

# Research on the Impact of Rural Public Investment on Rural Revitalization Strategy

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## Abstract

**This paper tries to provide evidence for the impact of rural public investment on rural poverty from the theoretical and empirical levels by exploring the relationship between rural public investment and poverty reduction. Firstly, it combs the theories and related literature review on poverty at home and abroad, so as to lay a theoretical foundation for this paper. Secondly, it describes the current situation of rural poverty and rural public investment in China. Thirdly, clarify the mechanism relationship between rural public investment and poverty alleviation; Finally, according to the measurement results and combined with the actual situation in rural areas, this paper puts forward practical countermeasures and suggestions in order to promote rural economic development and help poor people get rid of poverty.**

## Keywords

**Public investment; Rural Revitalization war; Influence mechanism.**

## 1. Introduction

The Report of the 19th National Congress pointed out that the problems of agriculture, rural areas and farmers are fundamental issues related to the national economy and the people's livelihood. We must always take solving the problems of "agriculture, rural areas and farmers" as the top priority of the whole Party's work and implement the strategy of Rural Revitalization. The Central Committee and the State Council continuously issued the No. 1 central document, making overall arrangements for the priority of developing agriculture, rural areas and Promoting Rural Revitalization in the new stage of development, and pointed out the direction for the work of "three rural issues" in the current and future period. In September 2018, the CPC Central Committee and the State Council issued the Rural Revitalization Strategy Plan (2018-2022 years) and issued a notice requiring all localities and departments to conscientiously implement the plan in combination with reality. In February 21, 2021, the CPC Central Committee and the State Council issued the No. 1 Central Document on the proposal to comprehensively promote rural revitalization and accelerate agricultural modernization in rural areas, the eighteenth guiding agriculture, rural areas and farmers since twenty-first Century. On February 25, the State Rural Revitalization Bureau, an institution directly under the State Council, was officially listed. To do a good job in rural revitalization, in March 2021, the CPC Central Committee and the State Council issued the Opinions on Realizing the Effective Connection between Consolidating and Expanding the Achievements of Poverty Alleviation and Rural Revitalization, and put forward the key work. On April 29, 2021, the 28th meeting of the Standing Committee of the 13th National People's Congress voted and adopted the law of the people's Republic of China on the promotion of Rural Revitalization. On May 18, 2021, the Ministry of Justice issued the activity plan of Rural Revitalization, Counterparts in the Rule of Law.

The implementation of the Rural Revitalization Strategy is an inevitable requirement for solving the main social contradictions in China in the new era, realizing the goals of the "Two Centenaries" and the Chinese dream of the great rejuvenation of the Chinese nation. It is of great practical and far-reaching historical significance. This paper aims to explore the impact of rural public investment on the development of Rural Revitalization Strategy. As the main driving force of rural economic development, rural public investment has played an important role in China's poverty alleviation process [1]. Reasonable rural public investment structure and investment layout can effectively alleviate rural poverty and promote the realization of Rural Revitalization Strategy. On the contrary, it may cause the waste of public resources and the increase of rural poor population. In addition, public investment can not directly reduce rural poverty, but promote the reduction of rural poor by promoting rural industrial development, improving rural basic conditions and improving the skills of the poor. Therefore, a comprehensive understanding of the poverty reduction mechanism and direction of rural public investment is conducive to finding the correct direction of public investment and adjusting the reasonable public investment structure, so as to better form a number of distinctive rural revitalization models and experiences and promote rural revitalization to achieve phased results [2].

Rural poverty has always been a hot topic concerned by all sectors of society for a long time. How to effectively alleviate poverty, build a beautiful countryside and promote rural revitalization has also been a difficult problem that all sectors of society have been trying to solve. Reviewing the academic research on rural poverty, the theoretical level focuses on the theory of poverty and anti-poverty, the identification and measurement of poverty, the factors of poverty reduction, etc., the empirical side focuses on the impact of economic growth, income distribution, financial development and FDI on poverty, and less on the relationship between public investment and Rural Revitalization [3]. Reviewing the academic research on public investment, it mainly focuses on the performance evaluation of public investment and exploring the relationship between public investment, economic growth and private investment, while the research on the poverty reduction effect of public investment needs to be further enriched and improved [4].

This paper combs the classic poverty and anti-poverty theories, clarifies the poverty reduction mechanism of public investment, and proves the relationship between public investment and rural revitalization from the empirical level. To a certain extent, the research in this field improves the theoretical system in this field. In addition, this paper establishes an analytical framework between public investment and poverty reduction, which provides a supporting theoretical basis for the formulation of public investment policy and the development of Rural Revitalization Strategy.

The 19th National Congress of the Communist Party of China pointed out that letting the poor and poor areas enters a well-off society in an all-round way with the whole country. Rural poverty is the focus of the party and the people. Rural public investment plays an important role in reducing rural poverty, but at present, the number of rural public investment is obviously insufficient, which is far from that of cities, and the efficiency of public investment is not high. Therefore, an in-depth understanding of the poverty situation and public investment in rural areas and the East, middle and west of China, an analysis of the poverty reduction path of rural public investment, and an active exploration of poverty reduction measures suitable for rural China will not only help to improve the rural public investment structure and improve the utilization efficiency of rural public investment, It also provides important reference and inspiration for how to use public investment to help poverty alleviation, which is conducive to promoting rural economic development, increasing the income of the poor and realizing the goal of Rural Revitalization as soon as possible. In this context, it is of great practical significance to study the impact of China's rural public investment on Rural Revitalization Strategy.

## 2. Basic Theoretical Analysis of public investment

### 2.1. Concept of Public Investment

Public investment, also known as government investment, is generally defined as the fixed capital formed by central and local government investment. The content of investment is usually basic public services, such as government loans for the construction of public facilities, road construction or water conservancy projects, which belong to the scope of public investment. Public investment mainly includes basic industry investment and agricultural investment. Among them, basic industries mainly refer to infrastructure and basic industries in social and economic activities, while infrastructure mainly includes transportation, posts and telecommunications, water conservancy facilities and urban public facilities, and basic industries mainly refer to energy industry and basic raw material industry; The scope of agricultural investment mainly includes agricultural infrastructure investment, agricultural scientific research and agricultural science and technology promotion.

Rural public investment is the investment made by the government and other departments in rural areas for the public interest. From the perspective of industrial investment, rural public investment is mainly invested in agriculture. Geographically, it is mainly invested in rural areas. Generally speaking, rural education, technology and infrastructure investment are listed as the three major public investments in rural areas. Among them, the investment in rural education includes the construction of schools, reduction and exemption of tuition and miscellaneous fees, subsidies for students with difficulties, etc; Investment in rural technology mainly refers to the research of agricultural science and technology; Investment in rural infrastructure mainly includes investment in rural power, rural roads and rural communication [5].

Rural public investment is an investment provided to meet the public needs of rural society. It mainly refers to the public investment mainly invested in agriculture in industry and in rural areas in region. Rural education, technology and infrastructure investment are listed as the three main public investment in rural areas. In countries with different economic forms and development stages, rural public investment has played an important role in promoting agricultural progress and ensuring sustainable and balanced economic development [6].

### 2.2. Classification of Public Investment

According to the content of rural public investment, it can be divided into the following six categories: Firstly, rural power facilities. Investment in rural power facilities is the most basic and important public investment in rural areas, because rural power facilities are an important infrastructure to promote rural economic development, and the safe operation of power facilities is the basic guarantee for the healthy life of the people. Investment in power facilities mainly includes investment in power supply equipment such as wires, transformers and power stations. Secondly, rural water conservancy facilities. The Chinese government has set up a special water conservancy department to take charge of water conservancy affairs. Therefore, the construction of water conservancy facilities basically belongs to the category of public investment. Water conservancy facilities are a powerful tool for developing agriculture, which can effectively deal with flood and drought disasters and ensure crop harvest. Thirdly, rural infrastructure. Rural infrastructure investment is mainly aimed at rural roads, rural culture, communication and information, which are closely related to farmers' food, clothing, housing and transportation. Fourthly, agricultural science and technology and R & D. Investment in agricultural science and technology and R & D can greatly promote the development of agriculture, help to develop modern agriculture and realize agricultural mechanization as soon as possible. Fifthly, rural education. It mainly includes nine-year compulsory education, high school education and farmers' technical training. The government's investment in rural education is an important means to enhance people's knowledge and skills and enhance rural

human capital. Sixthly, rural medical care and social security. The government's public investment in health care mainly includes investment and subsidies in hospitals or health clinics, medical staff, health beds, medical expenses, etc., so that the rural population can obtain the most basic public health services [7].

Through the above analysis and combined with China's actual situation, this paper defines rural public investment as the investment of the central government and local governments in rural public facilities and services. Specifically, rural public investment can be divided into three categories: rural infrastructure investment, rural education investment and rural medical and health investment, in which rural infrastructure includes water conservancy, electricity and roads.

### **3. Current Situation of Rural Poverty and Public investment**

#### **3.1. Current Situation of Poverty in Rural Areas**

From the founding of the people's Republic of China to comprehensive reform and opening up, and from reform and opening up to the new era created in the 21st century, China has achieved great leap forward development, rapid development in economic, cultural and social construction, great improvement in people's living standards, and remarkable achievements have been made in rural poverty reduction. The number of poor people in rural areas has decreased year by year, and the incidence of poverty has decreased year by year. The poverty level of the poor has gradually decreased, but the poverty level has deepened. The income gap between Chinese residents has been narrowing, but there is a large gap compared with general developed countries.

#### **3.2. Current Situation of Rural Public Investment**

China has always been a traditional large agricultural country. The development of agriculture is not only related to the daily life of the people, but also related to the development of the whole economy and society. In addition, agricultural income is also the most direct source of income for the poor and the pillar force for rural poverty reduction. From 2003 to 2017, China's financial expenditure on agriculture showed a growing trend. In 2017, China's fiscal expenditure on agriculture reached 1849.38 billion yuan, 10.54 times that of 2003.

From the perspective of the proportion of agricultural expenditure in fiscal expenditure, the proportion of China's agricultural expenditure in fiscal expenditure generally showed a steady upward trend from 2003 to 2017, but the increase in recent 15 years was small, in which the proportion decreased in 2005, 2013, 2014 and 2016. As the basic and key industry of rural development, agriculture is the most direct and effective way for the rural poor to reduce poverty. Sometimes, in order to focus on the development of the economy of a certain region or a certain industry, the state will increase the investment in these regions and industries and relatively reduce the investment in agriculture. However, at present, the development of agriculture mainly depends on science and technology and advanced production equipment. Under such circumstances, the state finance should strengthen the investment in agriculture, In order to bring better poverty reduction effect.

### **4. Poverty Reduction Mechanism of Rural Public Investment**

As we all know, investment is one of the "troikas" driving economic growth. The increase of investment can effectively promote economic growth. As an aspect of investment, rural public investment will also promote rural economic growth, so as to increase the income of the rural poor and reduce rural poverty. Rural public investment is an effective way to promote economic development in rural areas and increase farmers' income, which helps the rural poor get rid of poverty. There are many types of rural public investment, and the poverty reduction

effects of different types of public investment are different. It is necessary to clarify the poverty reduction mechanism of different types of public investment. This paper will analyze the poverty reduction mechanism of rural infrastructure investment, education investment and medical and health investment in turn. Rural infrastructure includes rural water conservancy, rural roads and rural power.

#### **4.1. Poverty Reduction Mechanism of Rural Infrastructure Investment**

The state's increased investment in rural infrastructure can significantly improve rural infrastructure conditions, provide strong support for agriculture and rural development, improve rural production and living conditions, reduce rural production and living costs, and promote the sustainable growth of agriculture and rural economy by improving the efficiency of infrastructure and promoting agriculture and rural modernization, Increase the income of the rural poor and reduce rural poverty.

#### **4.2. Poverty Reduction Mechanism of Rural Water Conservancy Investment**

The national financial investment in rural water conservancy facilities can improve the conditions of rural water conservancy facilities, not only improve the comprehensive agricultural production capacity and ensure agricultural output, but also improve the living conditions of rural residents and improve the quality of life of farmers.

#### **4.3. Poverty Reduction Mechanism of Rural Road Investment**

The national financial investment in rural road facilities can improve rural traffic conditions, production and living conditions, build a bridge between rural areas and the outside world, improve rural production efficiency and farmers' work efficiency, so as to promote rural economic development and help the rural poor get rid of poverty as soon as possible.

#### **4.4. Poverty Reduction Mechanism of Rural Power Investment**

The national financial investment in rural power is the investment in rural power supply related equipment, including the construction and maintenance of power stations and rural power grids. Increasing the investment in rural power can greatly improve rural power conditions and rural production and living conditions, promote rural economic development, increase the income of the poor and reduce rural poverty.

#### **4.5. Poverty Reduction Mechanism of Rural Education Investment**

The foundation of national rejuvenation and national prosperity lies in the development of education. The state's financial expenditure on education includes the construction of new schools in rural areas, the reduction and exemption of tuition fees, skill training, etc. For students from poor rural families, increasing investment in rural education will help to improve the learning environment, increase learning time, improve students' learning efficiency and learning quality, so as to change the fate of poverty through knowledge; For rural employees, increasing investment in rural education can improve the quality, knowledge level and production skills of the poor in poor areas, improve their self-development and wealth creation ability, and increase their human capital, so as to improve their labor productivity, promote local economic and cultural development, and finally lift the poor out of poverty and become rich, Education poverty reduction is considered to be the key to sustainable rural poverty reduction.

#### **4.6. Poverty Reduction Mechanism of Medical and Health Investment**

The national financial expenditure on rural medical and health care, including the construction of hospitals, the addition of advanced medical equipment, the introduction of excellent medical personnel and the direct provision of medical assistance funds for the poor, can improve the basic medical and health level in rural areas and ensure that the poor can enjoy basic medical

and health services. Through investment in rural public health and grass-roots medical service system, the government has improved the living environment such as drinking water and sewage, strengthened maternal and child health care and infant immunization, effectively controlled major diseases such as infectious diseases, endemic diseases and parasitic diseases, and significantly improved the people's health level. Only when the poor have a healthy body can we ensure an effective labor force.

## 5. Conclusions and Countermeasures

### 5.1. Conclusions

(1) Rural public investment can effectively alleviate rural poverty. Rural public investment can have a significant impact on rural poverty alleviation, and rural public investment is an important force to help reduce rural poverty. The contents of public investment in this paper include rural water conservancy investment, rural road investment, rural power investment, rural education investment and rural medical and health investment. Through the analysis of poverty reduction mechanism and empirical analysis of rural public investment, we find that increasing rural public investment can improve rural production and living conditions, reduce rural production and living costs, and increase the income of the poor, so as to effectively alleviate rural poverty.

(2) Different types of public investment have different mitigation effects on rural poverty. From the national situation, rural education investment has the most significant mitigation effect on rural poverty. In the long run, increasing rural education investment can help the poor improve their knowledge, skills and cultural literacy, and improve their ability to create wealth. As the saying goes, "it is better to teach people to fish than to teach people to fish", the poverty reduction effect brought by education investment is long-term and sustainable, and can effectively prevent the economically vulnerable people who have been lifted out of poverty from returning to poverty. The next is rural road investment, rural medical and health investment, rural power investment and rural water conservancy investment. A comparative study of the poverty reduction effects of different types of public investment will help the country to adjust the structure of rural public investment, adjust the priority of public investment, and improve the utilization efficiency of rural public investment, so as to achieve a better poverty reduction effect.

(3) Different types of public investment have different poverty reduction mechanisms. There are many types of rural public investment, and the poverty reduction mechanisms of different types of public investment are also different. We divide rural public investment into rural infrastructure investment, rural education investment and rural medical and health investment. Rural infrastructure investment promotes agricultural growth by reducing rural production and living costs and increase employment opportunities to increase the income of the poor, so as to lift the poor out of poverty; Rural education investment can improve the level of knowledge, skills and cultural quality of the poor, so as to improve the ability of the poor to create wealth. It is also conducive to the transfer of the poor to non-agricultural employment, so as to increase the income of the poor and reduce rural poverty; Rural medical and health investment can improve the quality of life and health level of the poor, increase the income of the poor by improving labor productivity and increasing working time, so as to alleviate rural poverty.

### 5.2. Countermeasures

According to the above research conclusions, combined with the current situation of rural poverty and public investment in China, in order to make rural public investment give better play to the effect of poverty reduction, help the rural poor get rid of poverty as soon as possible,

and help China realize an all-round well-off society as soon as possible. This paper puts forward the following countermeasures and suggestions:

(1) Increase public investment in rural areas, promote rural economic growth and reduce rural poverty. Through the analysis of the current situation of China's rural public investment, it can be seen that the total amount of China's rural public investment and its share in fiscal expenditure are at a low level, and the growth rate of rural public investment is also relatively slow, making rural infrastructure, education, medical and health conditions far behind At the national average level, this seriously hinders the development of rural economy. In the theory of economic growth, investment is one of the "troikas" to promote economic growth, and rural economic growth is conducive to the development of rural modernization and industrialization, so as to increase the income of the poor and alleviate rural poverty. On the other hand, increasing public investment in rural areas can promote rural economic development, narrow the gap between urban and rural areas and reduce the phenomenon of uneven income distribution, which is conducive to reducing rural poverty.

(2) Pay attention to investment in rural infrastructure, accelerate agricultural modernization and promote agricultural growth. Rural infrastructure is the most basic and important condition for rural economic development and an important material basis for rural development and agricultural modernization. However, at present, China's investment in rural infrastructure is obviously insufficient, the conditions of rural infrastructure are backward, and agricultural development is faced with low productivity and low agricultural productivity. Because of the low added value of products, governments at all levels should strengthen investment in rural infrastructure construction. Increase investment in rural infrastructure construction, use advanced science and technology to speed up agricultural modernization, realize the exchange of needs between rural and urban areas, improve the rural production environment and investment environment, make more full use of rural resources, and create a good environment for rural industrial investment, so as to promote the continuous growth of agriculture.

(3) Pay attention to the investment in rural human capital and improve the knowledge, skills and literacy of the poor. Due to the limitation of the level of economic development, rural areas are relatively lack of educational resources compared with cities, and the teaching conditions are very backward, which makes the knowledge literacy and skills of rural students lag behind the national average. From the historical experience and empirical results, the investment in education in rural areas can greatly promote the development of education. The development of rural economy plays a significant role in alleviating rural poverty. Therefore, we should pay attention to the investment in rural education resources and improve the human capital level of the rural poor. In recent years, the state has increased investment in rural education, but compared with cities, the investment is obviously insufficient. In addition to the construction of rural schools and supporting equipment, it is more important to adopt positive policies to attract and encourage excellent teachers to go to rural areas. Excellent teachers are the most important teaching resources of rural education, which is the most key factor to improve the level of rural education.

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