

A Innovative Income Distribution Theory Based on Culture Theory and Habit Theory—Changing from "Taxing Me" to "I Want to Donate"

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Abstract. Traditional income distribution theories are always limited in tax related theories. Basing on Culture Theory and Habit Theory, an Innovative Income Distribution Theory was built on changing from passive "Taxing me" to positive "I want to donate". Afterwards several policy suggestions were proposed.

Introduction

Chen Long, a researcher from the Ministry of Finance of China, stressed the importance of standardizing the social voluntary redistribution mechanism in his proposal for China's income distribution reform, pointing out that 'while people pursue their own interests to the maximum, they will seek some occasions to show altruism that they do not perform well in the market at ordinary times because of moral or other reasons, care for and support the weak in society... The development of charity will play an essential role in building a social voluntary redistribution system based on the social voluntary security and rescue mechanism'^[1]. The widening gap in income distribution will lead to a series of conditions such as poverty, social conflicts, and social unrest that hinders the stable development of the entire economy and society. The long-term uneven income distribution will continue to erode the enthusiasm of people's production, affect the realization of the goal of common prosperity, and even arouse the hatred of some people. At the same time, the uneven distribution of social income will lead to the negative psychological effects of the public, which will lead to the unstable development of social governance. Although taxation is an important means of income distribution, it is easy to cause taxpayers' resistance to taxation because of its compulsory, passive defects. With regard to the recent large-scale tax evasion of Fan Bingbing, it is not difficult to find that the high-level tax evasion phenomenon is still serious. The fundamental reason lies in people's "tax avoidance" mentality. As far as taxation is concerned, commonweal is a more voluntary, proactive and transparent behavior. The use of commonweal instead of part of the tax can guide the enthusiasm and initiative of public participation, cultivate their sense of social responsibility, so as to make up for the weakness of taxation. Thus we convince that charitable donation can replace taxation and achieve equalization of income distribution. Based on Cultural Theory and Habit Theory, this paper puts forward some propositions on how to promote commonweal behavior, and establishes an innovative income distribution theory based on Cultural Theory and Habit Theory. Finally, we have proposed a number of specific policy suggestions.

Theoretical Foundation

Culture Theory

Definition of Culture. There are more than 100 definitions on culture. All the definitions of culture can be concluded in the following 6 types: emphasizing that culture is a rule and a way, which includes all standardized social and traditional behaviors; emphasizing that culture is on ideals, values and behaviours; emphasizing that culture is means to adjust and solve problems; emphasizing that culture is the behaviors acquired by learning; emphasizing the definition of habit; emphasizing that culture is a purely psychological definition^[2].

The Role of Culture. First of all, culture can have a strong social impact, so that people are subtly edified and infected, and then naturally follow certain established norms of behavior.

Secondly, culture can positively influence economic development. H.J. Li etc. (2010) pointed out that culture can be continually transformed into material wealth, and through cultural creation, culture can be implemented into tangible things, leading economic development. On the other hand, culture is the creative source and leading force of economic development. Culture is increasingly becoming an important factor in the competition of comprehensive national strength^[3].

Third, culture is universal, stable, consistent and hard to change. Honkanen and Verplanken consider that attitudes based on values are more stable than those based on product characteristics and services and are not easy to change^[4]. Values are extremely stable, difficult to change, even with great effort and investment^[5].

According to discussions above, we propose the following propositions in view of the application of culture in the field of income distribution:

Proposition1 (P1): Commonweal culture can promote continued commonweal behavior.

Proposition2 (P2): Continued commonweal behaviors can lead to income distribution equalization.

Habit Theory

In the social sciences of information systems, habits are widely studied to explain the ‘sustainability’ of people's behavior. The definition of ‘habit’ is: A series of learned actions can spontaneously respond to certain specific signals and influence the realization of aim and final goals. Habit has two characteristics: the first is its unconscious and automatic behavior; the second is the ability to respond to the stimulus signals in situations^[6].

The relationship between habits, will and behavior has been confirmed by extensive research. The behavior theory of Triandis pointed out that: the probability that a person actually takes an action is a function of the intensity of the habit of the act and the willingness to carry out the act. Triandis believes that habits not only affect individual behavior, but also affect individual attitudes^[7]. Some researchers believe that habits can directly affect behavior, making behavior automatically without being controlled by will^[8]. For a certain choice, once the habit is formed, it will greatly affect people's choice of other alternatives^[9]. Ouellette and Wood (1998) found that when a certain behavior has been repeated enough to form a habit, ‘habit’ is better than ‘will’ to predict whether the behavior will continue in the future^[10]. It should be noted that habits can influence behavior if and only if the behaviors have been transformed into ‘habits’, that is, the behaviors need to be repeated a certain number of times and frequency^[11]. In accordance with discussions above, we believe that habit, as a force, will have a positive impact on behavior. Therefore, we make the following proposition:

Proposition3 (P3): Commonweal habit will stimulate more commonweal behaviors in the future.

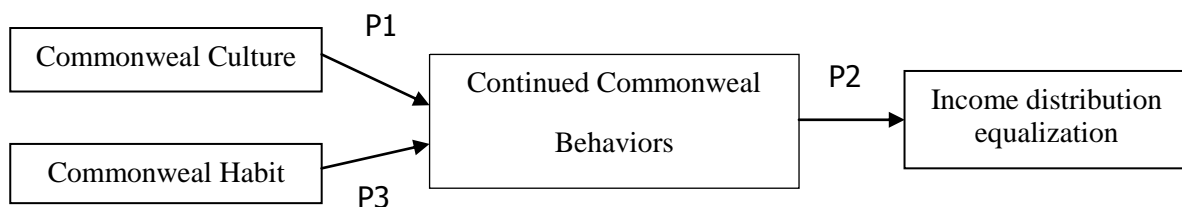


Figure 1. An innovative income distribution theory based on culture theory and habit theory.

Policy Suggestions

Propagate the Universal Values in the Excellent Traditional Chinese Culture

We should Propagate the universal values in the excellent traditional Chinese culture which can promote a kind of ‘commonweal cultural’ atmosphere at the national level. Important components of the excellent traditional culture of the Chinese nation included: Confucian thought of

'benevolence', Mencius' thought of 'compassion' and so on. Then, incorporated Chinese traditional culture into a universal value and based on this, develops a variety of propaganda what the masses like to see. At the same time, popularized charity education, makes close to the public life, thereby, enhanced public awareness of charity. Finally, gradually form a good charitable atmosphere. In addition, increased education of benevolence in Chinese traditional culture in the teaching of the university, middle school, and a primary school, through cultivation of benevolent talents and sparked plug the cultural values of the commonwell of the whole citizen.

To Set up a Charity Ranking List

We believe that it is necessary to set up a nationwide list of individuals and organizations, and commend people and organizations who donate the most each year to promote the charity of citizens and to establish the values of glory. At the same time, the charity list is also a free and authoritative advertisement for individuals and organizations. The advertisement is more credible than ordinary advertising through the charity list, and also can build up a better corporate and personal image.

To Establish a Commonwell Alliance for Entrepreneurs

The establishment of entrepreneur charity alliance can make outstanding entrepreneur become the leader, and promote the development of the whole entrepreneur charity industry. The alliance can take advantage of the charisma of outstanding enterprises and entrepreneurs to act as an exemplary and leading role. Also it can often publish information on various charitable donation activities and field trips through charitable alliances. Various charity field trips are more contagious than online or exotic fundraising, and are conducive for entrepreneurs to donate for charity.

The major business philanthropist can initiate them the philosophy of commonwell and share of commonweal experience in commonwell alliance. If the state can convene large corporate philanthropists to form an entrepreneurial commonwell alliance and attract entrepreneurs to join the whole society to share commonwell experience and experience in running enterprises, then "commonwell" and "private interests" will be linked. Through the charity alliance, on the one hand it can promote the whole society entrepreneurs commonwell behavior, on the other hand, the enterprise can get lots of benefits from charity alliance to realize the win-win situation.

Summary

In this paper, the culture theory and habit theory are used to explain how to guide the high-income people and organizations to donate assets to the public and flow into the low-income group to realize the balance and harmony of income distribution from the psychological and behavioral level. The research significance of this paper is mainly to explore another perspective to examine income distribution which transform the past mandatory and passive income distribution scheme into the active and voluntary scheme, give full play to its important auxiliary role in making up for the lack of commonwell to equalize income distribution, weaken class conflicts. Then create a certain external environment for income distribution equilibrium. And integrating the other subject theories of other disciplines which aspects public finance to carry out interdisciplinary research. The innovative development of the theory of income distribution equilibrium in this paper is prominently reflected in: attaching importance to the guiding role of commonwell in the field of public capital utilization, thereby alleviating the polarization between the rich and the poor and promoting the institutional innovation of the third income distribution.

Finally, we should conduct some empirical research to verify the validity of the propositions presented in this paper, and find out the existing problems and the method of improvement in future research.

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