accounting regulations relating to budget management (for general budget accounting, and individual unit accounting). In 1951, the Political Council promulgated the first specific regulation on national budgeting, the *Interim Regulations on National Budget and Final Accounts*. 'From then on, the budget system was formally set up' (Peng 2005, 223).

While establishing formally that China would compile a national annual budget, the *Interim Regulations* established additional important elements of the budgetary system:

- The budget was defined as the annual income and expenditure plan and referred to the whole economic system, consistent with the nature of the planned economy.
- The budget would be organized at various levels: individual levels of government, units directly affiliated to various governmental levels and units below the direct affiliated institutions. An aggregate level would also be presented in terms of the national budget.
- The compilation, review and decision procedure of budgets for different institutional levels were established, as were the requirements and timeline for their preparation.
- Two basic documents were required for all administrative units: the budget and the final accounts. The implementation of the budget and the audit of the final accounts were also regulated.

Although this regulation was 'interim', it subsisted for almost 40 years, until a new one was issued in 1991, and was enshrined in the 1994 Budget Law. The endurance of the *Interim Regulation* is interesting. There are perhaps two possible explanations for its longevity. On the one hand, the regulation was very general, leaving more specific definitions to other normative sources. In this sense, the more general a norm is, the less likely it will be affected by the actual process of transformation of the political and economic context. On the other hand, during this 40-year period, the 'planned' nature of public administration changed quite slowly.

A crucial point to underline in relation to our research is that since budget regulation began, budgetary data have not been available to the public. According to Tian (2010), this is partly due to the *Interim Regulation on Keeping National Secrets* issued in 1951, which explicitly stated that 'national financial plans, budgets, final accounts and various financial secrets' were considered to be secrets of the nation. Although this regulation has expired, the idea of budgets as state secrets has remained. Until recently, 'the budget implementation report and budget draft in each congress meeting are all seen as secret material, and are given to the representatives before the meeting and taken back after the meeting' (Chen and Wen 2008).

Accounting regulations in the public sector

Like the French *Plan Comptable Général*, China has a tradition of using a uniform accounting regulation (called 'accounting system' or *Kuai Ji Zhi Du*). According to Yang (1998, 6), there were specific reasons for this, in particular, the need 'to have comparable information in reconstructing the national economy after war'.

During the transitional period from the war to new China (October 1949–December 1952), several accounting documents were discussed and issued. Among them, the *Interim General Accounting System for Various Levels of Government* and the *Interim Unit Budget Accounting System for Various Levels of Government* of 1950 were the first accounting regulations for the public sector. These 'set up the budget accounting framework, and realized the unified nature of budget accounting work' (Wang 2004, 295). These two documents clearly established accounting in financial departments at various levels in the form of 'financial general budget accounting' (*zong yu suan kuaiji*). Accounting in various government administrative and public service units was deemed 'unit budget accounting' (*dan wei yu suan kuai ji*). Hereafter, we refer to the former as the 'accounting system for financial departments', and the latter as the 'accounting system for units', the so-called *danwei*.

According to Yang (1998, 18), after the first accounting regulations for the public sector were published, a Soviet specialist named Makarov helped the MOF to reform them, eventually, setting up the accounting system for the planned economy. This system replaced the accounting equation of 'assets = liabilities + net' (here, the word profit was avoided) with 'fund resources fund applications'. This overarching framework was seen as 'socialist accounting', and its main purpose was to implement the national plan. (Such an ideological explanation is, however, questioned by Wang (2004), who argues that this represents 'the bookkeeping part of western accounting'.)

However, times changed. The relationship with the Soviet Union cooled, and more radical views of the Chinese Revolution were emerging. This had impacts on accounting. According to Yang (1998, 77):

An article published in Industry Accounting No. 4, 1958 criticized 'blind faith' in the Soviet model. The Ministry of Finance also published a document on reforming and simplifying the accounting system. Some difficult translations were abandoned, and new accounting systems were published around 1958.

Accounting regulations were, thereafter, differentiated according to whether the entity was a finance department (peripheral to the MOF) or a public service unit:

- Departments of finance under the MOF exist in each province. These contribute to setting and implementing the national budget. The 1950 regulation required these local branches of the Ministry to apply the double-entry principle and a cash basis of accounting. In 1958, government accounting regulations were divided into *Accounting System for Local Financial Departments* and the *Accounting System for the Central Financial Department*. Assets and liabilities were required to be shown under three subgroups: operational, construction and extra-budget. In 1959, the MOF issued another *Accounting System in Local Financial Departments*, which was revised again in December 1962 and issued in 1963.
- In relation to public service units, there was a single accounting regulation for both *shyie* and *xingzheng danwei*.[4] Based on a pilot study in 1963 and explicitly motivated by the need to

[4] *Danwei* could be of different kinds (Lu and Perry 1997). Here, the main distinction is between *shyie* and *xingzheng danwei*. The term *shiye danwei* first appeared in documents in 1952 (Jing 2006), and translates as

> simplify accounting work, the MOF issued *Accounting System in xingzheng danwei and shiye danwei* in 1966. This was used until the late 1980s, with the exception of the Cultural Revolution period. It defined a chart of accounts, the format of accounting reports, and articulated the cash basis accounting principle. Double entry bookkeeping was adopted, but, in accordance with a cash basis, the terms 'debit–credit' were abandoned and replaced by 'receipt-payment' (*shou-fu*). According to the *shou-fu* bookkeeping method, there were no accounting elements such as assets, liabilities and equity. The unified chart of accounts was divided into three categories: sources of funds, application of funds and funds balance. The general accounting equation was: the closing balance of all the funds resources accounts–the closing balance of all the funds application accounts = the closing balance for all the funds balance accounts.

Social and political meanings were attached to these changes (Chen 1998; Lin 2003). They represented an expression of both increasing distance from the 'Soviet brother' and a sign of national identity. Accounting change was seen as 'not only more Chinese and popular among people, but also more "scientific" than the debit–credit method' (Chen 1998, 81). Technically, the chart of accounts and its details (as reported in Table 1) would rule the accountants' work for more than 20 years. What surprises is the very small amount of information provided in these formats. It is hard to imagine how millions of Chinese entities of different kinds could have been run for decades on the basis of such an oversimplified accounting system.

The 'Great Leap Forward' (1958–1961) and the Cultural Revolution (1966–1976)

One of the most fascinating features of the accounting literature in China is the lack of empirically grounded research covering the 'revolutionary' period. Two related political events impacted on the nature of accounting work: the 'Great Leap Forward' and the 'Cultural Revolution'. Understanding their impacts on accounting is difficult because of the lack of systematic investigations of the periods concerned. Scholars simply tend to avoid the issue. For instance, Guo (1999) defines these years as a non-period located between the two main periods in recent Chinese administrative history – those of Soviet influence and the Open Door Policy.

There is also a lack of source material for serious academic research, and often the period concerned is discussed in generalities, as in statements such as 'the economic and political ran into disarray, the national accounting system was also badly damaged'. What is clear is that with the abandonment of blind faith in the Soviet model, national accounting regulations were largely simplified (Yang 1998). For example, according to Zhang (2000)

> the financial reports have been cut down from about ten statements to one, and the number of accounts were also cut down from about 1000 to 66. More than 200 items were shown in the balance sheet, but now there are only 12.

It is argued that

> in 1958 and following years, accounting without books, replacing books with statements were prevailing everywhere in China… Accounting offices were cut down… during the Cultural Revolution, accountants were sent to work on the farms… resulting in incomplete accounting records and totally unreliable numbers about income and assets. (Zhang 2000)

The declining number of publications on accounting was also indicative: 'there used to be four accounting journals at that time: "*New Accounting*", "*Industry Accounting*", "*Popular Accounting*", and "*Enterprises Accounting*": but only one accounting journal was left in 1966'(Yang 1998, 77). This situation was confirmed by Jin (1999), who examined the number of accounting books issued in different periods. While 210 accounting books and 51 translated books on accounting (all from the Soviet Union) were published during the first period, during the 1960s–1970s, 'not only accounting

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'Public Service Unit' or PSU (Pilichowski 2005), that is, an operating unit providing services. *Xingzheng danwei* refers to administrative units of the government at different levels.

books but also translated books decreased dramatically, partly due to the bad relationship with Soviet Union and other Western countries' (Jin 1999, 90).

Although the period 1958–1976 remains something of a 'black hole', suggesting the need for further research by historians (and overcoming issues of access to material), it appears that the literature assumes an oversimplified view of prevailing accounting rules and practices.

Analyzing accounting change in China

Accounting literature on the recent transformation in China tends to see the period following the Open Door Policy as a phase on its own, without identifying sub-periods or stages within it (Guo 1999). By contrast, in political studies, reference is frequently made to the 'official' periods according to the content of documents issued by the Communist Party (notably periods of planned economy, planned commodity economy and socialist market economy) (Jiang Zemin's Report at 14th Party Congress). Accounting transformations tend to be described as instrumental, from a policy-making point of view, overlooking the inner complexity of accounting change, its own dynamics and periods of development.

Table 1

Between streams and waves of regulation

In order to understand accounting and budgeting in the public sector in China, we need to revisit, in analytical terms, the development of the most important regulations. Table 2 provides a list of the most important documents.[5] These regulations cover many areas: budget management, government procurement, national treasury, extra-budget, government income and expenditure category reform.

To make sense of the documents relating to the administrative reforms, and before commenting on them in detail, two phenomena can be identified, providing a hidden structure to the contents of Table 2: *streams* and *waves*. By *streams*, we mean that some of the most important documents can be grouped as explicitly linked elements in the evolution of the same subject of regulation over time; as different layers of related norms over time. Five such streams are shown in Table 3. These five streams are relatively clear-cut, because each law or regulation explicitly led to the following law or regulation. For example, Caiyu 14 was replaced by Caiyu 53, and this was replaced by Caiyuzi 287. The contents of some streams could be overlapping and potentially confusing, but as each stream explicitly develops along its own path, we identify each of them separately:

(1) *General budget regulations*: regulations on national budget management 1991 [Guofa 90], budget law 1994 [Chairman 21] and implementation measures for budget law 1995.
(2) *Accounting law*: accounting law 1985 [Chairman 21], accounting law 1993 [Chairman 17], and accounting law 1999 [Chairman 24].

[5] According to the legal system, regulations and laws in Table 1 assume different levels of authority. The highest are laws, which are passed by the National People's Congress (NPC) or its Standing Committee, and issued by the Chairman (for example, the *Accounting Law*, 1985/93/99 [Chairman 24] and the *Budget Law* 1994 [Chairman 21]). The regulations announced by the State Council (or its departments with the approval of the State Council) belong to the second level. According to *Legislation Law of the People's Republic of China* (promulgated on 15 March 2000 [Chairman 31]), with the permission of the NPC, the State Council can make regulations in the economic area when there no related laws current exist (for example, *Regulations on National Budget Management*, 1991 [Guofa 90]). The third level comprises the regulations issued by the Ministry of Finance (for example, *Accounting Rules in shiye danwei*, 1996 [Ministry of Finance 8]). The lowest level concerns regulations issued by Ministry of Finance departments, usually the Budget Department (*yu suan si*), the Treasury Department (*guo ku si*) and the Accounting Department (*kuai ji si*) (for example, *Accounting System in xingzheng danwei and shiye danwei*, 1988 [Caiyu 52]). Usually, economic regulations are made by the State Council first. After several years of implementation, these regulations are revised and passed by the NPC as laws. The administrative units that implement the laws or regulations might also announce the rules relating to implementation. For example, the State Council issued explanations on the Budget Law. Sometimes the Ministry of Finance also issues detailed rules for implementing the regulations made by the State Council.

(3) Public sector accounting regulations in relation to:

a) *Financial management rules*: financial management rules in *shiye danwei* after the reform of the salary system 1985 [Caiwenzi 559], financial management rules in *shiye danwei* 1989 [MOF 2], financial management rules in *shiye danwei* 1996 [MOF 8] and financial management rules in *xingzheng danwei* 1998 [MOF 9].

b) *Accounting systems for PSUs*: accounting system in *xingzheng danwei* and *shiye danwei* 1988 [Caiyu52] and accounting system for *xingzheng danwei* 1997 [Caiyuzi 49]. Accounting standards for *shiye danwei* 1997 [Caiyuzi 286] and accounting system for *shiye danwei* 1997 [Caiyuzi 288].

c) *Accounting systems for financial departments*: accounting system in financial departments 1983 [Caiyu14], accounting system in financial departments 1988 [Caiyu 53] and accounting system for financial departments 1997 [Caiyuzi 287].

Table 2

If we plot these streams of regulation over time (as in Table 3), three *waves* of regulation also emerge. That is, a concentration of regulative acts around three periods: a first wave in 1983– 1985, a second wave in 1988–1991 and a third wave in 1993–1999. These waves tend to coincide with official periodizations with an emphasis on special years. They permit a better linking of accounting change with the broader process of transformation in the Chinese society. The three waves concern the following periods:

- 1978–1985 – the start of the 'Open Door Policy' which triggered the process of reform with the issue of the first set of new regulations (but especially in 1983–1985);
- 1985–1992 – an intermediate period, 'between plan and market', presenting another wave of regulations at different levels (but especially in 1988–1991);
- 1993 onward, the 'socialist market economy', with a very condensed wave of innovation around 1993–1994, and most importantly in 1996–1997. The crucial innovations of this period were followed by several additional regulations that did not alter the overall logic of the reform (see documents listed in Table 2 but not shown in Table 3 because they represent incremental changes).

Table 3 provides our complex set of qualitative data. Making sense of accounting change, between streams and waves over 30 years is challenging. One could focus horizontally on individual streams of norms over time (with the risk of losing the interaction between different streams during the process) or one could focus vertically, simply commenting on the succession of waves over time (with the risk of loosing the internal logic in the evolution of each individual stream). We choose to privilege the *waves* as a focus for analyzing the contents of these regulatory documents, but focusing also on various *streams* within each wave. In the following discussion, we seek to link streams and waves in order to also understand *phases* of accounting change.

Table3

Wave 1 – Open Door Policy

In 1978, following the 10-year Cultural Revolution, the third Plenum of the 11th Central Committee of the Communist Party of China (CPC) was held. This event is seen as the key turning-point in CPC history because it set down an agenda for reform. At this meeting, the CPC decided a shift in focus from class struggle to economic development. In 1984, the CPC also established the objective of developing a 'socialist planned commodity economy'. As the inauguration of a general process of marketization, the aim of the reform for public service units was to 'push into the market' (World Bank 2005). 'Contract responsibility systems' of various forms were introduced to implement 'budget contracting' (*yusuan baogan*). This reform generated conflicts in relation to budgeting and many new regulations were published to resolve them. The MOF gained control of accounting regulation and restored the unified accounting system. Thus, during this wave, 'China still operated a central planning system' (Xiao, Weetman, and Sun 2004). Also during this period foreign investment entered China and led to business accounting changes in the direction of western accounting.

General budget regulation

Interestingly, no changes were introduced at the level of general budget regulation during the first wave of reform. The budget was still regulated by the provisions set in 1951, although major changes were taking place in the fiscal system during the same period (Shue and Wong 2007; Tsai 2004; Wang 1997; Wong 2005a, 2005b, 2005c).

Accounting law

The first accounting law in China was announced on 21 January 1985 [Chairman 21] by Chairman Li Xian Nian (having been passed by the Standing Committee of the 6th National People's Congress), though drafting had commenced in 1980. Chinese historians tend to agree that after the Cultural Revolution accounting was in a chaotic state, fraud and false accounting were common. The accounting law was passed against this background.

During this early stage of reform, the accounting law was implemented in a planned economy; it was mainly for state-owned units. When private units began to appear the law was revised (in 1993) (Yu 1994). In an attempt to address the increasing incidence of accounting fraud, the revised law required the unit's leader to ensure that the accounting materials were 'legal, true, correct and complete' (Article 4), and clarified those responsible for ensuring this outcome.

Public sector accounting regulation: financial management rules

In addition to accounting regulations designed to address recording, calculating and reporting, the financial management rules (*cai wu gui ze*) concerned the regulation of investment management, asset management and profit distribution. Although they concerned financial management, they contained overlaps with the accounting regulations.

The first document on financial management rules was produced by the MOF on 12 October 1985, *Financial Management Rules in Shiye Danwei after the Reform of the Salary System* [Caiwenzi 559]. The background to the rules was the reform of the salary system in 1985. This moved from an egalitarian structure of remuneration to a salary system based on tasks and responsibilities in administrative units and PSUs. In this sense, the document was a milestone in the overall process of change, implementing economic incentives, both for people and entities. A salary bonus system was established and the resultant balances were allocated to one of the three categories: the business development fund, the employee welfare fund and the employee reward fund.

At this stage, the government encouraged *shiye danwei* to generate income in order to decrease the government grant. Because of the different character of *shiye danwei*, some became financially independent while others remained totally reliant on the budget fund. The 1985 document constituted the first regulation that established different rules for different kinds of *shiye danwei*.

Public sector accounting regulations: accounting system for units (Danwei)

No new regulatory framework for *danwei* was issued during this wave. The 1966 system was simply reintroduced, without additional innovations. The regulation represented the restoration of what was established in the 1966 regulation, but was suspended soon afterwards, during the Cultural Revolution. Thus, this was merely an incremental change to the planned system, not yet reflecting the Open Door reforms. However, the regulation suggests that some order was being restored to accounting following the Cultural Revolution. In the context of time pressure, rulemakers looked backward and re-established an earlier accounting regulation rather than devise a new regimen in the wake of the changed economic paradigm.

Public sector accounting regulations: accounting system for financial departments

The decentralization of fiscal revenues and expenses in the 1980s prompted the reform of the budget accounting system (Zan and Xue 2011). On 5 October 1983, the MOF issued a new document on the *Accounting System in Financial Departments* [Caiyu 14] which replaced the 1963 *Accounting System in Local Financial Departments.* This revision was the first accounting regulation to be issued after the Cultural Revolution.

Article 1 of *Accounting System in Financial Departments* defined the function of general budget accounting as the accounting used in the MOF and financial departments of various levels of government, for calculating, reflecting and supervising national and local financial general budget implementation. It was stated that: 'The *general budget accounting* in city or higher levels, should not only involve the compilation of their own statements, but also the consolidation of the affiliated general budget accounting statements of the whole province or region'. A focus on the central aggregation of data, national accounting and an emphasis on the macroeconomic were apparent in this regulation.

At this stage, the distinction already existed between budget and extra-budget deposits, that is, resources that were not provided by the government, and thus do not have to be approved by NPC. How to account for these was to become a key issue in debates during the following wave.

Compared with the 1963 system, this was an accounting system more typical of a planned economy. The requirements on accountants were more political than professional. For example, Article 5 of *Accounting System in Financial Departments* stated that 'the accountants in all levels of financial departments should study Marxism, Maoism, and the four basic principles… strictly follow laws and regulations… keep national secrets, struggle with all kinds of behavior that would harm the nation's interests'. Such words did not exist in the regulations of the 1963 system. It also required the *shou-fu* bookkeeping system that had been introduced in 1966 (as seen in Table 1).

Wave 2 – between plan and market

In 1987, the 13th Central Committee of the CPC announced a planned commodity economy. This was a new economic system governed by planning and the market – where 'the state adjusts the market, while the market guides enterprises' (Report of Premier Zhao Ziyang in CPC Conference, 1987). Business accounting reform extended from foreign-invested companies to some state-owned companies. The role of the Communist Party in establishing guidelines and setting priorities emerged clearly in this development, mobilizing its professional skills and powerful discourses (Straussman and Zhang 2001).

General budget regulation

After re-establishing accounting and control over the state apparatuses, a major process of change toward decentralization occurred at different levels during the 1980s (Zan and Xue 2011). On 21 October 1991, more than 10 years after the fiscal reform, the State Council announced a new general budget regulation: *Regulations on National Budget Management* [Guofa 90]. This regulation was much more comprehensive than that of 1951. It also set down legal liabilities, which were not mentioned in previous regulations. From an institutional point of view, two major elements need to be emphasized. First, the regulation introduced a dialogue between different administrative levels which was absent from earlier documents. For example, articles 3 and 22 contain a detailed description of the responsibilities of those operating at different levels. Second, the *Regulations* did not introduce any incentive mechanisms for individual institutions given that 'losses shall be covered by the centre, and savings must be returned to the centre'.

Another important feature of the 1991 regulation is that it began to distinguish between operational and capital expenditure. It required a change from a single budget system to a dual budget system. A single budget refers to a situation where one budget covers everything, while the dual budget system divides the revenue and expenditures according to their natures. For example, one budget shows daily revenue and expenditure, while another, called the 'construction budget', shows the revenue and expenditures of construction (what in the West, but not in this context, would be referred to as 'capital').

Accounting law

Although at a more general level reforms were transforming the overall economic structure and more and more non-state-owned enterprises and units appeared, no changes were made to any accounting law during the period of the second wave.

Public sector accounting regulation: financial management rules

Since there were no rules to regulate the market behavior of *shiye danwei*, the marketization reform caused many problems. For example, the budget and final accounts of *shiye danwei* only showed the government grant received and expenditures incurred, not their own sources of income. To address this problem, the MOF issued *Financial Management Rules in Shiye Danwei* [MOF 2] on 5 January 1989. This regulation defined three units for budget purposes: fully financed, partly financed and financially independent, and the corresponding financial management regulations for each. It required *shiye danwei* to reveal all sources of income in the budget, both the government grant and other income generated by themselves. In order to help *shiye danwei* operate in the market, the *Financial Management Rules* also required the government financial department to set up for them a 'revolving fund', a special loan fund.

Public sector accounting regulations: accounting system for units (Danwei)

On 17 September 1988, the MOF introduced *Accounting System in xingzheng danwei and shiye danwei* [Caiyu 52]. This was based on the accounting law and the regulation of 1966. The 1988 regulation required *xingzheng danwei* and *shiye danwei* to use a cash basis of accounting, but also allowed some simple cost accounting. *Shou-fu* bookkeeping was still used in the banking industry, by PSUs and the government. This required that extra-budgetary income should match extra-budgetary expenditure. It also required corresponding accounts for extra-budgetary funds. All of this made the regulation rather complicated and ambiguous. However, according to Zhang (2000), this accounting regulation 'contributed greatly to the transformation of *shiye danwei* management style from "unified state control over income and expenditure, highly centralized management" to "unified leadership, management at different levels"'.

Public sector accounting regulation: accounting system for financial departments

Many fiscal and budget regulations were introduced between 1984 and 1988 to deal with newly emerging problems. The 1983 regulation was no longer deemed suitable and, on 16 September 1988, the MOF issued *Accounting System in Financial Departments* [Caiyu 53].

Minor changes were introduced in 1988 to the chart of accounts (perhaps to take account of changes that occurred after 1983) and the meaning of some terms was clarified.[6] The regulation also began to talk about professional ethics, though interestingly, accountants were still expected to study Marxism and Maoism (article 7). The regulation clearly stated that general budget accounting was to be cash-based, and the accounting records should conform to *The Method of Managing of Accounting Archives* issued by the MOF and the State Archives Bureau in 1984.

Wave 3 – the 'Socialist Market Economy'

Economic reforms changed the country and raised fears that they were inconsistent with socialism. Conservative opinion was antagonistic to reform because the market economy was regarded as capitalistic. At the end of 1990, Deng Xiaoping pointed out 'the difference between capitalism and socialism is not plan or market. Socialism also has a market to adjust; capitalism also has a plan to control'. In early 1992, he pointed out again that planning and the market are only economic tools, and not the determining symbol of capitalism or socialism.[7] In the same year, in his report to the 14th

[6] For example, in 1983, there was an account called deposit in the agricultural bank, but it disappeared in 1988.

[7] 'Deng Xiaoping is known as the 'chief architect' for China's reform and opening up policies, claimed Ding Chun, an economics professor at Fudan University. 'China didn't clearly articulate that the goal of economic reform was to establish a socialist market economy until 1992 when Deng Xiaoping made his south China tour and gave speeches on the market economy' (*PLA Daily* 2004).

CPC conference, Jiang Zemin said that the aim of Chinese economic reform was to set up a socialist market economy. In 1993, the third plenum of the 14th CPC published ‘Decisions on setting up the socialist market economy’, which formally established that a market economy was the goal of economic reform. With this shift, Chinese business accounting became more convergent with international accounting.

But the reform of public sector accounting was more gradual (even today some features of accounting associated with the planned economy remain). During this wave, the government not only allowed some *shiye danwei* to operate like profit-seeking enterprises, it also allowed private capital to invest in education, healthcare, science research and cultural fields (Jing 2006). On 25 October 1998, the State Council enacted the *Interim Regulations for Shiye Danwei Register* (revised on 27 June 2004). This was perceived as a significant milestone in the regulation of *shiye danwei*.

A complex set of goals underpinned the *Interim Regulations*. Among the most important were: to ‘redefine the role of government’, ‘improve finances’, ‘reorganize the PSU sector’, ‘strengthen accountability’ and ‘organize reforms’ (World Bank 2005).[8] The budget problem and the need to contract the public sector were also perceived as important issues (Caulfield 2006; Straussman and Zhang 2001).

General budget regulation

The year 1994 was important in China’s history of fiscal and administrative reforms. Many new laws and regulations appeared, with the budget law being one of the most important. According to Chen (1995)

> lacking a budget law caused a lot of problems, for example, the budgeting process was obscure, the relationship and responsibilities across different governmental levels and their financial departments were implicit, the approval of budget was not strict, and the implementation was very loose.

When the budget law came into force in 1994, the *Regulations on National Budget Management* of 1991 were invalidated. The budget law introduced some improvements. For example, Article 40 required the government to arrange expenditures according to the draft budget before the draft was approved. Article 44 in the budget law required the budgeted expenditures in the previous year to be taken as a point of departure. The law also contained a chapter concerning the examination and approval of budgets, which emphasized the supervisory status of the People’s Congress.

Accompanying the budget law, the State Council promulgated a *Regulation for the Implementation of the Budget Law*. This explained the law and further classified government budgets into four forms: the government public budget, the state-owned assets operation budget, the social security budget and other budgets (article 20).

As the first budget law in China, it was far from perfect, and many problems arose as a result (Wang 2005). The law did not specify with sufficient clarity the rules relating to the construction and regulation of the budget. For example, the law offered little guidance on the question of how to use a surplus. In consequence, government departments tried their best to gain more income, because this meant they could spend more, and this was beyond the supervision of the People’s Congress.[9] In recent years, the National Audit Office identified large amounts of funds outside of the budget. Two other aspects of the budget law are also often questioned. One concerns the opaqueness of the budget process. According to Gao and Ma (2004), ‘Although the current government budget is also public to society, besides its limitations of not covering all the government income and expenditures,

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[8] In particular, ‘strengthening accountability’ involved ‘establishing and enforcing performance management compacts… strengthening financial accountability …deepening the reform of personnel and compensation system… empowering clients’.

According to the 2005 budget implementation report made by Ministry of Finance in the fourth plenum of the 10th National People’s Congress, central government had revenue of 161.900 million RMB above that budgeted in 2005.[9]

it is rough and hard to understand'. The other relates to unclear legal liabilities. There were only three articles (73, 74 and 75) relating to legal liabilities, and they only concerned administrative penalties. There were no related articles relating to criminality, and in practice, these three articles are seldom invoked (Zhu and He 2008).

There were also doubts about the extent of 'consolidation'. Rather than aggregating income and expenditures according to different departments and offices (with the aim of consolidating, for example, cultural heritage at the county/city/province/national levels), the system simply pursued more aggregate forms of totalization, that is, total incomes and expenditures at different governmental levels: county, city and province.

Accounting law

On 29 December 1993, the Standing Committee of the 8th NPC passed the 'Decision on Revising Accounting Law of PRC' and the resultant statute was enacted on the same day. This enactment was based on the revised constitution of March 1993 which set out the socialist market economy. However, the new law was very similar in structure and contents to its predecessor of 1985. References to the new economic and political context represented a sort of ceremonial genuflection, rather than a change in the substance of the accounting law.

Indeed, the 1993 accounting law contained many articles that were only appropriate to a planned economy. Not surprisingly, given the direction of the reforms and the path of economic development, an increasing number of problems with the law appeared. Some of its articles were no longer suitable and some emerging issues were not covered by it. In March 1999, the Constitution was revised again to protect non-state-owned property. This required that the accounting law be updated, and a new law was passed on 31 October 1999 by the Standing Committee of the 9th National People's Congress.

The accounting law of 1999 revised most of the articles of its 1993 predecessor. The goal of the legislation changed to ensuring that accounting information was 'true and complete'. Because in a planned economy accountants were seen as working for the nation rather than for the units, they were accorded responsibility for supervising the economic activities of the entity. But with the development of the market economy, accountants were increasingly seen as employees of the entity, and the unit leader assumed responsibility for accounting and information quality. Provisions relating to legal responsibility were more detailed and practical. At the end of 1999, criminal law also contained a new article on legal responsibilities in accounting.

Public sector accounting regulation: financial management

A new document *Financial Management Rules in Shiye Danwei* was introduced by the MOF on 22 October 1996 [MOF 8]. This revision described the management of income, expenditure, assets and liabilities, and how to distribute balances. For example, it was specified that the disposal of fixed assets must be approved by the management at the level appropriate to the value of the asset. It separated the income and expenditure of *shiye danwei* into two parts: daily operating activity and other business. It also provided guidelines on financial analysis and defined some ratios for this purpose though these were seldom applied in practice. According to Lou (2002), *Financial Management Rules in Shiye Danwei* also abolished the three categories of units (fully financed, partly financed and financially independent). However, according to our empirical findings (Zan and Xue 2011), the distinctions remained in practice.

In 1998, the first *Financial Management Rules in Xingzheng Danwei* [MOF 9] were also enacted. This contained 11 chapters, which were related to budget procedure, income, expenditure, surplus and allocation rules. The differences with accounting systems in *shiye danwei* mainly concerned categories and names, defined according to nature and tasks. For example, there were five kinds of income for *shiye danwei* (government grants, grants from superior units, income from operations, income submitted by the affiliated units and other income), while in *xingzheng danwei* there were only three kinds of income (government grants, extra-budgetary income and other income). Any financial surplus in *xingzheng danwei* did not have to be allocated to different funds as in *shiye danwei*, the surplus would simply be carried forward to the next year.

Public sector accounting regulation: accounting system for units (Danwei)
For many years, *shiye danwei* (PSUs) were seen as similar to *xingzheng danwei* (administrative units). Indeed, it should be recalled that 'PSUs began as administrative instruments of a centrally managed economy, not as freestanding agencies with broad operating discretion' (Schick 2004, 3). Staff operated under the same personnel system as civil servants (World Bank 2005). Following the 1997, accounting reforms *shiye danwei* were subject to separate accounting regulations from *xingzheng danwei*. In 1998, the MOF conducted some internal restructuring and the accounting regulation of *shiye danwei* was transferred from the budget department to the accounting department.[10] This reform was seen as a signal that the MOF had begun to perceive *shiye danwei* as similar to enterprises rather than as administrative units. In 2004, the accounting department of the Ministry introduced accounting regulations for private non-profit organizations. Some of the major regulations are noted below:

- Accounting standards relating to *shiye danwei* were introduced by the MOF on 28 May 1997 (Caiyuzi 286). Accounting standards are, of course, part of the Anglo-American accounting tradition. With economic reform, China adopted more international rules culminating in the establishment of the first accounting standard for its PSUs. This defined the elements of accounting, their evaluation and recognition. Unlike business accounting, the standard did not refer to 'expenses' (*fei yong*) but used the term 'expenditure' (*zhi chu*) to match with income. Expenses were defined as outlays or losses incurred by a *shiye danwei* in the course of operating and other activities as well as expenditures incurred on basic construction projects. This standard stated clearly that accounting in *shiye danwei* should usually apply a cash basis, but the business income and expenditures could be accounted for on an accruals basis. This likely reflects the fact that under the reforms some *shiye danwei* operated like business enterprises. It was stated in the standard that accounting departments should review and totalize the accounting data of subordinate units. It also changed the accounting reports from statements of variations in funds to statements of assets and liabilities and of financial flows. For the first time, the accounting regulation referred to notes to the financial statements.
- Regulations concerning the accounting systems of *shiye danwei* were introduced by the MOF on 17 June 1997 [Caiyuzi 288]. These defined the accounting system to be used in order to implement the accounting standards (above). As with all accounting systems, this was to be a national and uniform system. The regulation detailed the chart of accounts, procedures relating to each account, the closing of accounts and the format of vouchers, ledgers and the accounting report. This was a crucial document for it regulated (and still regulates) the basic accounting processes of almost one million PSUs in China, and marked a clear break from the national(ist) *shou-fu* accounting framework introduced in 1966. In fact, *shou fu* bookkeeping was abolished and the debit and credit method was established. The accounting report regulated here was called 'The statement of assets and liabilities'. However, this was not a conventional balance sheet, but rather a combination of a balance sheet and an income statement. It comprised five parts, based on the equation: Assets + Expenditure = Liabilities + Net assets + Income (Table 4).[11] It

[10] The Ministry of Finance used to have several departments for establishing accounting regulations. The accounting department was responsible for business accounting, while the budget department was responsible for budget accounting.

[11] According to Zan and Xue (2011, 46), "During the whole fiscal period, the A + E = L + N + I table works constantly, providing a picture of economic and financial flows 'in real time'. It is a complex tool, not without its own consistency, and rather easily understood in accounting contexts that are familiar with the T-format. Rather than presenting Assets, Liabilities, and Net assets, the part of the Net assets which is made up by profit (or result, or surplus) of the current year is expanded into expenditures and income… At the end of the year the section about expenditures and income in the table… is collapsed into the complete value of Net Assets… and the A + E = L + N + I table gives rise to a normal assets and liabilities table (A= L + N). At this stage, one would argue, details about the formation of surplus would be reported in the Statement of Income and Expenditures.

represents a form of financial statement that is much closer to international accounting conventions compared with previous forms of reporting (compare with Table 1). Because the accounting report contains a fixed list of items that cannot be modified by an individual entity problems of limited adaptability exist (Zan and Xue 2011).

- The 1997 regulation also required the compiling of a statement of income and expenditure though there was limited emphasis on profit. Neither did the financial statements contain much detail about assets with the result that the MOF had little idea about how many state-owned assets there were in *shiye danwei*. This led to later regulations, such as *Liquidating and Checking Assets in Budget Units* in 2000 (Caiqingzi 3) and the *Interim Measures for State-owned Assets Management in Shiye Danwei* in 2006 (MOF 36).
- Regulations concerning the accounting systems of *xingzheng danwei* were introduced by the MOF on 25 June 1997 [Caiyu 49]. These required the use of debit and credit bookkeep ing methods, cash-based accounting and historical cost accounting. The regulations defined assets, liabilities, net assets, income and expenditures. It was provided that *xingzheng danwei* would not charge depreciation on fixed assets. Because of the nature of *xingzheng danwei*, the chart of accounts was different from *shiye danwei*. For example, there was no intangible assets or tax payable. However, the format of the balance sheet was similar to *shiye danwei* although the names of the items were often different. This accounting regulation for government administrative bureaus remains in force at the time of writing.
- Regulations relating to the accounting systems of private non-profit organizations were introduced by the MOF on 18 August 2004 [Caikuaizi 7]. Strictly speaking, private non-profit organization accounting does not belong to national budget accounting. Before the period of reform, all public service units were owned by the state. For a long time, the same budget accounting system was applied to the newly emergent private non-profit organizations. The regulations of 2004 for the non-profit organizations bear similarities with international accounting standards. For example, they apply the accrual basis, refer to expenses and costs rather than 'expenditures', and contain a conventional balance sheet and cash flow statement. This regulation represents a significant step toward conformity with the international accounting regime.

Table 4

Public sector accounting regulation: accounting system for financial departments
Economic development and the revision of the accounting law in 1993 necessitated the reform of the budget accounting system for financial departments. The MOF introduced a new general statement on the *Accounting System for Financial Departments* [Caiyuzi 287] on 25 June 1997. 'The goal of this reform was to initiate the establishment of scientific and standardized management models and operating mechanisms for budget accounting' (Lou 2002).

With the impact of the new socialist market economy and new laws, especially the budget law, *Accounting System for Financial Departments* was quite different from its predecessors. For the first time, accounting regulation referred to internal control, foreign currency and minority national languages. It stated that changes in accounting methods should be disclosed, and that special funds should be used for special purposes. Informed by international norms, it explained the principles of accounting and abolished the Russian-style fund accounting system. It also defined accounting terms and bases of measurement. This regulation established codes for each account category, altered the names of most of the accounts and offered more detailed explanations of them. It required that accounting reports should include a balance sheet, a budget implementation statement and a statement of loans. Also, for the first time, it contained articles about using computers in accounting.

Discussion
In this article, attention had focused on the turbulent history of Chinese governmental and nonbusiness accounting during the period of reform after 1978. In order to disentangle the complexity

of accounting change, the most important regulations have been described and grouped in periods of concentrated activity. Three major *waves* of change have been identified. In order to provide a more insightful understanding of this process, a further analytical step is needed with a view to identifying continuity and change within each of the major *streams* of regulation (budget regulation, accounting law, other public sector accounting regulations). This will allow us to identify *phases* of change.

Continuity and change in streams of regulation
It is interesting to focus on each of the streams of regulation in order to identify patterns of continuity and change with the aim of distinguishing what was innovative about the regulations and what represents merely incremental change.

Budget regulation
One of the most important discontinuities is represented by the Budget Regulation [Guofa 1991–1990] (subsequently, incorporated in the Budget Law, 1994), which introduced a number of important features. These included: transferring power and resources from the center to the local level and associated elements of administrative control; the consolidation of different governmental levels and defining the roles of financial departments; the definition of items in the budgeting process; detailing procedures and timings for the preparation of draft budgets, their approval and adjustment and stipulations about the preparation of the final accounts. The 1994 Budget Law added two important changes (plus several minor ones). These related to the role of the National Congress in the approval of budgets and a clearer definition of responsibilities between central and local levels. Three periods can thus be identified in the stream of budget regulation. These commenced in 1951, with the discontinuity of 1991, and the improvements introduced in 1994 (Table 5).

Accounting law
Two significant discontinuities can be observed in the development of the accounting law. The first, commencing with the law of 1985 (containing 6 chapters and 30 articles), represents an important step in re-establishing basic rules for accounting in the context of a planned, state-run economy. A degree of homogeneity, or 'standardized accounting behavior', and completeness were introduced. The law related mainly to state enterprises, government agencies and their financial departments at the local and central levels. The structure and content of the accounting law were confirmed in its 1993 iteration. This contained the same chapters and articles and introduced minor changes of language to accommodate the new socialist market economy. The second discontinuity occurred with the passing of the accounting law of 1999. This represented a complete restructuring of its predecessor, contained 7 chapters and 52 articles, with the aim of 'ensuring the authenticity and completeness of accounting documents, strengthening economic management and financial management'. The objects of the law now referred to enterprise and a new chapter was included on 'Special provisions for companies and enterprises'. Several technical instructions were introduced on matters such as books of account, the valuation of assets, consistency over time and the components of the financial statements. The law presents elements of accounting discourse that might have been formulated in the West, with the exception of initial references to the socialist market economy. Thus, three periods can also be identified in relation to accounting law: a first period where law was absent, a second featuring the innovation of 1985 and marginal changes in 1993; and a third commencing with the passing of a completely new law in 1999.

Public sector accounting regulation
Analyzing the various public sector accounting regulations (relating to financial management rules, the accounting system for *xingzheng* and *shiye danwei* and the accounting system for financial departments) is more complex:

a) *Financial management rules*. These represent a parallel stream of documents which also overlap with 'accounting system' regulations discussed below. Important salary reforms concerning *shiye danwei* were introduced in the first of these regulations in 1985 [Caiwenzi 559]. The 1988 regulation [Caiyu 52] introduced the distinction between fully financed, partly financed and self-financed PSUs. Different rules concerning employees' welfare and reward funds were established for the three types of PSU and different degrees of freedom were permitted between them in relation to state salary policy. Later revisions of the rules, such as 1989 MOF #2 and 1996 MOF #8, are mostly guidelines concerning 'accounting systems' (see below). The three periods identified in Table 5 are, thus, the initial innovation in 1985, the reform of 1989 and the period from 1996 onward.

b) *Accounting system for xingzheng and shiye danwei*. In these cases, the new regulations following the start of the Open Door Policy came later, in 1988 [Caiyu 52], than for financial departments, and explicitly referred to the new accounting law. The regulation applied to both administrative units of the government at different levels (*xingzheng*) and operating units providing services (*shiye*). Crucial distinctions were introduced between *danwei* (units) which were either financed wholly by the state, partly by the state or were financially independent. Double entry and a cash basis of accounting were explicitly referred to, and the format of the accounting report was defined in a way similar to that for the financial departments (funds sources, funds uses and fund balance). The regulation issued in 1997 [Caiyuzi 286] treats governmental units (*xingzheng*) and PSUs (*shiye*) separately. In relation to PSUs, the 1997 regulation introduced important accounting standards and principles (such as going concern, double entry, cash basis, historical cost, and a form of true and fair view). Detailed instructions concerning assets, liability, net assets, revenues and expenditures were also introduced. Standard documents for inclusion in accounting reports were specified (balance sheet, statement of expenditure and revenue and details of expenditures according to the 'national budget expenditure accounts'; capital budget statement; notes to the financial statements). The consolidation of auxiliary units was also prescribed. To implement this regulation, the document [MOF 288] added important details, concerning both the chart of accounts (now based on the equation Assets + Expenditures Liabilities + Net Capital + Revenues), prescribed formats and instructions. Thus, in relation to accounting for *xingzheng and shiye danwei*, two major discontinuities can be identified: the 1988 innovation and the regulations of 1997.

c) *Accounting system for financial departments*. The 1983 regulation [Caiyu 14] commenced the wave of innovations in accounting and budget reforms following the Open Door Policy. It defined the basic role of the financial departments of the MOF operating at both central or local level. It also addressed fund allocation and the organization and control of the budgets and final accounts of *danwei*/entities. Double entry and a cash basis of accounting were explicitly referred to, and an accounting table was defined (funds sources, funds uses, fund balance). Definitions were provided and related instructions were supplied. A crucial role was played by financial bureaus in consolidating accounting statements at each level, with a view to formulating the 'national budget revenue and expenditure accounts'. The same overall structure was reflected in the regulations of 1988 [Caiyu 53], which introduced minor changes to the accounting table. The regulations issued in 1997 [Caiyuzi 287] changed the scene more radically, introducing an assets/liabilities/equity framework for financial departments. Additional accounting principles were introduced (such as, accounting methods should be applied consistently). The outputs of a consolidation process were now referred to as 'the government final accounts'. Here, the discontinuities are, thus, identified as the 1983 regulation (as amended in 1988), and that of 1997.

Table 5

From waves to phases: making sense of accounting change

Based on this understanding of discontinuities and periods of change within each stream, Table 5 reveals another stage in our analysis. As is often apparent in investigations of multilevel and multidimensional processes of change, matters become complicated. Even in cases such as China where policy uniformity across different arenas may be intended, charting administrative transformations can become fuzzy due to implementation delays, possible overlapping and a temporary lack of consistency between different levels of activity. However, taking into account the periods of continuity and change identified within each stream of regulation, four main phases can be identified in charting the transformation of public sector accounting in China.

These phases do not coincide precisely with the timing of the waves we have identified. Some regulations are temporally located in one wave, but they are anticipate innovations that characterize the subsequent wave. An example is the accounting law of 1985. This also means that the phases identified do not coincide mechanistically with broader political periodization. Rather than the usual distinction between the three stages comprising Open Door Policy, between plan and market and socialist market economy, the structure of Table 5 suggests four main phases of accounting change after 1978. These are characterized as restoration, revision, innovation and maintenance:

- *Restoration*. At the early beginning of the Open Door period, the urgent task was to reconstruct regulations after the damage inflicted by the Cultural Revolution. Therefore, the 1966 regulation was reintroduced. The regulation was characteristic of the planned economy. For example, it required the use of a receipt-payment instead of a debit–credit form of bookkeeping. The accounting reports were also rather peculiar (Table 3) and by re-installing accounting practices to their state before the Cultural Revolution, they were not innovative.
- *Revision*. In the second phase, in accordance with economic and organizational reforms, three kinds of *danwei* were recognized and regulated differently (fully financed, partly financed and financially independent). Some *shiye danwei* were 'pushed into the market', and regulations about the financing of these units were introduced. But the changes to the financial and accounting systems were not radical. They did not introduce incentive mechanisms, nor define conditions of economic responsibility as no data about surplus or loss were provided in the financial report, and, more importantly, surpluses were not retained by the unit and losses were covered by the center.
- *Innovation*. In the third phase, major innovations took place, marking the most important discontinuity. The Budget Law came into force and clarified the rights and responsibilities of governments in compiling and implementing the budget. Emphasis was placed on the authority of the People's Congress in the budgeting process. The accounting law of this phase changed the hitherto weak requirements concerning the responsibilities of accountants. It required the management of the unit to assume responsibility for the quality of accounting information. Further, the financial management regulation and budget accounting regulations of this phase were separate for *shiye danwei* and *xingzheng danwei*. Debit–credit bookkeeping was reintroduced. The main financial reports were to have five parts and comply with the following formula: Assets + Expenditure = Liabilities + Net assets + Income (Table 4).[12]
- *Maintenance*. Although our list of regulatory documents in Table 5 ends in the late 1990s, this does not imply that nothing happened in the following years. In fact, a number of regulations issued between 1998 and 2008 are shown in Table 2. These include the treasury reform and related regulations, government procurement reforms, extra-budgetary fund control, regulations relating to the management of state-owned assets in *shiye danwei* and other regulations relating to accounting or financial management. Efforts to maintain reform of the state were ongoing. According to Straussman and Zhang (2001), a 'seventh government organizational reform' started in 1998. In the context of the dramatic changes in China of recent times what emerges in this phase is a relatively long period of consolidation and comparative stability.

This foregoing narrates public sector accounting change to 2008. Further reforms have been discussed in China since then. For example, in relation to budget regulation the NPC began revising

[12] The financial reporting format still does not conform to the conventional balance sheet and income statement (Zan and Xue, 2011). It also contains some internal inconsistencies. As organizational performance is not determined by the generation of surplus or loss, this number is not shown in any reports. Another income and expenditures statement is required to show the results of budget implementation. This is mainly used as a reference for compiling the budget of following year.

the budget in 2004. Seven years on the budget law is still under discussion.[13] Public sector accounting regulations present various problems and both practitioners and academics call for their revision. In 2010, the MOF promulgated an *Accounting System for Hospitals* [Caikuaizi 27] and issued an exposure draft on *Accounting System for Universities*. According to Liu (2010), 'even though we have not started the government accounting reform as a whole, we have made breakthroughs in some points …Now we are ready to develop the basic and specific government accounting standards'. Discussion of these more recent developments belong to another article. In this study, we have sought to understand changes in the past.

Concluding remarks

Although there is increasing interest in the accounting history of China (see, for instance, the special issue of *Accounting, Business & Financial History* in 2003) limited attention has been devoted to examining the processes of transformation in public sector accounting. Western accountants (and accounting historians) have rarely addressed this episode of major accounting change. Language barriers, cultural differences, access to source material and a focus on other research agendas are possible explanations for this.

In this article, we have attempted to chart and contextualize the complex picture of accounting change in the public sector which has unfolded in China in recent times. Our systematic analysis of individual regulations and related documents in terms of *waves*, *streams* with a view to identifying *phases* in the evolution of Chinese public sector accounting, offers researchers a framework in which to pursue further investigations of specific episodes. The periodization identifies phases of restoration, revision, innovation and maintenance. Attention has been drawn to the less linear elements of accounting change and to the existence of uncertainties, overlaps and delays in the development and implementation of regulations.

It is important to note that the periodization offered here is different to that presented in the current literature on public sector accounting change in China, a subject which receives limited academic attention in China itself. This limited attention has consequences for policy development and understanding the processes of change. There are serious risks of inconsistencies emerging in the transformation of accounting *practices* and departures from the kind of prescriptions appearing, for instance, in documents (including accounting *policies*) issued by the World Bank (Zan and Xue 2011).

The reasons for this lack of attention to the historical study of public sector accounting change within China are difficult to identify. There have, of course, been priorities in the present: the need to recover accounting after the Cultural Revolution and move beyond the planned economy, the Soviet model and toward the socialist market economy. These priorities encourage accounting scholars to focus on change in the current day and in the future as opposed to the (embarrassing) past. In such a context, accounting history research is likely to receive little attention.

Additionally, however, our experience of researching in China has alerted us to another phenomenon, a 'generational issue' within the community of Chinese accountants and accounting historians. Many historians appear to adhere to positions that advocates of the 'new accounting history' (a virtually unknown paradigm in China) would rather disrespectfully label as 'antiquarianism' (Hopper and Armstrong 1991). Their focus is often on the distant past and little attention is given to the social and organizational contexts of accounting developments.

Further, more recent entrants to the academic community in China have often received some of their education in the West. Most have been exposed to the mainstream accounting research agendas of North America, where historical investigation is marginalized and where the public sector is less important than in Europe or China itself. There is an emerging generational gap in relation to

[13] Yu Guangyuan, the research director in the budget law bureau of the Standing Committee of the National People's Congress, said: "this time we won't revise largely the budget law, we will focus on tax-sharing budget system reform …departmental budget reform, people's congress review and supervising the budget, use of excess budget revenue, final accounts compilation, the extra-budgetary fund, strengthening the audit supervision of budget implementation etc". (Yu 2006)

what is deemed worthy of research. In a period of rapid change, forward rather than backward looking is prioritized. Exploring the complexities of accounting change during one of the most notable administrative transformations in human history remains, therefore, a major challenge for accounting historians.

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Table 1 1966 Accounting System in Xingzheng Danwei and Shiye Danwei

a) Fund activities table (资金活动情况表)

Budget fund (预算资金部分) Chart of accounts (会计科目分类和名称)	Beginning Balance (年初数)	Ending Balance (期末数)	Other fund (其他资金部分) Chart of accounts (会计科目分类和名称)	Beginning Balance (年初数)	Ending Balance (期末数)
Fund resources (资金来源类)			**Fund resources (资金来源类)**		
Fixed assets fund 固定资产基金)			Budget revenue payable (应缴预算收入)		
Fund distributed in (拨入经费)			Extra-budgetary revenue (预算外收入)		
Fund temporarily deposit (经费暂存)			Other temporary deposit (其它暂存)		
Fund using (资金运用类)			**Fund using (资金运用类)**		
Fund expenditure (经费支出)			Extra-budgetary expenditures (预算外支出)		
Fund distributed out (拨出经费)			Other temporary payment (其它暂付)		
Fund temporarily paid (经费暂付)					
among them, the agreed advance fund payment (其中核定预付款定额)					
Fund balances (资金结存类)			**Fund balances (资金结存类)**		
Cash (库存现金)			Cash (库存现金)		
Bank account (经费存款)			Other bank account (其它存款)		
Fund limit (经费限额)			Other materials (其它材料)		
Fund materials (经费材料)					
Fixed assets (固定资产)					

b) Partly financed budget unit fund activity table (差额预算单位收支情况表)

name of unit (编制单位)			Year month compile (年 月份 月 日编制)		
Items (项目名称)	yearly amount (全年预算数)	Accumulated annual amount (累计执行数)	Items (项目名称)	yearly amount (全年预算数)	accumulated annual amount (累计执行数)
1. business incomes (业务收入)			1. business expenditure (业务支出)		
2. other incomes(其它收入)			2. other expenditure (其它支出)		
3. balance from last year(上年结余收入)			3. expenditure submit to superior unit (上解支出)		
4. grant from superior unit (上级补助收入)			total of expenditure (支出合计)		
			current balance (本期结余)		
			among them (其中)：		
			bank (银行存款)		
			cash (库存现金)		
			temporary payment (暂付)		
total			minus: temporary deposit (减：暂		

			存) materials (库存材料)		

Table 2 – List of most important documents in budget and accounting regulation

Time	Issuing number	Name of the documents
1950-03-03	N.A.	Regulations for Center Government Treasury
1950.12	N.A.	1. Interim General Accounting System for Various Levels of Government 2. Interim Unit Budget Accounting System for Various Levels of Government
1951.8	N.A.	Interim Regulation on National Budget and Final Account
1963	N.A.	Accounting System in Local Financial Departments
1966	N.A	Accounting System in Xingzheng Danwei and Shiye Danwei
1978-12-22	-	Joint Announcement Joint announcement of the Third Plenum of the 11th Central Committee of the Communist Party of China
1983-10-05	Caiyu-14#	Accounting System in Financial Departments
1983	N.A	Interim Measures on the Extra-budgetary Fund Management
1984-06-01	Caiyu-85#	The Method of Managing Accounting Archives
1985-01-21	Chairman21#	Accounting Law of P.R.C.
1985-07-27	N.A	Regulations on national treasury
1985-10-12	Caiwenzi559#	Financial Management Rules in Shiye Danwei after the Reform of the Salary System
1986-04-13	Guofa -44#	The messages on strengthening the extra-budgetary Fund management
1988-09-16	Caiyu-53#	Accounting System in Financial Departments
1988-09-17	Caiyu-52#	Accounting System in Xingzheng Danwei and Shiye Danwei
1989-01-05	MOF-2#	Financial Management Rules in Shiye Danwei
1991-10-21	Guofa-90#	Regulations on National Budget Management
1992-10-12	-	Jiang Zemin's Report at 14th Party Congress
1993-11-14	-	The second Plenum of 14th Central Committee of the CPC report 'Several Decisions on Setting up the Socialist Market Economy'
1993-12-29	Chairman-17#	Accounting Law of P.R.C.
1994-03-22	Chairman-21#	Budget Law
1995-11-02		Regulation for the Implementation of the Budget Law
1996-06-17	Caikuaizi-19#	Accounting Basic Work Rules
1996.7	Guofa-29 #	The Decisions of Strengthening the Extra-budgetary Fund Management
1996-10-22	MOF-8#	Financial Management Rules in Shiye Danwei
1996-11-18	MOF-104#	Implementation Measures of Extra-budget Fund Management
1997-01-21	Caiwenzi-6#	The Circular about Several Regulations on Shiye Danwei Budget Management
1997-05-28	Caiyuzi-286#	Shiye Danwei Accounting Standard.
1997-06-25	Caiyuzi-287#	Accounting System for Financial Departments
1997-06-25	Caiyuzi-49#	Xingzheng Danwei Accounting System
1997-06-25	Caiyuzi-288#	Shiye Danwei Accounting System
1997-07-10	Caikuaizi-23#	Accounting Basic Work Standardization Management Methods
1997-10-17	Caiyuzi-352#	The Circular about Converging with the New Shiye Danwei Accounting System
1998-01-19	MOF-9#	Financial Management Rules in Xingzheng Danwei
1998-08-21	Caikuaizi-32#	Regulations for Accounting Archives
1998-10-25	Guofa-252#	Interim Regulations for Shiye Danwei Register
1998-12-29	Caizongzi-168#	Employee Apartment Fund Financial Management in Xingzheng Danwei and Shiye Danwei
1999-10-31	Chairman 24#-	Accounting Law of P.R.C.
1999-06-11	Caizongzi-88#	Regulations on Extra-budgetary Fund Bank Accounting Management in Xingzheng Danwei and Shiye Danwei
1999-10-14	MOF-87#	Several Rules on Managing the Administrative Charges and Fees in the Way of “Separating revenue as Two lines” Method
2000-04-07	Caiqingzi-3#	Liquidating and Checking Assets in Budget Units
2001-03-16	Caiku-24#	The Financial Budget National Treasury Reform Plan
2001-07-27	Caiku-54#	The Accounting for Experiment Areas of Financial Treasury Reform
2001-11-19	Caiku-63#	Supplementary Regulations on the Financial General Budget Accounting System

2002-03-05	Caitong-4#	The Final Accounts System in Xingzheng Danwei and Shiye Danwei
2002-06-28	Caiku-38#	Center Unit Receive Extra-budgetary Fund Management Reform Plan
2002-06-29	Chairman 68#	Government Procurement Law
2002-07-09	Caiku-35#	Implementation Regulation of Government Procurement Law
2003-03-13	Caizong-12#	Checking the Center Department and Units Charges and Government Fund "Separating Revenue and Expenditures as Two Lines"
2003-07-10	Caikuai-21#	Notice of the Ministry of Finance on Printing and Distributing the Procedures for the Formulation of Accounting Rules
2004-06-27	Guofa-411#	Revise of the Register Regulation of Shiye Danwei
2004-08-18	Caikuai7#	Private Non-profit-organization Accounting System
2004-12-30	Caiku-90#	Interim Regulation for Year End Residual Fund Accounting after the Treasury Management Reform
2006-04-13	Caiku-25#	Circular of Financial General Budget Accounting Extra-budgetary Fund Financial Special Accounts after the Government Revenue and Expenditure Category reform
2006-05-30	MOF 36#	Interim Measures for State-owned Assets Management in Shiye Danwei
2006-07-20	Caiku48#	Salary and Allowance Accounting in Xingzheng Danwei and Shiye Danwei
2007-12-20	Caikuai[2007]15#	Accounting System for Farmers' Professional Cooperatives (trial implementation)
2008-01-18	Caiku [2008]1#	Circular of Further Strengthening the Budget Management
2008-02-14	Caikuai[2008]1#	Accounting System for New Rural Cooperative Medical Service fund

Table 3 – The puzzle of Chinese accounting change for public sector: streams and waves

	Planned economy (1949-66)	Cultural Revolution (1966-76)	Reform (1978 onword, Guo third period)																											
			1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Budget regulations	**1951 IRNB**	**?**														**GUO 90**			**ZHX 21**	**BLI**										
Accounting Law		**?**								**CRM 21**								**ZHX 17**						**ZHX 24**						
Public accounting regulation a) Accounting rules										**CWZ 559**				**MoF 2**							**MoF 8**		**MoF 9**							
b) Accounting system for Units (danwei)	**1950 IUAS**	**1966 ASXS**											**CAY 52**									**CYZ 49** **CYZ 286** **CYZ 288**								
c) Accounting system for Financial	**1950 IUAS** **1963 ASFD**	**?**						**CAY 14**					**CAY 53**									**CYZ 287**								
		WAVES						**Wave 1**					**Wave 2**					**Wave 3**												
Periodisation in Current Policy devate			**Opening Door & Administrative Reform (1978-85)**								**Between Plan and Market (1985-92)**							**Socialist Market Economy (1993-now)**												

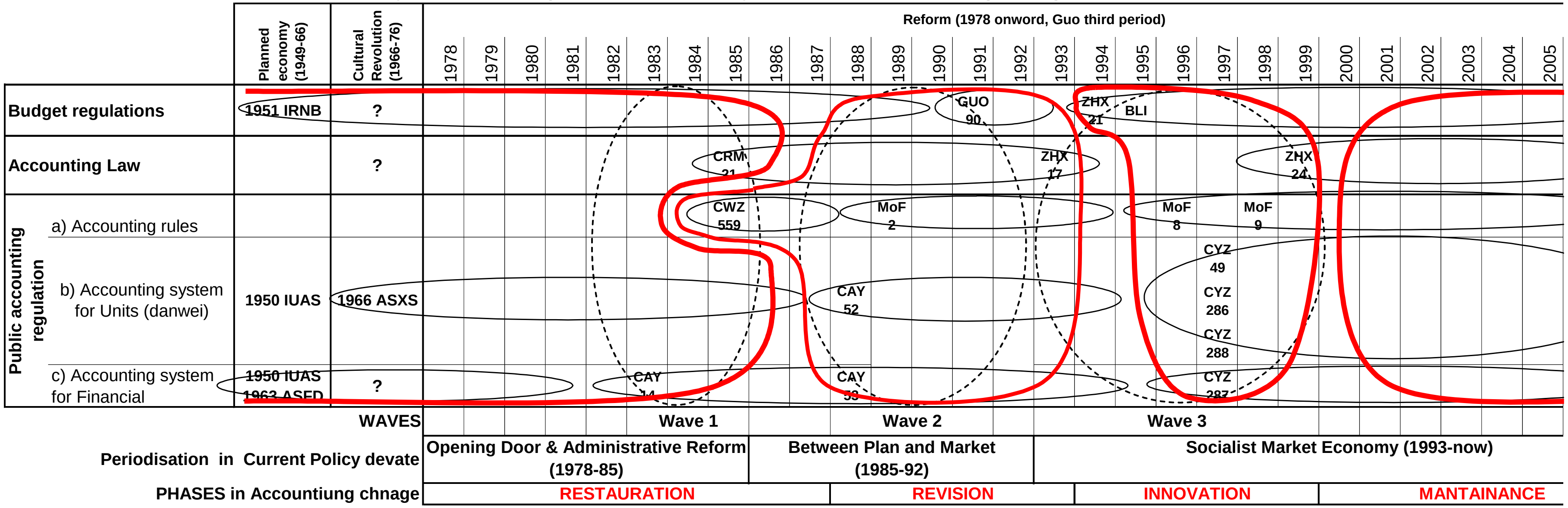
C6	1950 IUAS	1950 Interim general accounting system for various levels of government
C9	1950 IASG	1950 Interim unit budget accounting system for various levels of government
C3	1951 IRNB	1951 Interim regulation on national budget and final account
C10	1963 ASFD	1963 Accounting system in local financial departments
D6	1966 ASXS	1966 Accounting system in xingzheng danwei and shiye danwei
V3	BLI	Regulation for the implementation of the Budget Law
J9	CAY 14	1983.10.5 [Caiyu14] Accounting System in financial departments
O7	CAY 52	1988.9.17 [Caiyu52] Accounting System in xingzheng danwei and shiye danwei
O9	CAY 53	1988.9.16 [Caiyu 53] Accounting system in financial departments
L4	CRM 21	1985.1.21 [Zhuxiling 21] Accounting law
L5	CWZ 559	1985.10.12 [Caiwenzi 559#] Financial Management rules in shiye danwei after the reform of the salary system
X6	CYZ 49	1997.6.25 [Caiyuzi 49] Accounting system for xingzheng danwei
X7	CYZ 287	1997.5.28 [Caiyuzi 286] Accounting standards for shiye danwei
X8	CYZ 288	1997.6.17 [Caiyuzi 288] Accounting system for shiye danwei
X9	CYZ 286	1997.6.25 [Caiyuzi 287] Accounting system for financial departments
R3	GUO 90	1991.10.21 [Guofa 90] Regulations on national budget management
P5	MoF 2	1989.1.5 [Ministry of Finance 2] Financial management rules in shiye danwei
W5	MoF 8	1996.10.22 [Ministry of Finance 8] Financial management rules in shiye danwei
Y5	MoF9	1998.1.19 [Ministry of Finance 9] Accounting rules in xingzheng danwei
T4	ZHX 17	1993.12.29 [Zhuxiling 17] Accounting law
U3	ZHX 21	1994.03.22 [Zhuxiling 21] Budget law
Z4	ZHX 24	1999.10.31 [Zhuxiling 24] Accounting law

Table 4 Format 9 in shiye danwei accounting system (MoF June 16, 1997, Caiyuzi 288)

	资产部类 Assets	年初数 beginning of the Year	期末数 End of the Year		负债部类 Liabilities	年初数 Beginning of the Year	期末数 End of the Year
	一、 资产类 One: Assets				**二、负债类 Two: Liabilities**		
101	现金 Cash			201	借入款项 Loans		
102	银行存款 Cash in bank			202	应付票据 Notes payable		
105	应收票据 Notes Receivable			303	应付账款 Accounts Payable II (Debt owed to other organizations)		
106	应收账款 Accounts Receivable II (debt owed by other organizations)			204	预收账款 Accounts advanced from customers		
108	预付帐款 Advance to suppliers			207	其他应付款 Other Payables		
110	其他应收款 Other Accounts Receivable			208	应缴预算款 Budgeted accounts payable		
115	材料 Inventory			209	应缴财政专户款 Public accounts payable		
116	产成品 Finished goods			210	应交税金 Tax payable		
117	对外投资 Investment				负债合计 Total liabilities		
120	固定资产 Properties						
124	无形资产 Intangible assets				**三、净资产类 Three: Net Assets**		
	资产合计 Total assets:			301	事业基金 Operations Fund		
					其中 including 一般基金 Common Fund		
					投资基金 Investment Fund		
				302	固定基金 Fixed funds		
				303	专用基金 Special purpose fund		
	五、支出类 Five: Expenditure			306	事业结余 Operational Balance		
501	拨出经费 Fund Distributed			307	经营结余 Other operation Balance		
502	拨出专款 Special purpose funds Distributed				净资产合计 Total net assets:		

503	专款支出 Restricted Fund expenditures				**四、收入类 Four: Income**		
504	事业支出 Operation Expenditure			401	财政补助收入 Grant from the state		
505	经营支出 Other operation Expenditure			403	上级补助收入 Grant from the higher authority		
509	成本费用 Operation Cost			404	拨入专款 Restricted appropriation		
512	销售税金 Sales Tax			405	事业收入 Operation Income		
516	上缴上级支出 Payment to the higher authority			409	经营收入 Other Operation Income		
517	对附属单位补助 Grant to the auxiliary organizations			412	附属单位缴款 Payment from the auxiliary organizations		
520	结转自筹基建 Property constructed expenses			413	其他收入 Miscellaneous gains		
	支出合计 Total expenditures:				收入合计：Total revenue		
	资产部类总计 Total Assets				**负债部类总计 Total Liabilities**		

Table 5 – From streams and waves to phases: making sense in Chinese public sector accounting change



C6	1950 IUAS	1950 Interim general accounting system for various levels of government
C9	1950 IASG	1950 Interim unit budget accounting system for various levels of government
C3	1951 IRNB	1951 Interim regulation on national budget and final account
C10	1963 ASFD	1963 Accounting system in local financial departments
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O9	CAY 53	1988.9.16 [Caiyu 53] Accounting system in financial departments
L4	CRM 21	1985.1.21 [Zhuxiling 21] Accounting law
L5	CWZ 559	1985.10.12 [Caiwenzi 559#] Financial Management rules in shiye danwei after the reform of the salary system
X6	CYZ 49	1997.6.25 [Caiyuzi 49] Accounting system for xingzheng danwei
X7	CYZ 287	1997.5.28 [Caiyuzi 286] Accounting standards for shiye danwei
X8	CYZ 288	1997.6.17 [Caiyuzi 288] Accounting system for shiye danwei
X9	CYZ 286	1997.6.25 [Caiyuzi 287] Accounting system for financial departments
R3	GUO 90	1991.10.21 [Guofa 90] Regulations on national budget management
P5	MoF 2	1989.1.5 [Ministry of Finance 2] Financial management rules in shiye danwei
W5	MoF 8	1996.10.22 [Ministry of Finance 8] Financial management rules in shiye danwei
Y5	MoF 9	1998.1.19 [Ministry of Finance 9] Accounting rules in xingzheng danwei
T4	ZHX 17	1993.12.29 [Zhuxiling 17] Accounting law
U3	ZHX 21	1994.03.22 [Zhuxiling 21] Budget law
Z4	ZHX 24	1999.10.31 [Zhuxiling 24] Accounting law