

# FOOD MARKETING POLICIES IN CHINA : LESSONS AND ISSUES

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## I. Introduction

Introduction of the production responsibility system in rural areas in 1978 drastically improved farmers' productivity and has contributed to the phenomenal increase in foodgrain production from 298kg per farmer in 1977 to 391kg in 1984. The economic reform policy which focuses on the function of the price and market mechanism and incentive to individual farmers was considered as the basic factor of the dramatic increase in food production.

The basic content of the economic reform policy is to make use of the market mechanism to stimulate socialist economy ; i. e., price incentive to encourage production, multiple marketing channel policy to stimulate efficiency through competition, and separation of business functions from the government function to encourage management efficiency of state-owned enterprises.

Although the new policy has produced positive results, it also highlighted problems and issues to be considered and solved, such as an increasing subsidy caused by the new price policy, marketing channel efficiency, efficient use of cooperative and private sector to support the food marketing system, etc. As the reform progresses many important issues draw the attention of the policy makers for which adequate solutions are required. The continued success of the current economic reform programme will shape the future of the Chinese economic system.

The purpose of this paper is to briefly review the past lessons learned from the evolution of the food marketing policies in China and to discuss alternatives to tackle main issues related to food (especially grain) marketing policy in China.

## II. Evolution of Food Marketing Policies In China

The food marketing policies in China have undergone cyclical changes since 1949 when the People's Republic was established, and the pattern of the

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policy cycles followed the priority of the overall government policies on the development of political ideology vs. the development of economic management system.

Typically the evolution of Chinese economy is divided into 6 periods as follows (Commercial Economics Research Institute of Ministry of Commerce, 1984, Liu Sui-Nian & Wu Qun-Guan, 1985, Xu Di-Xin, 1982, Yu Guang-Yuan, 1984, etc.);

- 1949-52 Post-liberation economic recovery period
- 1953-57 The First 5-Year Plan period
- 1958-60 The Great-Leap-Forward period
- 1961-65 National economy readjustment period
- 1966-76 The Cultural Revolution period
- 1977- The Economic Reform period

1949-52 was the period of transition from the capitalist commercial system that existed under the old regime to the socialist system under the new People's Republic, followed by the 1953-57 period when the first 5-year economic development plan was implemented. Although there was gradual tightening of the commercial system, it suffered the most severe setback during the 1958-60 Great-Leap-Forward movement period. Some attempts were made in the subsequent 5 years to recover from the catastrophe, the commercial system suffered another set back during the 10-year Cultural Revolution period.

However, examining the evolution of food marketing policies in China, we can identify oscillatory movement, alternating between "open policy" and "closed policy", although there was an upward trend toward more elaborated policy variables. During the "open policy" periods, priority was given to economic recovery by making use of the forces of the market and economic incentives, while during "closed policy" periods, ideological and political forces played a more important role.

The oscillatory movement does not match exactly with the 6 periods of economic evolution in China as discussed above, because sometimes, there were more than one cycles in one economic period, as far as food marketing policies are concerned. We can identify 12-13 oscillatory policy changes until 1985, since the foundation of new Chinese Government in October 1949. The major policies in each period and the policy impacts are briefly highlighted in Table 1.

TABLE 1. Food Marketing Policies and Impacts

Year & Cycle	Policies	Impacts
Oct '49 (Closed)	Commercial system was rapidly nationalized. Established 15 state trading cos. All state, coop. or private marketing activities were brought under Min. of Trade.	Rapid decline in private enterprises. Private grain trading rapidly declined. Chaos in grain trade. Food shortage. Surge in grain price.
Jun '50 (Open)	State trading limited to grains and 5 other important items. Mainly for wholesale trade. Raised private traders' marketing margin. Grain procurement price raised.	Grain production increased. Farmers purchasing power increased. Market price stabilized. Private traders increased by 12%, and employees increased by 11.8%.
Nov '51 (Closed)	Anti-corruption campaign started. State control of commerce strengthened.	Private traders drastically declined. From 1951 to 1952, private traders' market share declined from 65% to 36% in wholesale, and from 76% to 57% in retailing.
Nov '52 (Open)	State commerce restricted mainly for wholesaling. Various restrictions on private trade removed.	Market supply stabilized. Rural-urban trade increased. Rural market trade increased. Gov't grain purchase declined.
Nov '53 (Closed)	State grain monopoly system started. Existing grain markets transformed into gov't markets.	Political campaign caused excess purchase of gov't grains. Farmers' incentives for grain production reduced. Grains shortage.
Aug '55 (Open)	Gov't procurement quota fixed and remain unchanged for 3 years. Farmers grain sales in rural markets allowed, after fulfilled procurement quota.	Grain production increased. Gov't grain procurement declined. Grain consumption increased. "Hundred Flowers Campaign" started. Black markets flourished. Procurement and distribution plan faced difficulty.
Aug '57 (Closed)	Free trading of grains strictly prohibited. Rural markets completely prohibited. Gov't procurement increased by 70% and rationing by 54%. People's Commune started. Commerce and profit were contemplated.	Grain production declined by 15%. Severe food shortage in rural areas. Grain price soared. Black markets flourished.
Sep '59 (Open)	Limited opening of rural markets. 10% bonus price for overquota procurement offered.	Rural markets increased. Grain ration increased. Gov't share of grain market increased from 25% to 41% in Beijing, and from 30% to 39% in Shanghai.
Oct '61 (Closed)	Grain trade in rural markets again prohibited. Gov't procurement price raised by 10%, but no incentives to individuals under People's Commune.	Gov't grain procurement declined by 8%. Severe food shortage. Market price rose to 2.2 times of gov't price.
Sep '62 (Open)	Rural markets allowed with restriction. Gov't procurement price raised, and overquota price raised to 12%. Grain-cotton exchange program started.	Gradual increase in grain production. Market price declined to 1.3 times of gov't price. Overquota procurement increased by 6%. Number of rural market increased by 20%. Grain sales in rural market increased by 20% over 1961.

Year & Cycle	Policies	Impacts
1966 (Closed)	Rural markets closed for the third time. Private plots not allowed. Profit motive contempted. Grain procurement price raised by 33% for wheat and 17% for paddy, but no increase of overquota price. All trading agencies absorbed into Min. of Commerce.	Marketing costs increased due to increased steps in distribution. Overquota procurement drastically declined to only 1% of the quota procurement. Quota procurement increased. Production declined. Efficiency of state enterprises declined. Between 1965-76, number of state enterprises increased by 35%, but the number of deficit enterprises increased by 219%.
Dec '78 (Open)	Production Responsibility System introduced. People's Commune system abolished. Quota price increased by 20%, and overquota price 50%. Procurement quota reduced. Free grain trading allowed, when procurement quota fulfilled. Multiple marketing channels. Private storage and transport business encouraged.	Number of rural markets rapidly increased from 29,000 in 1976 to 48,000 in '82. Grain production increased 25% from 1978-1984. Free market grain share increased to 10%, Gov't-market price difference reduced to 35%. Farmers income increased 9.15% per annum in 1978-84 (2.8% in 1950-78). Farmers income increased from 120 Yuan in 1985.
Jan '85 (Further abolished, and contract procurement Open)	Grain compulsory procurement system abolished, and contract procurement system introduced. Procurement price increased by 35%. Grain wholesale trading centers established. Interstate grain trade encouraged. Grain-Fertilizer linked sale started.	

### III. Food Marketing Policy Variables and Policy Impacts

Although there were differences in degrees, we can identify in general a set of common policy variables employed during the "open" period, and another set of common policy variables during the "colsed" period.

First, the government grain procurement quota was an important policy variable. During the "open period", less procurement quota was allocated, leaving the farmers with more to sell at over-quota price or at "market" price. During the "closed period", more procurement quota was allocated, leaving the farmers with less grain for over-quota sales. At the same time, allowance for "private plots" on which the farmers could work outside of communal work was adjusted upward during the open period and downward during the closed period.

Second, the procurement price was adjusted in accordance with the policy cycle. Increasing the procurement price of quota grain was important but manipulation of over-quota price or negotiated price was more important in influencing grain production and raising farmers' income. The impact

of price policy was closely relate with not only the level of price but also the procurement quota. However, the price of the grain ration sales to consumers could not be raised for political as well as economic reasons, causing an ever increasing subsidy.

Third, marketing channel was the most frequently affected policy variable. In addition to the relaxation of government procurement quota and increase in over-quota price, accessibility to rural and urban (free) markets was the most popular policy variable for farmers.

Fourth, adjustment and reclassification of commodities was another influential policy variable. More commodities were classified downward from Class I to Class II and Class II to Class III during the "open" period, leaving more food for sale with less restrictions. During the "closed" period, more commodities were classified upward from Class III to II and Class II to I. The food marketing policy variables used are briefly summarized in Table 2.

TABLE 2. Food Marketing Policy Variables during "Open Period" and "Closed Period"

Policy Variables	Open Period	Closed Period
<u>Production</u>		
Procurement Quota	Less quota and remain unchanged for longer periods (3-5 years), and then changed into contract procurement(1985).	More quota and frequent change.
Private Plots	Allowed 10% in 1957, 15% in 1981, and free in 1983.	Maximum 5% or not allowed.
<u>Price</u>		
Quota Purchase Price	Marked increase during 1950-53, 1961-62, in 1978 and 1985.	Remain unchanged for a long period(1966-78) or slight increase.
Over-Quota Price	Marked increase in 1979(50%)	No incentives or minor increase (20% in 1970 and 30% in 1972)
Ration Sales Price	Slight increases.	Remain unchanged.
<u>Marketing Channel</u>		
Commodity Classification.	Down reclassification of commodities from Class I to II and from II to III.	Upward reclassification from Class III to II and from II to I.
Farmers' Market	Allowed with some restrictions (1953-57, 1959-66) or free(1978 onward).	Strictly closed or allowed under strict control(1957-59, 1966-77).
Wholesale	Allowed freer grain procurement by industrial users. Grain trading centers allowed(1981 onward).	Strict restriction or monopoly by the government.

Although there were differences in degree, we can observe repeating patterns in the impacts of the food marketing policies as they oscillate between "open" and "closed". When "open" policy is adopted, the peasants and the food marketing system respond quickly and positively to such policy change, and consequently it leads to an increase in food production, farmers' income and market supplies.

With economic indicators improving, various social problems start to appear which are undesirable from the point of view of the socialistic ideology. The government starts to shift the policy priority to political and ideological ends and introduces a "closed" policy by revising economic policy to appeal more to political and ideological factors, such as contribution to revolution, manipulation of symbolic rewards and contempt of incentive-based commercial activities. Such policy changes lead to the decline in economic and commercial indicators, causing the country and the people to suffer from a declining economy. At the height of the declining economy, the government re-introduces "open policy", marking the beginning of a new cycle.

#### **IV. Main Issues on Chinese Food Marketing System**

Since 1978, and especially since 1985, the food marketing system in China has made significant improvement, and the impacts of the new policy have been very positive. The main contents of the improved food marketing policy are: 1) introduction of a contract procurement system, 2) upward adjustment of purchase price, 3) introduction of multiple marketing channels and 4) encouragement of inter-regional movement of grains. The lessons learned from past experience as discussed in this paper have contributed in shaping the main frame of an improved food marketing policy.

Although the basic direction of the food marketing policy in China is in principle on the right track, there are several major issues which need to be discussed to improve the present food marketing system. The issues can be broadly divided into four categories, i. e., pricing and subsidy policy, procurement policy, selling policy and marketing channel. Although each issue has its own specific problems, all the four issues are in fact inter-related as a part of an integrated food marketing system. Therefore any solution will have impacts on the food marketing system as a whole.

We can assume that the basic objectives of the food marketing policy are:

- to insure adequate food production and supply to the needy people,
- to maintain stable food prices at a reasonable level,
- to gradually reduce the financial subsidy for food marketing and make the food marketing system self-supporting.

Discussions on problems and issues on food marketing in China must be based on these policy objectives.

TABLE 3. Gaps between State Procurement Price and Ration Sales Price of Major Grains

Items	1953		1985	
	Price	Index	Price	Index
(Yuan/100kg)				
<b>Purchase</b>				
Wheat	19.48	100	44.20	228
Paddy	12.34	100	32.28	262
Corn	10.04	100	28.86	287
Soybean	14.48	100	63.18	436
Average	14.09	100	42.13	303
<b>Ration Sales</b>				
Wheat Flour	36.20	100	35.56	98
Rice	20.62	100	28.44	138
Corn	11.70	100	18.18	155
Soybean	19.00	100	30.62	161
Average	21.88	100	28.20	138

Source: Re-arranged and calculated based on *China's Grain Price and Circulation Policy Reforms and Their Impact on the Grain Production, Supply and the Peasant Income*, 1986, a paper by Liu Yunqian, Ministry of Commerce, China, submitted to FAO.

### 1. Price and Subsidy Policy

There are two issues ; a) price gap between buying price and sales price, b) level of grain price compared with other crops.

The gap between the state purchasing price and selling price is a serious problem. To stimulate production of staple food, the procurement price was raised as much as 3 times since 1953, but the ration selling price was raised only 1.4 times.

In 1953, the average purchase price was about 67% of the ration sales price with a room to cover marketing costs, but in 1985 it was nearly 160%, causing heavy financial subsidy. The main increase of the purchase price started from 1966, but the ration sales price remain unchanged for the last 20 years since 1966.

The problem of the dual prices can be more clearly demonstrated for wheat flour and milled rice which are the most important staple food in China. In case of wheat flour, assuming 85% flour milling recovery rate, gross marketing margin was 36% in 1953, declined to 10% in 1966 and further declined to -48% in 1985. In case of rice, assuming 70% milling recovery rate, the gross margin was 15% in 1953, declined to 2% in 1966 and further declined to -63% in 1985.

This situation requires financial subsidy of 40-46% of the actual costs of grains, and it is an increasingly heavy burden on the government budget. Because of conflicting interests of farmers and urban consumers, the problem is rather complicated. Any solution should not affect drastically the existing price structure.

The second problem is the level of the purchase price compared with the

TABLE 4. Declining Gross Marketing Margins of Wheat Flour and Rice

(Yuan/100kg)

Gross Margin	Wheat Flour			Milled Rice		
	1953	1966	1985	1953	1966	1985
Buying Price	23.19	32.24	52.62	17.63	27.89	46.26
Selling Price	36.20	35.64	35.56	20.62	28.44	28.44
Gross Margin	13.01	3.40	-17.06	2.99	0.55	-17.82
Margin Rate	36%	10%	-48%	15%	2%	-63%

Note: Buying prices are "wheat flour equivalent" and "milled rice equivalent", assuming 84% and 70% milling recovery rates respectively, based on the figures in Table 2.

price of other commodities. Because of freer marketing system of Class III and Class II commodities, market prices of such commodities generally increased and therefore producing grains to be sold at government price occasionally become economically less attractive. Perhaps this was one of the reasons for the reduction in grain production in 1985. Therefore, the farmer's selling price should be maintained at the level which is attractive enough for them. The grain production target of the 7th 5-year plan is set at 425 million tons which is about 7% higher than the normal current level production. To achieve this target, the level of the farmer's selling price is very important.

The basic approach to solve the price and subsidy problems is to reduce the market share of the grains directly handled by the State. In 1985, the government procured nearly 79 million tons or 87% of the total grains marketed, and in 1985, the government shared 78 million tons or 87%. Although the government's market share in 1985 was 4% less than in 1984, it is still very high, which is the major cause of the problem.

The main problem is with the ration grains. In 1985, the ration sale was 58 million tons or 64% of the total sales, of 43 million tons or 48% was for urban consumers. The nonagricultural population who is eligible for the state rationing numbered about 160 million in 1980 (or 16% of the total population), who are mostly state employees and their dependants most of whom live in urban areas. State subsidies of the food consumption of the nonagricultural population is about one fourth of the total state budgetary revenues of  $\frac{1}{3}$  of the salary of state employees (Lardy, 1983, p. ii). The issue is; is it possible to reduce the number of people who are eligible for ration grains? It would be possible to limit rationing to only those nonagricultural population whose level of income is not sufficient to buy grains at negotiated price or at market price. Considering the fact that those who have food rationing privilege are mostly permanent employees, who have stable and relatively higher income than contract or temporary workers who are not eligible for ration food, a substantial portion of the nonagricultural population may be eliminated from the food rationing scheme, depending upon where we draw line.

Under the above arrangements, it would be possible to reduce quantity of



grains required for rationing, but on the other hand grain sales at “negotiated prices” will increase. The level of the “negotiated price” should be set at least to cover the costs. However, a price zone system would be useful. Under this system, the upper and lower limits of market price fluctuation can be established beforehand. The negotiated price may fluctuate within this zone to maintain price stability.

## **2. Procurement**

Reduction of grain rationing will considerably reduce the requirement for state grains, and it will facilitate fulfilling the procurement target of state grains. However, how to procure state grains at the government price is another issue. So called “procurement contract” is not a formal contract binding both parties, as it has no penalty clause to apply, except indirect “persuasion” in case the contracted farmer does not delivery the agreed quantity. Because market outlets for farmers’ grains are rather limited at present, as trading at free market still shares relatively small portion(13%) of the total marketed grains, it may be relatively easier for the state to procure through the contract system. But the situation will change as the government’s multiple marketing channel policy create meaningful competitive market situation. Therefore the only meaningful way is to use economic incentives which are attractive enough for farmers to deliver contracted grains at the state price.

The present policy of linking chemical fertilizer sales with state grain procurement is a right way. The programme may be further refined by introducing “Grain-Fertilizer Exchange Programme”. Under this programme, the state may announce before a crop season starts exchange ratios of fertilizers with major grains. For example, 1 bag(50kg) of urea may be exchanged with 1 ½ bag of paddy or 1 bag of wheat, etc. Although the prices of fertilizer and costs of grain is considered in determining the exchange ratio, minimum ratio which is required to stimulate paddy production is considered to be 1 to 1, according to experiences in Asian countries, i. e., 1 bag of paddy should be exchanged with 1 bag of urea. In Asian countries, the ratio varies from 1 : ½ to 1 : 3.

When a farmer accepts the offer, he can buy fertilizer on credit during planting season and pay back the loan in grains after harvest in accordance with the pre-agreed ratio. This programme has three merits. First, it allows farmers to estimate economics of grain cultivation and can plan accordingly. Second, it can be linked with agricultural production loan in much simpler way. Third, it frees farmers from the risk of price fluctuation after harvest.

The programme was implemented in two Asian countries very successfully. At one point, about ⅔ of government grain was procured through the Food-Fertilizer Exchange Programme. After about 15 years of successful implementation, the programme was terminated when the farmers’ economic status and farming structure did not require the programme any more.

Another problem is the costs of maintaining the field-level grain procurement network, called Grain Management Station. If the market share of state grain is reduced and competition is encouraged through multiple marketing channel policy, it may not be economical to maintain a grain management station at township level. More efficient way would be to use the cooperatives or farmers' economic organization as state's grain procurement field agent who will procure and store grains for government under contract fee. The procured grains may be managed by district-level government grain agency. National Supply and Marketing Cooperatives may be able to be the field agent for the government and can handle both grains and fertilizers.

### **3. Distribution**

The key issue in grain distribution is to what extent the state should be directly involved in the distribution of grains. The distribution system should be designed in such a way that the government should physically handle grain distribution only the minimum quantity required for certain specific target groups with specific objectives.

The main problem is the grain rationing, which shares 64% of the total quantity of grains traded in 1985. As discussed already, the target group may be limited to those nonagricultural population whose income is below certain level and therefore require welfare support from the government. Those who are not the grain rationing beneficiary can purchase higher quality grains at negotiated price or at market price. Since grains share only 11% of average per capita consumption expenditure of urban population, it would be possible to limit the grain rationing only for the poverty-level population (National Statistics Bureau, 1985, p. 567). Of course the problem is to define the poverty line. In other Asian countries, a) low-income group, such as those who belong to the lowest 25% bracket, b) stability of income, c) widows, children, aged, or sick persons who have no family supporters, etc. are criteria used in defining the poverty line.

Another problem is the economics of maintaining urban grain rationing stations. If the grain ration supply is reduced, there will be less need for urban grain stores and they will handle relatively larger quantity of negotiated grain sales. Retail stores need flexibility in business decision making and operations. Perhaps it would be more economical and efficient in retailing grains if the retail grain stores are operated and managed by cooperatives or even by an individual under the license and supervision of City or District Grain Bureau. They can also sell ration grains at a fixed fee on behalf of the government. If this policy is pursued, the state's involvement in physical handling of grains will be limited to wholesale level for larger quantity for distribution to institutional consumers (military, police, hospitals, schools, etc.) and to industrial users.

#### **4. Marketing Channel**

The basic policy of the government is to reduce the state monopoly and encourage multiple marketing channels to bring in competition. This policy will certainly improve efficiency of food marketing system.

Food marketing channels can be broadly divided into three groups; state, cooperatives and private sector. The National Supply and Marketing Cooperative (NSMC) is the major core of the cooperative sector. However, NSMC is like a government's department to implement government's marketing policies for certain commodities. More than 95% of its share capital is owned by the state. The management of NSMC is responsible to the state in fulfilling state plan and concerned with more profitable operations under the management responsibility system. And there is no formal communication linkage between the NSMC members and managers. Therefore farmers' real interest and need is may not always be reflected in the NSMC's operations, such as marketing problems of Class III products which involve risk and are sometimes not profitable (Yao Xianbin, 1985, pp. 30-31). Furthermore, NSMC is not involved in grain marketing under the present policy.

Therefore only real alternative marketing channel is farmers' fair or free markets (about 50,000 in rural areas and 6,000 in urban areas, in 1984). Their share in grain trading was 8.5% in 1984 and 13.4% in 1985 (Liu Yunqian, 1986, p. 18). The activities are limited to direct selling from farmers to consumers. Wholesale trading is still very limited, although wholesale trading centers started to appear. Therefore, to make the multiple marketing channel policy meaningful for grain marketing system, it is necessary to encourage non-state sectors to actively participate in the grain marketing system on a competitive basis under the basic guidelines to be provided by the government.

Several approaches may be considered. First, farmers must have alternative market outlets other than the state grain management stations to sell their grains after having fulfilled the contracted delivery. The alternative channels are; cooperatives, rural markets and assembly traders. To develop rural markets, improvement of physical facilities, such as trading flour and shelter and improvement of operational practices, such as packing and weighing practices are needed. Also to develop marketing channel, loan should be available for entrepreneurial farmers to own marketing facilities such as trucks, storages and milling or oil extracting facilities, and operate such facilities. Under the various "specialized household" concept, such marketing loan is in principle available, but it should be strengthened to the extent that they can make meaningful contribution in providing alternative marketing outlets for farmers' produce.

Development of transport, storage and processing industries is another important issue in promoting multiple marketing policy. When these indus-

tries are developed by entrepreneurs with managerial talents they can play an important role in improving the efficiency of transportation, storage, milling and processing of grains. They can operate independently at their own risk or under managerial contracts with the government.

To achieve the basic objective of the multiple marketing channel policy of the government, establishment and operations of grain wholesale trading system is needed. The grain wholesale market is the place where most of the grains will have to be traded, except those procured directly by the state for its use. Industrial users, such as rice mills, flour mills, breweries, bakeries and large restaurants will buy their raw material requirements at grain wholesale markets. Some grain trading centers are operating in small scale, but institutional, technical and financial support is necessary to develop such wholesaling system.

Regarding grain retailing, especially in urban areas, the government may consider withdrawing from retail store operations, leaving them with cooperatives or individual traders. Of course they can distribute the government ration grains on behalf of the government under contract; otherwise they have to be responsible for their operation. At present, government-owned grain retail stores operate under the management responsibility system, but the store manager has little flexibility and controllable management options.

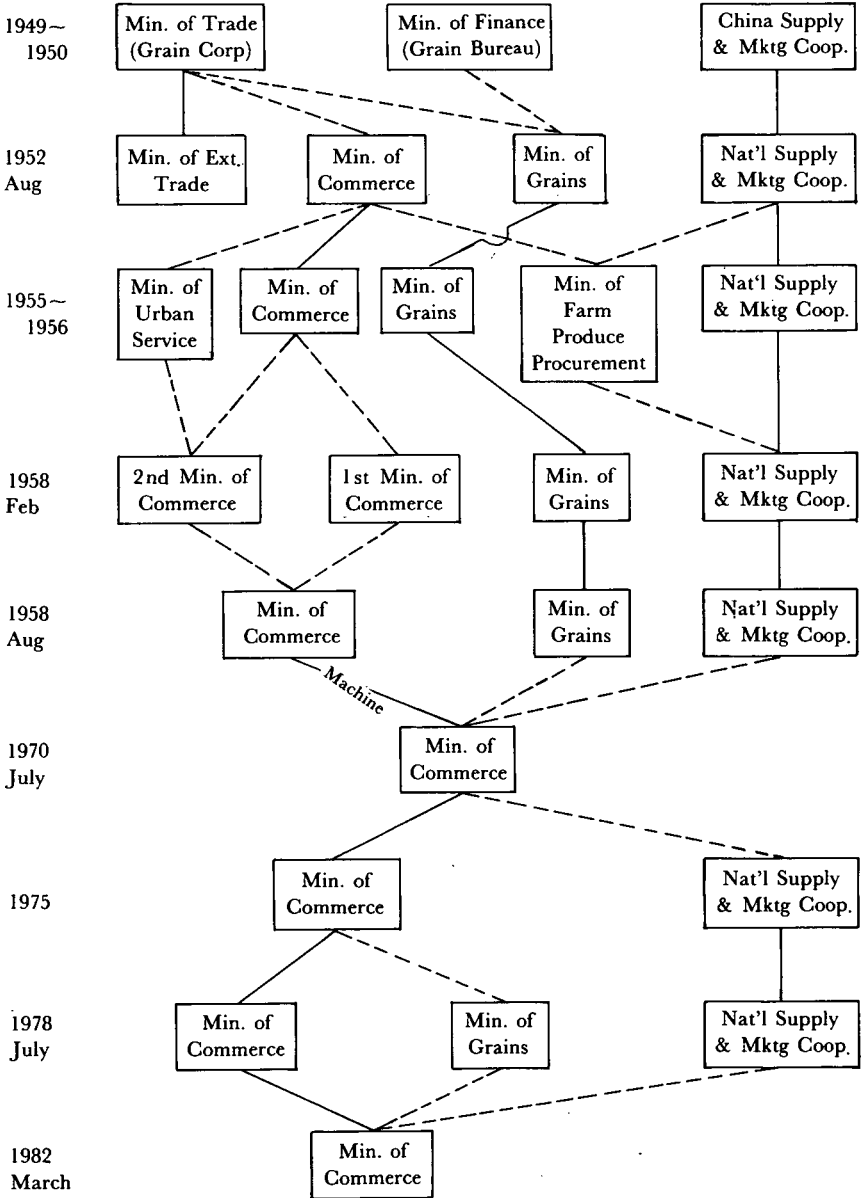
The facilities and operational procedures of urban free markets, currently numbering about 6,000 need to be strengthened. These markets are playing increasingly important role in providing alternative marketing outlets and they will become more important if the grain rationing policy is revised. Also it is quite possible that the experiences and managerial talents gained from the urban free markets may become the basis of grain wholesale markets to be developed near future.

## V. Conclusion

The food marketing reform in China since 1978, based on the economic reform policy, has produced positive results in increasing food production and its availability to the consumers. The "Second Reform" of food marketing policy which started from 1985 is a further refinement of the programme. The lessons learned from the experiences of the past food marketing programmes in China indicate that incentive price and multiple marketing channel policies make definite contribution for economic development. These experiences are reflected in the new marketing policies.

However, as the food marketing system improves, further refinement is necessary. For this purpose, there are several major issues which need the government's attention. These are issues on price and subsidy policy, procurement policy, distribution policy and marketing policy. These issues must be discussed with a view to achieve the basic objectives of the food

FIGURE 1. Evolution of Central- Level Food Marketing Ministries in China



marketing, i. e., to insure adequate food supply to the needy people at reasonable price. The basic direction for the solution is to reduce the government direct involvement in food marketing system and to make efficient use of the multiple marketing channels. And a medium plan would be required to implement the improvement programme.

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