

Analysis of Resident Consumption Structure in Shanxi Province and Related Suggestions

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Abstract: With the development of my country's economy, the economic development of Shanxi Province has also made progress. The consumption structure of urban residents is relatively reasonable,[6] but there are still problems in the consumption structure of rural residents. This article collects data from the official website of the National Bureau of Statistics and Shanxi Statistical Yearbook, analyzes the consumption structure of urban and rural residents in Shanxi Province from the current consumption status of urban and rural residents and the causes of consumption levels, points out the problems and advantages, and finally gives feasible suggestions.

1. Introduction

After the epidemic, the global economy has been hit, and China is no exception. As one of the three carriages driving economic growth, consumption is of great significance to economic recovery. According to Xinhua News Agency, domestic consumption has continued to increase its role in stimulating economic growth and has become the number one driving force for economic growth. General Secretary Xi Jinping mentioned at the forum of experts in the economic and social fields that the “new development pattern with domestic and international cycles as the mainstay and mutual promotion of domestic and international dual cycles” also largely relies on residents' consumption. Therefore, it is very necessary to study the consumption structure of residents. In recent years, the transformation and development of Shanxi Province has achieved great results, and there is a lot of room for growth in residents' consumption. Next, we will take Shanxi Province as an example to study the consumption structure of residents and give relevant suggestions.

2. The Relationship between Residents' Consumption and Economy in Shanxi Province

Fig.1 -1 Comparison of Consumption Level and Gdp of Urban and Rural Residents in Shanxi Province

It can be seen from Figure 1-1 that from 2001 to 2019, the consumption level of urban residents and the average consumption level of rural residents in Shanxi Province increased simultaneously with the GDP of Shanxi Province. The growth rate of urban residents' consumption expenditure was basically the same as that of GDP, but rural residents' consumption expenditure The speed is lower than the GDP growth rate, and there are still big differences between urban and rural areas. Therefore, there is still a lot of room for improvement in the consumption level of rural residents in Shanxi Province, and the reasons why urban residents maintain consumption levels are also worth learning. Next, we will spend a certain amount of space to study the difference in consumption between urban and rural residents in Shanxi Province.

3. Consumption Status of Urban and Rural Residents in Shanxi Province

For urban and rural residents to have a deep understanding of residents' consumption, they must pay attention to their consumption structure and consumption status. We will extract information from the official website of the National Bureau of Statistics and the “Shanxi Statistical Yearbook” to analyze the consumption status of urban and rural residents in Shanxi Province. According to the “Shanxi Statistical Yearbook”, the consumption of residents in Shanxi Province consists of eight

parts, namely food, tobacco and alcohol, clothing, housing, daily necessities and services, transportation and communication, education, culture and entertainment, medical care and other supplies and services.

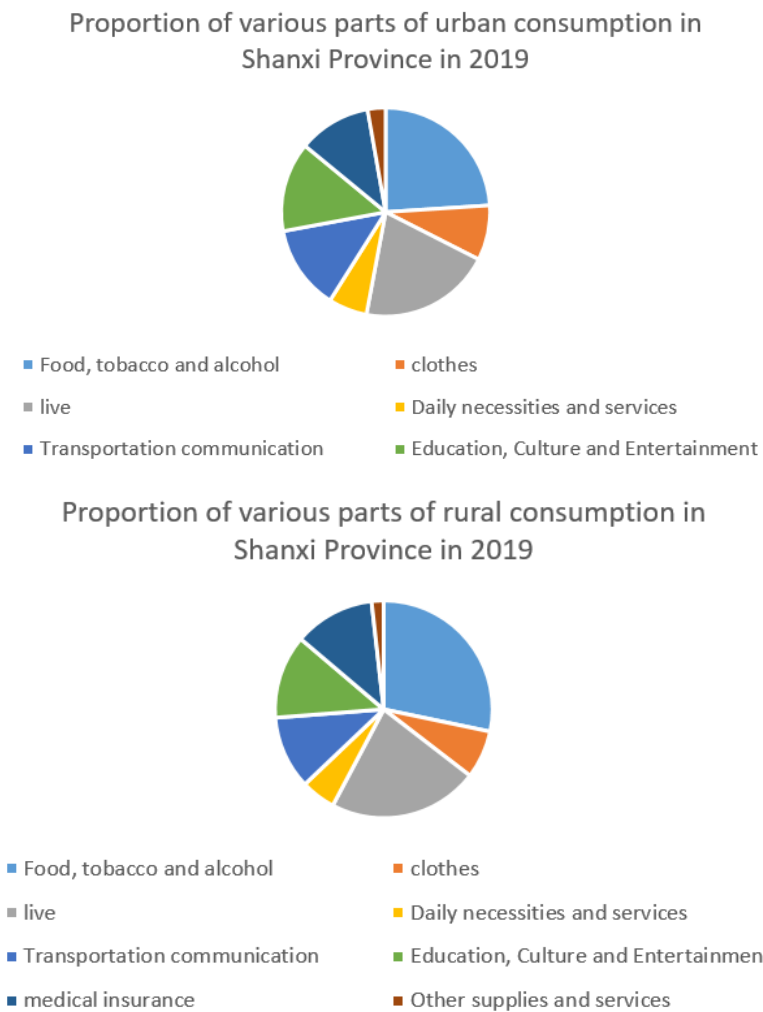


Fig.2 -1 Proportion of Each Part of Consumption of Urban and Rural Residents in Shanxi Province in 2019

Their proportion is shown in Figure 2-1. As can be seen from the figure, the proportion of food, tobacco and alcohol consumed by urban residents is 24%, while the proportion of food, tobacco and alcohol by rural residents is 28%, the largest difference. The ratio of food, tobacco and alcohol to the total expenditure is called the Engel coefficient. The Engel coefficient of the urban and rural residents in Shanxi Province is quite different, and the people's living standards are also quite different.

4. Explanation of the Causes of Consumption Level

In economics, the main factor affecting consumption is income level, and the difference in consumption level between urban and rural residents is also closely related to the difference in income level. According to the SPSS analysis, the Pearson correlation coefficient between the consumption level and disposable income of Shanxi rural residents reached 0.994 from 2015 to 2019, and the Pearson correlation coefficient between the consumption level and disposable income of Shanxi urban residents reached 0.999, which is at the level of 0.01 (two-sided). The above are all significantly correlated. It can be seen from Figure 3-1 that the disposable income gap between rural residents and urban residents has gradually widened, which will directly cause the gap between

urban and rural residents' consumption levels to increase.

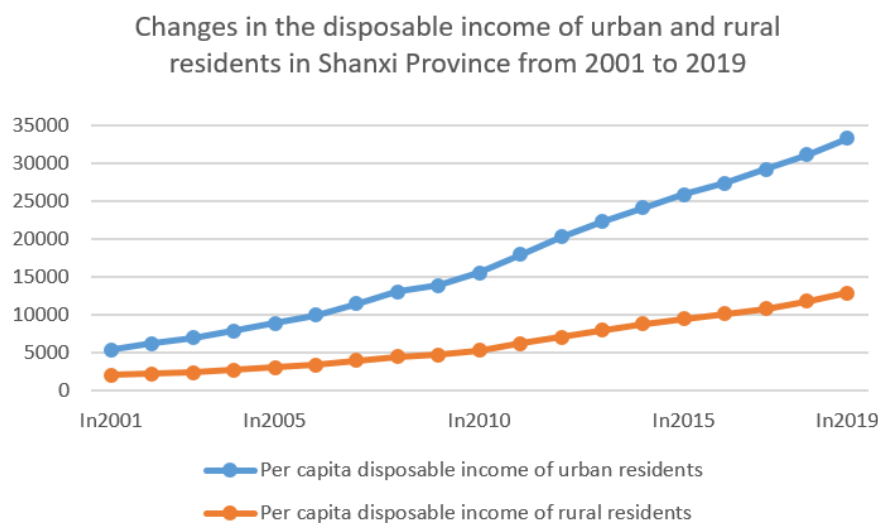


Fig.3 -1 Changes in the Disposable Income of Urban and Rural Residents in Shanxi Province from 2001 to 2019

5. Problems in the Consumption Structure of Residents

(1) The difference in consumption levels between urban and rural residents has widened year by year. From Figure 1-1, it can be seen that the consumption level of urban and rural residents in Shanxi Province has increased year by year, but the difference in consumption between urban and rural residents has been widened. The gap between per capita 2,000 yuan and 6,518 yuan per capita in 2005 has increased to 9,728 yuan per capita and 21,159 yuan per capita. gap. The increase in this gap is closely related to the increase in the income gap between urban and rural residents. Narrowing the income gap between urban and rural residents and achieving common prosperity has always been an important goal of our country. There is still a long way to go to achieve this goal.

(2) The consumption structure of urban and rural residents is not reasonable enough.

Table 4 -1 Proportion of Consumption Structure of Urban and Rural Residents in Shanxi Province (%)

City and Country and Year Project	Urban				Rural			
	2016	2017	2018	2019	2016	2017	2018	2019
Food, tobacco and alcohol	22.73	23.06	23.76	23.98	28.30	27.40	27.69	28.28
Clothing	9.43	9.64	9.20	8.51	7.04	6.86	6.83	7.16
Residence	21.39	21.01	21.46	20.48	22.39	22.58	22.63	22.32
Daily necessities and services	5.60	5.94	6.16	5.98	4.81	4.67	4.84	5.15
Transportation Communication	14.13	14.44	12.62	13.12	11.98	12.20	12.07	10.87
Education, Culture and Entertainment	14.35	13.90	13.33	13.89	14.10	13.38	12.54	12.42
Healthcare	9.72	9.46	10.80	11.26	9.59	11.13	11.61	12.02
Other supplies and services	2.65	2.53	2.65	2.78	1.78	1.79	1.80	1.79

It can be seen from Table 4-1 that the proportion of education, culture and entertainment in Shanxi's urban and rural residents' consumption has been declining year by year. Education and culture are the foundation of the country's rejuvenation. This shows that residents are not paying enough attention to culture and entertainment. Medical care for rural and urban residents Health care accounts for almost all of the increase in consumption expenditure year by year, which shows that the residents' awareness of seeking medical care is gradually improving and the construction of the medical system in Shanxi Province has achieved results. Rural residents' food consumption accounts for a higher proportion of consumption, while the proportion of daily necessities and

services is significantly lower than that of urban residents.

(3) The price level of urban and rural areas does not match the level of consumption

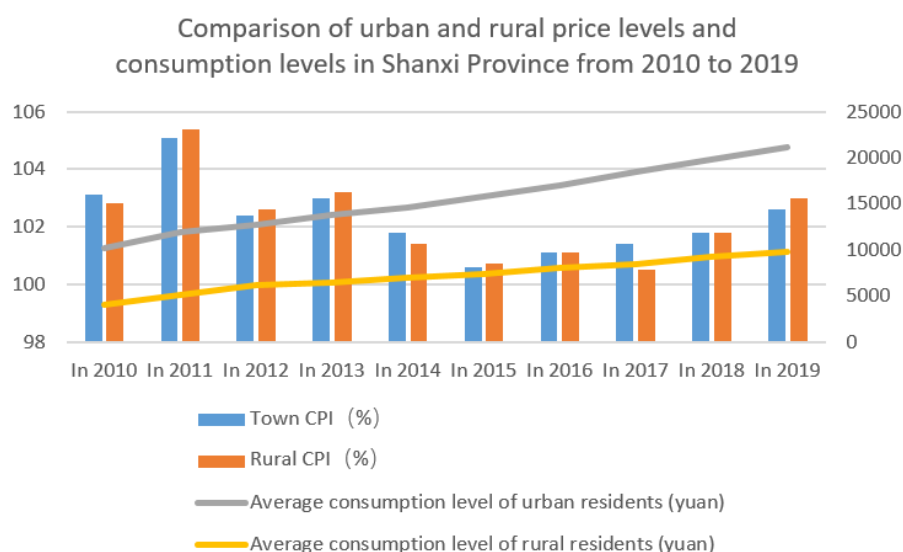


Fig.4 -2 Comparison of Urban and Rural Price Levels and Consumption Levels in Shanxi Province from 2010 to 2019

CPI refers to the consumer price index, which is a macroeconomic indicator that reflects the changes in the price level of consumer goods and services generally purchased by households. It is a measure of the relative number of changes in the price level of a set of representative consumer goods and services over time in a specific period of time. It can be seen from Figure 4-2 that from 2010 to 2019, the consumption level of urban residents in Shanxi Province was always higher than that of rural residents, but only in 2010, 2014, and 2017, the CPI in rural areas was lower than that in urban areas. This means that the price level in rural areas is higher than that in urban areas for most of the year, but there is a large gap between consumption levels and urban areas.

6. Suggestions for Improving Residents' Consumption

(1) Narrow the income gap between urban and rural residents. Although the disposable income of urban and rural residents in Shanxi Province has increased year by year, the gap between them has increased year by year. This makes the consumption of rural residents have great limitations. The economic foundation determines the superstructure, and all consumption needs to satisfy basic material needs before pursuing higher-level consumption. Maslow's hierarchy of needs theory also shows that the satisfaction of material needs is the most basic. To fundamentally solve the problem of rural urban consumption differences, it is necessary to revitalize the countryside and increase the disposable income of rural residents.

(2) Realize the transformation of consumption structure

i.Reduce rural price levels and optimize the rural consumption environment. For example, the implementation of the “home appliances to the countryside” policy has not only met the needs of rural areas, but also optimized the supply side of cities.

ii. Speed up the popularization of compulsory education, and pay attention to the cultural and spiritual needs of residents. The expenditure on education, culture and entertainment of the urban and rural residents in Shanxi Province has decreased year by year, and it is imperative to pay attention to the construction of spiritual civilization. Education is the foundation of a country, and a strong youth will make a country strong. It is even more significant to speed up universal compulsory education and attach importance to education.

iii. Adjust residents' consumption psychology and consume rationally. At present, rural residents have not yet completely moved out of food and clothing consumption. After meeting the basic

needs of materials, residents should be guided to diversify consumption, so that the consumption structure will shift from one yuan to diversification.

iiii. Speed up supply-side reforms. Promote structural adjustments in a timely manner, correct the distortion of factor allocation, expand effective supply, and better meet the consumption needs of urban and rural residents. Stimulate the consumption demand of urban and rural residents from the supply side.

7. Summary

The changes in the consumption structure of Shanxi Province in recent years have shown that the consumption level of residents in Shanxi Province has continued to increase, the consumption structure has gradually become more reasonable, and consumption choices have become more rational.[4] The main problem is that the income of rural residents in Shanxi Province has risen too slowly, and the province's GDP growth rate does not match, and the income gap between urban and rural residents has also widened year by year. The next step is to improve the consumption structure of residents in Shanxi Province by adopting measures such as increasing the income of rural residents in Shanxi Province and advancing supply-side reforms.

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