

Stable Economic Growth and Residents' Consumption under the Expansion of Domestic Demand: Evidence from 258 Prefecture-Level Cities in China, 2012–2022

Zhilong Yuan

School of Applied Economics, University of Chinese Academy of Social Sciences, Beijing, China

Abstract: *Based on panel data from 258 prefecture-level cities in China over the period 2012–2022, this paper constructs an analytical framework to examine the impact of stable economic growth on residents' consumption and investigates its underlying mechanism in the context of expanding domestic demand. The empirical results indicate that stable economic growth exerts a positive stimulative effect on residents' consumption, and this effect becomes increasingly pronounced as economic growth remains stable. The growth of residents' income serves as an important transmission pathway through which stable economic growth promotes consumption; that is, stable growth further elevates residents' consumption levels via income growth. In sub-regional analyses, the consumption-promoting effect of stable economic growth is relatively stronger in the eastern region than in the central and western regions. Moreover, stable economic growth exerts a greater stimulative effect on rural residents' consumption than on urban residents' consumption. Further analysis reveals heterogeneity across income groups: the consumption-promoting effect of stable economic growth is largest for high-income groups, exhibiting an "economic growth dividend" pattern. These findings provide a reference for government formulation of policies and measures aimed at further narrowing the urban-rural gap and improving residents' consumption levels.*

Keywords: Stable Economic Growth, Residents' Consumption, Expanding Domestic Demand, Income Growth, Regional Heterogeneity, Urban-Rural Differences, Income Groups, Panel Data

1. INTRODUCTION

How to stimulate the potential of residents' consumption and enhance the role of residents' consumption in economic development has attracted increasing attention from the academic community. Looking through the relevant literature, it is found that the academic community has less research on the direct relationship between stable economic growth and residents' consumption, and the internal relationship and its mechanism have not been clarified. In view of this, this paper uses the urban panel data from 2012 to 2022, from the perspective of residents' income, to explore the influence mechanism of stable economic growth on residents' consumption, and attempts to clarify the internal logical relationship and its mechanism of stable economic growth on the promotion of residents' consumption under the background of expanding domestic demand.

2. THEORETICAL ANALYSIS AND RESEARCH HYPOTHESES

According to the expectancy theory, stable economic growth also has an impact on household consumption. From the perspective of job security: Stable economic growth is usually accompanied by a lower unemployment rate and more job opportunities (Gao Jie and Wang Jun, 2022). In this case, residents are more inclined to believe in the stability of their jobs and have a certain sense of job security. This sense of job security will enhance residents' consumption willingness because they are more confident in being able to continuously obtain income and bear consumption expenditures. From the perspective of residents' wealth expectations: Stable economic growth means that asset prices usually rise, such as housing prices and the stock market. This will increase residents' personal wealth, thereby stimulating their consumption willingness. When residents expect their wealth to continue to grow, they are more likely to be willing to make high-value consumption, such as buying a house, a vehicle or other large assets (Lin Muxi et al., 2022). In addition, stable economic growth is conducive to enhancing residents' consumption confidence. When the economy is prosperous and the prospects are good, consumers are more optimistic about their economic situation and future development. This positive mindset will prompt them to be more inclined to make large purchases and investments, thereby promoting the improvement of residents' consumption ability. In an environment of stable economic growth, the central bank often takes appropriate monetary policy measures to maintain economic balance, which may include adjusting the interest rate level. When

residents expect the interest rate to decline, they have more motivation to make consumption expenditures because low interest rates mean lower borrowing costs and cheaper financing conditions (Liang Mengchao, 2022). Based on the above analysis, the following hypotheses are proposed:

Hypothesis 1: Stable economic growth has a significant positive impact on household consumption.

According to the human capital theory, an individual's education and training level is one of the key factors for obtaining high income and job opportunities. Steady economic growth creates more job opportunities and increases the employment rate. This means that more residents can get jobs and thus have a source of income. With the increase in job opportunities, residents have more choices and can find job opportunities that suit their skills and knowledge background (Kang Jijun et al., 2023). Secondly, steady economic growth is usually accompanied by more education and training opportunities. When the economy is prosperous, enterprises tend to increase their investment in employee training to meet the requirements of market demand and technological progress. By receiving education and training, residents can improve their human capital level, thereby enhancing their competitiveness and salary levels in the labor market. In addition, steady economic growth brings about the development of industries and sectors, which means that the demand for specific skills and professional knowledge will also increase. When residents possess skills that meet market demand, they are more likely to find employment opportunities in high-paying industries and positions (Cheng Mingwang et al., 2022). This increase in skill demand can lead to an increase in residents' income levels. From the perspective of entrepreneurial opportunities, steady economic growth provides a good environment and opportunities for individual entrepreneurship. In a prosperous economy, entrepreneurs can more easily obtain capital, resources, and market support. Through entrepreneurship, residents have the opportunity to achieve high incomes and can make positive contributions to economic growth.

Residents' income also has an important impact on the promotion of consumption. A higher income level enables residents to enjoy more purchasing power. When residents' income increases, there will be more disposable income available for purchasing various goods and services to meet their needs and desires. This income effect encourages residents to increase their consumption expenditures. According to the marginal utility theory in economics, people generally tend to increase their consumption when their income rises. Although the marginal propensity to consume of individuals may vary, overall, as residents' income increases, they are more likely to increase their consumption expenditures to improve their quality of life, meet higher-level needs, or pursue luxury goods (Yu Le and Jia Kang, 2022). In addition, residents' consumption behavior is also affected by their wealth status. Steady economic growth is usually accompanied by an increase in asset prices, such as the appreciation of the real estate market. When residents feel that their wealth has increased, they tend to increase their consumption expenditures to enjoy a higher level of living quality (Zhou Jue and Yan Maolin, 2022). Based on the above analysis, the following hypotheses are proposed:

Hypothesis 2: Residents' income plays a mediating role in the impact of steady economic growth on residents' consumption.

Among the eastern, central, and western regions, there may be some factors leading to consumption differences. There may be differences in the economic development levels of the eastern, central, and western regions. Usually, the eastern region is relatively developed, with more economic opportunities and high-income jobs, enabling residents in this region to have higher consumption capabilities (Liu Xiaoping, 2022). In contrast, the central and western regions may be relatively lagging, and the consumption capabilities of residents may be lower. From the perspective of the regional industrial structure, the eastern region often has more manufacturing and service industries, which tend to offer higher salaries and employment opportunities, promoting the consumption capabilities of residents (Tong Mingliang, 2022; Wang Fang and Huang Lifa, 2022). The central and western regions may be relatively more dependent on traditional resource-based industries, and their income and consumption levels may be affected by fluctuations in resource prices. The urban-rural gaps in the eastern, central, and western regions may lead to different consumption habits and levels. The urbanization degree in the eastern region is relatively high, and residents are more exposed to modern commercial and consumption environments, while there may be some limitations in infrastructure and consumption choices in rural areas of the central and western regions (Zhang Lu, 2022). In addition, there are differences in regional cultural values. The culture and values of different regions also affect consumption behavior. The eastern region may pay more attention to fashion, brands, and personal consumption, while the central and western regions may pay more attention to traditional values and thrift concepts, resulting in differences in consumption habits and levels. In addition, according to the marginal propensity to consume theory, an individual's consumption propensity changes during the process of income change. Urban residents, due to their relatively high average income, have a relatively low marginal

propensity to consume, that is, for every additional unit of income they receive, they tend to allocate a larger portion to savings or investment rather than to daily consumption. In contrast, rural residents, due to their relatively low average income, have a relatively high marginal propensity to consume, that is, they are more inclined to allocate most of their income to meeting daily consumption needs. Therefore, during the period of economic growth, the consumption improvement of rural residents may be more obvious. Based on the above analysis, the following hypotheses are proposed:

Hypothesis 3: In the relationship between the impact of stable economic growth on residents' consumption, there is not only a regional heterogeneity relationship but also an urban-rural difference.

3. RESEARCH DESIGN

3.1 Explanation of Data Sources

This paper uses panel data of 258 prefecture-level cities across the country from the China Urban Statistical Yearbook, China Provincial and Municipal Economic Development Yearbook, statistical yearbooks of various provinces, and statistical data of the National Bureau of Statistics. The time span is from 2012 to 2022. For missing data, this paper uses the average value of the adjacent two years for substitution. Finally, we collected 2,735 sample data.

3.2 Variable Design

Explained variable: Residents' consumption level (RCL). Currently, most studies on measuring residents' consumption level usually use residents' consumption expenditure. However, residents' consumption expenditure can only reflect the overall consumption volume and cannot accurately reflect the quality and structure of residents' consumption. Therefore, this paper comprehensively considers multiple indicators to measure the residents' consumption level in each province and city, mainly selecting the e-commerce sales volume, the number of social consumer goods, and the consumption expenditure of residents in education, culture, entertainment, and medical care. Based on the measurement of multiple indicators, this paper further constructs a comprehensive index of residents' consumption level through the entropy weight method, which can more accurately reflect the residents' consumption level in each province and city.

Explanatory variable: Stable economic growth (STB). Currently, the commonly used method to measure stable economic growth is to reflect it through economic fluctuations. To consider the short-term nature of economic cycle fluctuations, this paper refers to the research of Liao Changwen and Zhang Zhidong (2020) and uses a five-year rolling window method to measure stable economic growth.

Mediating variable: Residents' income (FLS) measures the growth of farmers' income by logarithmizing the per capita disposable income of farmers. However, before 2013, the National Bureau of Statistics did not statist the data of per capita disposable income of farmers. Therefore, referring to the research method of Cheng Mingwang and Zhang Jiaping (2019), this paper uses an indirect calculation method to estimate the per capita disposable income of farmers.

Control variables. To better analyze the effective impact of stable economic growth on the improvement of residents' consumption, this paper further controls control variables such as the level of infrastructure development, the natural population growth rate, the level of opening up, the level of urbanization, and the level of information development. Among them, the level of infrastructure development (Roae) is measured by the per capita road area; the natural population growth rate (Waue) is measured by the population growth rate of each city; the level of opening up (Tpoe) is measured by the ratio of import and export trade to GDP; the level of urbanization (Gave) is measured by the proportion of urban population; the level of information development (Ifoa) is measured by the number of Internet users (in 10,000 households) in each city, as shown in Table 1 specifically.

Table 1: Descriptive Statistics of Main Variables

Variable	N	Average	p50	Mean	Min	Max
Loop	2735	0.913	0.781	0.718	0.036	6.432
Set-top box	2735	0.052	0.047	0.061	0	1
Foreign language learning	2735	0.914	0.743	0.432	7.932	11.032

system						
Return on assets	2735	0.531	0.681	0.129	0.713	3.081
Work attitude	2735	0.821	0.461	0.891	0.349	6.726
Type	2735	4.781	0.589	0.593	0.169	8.913
Give	2735	8.891	0.681	0.712	0.518	12.986
Information	2735	10.891	0.729	3.901	0.313	65.812

4. MODEL DESIGN

To explore the impact of stable economic growth on the improvement of household consumption, this paper selects urban data from 2012 to 2022, constructs a panel data model, and considers control factors such as the level of infrastructure development, the natural population growth rate, the level of opening up, the level of urbanization, and the level of information development to control the influence of other factors and introduces a random disturbance term. The constructed benchmark regression model is as follows:

$$RCL_{i,t} = \partial_0 + \partial_1 \times STB_{i,t} + \partial_2 \times Controls_{i,t} + \epsilon_{i,t} \quad (1)$$

In Equation (1), $RCL_{i,t}$ represents the household consumption level in city t in year i , $STB_{i,t}$ represents the stable economic growth in city t in year i , $Controls_{i,t}$ represents the set of control variables, $\epsilon_{i,t}$ represents the random error term, ∂_1 represents the coefficient to be estimated for the core explanatory variable, and ∂_2 represents the coefficient to be estimated for the core explanatory variable.

To further study the role of household income in the impact of stable economic growth on the improvement of household consumption, this paper constructs a mediating effect model for testing based on Model (1).

$$FLS_{i,t} = \vartheta_0 + \vartheta_1 \times STB_{i,t} + \vartheta_2 \times Controls_{i,t} + \epsilon_{i,t} \quad (2)$$

$$RCL_{i,t} = \mu_0 + \mu_1 \times STB_{i,t} + \mu_2 \times FLS_{i,t} + \mu_3 \times Controls_{i,t} + \epsilon_{i,t} \quad (3)$$

In Equations (2) - (3), $FLS_{i,t}$ represents the household income in city t in year i ; among which Model (2) represents the impact model of stable economic growth on household income, and Model (3) represents the impact model of stable economic growth and household income on the improvement of their consumption.

5. EMPIRICAL RESULTS AND ANALYSIS

5.1 Estimation of the Impact of Stable Economic Growth on Household Consumption

First, after the Hausman test, the two-way fixed effects are used to estimate the impact of stable economic growth on the improvement of household consumption. Among them, Model (1) shows the impact of stable economic growth on the improvement of household consumption without controlling any influencing factors; Model (2) shows the impact of stable economic growth on the improvement of household consumption after controlling possible influencing factors, and the regression results are shown in Table 2.

Table 2: Regression Results of the Impact of Stable Economic Growth on Household Consumption

Explanatory variable	Explained variable: RCL	
	Model (1)	Model (2)
STB	0.437*** (5.912)	0.732*** (2.912)
Roae		4.901*** (2.901)
Waue		7.912** (1.901)
Tpoe		8.370*** (11.892)
Gave		13.091*** (18.912)
Ifoa		8.091*** (7.091)
Time fixed effects	Controlled	Controlled
City fixed effects	Controlled	Controlled
Constant term	16.095*** (6.071)	19.182*** (6.926)
N	2735	2735
r ² a	0.706	0.697

Note: *, **, *** indicate significance at the 10%, 5%, and 1% levels respectively; the values in parentheses are the t values calculated under robust standard errors. The same applies hereinafter.

According to the estimation results of Model (1) in Table 2, it can be seen that stable economic growth has a direct

promoting effect on the improvement of household consumption, and the impact coefficient is 0.437; after considering the control variables, the impact coefficient of stable economic growth on the improvement of household consumption is 0.732, and these coefficients are statistically significant, indicating that stable economic growth has a positive impact on the improvement of household consumption, showing that whether or not relevant variables are controlled, stable economic growth has a good driving effect on household consumption, verifying Hypothesis 1, and the hypothesis holds.

5.2 Robustness Tests

1) Replace the econometric model. According to the estimation of the benchmark results of the impact of stable economic growth on the promotion of household consumption, it can be seen that stable economic growth has a significant promoting effect on the promotion of household consumption. However, whether the results are robust needs to be further verified. To further demonstrate the robustness of the results, this paper further uses the GMM model for testing and demonstration. It can be seen from the results of replacing the econometric model in Table 3 that by lagging the explained variable, the promotion of household consumption (RCL), by one period and using the system GMM model for estimation, it is found that the regression results are consistent with the benchmark regression results and are robust.

Table 3: Replacement Model Test Results

Explanatory variable	Explained variable: RCL	
	FE model	System GMM model
STB	0.174*** (1.139)	0.362*** (1.459)
L. RCL	-	0.217** (0.436)
Control variables	Controlled	Controlled
Time fixed effects	Controlled	Controlled
City fixed effects	Controlled	Controlled
Constant term	16.095*** (6.071)	0.541*** (1.125)
AR (1) test	-	0.178*** (0.143)
AR (2) test	-	0.206*** (1.435)
Sargan Test	-	0.537
N	2735	2735
r ² a	0.706	

2) Discussion on endogeneity. Based on the previous theoretical analysis and empirical test process, it can be seen that stable economic growth has an impact on the promotion of household consumption. However, there may also be a causal relationship between the promotion of household consumption and stable economic growth. Therefore, this paper refers to the method of Hua Rugui et al. (2011), lags the explanatory variable, stable economic growth, by one period (L.STB), and uses two-stage least squares (2SLS) for endogeneity testing. The specific results are shown in Table 4. In the first-stage test, the coefficient of the lagged term of stable economic growth (L.STB) is significant at the 1% level, indicating that the instrumental variable has good representativeness. In addition, the F value is 217.59, proving that there is no weak instrumental variable problem. It can be found from the regression results after the second-stage test that they are consistent with the original results, indicating that the endogeneity problem can be excluded and the research conclusions are somewhat robust, further demonstrating the robustness of the research conclusions of this paper.

Table 4: Results of Endogeneity Test

Variable	The first stage	The second stage
	STB	RCL
L. STB	0.147*** (0.135)	
STB		0.168*** (0.102)
Control variables	Controlled	Controlled
Time fixed effects	Controlled	Controlled
City fixed effects	Controlled	Controlled
Constant term	1.683** (1.872)	2.936*** (1.526)
N	2735	2735
r ² a	0.638	0.595
F	217.59***	

5.3 Mediating Effect Test of Household Income

By introducing household income as a mediating variable, this study explored the impact mechanism of stable economic growth on the improvement of household consumption and verified the mediating role of household income in this relationship using the stepwise regression method. The specific analysis results are shown in Table 5. Model (1) shows the impact of stable economic growth on the industrial structure while controlling other variables; Model (2) represents the impact of stable economic growth on household income on the premise of adding control variables; Model (3) reflects the combined impact of stable economic growth and household income on the improvement of household consumption. Based on the regression results of Model (1), it can be seen that stable economic growth has a significant promoting effect on household consumption. Therefore, further according to the regression results of Model (2), stable economic growth has a positive impact on household income, with an impact coefficient of 8.903, which is statistically significant at the 1% significance level, indicating that stable economic growth has a positive impact on household income. At the same time, according to the regression results of Model (3), both stable economic growth and household income have positive impacts on the improvement of household consumption. The impact coefficient of stable economic growth is 0.839, and the impact coefficient of household income is 3.059. Both of these coefficients are statistically significant at the 1% significance level. This shows that household income plays a mediating effect in the relationship between stable economic growth and the improvement of household consumption, verifying Hypothesis 2, and the hypothesis holds.

Table 5: Results of the mediating effect test of the income of the post-50s generation

Explanatory variable	Model (1)	Model (2)	Model (3)
	RCL	FLS	RCL
STB	0.732*** (2.912)	8.903*** (1.928)	0.839*** (13.092)
FLS			3.059*** (1.178)
Roac	4.901*** (2.901)	1.125*** (0.156)	3.016*** (4.739)
Wauc	7.912*** (1.901)	8.210* (6.131)	4.032* (1.943)
Tpoe	8.370*** (11.892)	6.124 (1.783)	8.136*** (1.353)
Gave	13.091*** (18.912)	5.156*** (1.963)	2.371*** (6.191)
Ifoa	8.091*** (7.091)	5.371*** (6.421)	5.721*** (9.191)
Time fixed effect	Controlled	Controlled	Controlled
City fixed effect	Controlled	Controlled	Controlled
Constant term	19.182*** (6.926)	18.902** (1.093)	13.274*** (3.092)
N	2735	2735	2735
r ² _a	0.697	0.612	0.672

5.4 Heterogeneity Analysis

1) Regional heterogeneity analysis. According to the classification criteria of the National Bureau of Statistics for eastern and western cities, each city is uniformly divided into eastern, central, and western regions, and regression tests are conducted for each region. Model (1) in Table 6 represents the regression results of the eastern region sample, Model (2) represents the regression results of the central region sample, and Model (3) represents the regression results of the western region sample.

Based on the heterogeneity results in Table 6, in the eastern region sample, stable economic growth has a positive impact on household consumption at the 1% significance level, with an impact coefficient of 0.381; in the central region sample, stable economic growth has a positive impact on household consumption at the 1% significance level, with an impact coefficient of 0.105; in the western region sample, stable economic growth has a positive impact on household consumption at the 10% significance level, with an impact coefficient of 0.072. Based on the results, it can be seen that the impact of stable economic growth on household consumption has a greater promoting effect in the eastern region than in the central and western regions. A possible explanation is that with the stable development of the economy, the eastern region has developed faster in industrial agglomeration, employment development, social services, and its infrastructure, and has a greater driving effect on household consumption. Therefore, the above empirical results verify Hypothesis 3, and the hypothesis is proven.

Table 6: Results of Regional Heterogeneity Tests

Explanatory variables	Explained variable: RCL		
	Eastern region	Central region	Western region
	Model (1)	Model (2)	Model (3)
STB	0.381*** (3.574)	0.105*** (2.138)	0.072* (2.581)
Control variables	Controlled	Controlled	Controlled
Time fixed effects	Controlled	Controlled	Controlled
City fixed effects	Controlled	Controlled	Controlled

Constant term	13.122*** (4.146)	12.518** (6.359)	6.137* (7.128)
N	1185	859	691
r ² a	0.672	0.589	0.571

2) Urban-rural heterogeneity analysis. Based on empirical research, it is known that stable economic growth has a significant impact on the improvement of household consumption, but whether the improvement effect on urban and rural household consumption is the same remains to be investigated. At present, the consumption demand in rural areas has not been fully met, and its potential is very large. Expanding the rural consumption market is of great significance for promoting the domestic big cycle. Therefore, this paper further divides the sample into urban and rural samples, and the specific results are shown in Table 7. According to the robustness results in Table 7, in the urban sample, stable economic growth has a positive impact on household consumption at the 1% significance level, with an impact coefficient of 0.224; in the rural sample, stable economic growth has a positive impact on household consumption at the 1% significance level, with an impact coefficient of 0.446. By comparing the full sample, it is found that after sub-sample regression, there is a gap in the impact of stable economic growth on the improvement of household consumption, and the impact on the improvement of rural consumption is the largest. A possible explanation is that the implementation of the rural revitalization strategy has further upgraded and optimized the industrial structure in rural areas. Traditional agriculture and light industries will gradually transform into high-value-added fields such as modern agriculture, rural e-commerce, and rural tourism, improving the income level and consumption ability of rural residents.

Table 7: Regression Results of the Impact of Stable Economic Growth on the Consumption Differences between Urban and Rural Residents

Explanatory variable	Explained variable: RCL		
	Full sample	Urban sample	Rural sample
	Model (1)	Model (2)	Model (3)
STB	0.732*** (2.912)	0.224*** (2.119)	0.446*** (3.280)
Control variables	Controlled	Controlled	Controlled
Time fixed effects	Controlled	Controlled	Controlled
City fixed effects	Controlled	Controlled	Controlled
Constant term	19.182*** (6.926)	12.348** (8.139)	8.147* (3.290)
N	2735	1598	1137
r ² a	0.697	0.625	0.798

6. FURTHER ANALYSIS

With the implementation of the rural revitalization strategy, the urban-rural income gap is narrowing, which is a positive trend. However, there is also a problem of the widening income gap within urban and rural residents. This may have some impacts on the economy and society. The widening income gap within urban and rural residents may lead to a series of problems such as social inequality. Based on this, this paper further explores the effects of stable economic growth on residents' consumption improvement at different income levels.

This paper uses the income grouping method proposed by Kacapyr et al. (1996). Households with a per capita disposable income of less than 0.75 times the median of rural residents are classified as low-income groups, households with a per capita disposable income of more than 1.25 times the median of rural residents are classified as high-income groups, and households in between belong to the middle-income group. The specific results are shown in Table 8. According to the regression results in Table 8, it can be seen that among the low-income groups, the impact coefficient of stable economic growth on residents' consumption is 0.137, but there is no significant impact relationship; among the middle-income groups, the impact coefficient of stable economic growth on residents' consumption is 0.271, and it has a positive impact on residents' consumption at the 5% significance level; among the high-income groups, the impact coefficient of stable economic growth on residents' consumption is 0.582, and it has a positive impact on residents' consumption at the 1% significance level. Based on the regression results, it can be found that the impact of stable economic growth on residents' consumption improvement is different among different income groups. The impact on high-income groups is the largest, followed by middle-income groups, and finally low-income groups. This shows that stable economic growth can significantly promote the consumption improvement of high-income group residents, and there is an "economic growth dividend". However, relatively speaking, the impact of stable economic growth on the consumption of low-income group residents is not significant.

Table 8: Regression Results of the Impact of Stable Economic Growth on the Consumption Upgrade of

Different Income Groups

Explanatory variable	Explained variable: RCL		
	Low-income group	Middle-income group	High-income group
	Model (1)	Model (2)	Model (3)
STB	0.137 (1.432)	0.271** (3.472)	0.582*** (2.463)
Control variables	Controlled	Controlled	Controlled
Time fixed effects	Controlled	Controlled	Controlled
City fixed effects	Controlled	Controlled	Controlled
Constant term	2.325*** (5.147)	3.431** (6.719)	4.185* (1.593)
N	1289	856	590
r ² a	0.578	0.613	0.608

7. RESEARCH IMPLICATIONS

First, improve income distribution. In the context of expanding domestic demand, the government should attach importance to the fairness and rationality of income distribution. Through appropriate tax policies and social welfare measures, reduce the gap between the rich and the poor and ensure the reasonable distribution of residents' income. This will help improve the consumption ability of low-income groups and promote the overall consumption level; Second, strengthen the social security system. Establish a sound social security system, including medical insurance, old-age insurance, etc., which can effectively relieve the life pressure of residents and improve their consumption willingness and ability. The government should increase investment in social security and provide comprehensive security coverage, especially for vulnerable groups and residents in rural areas; Third, improve the level of financial services. To stimulate residents' consumption demand, the government can improve the financial service system, enhance the service level and efficiency of financial institutions. Strengthen financial supervision, reduce financial risks, encourage banks to increase credit support for small and micro enterprises and individuals, provide more financing channels for residents, and promote the improvement of consumption ability; Fourth, in view of the differences in economic development levels and consumption abilities in different regions, the government can formulate regional differentiated policies. For regions with relatively weak economies, special incentive measures can be taken, such as tax exemptions, investment subsidies, etc., to attract external investment and promote industrial development, and improve the income level of residents; Fifth, to promote the consumption improvement of low-income groups, the government can take a series of measures, such as raising the minimum wage standard, strengthening employment training and vocational skills improvement programs, etc., to increase the income level of low-income people.

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