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Empirical Analysis on the Factors of Residents' Consumption Level in China

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Abstract

Through the analysis of GDP, per capita income of urban and rural residents, natural population growth rate and consumer price index, we can get the influencing factors of our residents' consumption level, and then make a decision to improve our residents' consumption level on this basis.

Keywords

Consumption Level; Economic Growth; Influence Factor.

1. Introduction

At present, China's economic growth depends too much on the pull of export and investment, and the pull effect of consumption on economic growth is insufficient. After the international financial crisis, it is necessary for us to analyze China's consumer demand. The lack of consumer demand is the problem of China's economic growth. And from the changes in recent years, the fluctuation of residents' consumption demand is basically consistent with the trend and cycle of price changes. In a year of rapid growth in consumer spending, prices are bound to be at a high level. On the contrary, consumer spending increases at a low speed, and the price level also decreases. The growth rate of consumer expenditure and the growth rate of consumer price index are roughly the same. Therefore, through analysis, it shows the correlation between price rise and residents' consumption level, and there is a positive correlation. In addition, the lack of consumer demand has become the biggest crux of China's economic growth. This situation determines that improving the consumption level of Chinese residents should become the fundamental driving force to drive China's economic growth.

2. Data Processing

2.1. Variable Selection

Consumption level refers to the satisfaction of people to the needs of material and cultural life in the process of consumption in a certain period of time. A country's consumption level is often affected by many factors. Many scholars in China have established many models to analyze the impact of various factors on Residents' consumption level. The purpose of this paper is to analyze the consumption level of residents. At the same time, considering the analysis needs of some other indicators, this paper takes the consumption level of residents as the explanatory variable, introduces GDP, per capita income of urban and rural residents, natural population growth rate and consumer price index according to experience, and makes regression analysis on the model, so as to make the model more operable.

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2.2. Data Collection

Table 1. Relevant data of residents' consumption level in China from 1990 to 2009

particular year	Residents' consumption level: y	gross domestic product:x1	Per capita income of residents:x2	Net income of rural residents:x3	natural population growth rate:x4	Consumer price index:x5
1990	833	18667.8	1510.2	686.3	14.39	103.1
1991	932	21781.5	1700.6	708.6	12.98	103.4
1992	1116	26923.5	2026.6	784.0	11.60	106.4
1993	1393	35333.9	2577.4	921.6	11.45	114.7
1994	1833	48197.9	3496.2	1221.0	11.21	124.1
1995	2355	60793.0	4283.0	1577.7	10.55	117.1
1996	2789	71176.6	4838.9	1926.1	10.42	108.3
1997	3002	78973.0	5160.3	2090.1	10.06	102.8
1998	3159	84402.3	5425.1	2162.0	9.14	99.2
1999	3346	89677.1	5854.0	2210.3	8.18	98.6
2000	3632	99214.6	6280.0	2253.4	7.58	100.4
2001	3887	109655.2	6859.6	2366.4	6.95	100.7
2002	4144	120332.7	7702.8	2475.6	6.45	99.2
2003	4475	135822.8	8472.2	2622.2	6.01	101.2
2004	5032	159878.3	9421.6	2936.4	5.87	103.9
2005	5573	184937.4	10493.0	3254.9	5.89	101.8
2006	6263	216314.4	11759.5	3587.0	5.28	101.5
2007	7255	265810.3	13785.8	4140.4	5.17	104.8
2008	8349	314045.4	15780.8	4760.6	5.08	405.9
2009	9098	340506.9	17174.7	5153.2	5.05	99.3

3. Model Estimation and Adjustment

Using least squares, the estimates can be obtained using Eviews as follows:

Table 2. Dependent Variable: Y

Dependent Variable: Y				
Method: Least Squares				
Date: 06/20/20 Time: 13:10				
Sample: 1990 2009				
Included observations: 20				
Variable	Coefficient	Std.Error	t-Statistic	Prob.
C	628.4231	203.9031	3.081969	0.0081
X1	0.005870	0.002074	2.830832	0.0133
X2	0.160486	0.057308	2.800404	0.0142
X3	0.764287	0.059542	12.83612	0.0000
X4	-48.06647	12.69245	-3.787011	0.0020
X5	-0.127521	0.138325	-0.921895	0.3722
R-squared	0.999855	Mean dependent var		3923.300
Adjusted R-squared	0.999803	S.D.dependent var		2406.042
S.E.of regression	33.77313	Akaike info criterion		10.12053
Sum squared resid	15968.74	Schwarz criterion		10.41925
Log likelihood	-95.20533	Hannan-Quinn criter.		10.17885
F-statistic	19283.43	Durbin-Watson stat		1.534467
Prob(F-statistic)	0.000000			

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report form:

$$Y = 628.4231 = 0.00587x\,1 + 0.160486x\,2 + 0.764287x\,3 - 48.06647x\,4 - 0.127521x\,5$$
$$R^2 = 0.999855 \quad F = 19283.43 \quad DW = 1.534467$$

R^2Statistical test: The determination coefficient: =0.999588 is close to 1, indicating that the model has a high goodness of fit to the sample data.

F test: F=19283.43, its P =0.000000 is also significantly less than 0.05, indicating that the gross domestic product x1, the per capita household income x2, the net income of rural residents x3, the natural population growth rate x4, and the consumer price index x 5 have a significant impact on the household consumption level Y, and the model linear relationship is significant.

T-test: given the significance level = 0.05, the estimated results show that P1, P2, P3 and P4 are far less than 0.05, so P 5 passes the t-test = 0.3722> 0.05, so x 5 fails the t-test and should be deleted.

There performed multiple collinearity tests for x 1 x 2 x 3 x 4

Table 3. Get the following results using the instruction COR X1 X2 X3 X4

	X1	X2	X3	X4
X1	1.000000	0.995805	0.986195	-0.854866
X2	0.995805	1.000000	0.993822	-0.894457
X3	0.986195	0.993822	1.000000	-0..898319
X4	-0.854866	-0.894457	-0.898319	1.000000

According to the figure above, the correlation coefficient of each explanatory variable with each other is high, confirming that there is indeed a serious multicollinearity.Therefore, the multiple collinearity should first be corrected with a gradual regression approach to solve the multiple collinearity.

The regression of y and x 1, x2, x 3 and x 4, respectively, and the regression results were as follows:y with x 1

Table 4. y with x 1(a)

Dependent Variable: Y				
Method: Least Squares				
Date: 06/20/20 Time: 14:11				
Sample: 1990 2009				
Included observations: 20				
Variable	Coefficient	Std.Error	t-Statistic	Prob.
C	821.9854	108.6046	7.568603	0.0000
X1	0.024986	0.000700	35.71024	0.0000
R-squared	0.986081	Mean dependent var		3923.300
Adjusted R-squared	0.985308	S.D.dependent var		2406.042
S.E.of regression	291.6377	Akaike info criterion		14.28354
Sum squared resid	1530945.	Schwarz criterion		14.38311
Log likelihood	-140.8354	Hannan-Quinn criter.		14.30298
F-statistic	1275.221	Durbin-Watson stat		0.132510
Prob(F-statistic)	0.000000			

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y with x 2 (b)

Dependent Variable: Y				
Method: Least Squares				
Date: 06/20/20 Time: 14:12				
Sample: 1990 2009				
Included observations: 20				
Variable	Coefficient	Std.Error	t-Statistic	Prob.
C	152.8358	49.15814	3.109064	0.0061
X2	0.521494	0.005775	90.29846	0.0000
R-squared	0.997797	Mean dependent var		3923.300
Adjusted R-squared	0.997675	S.D.dependent var		2406.042
S.E.of regression	116.0168	Akaike info criterion		12.43999
Sum squared resid	242278.0	Schwarz criterion		12.53956
Log likelihood	-122.3999	Hannan-Quinn criter.		12.45942
F-statistic	8153.812	Durbin-Watson stat		0.396373
Prob(F-statistic)	0.000000			

y with x 3 (c)

Dependent Variable: Y				
Method: Least Squares				
Date: 06/20/20 Time: 14:12				
Sample: 1990 2009				
Included observations: 20				
Variable	Coefficient	Std.Error	t-Statistic	Prob.
C	-517.0697	82.91091	-6.236449	0.0000
X3	1.856427	0.030668	60.53392	0.0000
R-squared	0.995112	Mean dependent var		3923.300
Adjusted R-squared	0.994840	S.D.dependent var		2406.042
S.E.of regression	172.8292	Akaike info criterion		13.23712
Sum squared resid	537658.7	Schwarz criterion		13.33670
Log likelihood	-130.3712	Hannan-Quinn criter.		13.25656
F-statistic	3664.356	Durbin-Watson stat		0.310423
Prob(F-statistic)	0.000000			

Table 5. Dependent Variable: Y (a)

Dependent Variable: Y				
Method: Least Squares				
Date: 06/20/20 Time: 14:18				
Sample: 1990 2009				
Included observations: 20				
Variable	Coefficient	Std.Error	t-Statistic	Prob.
C	-121.4104	33.03292	-3.675435	0.0019
X2	0.318210	0.020140	15.79978	0.0000
X3	0.729137	0.071792	10.15625	0.0000
R-squared	0.999688	Mean dependent var		3923.300
Adjusted R-squared	0.999652	S.D.dependent var		2406.042
S.E.of regression	44.90517	Akaike info criterion		10.58446
Sum squared resid	34280.06	Schwarz criterion		10.73382
Log likelihood	-102.8446	Hannan-Quinn criter.		10.61362
F-statistic	27264.77	Durbin-Watson stat		1.087943
Prob(F-statistic)	0.000000			

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As seen from the above figures, the regression equation obtained from y and x2 had the highest goodness-of-fit, so this equation was selected as the benchmark regression model, and then x 3 and x 4 were added to the explanatory variables, and the regression results Show in Table 5.

Dependent Variable: Y (b)

Dependent Variable: Y				
Method: Least Squares				
Date: 06/20/20 Time: 14:18				
Sample: 1990 2009				
Included observations: 20				
Variable	Coefficient	Std.Error	t-Statistic	Prob.
C	549.4156	248.8546	2.207778	0.0413
X2	0.503543	0.012366	40.71831	0.0000
X4	-31.51474	19.41862	-1.622914	0.1230
R-squared	0.998093	Mean dependent var		3923.300
Adjusted R-squared	0.997868	S.D.dependent var		2406.042
S.E.of regression	111.0847	Akaike info criterion		12.39594
Sum squared resid	209776.8	Schwarz criterion		12.54530
Log likelihood	-120.9594	Hannan-Quinn criter.		12.42510
F-statistic	4448.281	Durbin-Watson stat		0.494223
Prob(F-statistic)	0.000000			

R^2 After adding x 3, from 0. 997797 to 0. 999688, relatively significant and F value, then x 4 can be added to the explanatory variable, and the regression results were as follows:

Dependent Variable: Y (c)

Dependent Variable: Y				
Method: Least Squares				
Date: 06/20/20 Time: 14:21				
Sample: 1990 2009				
Included observations: 20				
Variable	Coefficient	Std.Error	t-Statistic	Prob.
C	104.1649	97.78654	1.065228	0.3026
X2	0.316722	0.017780	17.81384	0.0000
X3	0.699652	0.064504	10.84669	0.0000
X4	-17.04434	7.052919	-2.416636	0.0280
R-squared	0.999772	Mean dependent var		3923.300
Adjusted R-squared	0.999729	S.D.dependent var		2406.042
S.E.of regression	39.61806	Akaike info criterion		10.37330
Sum squared resid	25113.45	Schwarz criterion		10.57245
Log likelihood	-99.73304	Hannan-Quinn criter.		10.41218
F-statistic	23353.56	Durbin-Watson stat		1.344112
Prob(F-statistic)	0.000000			

R^2 The change from 0.999688 to 0.999772 is significant and F value, so the model can be modified to: y =0.316722 * x 2 + 0.699652 * x 3-17.04434 * x 4 + 104.1649

The W HITE test was used

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Table 6. Heteroskedasticity Test: White

Heteroskedasticity Test: White				
F-statistic	1.148098	Prob.F(9,10)		0.4134
Obs*R-squared	10.16372	Prob.Chi-Square(9)		0.3374
Scaled explained SS	8.165109	Prob.Chi-Square(9)		0.5176
Test Equation:				
Dependent Variable: RESID^2				
Method: Least Squares				
Date: 06/20/20 Time: 14:30				
Sample: 1990 2009				
Included observations: 20				
Variable	Coefficient	Std.Error	t-Statistic	Prob.
C	23301.93	60554.52	0.384809	0.7084
X2^2	-0.001264	0.004312	-0.293174	0.7754
X2*X3	0.014108	0.026690	0.528604	0.6086
X2*X4	2.256684	1.954606	1.154547	0.2751
X2	-35.16575	23.27491	-1.510886	0.1618
X3^2	-0.032523	0.044154	-0.736571	0.4783
X3*X4	-6.427756	6.052432	-1.062012	0.3132
X3	108.9737	83.80513	1.300322	0.2227
X4^2	231.2250	337.2479	0.685623	0.5085
X4	-5175.993	8732.145	-0.592752	0.5665
R-squared	0.508186	Mean dependent var		1255.672
Adjusted R-squared	0.065553	S.D.dependent var		2041.241
S.E.of regression	1973.202	Akaike info criterion		18.31956
Sum squared resid	38935265	Schwarz criterion		18.81742
Log likelihood	-173.1956	Hannan-Quinn criter.		18.41674
F-statistic	1.148098	Durbin-Watson stat		2.692542
Prob (F-statistic)	0.413423			

4. Unit Root Adjustment and Error Correction

Unit root adjustment and error correction were performed for x 1
(1) Stability test

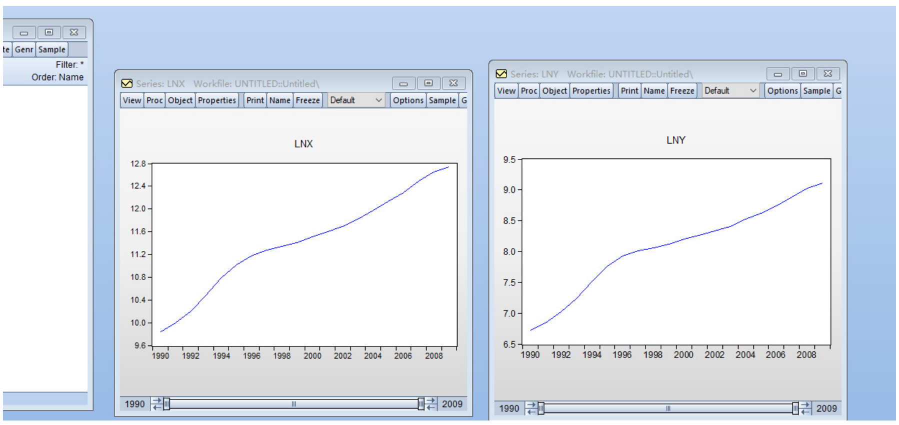

Fig 1. Stability test

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From the figure, the x sequence is non-stationary, with possible linear and quadratic trends, and the log lnx sequence is also non-stationary, possibly a linear trend and no quadratic trend.
(2) Unit root inspection

Table 7. Null Hypothesis: LNX has a unit root

Null Hypothesis: LNX has a unit root				
Exogenous: Constant				
Lag Length: 4 (Automatic - based on SIC, maxlag=4)				
			t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic			-0.109492	0.9316
Test critical values:	1% level		-3.959148	
	5% level		-3.081002	
	10% level		-2.681330	
*MacKinnon (1996) one-sided p-values.				
Warning: Probabilities and critical values calculated for 20 observations				
and may not be accurate for a sample size of 15				
Augmented Dickey-Fuller Test Equation				
Dependent Variable: D(LNX)				
Method: Least Squares				
Date: 11/03/20 Time: 10:53				
Sample (adjusted): 1995 2009				
Included observations: 15 after adjustments				
Variable	Coefficient	Std.Error	t-Statistic	Prob.
LNX(-1)	-0.001534	0.014006	-0.109492	0.9152
D(LNX(-1))	0.969851	0.221798	4.372679	0.0018
D(LNX(-2))	-0.911967	0.328891	-2.772855	0.0217
D(LNX(-3))	0.872856	0.352030	2.479491	0.0350
D(LNX(-4))	-0.607354	0.217754	-2.789170	0.0211
C	0.105475	0.172103	0.612858	0.5551
R-squared	0.835923	Mean dependent var		0.130341
Adjusted R-squared	0.744769	S.D.dependent var		0.050364
S.E.of regression	0.025444	Akaike info criterion		-4.215494
Sum squared resid	0.005827	Schwarz criterion		-3.932274
Log likelihood	37.61620	Hannan-Quinn criter.		-4.218511
F-statistic	9.170468	Durbin-Watson stat		2.047976
Prob(F-statistic)	0.002448			

As can be seen in the above table

$$\Delta\, \widehat{ln}\, e\, x_t = 0.105475 - 0.001534t + 0.969851\, ln\, e\, x_{t-1} - 0.911967\Delta\, ln\, e\, x_{t-1}$$

T=(2.8643) (2.6962) (-2.6508)* (3.6258)

R2=0.835923 dw=2.047976

Note: The value in brackets with an asterisk * is the value of the ADF statistic, Values in parentheses without asterisks are the corresponding T-statistic values, As you can see from the

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test results, At the three significance levels of 1%, 5%, and 10%, The mackinnon cut-off value for the unit root test was-3.959148, -3.081002, and-2.681330, respectively, , ADF= -0.109492 is greater than the cutoff value, H0, It indicates that the unit root of the log exit lnex original sequence, Non-stationary sequence, besides, The DW value =2.047976 indicates that there is no autocorrelation in the residual sequence, And all the regression coefficients' T-tests were significant, So it is a reasonable test.

(3) co-integration test

Genergenerate residual sequences of lnx and log export sequence lnIy regression equations

Ls lnx c lny

Genr e=resid

Table 8. Dependent Variable: LNX

Dependent Variable: LNX				
Method: Least Squares				
Date: 11/03/20 Time: 11:02				
Sample: 1990 2009				
Included observations: 20				
Variable	Coefficient	Std.Error	t-Statistic	Prob.
C	1.668100	0.154117	10.82363	0.0000
LNY	1.208888	0.019036	63.50522	0.0000
R-squared	0.995557	Mean dependent var		11.41999
Adjusted R-squared	0.995310	S.D.dependent var		0.854098
S.E.of regression	0.058494	Akaike info criterion		-2.745160
Sum squared resid	0.061587	Schwarz criterion		-2.645587
Log likelihood	29.45160	Hannan-Quinn criter.		-2.725722
F-statistic	4032.913	Durbin-Watson stat		0.199074
Prob(F-statistic)	0.000000			

$$\hat{e}_t = -1.10234 e_{t-1}$$

T=(-3.564917)*

R2=0.514340,,DW=1.824447

(Note: Values in brackets with an asterisk * are the value of the AEG statistic)

Because the cut-off value in eviews software is ADF cutoff and not AEG, the cut-off value in eviews software can not t be directly used in the co-consolidation test. The critical value of the co-integration test should be calculated, and the calculation process and results are as follows:

$$C_\alpha = \phi_\infty + \phi_1 / T + \phi_2 / T^2 \text{=-3.3377-5.967/70-8.98/(70^2)=-3.42477551}$$

AEG= -3.8300 <-3.4248, indicating that the residual sequence is stable, a long-term stable coconsolidation relationship between log GDP sequence lnx and consumer import sequence ln y, cointegration vector is (1, -1.0240)'which shows that although both the log GDP sequence lnx and log consumption sequence ln y are non-stable first order single whole sequence I (1), the specific linear combination is stable and basically maintains a 1:1 ratio.

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Table 9. Unit root test for residue number column e

Null Hypothesis: E has a unit root				
Exogenous: Constant				
Lag Length: 0 (Automatic - based on SIC, maxlag=3)				
			t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic			-3.564917	0.0220
Test critical values:	1% level		-4.004425	
	5% level		-3.098896	
	10% level		-2.690439	
*MacKinnon (1996) one-sided p-values.				
Warning: Probabilities and critical values calculated for 20 observations				
and may not be accurate for a sample size of 14				
Augmented Dickey-Fuller Test Equation				
Dependent Variable: D(E)				
Method: Least Squares				
Date: 11/03/20 Time: 11:04				
Sample (adjusted): 1996 2009				
Included observations: 14 after adjustments				
Variable	Coefficient	Std.Error	t-Statistic	Prob.
E(-1)	-1.102834	0.309357	-3.564917	0.0039
C	0.000292	0.005892	0.049602	0.9613
R-squared	0.514340	Mean dependent var		-0.001861
Adjusted R-squared	0.473868	S.D.dependent var		0.030235
S.E.of regression	0.021931	Akaike info criterion		-4.670254
Sum squared resid	0.005772	Schwarz criterion		-4.578960
Log likelihood	34.69178	Hannan-Quinn criter.		-4.678705
F-statistic	12.70863	Durbin-Watson stat		1.824447
Prob(F-statistic)	0.003889			

(4) error correction

$$\Delta \ln \hat{ex}_t = \beta_1 \Delta \ln im_t + \beta_2 e_{t-1} + \varepsilon_t$$

$$\begin{aligned} \Delta \ln ex_t &= \alpha_1 \Delta \ln im_t + \alpha_3 \Delta \ln im_{t-1} + \gamma_2 \Delta \ln ex_{t-1} + \lambda(\ln ex_{t-1} - \beta_0 - \beta_1 \ln im_{t-1}) + \varepsilon_t \\ &= \alpha_1 \Delta \ln im_t + \alpha_3 \Delta \ln im_{t-1} + \gamma_2 \Delta \ln ex_{t-1} + \lambda e_{t-1} + \varepsilon_t \end{aligned}$$

The log exit lnex and the log import lnIM differential sequences were generated, respectively
Genr dlnx=d(lnx)
Genr dlny=d(lny)
Estimation error correction model formula
Enter the following command: Ls dlnx dln y dlny (-1) dlnx (-1) e (-1)

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Table 10. Dependent Variable: DLNX

Dependent Variable: DLNX				
Method: Least Squares				
Date: 11/03/20 Time: 11:14				
Sample (adjusted): 1996 2009				
Included observations: 14 after adjustments				
Variable	Coefficient	Std.Error	t-Statistic	Prob.
DLNY	1.272233	0.228281	5.573111	0.0002
DLNY(-1)	-0.578189	0.230341	-2.510141	0.0309
DLNX(-1)	0.453026	0.281074	1.611766	0.1381
E(-1)	-0.129753	0.277006	0.468412	0.6495
R-squared	0.851007	Mean dependent var		0.123069
Adjusted R-squared	0.806309	S.D.dependent var		0.043327
S.E.of regression	0.019068	Akaike info criterion		-4.846613
Sum squared resid	0.003636	Schwarz criterion		-4.664025
Log likelihood	37.92629	Hannan-Quinn criter.		-4.863514
Durbin-Watson stat	1.696265			

$$\Delta\, ln\, e\, x_t = 1.272233\Delta\, ln\, y_t - 0.578189\Delta\, ln\, y_{t-1} + 0.453026\Delta\, ln\, x_{t-1} - 0.129753$$

R2=0.851007, DW=1.696265

Enter the command as follows: Ls dlnx dlny e (-1)

Table 11. Dependent Variable: DLNX

Dependent Variable: DLNX				
Method: Least Squares				
Date: 11/03/20 Time: 11:18				
Sample (adjusted): 1996 2009				
Included observations: 14 after adjustments				
Variable	Coefficient	Std.Error	t-Statistic	Prob.
DLNY	1.246520	0.060478	20.61103	0.0000
E(-1)	-0.039976	0.326251	0.122533	0.9045
R-squared	0.747246	Mean dependent var		0.123069
Adjusted R-squared	0.726183	S.D.dependent var		0.043327
S.E.of regression	0.022672	Akaike info criterion		-4.603810
Sum squared resid	0.006168	Schwarz criterion		-4.512516
Log likelihood	34.22667	Hannan-Quinn criter.		-4.612261
Durbin-Watson stat	1.038945			

$$\Delta\, ln\, x_t = 1.246520\Delta\, ln\, m_t - 0.039976 e_{t-1}$$

R2=0.747246, DW=1.038945

The error correction term et-1 coefficient of the error correction model formula 1 and 2 is negative), and the T test is significant.The two correction coefficients estimated at-0.039976 and-0.12975 are essentially identical, respectively, indicating a stable cointegration equilibrium relationship between household consumption and the GNP sequence.In contrast, the error correction model formula. 1 is better than 2, for example, because the AIC value of 1

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is lower than 2, and 1 has no autocorrelation.Taking the error correction model formula 1 as an example, the results show that the export change depends on the short-term change of the import, the last export change and the deviation from the export equilibrium level.When the previous phase of exports deviate from the long-term equilibrium relationship, the error correction mechanism will return exports to the long-term equilibrium relationship.The correction speed or adjustment intensity of the unbalanced error of the system is-0.12975. Its economic meaning is that when the Chinese household consumption level deviates from the equilibrium point, the economic system will adjust-0. 0.12975 times the intensity in the next phase or pull the unbalanced state back to the equilibrium state with the adjustment strength of-0.12975.

5. Conclusion and Countermeasures

To sum up, the development of the national economy is the fundamental way to promote the improvement of the household consumption level.Therefore, the state should focus on developing the productive forces, to promote the increase of the disposable income of urban and rural residents, but also must strictly control the population growth.I have the following suggestions for this:

(1) Vigorously develop the national economy and raise the overall income level of residents, especially that of rural residents.

Obviously, without income, people can only wander on the edge of the basic survival and consumption, only to maintain the minimum of food and clothing.Income is the guarantee of consumption, and increasing income is the premise of expanding consumption.Expanding consumption requires increased permanent income.Residents have expectations for future income, so residents' immediate consumption is made on the basis of considering existing savings deposits, existing income level and expected income.The more existing savings deposits, the stronger the ability to resist risks, the existing income level means the immediate consumption ability, and the expected income affects the immediate consumption ability.If the sudden economic crisis, a working-class white-collar workers face the threat of salary cuts or even layoffs, then he considers that the reduction in future income may even lead to future no income, so it will reduce spot consumption.So consumption is not only determined by current income, but also by expected income.Therefore, expanding consumption should not only improve the current income level, but also ensure that the expected income does not decrease, that is, the increase of permanent income distribution.

(2) Increase investment in agriculture.

Financial departments should continue to increase their investment in agriculture, especially in the increase of rural income, so as to improve the agricultural production conditions and the living conditions of farmers.We will encourage and support large and medium-sized industrial and commercial enterprises to enter the field of agricultural development, attract urban funds to invest in agriculture, activate farmers' investment behavior, try every means to expand the investment field, improve the investment environment, make farmers become the main body of investment, and promote the sustainable and stable development of the agricultural and rural economy.

(3) Controlling population growth.

Controlling the population growth is the key and difficult point of the population problem.The higher the natural population growth rate, the more they hinder the social-economic development and human progress.We will continue to implement the family planning policy and achieve the established goal of controlling the population size.According to the current status of China's population and the level of economic development, we should consider controlling the birth rate, improving population quality and solving the aging population, and

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formulate a comprehensive population plan for reasonable growth, improve quality and optimize the age structure.At the same time, strengthen the research and analysis of the current population situation and population dynamics, to provide a basis for the correct decisions such as population control, employment, migration and urbanization.

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