

Research on Consumption Upgrading of Rural Residents in Hebei Province

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China has achieved significant economic growth in the past 40 years, however, there is still great difference between urban and rural areas on social and economic development. This paper took rural area of Hebei province as an example, introduced the current situation and potential of rural consumption in Hebei Province, analyzed the factors affecting the consumption upgrading, and proposed suggestions on how to promote the consumption upgrading in rural areas of Hebei Province.

Keywords: consumption upgrading, rural areas, consumption structure

INTRODUCTION

China has achieved significant economic growth in the past 40 years, the GDP per capita has increased from 385RMB (1981) to 80976RMB (2021), lifting China from one of the poorest countries to the level of an upper-middle income country. However, 35.28% of China's population still live in rural areas, and there is great difference between urban and rural areas on social and economic development. To promote the modernization of rural areas, the Chinese government launched a series of policies and regulations during the past years and made a request on "promoting rural consumption" and "satisfying rural residents' needs of consumption upgrading" in 2021.

At present, there is no generally recognized concept of consumption upgrading. Most scholars believe that the main body of consumption upgrading is the upgrading of consumption structure, while with the prosperity of relevant research, the content of consumption upgrading varied. Wang and Huang believed that consumption upgrading should at least include the upgrading of consumption structure and consumption quality (Wang & Huang 2013). Du believed that consumption upgrade includes the improvement of consumption level, consumption quality, consumption structure and the maintenance of consumers' interests (Du 2017). Xie proposed that consumption upgrading is a process in which social consumption demand changes from lower-level commodity demand to higher-level commodity demand (Xie 2018). Yu et al. believed that consumption upgrading refers to the expansion and improvement of consumption quality, as well as the innovation of consumption modes (Yu 2021). Overall, with the

upgrading of consumption, the consumption types of consumers will change from subsistence consumption to development, enjoyment and service consumption (Li 2016; Yuan 2019).

This paper took rural area of Hebei province as an example, introduced the current situation and potential of rural consumption in Hebei Province, analyzed the factors affecting the consumption upgrading, and proposed suggestions on how to promote the consumption upgrading in rural areas of Hebei Province.

LITERATURE REVIEW

Literatures on Factors Affecting Rural Residents' Consumption Upgrading

As part of the consumer group, rural residents have both their common characteristics and their special aspects. In the research of experts and scholars, it is generally believed that income level, consumption environment, social security level, and e-commerce platform are common factors that have an important impact on the consumption upgrading of urban and rural residents (Zhao 2020). Among them, the income level determines the consumption concept, consumption ability and consumption structure of residents. Young found that the increasing wage income is the main reason for the consumption upgrading of residents in African countries (Young 2016). Hansen found that income is the main factor affecting consumption upgrading by studying the consumption level and consumption upgrading of residents in Germany (Hansen 1996). Domestic scholar Chen research shows that income uncertainty will hinder the expansion of residents' consumption demand and the upgrading of consumption structure; the improvement of wage income level promotes consumption upgrading (Chen 2015). In recent years, the continuous and rapid growth of China's automobile consumption and mobile phone consumption fully reflects the strong support of the rising income level of urban and rural residents to the entry of high-end consumer goods into ordinary households. However, in comparison, the consumption power of rural residents is significantly weaker than that of urban residents, and the consumption concept lags behind that of urban residents (Mao *et al.* 2020). The reason is not only that the income level of rural residents is lower than that of urban residents, but also restricted by the consumption environment and social security level in rural areas. Most studies show that social security is conducive to promoting the improvement of residents' consumption level (Kantor & Fishback 1996; Samwick 2000; Juan & Carlos 2008). Some scholars also believe that the compulsory deduction of current wages by the social security system will reduce the current consumption of residents (Gale 1998). Yuan conducted an empirical study based on five-year data from Provinces in the central region and found that the increase in rural residents' income and social security expenditures such as medical care and employment, as well as the efficiency of financial supply-side structural reform, will drive rural residents' consumption upgrade (Yuan 2019). Peng and Xia used the systematic GMM analysis of provincial dynamic panel data and found that the improvement of the infrastructure environment and the market economic environment significantly promoted the consumption upgrade of rural residents; however, the improvement of the social security environment had a negative impact on the consumption of rural residents (Peng and Xia 2021). The possible reason for the crowding out effect is that rural residents need to save part of their income to purchase social pension insurance, thus reducing the consumption level. Noldke based on the "demonstration effect", studied the influence of the consumer's environment on the consumption level of residents, and believed that the consumption level and behavior of surrounding consumers would have a positive impact on the consumption structure (Noldke 2013). The overall level of urbanization will also have a positive impact on consumption upgrading. The acceleration of urbanization can promote consumption upgrading by narrowing the income gap between residents (Zhang 2020; Li 2020). Li and Xiao believe that urbanization promotes rural residents' consumption upgrade by increasing rural residents' income, improving the consumption environment, and forming a consumption demonstration effect (Li and Xiao 2015). Xue and Jin took Zhengzhou as an example to analyze the impact of urban-rural integration on the consumption upgrading of rural residents (Xue and Jin 2020). The authors believe that the promotion of urban-rural integration will promote rural consumption to move closer to cities, which will lead to the upgrading of rural residents' consumption structure and an increase in the level of consumption.

With the development of Internet and the popularity of mobile devices, the influence of Internet, mobile payment and rural e-commerce on rural residents' consumption has become a hot topic in recent years. Du believes that Internet technology improves the flow efficiency, reduces the circulation cost, and provides a path guarantee for the consumption upgrade of urban and rural residents; At the same time, the mobile Internet makes the service consumption more diversified, broadens the consumption field and improves the consumption grade (Du 2017). Xu et al. (2019) think that with the acceleration of information network construction, the consumption potential of rural sinking market will be further stimulated, and the consumption upgrade will be accelerated (Xu *et al.* 2019). The development of rural e-commerce can reduce rural residents' consumption cost, stimulate rural residents' consumption desire and increase rural residents' income, and promote rural residents' consumption upgrade (Wang 2020). Xu (2019) found through VAR model research that network development has obvious promoting effect on rural consumer market and can promote the improvement of rural residents' consumption level; In terms of consumption structure, it has the greatest impact on subsistence consumption, while it has relatively little impact on development consumption and enjoyment consumption (Xu 2019).

Literatures on How to Promote the Consumption Upgrading of Rural Residents in China

The research on the path of promoting rural consumption upgrading can basically be summarized as endogenous and exogenous ideas. The endogenous path is about the consumption changes in rural areas and peasant families. First of all, we must consider giving farmers a guaranteed source of income. Under the condition of market economy, the increase of farmers' income must be based on industrial development (Wang 2019). Secondly, the government should vigorously publicize the active and healthy consumption concept in the new era and encourage farmers to meet their basic living needs while pursuing product quality appropriately, so as to improve the quality of rural family life (Hou 2020). The so-called exogenous path is to make a fuss about the external factors that affect rural consumption. Xiao proposed that supply-side reform is the primary link to promote the upgrading of rural consumption (Xiao 2021). Only by providing marketable products that meet the consumption of rural residents can the potential purchasing power of rural areas be released. While increasing the supply of general living goods in rural areas, we should develop cultural products for rural areas. Wan pointed out that urbanization plays a huge supporting role in upgrading rural consumption (Wan 2020). While implementing the rural revitalization strategy, according to the characteristics of China's own population structure and the practical needs of improving the urban-rural dual pattern, we must continue to implement the urbanization strategy unswervingly and solve the expectation of farmers' non-agricultural employment and income growth. Wang and others emphasized the importance of fiscal and financial policy support for rural consumption upgrading (Wang 2019). Increase investment in rural infrastructure construction, support the improvement of the two-way circulation system, accelerate the construction of rural sales network, increase the layout of rural retail outlets implement the express delivery project into villages, and encourage the development of rural e-commerce platforms.

Review of the Literature

As a summary, from the economic and social development policies of governments at all levels to the research literature of scholars, we can deeply realize that upgrading rural consumption is an inevitable trend. Rural consumption, as a part of the overall social consumption, has changed significantly with the rapid growth of the national economy in recent years. However, at present, the rural consumption level is generally restricted by the income level of farmers, rural consumption environment and social security level, and there is a huge space for consumption upgrading. To expand the way of rural consumption upgrading, we can follow the idea of combining endogenous power with exogenous power. We believe that the existing research results have provided a very important guide for us to understand the problem of rural consumption upgrading after in-depth discussions in many aspects, which is worthy of our careful sorting and absorption in the research of this topic. However, we have noticed that there are its own characteristics and influencing factors of rural consumption environment between Hebei Province and economically developed Provinces. Hebei Province is a big agricultural Province. Agriculture has made outstanding

contributions to the economic and social development of the province for a long time. However, the development environment of some rural economic areas is poor. Dozens of counties have just completed the overall poverty alleviation project, and the consumption upgrade of rural residents is obviously inferior to that of economically developed Provinces. Considering the research goal of this topic, we think that it is necessary to dig out the rural consumption data information with Hebei's own characteristics on the basis of the above research results, including rural consumption structure, rural consumer goods supply, rural consumption level, rural consumption concept, rural consumption environment, rural consumption support policies, etc., all of which need to be sorted out systematically and analyzed deeply. Only by fully grasping the above situation can we put forward the correct ways and countermeasures to promote rural consumption upgrading in Hebei Province.

RURAL CONSUMPTION IN HEBEI PROVINCE

With the sustained and rapid development of China's economy and the increase of the state's support for rural areas, the income of farmers in Hebei Province has continued to grow steadily, the consumption level of rural residents has been continuously improved, and the life of rural residents has been fundamentally improved.

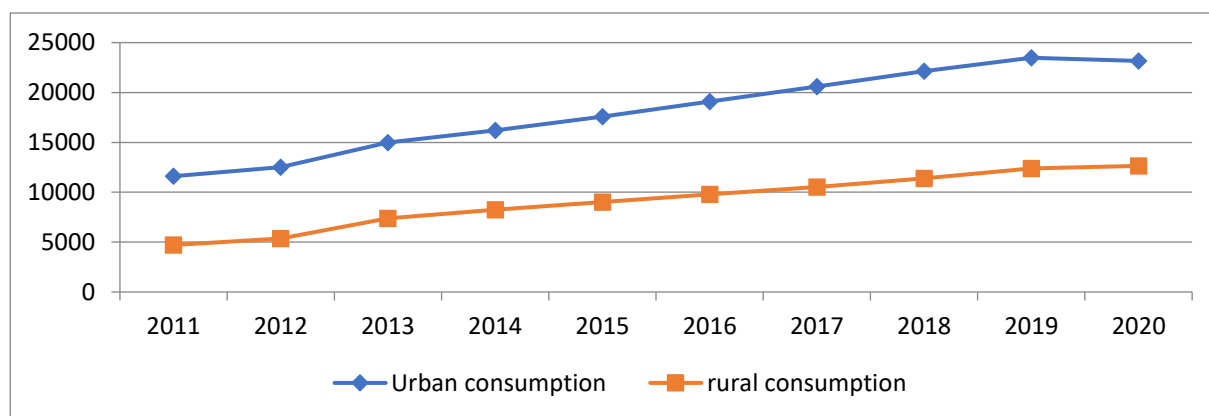
Consumption Level of Rural Residents in Hebei Province

As shown in Figure 1, since 2011, the consumption level of urban and rural residents in Hebei Province has been continuously improved, showing an upward trend. The per capita consumption expenditure of urban residents increased from 11,609.3 yuan in 2011 to 23,167.4 yuan in 2020, with an average annual increase of 7.15%. The per capita consumption expenditure of rural residents increased from 4,711.2 yuan in 2011 to 12,644.2 yuan in 2020, with an average annual growth rate of 10.38%, which was significantly higher than that of urban residents.

Rural Consumption Structure in Hebei Province

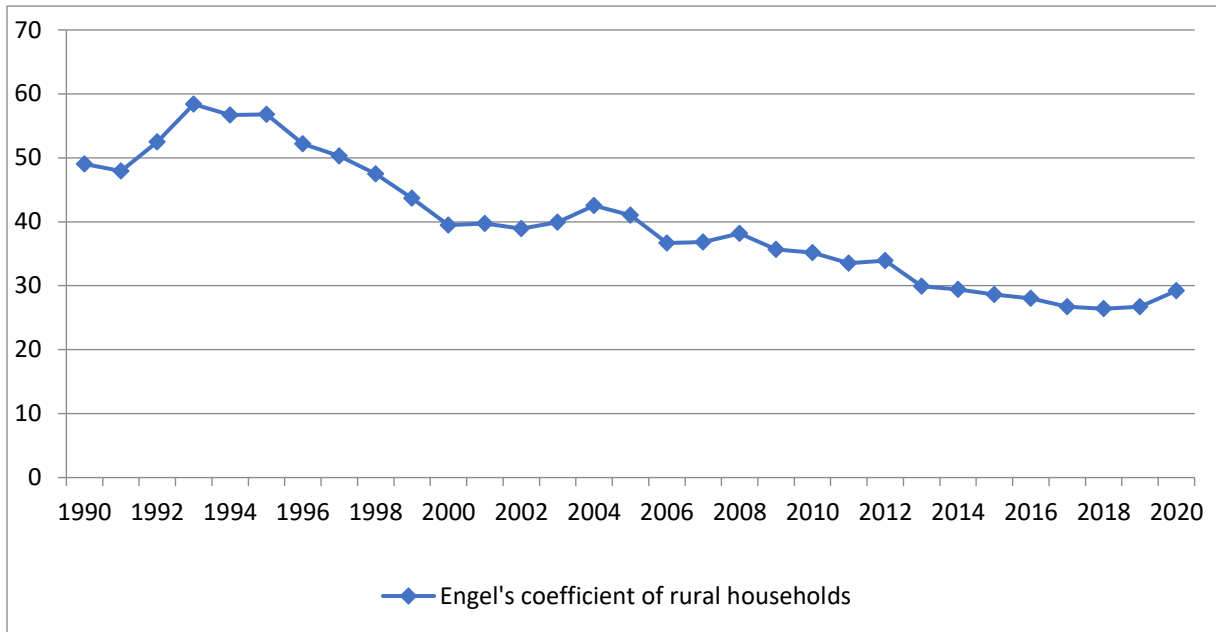
The Engel coefficient is commonly used when we analyze consumption structure. The higher the Engel coefficient is, the more they spend on food, meaning a lower standard of living, vice versa. With the improvement of national economic level, the Engel coefficient of rural residents' consumption in Hebei province decreases continuously. As shown in Figure 2, the Engel coefficient of rural households in Hebei province showed a clear decline trend in the past 30 years, indicating a gradually improving of living standard as people spend more on items other than food.

FIGURE 1
PER CAPITA CONSUMPTIN EXPENDITURE OF URBAN AND RURAL RESIDENTS IN HEBEI PROVINCE (2011-2020)



Source of data: Hebei Statistical Yearbook (2021)

FIGURE 2
ENGEL COEFFICIENT OF URBAN AND RURAL HOUSEHOLDS IN HEBEI PROVINCE
(1990-2020)



Source of data: Hebei Statistical Yearbook (2000-2021)

TABLE 1-1
CONSUMPTION EXPENDITURE RATIO OF URBAN AND RURAL RESIDENTS IN
HEBEI PROVINCE

Year	Food, alcohol and tobacco		Clothes		Housing		Daily necessities and services		Transportation, communication	
	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural
2013	26.9	29.9	9.1	7.1	24.7	22.1	6.4	6.4	13.2	12.6
2014	26.2	29.4	8.8	7.1	23.1	22.5	6.7	6.2	15.1	13.9
2015	26.0	28.6	8.8	6.9	23.4	22.3	6.7	5.8	13.6	14.5
2016	26.1	28.0	8.4	6.6	23.5	22.5	7.1	6.1	14.0	15.4
2017	24.6	26.7	8.2	6.5	24.5	22.6	7.2	6.4	14.2	16.0
2018	25.1	26.4	8.1	6.3	25.2	22.3	6.8	6.8	13.5	15.3
2019	25.7	26.7	7.7	6.4	25.0	21.7	6.5	6.4	12.7	14.8
2020	26.9	29.2	7.2	6.4	25.9	21.4	6.7	6.2	12.1	15.0

Source of data: Hebei Statistical Yearbook (2021)

TABLE 1-2
CONSUMPTION EXPENDITURE RATIO OF URBAN AND RURAL RESIDENTS IN
HEBEI PROVINCE

Year	Education, culture and entertainment		medical care		Others	
	Urban	Rural	Urban	Rural	Urban	Rural
2013	10.0	8.8	7.6	10.8	2.1	2.3
2014	9.8	9.2	8.1	9.6	2.2	2.1
2015	10.6	9.6	8.5	10.2	2.4	2.1
2016	10.4	9.7	8.1	9.5	2.4	2.2
2017	10.6	9.6	8.4	10.2	2.3	2.0
2018	10.4	10.3	8.5	10.6	2.4	2.0
2019	11.0	11.0	8.8	10.8	2.6	2.2
2020	10.4	9.1	8.6	10.9	2.3	1.8

Source of data: Hebei Statistical Yearbook (2021)

Table 1 reflects the proportion of consumption items of rural residents in Hebei Province from 2013 to 2020, including food, tobacco and alcohol, clothing, housing, transportation and communication, education, culture and entertainment, etc. according to the data in Table 1, the total consumption of rural residents in Hebei keeps increasing, but the structure of consumption expenditure did not change much. As the largest proportion of expenditure, the consumption of food, tobacco and alcohol tends to decline as a whole, while the consumption of rural residents in clothing and housing has also declined. However, the proportion of expenditure on transportation, communication, education, culture, entertainment, medical care, etc. is on the rise, which indicates that the living standard of rural residents in Hebei is increasing year by year, and the ways of rural residents' travel have become diversified. At the same time, more attention has been paid to the improvement of the quality of education and life. However, Table 1 also reflects that food expenditure is still the largest expenditure of rural residents in China, indicating that the consumption capacity of rural residents still needs to be improved.

Potentials of Rural Consumption in Hebei Province

The National Strategic Plan for Rural Revitalization (2018-2022) highlights the process for rural development and points out that stimulating the consumption potential of rural residents is an important prerequisite to promote the upgrading of consumption in rural areas and improve the livelihood of rural residents. With the continuous improvement of income level and the gradual upgrading of consumption structure, the consumption demand of urban residents in Hebei Province ends to be generally stable.

First of all, the rural consumer market in Hebei Province is huge. According to the basic situation of Hebei population in the seventh census, the rural population in Hebei province is 29,804,200 in 2020, accounting for 39.93% of the total population in Hebei province. The huge rural population determines the huge rural consumer market. With the substantial increase of income level and unprecedented improvement of life, rural residents' need for a better life is increasing day by day, and their consumption willingness is becoming stronger and stronger. According to Hebei Statistical Yearbook, in recent years, the growth rate of retail sales of rural consumer goods in Hebei Province was around 10%. Affected by the outbreak of COVID-19 in 2020, the retail sales of rural consumer goods dropped to 243.62 billion yuan, decreased 11.2% year-on-year. However, with the strict epidemic prevention and control, China has ensured positive economic growth in 2021, the consumption market was continuously recovered. In 2021, the total retail sales of rural social consumer goods in Hebei Province increased by 3.8% year-on-year, although there is still a big gap with the pre-epidemic level. Considering that the epidemic situation has gradually stabilized, the rural consumption market is still full of great potential.

Secondly, the consumption capacity of rural households in Hebei Province is increasing day by day. Over the past 40 years of reform and opening up, especially since the 18th CPC National Congress, with the rapid development of economy and society, the consumption capacity of rural families has been greatly improved. First of all, with the rapid development of rural economy and society in Hebei Province, sources of rural residents' income are constantly increasing. In recent years, the growth rate of rural per capita disposable income in Hebei Province is higher than that of urban residents for many years, and the income gap between urban and rural residents is gradually narrowed, which provides material guarantee for rural residents' consumption. In addition, China's fight against poverty has won a decisive victory. Hebei Province has completely eliminated absolute poverty, and some of them have even embarked on the road of getting rich. Meanwhile, the construction of social security system in Hebei Province has achieved remarkable results. At present, basic old-age care, basic medical care, major diseases and other insurances in rural areas of Hebei Province have basically achieved full coverage, and those pre-existing for future old-age care and coping with diseases and other accidents are expected to be used for current consumption under certain conditions.

Finally, the consumption structure of rural residents in Hebei Province is increasingly optimized. With the increase of rural residents' income in Hebei Province and the increasing demand for a better life, most rural households' consumption has entered a period of transition from low-grade products and services to medium and high-grade products and services. In recent years, with the comprehensive promotion of rural revitalization strategy in Hebei Province and the rapid development of rural economy, rural per capita disposable income has achieved sustained growth, and consumption concept has begun to change: rural residents pay more attention to higher-level needs, instead of being limited to basic living needs. At the same time, the proportion of rural households' consumption of main durable goods is gradually increasing, mainly household cars, water heaters, range hoods, etc. are gradually popularized; meanwhile people are pursuing higher-level products or services of the same type. With the increasing income of farmers and the renewal of consumption concept, coupled with appropriate policy guidance, it is expected that the consumption of leisure tourism, medium and high-grade household appliances, automobiles and other developmental goods and services, and durable consumer goods which are aimed at improving the quality of life, will become the normal consumption of rural residents in Hebei Province.

FACTORS AFFECTING THE CONSUMPTION UPGRADING OF RURAL RESIDENTS IN HEBEI PROVINCE

Case Study

This paper adopts the case study method, based on the ranking of cities in Hebei Province in terms of per capita consumption expenditures of rural residents in 2022, Qian'an City in Tangshan City (a high consumption expenditure area), Zhuozhou City in Baoding City (a medium consumption expenditure area), and Fengning County in Chengde City (a low consumption expenditure area) were selected as case study subjects. One hundred rural residents were selected for interviews in each of the three areas. The main contents of the interviews included household income situation, household consumption situation, consumption concepts, and evaluation of the consumption environment.

Rural residents in the three counties in Hebei Province generally reflected that their household income mainly came from farming and migrant work, with migrant work accounting for over 42% of the total income. According to the results of the survey, the main components of rural residents' household income are wage income and business income, which account for more than 85% of the total income of rural households in Hebei province. In addition, low-income rural residents also receive subsidies from the government, so transfer income is another income component for impoverished rural residents.

In the process of investigating the consumption situation of rural households in Hebei Province, rural residents generally reflected that, apart from the consumption of clothing, food, and other daily necessities, the majority of expenses were related to children's education, cash gift, building and renovating houses, which account for 16% to 38% of all expenditures, and this situation is particularly evident in low-income and middle-income rural households. The survey results reflect the fact that rural families have been paying

more attention to their children's education. In addition, the gift money for weddings and funerals is also a great burden for rural residents with poor economic foundations.

Due to historical factors and income uncertainty, rural residents are more inclined to save and consume in a planned manner. However, based on the survey of the consumption attitudes of rural residents in Hebei Province, some residents reflected that, affected by the Internet and migrant workers in cities, their consumption concepts have changed slightly, and their psychological needs for developmental consumption and enjoyable consumption are gradually emerging.

Finally, in the process of investigating the evaluation of consumption environment by rural residents in Hebei Province, there are two issues that residents generally reported. These two points both reflect the imbalance between the consumption level of rural residents and the construction of rural infrastructure. Firstly, many residents reported that unstable water pressure and other problems in their daily lives have become the main reason restricting them from purchasing household appliances such as fully automatic washing machines and water heaters. Secondly, the development of e-commerce has provided more convenient shopping channels for rural residents, but currently only China Post, SF Express, and JD Express can deliver goods to rural residents' homes, while other logistics still place goods at township express stations, requiring rural residents to pick them up themselves. Importantly, some express stations are far from rural residents' homes, making it inconvenient to pick up goods. Therefore, this has to some extent suppressed the online consumption of rural residents in Hebei Province.

Factors Affecting the Consumption Upgrading of Rural Residents

The Development of Rural Industry Is Still Weak

First, compared with cities, rural infrastructure in Hebei Province is still backward. For example, there is a lack of advanced irrigation systems, and the level of mechanization is not high; there is no scientific sewage and garbage treatment device; the construction of logistics facilities in remote rural areas needs to be improved; poor communication network coverage in some rural areas in Hebei Province hinders the realization of agricultural modernization. Secondly, the development of rural industrial integration in Hebei Province is slow. At present, the integration of rural industries in Hebei Province is not close enough, and the level is relatively low, resulting in a shortage of rural industrial chain and a narrow scope, and further lead to a situation where characteristic industries have no characteristics and advantageous industries have no advantages. Meanwhile, some emerging industries are slow in development and poor in innovation abilities. Finally, Hebei province is short of talents and professional for rural industry development. Due to the gradual migration of rural population to cities, most of the educated young people choose to work and live in the cities, rural industries are in shortage of all kinds of professionals, such as professionals in management, marketing, e-commerce, finance, etc., which making it difficult for rural industries to develop sustainably.

The Income Level of Rural Residents Is Relatively Low

The low income of rural residents in Hebei Province is the main reason that hinders the upgrading of rural consumption. The data shows that wage income and net income from operations are the two main sources of rural residents' income in Hebei Province, accounting for more than 85% of farmers' total income. However, in recent years, affected by the COVID-19 epidemic, the sales of agricultural products and farmers' going out to work have been blocked, resulting in a sharp decline in the growth rate of farmers' income. The data shows that the per capita disposable income of urban households in Hebei Province was 39,791 yuan, a 6.7% increase year-on-year; The per capital disposable income of rural households was 18,179 yuan, an increase of 10.4%. There exists a big difference between the two, which leads to a big difference in consumption level and consumption structure between urban and rural households in Hebei Province. Besides, the per capita disposable income of rural households in Zhejiang Province, Jiangsu Province and Shandong Province was 35,247yuan, 26,791yuan, 20,794 yuan, respectively up 10.4%, 10.7% and 10.9% above last year. The average income growth rates are faster than that of Hebei Province, the difference between farmers' income in Hebei Province and that in developed provinces is still enlarging. The low income of rural households leads to most of their income being used to meet the necessary expenses

such as food, clothing, housing and transportation, which limits rural consumption desire and higher consumption demand.

Rural Residents' Consumption Concept Is Conservative and Backward

Due to the influence of traditional culture and the lack of information in rural areas, attitudes of rural residents towards consumption are relatively conservative and backward (Tang, Hao and Feng, 2020). In traditional Chinese culture, diligent and thrifty are virtues, especially for those elderly people who have live through poverty and hardship, "only purchase daily necessities" is their lifestyle. Due to the conservative culture value, most of the aged rural residents have low acceptance of new things and new values, such as shopping online. What's more, most of the rural residents ignore immediate consumption, the upgrading desire for durable goods, such as furniture and household appliances, is not strong. Besides, as most of the rural residents do not have fixed income and lack of necessary financial management knowledge, they tend to save extra money for the future, such as saving for illness, aging, education and so on. Thus, rural residents' consumption demand is restrained by the conservative and backward consumption concept of the rural residents.

Government Investment Is Not Enough to Support Rural Areas

In recent years, Hebei's fiscal and financial expenditure for supporting the development of rural areas has maintained a rapid growth, but there are still many problems. Firstly, the demand and supply of fund input to support the development of rural areas in Hebei province is unbalanced. Government investment on rural public services, such as infrastructure, industry development, education, medical care and social security, was not enough, leading to the slow development of rural modernization, and also constrained rural consumer demand. Specifically, with the slows down of economic growth, negative influence of COVID-19, and policy-based revenue reduction caused by supply-side structural reform, the growth of government revenue will be likely slowing down. Thus, it is difficult for the government of Hebei province to keep the investment on rural areas maintaining a rapid growth, especially when the development of agriculture, rural areas and farmers requires huge fund.

Imbalance Between Supply and Demand in Rural Market

The supply of high-quality products and services in rural areas of Hebei Province is insufficient, making it difficult to realize consumption upgrading. At present, the common problem encountered by consumers in rural areas are "what I need is not available in the rural stores" and "what I need can't be delivered to rural areas". As most of the enterprises target on cities and towns where they can obtain more profits and ignore the vast market in rural areas, the enterprises do not know the consumption environment, habits and preferences of rural residents, and as a result, the goods supplied by enterprises are disconnected from the needs of rural residents. So, either the rural consumers can't get what they need or can't afford what they want to buy. What's more, the sale services of rural areas are also poor, for example, most of the express companies do not provide home delivery services in rural areas Hebei province, people have to pick up their packages at the township express service station by themselves. Except that daily necessities and services cannot meet the needs of rural residents, goods related to personal development and enjoyment like education, old-age care, and recreational facilities are also in short supply.

SUGGESTIONS ON PROMOTING RURAL CONSUMPTION UPGRADING IN HEBEI PROVINCE

Innovation Leads to the High-quality Development of Rural Industries

First, strengthen the driving role of agricultural science and technology innovation, and constantly strengthen the application of agricultural science and technology in agricultural production; strengthen the cultivation of agricultural scientific research talents, steadily push forward the implementation of Industry-University-Research project, build a modern agricultural scientific and technological innovation system, and speed up the transformation off agricultural scientific research achievements; vigorously promote

agricultural water-saving technology, improve the construction of high-standard farmland supporting facilities and water conservancy construction, and improve agricultural disaster prevention and resilience; improve the intelligent level of agricultural machinery and equipment, further reduce agricultural production costs and improve agricultural labor productivity. Secondly, according to the market demand and local resource endowment advantages, actively promote the development of new industries, new formats and new patterns in rural areas, integrate production, processing, warehousing and transportation, continuously extend the planting industry chain, and accelerate the integration and development of the secondary and tertiary industries.

Expanding Employment Channels as a Platform to Continuously Expand the Income of Rural Residents

On one hand, it is necessary to promote local and nearby employment to increase income by implementing encouraging fiscal, financial, land use, talent and other support policies, developing industries such as agricultural products processing, leisure and sightseeing industry, e-commerce and other county-level industries to enrich the people, and improving the professional skills of migrant workers. In addition, achieving high-quality employment by improving human capital, forming a pattern in which “innovation leads to entrepreneurship, entrepreneurship leads to employment, and employment leads to income increase”, so that farmers can have jobs and earn money at their doorsteps. On the other hand, the government need to promote the employment income of migrant workers, strengthen farmers’ vocational education and skills training, improve their scientific and cultural quality, improve employment support policies, and do everything possible to promote the steady employment of migrant workers.

Taking Urban Consumption Upgrading as a Model to Drive the Change of Rural Consumption Concept

Urban residents’ consumption upgrading is faster than the rural areas, no matter in the level of consumption or the structure of consumption. To change the consumption concept of the rural residents, we could use the demonstration effect of urban residents’ consumption upgrading influencing the rural residents’ attitudes toward consumption and shopping behavior. First, the government could guide rural residents to establish a concept of “reasonable savings and moderate consumption”, and to persuade the rural residents invest more on personal and family member’s self-improvement and the improvement of life quality, such as transportation and communication, medical security, education, culture and entertainment, green environmental protection, etc. Also strengthening families and individuals’ ability to resist risks and their confidence in the future by properly purchasing the necessary commercial insurance. Second, the demonstration role of urban consumption upgrading would make rural residents realize the benefits of new services and other new things, helps them realize the material and spiritual enjoyment brought by higher-level consumption, and stimulates their demand for higher-level consumption and their motivation and potential to create more wealth.

Increasing Government Investment in Rural Areas to Enhance the Consumption Confidence of Rural Residents

First of all, more fiscal expenditure should be assigned to agricultural infrastructure and rural basic public services, including land remediation and construction of high-standard farmland, construction of farmland production facilities and water conservancy facilities, education and medical and health undertakings, infrastructure, social security, scientific and technological innovation and other fields, ensuring that fiscal expenditure on agricultural should increase at a faster rate than the regular state revenue. At the same time, increasing fiscal expenditure to rural poor population and deep poverty areas, so as to effectively promote the relatively balanced development between urban and rural areas and between regions. Secondly, to further increase the policy support for rural financial institutions’ agriculture-supporting business. In order to effectively adapt to the demands of industrialization of characteristic agriculture in Hebei Province, financial institutions need to constantly broaden their business scope, expand the loan scale of characteristic agricultural industries, provide financial services for the construction of

characteristic agricultural products bases, collection and protection of characteristic agricultural resources, and build a sound financial agriculture-supporting system.

Optimizing Supply-side Reform as a Driving Force to Release Rural Consumption Potential

With the gradually changes of per capita income, scientific and technological progress and consumption habits of rural residents in Hebei Province, only by making the supply of products conforming to the new consumption trend and innovating the new format and mode of production and sales in rural areas can we further promote rural consumption upgrading. At present, the content of rural consumption is changing from tangible consumption to service-oriented intangible consumption, which shows that the proportion of service consumption such as transportation, communication, education, old-age care and tourism continues to rise; rural consumption preference has shifted from imitation consumption to personalized consumption, and more and more rural consumers show increasingly preference to high-end and personalized commodity services; and the concept of reasonable, healthy, civilized and low-carbon consumption is rising day by day. In view of the above new characteristics and trends of rural residents' consumption in Hebei Province, if we want to realize new demand to stimulate new supply to meet new demand, we must adhere to the dominant position of consumers, advocate consumers' priority, fully respect and aim at the new trend of rural residents' consumption from the supply side, and develop, produce and manage products that meet rural consumers' needs according to the new trend of rural residents' consumption, which are suitable for rural residents' consumption characteristics in terms of price, category, performance, style and service.

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