

# *Analysis of the Factors Affecting the Consumption Level of Urban Residents in China*

Lianfeng Xu

School of Economics and Management  
Minjiang University  
Fuzhou, China

**Abstract**—The savings of Chinese residents have remained high for a long time. However, the growth rate of consumption demand is relatively slower than that of savings. As China's urban basic old-age insurance expenditures continue to grow, it has affected the income level of urban residents, which in turn affects the consumption of urban residents. The factors affecting the consumption of urban residents in China are multifaceted. As one of the factors, China's endowment insurance is of great significance in carrying out research on the factors affecting the consumption of urban residents by Chinese pension insurance. Based on the combination of theoretical analysis and empirical analysis, this paper collects the per capita consumption level of urban residents in China from 2000 to 2017, the per capita savings of urban residents, the per capita disposable income of urban residents, and the per capita endowment insurance expenditure of urban residents. Based on these four types of related time series data, this paper built a model to analyze how China's pension insurance affects urban residents' consumption, and empirically explored the factors affecting the urban residents' consumption and their influence degree through empirical conclusions. Finally, combined with China's actual national conditions and development trends at this stage, this paper made policy recommendations based on foreign economic policies.

**Keywords**—Pension; Urban residents' consumption; Influencing factor; Time series data

## I. INTRODUCTION

At present, China's economy is developing rapidly, market economic reforms are continuing to improve, and the social security system is constantly improving. Endowment insurance is one of the basic means of life for retirees and a major income for retirees, which will inevitably affect the daily consumption of urban residents. Although the expenditure of pension insurance is not the rigid demand of people, the payment of pension insurance has gradually become an indispensable part of people's daily income distribution, which will inevitably affect how residents distribute income, and thus affect the consumption of residents. Therefore, the analysis and research on the influencing factors of endowment insurance on urban residents' consumption are of great significance in stimulating

the consumption demand of urban residents in China, improving and perfecting the endowment insurance mechanism and maintaining stable economic development[1].

China's endowment insurance system has a relatively late start-up period and a slow pace of initial development. Compared with developed countries, it has only been more than half a century of reform and development experience, but it does not affect its continuous development and reform. It has brought more and more comprehensive social security to people. Most scholars now study the relationship between pension insurance and urban residents' consumption. It is far from sufficient to justify the impact of pension insurance on urban residents' consumption, because the influencing factors of pension insurance on urban residents' consumption are A lot, so extensively studying the effects between the two has some limitations. This paper demonstrates the relationship between pension insurance and urban residents' consumption by using the data of domestic pension insurance and urban residents' consumption for nearly 18 years and discusses the analysis of China's pension insurance through empirical analysis. What factors affect the consumption of urban residents and their impact.

In this paper, the research work is carried out according to theoretical analysis, model construction, empirical analysis, research conclusions and policy recommendations. Combining relevant literature resources, through model analysis, empirical analysis, reference and other research methods, using effective data to establish models, empirical analysis of China's pension The factors affecting the consumption of urban residents [2], based on the empirical conclusions, combined with the current national conditions of China and the reference to foreign economic policies, put forward policy recommendations. The methods used in this paper are as follows: (1) The empirical analysis method is based on the data of 2000-2017 national relevant time series data. The empirical results are obtained through empirical analysis, and the relevant rationality hypotheses proposed in the theoretical part are tested and formed. The final conclusion of this paper; 2 literature review method: that is, by reading a large number of articles, related journals, scholars and other articles, summarize and summarize the influencing factors of endowment insurance on urban residents' consumption, paving the way for empirical analysis.

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## II. ANALYSIS OF THE IMPACT OF ENDOWMENT INSURANCE ON URBAN RESIDENTS' CONSUMPTION

### A. Concepts related to pension insurance and urban residents' consumption

#### 1) The concept of pension insurance

The so-called endowment insurance is called the basic social endowment insurance for urban residents in China. It is the labor force that the state and society leave the labor position on the basis of the current laws and regulations, those who have reached the labor age limit, or who have lost their labor ability. To ensure their basic life and establish a social insurance system, it provides a certain level of living security for retirees. Together with basic medical insurance, unemployment insurance, work injury insurance and maternity insurance, it is called China's five major insurances [3]. The basic social endowment insurance is paid by the unit and the individual according to a certain base ratio. The basic payment of the basic old-age insurance premium is the monthly average wage income of the previous year's contributors. According to the newly adjusted social security contribution ratio in 2019: the unit payment ratio is 16%, and the individual payment ratio is 8%. For example, if a certain employee pays social security expenses in a certain month, the payment base is 2,000 yuan, then the unit pays 320 yuan, and the individual pays 160 yuan, and the general social basic pension insurance is paid by the unit according to the quarter.

At this stage, China is still in the development stage. The purpose of improving the endowment insurance system is to continuously satisfy the residents' living security, especially the retired people. It can also play a role of a stable society with a sense of dependence and support. The needs of economic and environmental development. The following describes three different situations of China's pension insurance:

*a) Basic pension insurance:* The basic old-age insurance is also called the national basic old-age insurance. It is an old-age security system. It is regulated by the national unified policy to protect the basic needs of the post-retirement personnel. For a long time, basic pension insurance has played an important role in ensuring the basic needs of retirees. The payment of basic pensions also meets people's needs for life consumption and spiritual improvement [4].

*b) Enterprise supplementary pension insurance:* Enterprise supplementary pension insurance means a supplementary pension insurance system established for the employees of their own units in accordance with the operation of the unit under the premise of national policies. In general, enterprises still have to follow the instructions of the state, but how to implement them within the enterprise can be decided at their own discretion, which is the second level in the pension security system [5].

*c) Personal savings pension insurance:* Personal deposit endowment insurance is an additional form of insurance that is voluntarily participated by employees and chooses agents independently. It belongs to the last level of China's multi-level pension insurance system.

#### 2) Related concepts of household consumption levels

Resident consumption refers to the total consumption expenditure of final goods and services of all permanent residents of a country (or region) for a certain period of time, which together with government consumption constitutes final consumption [6]. The level of household consumption refers to the extent to which people's basic needs are met, and is reflected by the quantity and quality of the materials and services consumed. The level of household consumption is calculated according to the GDP, which is the total consumption including labor consumption. The calculation formula is:

$$\text{Household consumption level (yuan/person)} = \frac{\text{total household consumption in GDP during the reporting period}}{\text{average population during the reporting period}}$$

Based on the different price types in the calculation, the level of household consumption calculated based on current prices and comparable prices can be obtained. By calculating the comparable prices, it is easier to observe changes in the actual consumption levels of the residents. These data can reflect the basic needs of the residents and the needs of their enjoyment.

### B. Theoretical Analysis of the Factors of Endowment Insurance Affecting Urban Residents' Consumption

Based on the theory of consumption function, using macro data to analyze the factors affecting the consumption of urban residents, the current consumption growth of Chinese residents is affected by the old-age security system. Therefore, the continuous reform of the pension insurance system will, to a certain extent, expand domestic demand and promote economic growth. This paper believes that pension insurance mainly affects urban residents' consumption through the income of residents and the redistribution of income and the substitution effect of residents' savings.

#### 1) Endowment insurance promotes consumption by expanding domestic demand

The continuous income hypothesis is Friedman's point of view [7]. He divides household income into temporary income and permanent income. The stabilizing effect of persistent income is consumption. The persistent income hypothesis holds that permanent income is undoubtedly stable in the long run, so in the long run, the consumption function is stable. Temporary income affects consumption through the impact on permanent income, so temporary income in the short term can cause consumption fluctuations. According to the provisions of China's endowment insurance system, the personal contribution portion of the endowment insurance premium is completely divided into individual accounts, but the basic pension portion has a clear plan. Therefore, the basic pension amount received by individuals after retirement is mostly fixed, which indicates that the basic pension insurance income of urban residents is a permanent income. Based on the assumption of continuous income, it can be concluded that basic pension insurance can expand consumption.

### *2) Old insurance promotes consumption by increasing the income of retired residents*

According to Keynes's consumption function theory, consumption increases with income, but consumption increment is less than income increment [8]. The relationship between consumption and income is the main content of the consumption function. On the goal, the improvement of the social security system can directly increase the overall income of the residents; increase the possibility of social security capital accumulation, and more broadly, help to increase the income of urban residents; in addition, to a certain extent, social security The improvement can solve the social risks faced by residents, reduce the occurrence of losses, and stabilize the income of residents. The consumption function indicates that consumption is positively related to income. Therefore, the improvement of social security has promoted the consumption level of residents.

### *3) Endowment insurance promotes consumption by applying a substitution effect on household savings*

The standard of living after retirement is the main reason for saving, that is, life cycle theory [9]. The purpose of saving is to prevent future income from decreasing, which is preventive savings. Preventive savings theory means avoiding risky consumer savings to prevent future consumption levels from decreasing due to uncertainty, and then reducing current consumer behavior, which has a strong substitution effect with pension insurance. However, with the continuous improvement and continuous increase of the social security system, the future income will be determined, the residents' incentives for preventive savings will be greatly reduced, and the current consumption expenditure will increase accordingly.

In summary, with the gradual improvement of China's pension insurance system, the impact on urban residents' consumption propensity will become more and more significant, but today, when urban residents' consumption propensity continues to decline, pension insurance has been integrated with urban residents' consumption. The relationship between pension insurance and urban residents' consumption has limitations. The following will analyze the influencing factors of pension insurance on urban residents' consumption through empirical methods.

## *C. An Overview of China's Endowment Insurance and Consumption Status*

### *1) The development of the pension system*

In 1951, the "Labor Insurance Regulations of the People's Republic of China" was successfully promulgated, which officially opened a new chapter in China's pension insurance system. However, from 1966 to 1976, the implementation of China's pension insurance system was hindered, and development was stagnant [10]. It was not until 1977 that China's pension insurance system began to restart and entered a recovery phase. Since 1993, China has begun to explore and innovate reforming the pension insurance system, introducing a "social pooling" account and a mixed management system for individual accounts. In 1998, China gradually adopted the pension insurance system for urban workers and government agencies. In 2011, China's pension insurance system has been further developed. The "Social Insurance Law of the People's

Republic of China" was officially implemented. It is the first law in China on social insurance. The scope of pension insurance and the pension insurance account are prescribed in the form of law. How to operate, pay and distribute the way is the road to the legalization of China's pension insurance system. In 2015, the dual-track operation mechanism of the pension insurance system ended. The 19th National Congress in 2017 put forward new requirements and challenges for the pension insurance system. In 2019, the new regulations for tax reduction and fee reduction for enterprises were formulated, and the basic pension insurance contribution rate for urban workers was reduced on May 1. In order to implement the decision-making and arrangements of the Party Central Committee and the State Council, reduce the social insurance premium rate, improve the social security system, and steadily promote the reform of the social insurance premium collection system, if the contribution rates of the pension insurance units of the provinces, autonomous regions, municipalities directly under the Central Government and Xinjiang Production and Construction Corps are higher than 16 %, it can be reduced to 16%.

### *2) The current situation and structure of residents' consumption in the town*

Since the middle of the 20th century, China's economic growth rate has continued to be at a relatively high level, and the urban residents' savings rate has also tended to be at a higher level of stability. According to Jia Dekui and Shi Hongjun [11], considering the average saving propensity between different income groups, the overall average saving propensity depends on the proportion of high-income residents. The current development is not perfect, and the investment environment in China's financial market is very uncertain. Therefore, most high-income people are more inclined to bank savings, financial investment, real estate and stocks, resulting in a large concentration of capital to banks, real estate market or stock market. The phenomenon. However, from the current situation in China, China's consumer demand is almost unsatisfactory. The specific characteristics are: the overall distribution of per capita consumption expenditure is uneven and the difference is large.

Taking into account the integrity of the data, the preparation of the National Bureau of Statistics for the five years of 2013-2017 is as follows: Table I, Table II. The following table shows the consumption structure of urban residents. The consumption expenditure of urban residents mainly includes food, clothing, housing, daily necessities and services, health care, transportation and communications, education, culture and entertainment. It can be seen from Table 1-2 that the proportion of consumer goods and clothing and other necessities in total expenditures has been declining, and the proportion of development expenditure has increased accordingly. Compared with the international Engel system standard, China's Engel coefficient was about 57.5% in 1978, and its coefficient has dropped to 28.6% in 2017. This shows that the Chinese people's living standards have improved significantly.

**TABLE I. CHINA'S URBAN RESIDENTS' CONSUMPTION STRUCTURE FROM 2013 TO 2017 (ABSOLUTE NUMBER) UNIT: YUAN**

Project	2013	2014	2015	2016	2017
Per capita consumption expenditure	18022.6	19968.1	21392.4	17110.7	24445.0
Food	6311.9	6000.0	6359.7	5151.0	7001.0
Cloth	1902.0	1627.2	1701.1	1202.7	1757.9
Living	1745.2	4489.6	4726.0	3746.4	5564.0
Living goods and services	1215.1	1233.2	1306.5	1043.7	1525.0
Traffic	2736.9	2637.3	2895.4	2337.8	3321.5
Educational Culture and Entertainment	2294.0	2142.3	2382.8	1915.3	2846.6
medical care	1118.3	1305.6	1443.4	1307.5	1777.4
Other supplies and services	699.4	532.9	577.5	406.3	651.5

Data source: National Bureau of Statistics

**TABLE II. CHINA'S URBAN RESIDENTS' CONSUMPTION STRUCTURE FROM 2013 TO 2017 (PERCENTAGE) UNIT: %**

Project	2013	2014	2015	2016	2017
Per capita consumption expenditure	100	100	100	100	100
Food	35.5	30.0	29.7	30.1	28.6
Cloth	10.6	8.2	8.0	7.0	7.2
Living	9.7	22.5	22.1	21.9	22.8
Living goods and services	6.7	6.2	6.1	6.1	6.2
Traffic Communications	15.2	13.2	13.5	13.7	13.6
Educational Culture and Entertainment	12.7	10.7	11.1	11.2	11.7
medical care	6.2	6.5	6.8	7.6	7.2
Other supplies and services	3.9	2.7	2.7	2.4	2.7

Data source: National Bureau of Statistics

**III. EMPIRICAL ANALYSIS OF THE FACTORS AFFECTING THE CONSUMPTION LEVEL OF URBAN RESIDENTS IN CHINA**

**A. Selection of variables**

In order to further study the influencing factors of China's pension insurance on urban residents' consumption, this paper uses the 2000-2017 time series data to construct a model for empirical analysis and test the conclusions and analysis [12]. By referring to the existing domestic and international related research, the main factors affecting the consumption level of urban residents are: gross domestic product, per capita savings of urban residents, endowment insurance, population age structure and per capita disposable income of urban residents. The research on the influencing factors of endowment insurance on urban residents' consumption is based on the theory of consumption function. According to the framework of life cycle model and Friedman's long-term income hypothesis, China's urban residents' consumption expenditure, urban residents' per capita endowment insurance expenditure, urban residents are selected. The data on per capita disposable income and per capita savings of urban residents, empirical analysis of the factors affecting the consumption of urban residents in China.

**B. Model construction and inspection**

In order to eliminate the impact, using Eviews7.2 software to analyze the factors affecting pension insurance and urban

residents' consumption, the logarithm of each variable is constructed as follows:

$$\ln C_t = \beta_0 + \beta_1 \ln Y_t + \beta_2 \ln C_{t-1} + \beta_3 \ln P_t + \mu_t$$

Where:  $\beta_0$  is the intercept term of the regression model,  $\beta_1$ - $\beta_3$  is the coefficient of the regression model,  $\mu$  is the random error term,  $t$  is the time;  $C_t$  represents the per capita consumption expenditure of the urban residents during the  $t$  period;  $Y_t$  represents the urban residents at  $t$  Per capita disposable income during the period;  $C_{t-1}$  represents wealth accumulation but does not include social security. Wealth is the per capita savings of urban residents, using the per capita consumption expenditure lag variable;  $P_t$  represents the basic endowment insurance fund expenditure of the year  $t$  divided by the total number of retirees in  $t$  years, that is, the per capita pension insurance expenditure.

**TABLE III. PER CAPITA CONSUMPTION EXPENDITURE, PER CAPITA DISPOSABLE INCOME, CONSUMPTION EXPENDITURE LAG, AND PER CAPITA PENSION INSURANCE EXPENDITURE OF URBAN RESIDENTS IN CHINA FROM 2000 TO 2017**

Year	Per capita consumption expenditure	Per capita pension insurance expenditure	Per capita consumption expenditure lag variable	Per capita disposable income
2000	4998.00	5287.01	4615.91	6295.91
2001	5309.01	8127.77	4998.00	6907.08
2002	6029.88	9621.67	5309.01	8177.40
2003	6510.94	8087.94	6029.88	9061.22
2004	7182.10	8536.29	6510.94	9421.61
2005	7942.88	9250.87	7182.10	10493.03
2006	8696.55	10563.61	7942.88	11759.45
2007	9997.47	12041.30	8696.55	13785.81
2008	11242.85	13933.18	9997.47	15780.76
2009	12264.55	15316.95	11242.85	17174.65
2010	13471.45	16740.52	12264.55	19109.44
2011	15160.89	18699.86	13471.45	21809.78
2012	16674.32	20900.39	15160.89	24564.72
2013	18487.50	22970.28	16674.32	26467.00
2014	19968.10	25315.59	18487.50	28843.90
2015	21392.40	28235.60	19968.10	31194.80
2016	23078.90	31527.80	21392.40	33616.20
2017	24445.00	34511.64	23078.90	36396.20

Data source: National Bureau of Statistics

**1) Stationarity test**

In order to avoid the influence of heteroscedasticity when analyzing the selected economic data variables, the natural logarithm of the interpreted and explanatory variables is taken by Eviews7.2 software. First, the stability of the data is tested to see if there is a phenomenon of pseudo-regression. In the data smoothness analysis, the ADF method is used to start the unit root test of the time series. If the test result has a unit root, it is a non-stationary sequence. Before the unit root test, the time series of the consumption level and the credit balance of the consumer are first drawn. The timing chart and the ADF unit root test results are shown in Fig.1 and Table IV, respectively.

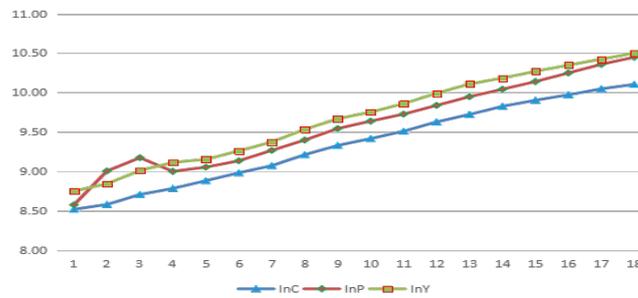


Fig. 1. Time series of household consumption level, per capita endowment insurance expenditure, and per capita disposable income

TABLE IV. ADF TEST RESULT

Variable	Inspecti-on Form	ADF Statist-ics	Critical value			Prob	Conclusion
			1%	5%	10%		
lnC	(a,b,1)	-0.1977	-4.6162	-3.7105	-3.2978	0.9868	unstable
lnP	(a,b,1)	-10.7722	-4.7284	-3.7597	-3.325	0.0000	stable
lnY	(a,b,1)	-1.5820	-4.6679	-3.7332	-3.3103	0.7540	unstable
ΔlnC	(0,0,1)	-3.5020	-3.9204	-3.0656	-2.6736	0.0222	stable
ΔlnP	(a,0,1)	-7.6764	-4.0044	-3.0989	-2.6904	0.0000	stable
ΔlnY	(a,0,1)	-3.0422	-3.9204	-3.0656	-2.6735	0.0522	stable

Note: The three parameters in the test form (a, b, c) indicate that the unit root test equation contains a constant term, a time trend, and a lag order, and 0 means that a and b are not included.

It can be seen from Graph 2-2 that the original sequence of per capita consumption expenditure and per capita disposable income cannot pass the ADF test of 10% significance level, so the original sequence of per capita consumption expenditure and per capita disposable income is non-stationary sequence, per capita pension The original sequence of insurance expenditure passed the ADF test of 1% significance level, so the original sequence of per capita pension insurance is a stationary sequence. The three variables of the original sequence are stable after the first-order difference, which is a first-order single-order sequence, so the next cointegration test.

2) Cointegration test

Cointegration test is used to analyze the long-term relationship between non-stationary variables and to find out whether there is a long-term equilibrium relationship between variables. The ADF test results above show that the variable sequence has a first-order single-order relationship, so it can be

confirmed by cointegration test whether there is a long-term stable relationship between the variables. In this paper, the E-G cointegration test [6] is used to judge whether the residual of the regression is stable. The parameters of the regression model were estimated using Eviews 7.2 software. The regression model is as follows:

$$\ln C_t = 0.3352 + 0.5897 \ln Y_t + 0.4035 \ln C_{t-1} - 0.0448 \ln P_t + \mu_t$$

(5.4365)      (5.8777)      (3.9427)      (0.0348)

$$R^2 = 0.9995, \text{adj } R^2 = 0.9994, F = 9296.554, DW = 2.617$$

From the regression equation of the above formula, it can be known that the adjustment coefficient of the regression model is 0.9994, which indicates that the regression model fits the sample data to a very high degree. The F statistic passed the 1% significance level test, so the regression model was overall significant and the regression model was effective. In the T test, the regression coefficient of per capita disposable income, per capita consumption expenditure lag and per capita pension insurance expenditure passed the significance level test. The test results are shown in Table V:

TABLE V. ADF TEST RESULTS OF RESIDUAL SEQUENCE MT

Variable	Inspection For	ADFStatistics	Critical value			Prob	Conclusion
			1%	5%	10%		
μ t	(0,0,1)	-5.6067	-2.7081	-1.9628	-1.6061	0.0000	stable

From the results of Table VI, it is known that the residual sequence of the cointegration regression model passes the 1% significance level ADF test, so the residual sequence is stable. In summary, the regression model is co-integrated, with long-term stable relationship between per capita disposable income, per capita consumption expenditure lag, per capita pension insurance expenditure and per capita consumption expenditure.

3) Granger Causal test

After the cointegration analysis, it can be seen that there is a long-term stable relationship between the variables, but it is also necessary to determine whether the change between the variables is a causal relationship. The original hypothesis of the Granger causality test is that the independent variable x is not the Grange cause of the dependent variable y. If the statistic is greater than the critical value of the chi-square, the null

hypothesis is rejected; otherwise, the null hypothesis is accepted [6]. Results are as follows:

TABLE VI. GRANGER CAUSAL TEST RESULT

Null hypothesis	Lag order	F Value	Significant level
lnY does not Granger Cause lnC	2	0.2581	0.7771
lnC does not Granger Cause lnY	2	5.9678	0.0176
lnP does not Granger Cause lnC	2	3.6177	0.0620
lnC does not Granger Cause lnP	2	26.4784	0.0000

It can be seen from graph 2-4: For the null hypothesis that the per capita disposable income is not the Granger cause of urban residents' consumption expenditure, the F statistic does not reject the null hypothesis because the failure rate is below the significant level of 10%, so the per capita disposable income It is not the Granger cause of urban residents' consumption expenditure; for the original hypothesis that urban residents' consumption expenditure is not the Granger cause of per capita disposable income, the F statistic rejects the null hypothesis because the significance level is below 5%, so urban residents consume Expenditure is the Granger cause of per capita disposable income. Changes in urban residents' consumption expenditures will cause changes in per capita disposable income. There is a one-way Granger reason. For the original hypothesis that the per capita pension insurance expenditure is not the Granger cause of urban residents' consumption expenditure, the F statistic rejects the null hypothesis because the significance level is below 10%, so the per capita pension insurance expenditure is the urban resident consumer expenditure Granger. Reasons; for the original hypothesis that urban residents' consumption expenditure is not the Granger cause of per capita pension insurance expenditure, the F statistic rejects the null hypothesis because the significance level is below 1%, so the urban residents' consumption expenditure is the per capita pension insurance expenditure. The reason for Lange, the two are mutually Granger reasons, one party's changes will cause the other party to change.

*C. Empirical analysis*

In the long run, the per capita pension insurance expenditure of urban residents, the per capita disposable income of urban residents, and the lag of per capita consumption expenditure of urban residents (that is, per capita savings) are factors that affect the consumption of urban residents. There is a significant positive correlation between per capita disposable income and the per capita consumption expenditure lag and current per capita consumption expenditure. For every 1% increase in per capita disposable income, the average per capita consumption expenditure for the current period increases by 0.5897 percentage points; for every 1% increase in per capita consumption expenditure lag, The average per capita consumption expenditure increased by 0.4035 percentage points in the current period; there was a negative correlation between per capita insurance expenditure and per capita

consumption expenditure. For every 1% increase in per capita insurance expenditure, the average per capita consumption expenditure decreased by 0.0448 percentage points.

IV. RESEARCH CONCLUSIONS AND POLICY RECOMMENDATIONS

A. Conclusion

This paper empirically analyzes the per capita pension insurance expenditure, per capita disposable income and per capita savings of urban residents from several factors affecting urban residents' consumption. From the analysis of econometric software, it can be seen that the time series analysis is consistent with the model hypothesis. China's economic development is constrained, and the urban residents' consumption level is increasing while the urban residents' consumption propensity is decreasing. One of the reasons for the decline in urban residents' consumption propensity is that this paper considers that per capita pension insurance expenditure affects urban residents' consumption and restricts the negative correlation between urban residents' consumption and urban residents' consumption. The analysis of time series data shows that the per capita pension insurance expenditure of urban residents, the per capita disposable income of urban residents and the per capita savings of urban residents are the factors that affect the consumption of urban residents in China [13].

From the analysis of the previous article, it can be seen that the endowment insurance is paid by the unit and the individual in a certain proportion. Under the current pension insurance system in China, the unit comprehensively considers its overall operation and other aspects, and the higher endowment insurance rate will be lower for the employees. The distribution of income will also reduce the disposable income of urban residents. At the same time, when the income of employees is relatively fixed for a certain period of time, the higher personal pension insurance contributions also reduce the disposable income of residents. Affected by the above two aspects, the social security system will inevitably be affected by the consumption and saving behavior of urban residents and will not play its positive role. In addition, based on the concept of thrift, which has been traditionally passed down in China, middle-aged and elderly people who have retired or are close to retirement age still bear the importance of saving. Most of the pension insurance they receive is invested in banks, stocks, etc., and their share for consumption is limited. It has an increased impact on the overall urban residents' consumption.

B. Policy suggestion

Through the above empirical analysis of the influencing factors of China's pension insurance on urban residents, combined with the actual situation of China's economy and the experience of foreign countries, the following policy recommendations are proposed.

1) Gradually improve the social security system

Drawing on the comprehensive law of the United States in 1935, the Social Security Law, on the basis of the Social Security Law, a series of individual laws were introduced on the specific items of the social security system. On the basis of

the former, within the framework of the latter, Establish and improve China's social security system [14].

*2) Increase the disposable income of residents and accelerate the transformation of household consumption patterns*

The main factor affecting the consumption of urban residents is disposable income, which plays an important role in urban residents' consumption decision-making. Therefore, in order to stimulate consumption, you can start with disposable income.

First, increase their income subsidies among low-income people. According to the above analysis, the average consumption propensity of urban residents is gradually decreasing. According to the consumption function, the higher the income, the lower the average propensity to consume. As far as China's current situation is concerned, an important reason for influencing consumption is the obvious gap between the rich and the poor. Therefore, the narrow gap between the rich and the poor can promote the propensity to consume.

Second, according to the actual situation of China's economy, we should speed up the transformation of urban residents' consumption patterns, adjust the current consumption structure, and guide the consumption of urban residents to shift to more flexible products and services, thereby stimulating the consumption level of urban residents [15].

*3) Reduce unit and individual social security contributions*

At present, although China has continuously introduced policies to increase the participation rate of residents, it is subject to higher personal pension insurance contributions, and the effect is not good; the contribution rate of pension insurance is reduced, which will have a positive effect on the coverage of pension insurance; the per capita insurance expenditure will decrease. Further, promote consumer spending. Therefore, it is necessary to reduce the proportion of units and individuals paying social security in combination with China's national conditions, which can be more conducive to increasing the disposable income of residents, thereby increasing the annual consumption of polyether.

*4) Adjust retirement policy and reduce the pressure of pension insurance transfer payment*

At this stage, China's per capita life expectancy has been prolonged, which has enhanced people's idea of continuing

work to delay the retirement age. This has laid a certain foundation for the government to adjust the retirement policy, and delaying the retirement age can also increase the disposable income of the residents, so that the original It is part of the savings that the pension insurance converts out to consume. Therefore, pension insurance drives consumption by delaying the retirement age of urban residents and increasing their income [16].

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