

## Conclusions

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Chinese rural households are able to meet most of their basic nutritional requirements at minimal expense by consuming self-produced food, mostly grains and vegetables. This self-sufficiency strategy frees up scarce cash for expenditures on housing, school fees, and other nonfood expenditure items. Even well-off rural households self-supply a large portion of their food. Self-sufficiency may be a rational response to the lack of cash income and limited access to retail food markets in rural China.

Now that rural households are entering the mainstream of the Chinese economy, they are becoming less reliant on subsistence food production. This study finds that households reduced consumption of self-produced food and increased purchases of food at a rate faster than can be explained by income growth or changes in other household characteristics during the late 1990s and early 21<sup>st</sup> century.

The reasons for the shift away from self-produced food consumption are not clear. The development of markets cited by Huang and Rozelle, including improved transportation infrastructure and the opening of rural supermarkets and restaurants, could be contributing to the shift. The increased migration and travel of rural persons probably also promotes cash food expenditures, especially consumption of food at work sites and cafeterias. Increasing ownership of refrigerators, other kitchen appliances, and availability of electricity are also hastening the shift away from subsistence. Declining consumption of self-produced grain could partly reflect farmers' shift away from grain production toward cash crops as rural households have been given greater freedom in choosing what to plant.

China's transition to commercialized food consumption may have been especially fast due to its unprecedented rapid economic growth (8-10 percent annual GDP growth since 1978), market liberalization, infrastructure development, and increasing integration between the rural and urban economies. In contrast, it is interesting to note that self-sufficiency in food production increased in some Eastern European countries following their transition from central planning to market economies in the 1990s (Kostov and Linguard). This may have been a rational response to deteriorating economic security (high unemployment and inflation) and distribution of land from large state farms to individuals during this period.

In the 21<sup>st</sup> century, it is likely that self-production of food will diminish and commercialization of rural food markets in China will continue. This will bring tens of millions of consumers into the global food system and put more agricultural commodities into formal market channels. While the impact of each farm household's increased cash food expenditure is small, the vast size of the rural population means that commercialization will have a significant impact on world food markets.