

The Evolution of China's Food Coupons from the Rise to the Exit of the Historical Stage

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ABSTRACT

After the founding of New China, the food shortage situation remained severe. To ensure the production and supply of grain, food stamps were issued, which kicked off the use of food stamps in the era of planned economy. In developing and evolving, the controlled procurement and distribution system and the food coupon system once faced a crisis when the relationship between the state and farmers showed an "imbalance" anomaly. In this connection, the state made multiple adjustments to the controlled procurement and distribution policy, with an approach focusing on resolving the crisis while adhering to the controlled procurement and distribution system as the main direction of reform.

KEYWORDS

Food coupons; Controlled procurement and distribution; Planned economy era; Food crisis

1. INTRODUCTION

Food is the first priority for the people, and grain is the main food. Food stamps are vouchers for purchasing food. After the founding of New China, the food shortage situation remained severe. In order to ensure the production and supply of grain, based on the unique circumstances at that time and under the guidance of central policies, food stamps were issued, which kicked off the use of food stamps in the era of planned economy. In October 1953, Chen Yun, then Vice Premier of the Government Affairs Council, said at a meeting that the current national grain supply situation was very serious, and some major grain-producing areas had failed to complete grain procurement tasks, and grain was related to the people of the country, especially urban people. As a practical securities, food stamps have been used in China for more than 40 years. Grain is an important material related to the national economy and people's livelihood. When a country carries out large-scale economic construction, it must carry out macro-control and unified adjustment of grain.

2. CONTROLLED PROCUREMENT AND DISTRIBUTION SYSTEM AND FOOD COUPONS IN THE PLANNED ECONOMY ERA

2.1. Originated from the "Imbalance" of the Relationship between the State and Farmers

From 1950s to 1980s after the establishment of the People's Republic of China, the emergence of the food coupon system was closely related to the controlled procurement and distribution policy, which was established in 1953 and abolished in 1985, with far-reaching and profound impact. The basic "incentive" for implementing the System was that in the early days of the founding of New China, it

was still in the stage of economic recovery, and the industrialization process, especially the construction of heavy industry, became the focus of the country in the economic field. In addition, factors such as private hoarding of grain and the food crisis in the summer and autumn of 1953 affected the situation where the supply of main agricultural products such as grain failed to meet the demand. It was in this context that the country adopted the System based on the overall needs of economic development, through which, rural economies were integrated and incorporated into the framework of the national economy. Therefore, the actual need for the state to coordinate the economic and social development of urban and rural areas was the main reason for the derivation and development of the System. The integration and policy guidance of the country should be regarded as the driving force to realize the reshaping of the rural circulation system by the country, and to effectively accumulate agricultural and sideline product information, providing a strong guarantee for the industrialization process. Indeed, it was a system implemented by the country based on the overall needs of national economic development during a specific historical period.

It is well-versed that in the traditional small-scale agricultural economy, there was little intersection between the state and the farmers, as famous historian Huang Zongzhi stated: “The main channel for the state to have a relationship with farmers is through landlords and gentry, and ordinary farmers have almost no direct contact with the government except in terms of taxation, litigation, and cases” [1]. Rural society is relatively closed, and the System in the circulation of agricultural products, as well as the movement towards people's communes in the governance model of rural areas, greatly monopolized the production and circulation of rural society. With the System, the country managed to control over the circulation field in rural areas but the question was that to what extent the vast majority of farmers could understand. On the one hand, farmers had long lived in relatively closed rural communities, and adhered to traditional social and economic beliefs. Therefore, Chinese farmers were still in a traditional small-scale agricultural society and had a strong dependence on land and agricultural products, considering grain and other main agricultural products as important sources of their own and their family's survival with the mentality of “settle at ease if there's food”. They initially considered more from their own class interests, making it difficult for them to adapt and accept at first. On the other hand, in certain regions, there had been deviations in implementing the controlled purchase policy. There were biases in promoting the policy, and even distortions of the food purchase system. Coercive measures had been taken, and there had even been instances of illegal and disorderly behavior, leading to tense rural interpersonal relationships and changes in farmers' values. This change mainly manifested in two aspects of relationships: the relationship between cadres and the masses, and the relationship between the masses themselves. At the first level, mainly due to some places not completing or over-fulfilling the requisition task, some unsuitable methods were adopted in the requisition process. This inevitably caused tension in the relationship between the cadres and the appearance of a lack of coordination between the two parties, and the masses both feared and resisted the cadres. Cadres received complaints and isolation from the masses, which was not conducive to implementing the System. At the second level, the relationship between poor peasants and middle peasants was significant. Among the middle peasants, there were some households with surplus grain, but in the context of the severe shortage of food at that time, some people deeply resented their “wealth”. For example, a farmer from a village in Yongqing County, Hebei Province, said: “There are six big capitalists (large tenant households) in our village. Can't they be rectified?” This triggered conflicts among the masses, and tensions had also arisen in some relationships among the masses. In fact, this was due to the scarcity of grain and other materials in our country, as well as the rural social phenomenon caused by the wealth gap among farmers. In addition, some farmers' values had also changed, as a farmer in Hunan province once said, “Eat, eat”. In two days, there would be no food left. Some farmers also believed that the Government always loved the poor, and the rich were never as good as the poor [2]. It is known that diligence and frugality have always been traditional virtues of the Chinese nation, and in the traditional rural society, many farmers have maintained a diligent and simple style. Then after the implementation of the System, why did some farmers have such thoughts and actions? According to the author's analysis, the main reason was that

farmers did not correctly understand the System, mistakenly believing that once their grain was purchased by the state, they would have no food to eat, so they wanted to “eat and drink extravagantly”. They mistakenly thought that the Government always loved the poor and couldn't understand the difficulties of the country at that time, which also had a lot to do with the improper work and inadequate propaganda of some cadres at that time. It thus can be seen that the drawbacks of this System had become increasingly prominent in the implementation process.

With the implementation and promotion of the System from 1953 to 1958, although there was some bargaining between the state and the farmers within the framework, the farmers were adapting to and accepting it. It was reported that the average grain production from 1959 to 1961 was 307.3 billion catties, a decrease of 21.2% compared to 1957 [3]. While processed food was extremely underdeveloped at that time, the sudden significant reduction in grain production had an obvious impact on the production and life of the people, creating a tense and uneasy atmosphere in rural areas. What's worse, the “high procurement and exaggerated wind” also sparked dissatisfaction and resistance among farmers. According to the data, the grain production in 1958 increased by only 2.5% compared to 1957, but it was exaggerated to increase by 70% to 80%, even doubled. As a result, the grain procurement in 1958 increased from 96.08 billion kilograms in 1957 to 117.52 billion kilograms, an increase of 22.3% compared to the previous year [4]. Imagining that under the influence of exaggeration, the production of grain and major agricultural products, which only saw a slight increase, was magnified into a significant increase, then when farmers needed to contribute more grain for centralized purchase, how much “food” could they have left for themselves? This would inevitably intensify the dissatisfaction and resistance of farmers towards the system. In addition, the increasingly intensified phenomenon of concealing production and privately dividing it during the “Great Leap Forward” period was another important factor. In February 1959, Mao Zedong pointed out: “Moreover, almost everywhere in the country, except for a few disaster areas, there has been a widespread phenomenon of concealing production and dividing it privately, causing a shortage of food, oil, pork, and vegetables” [5]. Why did it happen? Tracing back, the System was a state-controlled administrative measure for the purchase and sales rights of major agricultural products such as grain. Since its implementation, there had been a game between the state and farmers, resulting in a situation where rural society had both positively responded to and resisted the controlled procurement and distribution system, eventually reaching a temporary balance. But during the “Great Leap Forward” and the Three Years of Difficulty, this temporary balance evolved into imbalance. The System was facing a crisis in its implementation and operation.

2.2. Strategy Adjustment and Crisis Resolution

As mentioned earlier, the country proposed adjusting the policy of controlled procurement and distribution, based on the food problems and implementation crisis faced during the “Great Leap Forward” and the Three Years of Difficulty. Adjustment was a dual need for both the country and farmers, but the basic idea of adjustment reveals that adjustment did not mean the abolition of the System, but rather a reform with the main focus on resolving the crisis while adhering to this System, while the specific measures of adjustment mainly revolved around the reduction of the state's grain procurement quantity and increasing production, and during the process of resolving the crisis, there had been subtle changes in the relationship between the country, farmers, and rural society.

Looking back, as early as September 12, 1953, Mao Zedong put forward “great benevolent governance”, meaning to support national industrial construction by increasing agricultural taxes [6] 104. Although Mao Zedong did not directly mention the implementation of the System, there is no doubt that he provided clear guidance for solving this problem and laid the political foundation for the establishment and operation of the System. It is precisely because of this that the System was not just an economic institution, but had been elevated to the level of supporting the needs of national construction and the resistance against the US and aid to Korea, and it inherently had a strong “political color” and must inevitably utilize the factor of national integration. During the period of

national economic adjustment from 1961 to 1965, the country implemented top-down reforms to reposition the system and achieved a new purchasing and sales structure based on the principle of “buying and selling less”. This reform reflects a new type of adjustment and integration of rural social governance by the country, with the ultimate goal of resolving the crisis. As Li Xiannian said, “Reducing purchases and sales is a positive policy that has been explored in the process of overcoming food difficulties. In the future, we should continue to implement and execute”[7]. How can we master the principle of buying and selling less in practice? This principle mainly includes two aspects. One is that “buying less”, which was not about purchasing as little as possible compared to “high requisition by purchase”, but about controlling it within a reasonable range and proportion of purchasing. Then “Selling less” refers to the need to compress sales under the premise of reducing the amount of procurement, but the field and scope of “Selling less” needed to be reasonably determined. Second, the quantity of purchases and sales was in a dynamic trend determined by the output and development trend of main agricultural products such as grain. It was to reasonably determine the quantity of purchase and sale based on the amount of production, rather than simply buying less and selling less in an absolute sense. In fact, in the second half of 1963, as the food situation improved, the national policy of buying less and selling less changed to buying more and selling less or only buying without selling. Another concern of the farmers was the previous belief that “buying grain without limit, increasing production without benefit” existed. Just as some farmers said during the early stages of the policy, “What are we supposed to do? It's better not to do it. If you do more, you will sell more in the future and you don't have to worry about not doing it. It's more convenient”. Some people also reflected: “The country has fixed the amount of grain needed, even if the task is larger, it can be agreed upon. They understand it in their hearts and have no worries”. So, was it necessary to fix the quantity and variety of grain procurement for a long period of time? According to the author's analysis, long-term fixation has both positive and negative effects: on the one hand, it was beneficial for mobilizing farmers' production enthusiasm. After they clearly knew the quantity of the government's procurement, if they wanted to obtain more surplus food resources, they must actively produce, which would help increase the overall national grain production. On the other hand, long-term fixation made it difficult for the country to adjust according to specific conditions in different years, and there were also issues such as the difference in harvests between good and bad years for farmers, so it was not suitable for long-term fixation.

Then, how to crack this difficult problem? In 1962, Li Xiannian reported to the central government, stating that under the overall principle of considering the interests of the country, collective, and individuals, the procurement task should be fixed for a certain period of time at a certain level [8]. This approach took into account the combined effects of both the “fixed” positive and negative aspects. Subsequently, the country introduced the “fixed three-year” regulation, stating: “Starting from 1965, the grain procurement quota for production teams will stabilize, with a review every three years. It will be fixed for three years and will not change within that period”. Then, did this mean that the procurement quota set by the country for three years becomes a fixed number? If so, then obviously the issue of the difference in harvest between good and bad years for farmers had not been considered. The concept of “fixed three-years” involved two aspects: change and unchange. The term “unchange” refers to the fixed base determined under normal conditions, while “change” refers to adjusting the annual targets based on the actual production of major agricultural products such as grain. In abundant years, the targets were increased from the fixed base, while in lean years, the targets were appropriately reduced. In other words, there was flexibility within the fixed targets.

In this way, the country aimed to solve the food problem and resolve the crisis of centralized procurement and distribution. At the policy level, the shift was from large-scale purchases and sales to reduced purchases and sales, and from high procurement to a “fixed three-year period” based on reasonable benchmarks. As a result, a new purchasing and sales structure was formed, which reorganized the rural economy, especially in the circulation field, and to some extent eased the tense relationship between the state and farmers. However, this adjustment of purchasing and sales policies did not cover market factors. Therefore, what were the adjustments to price and market factors? It is

known that the country used the controlled procurement and distribution system as a carrier. On the one hand, it implemented controlled purchase of main agricultural products such as grain. On the other hand, it implemented controlled planned supply of grain for industrial and commercial use and urban residents in cities, and gradually closed the “free market” and prohibited private commercial purchase activities. In this way, it almost occupied the entire grain market through the controlled procurement and distribution system, controlled the circulation system by controlling the purchase links of main agricultural products such as grain, closed the “free market”, and formed a state monopoly. Therefore, with the advancement of the socialist transformation in 1953 and the implementation of the controlled procurement and distribution system, the rural free market showed an increasingly shrinking trend. As Mr. Wu Chengming, an expert in economic history, said: “First, the shortage of agricultural and sideline products led to the implementation of controlled procurement and distribution of agricultural and sideline products by the state, which greatly reduced the number of goods in the rural free market. Second, the rapid advancement of socialist transformation led to the gradual decline of individual and private market entities that were the mainstay of the free market” [9]. In fact, around 1956, the rural free market was briefly opened, but soon it was almost closed. After experiencing the “Great Leap Forward” and the Three Years of Difficulty, the country appropriately opened up the grain market. In 1962, the “Decision on Food Work” proposed: “The country will start issuing purchase tasks to production teams that have completed the purchase tasks but still have surplus grain, and at the same time purchase grain that has fallen on the market, and encourage the sale of grain”. Indeed, the appropriate opening of the grain market as a supplementary policy was originally intended to change the overly rigid system in the commercial circulation field and make up for the deficiencies of the controlled procurement and distribution system. However, this opening must adhere to two principles: first, it must be an appropriate opening under the premise of adhering to the controlled procurement and distribution system, with limited scope and types of agricultural products being opened; second, the transaction prices in the open market were not completely determined by the law of value, but based on a system of purchase and sale through negotiation. But this ultimately opened a breakthrough in the system chain of unified procurement and sales, accumulating experience for the market-oriented operation mode.

2.3. Positive Role of the Controlled Procurement and Distribution Policy

The policy of controlled procurement and distribution was formulated by the state to solve the food crisis at that time, which, in the actual implementation process, not only alleviated the food crisis, but also played a positive role in many aspects. First, the implementation of controlled procurement and distribution has maintained price stability. Price stability means that the country can maintain a basic balance between fiscal revenue and expenditure, in order to realize large-scale investment plans for industrial construction. The results of the controlled procurement and distribution of grain, cotton and edible oil were obvious: in the first month of implementing, the situation of the country buying less and selling more began to be reversed, and the grain purchase in this month increased by 38% compared with the same period in 1952. In the fiscal year of 1953-1954, the national grain procurement increased by 80% compared to the previous year, but sales only increased by 33%, which changed the serious imbalance of domestic sales exceeding purchases in the fiscal year of 1952-1953. By June 1954, the national grain reserves had increased by 50% compared to the same period last year. In 1954, some provinces experienced serious disasters, mainly floods. Due to sufficient food supply in the country, the price of grain has remained stable in the disaster-stricken areas [10]. Chen Yun expressed that controlled procurement and distribution are important measures for stabilizing prices and related conditions: “Planned purchase and supply of grain, oil, cotton, and cotton cloth is undoubtedly a major measure, which relates to the most important issues of food and clothing in the lives of the people across the country, as well as many aspects of our urban and rural economic life. Planned purchase and supply are necessary for our country's current situation” [11]. Only by adopting this method could we ensure the growing needs of the Chinese people's livelihood, stop speculation activities, ensure the stability of market prices, and enable the smooth implementation of the first

five-year plan for the development of the national economy. If the price of grain rose, it means that the prices of other products would also rise. As a result, urban residents' wages must be adjusted upwards, which means an increase in government spending. If the expenditure in this area increased, the investment in industry would decrease, which would directly affect the country's industrial construction, which was absolutely unacceptable. Due to the implementation of controlled procurement and distribution, during the "First Five-Year Plan" period, although the national economy maintained a high growth rate, with an average annual increase of 11.3%, the increase in prices remained at a relatively low level, at only 1.1% [12]. Price stability ensured social stability and provided a favorable social environment for the upcoming large-scale economic development.

Secondly, controlled procurement and sales made significant contributions to the industrialization of the country. The period from 1953 to 1957 was when China implemented its first five-year plan with the top priority to prioritize the development of industry, especially heavy industry. The funding and raw materials needed for industrialization were urgent issues that need to be addressed. At that time, the biggest national condition in China was a predominantly small-scale agricultural economy, which determined that the only solution was to accumulate from the countryside. Mao Zedong, the then President of the country, expressed his thoughts in this way: "In order to complete the large amount of funds needed for national industrialization and agricultural technology transformation, a considerable portion of it must be accumulated from the agricultural sector". In addition to direct agricultural taxes, the development of light industry to produce a large amount of daily necessities needed by farmers, using these things to exchange with farmers' grain and light industrial raw materials, not only meets the material needs of farmers and the country, but also accumulates funds for the country" [6] 182. At that time, Chen Yun, who was in charge of the national economic work, also said: "China is a large agricultural country, and investment in industrialization cannot ignore agriculture". The controlled procurement and distribution system was precisely to meet the needs of industrial capital accumulation. The essence of using the system of controlled procurement and distribution to accumulate for industrialization was essentially relying on the power of the state machinery and the method of administrative orders to achieve the "price scissors" in the prices of industrial and agricultural products. In real life, when purchasing agricultural products, there is a strong effort to lower prices, while artificially raising prices when selling industrial products, causing losses for farmers in both buying and selling processes. The lower the price of agricultural products, the higher the price of industrial products, the greater the distance between the two, just like a pair of open scissors. Therefore, it is called the "price scissors" in the prices of industrial and agricultural products, which is actually a kind of "hidden tax". In addition to paying public grain, farmers also paid "hidden taxes" when selling agricultural products and purchasing industrial goods to the country. According to statistics, from 1952 to 1990, China's industrial construction mobilized about 1 trillion yuan from agriculture, accounting for about 22.4% of the total accumulated national income, with an average of nearly 25 billion yuan per year. During the entire period of the People's Communes, Chinese agriculture provided 530.3 billion yuan in funding for industry, averaging a staggering 21.2 billion yuan per year [13]. During the period of the People's Communes, a total of 419.8 billion yuan of agricultural surplus funds were taken away from the agricultural sector through the form of "price scissors", with an average of 21 billion yuan per year, which was equivalent to each agricultural laborer providing the country with 1,589 yuan, or an average of 63 yuan per person per year. Controlled procurement and sales provided a large amount of funds for the development of China's industry, solved key problems in the industrialization process, effectively promoted China's industrial construction, and made indelible contributions to the industrialization of New China.

2.4. Negative Impact of Controlled Procurement and Distribution Policy

Controlled procurement and distribution played a positive role in many aspects, promoting the development of the Chinese economy. But during its 32 years of existence, it also had a certain

negative impact, and for a period of time afterwards, the government still needed to make unremitting efforts to eliminate this influence.

First, the controlled procurement and distribution system strengthened the urban-rural dual system, to some extent causing poverty and backwardness in rural areas. One important aspect of implementing the policy of centralized procurement and sales of grain was to do a good job in the fixed sales work in cities, which required accurate population data as the basis for food supply. There was a certain gap between urban and rural areas in China. In the early days of the founding of the country, driven by economic interests, many farmers began to continuously enter the cities. At that time, a relatively lenient household registration system was in place, so these rural migrants entering the city were registered as urban residents.

Implementing centralized procurement and sales of grain required strict control of urban population, because an increase in urban population meant an increase in national supply. One of the most effective measures was to restrict the inflow of rural population into cities. As a result, the country increased legislation to restrict freedom of movement, and a series of related laws and regulations were enacted, including the “Instructions on Discouraging Farmers from Blindly Entering Cities”, “Instructions on Preventing Blind Outflow of Rural Population”, “Supplementary Instructions on Preventing Blind Outflow of Rural Population”, “Notice on Preventing Farmers from Blindly Entering Cities”, and “Instructions on Stopping Blind Outflow of Rural Population”. A series of identification documents emerged as a result: citizen's card, birth certificate, death certificate, travel permit, and so on. From these notification instructions, it can be seen that the government had done a lot of work to restrict the rural population from entering the cities. However, these legal provisions had not had a good effect, and the urban population continued to increase. As a result, the “People's Republic of China Household Registration Regulations” were introduced, which explicitly stipulated: “Citizens moving from rural areas to cities must hold an employment certificate from the urban labor department, an admission certificate from a school, or a permit from the urban household registration authority to apply for relocation procedures at the local household registration authority” [14]. Thus, the avenues for farmers to become urban residents became very limited, with almost no other options besides pursuing further education. The household registration system had become a fixed pattern, continuing to this day.

The controlled procurement and distribution system and the household registration system were interdependent. The controlled procurement and distribution guaranteed the purchase of agricultural products from rural areas to meet urban supply, while the household registration system achieved the goal of controlling urban population growth by restricting free migration (including restrictions on rural-to-urban migration, conversion of agricultural population to non-agricultural population, and free migration from small and medium-sized towns to large cities). Urban residents enjoyed various preferential policies provided by the state, such as grain and oil supply, employment, pension insurance, and free medical care. However, farmers not only could not enjoy these policies, but were also strictly bound to the land for agricultural production, providing surplus products and even food for the country's industrialization and urbanization. With the passage of time, the negative impacts of this system became increasingly apparent: artificially widening the income gap between urban and rural areas, imbalanced consumption levels between urban and rural residents, lack of equal identity recognition, lagging urbanization, and unreasonable division of labor, all directly affecting the development of China's economy and society.

Secondly, the controlled procurement and distribution suppressed the enthusiasm of farmers for production and had a negative impact on agricultural production. Bo Yibo once pointed out: “The main drawback of the controlled procurement and distribution system is that it restricted the role of the law of value in agricultural production and the operation of agricultural products, thus inevitably affecting the enthusiasm of farmers' production and the implementation of economic accounting in industrial and commercial enterprises. Because the system had severed the connection between farmers and the market: what to grow on the land was not based on market information; farmers had

no autonomy in processing their own products, and even if there was surplus, they could not sell it on the market, which eliminated the stimulating effect of the law of value on agricultural production” [15]. This problem became apparent during the “Fifteen-Year Plan” period, and became even more obvious after 1958. Farmers did not have any connection with the market. On one hand, they did not know what the market needed, and on the other hand, they did not have the right to sell their own products. The law of value did not play any role in this production-sales process. Farmers' production enthusiasm had been greatly affected, and the improvement of agricultural production level was also extremely limited, while the rural situation continued to deteriorate. Under the constraints of many factors in the planned economic system, the country also shouldered a heavy burden and there were a large number of losses. Since the implementation of the controlled procurement and distribution system, it had been difficult for farmers to even solve their own food and clothing problems. Liu Shaoqi did not shy away from this reality: “There is a contradiction between the amount of grain needed by the country and the quantity that farmers are willing to sell, and this contradiction is quite sharp. If according to the will of the farmers, they would only be willing to sell the surplus grain to the country after they have eaten enough themselves. If we let all the farmers eat their fill before the state requisitions their crops, then we city dwellers, including workers, teachers, scientists, and others, will have nothing to eat. Without food, we cannot achieve industrialization, and our military will have to shrink. We will not be able to build up our national defense” [16].

3. WITHDRAWAL OF FOOD COUPONS

After the Third Plenary Session of the Eleventh Central Committee, with the reform and opening up, the supply of goods gradually became abundant, and the commodity market began to become active. The once strict ticket system become increasingly relaxed, and the country gradually reduced the scope of quantitative allocation of consumer goods. By 1983, the only two items that were supplied in limited quantities by the state were grain and edible oil.

And in the Shenzhen Special Economic Zone, this system was also implemented in the early stages. At that time, people had to buy rice with their household registration or food coupons, and the quantity was very limited. A few months after the establishment of the special zone, the population suddenly swelled from over 20,000 people before the establishment to several hundred thousand people. A large number of construction workers and other personnel came in. There was not enough food food, and some people did not even had food coupons, so they had to buy expensive food from the free market. Due to the restrictions of food coupons, many people were forced to return to the mainland at that time.

In 1984, after more than two years of experimenting with price system reforms, Shenzhen became the first city in China to abolish all coupons and open up the supply of commodities such as grain, pork, cotton, and cooking oil, with prices being set freely. At that time, the new policy had not been implemented yet. After the news spread, the people of Shenzhen, who were used to “coupon days”, panicked and lined up at the grain station to buy food. They were all worried that if the habit of buying food with coupons for decades was broken, there would be no food to buy and everyone would go hungry. However, the fact proved that due to the promotion of reform and opening up, the role of price mechanism and supply-demand balance mechanism had been played. After Shenzhen abolished the food coupon supply system, there was no major disturbance. A citizen said, “I didn't expect that after the cancellation of food coupons, not only can we still buy food, but it's also especially convenient to buy things, and we can choose different qualities based on our own economic level!”

In the second year after the cancellation of food coupons in Shenzhen, namely 1985, the country also abolished the agricultural product controlled procurement and distribution system that had lasted for more than 30 years, greatly stimulating the enthusiasm of farmers for production and enriching the “rice bags” and “vegetable baskets” of urban residents. The dietary structure of urban residents also

changed. With three meals a day, there were more side dishes and less staple food. At this time, almost every household has a surplus of food coupons.

In May 1991, Guangdong and Hainan were the first to implement the reform of equal purchase and sale prices for grain. On April 1, 1992, the government decided to implement this reform nationwide. In October 1992, after the 14th National Congress of the Government of China established the goal of reforming the economic system to establish a socialist market economy, various regions across the country successively liberalized the prices of grain and other products, implemented the policy of unified purchase and sale prices, and promoted the integration of grain production and marketing with the market.

With the continuous advancement of reform and opening up, the lifting of grain prices has activated the circulation of other commodities, promoted the production enthusiasm of farmers, significantly increased grain production, and fully satisfied the material needs of the people. In 1993, the supply of grain and oil was opened up, and ration coupons became obsolete, officially declared to be discontinued.

4. SUMMARY

The controlled procurement and distribution system and the food coupon system, having exerted positive effects since the establishment of New China, including alleviating the food crisis, maintaining price stability, and making great contributions to the early industrialization of New China, nevertheless, also caused negative effects like strengthening the urban-rural dual system, to some extent exacerbating poverty and backwardness in rural areas, and suppressing the production enthusiasm of farmers. With the advancement of reform and opening up, goods became abundant, the commodity market turned active, the once strict ticket system began to loosen. It was in 1993 that the supply of grain and oil was opened up, driving it to exit the stage of history.

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