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Ideas and Countermeasures for Perfecting Rural Public Product Supply from the Perspective of Main Beneficiaries

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Abstract On the basis of defining the concept of rural public product supply, the weaknesses of the supply mechanism of rural public product are analyzed. The shortages of rural public product supply lead to the difficult ties in developing agriculture and rural economy; enriching farmers and narrowing the urban and rural income gap. Problems in rural public product supply are further analyzed. Firstly, the national finance used in agriculture is low. Secondly, farmers are not separated from decision system and the beneficiaries separate from the decision-makers. Thirdly, farmers are not fully treated as civilians. Fourthly, rural areas lack the selection and supervision mechanism of public product. The ideas and countermeasures on perfecting rural public product are put forward from the perspective of main beneficiaries. The supply of rural public product should take intensifying the self development capability of farmers as core; farmers should actively participate in the making the rural public product decision and fight for their right to say. Farmers should unit together through organizations to improve the organizational level. Farmers should actively participate in trainings on them and try to get the updated information from the local government. The village collective should protect the supply of rural public product.

Key words Public product, Rural areas, Supply mechanism, Main beneficiaries, China

Balanced urban and rural economic and social development is not only the fundamental solution to "three agriculture" problems on the new stage, but also the subjective requirement of economy nationwide. So far, the problems of "three agriculture" have not been fully improved. The better way for increasing farmers' income and narrowing urban-rural gap is still absent. The urban-rural gap is enlarging gradually. At present, the rural public product is inadequate and unevenly distributed and reasons in terms of policy, system and technology are accountable for it. Well supplied rural public product is the key to effectively solving "three agriculture" problems. The paper focuses on the supply mechanism of rural public product to find a better solution.

1 Definition of rural public Product

1.1 Definition of public products The first strict definition on public products is put forward by Paul A Samuelson, an America economist[1]. According to his definition, the pure public product refer to the product: "everyone' consumption of this product will not lessen other people's consumption on it". Rural public products are opposite to private products. There are two basic features of public products. Firstly, non-rivalry consumption, a person's consumption on it will not lessen other people' usage of it; secondly, non-excludable consumption, which means that users can not be or hard to be excluded from the consumption of the product.

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1.2 General definition of rural public products Rural public products mean various non-excludable, non-rivalry materials and service products, which provide rural production and living services for rural residents in rural areas. The specific contents include: compulsory education , family plan, special care and assistance, social welfare, social security *et al*. A large majority of rural public products belong to public products to be and these kinds of products are between public products and private products. A prominent feature of public products is the externality in profits and its coverage scope is large, which benefit both the society and the individuality. Rural public to be has certain exclusiveness in terms of consumption that not all the residents can enjoy the public products. Rural public products have certain competition and with the expansion of supply scope and production costs will increase.

2 Disadvantages of supply mechanism of rural public products

There are many problems in the current supply mechanism of rural public products in China in terms of efficiency and equity, which has bad effect on Chinese rural public supply; directly aggravates the seriousness of "three agriculture" problems; hinders the development of agriculture, the stability and prosperity of rural areas and the development of farmers. At the same time, the negative effects of rural public products impede the effective demand; aggravate the division of urban-rural dual economic structure and affect the balanced development of urban and rural areas.

2.1 It is hard to develop agriculture The inadequate supply of production infrastructure has greatly affected the yield of crops and the further development of agriculture. The informa-

tion of related department has not been well prepared and the activities of spreading technology and science to farmers have not fully displayed their functions in serving farmers. Thus, farmers can not master the change of market and the negative situation of yield growth without income increase. On April 22, 2011, the news reported that the price of vegetables has dropped to the lowest point in Beijing, Shandong and Henan and a farmer in Shanghai damaged all of his celery using his tractor. Farmers lose their confidence gradually, which is against the development of agriculture. Backward agricultural technology and science lead to low overall quality of agriculture and pies down the competitiveness of agriculture. Under the intensified interference of government, farmers lack enthusiasm on agricultural production.

2.2 It is hard to invigorate countryside The degradation of ecological environment threatens the survival space of farmers; the serious land salinization and inadequate rural public product supply restricts the development of rural economy; the imbalanced public products provided by the government accompanying with the surplus supply of rural public products, so it is hard to satisfy farmers' demand on diversified and high quality public products and the stability of rural social environment is affected.

2.3 Farmers are hard to get rich The inadequate supply of rural infrastructure gravely affects farmers' income; the absence of relevant market information inflicts great losses on farmers. For example, in recent years, the sharp decrease of vegetable prices in Beijing, Shandong Province and Henan Province has raised the attention from various circles. In Shandong Province, the price of cabbage has even dropped to 0.16 yuan per kg and many vegetable farmers are in desperate and commit suicide. The backward rural elementary education and technological education result in low overall quality of farmers. The absence of medical care, old-age insurance and some other social security greatly threaten farmers' survival and healthy. The finance collection outside the system of rural public products has directly increased the burden of farmers.

2.4 The urban and rural income gap has been expanded The long-term existence of dual developmental structure of urban and rural income, the urban areas get more profits than that of rural areas. Thus, the recursive mechanism of gradient requirement in economics is invalid and the effective demand in China is hard to improve. A large number of industrial products can not find market in rural areas, which obstacles the balanced development in urban and rural areas.

Due to the weaknesses of the supply mechanism of rural public product in actual operation, the importance of establishing new and rational rural pubic products becomes more eminent. Hence, we should research and analyze the supply mechanism from another new perspective.

3 Discussions on problems in rural public products

3.1 National finance used for agriculture is excessively low From the perspective of the output of national finance, since 50 years, the absolute number of Chinese financial output used in agriculture has been increasing rapidly. It has increased from 0.9 billion yuan in 1952 to 725.31 billion yuan in 2009, with several times' increase, but the relative increase did not have so significant growth. After 2000, the proportion of output of agricultural expenditure in national financial output was under 10%. From 2001 to 2009, the proportion was 7.7%, 7.2%, 8.2%, 7.2%, 7.9%, 8.7%, 9.5% and 9.5% (Table 1)[2], which is far lower than the contribution rate taken by agriculture to GDP at the same time period. The proportion is extremely disproportionate with the position and functions of agriculture in national economy. Compared with that in other developing countries, whose input on rural infrastructure is around 10%, China has only around 1%. It can be seen that the input of Chinese finance to rural public products is excessively low and can not satisfy the demand of rural economic development.

In 2009, the finance used for supporting rural production and various businesses was 267.92 billion yuan, 6.1% of total expenditure of finance, only 2.4 percentage points more than that in the previous year. In 2009, the total sum of national financial expenditure was 4 390.1 billion yuan, only 725.31 billion yuan was used to support agriculture, accounting for only 16.5% of the total sum; 272.32 billion yuan was used to support the development of rural social undertakings, accounting for 6.2% of financial expenditure (Table 1). The serious insufficiency of national finance to agriculture hinders the formation of effective supply mechanism of rural public goods in rural areas, thus, leads to the long term insufficient supply of rural public goods[3]. Subsidies on grain, improved seeds, agricultural materials, and agricultural machines are acute and that on the supply of public products of sustainable development in terms of rural compulsory education, public medical care, social security *et al.* is still inadequate.

3.2 Farmers separate from decision making system and the beneficiary main body is imbalanced to the decision-making main body The decision on the supply of rural public products follows the compulsory way of "from top to bottom". The supply decision of rural public products is made out of decision-makers' pursuit on political performance and optimized interests, rather than out of the real demand of rural areas. This kind of decision-making way ignores farmers' demand preference and individual differences and it violates the principle of democratic decision making. The supply of rural public products should be democratically determined by farmers' vote. But China uses the administrative order system which can not satisfy the reality of rural areas.

The political tradition with highly concentrated rights in China centralizes the decision-making rights, which should have been determined by the internal demand of local village and village community, to the hands of upper level governments and departments. The decision-makers ignore farmers' actual need and inflict mandatory supply on farmers. Under such mechanism, the beneficiary main bodies, decision-making main bodies, responsibility-sharing main bodies can not be unified and the benefit appeals of farmers can not be satisfied. Under the situation of insufficient supply, the relative overproduction

still exists. For example, in some areas, the number of school has satisfied the local demand, but they still establish several schools, which inevitably increase the number of ineffective public products and public products which surpassed the economic carrying capacity. Grave wastes and low efficiency of rural public products will be resulted in.

Table 1 The national financial expenditure on agriculture from 1952 to 2009

Year	Agricultural expenditure $\times 10^8$ yuan	Expenditures on supporting agricultural production and agricultural businesses $\times 10^8$ yuan	Four subsidies on grain, agricultural trade, improved seeds andagricultural mechine// $\times 10^8$ yuan	Expenditure on rural social businesses $\times 10^8$ yuan	The proportion of agriculture expenditure to national finance//%
1952	9	2.7			5.1
1957	23.5	8			7.7
1962	38.2	19.3			12.5
1965	55	17.3			11.8
1970	49.4	15.9			7.6
1975	99	42.5			12.1
1978	150.7	77			13.4
1980	150	82.1			12.2
1985	153.6	101			7.7
1986	184.2	124.3			8.4
1987	195.7	134.2			8.7
1988	214.1	158.7			8.6
1989	265.9	197.1			9.4
1990	307.8	221.8			10
1991	347.6	243.6			10.3
1992	376	269			10
1993	440.5	323.4			9.5
1994	533	399.7			9.2
1995	574.9	430.2			8.3
1996	700.4	510.1			8.8
1997	766.4	560.8			8.3
1998	1 154.8	626			10.7
1999	10 085.8	677.5			8.2
2000	1 231.5	766.9			7.8
2001	1 456.7	918			7.7
2002	1 580.8	1 102.7			7.2
2003	1 754.5	1 134.9			7.1
2004	2 337.6	1 693.8			8.2
2005	2 450.3	1 792.4			7.2
2006	3 173	2 161.4			7.9
2007	4 318.3	1 801.7	513.6	1 415.8	8.7
2008	5 955.5	2 260.1	1 030.4	2 072.8	9.5
2009	7 253.1	2 679.2	1 274.5	2 732.2	9.5

Note: ① From 1998, the expenditure on additional treasury bonds has been included into the expenditures of agricultural basic construction. ② From 2007, due to the adjustment of reporting system of national fiscal expenditures on supporting agriculture, the items were different with that at the previous years. In the table, the expenditures on supporting agriculture was the expenditures provided by central finance only for supporting three agriculture.

3.3 Farmers can not fully enjoy the equal treatment like other citizens The root of the backward situation of current rural public goods is the inevitable result of the long term policy of " supporting industry by sacrificing agriculture". After the foundation of new China, in order to establish china into a new industrial country as soon as possible to stride forward from socialist country to a communist country, the central government carried out the social policy of supporting industry by sacrificing agriculture. All surplus production and living means in rural areas are handled to the central government to satisfy the rapid development of industry. However, with the development of industry, agriculture and rural areas become poorer and poorer. Driven by the special economic operation mechanism and urban-rural differences, dual structural development of Chinese national economy and social development is formed. The government supported the accumulation of industrial capital and the construction of urban economy through " scissors gap" of price of agricultural products and extracting agricultural revenues. It is unfair in essence. Urban residents enjoy high quality public products, which has nearly reached complete socialization in terms of quantity and quality, supplied by the nation. Urban residents are accessible to high quality service with low cost, while the majority rural residents have to satisfy their demand on public goods by themselves. Although the nation has provided a part of national public products, there are still great differences comparing with that in urban areas in terms of quantity and quality. The differences reflect the differential order of public products consumption caused by social division, social order and different status. Since reform and opening up, the situation has been improved greatly, but the supply of rural public goods still can not satisfy the demand of farmers. The policy of developing rural areas and urban areas by sacrificing rural areas and agriculture should be reformed.

3.4 Rural areas lack normal selection and supervision mechanism of rural public products In essence, the public should participate and supervise the supply process of public products, that is, the public should determine the direction, rules, quantity, scale and degree of public products according

to their actual needs, so as to ensure that the expenditure on public products can satisfy the publics' appeals on their own interests. Basically, the decision-making process of Chinese rural public products is a top-down process, the stipulation of financial allocation and public items is determined by governments from the upper levels, sometimes, it is determined arbitrarily by some leaders. Due to the low degree of social participation and financial support, the society has lost its role in supervising and restricting public products. Thus, the public expenditure and policy making lack transparency and operation behind-the-scenes might appear.

4 Thought pattern and countermeasures on perfecting rural public products from the perspective of beneficiary main bodies

Coordinating urban rural public products supply is a systematic project, which involves the reform of urban-rural developmental strategy, governmental role, financial distribution system, and public products supply *et al*. In the face of the increasingly enlarged urban-rural gap, the " five balances" put forward by the central are wise, for the differences of urban-rural public products supply have long history, so it is not easy to solve these problems. Due to the complex interest relations concerned in the problems and huge differences of economic developmental level among various places, the though pattern innovation is a must in solving the problems of rural public products. With the problems, domestic and foreign scholars probe into them from the perspective of government, but the paper discusses the problems many from the perspective of the beneficiary main body of rural public products-rural areas and farmers.

4.1 The supply of rural public products should take the developmental capability as the highlight The core of new village construction is to improve rural areas' self improvement capability. In the actual operation, the sustainable development outlook should be persisted and the local situation should be taken into consideration. Besides, the construction on infrastructure and public services, which is conducive to improving the self-development capability of rural areas, should be intensified. The self-development capability of farmers should be cultivated to continuously increase farmers' market awareness, market competition capability, risk sharing capability, self-organization capability and continuous innovation capability. Farmers' enthusiasm should be fully improved. Farmers' participation in the construction of rural areas should be guided and farmers' willingness and initiatives should be respected. Therefore, it is necessary for the government to adjust the orientation of public policy timely and cultivate the self development capability of farmers and rural areas through system innovation and adjustment of public policy.

4.2 Farmers should vigorously participate in the stipulation of rural public products and display their role Almond, an American politician, has ever said that all social activities rely on communications, and the supply of rural public products has no exception. If farmers have no rights on the demand of rural public products and have to separate from the rural public decision-making process without favorable communication, the supply of rural public products would lose its balance. As a result of the imbalanced regional economic development in China, the supply and demand on rural public products is different. The single standard on supplying public products ignores the differences of farmers at different economic levels, so it can not reach the ideal results. Therefore, an expression mechanism that can accurately reflect farmers' demand should be established. On the basis of respecting the willingness of a large majority of farmers, the government should encourage farmers to participate in the stipulation and execution of the policy-making concerning rural public products. Besides, farmers should participate in the election of grass-root level leaders. According to the viewpoint of public selection theory, through democratic election, farmers can choose politicians, who can bring maximum benefits for them. That is, everyone selects according to the assumption of rational economists in classical economics. The formation of mutual decision making between government and farmers demands the active participation of farmers. Farmers should express their rights and let decision-makers to hear their voices to ensure the effective supply of rural public products.

4.3 Farmers should enhance their organization level At the period of people's commune, although the economic development level of China was low and farmers were poor nationwide, the supply system of rural public products has reached huge successes, some of which have been remembered until today. One of the major reasons for the successful supply of rural public products in the collective period is the self supply of farmers. To some degree, farmers realized the self supply of rural public products by their own efforts. At that time, the central government did not display its responsibility to rural areas and did not supply any public products to farmers. Through their own efforts, farmers realized the self supply to a certain degree and made up the insufficiency of national supply.

Olson thinks that:" unless few number of members in a group, or unless existing mandatory or other special means to let them conduct businesses according to the benefits of the group, any rational and benefit-seeking individual will not take actions just for realizing the mutual benefits of their group[4] ". In collective period, one of the major reasons for the huge success obtained by rural public supply was that the government adopted the " mandatory and other special means". This kind of " mandatory and other special means " was to realize farmers' organization relying on people's commune[5]. To be specific, gathering farmers nationwide into people's commune. Transforming farmers from the dispersed and separated state, criticized by Marx, to a unified system of a country. The integration role is not just reflected on the integration on farmers, but also the consolidation of limited rural resources. Therefore, at the present stage, under the unreality of single reliance on national support, the positive ways for getting financial support will inevitably put off the step of rural public products supply and disturb the development of rural economy. Farmers can mirror the form of collection and divide the villages and towns into several

collective organizations to improve the cooperative willingness and capability of farmers to organize the dispersed rural households after the implementation of rural household contract responsibility system to realize the self supply of public products in rural area and alleviate the tense status of the supply of rural public products.

4.4 Attending various kinds of farmers' training and trying to get symmetric information from the government The government should help farmers to master science and technology as much as possible, especially the agricultural production technology to overcome the restriction of traditional culture and habit and stimulate their courage and hope. The education is conducive to improving the quality and capability of labors and promoting the balanced development of society. Through education, the overall quality of farmers can be improved. They may care about various policies on new village construction and their participation in political may be improved. Thus, farmers can bravely express their benefit appeals to let the decisions of public products satisfy their utmost demands.

4.5 The budget at village level should be established At present, Chinese finance can be divided into four grades; the central government, provinces, cities and counties. The towns and villages do not have coffers. Thus, for one thing, the upper financial finance can not fully pay attention to the demand situation of each rural public products, so the government can not conduct capital input on rural public products according to the real situation; for another thing, the upper finance can not allocate finance to town and village, thus, the supply of public products will be suspended out of lack of money. Establishing the village level budget can solve the problem to certain extent. Except for the appropriate fee share that should be paid by farmers, every villager pays a certain sum of money to villagers' committee. In addition, the capital appropriated by the government at upper levels should be reserved in the village budget and the sum of capital can not be used at will in terms of non-public products. Thus, the villages' committee can provide public products to its villagers effectively. The villagers' committee knows the benefit appeals of farmers on public products, thus, farmers' demand can be satisfied to a large degree.

5 Conclusion

All in all, it is a long-term and sustainable way for enhancing the supply of rural public products and completely solving the "three agriculture" problems. At present, China is in a critical period of social transformation, so the governments, farmers and other social forces should pay more efforts on narrowing the differences in the supply of urban-rural public supply and maintaining the stability and development of rural areas. The timely supply of rural public products can not only promote the balanced development of urban and rural areas, but also accelerate the construction of socialist new village with Chinese characteristics. As China is in the critical period of social transformation, multiple deep problems in the development of economy will appear. These problems are both opportunities and challenges. The researches on the system of rural public products are conducive to alleviating the prominent situation confronted by rural areas at present. Researching and reconstructing the supply mechanism of rural public products from new thought pattern can satisfy the inner demand for implementing scientific development outlook and realizing harmonious society. Satisfying farmers' demand for public products from multiple directions and layers is the necessary demand for protecting farmers' subsistence right and development right and can benefit farmers by the fruits obtained from reform and opening up. In addition, it is a better way for protecting farmers' basic interests.

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