

Original Paper

A Review of the Influence of Rural Public Goods Supply on Rural Residents' Consumption—A Case Study of 2009-2019

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Abstract

The supply of rural public goods and the consumption of rural residents are not only an important symbol of the quality of life of rural residents, but also reflect the satisfaction of the majority of rural residents to a better life. At the same time, the supply of rural public goods and the consumption of rural residents are also the “engine” and “ballast stone”. The supply of rural public goods and the consumption of rural residents are the “Chinese experience” to solve the crisis. In the early days of the founding of the people’s Republic of China, the reform and opening up of the production package, the soft landing of the 2008 financial tsunami was a solution to the crisis by adjusting the supply of rural public goods. In the face of the complex situation of the current international economy and the influence of the epidemic situation, a new development pattern with the large domestic circulation as the main body and the domestic and international double circulation promoting each other can not only resolve the overproduction of the city, but also realize the redistribution of urban and rural resources by stimulating consumption. The research on the supply of rural public goods in China has been fruitful. From 2009 to 2019, there were 2729 articles on the supply of rural public goods and the consumption of rural residents.

Keywords

public goods, residents’ consumption, new village movement, farmers’ autonomous association, supply structure

1. An Empirical Analysis of the Main Influencing Factors of Rural Public Goods Supply to Rural Residents’ Consumption

The most direct influence of rural public goods supply on rural residents’ consumption is reflected in

the supply of non-productive public goods, especially the effect of reducing consumption cost and improving consumption environment. By studying the total expenditure elasticity and price elasticity of household consumption, Li Yang (2019) found that the luxury of education, entertainment, transportation and communication, medical care is greater, and it can also be said that after increasing income, the expenditure on education, entertainment, transportation and communication, and medical care has increased greatly. Cheng Xin (2014) used Deng's grey correlation degree method to explore the contribution of various kinds of public goods to rural residents' per capita consumption, and concluded that the contribution rate of all kinds of public goods is positive in promoting rural residents' consumption. The contribution rate of pure public goods is higher than that of water conservancy, transportation, storage and postal service. Zhang Huifang (2017) studied that since 2012, China's rural residents' consumption growth rate has exceeded that of cities and towns for four consecutive years, but the urban and rural consumption is seriously unbalanced, and the proportion of rural consumption is too low. Releasing rural consumption potential is an important problem that needs to be solved at present. Besides income level, social welfare is an important factor affecting consumption. By constructing vector autoregressive model (VAR), the influence of public health, basic education, infrastructure and social security on rural consumption in social welfare is empirically tested. The results show that public health services and infrastructure construction are the main factors affecting the consumption of rural residents. Therefore, the optimization of welfare structure with the emphasis on the equalization of basic public services and the improvement of welfare environment supported by strengthening infrastructure are the key to leverage rural consumption. Zhang Shuyun's (2011) study holds that, in general, the supply of rural public goods plays an important role in the improvement of rural consumption level and the expansion of consumer market, but there are great differences in the influence mechanism of different public goods supply on farmers' consumption. Tang Juanli believes that the supply of rural public goods can be divided into two categories: productive and non-productive. Productive supply has the effect of directly and indirectly promoting consumption, and non-productive supply may inhibit the increment of consumption

2. Study on the Influence of Rural Public Goods Supply on the Consumption Structure of Rural Residents

The supply of rural public goods involves all aspects of rural residents' life and has a great impact on the consumption structure of rural residents. Chenghua (2019) believed that the supply of rural public goods had a significant impact on farmers' consumption structure, and found that the level of rural public goods in the province generally matched the level of economic development. Li Xiaoying (2015) through the Xi'an City public goods supply on the impact of consumer consumption empirical analysis that increased investment in health, medical and social work, residents consumption will increase, and residents consumption will increase, residents spend on health, medical and social work costs will also increase. Tang Juanli (2015) believes that the supply of rural public goods plays an important role in

improving farmers' consumption level and widening the consumption market, and the influence of different types of rural public goods on consumption is different. Lin Guanghai (2014) thought that the supply of non-productive public goods can not directly affect the living consumption expenditure of rural residents by changing their prices, but it can change the consumption structure and consumption preference of rural residents. Zhang Xiao (2010) believes that increasing the supply of non-productive public goods in rural areas can improve the rural consumption environment, change the consumption structure and preference of farmers, and improve the consumption level of farmers.

3. Indirect Impact of Rural Public Goods on Rural Residents' Consumption

The ways to satisfy consumption include raising residents' income, improving consumption environment and improving social security. Zhang Ganjia (2019) believes that raising the income expectations of rural residents in the western region, reducing the burden of household expenditure, especially reducing the expenditure on children's education, can release the consumption potential of rural residents. Nie Yuting's (2019) study found that the social status of the head of household and the income level of the peasant household had a great impact on the supply of rural productive and living public infrastructure. Hou Zaikun's (2019) study found that different types of rural infrastructure have great differences in the impact of farmers' income increase in different regions. At the same time, it is considered that rural infrastructure investment has redistribution effect and can reduce the difference of rural income. He Yannan's (2018) study concluded that rural infrastructure investment has a promoting effect on farmers' income, and rural education investment has a great impact on farmers' income, and there is no threshold effect. And the positive effect is weakened. The results of Tang Juanli's (2016) study show that the supply level of rural public goods in China has increased in recent years, in which the supply level of rural public goods such as social security, medical and health care and irrigation and water conservancy is higher, while the supply level of public safety, cultural entertainment and ecological environment protection is lower. The supply level of rural public goods is related to national policies, reflecting the government's behavior preference in the supply of rural public goods. Kong Xiangli (2010) believes that with the continuous improvement of farmers' income level, if the rural public goods are not provided in a timely manner, the rural consumption potential can not be fully improved, and the potential market can not be transformed into a real market.

4. An Empirical Analysis on the Supply of Public Goods in the New Village Movement of Korea

The essence of public policy is the authoritative distribution of social resources, which is the true embodiment of the Korean New Village Movement. As a result of the long-term implementation of Korea's export-oriented economic strategy, the development of rural areas has been neglected for a long time, the income gap between urban and rural residents has continued to expand, and infrastructure investment has been seriously inadequate,

A sharp outflow of rural residents. In view of the long-term lack of development of the rural economy

and the inability of rural residents to maintain their livelihoods, South Korea launched a vigorous new village movement in 1970.

4.1 To “Diligence, Self-help, Cooperation” as the Guiding Spirit, Guide Farmers to Participate

Only when the mental outlook changes, people’s world outlook and behavior view will change. The new village movement in South Korea is to enlighten farmers with “diligence, self-help and cooperation”, and then guide farmers from participating in the new village movement to leading the new village movement. First of all, the implementation of rewards and penalties for laziness and village level measures, the national village is divided into three levels, and this is the standard of subsidy level, the higher the level of the village, the higher the reward subsidy. Establish safeguard measures to guarantee basic life, such as universal medical insurance, exemption from education for children and other measures. Formulate favorable agricultural policies to increase farmers’ income, such as high rice price measures, special funds at par, and direct agricultural supply by the Agricultural Association. The supply of public goods has both policy protection and guidance.

4.2 Building a Strong Organizational System and Scientific Implementation Steps

As the initiator of the new village movement, the Korean government has established a set of leadership mechanisms, from the central to local configuration. The “Central Xincun Movement Advisory and Coordination Committee” was set up to be responsible for the policy formulation, coordination and supervision of the whole movement, and local governments set up corresponding supporting organizations. Agricultural production instructors are set up by universities and scientific research institutions to guide agricultural production. At the same time, strengthen the implementation of the performance appraisal system of the new village movement, the village appearance changes, the corresponding guidance staff will also be honored and rewarded. The implementation of the new village movement, the formulation of scientific implementation steps, a total of four implementation steps, from easy to difficult, from low-level public goods supply to high-level public goods supply. The first stage is based on infrastructure construction, the main goal is to improve the living and production environment in rural areas. The second stage is to expand production, the main goal is to develop agricultural production, increase income. In the third stage, the main goal is to strengthen agricultural cooperation, develop characteristic agriculture and improve the deep processing of agricultural products. The fourth stage is based on the development of high-tech modern agriculture, the main goal is to protect the ecological environment and improve the safety and quality of agricultural products. Each stage is linked to each other, on the basis of the completion of the previous stage of the second personal stage of development, steady progress. It can also be said that the Korean New Village Movement starts with the transformation of rural infrastructure, improves the efficiency of agricultural production, stimulates the enthusiasm of farmers, and then guides the sustainable development of agriculture and improves the quality of life of farmers.

4.3 Increase Investment in Infrastructure and Expand the Income of Farmers

The Korean government has vigorously developed rural infrastructure in the New Village Movement,

About 20 projects, In particular, the construction of rural roads, water conservancy facilities, power grid lines, dangerous old residential transformation. Actively guide villagers to participate, by the villagers after discussion of their own choice. In the late 1970s, 50,000 villages were opened to traffic, to complete the renovation of dilapidated homes from thatched hut to tile house, In the 1990s, the national electricity, ventilation, water. Investment in infrastructure has greatly reduced the cost of agricultural production, at the same time, it can also reduce the consumption cost of farmers. Meanwhile, actively promoting high-yield grain crop varieties, encouraging the development of animal husbandry, agricultural products processing industry, characteristic industries, etc., in the late 1970s, the rice supply surplus was self-sufficient. Between 1970 and 1980, farmers' per capita income increased from 100000 won to 1 million won. The urban-rural income gap has remained low, even in 1975, the income of rural households is 1.6% of that of urban households.

4.4 Give Full Play to the Role of Grass-roots Agricultural Associations and Establish Rural Financial and Circulation Systems

In the new village movement in Korea, The emergence of a large number of farmers' autonomous associations, Such as "new village women", "new village youth", "new village leaders" and so on. The Agricultural Association Act 1984, Establishing its integrated functions, people join together voluntarily, the formation of democratic governance through common ownership, the Agricultural Association provides technical, financial and information services, developing member agricultural productivity, expansion and circulation of agricultural products produced by members, to achieve common economic, social and cultural needs and aspirations. Agricultural Association according to the new village movement in different periods of development characteristics and external reasons to formulate policies and specific measures. South Korean countryside in the '60s, usury prevails and farmers have no habit of saving, seriously restrict agricultural development. Establishment of an integrated agricultural association, focusing on rural financial policy, develop a five-year development plan, activating rural finance, eliminate usury. In the 1970s, because farmers' incomes were too low, based on increased food production, supply of fertilizers, pesticides, high-yield seedlings, preliminary establishment of agricultural supply system. In 80 years, facing the requirements of market opening, speed up the commercialization of agricultural products, establishment of 85 statutory wholesale markets for agricultural products, established the modern circulation system of agricultural association sales. 90 years since international trade liberalization, such as WTO/FTA, to guarantee agricultural development, breaking the smallholder structure, actively cultivate professional farmers, adjust the structure of agricultural industry.

4.5 Implement the Development of Work and Agriculture, and Guide Residents to Consume

South Korea's new village movement is a "top-down" national movement, the new village movement is not just the reform and development of the countryside, At the same time, it's industry, the harmonious development of cities and villages. When industrialization reaches a certain stage, it can provide support and assistance for rural development and construction. In turn, rural development can

also provide market and human support for industrialization, to synchronize industrialization, urbanization and agricultural modernization. At the same time guide rural residents to household durable goods consumption, Early 90, 1 per cent 0 The rate of color TV owned by 0 farmers reached 123.6%, refrigerator 105%, gas stove 100.4%, telephone 99.9%, car 20.9%, computer 6.7%, The consumption structure has improved significantly. Growth in rural consumption, further stimulate the development of industrialization.

5. Optimizing the Supply of Public Goods and Promoting Consumer Policy Recommendations

5.1 Increase the Total Supply, Reduce Consumption Costs

The current supply of rural infrastructure in China has greatly improved the living environment of rural residents, but there is still a shortage of total supply, and there are still great differences compared with cities. According to the research, rural residents pay much less attention to clothing, entertainment, household equipment and so on, which means that the consumption level of enjoyment and development is low, which is due to the high consumption cost. Only the supply of rural public goods provides good consumption conditions, stimulates the consumption will of rural residents, saves the consumption cost of rural residents, and increases the consumption of private goods.

5.2 Supply According to Demand, Increase Durable Goods Consumption Guidance

According to the different levels of demand, regional differentiation, phased implementation and so on, the supply plan is worked out, the priority supply order is listed, the agglomeration effect and the acceptance effect are promoted, so that the urban function spillover and the resultant force of digesting urban demand form a benign urban and rural supply link. Increase the construction of pork, eggs, milk and other high-protein products supply system; implement beautiful rural construction, for dangerous houses, empty villages to implement centralized construction; improve rural medical and health care and social security supply, reduce the burden of medical care and old-age care. At the same time, we should continue to promote household appliances to the countryside, cars to the countryside and other guiding consumption, the establishment of rural consumption subsidy policy has greatly restricted the consumer demand of farmers.

5.3 Construction of Diversified Rural Public Goods Supply Mechanism

The objective of rural pure public goods is to satisfy rural economic development and improve the living standards of rural residents. It is both non-competitive and non-exclusive. Its high production cost, low return rate and long return cycle make private people and groups reluctant to invest, such as social services, social management, agricultural zoning, living infrastructure, meteorology, water conservancy, agricultural scientific research and technology extension, agricultural market information, etc. Rural quasi-public goods are not both non-competitive and non-exclusive, and the range of benefits is limited. We should speed up the construction of a diversified supply structure dominated by the supply of pure public goods invested by the government, supplemented by the participation of enterprises, groups and private persons in the supply of quasi-public goods, and supplemented by the

collection of beneficiary collectives and members, and expand the sources of supply funds. Governments at all levels can increase investment in rural public goods through financial input and issuance of national bonds. At the same time, tax relief, factor relief and other ways to attract enterprises, groups, private supply of partial quasi-public goods. Encourage social groups to participate in rural construction and guide voluntary groups to participate in rural construction. To encourage the benefit of rural collective self-financing to meet the production and living needs within their jurisdiction. The multiple supply structure can make up for the shortage of total financial supply, and the supply of productive public goods such as roads, water conservancy and power grid can improve the backward production conditions. At the same time, the supply of rural public goods can increase the employment of rural residents, increase non-agricultural income and promote consumption increment.

5.4 Optimize Supply Structure and Improve Consumption Level

Data show, In 2018, rural residents accounted for 30.1% of the per capita expenditure on food, alcohol and tobacco, 1.1 percentage points lower than 2017; Cost of clothing was 5.3 per cent, 0.3 percentage points lower than the previous year; The proportion of health care expenditure is 10.2 per cent, 0.5 percentage points higher than the previous year; 20.9 per cent of residential expenditure, 0.4 percentage points higher than the previous year; 13.9 per cent of communications expenditure, It was 0.1 percentage points higher than the previous year. Rural residents per capita consumption expenditure, The proportion of subsistence consumption, such as food and clothing, decreased, Health care, housing, communications and other developmental consumption increased. Health care, daily necessities and services, housing, transportation and communications, education, culture and entertainment expenditure increased rapidly.

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