

and health. Only through the guide of morality mechanism can we overcome the drawback of market mechanism and get rid of the defect of government intervention to guarantee the scientific, harmonious and green development of socialist market economy. Therefore, socialist market economic system shall build up a “three-mechanism structure” where modern market economy is guided by morality mechanism, and market mechanism and government intervention and supervision work together and supplement each other.

Fourth, different ultimate goals. The development of contemporary capitalism market economy is to realize maximum capital and profit and guarantee the capitalists and operators’ utmost possession of the fruit of economic development. To achieve this ultimate goal, human and nature are two means. In contrast, the development of contemporary socialist market economy not only meets the needs of sustainable survival and comprehensive development of human, but also meets the needs of sustainable survival of creature exclusive of human and the healthy development of ecology system. Human and nature are the ultimate goals of the economic development. It is a fundamental indication to distinguish socialist market economic system and capitalist market economic system.

In summary, the modern market economic system with Chinese characteristics in 21st century is a state-regulated mechanism of sustainable modern market economic development. For this economy, it is guided by morality mechanism. Market basically regulates the resource allocation. Government intervention and supervision predominantly regulates the development of economic society. Essentially, it is a socialist market economic system with Chinese characteristics.

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The Global Food Crisis Challenges the Security of Chinese Food

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Abstract: Currently, the global crisis of food product challenges the security of chinese food seriously. Under the background of globalization, the security of food product should firstly ensure sufficient food supply for national demand , meanwhile, defend the potential threat existing in the international trade of food. The key point for China, a country which has already guaranteed the livelihood of 1.3 billion Chinese people, to gurantee the security of food product is to firstly provide sufficient and stable food supply , and secondly decrease the food processing project, and then readjust the volume and construction of the food export step by step. Thirdly, to take positive measures to fight against the potential threat to Chinese food ,originated from international capital .

Key words: Food Crisis Food Supply International Trade Food Security

Since the 21st century, it has become an indisputable fact that most of all countries all over the world are facing food crisis . Although all kinds of measures have been taken to increase the output around the world, the food supply still can't meet the demands sufficiently. The prices of food are soaring around the whole world , leading to some disturbances or riots in 37 different countries such as , Burkina Faso、 Cameroon、 Egypt、 Indonesia. How can a large developing country with the 1 / 4 population of the whole world ensure food security and fight against food crisis of the whole world is not only a problem of Chinese Government and Chinese people, but also is drawing widespread concern from the whole world. In 1995 ,the book " Who Will Feed China?" by Lester. R. Brown ,the president of the Worldwatch Institute which is the first research institute devoted to the analysis of global environmental issues ,challenged the official view of China food prospect, spawned hundreds of conferences and seminars. 15 years later , the fact that China's food output steadily increased incessantly drove out the sense of uncertainty of Mr.Brown's The medium-term objective, "Self sufficient policy", worked out by Chinese government, has already come into truth .While ,inspected from a long term ,the global food crisis still challenges the security of chinese food .

The adequate food supply has ensured a stable foundation of food security

Food and Agriculture Organization (FAO) gave an authoritative interpretation about "Food Security " 1:"To ensure that any person at any time can afford himself for the necessary food" .According to this definition, ' to ensure food security ' should include two different interpretations ,first of all ,to ensure sufficient food supply (from the output of their own or from international trade); second, to ensure the demand that consumers can afford their food expenses . As far as Chinese food security is concerned, the affordable demand is no longer a problem ,the key problem is how to ensure the food supply for 1.3 billion people .

Since the policy of reform and opening up was given, Contract System With Remuneration Linked to Output has been taken in rural areas of China , the relations of production which have not still suited to the development of new productive forces have been adjusted, and so the level of agricultural productive forces have been improved unprecedentedly. The total food output and the per unit area food output were both continuously improving and has reached respectively 400 million tons and 500 million tons

1 <http://www.fzgrain.com/lspf/scdt/d-2000-11-16-1.htm>

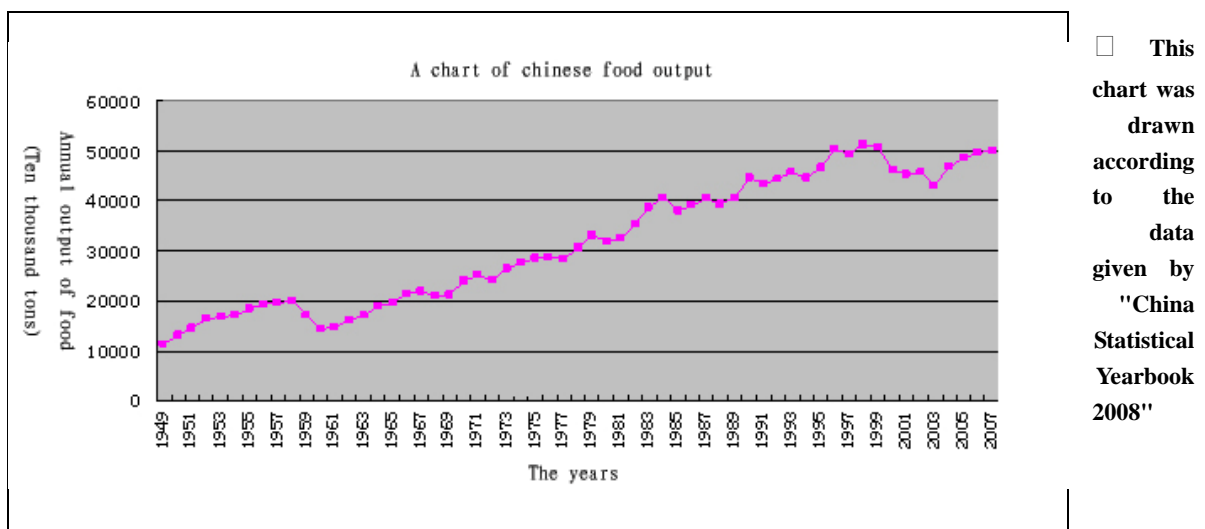
per year, which ensured the sufficient food supply for 1.3 billion people, established the stable foundation for Chinese food security, and has resulted in an very significant impact within the whole world . The reasons are as follows:

1.The problem of self-feeding has been solved in China ,a country with the 1/4 population of all over the world ,and the pressure on food demand of the whole world has been lowered.

2.It was under this kind of condition that Chinese population was growing from 4 million to the current 1.3 billion that the problem of self-feeding has been solved in China.

3.It was also under this kind of condition that the poverty-stricken population in the world was absolutely increasing, and that the Chinese poverty-stricken population was decreasing from 250 million to less than 800 million, that the problem of self-feeding has been solved in China. Therefore, there must have been a significant contribution for the reduction in poverty and inequality .

According to the changes of data of food output reflected in China since the policy of reform and opening up was taken , we can get the following chart:



As can be seen from the chart, during the 60 years since The People's Republic of China was founded ,the Chinese food output was increasing year by year .Furthermore, from the year of 1949 to 1984 ,the upward tendency was more obvious ---it took 17 years that the food output grew to 200million tons from the year 1949 to 1966 ,and took 12 years for the food output to leap to 300 million tons from the year 1966 to 1978 , then 6 more years , from the year 1978 to 1984 ,the food output leapt to 400 million tons .and then it took 12 years that the total food output grew to 500million .From the year of 1996 ,the food output presented a depressive tendency ,while in 2005 ,the food output reached 500million tons again . Of course, the progress of Chinese food security has not always been smooth. In 1997, due to the increase of food stock and reduce of the prices of food goods, a bad phenomenon appeared "most of farmers lost their confidence to planting because of the low

food prices ", furthermore , cultivation areas started to decrease , and then the food output declined continuously .To resolve this problem of decrease of food output and to curb the downward tendency in food production, China Government has taken several measures one by one ,such as , "The abolition of agricultural taxes" ; "Increasing agricultural subsidies ",which played an significant role in promoting the restoration and the growth of food production. In 2004,China total food output achieved 469,469,000 tons ; in 2005 ,484,022,000 ton ; in 2006 ,497,499,000 tons and in 2007, 501.5 million tons. There was a good growth during these four years .1And the rapid growth has established a stable foundation for the continuous growth of per capita production of meat、 eggs、 milk and so on .

On the basis of ensuring the steady growth of food production , other food supply became more and more sufficient. The consumption of meat products in 2007 was per capita 52 kilograms, compared with the consumption of meat products in 1995 , grew by 8.5 kilograms, of which the proportion of consumption of beef and mutton increased by 3 percentage ; the consumption of eggs (19 kilograms per capita) increased by 5.2 kg; milk (per capita 26.7 kilograms) increased by nearly 22 kilograms; marine products (36 kilograms per capita), increased by about 16 kilograms. Data from UN food and Agriculture Organization (UNFAO), estimated that, in 2002 ,the China's per capita daily consumption of caloric value of food、 protein 、 fat has exceeded the world average level. 2

Food and Agriculture Organization (FAO) applied three different criteria to measure "Food Security" :

1. Self-surpport rate of national food must reach more than 95%.
2. Per capita food output per year should reach more than 400 kilograms.
3. The amount of food reserve should reach 18 % of the total food consumption of the contemporary year, 14% is in the warning level. In accordance with this standard, China total food output in 2007 was 501.5 billion tons, the net export of food is 9.75 million tons , self-surpport rate of food(including soybean) is over 95%; if calculating in accordance with the 1.3 billion population, the amount of per capita food is 400 kilograms , at the end of 2006 the ratio of inventory consumption was 35%, at the end of 2007 it was about 40-45%.

In general view, under the condition of continuous growth of Chinese population , the comprehensive food production capacity remains stable ,and food security has been still guaranteed solidly. Furthermore the per capita consumptions of food, meat, eggs, milk are

1 People Daily ,overseas edition,february 18.2008
 2 <http://www.Chinafoods.cn/news/gutTain.aspx?newsID=424353> Medium and Long-term Planning Outline of National Food Security.
 3 <http://www.Chinanews.com.cn/cj/gncj/news/2008/06-18/1284822.shtml>

showing a good increasing tendency ,which not only has solved the problem of feeding 1.3 billion people, but also has ensured that the quality of people`s life has being continuously improved , the medium-term objective" Self-provide" has been achieved .At the time when countries of the world are facing with food crisis, China has made a positive contributions for stabilizing the global food supply and food demand .

Through long term inspection , China food security is still in crisis

In recent years, the situation of China food production、 supply and demand remains a good tendency , there is a steady growth of food output ,at the same time, per capita demand is guaranteed ,the food consumption variety structure adjusted by a small number of import has ensured the basic domestic consumption demand , furthermore,it fully complianced with the food safety standards worked out by United Nations food and Agriculture Organization (UNFAO) . But we have to be aware soberly that ,under the background of economic globalization, national food security not only depends on a nation`s food supply, but also depends on the international market situation of food supply and demand ,and also depends on the market competition between national corporation and transnational capital group .Through long term inspection, China food security is still in crisis:

i. Potential crisis from the domestic market :

With the development of industrialization and urbanization , China food security is presenting a series of new situations and new problems:

(1) Food production has been gradually restored, but it will be more and more difficult to get more steady growth of food production .During the past 30 years ,since the policy of reform and opening up was taken into action, China food output reached from 400 million tons to 500 million tons . However, what we should realize is that China food production was not only enslaved to natural environment but also to market situation . After 1996, China food output exceeded 500 million tons , because of the difficulties in selling agricultural products, the decrease of food prices,and the phenomenon that most of farmers lost their confidence of planting ,since 1997, the Chinese cultivation areas started to reduce , and then the food output declined continuously year by year .By the end of 2003 , food output dropped to less than 450 million tons , the food security alarm was stroken. To resolve this problem of decrease of food output and to curb the downward tendency of food production, chinese Government has taken several measures one by one ,such as : since the year of 2003 ,year by year, until the absolute abolition of agricultural taxes and the increase of agricultural subsidies ,which played an significant role in promoting the restoration and growth of food production ,until 2007 ,the total output restored to 500million tons

again .Although this goal has been achieved, the foundation are very fragile and it is so easy to be affected and troubled by a lot of difficulties , and it is showing some obvious characteristics of a weak industry. In the resent years ,there is stilll no big breakthrough in agricultural science and technology, if the cultivation areas can't be increased ,it will be so difficult to achieve the mission to increase the output continuously.

(2) The total food demand continues growing, food supply and demand will be in equilibrium for a long time . From now to the year of 2030, Chinese population will continue to increase and reach 1.6 billion, a new peak point. If the living standard and the quality of life remain the same circumstance, the new population will rigidly constrain the demand of food output . It is predicted that, by 2010 , chinese per capita food consumption per year will be 389 kilograms, the total food demand will reach 525 billion kilograms.By 2020 the per capita food demand per year will be 395 kilograms, the total demand will be572.5 billion kilograms. The structure of food consumption will be Upgraded , food consumption will reduce .It is predicted that by 2010 the chinese total food consumption will be 258.5 billion kilograms, accounting for 49% of the total food consumption demand .By 2020, the total food consumption will be 247.5 billion kilograms, accounting for 43% of the total food consumption demand . The demand of food for feeding animals will increase, it is predicted that by 2010 the total demand of food for feeding animals will be 187 billion kilograms, accounting for 36% of the total food consumption demand ; by 2020 it will reach 205.5 billion kilograms, accounting for 41% of total food consumption demand . The food demand in industry sectors will tend to be moderate .The consumption of edible vegetable oil continues to increase. It is projected that in 2010 China per capita consumption of edible vegetable oil will be 17.8 kilograms , the total demand will be 24.1 million tons; in 2020 the per capita consumption will be 20 kilograms, the total demand will reach 29 million tons. 1The gradual growth of total food demand will bring a great pressure to the sufficient supply of domestic food.

(3) Trade deficits will appear in import and export of agricultural products., The import amount of soybean is increasing year by year. At present,with the increasing food demand in China year by year , of all kinds of export goods , the finished food product will decline year by year, the import of several special varieties of goods is increasing rapidly. In recent years, the soybean futures market of the world is controlled by the international capital , so the price of soybean fell evidently, resulting in more difficulties in selling soybean in some domestic areas mainly growing soybean (the price of import of soybean is 2700 yuan / ton,the price of domestic soybean is 3700 yuan / ton) and also because of the volatile fluctuation of soybean prices in international market ,so ,in recent years, the domestic soybean market has being experienced great impact from the international market, resulting in a evident increase of import of soybean. Statistics in March 2007 showed :

1 As same as 3

360,000 tons of soybean were exported, the amount of year-on-year is -1.1; at the same period, 28.695 million tons of soybean were imported, the amount of year-on-year is 32.3.1 85% of soybean production in domestic market were controlled by international capital. Although the total food supply has been satisfied, the structural contradictions still exist, in long term, the potential crisis is growing.

(4) The prices of means of agricultural production are rising rapidly, so the enthusiasm of farmers has been hurt severely. From the year of 2005 to 2007, the areas of food sowing in China have remained a relatively stable level, the increase speed of food prices was slow but the prices of means of agricultural production were rising rapidly, the enthusiasm of farmers' was hurt severely. In 2006, it was assumed that the average production cost of three kinds of food was 376.65 yuan / mu, in 2008 the production cost increased by 87.8 yuan. Although in 2008 the state's financial direct subsidies for per mu field increased by 73.9%, the net subsidies for per mu field was only 17 yuan. The subsidies were still obviously inadequate, and the problem that the income of farmers', from the food output, were reducing has not been effectively resolved,² which brings a great threat to sustainable growth of food production.

Challenges from the international market :

(1) The food supply in global market is still insufficient, and thus it will be more difficult to make up the defect through the international market.

The growth of global food production can't meet the demand of growth of consumption. According to estimate, in recent decade, the global demand of cereal consumption increased to 220 billion kilograms, average growth rate per annum is 1.1%; output increased by 100 billion kilograms, average growth rate per annum is 0.5%. At present, the consumption ratio of food stock of the world is close to the lowest level within 30 years. Since 2006, the price of food is increasing greatly in the international market: the prices of wheat, corn, rice, soybeans and soybean oil reached a record high point. The future supply and demand of the global food will be still in crisis due to some factors such as: the growth of global population, constraints from arable land and water resources, as well as the impact from abnormal weather. Especially, due to the shortage of energy, the global tendency transforming food into bio-energy is accelerating, the contradictions contesting for food between energy and food products have become increasingly prominent, all of above causes will make the contradictions between supply and demand more prominent, and in China, it will be more difficult to make up the supply shortage of several varieties of food or oil through exchanges between international market

¹ The first three seasons of this year, China food export dropped rapidly, while the import remained steady, China food industry network (at 16:11, on 3d december 2008).

² As same as 5

and domestic market.¹

(2) Transnational capital poured into domestic market ,which threatened China's food security.

In november 2008, General Administration of China Customs issued a warning: the controlling force of foreign-funded enterprises in the field of food was being strengthened, especially , Wilmar International ,a transnational corporation , spent three billion U.S. dollars for the China Northeast in attempting to monopolize the domestic market of soybean of non-genetically modified (non-GM) .The transnational capital ,such as :Wilmar International, Cargill, Bunge, ADM and Louis Dreyfus, held the capital advantages ,attempted to eliminate their adversary through controlling the right of operation to capital and monopolized the market ,then achieved the price manipulation, it was no doubt that their purpose was just to obtain more profits. Before coming to China, they have controlled the the food market of some countries of Latin America , in 2004, the transnational giants aimed at chinese soybeans , they raised the price of soybean to 4300 yuan per ton , and enticed domestic oil companies to purchase centralizedly about 3 million tons of U.S. soybeans, and then they decreased the price to 3,100 yuan per ton, as a result , half of China oil companies bankrupted , and eventually ,they succeeded in controlling nearly 60 % of domestic oil enterprises by different forms such as :merger ,equity participation, joint venture.

With the rapid development of global biodiesel industry, the potential demand of global food may be surging, under this situation, once food are controlled by transnational capital, the consequences is not only to spend more money on food with higher prices . Due to the monopoly position of transnational corporations, as well as the dependency relations, the prices of international trade is not formed according to market but monopoly mechanism. Developed countries and transational corporations ,in a very large extent, control the market consumers, transportation and sales network, the monopoly prices is formed, and then the market of agricultural products is also controlled. Eventually, developing countries will be controlled strongly by transnational corporations .

Food ,as a special commodity, has a close relation with the status of countries in the world stage . When the food supply is in shortage, the country which owns the food and the right of controlling food sales will have more rights to speak and to make decision. The United States ,as the most major country of food export in the world , once has threatened to control some political rights of Latin America, North Korea and other developing countries by the right of controlling food products.If the domestic supply is inadequate,China, as the largest food-consuming country in the world , inevitably will have to seek assistance from the international market ,.If various countries all over the world are in emergency of food shortage ,no doubt ,they will prohibit food export, then ,food will not

1 <http://www.Chinafoods.cn/news.gutTrain.aspx?newsID=424353>

been bought in the market . In the 70's ,some countries ,including the former Soviet Union and Japan, have experienced the dilemma.

Under the condition that the development between developed countries and developing countries is non-equilibrium, the essence of modern imperialism is to export capital .¹ The essence of capital is to obtain more surplus value ,the prices of agricultural products in developing countries is low , the developed countries not only can obtain a residual value, but also can achieve economic control to developing countries easily. And then the developing countries will become pathetic lambs which will be slaughtered at anytime Food security will directly influence economic security and political security of a country , and has a close relation with the future of a country .In China, a country with large food consumption , food security not only is to guarantee a stable growth of food output and the adequate food supply , but also is to pay more attention on monopoly control from transnational capital and some major food-exporting countries.

Defending the adverse effect brought by international capital and protecting domestic food market to ensure food security

Under the background of economic globalization, to ensure food security ,it is very necessary not only to ensure the stability of food supply , but also to take positive measures to defend the malicious manipulation taken to the domestic food market by international capital :

i. Actively ensuring domestic food supply:

(1) Ensuring the minimum of 18 million mu arable land . Food production is a organic unity of agricultural production and the natural reproduction and is based on land-output .It is not impossible to increase output continuously without the adequate land resources. A strong market demand of rural arable land emerges .Due to the rapid development of industrialization and urbanization ,in order to ensure the steady growth of food output, we must firstly ensure enough arable land. To achieve this, effective measures must be taken :(1) Taking strict and rational policies of using land .The effective use of scarce resources just like land must be protected by law .(2) Ensuring a rational balance between arable land occupied by urbanization and cultivating land ,at the same time when the land occupied by urbanization is increasing year by year , every year enough area of arable land must be ensured .Ensuring arable land resources needed by the steady growth of food output .

(2) Continuously improving the food output of per unit field. Increasing the state's

¹ Samir Amin (Egyptian,1931-),Unequal Development ,established in 1990,commercial press ,page 328.

financial support to develop the agricultural infrastructure , to develop agricultural science and technology, and to promote the food production. At present, in developed countries ,the transformation rate of the research result taken by the development of agricultural scientific technology has reached 80 - 85% , while in China ,the rate is only 35 % ,there is still a great gap . Under the condition that the changes in the area of land is not very obvious ,scientific and technological innovation has become an key point to improve output . The continuous increase of total output ,with the population rising ,greatly depends on scientific and technological innovation, and the transformation of agricultural achievements brought by science and technology .

Strictly restricting the demand of secondary sector for food .

(1) Gradually reducing the projects changing food into bio-energy . The projects changing food into bio-energy ,have being brought a great growth of food demand .In recent years ,in order to get much value-added, the domestic food demand from the food-processing industry sectors is also increasing. The more industrial processing projects occur , the more pressures of food demand exists . At the same time when the value is upheld greatly in the market economy ,national macro-control departments should strictly control the new bio-energy projects changing food into bio-energy, Radically reducing the excessive food demand from industry sectors.

(2) Reducing food export , fighting against the food smuggling . In recent years ,food export is decreasing year by year ,so it is necessary to adjust the structure of food import and export to meet the urgent demand of food variety structure in domestic market. And positive measures must be adopted to prohibit food smuggling, and to control the growing tendency of food smuggling . At the same time , active measures should be taken to raise the prices of agricultural production ,on the basis of the balance of price ratio between domestic agricultural and industrial products , and to cut off the resources of smuggling of agricultural products .

Actively resisting the market control from the international capital groups

Nowadays, global food crisis is spreading rapidly ,so it is necessary to resist the monopoly control of several varieties of Chinese food ,the control has been given to China by international capital group, and it is also necessary to regard the resistance as a strategic task. Providing timely early crisis warning through windows for overseas,for example customs. Exactly and flexibly grasping the changes of information about international and domestic food market .Taking rational policies and enlarging financial investment to support the domestic key food enterprises .Forming a protection system to achieve food security , to resist malicious manipulation given to chinese food market by International Capital Group , and to ensure chinese food security.

In China, on the basis of the situation of food supply and international trade during the

30 years of reform and opening-up, in order to ensure the food security ,it is so necessary to work out and persist in important principles : " Actively ensuring self-supply in domestic market ; rationally and effectively taking advantages of international market ; firmly resisting the market monopoly from international capital group" .Undoubtedly , it is also important to take active efforts to solve the problems and to melt the crisis before it works ,it is not only an urgent demand of 1.3 billion chinese people ,but also a great contribution made by China, a country with a large population, to international society.

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