

# On Determining Prices by combination of Various Methods

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Work manual of how to work out the Consumption Price Index of China stipulates the ways to investigate and determine consumption prices of our country. However in practical work, we often meet with a lot of problems difficult to cope with and the methods stipulated in the work Manual own not meet the urgent need of determining prices accurately on time. In order to solve the above problems, we must adopt the following methods:

## **I Combination of quality & price.**

Each kind of commodity has its own attribute, such as quality and quantity when quality keeps unchanged, commodities have their common change: the change of volume and area, related to the change of price. Under normal conditions prices and quantity are in the direct ratio. So we can determine prices from this aspect.

## **II Method of conversion.**

The quantity of commodities displays by many indexes, for example: volume, area, weight, amount, rate, length, diameter etc. When quality remains the same, quantity reflected by various indexes and relevant change of price can be worked out by conversion.

This method can be used to those commodities with quantity as the main index such as farm produce, non-staple food, processed products and things for daily use. There are two advantages for using this method: first, the whole process of the change can be reflected with the accurate record of any middle-process changes; second, theoretical explanations exolanatios can be made from the quantitative change.

## **III Zndirect Survey alethod.**

Qualitative change is very complicated. Being familiar with the attributes of various commodities can help find the law of qualitative change. Zndirect survey method can be used to solve the problems of lack of prices and false prices.

This method is suitable for local produced food such as candies, pastry, and ice cream etc.

## **IV Survey of ingredients.**

Some so-called new products go on market with high prices. Infact, there is only a little change in the formula. At this time it's very difficult to check the false prices. Through the method of survey of ingredients, we can figure out the cost of new ingredients in products, therefore we can determine the prices.

## **V Finding the Reason for lack of prices.**

There exists the problem for some kinds of commodities lacking prices. For some unsolvable goods,

apply for the removal of them. For some farm produce in dead season, leave the blanks. For some industrial goods in off season, fill in the blanks with previous prices we should find the reasons for lack of prices, and adopt different ways to deal with different commodities.

#### **VI Direct Observation.**

When the same kind of commodity in the same market is found to have different prices, we should determine prices either by highest price, middle price or the lowest price.

#### **VII Registration of Bills.**

For some commodities, the investigated companies provide false prices different from them on bills. For example, running water, sewing and checkup of watches. Determining prices according to bills may be better.

#### **VIII Object Comparison.**

For problems that can not be solved by the seventh, we can use object comparison. The first one is representative photo comparison. The other is representative object comparison.

#### **IX Fixed time; Place and times.**

Determining prices in fixed place means investigate and determine prices in regular fixed places in a period of time; Determining prices in fixed time means investigate in fixed date and with regular interval. Determining prices in fixed times means determine prices with fixed times, once a week, twice a month etc.

#### **X Focal investigation.**

Focal investigation is the method to determine prices by choosing a part of a particular goods and putting more time on its investigation. When to use focal investigation and what kinds of goods can be investigated focally? We should make a concrete analysis of concrete conditions.

#### **XI Statistics, Sample survey.**

For some special kinds of commodities, we can't determine their prices by methods above for example, tuition. The price of tuition got from schools can no more reflect the average tuition price in the whole city than the price got from education bureau. By statistics sample survey of 300 families, that is to divide the total amount of tuition by the sample families' students number, we can get the average tuition price and the fluctuation of it. Prices of child-care fee, liquefied petroleum gas and vegetables stored for winter can be obtained through this method.