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Analysis on the Consumption Effect of Financial Input to Culture in China*

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Abstract—This paper finds that the impact of government's financial input to residents' cultural consumption and noncultural consumption is uncertain through the construction of theoretical model, and it needs empirical test. The empirical analysis of China's provincial panel data from 2007 to 2016 through the systematic GMM model shows that: The impact of government's cultural fund on residents' cultural consumption is positive but not significant, while the increase of cultural capital investment has a significant crowding-in effect. Its impact on cultural consumption and non-cultural consumption is Forty-two point three per cent and twenty-three point five per cent respectively, indicating that increasing the government's financial input to culture can improve the level of social welfare. In addition, cultural consumption has obvious inertia, but does not show the characteristics of quality products. Urbanization ratio has a significant positive impact on cultural consumption, while dependency ratio and regional income difference are positive but not significant. It shows that under the background of consumption transformation and upgrading, China can make full use of cultural tangible capital to promote the driving force of consumption.

Keywords—cultural consumption; financial input to culture; quality goods; consumption effect

I. INTRODUCTION

Thanks to the rapid growth of China's economy in the past 40 years, the added value of China's cultural industry also shows an average growth rate of 20.8% in recent years. Moreover, the growth rate was significantly higher than that of GDP, and its proportion in GDP increased from 2.15% in 2004 to 3.97% in 2015. According to the classification standard of industrial economics theory, it can be expected soon that cultural industry will become the pillar industry of national economy with its current growth rate. Since cultural consumption and investment are the main driving forces of the development of cultural industry, the important measure of vigorously developing cultural industry is to continuously improve the level of residents' cultural consumption and social and cultural investment. The development of cultural industry caused by the improvement of cultural consumption and investment is conducive to the smooth transformation of the economy.

In the researches on cultural consumption, scholars at home and abroad have some differences in their research perspectives. In foreign studies micro analysis is mainly carried out from the three dimensions of performing arts, heritage and cultural industry, focusing on the interpretation of specific cultural consumption behavior and the empirical analysis of factors influencing cultural consumption, such as the demand analysis of artwork (Levy-Garboua and Montmarquette, 2002) [2]. However, in domestic studies, the connotation and characteristics of cultural consumption are mainly analyzed from the perspective of sociology. And it is defined as the act of people to adopt different ways to consume spiritual and cultural products and services in order to meet their spiritual and cultural needs. In terms of the statistical caliber of cultural consumption, foreign researchers have mainly made analysis focused on specific cultural products, especially performing arts. While in China, the cultural consumption is generally understood as the consumer's expenditure on books, newspapers, art performances, museum visits, art purchases, etc. The description and analysis of the total amount of cultural consumption by statistical standards of the national bureau of statistics are mainly adopted as the statistical caliber, corresponding to the per capita cultural consumption and entertainment expenditure in the statistical yearbook. [1] [P1-5]

As for the characteristics of cultural products and cultural consumption, since Baumol and Bowen (1996) [2] [p67-75] put forward the theory of cost disease, foreign studies have mainly focused on the characteristics and properties of cultural products. According to the theory of cost disease, Baumol and Bowen (1996) believe that in the cultural field, it's difficult for productivity to be improved compared with other products. In this way, the consumer price of cultural products is obviously higher than that of other products under the condition of constant productivity, which makes cultural consumption seem more "lofty" compared with other products. Stigler and Becker (1977), Becker and Murphy (1988) [3] studied the rational addiction behavior of cultural consumption with music products as an example, and proposed the theory of "rational addiction". They believe that cultural consumption is a kind of beneficial addiction with increasing marginal utility, that is, the more consumption, the higher the utility, and the increase of consumption in the current period will be affected by consumption in the

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previous period and expected consumption. On this basis, Montoro-Pons and Cuadrado-Garc í (2011) [4] empirically studied the rational addiction behaviors of live music and recorded music; Victoria Ateca-Amestoy (2007) [5] empirically studied the rational addiction behaviors of American drama consumption; and Erik Bihagen and Katz-Gerro (2000) [6] empirically studied the gender differences of the rational addiction behaviors of Swiss cultural consumption. Levy-Garboua and Montmarquette (1996) [2] [p177-186] proposed through empirical research the theory of "learning by consuming" of cultural consumption, holding that cultural consumption is a kind of experiential consumption, in which consumers get to know their real preference for cultural products through continuous experience. Further, Levy-Garboua and Montmarquette (2002)[2][p177-186] demonstrated through empirical research that when consumers continuously contact and experience cultural products (Arts), their preference and consumption will increase, while the consumption of products that they have never experienced will remain stable. In terms of the subject of cultural consumption, Towse (2015) [7] [P9] pointed out that the subject of cultural consumption is different from that of general products. Most of the consumers are people from rich families and are welleducated, such as consumers of classical concerts and operas. Therefore, cultural products are quality goods and have high income elasticity. Marquis (2013) [8] extends the research perspective from microeconomics to macroeconomics based on the attributes of cultural products, and argues that cultural products have the dual attributes of consumption and investment. Take a literary works as an example, reading brings spiritual enjoyment, but when the work is remade into a film, it is a cultural investment. Based on the integration of the cost disease theory and rational addiction theory, the general equilibrium model of cultural capital and cultural consumption is constructed, which broadens the research perspective of cultural consumption and cultural capital.

To sum up, the above characteristics of cultural consumption determine that the provision of cultural products is quite different from other private goods. So if cultural products are provided by the market, there will be market failure to some extent, and that's why government involvement of different degree is needed. In addition, the existing researches also studied the necessity of the government's intervention in cultural products and cultural industry from the perspective of its public nature, so as to provide a theoretical basis for the government's intervention in culture. Researchers includes Li Ji (2013) [9] [p26-30], Liu Yuanfa (2014) [10] [p32-34], etc.

By constructing the theoretical model, this paper finds that it is not clear whether the government's financial input to cultural consumption presents the Keynesian effect or the neoclassical effect. And the empirical test shows that the government's cultural expenditure represented by cultural operating expenses does not have a direct crowding-in effect. Instead, the formation of local cultural capital makes tangible cultural capital squeezes into cultural consumption and noncultural consumption, presenting Keynesian effect, which shows that the increased financial input to culture of the government can improve the level of social welfare. In addition, cultural consumption has significant inertia, but does not show the characteristics of quality products.

The structure of this paper is as follows: the second part is the theoretical model construction of the influence effect of financial input to culture on cultural consumption; the third part is the empirical test and result analysis; the fourth part is the conclusion and policy Suggestions.

II. CONSTRUCTION OF THEORETICAL MODEL

Barro (1990) divided public financial expenditure into productive expenditure and consumption expenditure and integrated them into the production function. In this paper, the public financial expenditure is divided into cultural financial expenditure and non-cultural financial expenditure by reference to this classification method, and the corresponding consumption is divided into cultural consumption and non-cultural consumption. In the construction of consumer utility function, government culture expenditure is regarded as a production-consumption mixed expenditure integrated into the utility function, so that the relationship between government culture input and residents' consumption can be analyzed theoretically, and theoretical support can be provided for further testing the relationship between the two. Suppose there is a consumer with an indefinite term, whose utility function is the common form of CRRS, which is:

$$U = \int_{0}^{\infty} e^{-\rho t} \frac{C^{1-\theta} - 1}{1-\theta} dt$$

In this formula, $\hat{\theta}$ is the risk-aversion coefficient which satisfies $\theta > 0$ and \neq_1 ; ρ is discount factor; Crepresents the consumption of representative consumers and consists of cultural consumption C_c and non-cultural consumption Cnc. Considering the externalities of government policies, the government's investment in cultural undertakings, Gc and other fiscal expenditures, Gnc will also affect the consumption of consumers and thus affect the utility, therefore the effective consumption of consumers can be expressed as $C = C_{nc} (C_c)^{\alpha} (G_c)^{\beta} (G_{nc})^{\gamma}$, in which α , β , γ are the impact of residents' cultural consumption, government's cultural input, and other government expenditures other than

cultural input to consumption respectively. In order to ensure that the marginal utility of the three is positive, we may assume $\alpha > 0, \beta > 0, \gamma > 0$. Hamilton function is constructed by combining utility function and constraint expression. That is:

$$max U = \int_0^\infty e^{-\rho t} \frac{(C_{nc}(C_c)^\alpha (G_c)^\beta (G_{nc})^\gamma)^{1-\theta} - 1}{1-\theta} dt$$

s.t. $C_{nc} + C_c \le w - T$ (1)

In this formula, the constraint condition indicates that the consumption in immediate cultural consumption and noncultural consumption, that is, the total consumption does not exceed the income after deducting taxes. In the decisionmaking of consumers, government cultural input and noncultural input are exogenous variables. Under such constraint condition, its utility can be maximized. It can be seen that after the logarithm to the first order condition of C_{nc} is:

$$\ln C_{nc} = \frac{\alpha(1-\theta)}{\theta} \ln C_c + \frac{\beta(1-\theta)}{\theta} \ln G_c + \frac{\gamma(1-\theta)}{\theta} \ln G_{nc} - \frac{\ln\lambda + \rho t}{\theta}$$
(2)
The logarithm of the first order condition of the C_c is:

$$\ln C_{c} = \frac{(1-\theta)}{1-\alpha(1-\theta)} \ln C_{nc} + \frac{\beta(1-\theta)}{1-\alpha(1-\theta)} \ln G_{c} + \frac{\gamma(1-\theta)}{1-\alpha(1-\theta)} \ln G_{nc} - \frac{\ln\lambda + \rho t - \ln\alpha(1-\theta)}{1-\alpha(1-\theta)}$$
(3)

By analyzing equation (2), it can be seen that because $\beta > 0$, when $\theta \in (0,1)$, government cultural expenditure can promote non-cultural consumption, that is, government cultural expenditure has a crowding-in effect on non-cultural consumption; when $\theta > 1$, the government cultural expenditure restrains the non-cultural consumption and produces the crowding-out effect.

Through the analysis of equation (3), when $1 - \frac{1}{\alpha} < \theta < \frac{\beta(1-\theta)}{1-\alpha(1-\theta)} > 0$ 1, $\frac{1-\alpha(1-\theta)}{1-\alpha(1-\theta)} > 0$ government cultural expenditure has a crowding effect on cultural consumption; otherwise, when $\theta > 1$ or $\theta < 1 - \frac{1}{\alpha}$, government's cultural expenditure has a crowding-out effect on cultural consumption. Based on the above theoretical analysis, public cultural input can have both crowding-in effect and crowding-out effect on cultural consumption), which depends

on the risk-aversion coefficient θ . Therefore, it should be tested according to actual data.

III. EMPIRICAL TEST AND RESULT ANALYSIS

A. Index Selection and Data Sources

The explanatory variables in this paper are the actual cultural consumption expenditure and non-cultural consumption expenditure per capita. The core explanatory variables are per capita fund for public cultural undertakings and per capita cultural capital input. According to the above analysis, this paper selects these two variables as the representatives of financial input to culture, among which the fund for public cultural undertakings has the nature of public service and belongs to the construction of public institution. The cultural input to museums, heritage sites and other aspects will obviously contribute to the promotion of cultural consumption and non-cultural consumption.

If the coefficient sign of the two is positive for per capita cultural consumption expenditure and non-per capita cultural consumption expenditure, it indicates that financial input to culture has crowding-in effect on cultural consumption, and vice versa.

Auxiliary explanatory variables are cultural consumption in lag phase, per capita GDP, local dependency ratio, urbanization proportion, housing price and other factors. On the one hand, cultural consumption in lag period reflects the inertia of cultural consumption, on the other hand, the cultural consumption of the current period will depend on the cultural consumption of the previous period, corresponding to the formation theory of consumption and the theory of "learning by consuming" of Lévy-Garboua and Montmarquette (1996).

B. Empirical Test and Result Analysis

The indicators of public cultural undertakings fee selected in this paper are fund for public cultural undertakings and cultural capital investment. All variables are logarithmically treated. On the one hand, logarithmic processing can reduce heteroscedasticity and the robust standard error is used in this process; on the other hand, the coefficient value obtained after logarithmic processing can represent the elasticity, that is, the change of cultural consumption relative to the change of financial input to culture.

According to the foregoing analysis, the econometric model adopted in this part is as follows:

$$ncc_{i,t} = \alpha + \beta lncf_{i,t} + X'_{i,t}\delta + u_i + \varepsilon_{i,t}$$
(4)

$$\ln cnc_{i,t} = \alpha + \beta \ln cf_{i,t} + X'_{i,t}\delta + u_i + \varepsilon_{i,t}$$
(5)

In this formula, $\ln cc_{i,t} > \ln cnc_{i,t}$ respectively represent the logarithm of per capita cultural consumption and per capita non-cultural consumption; $X'_{i,t}$ are auxiliary explanatory variables including per capita GDP, housing price, urbanization proportion, dependency ratio and other factors. β is the coefficient that this paper mainly focuses on. If it is positive, it indicates that the financial input to culture shows the characteristics of Keynes' attention to cultural consumption otherwise shows the characteristics of neoclassicism.

In terms of model design, the most commonly used estimation methods for panel data model estimation are fixed effect model and random effect model. However, since the model constructed in this paper belongs to dynamic panel model. The explanatory variable contains the first-order lag term of the explained variable, which will inevitably generate certain endogeneity. Therefore, the estimation with conventional methods will generate bias and validity problem. But the systematic GMM method can effectively solve the endogenous problem. Considering its validity, this paper uses this method for estimation, and uses Sargan test and AR (2) test to verify the validity of tool variable selection and the rationality of the model. The Sargan test is mainly used to test the over-identification of the dynamic panel data, and to test the validity of the tool variables. The null hypothesis is that the over-identification constraints of the model are effective. If the null hypothesis is rejected, it indicates that there is heteroscedasticity between the data and the instrumental variables need to be reset. AR (2) test is mainly used to test whether the random error term has autocorrelation. If AR (2) rejects the null hypothesis, it indicates that there is sequence autocorrelation and the model needs to be reset.

TABLE I.	EMPIRICAL ANALYSIS OF INTERPROVINCIAL FINANCIAL INPUT TO CULTURE AND CULTURAL CONSUMPTION IN CHIN
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variable	fixed effect			Diff-GMM			systematic GMM	
	Model1	Model2	2 Mode	3 Mod	lel4	Model5	Model6	
cultural consumption in lag period	0.426***		0.245		0.443	8^*		
cultural consumption in tag period	(0.008)		(0.261)	(0.067)			
Non-cultural consumption		0.565^{***}	E CONTRACTOR OF CONTRACTOR OFO	0.457	***	0.6	31***	
in lag period		(0.000)		(0.00)	1)	(0.	(000)	
for a for multiplication of the second	0.0105	0.0666^{*}	** 0.033	0.035	9 -0.0517	0.0	116	
juna jor public cultural underlakings	(0.875)	(0.008)	(0.649) (0.144	4) (0.501)	(0.	572)	
aulture La anital	0.4	79***	0.0963	0.715***	0.269***	0.423**	0.235***	
cuturat capitat	(0.0	004)	(0.191)	(0.000)	(0.001)	(0.015)	(0.004)	
D & CDD	0.14	14	0.284***	0.128	0.307**	0.520**	0.295**	
Per capita GDP	(0.5	37)	(0.002)	(0.679)	(0.038)	(0.029)	(0.038)	
	0.9	17***	0.390***	1.344***	0.401***	1.398**	0.396***	
urbanization	(0.0)	004)	(0.001)	(0.000)	(0.003)	(0.024)	(0.005)	
	-0.1	28	0.0533*	-0.290*	0.0237	0.0497	0.0415	
dependency ratio	(0.2	267)	(0.086)	(0.053)	(0.575)	(0.673)	(0.341)	
	0.08	813	0.0612**	0.0871	0.0546	-0.115*	0.0367	
housing price	(0.2	.98)	(0.030)	(0.182)	(0.124)	(0.098)	(0.355)	
	-2.0)56	5.666***	-2.812	5.469***	7.570**	4.320***	
constant term	(0.4	82)	(0.000)	(0.460)	(0.001)	(0.024)	(0.001)	
Ν	279		279	248	248	279	279	
adj. R2 0.9	32	0.9	86					
AR (2) test			0.:	5350 0.	9657	0.5505	0.8204	
Sargan test			0.	9872 0.	9998	0.9992	0.9991	

a. Note: the explained variable is the score of basic public cultural services in the current period; the calculation results show that, through AR (2) and Sargan test, *, ** and *** are respectively significant at the level of 10%, 5% and 1%; the value in parentheses is p.

"Table I" shows the estimation results of six models, respectively using fixed effect, Diff-GMM and systematic GMM models for estimation. Model 1, model 3, model 5 correspond to equation (4), and model 2, model 4, model 6 correspond to equation (5). The above models mainly consider the influence of financial investment in cultural consumption and non-cultural consumption, and analyze the introduction effect of cultural investment. According to the regression results, the core explanatory variables all passed the significance level test in different degree. The following analysis was conducted on the main explanatory variables in this paper:

- Cultural consumption in the lag period has a significant positive effect on cultural consumption in the current period, and it passes the significance test at the level of 10%, indicating that cultural consumption has the obvious feature "habit formation", and consumption in previous period will increase consumption in the current period. The regression results show that the influence degree is 44.8%, indicating that there is a large degree of inertia in cultural consumption during the sample period.
- The influence of the government's financial input to cultural consumption and non-cultural consumption is positive except model 5, indicating that the government's financial input to culture has a positive effect on cultural consumption and non-cultural consumption, but the coefficient is not significant. The reason is that China's current financial investment in culture is mainly appropriations for the allocation of cultural institutions, such as salary, staff benefits, performance fees, etc. In another variable reflecting the financial input to culture, the influence

of cultural capital investment on consumption of cultural and non-cultural products is significantly positive. And most coefficient pass the significance test at the level of 1%, and their influences on the two were 42.3% and 23.5%, respectively. According to Throsby (1999), cultural capital is divided into tangible cultural capital and intangible cultural capital. Tangible cultural capital is mainly reflected as buildings, sites, sites and other buildings of cultural significance, representing the products with local cultural value. For example, if a cinema is built in the shopping mall, the audience will consume other things after watching the movie. In terms of the size of its parameters, it has a greater promoting effect on cultural consumption than on non-cultural consumption. It shows that cultural capital investment can significantly promote cultural consumption and non-cultural consumption, showing the characteristics of Keynesianism. This means that at the present stage, increasing the government's financial input to culture can promote residents' consumption and improve social welfare through crowding-in effect.

• The impact of per capita income level on cultural consumption and non-cultural consumption is significantly positive and passes the test at the significance level of 5%. It can be seen from the elastic coefficient, the marginal propensity to consume in cultural consumption is 1.7 times higher than that of non-cultural consumption. This shows that with the improvement of income level, Chinese residents pay more and more attention to spiritual needs. According to the above analysis, cultural product is a kind of good product, and its demand elasticity coefficient is large. After comparing the relationship between the elasticity coefficient of



cultural consumption and non-cultural consumption on per capita GDP and 1, the regression results show that China's cultural consumption does not present the characteristics of good products. According to Wei Pengju (2016) [11] [P41], when per capita GDP reaches \$1,000 and the Engel coefficient drops to the level of 44%, residents' cultural consumption expenditure accounts for about 18% of personal consumption expenditure. Therefore, China's total cultural consumption should be more than 3 trillion yuan. However, the total amount of cultural consumption in China is about 1 trillion yuan, which is less than 1/3 of the general level of the country at the stage of development, representing large insufficiency in cultural consumption.

- The housing price has a significant negative impact on cultural consumption, and passes the significance test at the level of 10% which is not affected by noncultural consumption, indicating that the rise of housing price has a negative wealth effect on cultural consumption. It shows that the rise of housing price increases the cost of house purchase, that is to say, the increase of living cost will inhibit cultural consumption. When facing high living cost, people choose to consume in the aspect of life first, rather than meet the needs of spiritual life first. This means that in the context of consumption transformation and upgrading, to increase the driving force of consumption on the economy, we must first increase the disposable income of residents and reduce their living costs.
- Urbanization has a significant positive impact on cultural consumption and non-cultural consumption. Its influence coefficients on cultural consumption and non-cultural consumption are 1.398 and 0.396

respectively, indicating that urbanization plays an important role in the promotion of cultural consumption. The main reason is that urbanization means the accumulation of human capital in cities, which improves the level of human capital in cities. The improvement of human capital plays a significant role in promoting cultural consumption and noncultural consumption.

C. Subregional Analysis

In this part, the influence of financial investment between regions in cultural consumption and non-cultural consumption is studied. The six models in "Table II" respectively conduct systematic GMM regression for cultural consumption and non-cultural consumption in the eastern and western regions, and the regression results are shown in "Table II".

According to "Table II", it is found that both of them have obvious inertia, which is consistent with the analysis of China's overall cultural consumption and non-cultural consumption. Except that the cultural consumption in the central region was not significant, all other coefficients passes the significance test at the level of 1%. The impact of the fund for public cultural undertakings on cultural consumption is also consistent with that of non-cultural consumption, most of which are not significant. The financial input to culture reflected by cultural capital investment is relatively significant, which indicates that the investment in cultural infrastructure can promote the interregional cultural consumption and non-cultural consumption in different degree, and the financial input to culture has a significant Keynesian effect.

Variabla	Eastern China		Middl	e-China	Western China		
v ai lable	сс	cnc	сс	cnc	сс	cnc	
cultural consumption	0.743***		0.195		0.505***		
in lag period	(0.000)		(0.417)		(0.000)		
non-cultural		0.577***		0.624***		0.728***	
consumption in tag period		(0.000)		(0.000)		(0.000)	
housing price	-0.171	-0.0474	0.0782	0.0625	0.258***	0.149***	
nousing price	(0.202)	(0.490)	(0.710)	(0.129)	(0.009)	(0.000)	
Pop agnita CDP	-0.323*	-0.000937	-0.177	0.131***	-0.355*	0.0191	
Fer capita ODF	(0.082)	(0.995)	(0.358)	(0.003)	(0.060)	(0.821)	
fund for public	-0.0336	-0.0447	-0.282***	0.0305	-0.121**	0.0285	
cultural undertakings	(0.653)	(0.263)	(0.007)	(0.486)	(0.032)	(0.227)	
oultural capital	0.239	0.268*	0.571***	0.0562	0.238**	0.0765*	
cuuurui cupuui	(0.340)	(0.081)	(0.000)	(0.146)	(0.029)	(0.069)	
urbanization	0.904	0.234	1.272***	0.233	0.518*	0.0547	
urbunizuilon	(0.100)	(0.354)	(0.001)	(0.140)	(0.072)	(0.708)	

TABLE II. EMPIRICAL ANALYSIS OF SUBREGIONAL FINANCIAL INPUT TO CULTURE AND CONSUMPTION

variable	Eastern China	middle- China	western China	variable	Eastern China	middle- China
	сс	cnc	cc		сс	cnc
lan an lan an anti-	0.0450	-0.0391	-0.0374	0.0429	-0.482***	0.0484
aepenaency railo	(0.662)	(0.495)	(0.848)	(0.641)	(0.000)	(0.348)
	5.252**	2.343	3.803**	1.206	3.106*	0.467
constant term	(0.046)	(0.160)	(0.012)	(0.180)	(0.084)	(0.515)
Ν	99	99	81	81	99	99
AR (2) test	0.177	0.5217	0.722	0.4535	0.8929	0.3248
Sargan test	0.5327	0.1125	0.3663	0.2188	0.6343	0.5403

a. Note: the explained variable is the score of basic public cultural services in the current period; the calculation results show that, through AR (2) and Sargan test, *, *** and **** are respectively significant at the level of 10%, 5% and 1%; the value in parentheses is p.

IV. CONCLUSIONS AND SUGGESTIONS

This paper demonstrates the relationship between financial input to culture and cultural consumption by constructing a theoretical model, and finds that its influence depends on the risk-aversion coefficient of consumers. The magnitude of risk-aversion coefficient determines whether the effect of on cultural consumption is Keynesian effect or neoclassical effect. Therefore, this paper selects the interprovincial panel data of China from 2007 to 2016 for empirical analysis. Conclusions and policy recommendations are as follows:

- There exists obvious consumption habit in cultural consumption, which hasn't represented the characteristics of cultural consumption of quality goods. According to the empirical analysis results in "Table I", the inertia coefficients of residents' cultural consumption and non-cultural consumption are 44.8% and 63.1% respectively. At the same time, according to Gu Jiang (2013) [12], in China's annual per capita cultural consumption, the proportion of film and television appreciation is 4%, and that of tourism and cultural durable goods is 34%. It can be seen that residents spend a small share in the consumption of high culture such as art. Therefore, this paper suggests that according to the characteristics of residents' cultural consumption habits, the supply of high culture should be constantly transported so that the cultural consumption level can be improved, the benign consumption habit of excellent cultural consumption can be realized and thus the transformation and upgrading of consumption concepts can be realized.
- There is a crowding-in effect of cultural input to cultural consumption, which shows the characteristics of Keynesianism, in which the cultural business expense is positive but not significant, and the cultural capital investment is significantly positive. It shows that further implementing active fiscal policies and increasing the government's financial input on culture can significantly improve the level of social and cultural consumption and promote the consumption of non-cultural products. Therefore, this paper proposes to strengthen the support for cultural

consumption from two aspects, specifically, increasing fiscal expenditure and tax reduction. First, government spending on cultural and financial undertakings should be increased. China started to set up a special fund for cultural industry in 2008. By 2015, a total of 24.2 billion yuan has been allocated, including 5 billion yuan in 2014 and 2015 respectively. Accounts for a small share of fiscal expenditure, input intensity is obviously insufficient as a pillar industry of the national economy in the future. In addition, increasing loan interest discount and capital supplement for cultural industry enterprises can also be considered. Second, tax should be cut. Since the consumption of cultural products and cultural investment itself are risky and the benefits cannot be reflected in the short term, it is advisable to further reduce the tax on the consumption of specific cultural products and encouraged industries, so as to reduce consumption and supply costs and promote residents' consumption of high culture while adjusting the industrial structure.

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