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Research on Policy Recommendations for Mitigating City-County Fiscal Vertical Imbalance and Narrowing County-Level Urban-Rural Disparities

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Abstract

Narrowing county-level urban-rural disparities is a core task for achieving rural revitalization and common prosperity, while the city-county fiscal vertical imbalance at the fiscal system level constitutes the deep institutional root cause of the widening urban-rural disparities. Based on fiscal decentralization theory, urban-rural dual structure theory, urban-rural integrated development theory, and capability approach theory, this paper constructs a theoretical analysis framework and conducts empirical testing using panel data from 122 counties in Guangdong Province from 2017 to 2024. The study finds that city-county fiscal vertical imbalance has a significant positive effect on county-level multi-dimensional urban-rural disparities. On this basis, this paper proposes policy recommendations from seven dimensions: deepening fiscal system reform below the provincial level, improving the transfer payment system, optimizing county fiscal expenditure structure, strengthening fiscal investment in "agriculture, rural areas, and farmers," establishing fiscal incentive mechanisms for urban-rural factor mobility, hardening county fiscal budget constraints, and improving city-county collaborative governance mechanisms, providing practical references for mitigating city-county fiscal vertical imbalance and narrowing county-level urban-rural disparities.

Keywords

Fiscal vertical imbalance; County-level urban-rural disparities; Policy recommendations; Fiscal system reform.

1. Introduction

The Plan for Accelerating the Construction of an Agricultural Power (2024—2035) points out that a strong nation must first have a strong agricultural sector, and only with a strong agricultural sector can the nation be strong. It insists on making the increase of farmers' income the central task of work concerning "agriculture, rural areas, and farmers," effectively improving people's livelihood and well-being. With the implementation of pro-agriculture policies, the level of rural economic development in China has continued to improve, but the problem of unbalanced urban-rural development at the county level still constrains high-quality development. Narrowing county-level multi-dimensional urban-rural disparities is a key link in achieving urban-rural integrated development and governance modernization.

As a means of national distribution, public finance influences all aspects of society through expenditure, transfer payments, and redistribution systems. Narrowing urban-rural disparities cannot be achieved without the effective support of fiscal resources. City-county fiscal vertical imbalance (i.e., the mismatch between the administrative powers and financial resources of city and county governments under the tax-sharing system) is not only a key variable affecting national governance capacity but also directly widens county-level multi-dimensional urban-rural disparities. Therefore, systematically studying the policy pathways for mitigating fiscal vertical imbalance and narrowing urban-rural disparities has important theoretical value and practical significance.

In promoting the coordinated development of urban and rural areas in Guangdong Province, narrowing county-level multi-dimensional urban-rural disparities is an important breakthrough point. Guangdong's "14th Five-Year Plan"[7] emphasizes the implementation of the "Hundred Counties, Thousand Towns, and Ten Thousand Villages High-Quality Development Project" to promote agricultural and rural modernization. In 2024, the per capita disposable income of rural residents in Guangdong reached 26,729 yuan, an increase of 6.3%, and the urban-rural income ratio narrowed to 2.31:1, reflecting the effectiveness of the "Hundred-Thousand-Ten Thousand Project"[1]. However, Guangdong has long faced the dilemma of "a wealthy province with weak counties": in 2022, county-level GDP accounted for only 28%, lower than the national average of 41%, and 57% of counties had per capita GDP below the national average. Taking Guangdong as an example to explore relevant policy recommendations has reference significance for similar regions nationwide.

This paper constructs a theoretical analysis framework, uses panel data from 122 counties in Guangdong from 2017 to 2024, empirically tests the impact of fiscal vertical imbalance on county-level multi-dimensional urban-rural disparities, and proposes policy recommendations from seven dimensions, providing institutional guarantees for deepening fiscal reform below the provincial level and rural revitalization.

2. Literature Review and Theoretical Framework

2.1. Theoretical Basis

The theoretical basis of this paper mainly includes fiscal decentralization theory and urban-rural dual structure theory. Fiscal decentralization theory points out that local governments have information advantages in public goods provision, but under the tax-sharing system, the mismatch between local governments' administrative powers and financial resources easily leads to fiscal vertical imbalance[2][3][4][5]. Urban-rural dual structure theory holds that there is a systematic gap between the traditional agricultural sector and the modern industrial sector; urban-rural integrated development theory emphasizes breaking the dual structure and promoting the free flow of factors and the balanced allocation of public services[6][7]. Capability approach theory further points out that measuring inequality solely by income neglects differences in health, education, and other aspects, and it is necessary to evaluate urban-rural disparities from a multi-dimensional perspective[8].

2.2. Mechanism Analysis

This paper constructs a theoretical framework from city-county fiscal vertical imbalance to county-level multi-dimensional urban-rural disparities: under the institutional pattern of mismatch between financial powers and administrative responsibilities, administrative responsibilities are shifted downward level by level while financial resources are concentrated upward level by level. Municipal governments tend to use their administrative hierarchy advantages to transfer fiscal pressure to county-level governments, exacerbating city-county fiscal vertical imbalance. Under intense fiscal pressure, county governments prioritize the allocation of limited fiscal resources to urban areas and non-agricultural industries, forming an "urban expenditure preference"[9]. This leads to an imbalance in the allocation of human capital investment-type public services such as education and healthcare between urban and rural areas, weakening the "capability"[8] of rural residents, thereby consolidating and widening county-level multi-dimensional urban-rural disparities. In short, this influence is transmitted through the causal chain of "institutional imbalance → behavioral distortion → allocation distortion → capability deprivation → disparity widening."

2.3. Overview of Empirical Findings

This study establishes a two-way fixed effects model, with the level of county-level multi-dimensional urban-rural disparities as the dependent variable and the degree of city-county fiscal vertical imbalance as the core explanatory variable. The regression results show that at the 1% significance level, each unit increase in fiscal vertical imbalance widens the urban-rural income disparity by 0.0521 units. Fiscal vertical imbalance causes local governments to prioritize investment in urban secondary industry under limited financial resources, neglecting rural livelihood construction, thereby widening urban-rural disparities. In terms of control variables, economic development level and government intervention degree are positively correlated with multi-dimensional urban-rural disparities, while industrialization level and regional education level have a narrowing effect.

Robustness checks were conducted through three methods: replacing the dependent variable, replacing the explanatory variable, and shortening the sample period. The results are all consistent with the baseline regression, demonstrating the robustness of the conclusions.

3. Policy Recommendations for Mitigating City-County Fiscal Vertical Imbalance and Narrowing County-Level Urban-Rural Disparities

Based on the above theoretical analysis and empirical findings, combined with the actual development of counties in Guangdong Province and authoritative national policy documents, this paper proposes targeted and operable policy recommendations from the following seven dimensions.

3.1. Deepening Fiscal System Reform Below the Provincial Level to Address the Root Causes of City-County Fiscal Vertical Imbalance

To address the current problems of inverted responsibilities between municipal and county levels and excessive downward shifting of spillover affairs, the division of city-county fiscal administrative powers and expenditure responsibilities can be optimized by combining the theory of consistency of powers and responsibilities. The core of this theory is the matching of power, responsibility, and financial resources, avoiding the disconnect of "having responsibilities without authority, having responsibilities without funds." First, clearly assign affairs with strong spillover effects and wide benefit ranges, such as cross-county infrastructure and watershed ecological governance, to municipal governments as their unified responsibility, clarifying the leading responsibility of municipal governments in cross-regional public services and major infrastructure construction; assign livelihood affairs directly serving county residents with benefit ranges limited to the county level, such as compulsory education, primary healthcare, and urban-rural minimum living allowance, as the core administrative powers of county governments, detailing the specific responsibilities of county governments in livelihood protection and grassroots governance, formulating lists of powers and responsibilities, and ensuring the precise matching of administrative powers and financial resources, thereby reducing the financial burden on county governments at the root. Second, optimize the revenue sharing ratio below the provincial level, with provincial finance appropriately making concessions, focusing on increasing the county-level sharing ratio of shared taxes closely related to county economic development such as value-added tax and corporate income tax, specifically increasing by 5–8 percentage points, ensuring stable county fiscal revenue; simultaneously shift the collection of consumption tax to the consumption terminal, delegate collection authority to the county level, cultivate stable main tax sources based on county consumption characteristics, and enhance county fiscal self-guarantee capacity. Third, comprehensively implement provincial direct management of county fiscal reform, focusing on selecting counties with fiscal difficulties and prominent urban-rural

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disparities, implementing direct management by provincial finance, with provincial finance departments directly determining county fiscal revenue and expenditure scales and allocating transfer payment funds, reducing the intermediate retention and layer-by-layer transfer by municipal governments; establish a direct docking mechanism between provincial and county finance, regularly conduct county-level financial resource demand surveys, and dynamically adjust transfer payment amounts to ensure that transfer payment funds reach counties directly and reach livelihood areas directly.

In terms of implementation path, the provincial finance department takes the lead in conjunction with the provincial development and reform commission and the provincial civil affairs department to comprehensively sort out the prominent problems in the current division of fiscal administrative powers and expenditure responsibilities below the provincial level, and formulate the "Implementation Plan for the Division of Fiscal Administrative Powers and Expenditure Responsibilities Below the Provincial Level," to be issued and implemented within 6 months. Each municipal people's government and each county (city, district) people's government shall, in accordance with the implementation plan, comprehensively sort out their own powers and responsibilities, formulate local implementation guidelines, and complete the adjustment of revenue sharing ratios and the implementation of provincial direct management of county reform within 1 year. The provincial finance department shall establish a normalized supervision and inspection mechanism, organizing special supervision every quarter, and timely notifying and rectifying problems such as fund interception and inadequate implementation of powers and responsibilities.

3.2. Improving the Transfer Payment System to Accurately Fill County Fiscal Revenue Gaps

To address the problem of insufficient proportion of general transfer payments and weak county fiscal revenue guarantee, the scale and proportion of general transfer payments can be expanded based on the theory of equalization of public services. The core of this theory is to guarantee all citizens access to basic and equal public services, and sufficient financial resources are the foundation for achieving this goal. First, the Ministry of Finance and provincial finance departments shall progressively increase the proportion of general transfer payments in the total transfer payments, focusing on tilting toward major agricultural counties, ecological function counties, and financially difficult counties, with clear tilt ratios and fund allocation standards; completely remove usage restrictions on general transfer payment funds, granting county governments greater autonomy in fund use, ensuring all funds are used for "guaranteeing basic livelihood, guaranteeing wages, and guaranteeing operations," effectively alleviating the pressure of tight county fiscal resources. Second, clean up and integrate overlapping special transfer payments; provincial finance departments shall comprehensively sort out existing special transfer payment projects, merge and integrate projects with similar functions and purposes, and cancel inefficient and ineffective projects; significantly reduce county matching fund requirements, implement zero-matching policies for financially difficult counties, avoiding situations where county governments cannot enjoy special transfer payments due to insufficient matching funds; establish a direct-to-county transfer payment mechanism, relying on the integrated budget management system to achieve direct allocation of special transfer payment funds from the provincial level to county finance, with full traceability and supervision throughout the process, eliminating problems such as fund interception, misappropriation, and occupation. Third, establish a "Special Transfer Payment for Balanced Urban-Rural Development at the County Level," specifically for areas such as filling shortcomings in rural public services, integrated industrial development, and integrated urban-rural infrastructure construction; establish a performance evaluation mechanism for special

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transfer payment funds, linking fund use effectiveness with the degree of urban-rural disparity narrowing and public service improvement, ensuring funds play a precise role.

In terms of implementation path, the Ministry of Finance takes the lead in optimizing the overall structure of transfer payments based on the fiscal conditions and urban-rural development gap realities of counties nationwide, issuing transfer payment allocation plans annually. Provincial finance departments shall, based on the actual conditions of counties in the province, formulate a list for cleaning up and integrating special transfer payments, completing integration work within 3 months. Provincial finance departments shall build a direct-to-county transfer payment mechanism supervision platform, conducting special fund use inspections every six months to ensure precise and efficient use of funds.

3.3. Optimizing County Fiscal Expenditure Structure to Promote Equalization of Urban-Rural Basic Public Services

To address the problems of inconsistent funding guarantee standards for urban-rural basic public services and insufficient investment in rural public services, a county-level urban-rural basic public service expenditure standard integration system can be established by combining the theory of equalization of public services. This theory requires breaking down urban-rural barriers so that urban and rural residents enjoy the same level of public services. First, each county (city, district) people's government shall take the lead, combining the county's economic development level and public service needs, to formulate unified urban-rural funding guarantee standards for public services such as compulsory education, healthcare, elderly care, and culture, clarifying the basis, adjustment mechanism, and implementation requirements for standard setting; ensure county fiscal budgets are fully allocated according to standards, and that rural public service funding guarantee standards are not lower than the municipal average guarantee level, promoting urban-rural public service equalization from the funding perspective. Second, increase investment in rural public service shortcomings; county finance departments shall prioritize rural public service investment budgets annually, focusing on supporting the standardized construction of small-scale rural schools, medical equipment renewal in township health centers, standardized operation of village-level elderly care stations, and infrastructure construction such as rural water and power supply, domestic waste treatment, and sewage management; establish a ledger of rural public service shortcomings, clarifying construction projects, investment amounts, and completion deadlines, implementing chart-based operations and regular scheduling to ensure each shortcoming is addressed. Third, to address the prominent problems of low quality of rural public services and talent shortages, a fiscal subsidy policy for the rotation and exchange of urban-rural teachers and healthcare workers can be implemented based on human capital theory. County education and health departments shall formulate rotation and exchange plans for urban-rural teachers and healthcare workers, clarifying rotation periods, rotation ratios, and assessment standards; county finance departments shall establish special subsidies for rotation and exchange, providing monthly special subsidies to public servants stationed in rural areas, and giving priority in professional title promotion and excellence evaluation, establishing and improving rural public service talent incentive mechanisms and stabilizing rural public service teams.

In terms of implementation path, each county (city, district) people's government shall organize county finance, education, health, civil affairs, and other departments to conduct research on the current status of urban-rural basic public services, and issue detailed implementation rules for the integration of urban-rural basic public service expenditure standards within 1 year. County governments shall incorporate rural public service investment into annual fiscal budgets and establish a stable growth mechanism for investment. County education and health departments shall establish an urban-rural public servant rotation and exchange mechanism,

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conducting annual assessments of rotation effectiveness, effectively promoting urban-rural public service equalization.

3.4. Strengthening Fiscal Investment in "Agriculture, Rural Areas, and Farmers" to Narrow Urban-Rural Income Disparities Through Industrial Revitalization

Establish a stable growth mechanism for fiscal investment in agriculture; to address the current problem of insufficient and sluggish growth of fiscal investment in "agriculture, rural areas, and farmers," each county (city, district) people's government shall stipulate that the proportion of county fiscal expenditure on agriculture, forestry, and water conservancy shall not be lower than the previous year, the proportion of land transfer revenue used for agriculture and rural areas shall not be lower than 50%, annual growth targets for agricultural support expenditure shall be formulated, agricultural support expenditure shall be incorporated into the rigid constraints of fiscal budgets, and investment needs for rural revitalization shall be prioritized; establish a dynamic adjustment mechanism for agricultural support expenditure, progressively increasing the proportion of agricultural support expenditure based on the actual development of county agriculture and rural areas and fiscal conditions, ensuring continuous increases in agricultural support fund investment and providing solid financial support for industrial revitalization.

To address the current problem of single methods of using agricultural support funds and the insignificant leveraging role of social capital, the use of fiscal agricultural support funds can be innovated by drawing on public policy instrument theory. This theory advocates guiding the optimal allocation of resources through diversified instruments and improving policy implementation effectiveness. County finance departments shall promote diversified agricultural support models such as reward-based subsidies, loan interest discounts, and fiscal equity investment, providing reward-based subsidies to eligible county characteristic agricultural projects and agricultural product deep-processing enterprises to incentivize enterprises to expand production scale; providing a certain proportion of fiscal interest discounts on agricultural loans to farmers and rural micro-enterprises, reducing agricultural financing costs; guiding social capital participation in key agricultural industrial projects through fiscal equity investment, expanding the coverage and use efficiency of agricultural support funds, and forming a pattern of agricultural support investment with fiscal guidance and social participation.

Support the integrated development of county characteristic agricultural industries; to address the current problem of lagging development of county wealth-enriching industries and narrow channels for farmers to increase income, county agriculture and rural affairs, culture and tourism, commerce, and other departments shall jointly sort out county characteristic agricultural resources, focusing on supporting integrated development projects in characteristic planting, breeding, agricultural product deep processing, rural tourism, and rural e-commerce, building an industrial system of “one county, one industry; one township, one product”; establish an industrial project support list, providing fiscal fund support, land use guarantees, and policy guidance to projects included in the list, cultivating a number of agricultural industry leading enterprises with county characteristics, extending agricultural industry chains and upgrading value chains; simultaneously strengthen agricultural product brand building, support online and offline sales of agricultural products, broaden channels for farmers to increase income, and drive farmers' income growth through industrial revitalization, gradually narrowing urban-rural income disparities.

3.5. Establishing Fiscal Incentive Mechanisms for Urban-Rural Factor Mobility to Break the Dilemma of One-Way Factor Flow

To address the current problem of poor market entry of rural collective operating construction land and inadequate protection of farmers' land rights and interests, the channels for land factor mobility can be unblocked based on factor allocation theory. Each county (city, district) people's government shall take the lead in improving the market entry system for rural collective operating construction land, clarifying the scope of market entry, market entry procedures, trading rules, and income distribution standards, specifying that the proportion of land market entry income for collectives and farmers shall not be less than 70%, of which the proportion of individual farmers' income shall not be less than 50% of total income; county finance departments shall establish a land value-added income adjustment fund to reasonably regulate land market entry value-added income, which shall be used for rural infrastructure construction and farmers' social security, protecting farmers' legitimate land rights and interests, and promoting two-way flow of land factors.

To address the current problem of one-way capital flow to cities, rural financing difficulties, and expensive financing, capital can be guided to go to the countryside and invest in rural development based on service-oriented government theory. County finance departments shall establish a rural revitalization risk compensation fund, clarifying the fund scale, scope of use, and risk-sharing mechanism, providing risk sharing for agricultural loans to farmers and rural micro-enterprises, reducing the risk of agricultural loans for financial institutions; providing a certain proportion of fiscal interest discounts on microcredit for farmers and rural micro-enterprises, with discount ratios reasonably determined based on loan purpose and loan term; simultaneously build a capital-to-countryside docking platform, regularly organizing financial institutions and enterprises to connect with rural projects, guiding financial capital and social capital to invest in rural industries, infrastructure construction, and other areas, activating rural capital vitality.

Strengthen incentive guarantees for talent going to the countryside; to address the current problem of serious rural talent loss and insufficient development momentum, county human resources and social security and finance departments shall formulate talent-to-countryside incentive policies, clarifying incentive targets, subsidy standards, and application procedures; provide one-time entrepreneurship subsidies, venue rental exemptions, and entrepreneurship training to returning migrant workers, college students, and scientific and technical personnel; provide position allowances to grassroots talent, scientific and technical talent, rural teachers, and healthcare workers who are rooted in rural areas for the long term, and give priority in professional title promotion, excellence evaluation, and children's education, improving the talent service guarantee system, attracting various talents to the countryside, and activating rural development momentum.

3.6. Hardening County Fiscal Budget Constraints and Strengthening Expenditure Performance Supervision

To address the current problems of soft county budget constraints, high general administrative expenditures, and serious fund waste, county budget constraints can be hardened based on performance governance theory. This theory emphasizes that government behavior should be evaluable and accountable, focusing on the effectiveness of fund use. Each county (city, district) people's government shall strictly compile annual fiscal budgets in accordance with the Budget Law, clarifying general administrative expenditure compression targets with a compression ratio of no less than 5%, prohibiting the unauthorized construction of office buildings and auditoriums, over-standard allocation of official resources, and unauthorized issuance of allowances and subsidies; establish a dynamic monitoring mechanism for general administrative expenditures, with county finance departments monitoring the use of general administrative expenditures monthly, and timely warning and serious rectification of overspending and unauthorized expenditures, with all freed-up funds used for urban-rural public services and "agriculture, rural areas, and farmers" areas, improving fund use efficiency.

Improve the county fiscal expenditure performance evaluation system; county finance departments shall take the lead in establishing a performance evaluation system covering core indicators such as urban-rural income disparities, public service equalization level, farmers' income growth rate, and fund use efficiency, clarifying evaluation standards, evaluation procedures, and methods for applying evaluation results; link performance evaluation results directly with transfer payment allocation, cadre assessment, and fund arrangement, providing fund rewards to departments and townships with excellent performance evaluations, and conducting accountability interviews and requiring rectification within a time limit for departments and townships with unqualified performance evaluations, forcing improvements in fund use efficiency.

Strengthen full-process supervision of fiscal fund use; relying on the integrated budget management system, build a fiscal fund supervision platform to achieve full-process monitoring of fund flows and fund use related to urban-rural development; county finance and audit departments shall regularly conduct special fund use inspections, at least once every six months, focusing on checking fund use compliance and effectiveness, and seriously holding responsible persons accountable for fund interception, misappropriation, and occupation; regularly disclose detailed expenditure of urban-rural development-related funds, accept social supervision, facilitate supervision and reporting channels, encourage the public and media to participate in supervision, and ensure standardized fund use.

3.7. Improving City-County Collaborative Governance Mechanisms and Strengthening Provincial Coordination and Supervision

To address the current problems of poor city-county coordination and inadequate municipal support for counties, a city-county fiscal coordination and linkage mechanism needs to be constructed based on collaborative governance theory. The core of this theory is to emphasize the coordinated cooperation of multiple subjects to form governance synergy and solve cross-level governance challenges. First, each municipal people's government can coordinate regional financial resources, implementing a paired assistance mechanism for financially difficult counties under its jurisdiction, clarifying the assisting entities, assistance methods, and assistance fund amounts, helping financially difficult counties fill fiscal shortcomings through financial transfers and joint project construction; collaboratively promote the joint construction and sharing of cross-regional infrastructure and public service projects, break down administrative regional barriers, plan cross-county transportation, water conservancy, healthcare, education, and other projects in a coordinated manner, and allocate project funds rationally, avoiding duplicate construction and improving fund use efficiency. Second, to address the current problems of insufficient provincial coordination and inadequate policy implementation, the provincial finance department takes the lead in conjunction with the provincial development and reform commission, provincial agriculture and rural affairs department, and other relevant departments to establish an evaluation mechanism for the implementation effectiveness of fiscal system reform and urban-rural integration policies below the provincial level, combining the core requirement of "strengthening coordination and supervision, and consolidating governance synergy" in collaborative governance theory, clarifying evaluation indicators, evaluation procedures, and evaluation cycles, conducting a comprehensive evaluation annually, focusing on evaluating policy implementation, fiscal vertical imbalance mitigation, and urban-rural disparity narrowing; dynamically optimize policy design and fund allocation plans based on evaluation results, and conduct accountability interviews and supervision for cities and counties with inadequate policy implementation.

Third, to address the current problems of imperfect city-county collaborative governance mechanisms and poor coordination in problem resolution, establish a joint conference system for urban-rural integrated development at the city-county level, with city and county governments clarifying the responsibilities, participating units, meeting frequency, and deliberation rules of the joint conference, led by major leaders of city and county governments, holding meetings quarterly to coordinate and resolve issues related to fiscal vertical imbalance and urban-rural disparity widening, and to study and deploy key work tasks; consolidate the main responsibilities of city and county governments, clarify the division of responsibilities among departments, and form a work pattern of “provincial supervision, municipal coordination, and county implementation,” consolidating work synergy and promoting the coordinated advancement of various policies.

In terms of implementation path, each municipal people’s government shall formulate an implementation plan for city-county fiscal coordination and linkage, clarifying the paired assistance mechanism and the list of jointly constructed and shared projects, to be implemented within 6 months. The provincial finance department shall organize policy implementation effectiveness evaluations annually, comprehensively evaluating effectiveness through field research and document verification. City and county levels shall establish a joint conference system for urban-rural integrated development, establish work ledgers for regular scheduling, form work synergy, and effectively mitigate city-county fiscal vertical imbalance and narrow county-level urban-rural disparities.

4. Conclusions and Prospects

Based on fiscal decentralization theory, urban-rural dual structure theory, urban-rural integrated development theory, and capability approach theory, this paper constructs a theoretical framework from city-county fiscal vertical imbalance to county-level multi-dimensional urban-rural disparities. Empirical testing using panel data from 122 counties in Guangdong Province from 2017 to 2024 shows that city-county fiscal vertical imbalance has a significant positive effect on county-level multi-dimensional urban-rural disparities, with each unit increase in fiscal vertical imbalance widening the urban-rural income disparity by 0.0521 units, and this influence is transmitted through the causal chain of “institutional imbalance → behavioral distortion → allocation distortion → capability deprivation → disparity widening.”

Based on the above research findings, this paper proposes policy recommendations from seven dimensions: deepening fiscal system reform below the provincial level, improving the transfer payment system, optimizing county fiscal expenditure structure, strengthening fiscal investment in "agriculture, rural areas, and farmers," establishing fiscal incentive mechanisms for urban-rural factor mobility, hardening county fiscal budget constraints, and improving city-county collaborative governance mechanisms. These recommendations are based on the actual development of counties in Guangdong Province, closely aligned with national fiscal system reform and urban-rural integration development strategic deployment, and have strong relevance and operability.

The theoretical contribution of this paper lies in: incorporating fiscal vertical imbalance and county-level multi-dimensional urban-rural disparities into a unified analytical framework, constructing a mechanism model of how fiscal pressure is transmitted through urban expenditure preference to the widening of urban-rural disparities, and proposing systematic policy recommendations from a multi-dimensional perspective. Future research can further explore the heterogeneous effects of institutional variables such as transfer payment structure and fiscal system reform below the provincial level, and expand to more provinces for cross-regional comparative studies.

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