

The Basis of the Third Distribution

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Abstract

The basis of the third distribution can be argued in three dimensions: normative basis, implementation basis and theoretical basis. On the normative basis, the third distribution has been proposed one after another in our central and local documents, but there is a lack of constitutional affirmation of the content of the third distribution. On the implementation basis, the first distribution and the second distribution need to be done well in order to lay the groundwork for the third distribution. At the same time, it is necessary to give full consideration to the implementation of the third distribution in terms of building a social assistance system, formulating a system of tax incentives and improving the organization of social and public services. On the theoretical basis, the third distribution has conflicts in terms of realistic possibilities and the voluntariness of donations from the perspective of freedom and equality, and it is necessary to balance equality and freedom to make the third distribution properly.

Keywords: third distribution, normative basis, implementation basis, theoretical basis

1. Normative Basis of the Third Distribution

The third distribution is a form of distribution that is inevitably proposed in China after the country has reached a certain stage of economic development. However, the term “third distribution” is a local concept introduced under the Chinese discourse system. According to the full-text search on the website of Beida Law Treasure using the keyword “third distribution” at the central and local levels, 11 central normative documents and 75 local normative documents related to the third distribution have been matched and sorted out.

1.1 Normative Basis at the Central Level

At the central level, the “third distribution” was first mentioned at the Fourth Plenary Session of the 19th Party Congress in October 2019.

The Decision of the Central Committee of the Communist Party of China on Several Major Issues Concerning the Adherence to and Improvement of the Socialist System with Chinese Characteristics and the Modernization of the State Governance System and Governance Capability, which was considered and adopted at the Fourth Plenary Session of the Nineteenth Central Committee of the Communist Party of China (CPC), puts forward a series of ideas. Adhere to the principle of distribution according to labor and the coexistence of various distribution methods. Adhere to the principle of “more work, more pay”, emphasize the protection of labor income, increase the remuneration of workers, especially front-line workers, and raise the proportion of labor remuneration in the initial distribution. Improve the mechanism by which factors of production such as labor, capital, land, knowledge, technology, management and data are evaluated by the market and remuneration is determined according to contribution. Improve the redistribution adjustment mechanism with taxation, social security and transfer payments as the main means, strengthen the regulation of taxation, improve the direct tax system and gradually increase its proportion. It will also improve relevant systems and policies, and rationally regulate distribution between urban and rural areas, regions and different groups. Emphasis will be placed on giving full play to the role of the third distribution, and on developing charitable and other social welfare

undertakings. Encourage hard work to become rich, protect legitimate incomes, increase the incomes of low-income earners, expand the middle-income group, regulate excessive incomes, clean up and standardize hidden incomes, and outlaw illegal incomes.

Subsequently, “fulfilling the role of the third distribution” has been repeatedly emphasized in a series of documents. For example, the “Opinions of the Ministry of Civil Affairs on the in-depth study and implementation of the spirit of the Fourth Plenary Session of the 19th CPC Central Committee”, “Opinions of the CPC Central Committee and the State Council on accelerating the improvement of the socialist market economy system in the new era”, “Notice of the General Office of the Ministry of Civil Affairs on organizing participation in the 8th China Charity Project Exchange and Exhibition”.

The Fifth Plenary Session of the 19th CPC Central Committee made a major strategic plan to promote common prosperity, and the 14th Five-Year Plan and Vision 2035 outline the need to optimize the income distribution structure and explicitly support the high-quality development of Zhejiang Province to build a model zone for common prosperity, which also clearly shows the important position of the third distribution in common prosperity. In addition, the “third distribution” has also been highlighted in a number of conferences. For example, on August 17, 2021, General Secretary Xi Jinping presided over the 10th meeting of the Central Financial and Economic Commission, emphasizing the need to “promote common prosperity in high-quality development, correctly address the relationship between efficiency and fairness, and build a basic institutional arrangement that coordinates and supports the initial, redistributive, and tertiary distributions”.

1.2 Normative Basis at the Local Level

At the local level, Nanjing and Suzhou in Jiangsu Province have first proposed a “third distribution”, based on the Opinions of the CPC Nanjing Municipal Committee on Building a Harmonious Nanjing and the Opinions of the CPC Suzhou Municipal Committee and Suzhou Municipal People’s Government on Further Strengthening Social Construction and Innovating Social Management.

Subsequently, provinces and municipalities, in order to promote the development of the Red Cross, have successively proposed the “third distribution”.

Finally, in order to implement the “third distribution” proposed in the spirit of the Fourth Plenary Session of the 19th Central Committee, various documents on the third distribution have appeared, such as the Circular of the Jiangsu Provincial Government on the Issuance of the Outline of the Fourteenth Five-Year Plan for the National Economic and Social Development of Jiangsu Province and the Vision for the Year 2035.

Academically, the concept of the third distribution was first proposed by Chinese economist Li Yining in the 1990s.

1.3 Normative Basis in the Constitution

The third distribution is one of the three important forms of the distribution system provided for in Chinese Constitution. China has a well-developed system of regulation of the charity system, mainly the Charity Law. At present, however, the distribution system set out in article 6 of the Constitution of China does not explicitly refer to the third distribution. Article 6 of the Chinese Constitution states: “The socialist economic system of the People’s Republic of China is based on the socialist system of public ownership of the means of production, that is, ownership by the whole people and collective ownership by the working masses. The socialist system of public ownership eliminates the system of exploitation of man by man and applies the principle of distribution according to each person’s ability and according to work. The State, at the primary stage of socialism, adheres to the basic economic system in which public ownership is the mainstay and a variety of ownership systems develop together, and to the distribution system in which distribution according to work is the mainstay and a variety of methods of distribution coexist.” Whether the multiple distributions touted in this provision could cover a charity-based third distribution is open to discussion.

First of all, in order to make the third distribution work through the constitutional system so as to truly achieve common prosperity, the status of the third distribution must be affirmed in the body of the constitution. By elevating the third distribution to a constitutional content, the constitutional mandate of equal rights for everyone can be better fulfilled and the system of common prosperity can be steadily promoted. The main purpose of the explicit constitutional and legal provisions is to regulate and limit the infringement of private rights by public power. Secondly, as far as the normative construction of the third distribution under the constitutional system is concerned, apart from the more comprehensive construction of the system based on charity law, its entire third distribution or, from a larger perspective, the entire distribution system, is still very fragmented, and its more just a policy orientation to give play to the role of the third distribution, which is not very complete in terms of specific institutional design. Of course, at present, with Zhejiang Province as a model zone for common prosperity, research is still being carried out and actively explored on how to really improve the distribution mechanism and achieve common prosperity, and the normative basis still needs a certain degree of polishing and

argument.

2. Implementation Basis of the Third Distribution

The distribution system, as the mainstay of achieving common prosperity, is crucial in every distribution path. Before the third distribution was proposed, China's traditional distribution mechanism consisted only of the first distribution done in the market through factors of production such as labor and capital and the second distribution done through state taxes, transfer payments and social security. At present, however, the third distribution has been proposed on the basis of the first two distributions, and various documents in China have emphasized the improvement of Chinese distribution mechanism from each of the three distributions.

2.1 Relationship of the Third Distribution to the First and Second Distributions

The emergence of the third distribution is mainly due to the need to overcome the failure of market distribution and the failure of government distribution, to meet the people's good life, to improve national governance, to promote social wealth back to society, and to develop public charity. However, the third distribution should only be implemented on the premise that the first two distributions have been perfected and given full play. The first distribution by the market and the second distribution by the government have their respective tasks to be undertaken, and not all the tasks of distribution are to be undertaken by the third distribution.

In the institutional construction of the third distribution, it is necessary to effectively fit human nature to the system. The first distribution is an equal transaction under the market, in which market players pay money for their own development and invest it for themselves, which is the most justified and the most efficient use of money based on their own careful consideration. This is a kind of contribution of financial resources to the society in which the market player is working, and the society after development will be conducive to the survival and development of the market player, and its degree of legitimacy is high. But in the second distribution, the use of money is less efficient because of the intermediate stage of the government and the lengthening of the chain of interests. The process does not give anything back to the market players who directly pay for it, and the legitimacy is low.

The three distributions differ in their justification and in the efficiency of the use of money, and the provisions of the approach taken should be differentiated accordingly. Because everyone is a rational individual, different people exist with different talents and contribute different efforts. People tend to expect their contribution to reap a reciprocal return in the first distribution. The government intervention in the market should be strictly limited. In a free market, China should make labor the main factor in the primary distribution, and try to regulate the pricing of various factors of production such as land, capital, technology and data to create a fairer and more equitable market. The second distribution is a correction of the shortcomings of the big hand of the market. In this link, the social security system should be continuously improved to effectively solve the problems of poverty due to old age, illness, schooling and laziness and so on. Institutional arrangements in education, public health care and pensions should be made as detailed and complete as possible, so that these livelihood issues that should have been solved in the second distribution are solved at this stage.

2.2 Implementation Issues of the Third Distribution Itself

In addition to making the first two distributions and laying the foundations for the implementation of the third allocation, adequate consideration should be given to the implementation of the third distribution itself. Firstly, in the construction of the social assistance system for the third distribution, due consideration should also be given to the realistic needs, and the anonymization of the recipients should be appropriately handled, so that the assistance can be provided at the right time, in the right place and through the right means, without causing the recipients to suffer other inconveniences or even discrimination because of receiving assistance, and without causing the recipients to have a negative impact on the social evaluation compared to non-recipients. Secondly, incentivizing subjects to participate in the third distribution by granting certain tax incentives will involve an impact on the funds of the second distribution. It is undeniable that the aim of our incentive policy is to maximize the use of the funds that participate in the sum of the second and third distributions. It would then have to be up to economists to figure out what that specific optimal amount is, without being able to reach a stealth agreement to participate in the endowment exclusively with the funds received from lowering the tax rate. This is in fact only a nominal transfer from the second to the third allocation and does not achieve substantive results. Of course, this had a great propaganda and leading influence effect in the early days of the proposed third distribution, but it is just that such a practice cannot be sustained for a long time and the third distribution should still be put in place for mobilization. Finally, more and better social and public service organizations need to be established in our country. Without a large number of them, the financial resources that should be given to third party organizations will again go to the government, and the third distribution will become a second distribution, and it will become a supplementary second distribution. In practice, the effect of the third distribution is not achieved.

The implementation of the three distributions is closely linked and cannot be achieved without one another. Only on the basis of a good first and second distribution can the third distribution be better effective. At the same time, a good implementation of the third distribution will also contribute to the first and second distributions, enhance the social mechanism, improve the market environment, reduce the burden of the government, and so on. To truly achieve the goal of common prosperity, all three distributions must be done well.

3. Theoretical Basis of the Third Distribution

After the bourgeois revolution in the West, the freedom of speech, economy and person of human beings has been expanding and strengthening. But correspondingly in terms of wealth, because of the imperfect distribution mechanism, inequality has gradually deepened and the problem of the gap between the rich and the poor situation has come to the fore. From the Gini coefficient issued by Chinese National Bureau of Statistics, China's Gini coefficient fluctuates between 0.47 and up and down, belonging to the category of a large gap between the rich and the poor, and the gap between citizens' incomes is also a relatively serious phenomenon in China. The transformation of our country from the basic contradiction reference and the introduction of a series of policies including the third distribution means that our country's socio-economic development has reached a new stage, and our country and our party also attach great importance to and are making every effort to solve the phenomenon of the gap between the rich and the poor, with a view to achieving the goal of common prosperity more quickly and better. In conjunction with Anarchy, State and Utopia, analyzing the theoretical basis of the third distribution from the perspective of equality and freedom is free.

3.1 Third Distribution from an Equality Perspective

Equality can in some ways also be understood as justice and fairness. Looking at the third distribution from the perspective of equality means that it requires the hope that equality of material wealth and income will be achieved through the third distribution. As a socialist country, where common prosperity is the essential characteristic of socialism, our country is the one that places the greatest emphasis on the value of equality, and the right to equality occupies a prime position in the constitutional provisions. The series of achievements such as economic construction achieved after the establishment and reform of our country are to be shared with the entire population.

No one will reject formal equality. But substantive equality may divide the cake owned by the established, as valued by people. In fact, people are not equal since birth. People's gender, skin color, ethnicity, health, looks, such things etched in their genes are inherent in people and are characteristics from birth. What the State has to do is to guarantee the widest possible equality of freedoms in political, economic and social functioning for all, subject to reasonable distinctions. Such distinctions are necessary and least harmful. Equality can be subdivided into equality of opportunity, equality of process and equality of result at the macro level.

The first distribution attaches importance to equality of opportunity and equality of process. The market provides a platform for each market player to participate in economic life, but due to their own differences, it is impossible to achieve absolute equality. Market players only demand equality in opportunities and processes, and do not emphasize equality in outcomes, and the market, with competition and efficiency at its core, plays a huge role in stimulating and promoting the participation of various factors in production.

The second distribution attaches importance to equality of outcome. The government's re-regulatory measures are intended to compensate for the shortcomings of spontaneous regulation by the invisible hand of the market, a minimum guarantee to ensure the survivability of market players and to avoid the death of the best and the worst as a result of the elimination of the best and the worst. The cost is not only to create a fair market, to achieve equality of opportunity and equality of process at the first stage, but also to build a state of equality of outcome through the social security system.

However, it is undeniable that under the current market social conditions in China, the problem of excessive disparity in wealth distribution and polarization between the rich and the poor is relatively serious, and while the scales of wealth are constantly tilted towards a few rich people, the "Matthew effect" of the poor getting poorer and the rich getting richer is also in stark contrast to the ethical goal of common prosperity for all members of society in the new era. This is in stark contrast to the ethical goal of a new era of shared prosperity for all members of society. The third distribution is also an important way of reducing the Gini index and reducing the gap between rich and poor, with the fundamental aim of achieving common prosperity. The first and second distributions play a great role, but they do not completely solve the above problems. Therefore, on the basis of the first and second distributions, an effective third distribution will help to achieve equality of results.

Social resources are divided according to social classes and social strata. Inequality is also expressed in the inequality of costs. The economy of the elderly has led to the accumulation of a snowball of wealth, and the group of people who stood on the cusp of development, after having made their first bucket of gold, have left a certain accumulation of wealth to their descendants, and there is some truth in the saying "it is difficult for a

poor family to produce a noble son". The country's classes are not fixed, but mobility is still weak. The third distribution is a corrective justice, which is precisely what is needed to make up for the existing deficiencies.

3.2 Third Distribution from a Liberal Perspective

Absolute freedom entails a certain risk, and the fact that no behavior is restricted also means that nothing is fully protected. Both social contract theory and other doctrines recognize the need to concede or restrict some freedoms. Individuals are independent individuals, each with their own fundamental rights, not tools or instruments of others, and individuals should be non-aggressive and non-interfering with each other, a relative freedom, but absolute freedom is obtained in the realm of non-aggression and non-interference. This freedom prohibits not only the sacrifice of one person to obtain benefits for another, but also the life of not forcing others or arranging for them, or replacing what they have. The emergence of a second distributive element is also the result of what Nozick calls the state in its weakest sense, the cession of some freedoms by the individual. Freedom has a very broad meaning, including freedom of trade, freedom of contract, freedom of competition and personal freedom, to name but a few.

The emergence of the problem of distribution is the result of social cooperation, and people have the freedom to choose to cooperate or not to cooperate, but in today's complex society, the choice of non-cooperation in the primitive society has been eliminated as an impossible option, and people can only accept the mode of social functioning and choose to participate in distribution. However, the emergence of the third distribution is not a freedom of alienation, but is based on the realization of intersubjective self-will. The main volitional factors of the third distribution are motivated by a variety of reasons and are the product of a composite. From the individual's main reason, the western third distribution (philanthropy) has the power of religion to promote its development, China's third distribution is the role of the traditional virtues of the Chinese people, both rely on the power of morality to play a role in the effectiveness, but people with religious beliefs because of the idea of doing good deeds to offset the evils of the idea of going to heaven and going to hell and so on (in fact, there is a certain degree of self-interest related to the). Its moral role is generally speaking greater.

Unlike the second distribution, which is compulsory, such as taxation, poverty alleviation and social security, the third distribution needs to fully guarantee the freedom of charity of citizens. Ethical behavior should be free and not constrained by law. Morality, in the form adopted, should be incentivized. The charitable donations and voluntary services performed by individual citizens, participating in the third distribution is the main moral factor of individuals giving back to society, exerting their own values and being willing to help others. Then the legal person as a proposed personality, the legal person's charity, participation in the third distribution is for what? The author believes that the charity of legal persons is a combination of various interests, some are based on the morality of the representatives of the company under the legal person, some are for the benefit, some are for reputation and other reasons. However, whatever the reason, it is due to the autonomous consideration of its independent personality, which should be in line with its voluntary nature and guarantee its freedom to participate in the third distribution.

3.3 The Battle Between Freedom and Equality

What Nozick and Rawls are arguing about is the question of which is the higher priority, freedom or equality, in the economic sphere. In the realm of politics, ideas and so on, equality and freedom can be unified and seen as one and the same thing. And in the realm of economics and distribution of benefits, equality and freedom are bound to be in conflict, to clash, and the question of which takes precedence arises. In emphasizing the relationship between equality and freedom in the third distribution, there is a conflict between the two, which also means that some points are denied. Firstly, it is undesirable to completely centralize the distribution of all goods in a uniform and equal way. For the vast majority of the things that exist today did not come from heaven, but were acquired by different people through various means, such as labor and trade, and the existing possessions have a certain basis of legitimacy; distribution cannot break the existing order, and it is pie-in-the-sky to reconstruct the distribution of everything with a vision of a creator who is beyond the world. Secondly, it is also undesirable to impose a third distribution, as in the case of compulsory donations. It is not possible to forcibly distribute the goods of one existing subject to another simply because of the disparity between wealth; such a distribution, which implies a denial of the rights of another, lacks a basis of legitimacy. To break this inequality, compulsory distribution needs to be justified on other reasonable and credible grounds, and cannot be justified merely on the basis of a perceived "taking from the rich to give to the poor". Typical examples of compulsory donations are, for example, the donation of money by Shen Wansan to Zhu Yuanzhang to express his loyalty during the Ming Dynasty, which was done out of fear of being punished by Zhu Yuanzhang. Or the report by our own Xinhua News Agency that charitable donations, which should be voluntary, have become a "work system" with a mandate in some parts of Hunan. The party and government organs, institutions, social organizations, schools and other institutions, institutions, social organizations, schools, cadres and employees "voluntarily" donate one yuan a day to help the poor and needy, medical care and education, and

other public welfare causes. These subjects can voluntarily distribute their own property to others of their own free will, and they can decide for themselves whether to distribute it, how much to distribute, to whom to distribute it and how to distribute it. The state cannot force them to make a third distribution by, for example, taking punitive measures, invisible threshold systems, disguised suppressive measures and so on, nor can society force them to make a third distribution by moral abduction, public opinion bombardment, etc. The author believes that the latter social coercion is a kind of soft coercion and should be prohibited, and that moral coercion is no less effective than legal coercion. Instead of condemning another company for not donating or for donating too little, we can praise the donation of a certain group through positive social reactions, rather than by comparison.

Philanthropy and volunteerism are important forms of the third distribution. In line with human nature, the development of a supporting basic system needs to be reasonably designed to give donors or volunteers certain tax benefits and favorable conditions. The incentive system for the third distribution should not be designed in such a way that it forms a vicious circle, like the system of nano-donations in China during the Qing Dynasty, where donations were used to buy officials, nor should it be designed in such a way that it is like scratching an itch with no incentive effect. The design of the incentive system needs to be complemented by a two-way interaction between honor and in-kind, so that donors and volunteers who actively participate in the third distribution can be satisfied in their hearts and also enjoy some rewards in reality, and a reasonable top-level design should be made in accordance with satisfying human nature. The author believes that the design can be carried out here from the perspective of the subject (natural and legal persons), from the perspective of the form of the third distribution (philanthropy, volunteering), and from the perspective of the incentive methods (honorary rewards, rewards in kind), and so on. There is an old Chinese saying: "Those who have money support the money field, those who do not have money support the personal field".

Through a sound distribution system, the gap between the rich and poor members of society can be kept within a certain range and common prosperity can be achieved. How to balance equality and freedom, and to safeguard property rights and equity are still propositions worthy of deep consideration and exploration.

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