

REGULATING MARKET ORDER IN CHINA:  
ECONOMIC IDEAS, MARGINAL MARKETS AND THE STATE

A Dissertation

Presented to the Faculty of the Graduate School

of Cornell University

in Partial Fulfillment of the Requirements for the Degree of

Doctor of Philosophy

by

Matthew Glen Ferchen

January 2008

© 2008 Matthew Glen Ferchen

REGULATING MARKET ORDER IN CHINA:  
ECONOMIC IDEAS, MARGINAL MARKETS AND THE STATE

Matthew Glen Ferchen, Ph.D.

Cornell University 2008

Both inside and outside of China, debates rage about the capacity of the state to effectively govern the economy. In the West, those who claim that the Chinese state is rapidly improving its ability to effectively regulate the expanding market economy face off against those who insist that economic liberalization has ushered in a period of deteriorating state capacity to control those very market forces the state itself has unleashed. Within China, a similarly contentious debate over how the state should best govern the economy pits neoliberal champions of naturally orderly market forces against New Left critics who call for strong central state authority to rein in unregulated markets.

I argue that any understanding of Chinese state capacity remains incomplete unless the crucial role of “market order” as a concept of governance is taken into account. Market order refers to the balance between markets as the primary engine of economic growth and the maintenance of economic, social, and political stability. Any measure of state capacity must be judged relative to the goals the state itself promotes. I argue that the state’s capacity to maintain market order, especially over certain markets within the so-called “informal economy,” involves unexpected combinations of strength and weakness. Furthermore, because maintaining market order is promoted as one of the state’s key goals, it is key to state legitimation efforts. The very ambiguity of market order makes it a powerful tool of governance at different levels of politics and the economy. However, that same ambiguity played a

part in one of the state's own regulatory institutions becoming a threat to these larger legitimation efforts.

This dissertation also presents detailed empirical evidence of Chinese state-economy relations based on the relationship between street vendors and the local City Appearance Administration in the city of Nanjing. The findings presented in the dissertation are based on three years of field research in China, including over 250 formal and informal interviews with government officials from central "Leading Groups" all the way down to local "street offices," with academics and leading intellectuals, and with street vendors and small business owners.

## BIOGRAPHICAL SKETCH

Matt Ferchen was born in Conrad, Montana on March 9, 1971. He graduated from Cheyenne Central High School in Cheyenne, Wyoming in 1989. He then attended the University of Puget Sound in Tacoma, Washington, graduating magna cum laude with a major in Politics and Government in 1993. After spending a year as a volunteer in Cuenca, Ecuador he studied for his master's degree at the Johns Hopkins School of Advanced International Studies (SAIS) in Washington, D.C, graduating in 1997. After graduating from SAIS, he enrolled in the Ph.D. program in Government at Cornell University in the fall of 1998. While a Ph.D. student at Cornell he also attended the Hopkins-Nanjing Center for Chinese and American Studies in Nanjing, China (2000-01) as well as the Inter-University Program for Chinese Language Studies (IUP) at Tsinghua University in Beijing (2001-02). He received his master's degree in Government from Cornell in 2002 and his Ph.D. in 2008.

To my parents, Duane and Karen Ferchen

## ACKNOWLEDGEMENTS

In the many years of course work, language study, field research and writing that were involved in preparing this dissertation I often thought about the acknowledgement section. In part this is because I had always enjoyed reading the acknowledgements in what others had written; those few pages often illuminate the personal connections and social networks so crucial to the dissertation process. But while I was also excited about the opportunity to thank those who had helped me in so many ways, I was overwhelmed by how numerous those debts were. I could not help but think that the acknowledgments, in order to properly convey my true gratitude, would quite possibly be longer than the text of the dissertation itself! Alas, what follows is a far-from-complete expression of that gratitude.

From the time I first arrived at Cornell in the fall of 1998 I knew that I wanted to work on issues related to Chinese political economy. While I had received a wonderful introduction to this field from Lyman Miller as a master's student at SAIS, I came to Cornell with highly limited Chinese language skills and only the briefest exposure to living and conducting field research in China. It was as a direct result of the encouragement and support of my advisor, Vivienne Shue, that I took up remedying both of these shortcomings. Despite the fact that I was almost continuously in China for the over seven years of language, research and writing portions of the dissertation process and Vivienne was at Oxford beginning in 2002, she maintained constant contact and provided invaluable feedback on conference papers and chapter drafts. We also managed to meet up in China on a couple of occasions, including a memorable collaborative research trip to Vivienne's long-term research site in Xinji City, Hebei province. Vivienne's encouragement and critical feedback throughout the writing and revising phases was crucial in not only pushing me to complete the project but also to explore and sharpen key arguments that

required further development. As one of the last, if not *the* last, of Vivienne's Ph.D. advisees from Cornell I am extremely thankful for her support and mentorship from beginning to end.

My other committee members at Cornell also played key roles, whether they were aware of it or not, in prompting me to explore the issues addressed in this dissertation. I thank Richard Bensele for introducing me to the work of Friedrich Hayek and for encouraging me from the outset to explore the nuances of "stability" and "order" in China. Richard's thoughtful and careful feedback over the years, both as a teacher and advisor, has never ceased to be a source of inspiration. I also thank Valerie Bunce for prompting me to think of the comparative importance of my research in China. Allen Carlson graciously agreed to join the committee near the very end of the process and despite limited time provided very helpful feedback based on his own detailed knowledge of Chinese politics. Finally, but by no means least important, I want to recognize the great intellectual debt I owe to Hector Schamis. Hector was a continual source of intellectual stimulation from before I was even admitted to Cornell. Through the courses I took with him and the many conversations we had during my time in Ithaca I never ceased to learn from him. While Hector was not able to remain on my committee through to the conclusion of the dissertation, I owe him a major debt of gratitude and hope that he would find some interesting reading here.

Whether I was on campus or in China, a number of people and institutions both at Cornell and in China provided invaluable assistance. Without the help of Tina Slater in the Government Department in handling practically everything for me in Ithaca while I was in China, from obtaining committee signatures to shepherding through various petitions to the Graduate School, I would never have been able to complete this project much less remain enrolled. The East Asian Studies Program,



and in particular Laurie Damiani when she was the program manager, offered frequent fellowship support and Lauri always encouraged my research and showed genuine excitement about it. Also at East Asian Studies, John Whitman was not only a terrific Chinese language classmate but also a gracious benefactor during our experiment in being tutored in third year Chinese. In addition to fellowship support from the Cornell Government Department and the East Asian Studies Programs in the form of Sage, Mellon, FLAS and Lee Teng-hui awards, I want to gratefully acknowledge outside financial support provided by the Fulbright-Hays, NSEP Boren, and Humane Studies fellowship programs. Finally, I wish to thank Chen Yongxiang, the former Chinese co-director of the Hopkins-Nanjing Center for introducing me to his contacts in the Jiangsu provincial government; they not only facilitated the majority of my official interviews in Nanjing but also became good friends.

For me, living in China during the majority of my Ph.D. experience was never simply an obligatory period of time “in the field” after which one thankfully and dutifully returned to one’s home institution to soberly write up the results. Rather, living in China with all of its wonders and frustrations, not to mention the daily opportunity to witness and be a part of its endlessly fascinating political economy, was never only a means to an end but it was also in many ways the most important point. After arriving in China in the fall of 2000 I had the great fortune to meet numerous talented and interesting people from both inside and outside of China. Among these I owe the greatest debt to Josh Gordon, whose friendship and constant intellectual stimulation and support I have enjoyed ever since arriving in Nanjing in September of 2000. Reading and providing detailed feedback on numerous chapter drafts is but the least of Josh’s contributions to the successful completion of this dissertation and not only am I thankful for the many hours of conversation and good times over the years, but I also look forward to many more. I also want to thank Mike Glosny for not only

providing detailed feedback on the literature review in the introductory chapter but also for being a great friend. Mike went well beyond the call of duty by playing host to me before the dissertation defense, driving me to Ithaca and celebrating with me afterward. Doug Fuller, Chad Futrell and Renny Babiarz not only read and provided insightful feedback on different chapter drafts but also have been steady sources of friendship and support. Thanks also to Dave Dunoye, who always offered me a couch to sleep on and a critical ear for my research when in Shanghai. Other classmates and friends, including Jiang Kuang, He Rong, Joe Livesey and Brad Murg, helped me more than they know. Last, I want to thank the many Chinese friends, academics, officials and ordinary people, most of whom shall remain anonymous, for all they have taught me. In particular, I wish to thank Yang Xiangfeng and Huang Yi not only for facilitating my research by introducing me to friends, teachers and colleagues, but also for their friendship.

My final debt of gratitude is reserved for my parents. Raising me in Montana and Wyoming I do not think they anticipated that I would end up living outside of the Rocky Mountains, much less having a passion for places as different from the American West as Ecuador and China. They have, however, never ceased to support me in all of my academic and personal endeavors and adventures and for this I will be forever grateful. Despite my being in China for the better part of seven and a half years during the dissertation process we nevertheless saw each other frequently in both China and the United States. Describing to friends and relatives why their son was still a student and what he was doing for so long in China must certainly have been a challenge. However, they always patiently listened to my stories from China and explanations of my research, not to mention helping to edit and revise fellowship applications and dissertation chapters. I thank my parents for instilling in me the gift of intellectual curiosity and lovingly dedicate this dissertation to them.

## TABLE OF CONTENTS

	Biographical Sketch	iii
	Dedication	iv
	Acknowledgments	v
	Table of Contents	ix
	List of Tables	x
Chapter One	Introduction: The Chinese Regulatory State and Its Critics	1
Chapter Two	The Battle for Market Order: Neoliberals, The New Left and the State	65
Chapter Three	The City Appearance Administration and Street Vendors: Regulating Market Order in Nanjing	148
Chapter Four	China's Marginal Markets in Comparative Perspective	209
Chapter Five	Conclusion	261
	Appendix A: Interviews	281
	Appendix B: Nanjing City Appearance Administration Regulations	290
	Appendix C: Nanjing City Appearance Administration Fee Schedule	292
	References	293
	Glossary	339

## LIST OF TABLES

1-1 Varieties of Chinese Political Economy	55
2-1 Competing Ideas of Market Order	143
4-1 Laws, Enforcement Practices, and Marginal Markets	250

## Chapter 1

### Introduction: The Chinese Regulatory State and Its Critics

The Chinese government has...steadily boosted its regulatory capacity to sustain and police the markets and cope with various forms of market failure.  
(Yang 2004a:183)

[T]he [Chinese] state's control over the economy and social activities of its citizens has greatly eroded as a direct result of its declining presence in the economy.  
(Pei 2006a:2)

The reality was that China was morphing into a society with voluminous rules and regulations that few bothered to obey or enforce.  
(Pomfret 2006:212)

How should we understand the relationship between the state and the economy in contemporary China?<sup>1</sup> Is Chinese state governance of the economy becoming more modern, rational and efficient as Yang would have us believe or is Pei correct in pointing to the state's deteriorating regulatory presence and authority? Or, alternately, is Pomfret correct in identifying China as a country where the state systematically fails to enforce its own increasingly prolific set of rules? Ultimately, each of the statements quoted above involves a separate and seemingly mutually exclusive judgment about the Chinese state's capacity to effectively govern its own economy. In this dissertation I address the crucial question of how capable the Chinese state is in enforcing its own stated goal of maintaining social and economic stability while

---

<sup>1</sup> I will sometimes refer to "state-economy" relations and at others to "state-market" relations. I mean the former in the most general level of abstraction between the Chinese state and all aspects of the economy, whereas by the latter I mean state regulation of specific markets. I also purposely do not refer to "state-business" relations as my focus in the dissertation is not on the firm per se. For more on the firm-based state-business literature related to China see Kennedy (2005) and for an important comparative study using this framework see Maxfield and Schneider (1997).

pursuing market-led development. I pursue this question by focusing on China's governance of what is often referred to in other countries as the "informal economy."

These issues are of vital importance not only to academics but also to policy makers and businesspeople across the world and are increasingly the subject of intense debate both within and outside of China. On one side of this debate are those, including the Chinese Communist Party (CCP) itself in addition to a handful of western academics, who claim that China is developing into a "regulatory state" along the lines of economic governance systems in the United States and much of western Europe.<sup>2</sup> In essence, to claim that China is becoming a regulatory state is also to assert that Chinese state capacity is increasing. These claims that China is a rising regulatory state have elicited strong criticisms from two other groups of western scholars.

The first group of critics argues that in important ways, despite claims about its rising regulatory state status, China has adopted a number of policies that fit more with a "developmental state" model most often associated with Japan or South Korea. This critique focuses on regulatory state arguments' failure to account for the strategic political motivations driving regulatory reforms, but not necessarily on the ultimate results claimed by proponents of a growing regulatory state (i.e. effective regulation). A second group of critics, however, takes direct aim at claims that the Chinese state is effectively governing the economy.<sup>3</sup> Focusing on a wide variety of economic and social problems that purportedly stem from poor or nonexistent state oversight over the market forces the state itself unleashed, this group claims that China is a case of

---

<sup>2</sup> As I will explain in more detail below, many China scholars who argue for the emergence of a Chinese regulatory state rarely provide a concrete definition of the term. However, regulatory state advocates like Yang Dali and Wang Shaoguang use terms such as "rational," and "modern," to describe the rise of independent, rule-based institutions to regulate the economy (see Yang 2004a and Wang 2006).

<sup>3</sup> In this sense, this second group of critics would also find little to praise in any developmental state arguments about the success of strategic regulation.

“partial reform” reminiscent of other developing and post-socialist countries with poor or declining state capacity.<sup>4</sup>

Here I step into the debate with a puzzle that neither the regulatory state perspective nor either group of critics adequately address. If on the one hand China is a well-governed regulatory or developmental state<sup>5</sup> with increasing capacity or if on the other hand state authority over markets has largely broken down, *how can we explain the widespread and active engagement of state agents in markets that are formally prohibited? And, what is the significance of state agents’ selective enforcement of these prohibitions?* For instance, how can we understand why state officials charged with enforcing policies to prohibit unlicensed street vending or the sale of counterfeit DVDs, instead of attempting to eradicate such practices, at times allow illicit commerce and at others punish those engaged in these formally prohibited commercial activities, leading to the continued and often pervasive existence of these markets? None of the existing approaches listed above effectively explain this phenomenon because either they assume that the state is present and regulating

---

<sup>4</sup> As I discuss at length in chapter two, within China “New Left” scholars pose a similar critique, arguing that corruption and/or a complete lack of government oversight have led to a variety of social ills. However, I do not include these scholars here and choose to focus on them in the next chapter for three reasons. First, whereas the western scholarly debate is based on academic efforts to identify patterns of Chinese state-economy relations, participants in the Chinese debate are more overtly intent on influencing state policy and therefore less concerned about purely academic debates about whether state-economy relation fit any one particular model or another. Second, the Chinese scholars on China’s New Left and western “partial reform” scholars, even though both decry rampant corruption and poor state regulatory oversight, each see different forces driving these problems and therefore call for diametrically opposed solutions. Finally, some of those scholars on the Chinese New Left, like Wang Shaoguang and Zheng Yongnian, are the same people who write about an emergent regulatory state in China. So while they identify a number of economic and social problems, they believe that the Chinese state is responding through the creation of rational and modern regulatory institutions. Therefore, to place them alongside western critics of an emergent Chinese regulatory state would be misleading and confusing. If anything, the point of New Left criticism of certain social problems and government policies is to push the Chinese authorities in the direction of creating a regulatory state.

<sup>5</sup> As I note, despite being critical of the failure of regulatory state scholars to recognize the political importance of the developmental state aspirations of the Chinese state, the developmental state approach shares with regulatory state approach the understanding that the economy is being well regulated. Therefore I juxtapose them here against claims that the state basically does not regulate the economy at all.

markets effectively, which would certainly not include active state toleration of prohibited market behaviors, or their model posits that these markets are effectively unregulated. Thus, state capacity is seen to be either increasing or decreasing, with no allowance for the possibility that it might be moving in different directions depending on where one looks and how one defines gains or losses to capacity.

Selective enforcement of policies prohibiting certain markets presents a puzzle not only for the key approaches to contemporary Chinese state-economy relations but also for key literatures in comparative and international political economy. In fact, the relatively recent regulatory state debate among China scholars closely corresponds to a long-standing body of work in comparative and international political economy about the politics of market reform. In particular, scholars have debated whether market reforms have led to increased state strength and facilitated enhanced centralized authority (Schamis 2002; Greskovits and Schamis 1999) or alternately whether they have led to state retreat and ungoverned markets (Walton and Seddon 1994; Strange 1996; and Van Creveld 1999). These two sets of arguments reflect many of the same blind spots as their regulatory state versus partial reform Chinese equivalents. This is because they either assume effective, rule-bound enforcement from strengthened state institutions, or they argue the opposite: that state authority has deteriorated in the face of overwhelming market forces. Both are thus ill-suited to explain how the Chinese state could be involved in what often amounts to the active toleration of markets that the state itself has formally prohibited through laws or bureaucratic regulations.

However, a growing body of scholarship that has arisen as an explicit response to the state retreat literature has called attention to the importance of the political economy of re-regulation in the wake of liberal market reforms. Initial work on re-regulatory processes began with a focus on national-level regulatory reforms that followed in the wake of market liberalization in the advanced industrialized world



(Weingast 1981; Moran 1991; Vogel 1996). Books with titles like *Freer Markets, More Rules* (Vogel 1996) posed a clear challenge to any claims of state regulatory retreat at the national level. This focus on regulatory reforms in the developed countries was soon followed by work on re-regulatory political processes in developing and post-socialist countries.

Some of the most interesting studies in this literature have looked beyond the unidirectional centripetal or centrifugal forces associated with market reforms and have instead looked at processes of re-regulation at the sub-national level in developing and post-socialist countries (Snyder 1999 and 2001; Verdery 1996).<sup>6</sup> In particular, Snyder's work on the politics of re-regulating the coffee sector in the wake of Mexico's neoliberal reforms is a model of the kind of approach that can provide traction on the puzzle I have posed above. As Snyder states, "neoliberal policies, rather than unleashing market forces, trigger the construction of new institutions for market governance" (Snyder 2001:3).<sup>7</sup> While the literature on re-regulation does not focus on formally prohibited market activities, it nonetheless directs our attention toward a level of analysis and a set of political processes that can serve as a solid starting point from which to build an explanation for the puzzle I have posed. In other words, we must look at how market reforms and state efforts to maintain or create new modes of authority over markets play out at both central and local levels.

One of the concepts that has been employed extensively in discussions about the aftermath of liberal market reforms is the "informal economy." Much of the literature on informality fits in with the state-retreat perspective by emphasizing the growth of unregulated markets and labor in many developing countries. In chapter

---

<sup>6</sup> Verdery (1996), writing of privatization of formerly state-owned business enterprises and property in eastern Europe, has alternately theorized this process as one of "de-" and "re-statization".

<sup>7</sup> Snyder makes clear that his approach to the politics of re-regulation is inspired by the original work of Karl Polanyi (1944). For a variation on this approach applied to Southeast Asia, see Walker (1999).

four of the dissertation I make an extended critique of the concept of informality and offer the alternative concept of “marginal markets” as a replacement. A focus on marginal markets, which explicitly allows for different forms of state regulation of even illegal markets, facilitates the kind of political analysis about modes of re-regulation that has been so fruitfully employed elsewhere.

### **Concepts and Arguments: “Market Order,” State Capacity and Legitimacy**

As the literature on comparative re-regulation emphasizes, state and social actors have responded in a variety of ways to control and channel the sometimes unpredictable forces that have been put in play by economic liberalization. No country has tapped into the transformative power of markets more dramatically than China and no government is more concerned about how to harness that power in order to maintain social and political stability than China’s. In chapter two I argue that different ideas about how to promote market-led development while maintaining social stability, the bundle of ideas connected to “market order,” play a prominent role in patterns of Chinese state-economy relations. This balance between markets and stability is one of the most central, yet taken-for-granted and therefore under-theorized aspects of contemporary Chinese political economy. In this dissertation I analyze the different levels at which the concept of market order is institutionalized, debated, enacted as policy, and, in some cases, subverted. I then link this analysis to debates about Chinese state capacity and legitimacy.

Throughout the dissertation I analyze the importance of the idea of market order in China at a number of different levels and different arenas. In chapter two I largely focus on intellectual debates about different understandings of market order and then explain the “official,” Party center, understanding of the concept. Then in chapters three and four I provide case study evidence of state bureaus that are charged

with the day-to-day regulation of what in many developing country contexts would be considered informal or even illegal markets, but which in China, given the centrality of “market order,” are frequently designated as “disorderly” markets. Here I will first explicate the different levels at which market order operates in China, then I will explain what these different levels have in common and finally, I will analyze the reasons behind these connections.

The first level at which the concept of market order operates is at the official, central Party and state level. This level I describe in the final segment of chapter two, with a particular emphasis on the central market order “Leading Group.” As I demonstrate in chapter two, this official understanding of market order emphasizes the problems associated with a number of “disorderly” markets, especially as they are related to intellectual property rights violations and to the production of “fake and shoddy” goods.<sup>8</sup> This official understanding of market order also draws attention to problems of local protectionism, and closely related to this, corruption among local officials who may actively facilitate the spread of “disorderly” market activities. Finally, I also demonstrate that under the Hu Jintao, Wen Jiabao leadership, the official understanding of market order has involved a critique of the threat of “neoliberalism” both in its domestic and international variants. Thus, at the level of official policy, market order is aimed at combating the corrosive, socially and economically-destabilizing impact of disorderly market activities and the officials (and foreign governments) that facilitate these activities. Ultimately, the official understanding of market order should also be seen as connected to the central government’s policies and rhetoric of creating a “regulatory state,” a concept that I

---

<sup>8</sup> As I show in chapter two, Margaret Pearson makes a convincing case that at the level of state regulation of “strategic” sectors of the economy, market order takes on the much more concrete policy meaning of ensuring that “excess” competition does not lead to excessive price or rate cuts (Pearson 2005b and 2007).

explore more fully in this chapter. That is, the state has been (and wants to be seen as) actively creating new regulatory institutions, and/or reforming old ones, with the capacity and intent of overcoming problems with market order.

The second level at which I describe the existence and importance of market order to contemporary Chinese political economy is as the central, but contested, concept at the heart of elite intellectual debates about the Chinese state's proper role in governing the economy. Again, in chapter two, I detail the debate between "neoliberal" and "New Left" understandings of the meaning of market order and, in turn, what the key threats to market order are and how they can and should be effectively confronted. I argue that the ability to define the essence of market order, and the threats to it,<sup>9</sup> constitutes a crucial weapon in the ongoing struggle over the ends to which state governance of the economy should be directed and, in turn, what means should be employed to achieve these ends. I demonstrate that the neoliberal and New Left market order debate revolves around quite different understandings of how state governance of the economy can best facilitate the maintenance of economic, social and, ultimately, political "stability." Thus at this level of elite intellectual contestation, which is ultimately directed at influencing official policy, market order constitutes the key axis of debate.

A third level at which the concept of market order operates is as propaganda designed to influence public opinion and establish expectations about proper state governance of the economy. Through the media and through other officially-sponsored publications and conferences like the centrally-sponsored critique of neoliberalism I describe in chapter two, the Party leadership promotes certain understandings of market order. Through the press and other officially-sponsored

---

<sup>9</sup> As I describe in chapter two, this is what Blyth (2002) has argued to be the power to identify a problem as a problem and therefore to call forth a specific type of state response.

publications the Hu Jintao/Wen Jiabao leadership has sought to locate threats to market order in the form of “neoliberalism” at home and abroad. At the same time, print and television media are daily filled with reporting about problems associated with “disorderly” market practices and often with the corrupt official practices that facilitate such practices.<sup>10</sup> I argue in chapter two, and again more extensively in the conclusion, that such efforts by the state to locate threats to market order in the nature of markets themselves and the corrupt practices of local officials are a key component of state, and even leadership faction, legitimation strategies.

Finally, the last level at which I analyze the concept of market order is in its relationship to actual policy implementation by government bureaus with oversight over what are constructed as disorderly markets. In chapter three I focus on the Nanjing *shirong* bureau that has responsibility for regulating street vendors and in chapter four I explore a range of other bureaus that have oversight over other disorderly markets and market activities. At the level of policy practice by these bureaus, the notion of market order takes on some related, but different characteristics from those described at the three levels above. Certainly, some local level state bodies are directly connected to central market order policies and mandates, as in the case of newly created local level IPR “aid centers” or local government bureaus specifically charged with enforcing policies connected to the Leading Group mentioned above.<sup>11</sup> The official understanding of market order, especially as it is embodied in the Market Order Leading Group, provides signals that “market order work” involves the

---

<sup>10</sup> Aside from presenting an overview of the state-sponsored critique of neoliberalism, I do not provide an extensive analysis of print and television media coverage of problems related to market order. Nevertheless, one must be careful to note that the “officially-controlled” press is made up of increasingly market-responsive entities that are connected to different levels and divisions of the state in ways that make any statements about the role of the “media” as a straightforward propaganda tool of the Party-state complicated at best. However this is all the more reason to further research this important link in the state’s efforts to shape public understandings of and expectations related to market order.

<sup>11</sup> On the IPR aid centers see Xinhua News Service (2007) and the creation of market order bureaus at the local level was raised by a local official in Xinji, Hebei (Interview XJ4, 5/27/06).

regulation of markets and markets activity whose legal status is in question, but even this can serve as only a general guide to local authorities.

However, in my analysis of local regulatory bureaus like the Nanjing City Appearance Bureau, I demonstrate that often local officials use the concept of market order as a tool to justify their own authority as necessary for maintaining control and “stability” over very specific market actors (e.g. street vendors). I show that organizations like the Nanjing City Appearance bureau, in terms of their regulatory mission, find themselves somewhere in between law enforcement bureaus like the Public Security Bureau and business promotion/regulation entities like the Industrial and Commercial Administration Bureau. I argue that while bureaus charged with enforcing market order at the ground level often deploy the language of “stability” and “order” to justify their own authority and the nature of the challenge they face in regulating a specific market, they may actually use enforcement methods that ultimately lead to popular or even official central government criticism.

What is the common thread between the different levels of market order and what is the nature of that connection? First, the primary element shared by all four levels discussed above is that the notion of “stability” is central in all cases. It may be, and in fact is, interpreted or presented differently at each level, but the notion that state governance of the economy must be aimed at the promotion and maintenance of stability is paramount. Moreover, at each level there is a shared commitment to the importance of markets as the key engine of development. Nevertheless, apart from the neoliberal scholars who are part of the second level intellectual debate I describe above, the concept of market order entails a common theme that the state must be aware of and constantly vigilant against the threat posed by markets, which inherently tend toward instability and disorder.

Where did the concept of market order come from and what accounts for its centrality in contemporary Chinese political economy? The concept has fairly proximate historical roots. These roots are, in turn, linked to reform-era politics and the Party-state's efforts to (re)constitute its role in regulating the economy and its efforts to shape common expectations about this role. As I show in chapter two, the state's emphasis on "stability" as a central theme in reform-era China has evolved through a series of events beginning with the Cultural Revolution and progressing through international challenges like the collapse of socialism in the former Soviet Union and eastern Europe and domestic challenges like the 1989 Tiananmen crisis.<sup>12</sup> While each of these events has played a role in the centrality of stability and order to contemporary Chinese political-economy, the impact of the Cultural Revolution as the immediate backdrop to China's "Opening and Reform" policies and as an example of the kind of instability and chaos that must be avoided for reform to succeed cannot be underestimated. Deng Xiaoping emerged from the era of the Cultural Revolution, having twice been purged from his leadership roles, intent to build a development model on the back of a stable social, political and economic system. As Deng emphasized, "The key to our success in modernization, the reform and the opening up to the outside is stability...China cannot afford any disorder" (Deng Xiaoping 1994:279).<sup>13</sup> However, for as central as stability and the closely related concept of market order are to understanding the nature of contemporary Chinese political

---

<sup>12</sup> Here the notion of "historical roots" most certainly refers to recent history. As Shue (2004) argues, there are important linkages between dynastic legitimation and the maintenance of stability and order. I, however, wish to emphasize the more proximate roots of the centrality of stability and order as key values in contemporary Chinese political economy. One need look no further than major Maoist political campaigns that emphasized upending the old political order, beginning with the revolution itself and progressing through the Great Leap Forward and the Cultural Revolution, to know that "stability" is not a constant political value in China.

<sup>13</sup> As quoted in MacFarquhar and Schoenhals (2006:461).

economy, the very flexibility and ambiguity of these concepts allows them to function as powerful, if imperfect, tools of governance.

Because what constitutes “market order,” or just as importantly, what constitutes a threat to market order, is open to interpretation, the concept can and does come to mean different things to different people. This, in part, explains why, even though there are key common threads that run through the four levels of market order understanding that I explain above, there is not only a range of different emphases, but also a wide scope for implementation at the ground level. The two levels with most overlap are the official and propaganda levels, although even in the media there is potentially a very wide scope for what markets or types of market behavior are seen as “disorderly.” The level of intellectual debate clearly allows for a wide range of interpretations about what bolsters and what threatens market order and as I show in chapter two we can see ways that arguments generated by these debates filter their way into the official understanding of market order. The most obvious example, again noted in chapter two, is that the Hu Jintao/Wen Jiabao leadership has borrowed explicitly from New Left arguments about market order to emphasize its more egalitarian understanding of development.<sup>14</sup>

Finally, and most problematically for the central leadership, the ambiguity of market order as a concept also allows for wide variation in implementation. As I demonstrate in chapters three and four, various state regulatory institutions have invoked the concept of market order to justify their authority over what they claim to be disorderly markets and market behaviors but their subsequent enforcement behavior and tactics have elicited popular and, more recently, central government censure. In the case of the City Appearance bureau, the central government has thus claimed that local government understandings and interpretation of market order have,

---

<sup>14</sup> That is, as compared to the previous Jiang Zemin/Zhu Rongji leadership team.



in fact, deviated from the correct meaning. In the conclusion I will provide further analysis of how the concept of market order and the actual regulatory practice of government departments like the City Appearance bureau offer new and important lessons for understanding how the Chinese state, at different levels, seeks to establish its legitimacy.

### **Methods and Case Selection**

This dissertation is based on over three years of fieldwork in mainland China, the bulk of that time divided between the cities of Nanjing and Beijing.<sup>15</sup> The majority of material presented in this dissertation (see chapter three especially) on the relationship between street vendors and the bureau in charge of regulating vendors (the *shirong*, or alternately the *chengguan*) is based on fieldwork I conducted in the city of Nanjing beginning in the fall of 2002 and lasting until the summer of 2004. However, most of the interviews presented in chapter three were conducted in the 11 months from February to December of 2003.<sup>16</sup> My Nanjing fieldwork consisted of formal interviews, most of which were with government officials and university professors, in addition to a combination of informal interviews with the vendors themselves and participant observation.<sup>17</sup> As an important complement to my interviews and participant observation, I also collected published and unpublished materials.<sup>18</sup> In cases where I had published materials that overlapped with and

---

<sup>15</sup> For a detailed accounting of the field interviews please see the Appendix.

<sup>16</sup> I spent the fall of 2002 preparing my dissertation proposal as well as other funding applications. Thus I conducted a number of preliminary interviews, mostly with Nanjing University academics, at that time. Note also that the SARS epidemic struck China during the spring of 2003 during the initial stage of my research, which caused serious delays in arranging interviews with what were already challenging-to-access local officials.

<sup>17</sup> Almost without exception all interviews were conducted in Mandarin Chinese. Due to a strong local accent of some interviewees I occasionally conducted interviews with an assistant who would “translate” the strongly accented Chinese into more standard Mandarin.

<sup>18</sup> Many of these materials are available on official government internet sites or through Chinese newspaper or television media while others I collected from officials and other sources. All of these materials are listed in the bibliography, which is separated into English and Chinese language sources.

corroborated information obtained in interviews, I have consistently chosen to cite the written evidence as opposed to the interviews.<sup>19</sup>

For formal interviews with government officials, academics and other professionals I always arranged a meeting ahead of time with the interviewee and in most cases provided a list of questions that would be asked. These interviews took place either at the interviewee's work place or sometimes at a tea or coffee shop and generally lasted anywhere from one to three hours. In all instances I agreed to keep the interviewee's identity confidential and kept written notes but never audio recordings of the interview. The informal interviews I conducted with vendors and other small business owners can most fruitfully be understood as a general form of participant observation, or in a China-specific setting, a variant of what sociologist Thomas Gold has referred to as "guerrilla interviewing" (see Gold 1989).<sup>20</sup> In order to understand state-vendor relations from the perspective of the vendors I made repeated visits to vendor stalls across the city, speaking with and often making small purchases from the vendors. These interactions were unstructured in the sense that I presented no formal or written set of questions to the vendors, but instead engaged the vendors in conversations that allowed them to tell me what they felt to be the key aspects of their relationship with government authorities. Finally, I also engaged small business owners with fixed retail spaces (as opposed to mobile vendors) to better

---

<sup>19</sup> This preference for citing written versus interview sources is most clear in chapter two. My reason for emphasizing the written sources is because as opposed to interviews the written sources can more easily be accessed and reviewed by the reader. Kevin O'Brien, writing on this topic has said, "I myself have never published anything in which written sources were not at least half of the total citations. Interviews, as critical as they are for filling in missing links in an argument and identifying frameworks that fit, are inevitably partial" (O'Brien 2006:32-3).

<sup>20</sup> For purposes of citation and differentiating between formal and informal interviews, formal interviews begin with the capitalized abbreviation of the city where the interview took place followed by the number of the interview, after which is the date of the interview (e.g. Interview NJ14, 7/14/03). To distinguish informal interviews, and because I kept track of these interactions in my written field notes, I cite these as "Fieldnotes," followed by the abbreviation for the city (in small letters), again followed by the number and date (e.g. Fieldnotes nj73, 10/19/03). Again, a full listing of all interviews is provided in the index, where I also note the unit, title or business type of the interview.

understand how they viewed the relationship between the mobile vendors and state officials.

While the specific dates and affiliations of both my formal and informal interviews are detailed in the appendix at the end of the dissertation and the written sources are detailed in the bibliography, here I will provide an overview of the way in which I approached the fieldwork in Nanjing. In terms of the formal interviews with government officials I targeted a comprehensive list of officials that included all major administrative levels and all regulatory bureaus that could ostensibly have a role in vendor management. Given that Nanjing is a provincial capital I was able to get access to all of the major administrative levels of government from the peak to the base, conducting interviews with officials from the provincial, city, and district governments down to the street offices (*jiedao*), including interviews with street office enforcement team (*jiancha and zhifa dadui*) members.<sup>21</sup> Aside from these official state units I also conducted interviews with members of “mass organizations” like local residence and housing committees (*jumin weiyuanhui*).<sup>22</sup> At the same time I interviewed officials from the Industrial and Commercial Administration (*gongshang*), Construction (*jianshe*), City Planning (*chengshi guihua*), Sanitation (*weisheng*), Quality and Technical Supervision (*zhijian*), and, most importantly, City Appearance (*shirong*) bureaus. In addition to interviewing officials from these bureaus at various administrative levels, I also had direct access to a provincial level research unit that provided me specific and detailed (if frequently off-the-record) information about the workings of various other government bureaus and bodies related to my research. The

---

<sup>21</sup> In chapter three I discuss the importance of the street committees and note how their importance to urban market regulation has largely been overlooked.

<sup>22</sup> See Bruun (1995) and Read (2000) on the difference between street offices and residence committees as the most basic level state versus “popular” units of governance in China.

research I conducted in Nanjing culminated with a conference paper presented at Hong Kong Baptist University in December of 2003 (Ferchen 2003).

While the bulk of my research on vendor-state interaction was centered on my case study of Nanjing,<sup>23</sup> I also conducted limited formal interviews with *shirong* and other government officials in Shanghai, Beijing and Yangzhou (Jiangsu), and Xinji (Hebei) as well as carrying out more informal interviews with vendors and other merchants, mostly in Beijing but also in Jilin City (Jilin Province). In addition to my research on vendors, I also conducted research on other similarly-regulated markets, with special attention to counterfeit and pirated goods. The results of this comparative research appear in chapter four and are also based on a combination of official and unofficial interviews conducted in Nanjing, Shanghai, Yiwu (Zhejiang) and Beijing.

Upon completing my research about the state regulation of vendors in Nanjing I then moved to Beijing in the summer of 2004 where I spent until the early spring of 2006 conducting another full case study, this time on different Chinese understandings of “market order.” In Beijing my focus was on researching elite intellectual and policy debates about how the state should maintain “order” and “stability” while relying on markets as the main engine of economic growth. My fieldwork in Beijing consisted of a combination of formal interviews with academics, journalists, and government officials as well as the collection of both Chinese and English language publications by those I was interviewing.<sup>24</sup> In addition I collected secondary works about contemporary political-economic intellectual and policy debates that would inform my interviews as well as provide background for the primary sources I

---

<sup>23</sup> For recent work on the value of case study research see George and Bennett (2005) as well as McKeown (2004) and Ragin (2004).

<sup>24</sup> I also conducted formal interviews related to my research on intellectual and policy debates in Hong Kong and Shanghai. See the Appendix for specific dates and affiliations of interviewees.

collected. My fieldwork in Beijing culminated in a conference paper presented at the Universities Service Centre in Hong Kong in January of 2005 (Ferchen 2005).

What was the rationale behind my selection of research sites, cases, and methods and what are the strengths and potential limitations of these choices? My research originally began by asking the broad question of how the Chinese state sought to regulate and maintain stability over informal urban markets that had arisen in the wake of economic reforms.<sup>25</sup> I posed this question in light of political economy literature that debated whether marketization would enervate or strengthen state capacity to govern markets.<sup>26</sup> I made the decision that in order to understand this tension between the growth of urban informal markets and the state's capacity to govern those markets I would gather the most specific and local information I possibly could and then try to locate those specifics within the context of both Chinese national politics and in relation to larger theoretical questions in political science.<sup>27</sup> This meant (at least) a two-step process where I would first collect the most local of local knowledge (again, often at the level of street markets and government street offices) and then move to a more general, elite, and in some senses theoretical, level of intellectual and policy debates in Beijing.

To collect that local knowledge I chose to immerse myself in a type of ethnographic study of street vendors and the relationship between those vendors and the local state. My decision to pursue this aspect of the research in Nanjing, and to

---

<sup>25</sup> In chapter four I provide an extended overview and critique of the concept of economic informality.

<sup>26</sup> Refer to my discussion in this chapter as well as the conclusion for more on the issue of state capacity.

<sup>27</sup> On the linking of the specific and the general in studies of Chinese politics see Shue's comment in *The Reach of the State* on the importance of "a method of research and writing...that involves the analyst in continually juxtaposing the finest of complex local detail with the most sweeping of discernible social trends and patterns" (Shue 1988:4). In a recent publication on conducting field work in China, Kevin O'Brien also stresses the need for researchers to constantly engage in a dialogue between general theory and the detailed information gleaned from field work in China. O'Brien says "Research (re)design involves locating whatever theory might be helpful (some of it beforehand and more of it afterwards) to make intelligible what we find on the ground, and then immediately using one's fieldwork to suggest inadequacies in the theories and concepts themselves" (O'Brien 2006:38).

write about it as a detailed case study, was driven by both practical and theoretical considerations. First, Nanjing offered an important advantage for me over other potential research sites in China because it was there that I had a network of personal and institutional contacts as a result of having studied at a joint Sino-American academic and research program in the city's Gulou district.<sup>28</sup> As an alumnus of this program, the Chinese faculty and administration not only provided their expert opinion on topics related to my research, but even more importantly helped me to arrange contacts that led directly or indirectly to the vast majority of interviews with government officials that I conducted while in Nanjing. The importance of personal connections and entire networks of these connections (often simply referred to in Chinese as *guanxi*) has been well documented in research about China and about how to conduct research there.<sup>29</sup> Therefore, from a practical point of view as a foreign researcher in China, Nanjing offered by far the most advantages in being able to immediately launch into my field research.

Just as importantly, it was as a student in Nanjing that I had first witnessed what was to be the focus of my field and case study research: the (often-troubled) interaction between street vendors and local government officials. While it is entirely possible that I might have witnessed similar interactions in other cities (and indeed later in the dissertation I cite evidence about vendor-*shirong* interactions in other cities as well), it was the specifics of the vendor-state relationship in Nanjing that first drew my attention. Moreover, it was far from obvious when I began my research who the key actors in this drama even were: who were the vendors and who exactly were the officials responsible for managing street markets and street vendors? These were

---

<sup>28</sup> The Hopkins-Nanjing Center for Chinese and American Studies.

<sup>29</sup> On the importance of *guanxi* in conducting fieldwork in China see chapters by Sæther, Heimer, Solinger and Thunø in Heimer and Thøgersen (2006). For more on the debate about the persistent importance of *guanxi* as a central concept and phenomenon in contemporary China see Gold, Guthrie and Wank (2002) and for a more general overview of *guanxi* relations in China see Yang (1994).

questions that arose out my specific experiences in this very specific place: Nanjing. If it were not for my first-hand, personal observations and curiosity about these groups and their interactions there would have been no “case” to study.

As I explain further in chapter three, practically nothing in the English language academic literature had been written about mainland Chinese street vendors (or China’s “informal economy”) and even less about what branch(es) of the local state had authority over vendors in particular.<sup>30</sup> Therefore it was my first job to identify who the relevant actors were and it was through this process that I learned about the creation of the *shirong* and their almost-exclusive responsibility for regulating street vendors.<sup>31</sup> Again, it is entirely possible that had I originally begun my language and area-studies preparation in another city I may have witnessed similar (or possibly quite different) vendor-state interactions, but it was the specifics of the Nanjing setting that initially attracted my attention and it was there that I had the resources to explore more in-depth this relationship. It was directly as a result of being on the ground in Nanjing and having a set of questions in mind that I was able to begin the process of “extracting new ideas at close range” (Collier 1999:4).<sup>32</sup>

---

<sup>30</sup> For very brief references to the City Appearance/City Administration bureau see Solinger (1999:67;71) and Yang Dali (2004a:177-78).

<sup>31</sup> As the first Cornell graduate student delegate to the Institute for Qualitative Research Methods in January of 2003 I had the opportunity to present my (recently-defended) dissertation proposal to some of the foremost authorities on qualitative research design in political science and sociology. The unanimous response among faculty and other graduate students who read and critiqued my research proposal was that my topic involved such unknown quantities that the most appropriate research “method” was to go out and discover first hand (and “at close range”) who the relevant actors were and what drove their patterns of interaction.

<sup>32</sup> David Collier, in his capacity as president of the comparative politics section of the American Political Science Association, emphasized that much of the best work in Latin American studies and in the field of comparative politics in general began with in-depth case studies that allowed the researcher to become intimately familiar with new phenomena and to apply that knowledge to larger theoretical debates. Collier notes that “These scholars are deeply engaged both with theory and with the close analysis of cases, giving them an unusual capacity to see the general in the particular” (Collier 1999:4). This sentiment is very much in keeping with Kevin O’Brien’s (2006) admonition to constantly relate the particulars of detailed field work to more general theoretical concepts and debates.

“Extracting new ideas at close range” is, however, easier said than done. The process of locating a suitable place to live so that one becomes part of a community and is consistently exposed to the phenomena one is investigating is no straightforward task. Looking out one’s window onto a make-shift morning street market, not to mention making sense of what is happening, may seem an almost passive activity unless one is aware of the challenges of finding and obtaining just *that* apartment in *that* housing complex (where no other westerners live), along *that* alley and in *that* neighborhood. Earning the trust of people from very different walks of life, from officials who have very little to gain and possibly much to lose from interacting with a foreign researcher, to migrant vendors recently arrived in the city to university academics, is a long process that at the very least requires patience and not a small amount of humility. Ultimately, however, the rewards of this method are hopefully seen in a form of analysis that reflects a genuine “feel” for at least some significant portion of what one has seen and tried to understand “at close range.”

Nevertheless, once I had identified the key actors in the Nanjing vendor-local government relationship I then set out to compare local Nanjing actors and units of governance to see whether and how vendor-state interaction varied and why. As I explain in detail in chapter three, it became clear that not only did the background of the vendors themselves matter, but so did jurisdictional boundaries at the most local level of state governance play a key role in state-vendor interaction (e.g. local street offices were largely responsible for carrying out the day to day work of regulating vendors). Once I had completed the Nanjing portion of my research, I then had the important task of deciding on the most interesting way to proceed. One possibility was to carry out a more detailed comparison of vendor-state interaction across different cities. I decided against that path for a number of reasons.



First, after collecting a great deal of detailed information about vendor-government relations in Nanjing I reassessed how this information impacted the larger theoretical and substantive issues that had originally motivated my research. I decided that to pursue a number of similar vendor-local government case studies in other urban centers was less important and less theoretically interesting than following up on two lines of investigation that I thought would be more productive in light of my original research questions about state regulation of the informal economy and how this impacted state capacity. Therefore, I chose to look at other examples of state regulation of informal markets, with special attention to the regulation of counterfeit and pirated consumer goods. At the same time I felt it crucially important that I investigate the way state regulation of informal markets was connected to larger academic and policy debates taking place in China about the role of the state in promoting and protecting “market order.” I felt it was only in this way that I could take that very specific knowledge that I learned on the ground in Nanjing and relate it not only to larger, national questions of China’s state-economy relations but also to relate my findings back to broader theoretical questions about state capacity and legitimacy.

What are the potential tradeoffs of the decisions I made regarding case selection and research methods? First, in terms of my Nanjing case study, the findings must remain limited in scope since any attempt to generalize about vendor-state relations based on my research there may in fact be very specific to that place. In chapter three I show how many of my findings, especially in terms of popular disapproval of the *shirong*, have presaged more current and very similar criticisms of the bureau in other cities, yet it is highly likely that many variations of vendor-state relations exist in different settings across the country. At the same time, my focus on formal and informal interview methods, as opposed to, say, survey research, has

potential limitations in that even the in-depth case study research in Nanjing may not fully reflect all of the variations or patterns of vendor-state interaction there.<sup>33</sup> However, conducting a survey of the Nanjing vendors, especially given their precarious legal status, combined with intimations from local officials that I was already dealing with a potentially “sensitive” topic, I decided that my chosen methods were more ethically responsible than the alternatives and would yield equally important kinds of insights. Finally, one potential weakness of the decisions regarding methods I have made is that the comparative discussion of different types of “marginal markets” both in China and in other countries in chapter four is yet too limited in scope. That is, I discuss other types of markets, including counterfeits, informal finance, and prostitution, among others, and intimate how Chinese government regulation of these markets differs from other countries, but none of these receive as extensive a treatment as my case study of Nanjing-*shirong* vendors. This weakness is partially offset by the insights yielded from the comparative discussion of the utility of the concept of “informality” in China and other developing countries, but to be of true comparative value this line of research will clearly require more extensive treatment in the future.

Despite these tradeoffs, there are key benefits to the methodological choices made. Being on the ground and becoming intimately familiar with vendor-state relations in Nanjing as well as with the participants and their arguments in national intellectual and policy debates about state-economy relations provided a number of insights. I was able to identify and provide a detailed portrait of a unit of the

---

<sup>33</sup> For an instance of fruitful and insightful research on street vendors that combined qualitative methods with survey research see Roever’s (2005) work on vendor-state relations in Lima, Peru. Key differences between Roever’s research setting and mine are that vendors in Lima have the right of association and are, in fact, courted as part of the democratic political process there. Both of these facts mean that survey research about this group was more feasible and less potentially hazardous for both the respondents and the researcher.

government, the *shirong*, about which relatively little was understood. I was also able to explore the complex relations between this bureau and the little-studied mainland street vendors. Moreover, my research in Nanjing and Beijing drew me to what I view to be the largely-overlooked but crucial concept of “market order” and its relevance to both national and local Chinese politics. Through detailed familiarity with the specifics of local and national Chinese political economy I was able to draw implications for larger theoretical questions in political science including debates about informality, state capacity and legitimacy.

### **Theoretical and Empirical Contributions**

This dissertation makes a number of theoretical and empirical contributions to political science in general as well as to the study of Chinese political economy. Its theoretical contributions lie primarily in two interrelated areas: state capacity and legitimacy. First, the dissertation makes a contribution to comparative understandings of Chinese state capacity by demonstrating that agents of the Chinese state actively govern what are considered in most settings to be informal, and therefore unregulated, markets. However, the evaluation of state capacity is complicated by the fact that even though state agents have a regulatory presence over so-called informal markets, in practice those agents often facilitate the continued existence of formally prohibited market behaviors. Ultimately, I argue that state capacity is simultaneously weak and strong in different sectors of the economy, but also that definitive judgments about state capacity are rendered difficult because of the difficulties involved in knowing the “true” nature of state goals.

Closely tied to questions of Chinese state capacity are issues of state and Party legitimacy. In chapters two through four I demonstrate the different levels at which the concept of market order is used as an instrument of state legitimation as well as a

(flexible) guide to policy. I demonstrate how both central and local officials make use of the concept to justify their authority and market governance behavior. In the conclusion I draw broader implications for the role of market order as a central legitimizing concept. Ultimately, I argue that it is a highly flexible and powerful, if imperfect, tool of governance.

In addition to these two contributions to major theoretical discussions in political science, this dissertation draws attention to two important concepts, one of which will be new to most readers and another that will likely be more familiar. One of the key conceptual contributions here is to place the idea of “market order” at the center of contemporary Chinese political economy. While potentially specific to China, it nonetheless is vital for understanding Chinese political economy and yet has received little to no extended analytical treatment in or outside of China. In addition to the concept of market order, I apply and critique the widely-used concept of the “informal economy” to the Chinese setting, ultimately showing that the concept does not travel well to the Chinese context.

Empirically, this dissertation contributes to our understanding of a number of little-studied markets, state regulatory bodies and places in China. In particular, there are very few if any specific studies, in English or Chinese, of mainland Chinese street vendors or of the government bureau in charge of regulating vendors: the City Appearance Administration (or, alternately, the City Management Bureau). Likewise, there are very few contemporary academic studies, political or otherwise, on the city of Nanjing, despite its status as the capital of China prior to the establishment of the People’s Republic in 1949, let alone its size of almost six million people and current status as the capital of the mainland’s third wealthiest province. Additionally, while there are many studies of state regulation of “commanding heights” sectors of the economy as well as others about Chinese workers, peasants, and migrants, there are

few if any studies of governance of what Margaret Pearson (1996) has called “low tier” sectors of the economy. Even if the concept of “informality” is flawed as a tool for understanding state-market relations, the numbers of urban Chinese workers who fall into the category of “other” in major studies on Chinese employment is staggering. Barry Naughton, in his new textbook on the Chinese economy, cites evidence that approximately 115 million of a total 2004 urban workforce of 265 million are “migrants and unregistered businesses,” the major focus of this study (Naughton 2007:190). This dissertation offers a novel analysis of all of these issues and areas.

### **Literature Review: The Regulatory State and Its Critics**

The purpose of the following literature review is twofold. First, by bringing together a rather wide range of scholars, some of whose work is not typically mentioned in relation to the others, I will show how they are in fact engaged in a common project. This project involves a comprehensive overview of the distinguishing characteristics of China’s contemporary political economy. While each author tackles a specific and discreet aspect of this project, each is nonetheless interested in painting a broader picture about the nature of state economy relations in China. Here I have focused exclusively on the viewpoints of scholars writing in English for a mostly western academic audience to the exclusion of Chinese mainland based scholars writing primarily in Chinese. I have done so because while the literature I focus on in this chapter is primarily meant for academic consumption and seeks primarily to forward academic knowledge, the Chinese intellectual debates that I explore in chapter two, while also often written by academics, are aimed more directly at influencing government policy. If one of the primary tasks of this chapter is to provide a map to understand the current intellectual landscape of Chinese political economy, a second is to draw out the continuing gaps in the overall debate and in

specific arguments and assumptions in particular. After describing and critiquing each of the key arguments in the debate I will then conclude with an overview of how my own research provides a corrective to these analytical and substantive gaps.

I will argue that while proponents of the regulatory state argument are correct in identifying a general long-term trend toward state efforts at the formal creation of Weberian ideal-type regulatory institutions, these arguments at best miss the complex reality behind actual enforcement patterns of these newly reformed institutions and at worst fail to analyze the political interactions that drive the relationship between regulators and those they seek to regulate. Specifically, by stressing formal, structural changes in regulatory institutions some of the authors in the regulatory state debate fail to follow up on whether or how such reforms translate into actual changes on the ground.

On the other hand, while I agree with regulatory state critics in their more explicit focus on the political motivations for regulatory reform, I find arguments that focus on China's attempts to create a developmental state (whether at the central or local level) often conflate Chinese efforts to mimic Japan or South Korea with actual regulatory outcomes (i.e. effectiveness), which often differ dramatically from official policy goals. Just as official claims about the creation of modern and efficient regulatory institutions may differ from actual regulatory outcomes, it is one thing to aspire to be a developmental state and it is another to be successful.<sup>34</sup> Indeed, while regulatory state theorists ascribe too much objectivity and benevolence to regulatory reforms, their developmental state critics ascribe too much planning and strategic acumen to state regulatory officials. Both proponents of China's regulatory state and

---

<sup>34</sup> As I will discuss below, assigning the label "developmental state" has frequently implied successful state intervention to promote economic development. Important exceptions to this teleological use of the developmental state concept include Evans (1995), Kohli (2004), and Sinha (2005) as well as China-focused research by Segal and Thun (2001).

their developmental state critics focus too much on formal, procedural changes in China's regulatory institutions (even though they come to very different conclusions about the nature of these changes) and not enough on the substantive impact of the reforms. I find much more plausible and accurate arguments that demonstrate the limitations of efforts at creating a developmental state (Thun 2004) or that testify to the complexity of regulatory outcomes that are themselves the result of specific struggles between state agents and those who operate in the markets those agents seek to govern (Mertha 2005; Kennedy 2005). Indeed, my own research as presented in this dissertation shows that strengths and weaknesses may co-exist and that efforts to try to enhance state legitimacy may in fact be undercut by the actions of the state's own regulatory institutions.

As for my own positive contribution to this debate, aside from assembling the key existing arguments in a unique format, I will offer a more complete understanding of the role of contention over ideas about how the state should properly govern the economy. I will argue that the regulatory state debate in China fails to fully account for the level of contestation over how the state should govern the economy and the role this debate has in shaping the emerging system of state-economy relations in contemporary China. Specifically, even though certain authors claim to examine how ideas about the nature of markets, and how government can and/or should control markets, shape state-market relations, there are two faults in their approach. First, they too often assume a fixity and stability to the ideas (sometimes too casually referred to as "norms") about the nature of markets and the proper role of the state in governing those markets. In fact, China's reforms over the past quarter century have been accompanied by intense intellectual and policy debates about the direction of reform. These debates are themselves informed by different domestic and international understandings of state-market relations. Just as importantly, the regulatory state

debate literature fails to account not just for the potential of competing ideas about proper state governance of the economy, but maybe even more importantly it fails to account for the very specific and crucial debate over “market order.” The second chapter of this dissertation will serve to address this gap.

The other gap that becomes apparent upon review of the Chinese regulatory state debate is that too little attention has been paid to the proliferation of a variety of market behaviors that are officially prohibited and to the way the state selectively enforces regulations related to these behaviors. One problem lies in the fact that much of the analytical attention of the authors reviewed in this chapter is spent on the commanding-heights of the economy and/or on high-profile sectors and industries. This focus is understandable and necessary as far as it goes, but it leaves a large and important array of day-to-day interactions between agents of the state and a range of economic actors unexplored. In China a great many interactions between agents of the state and market actors, interactions that are crucial not only to the functioning of the economy (some would say to its dysfunction), but also to the maintenance of social stability, happen at a level far below the commanding heights and are only accessible through the most local form of research. Moreover, we should understand that a great deal of state-economy interaction involves systematic deviation from the rules of the game, rules that are in fact daily renegotiated between state and market actors. In the third and fourth chapters I will explore in detail this important realm of informal, urban politics and link it to the regulatory and ideational debates explored in this and the second chapter. First, however, I will set the stage with an overview of the Chinese regulatory state debate.

As noted above, the principal debate about the nature of China’s state-economy relations is between those who see China as an increasingly modern and rational regulatory state and 1) those who explicitly reject this regulatory state



argument in favor of a developmental state model and 2) those who claim that China is better understood as a case of stalled or partial reform.<sup>35</sup> The wide range of approaches among critics of the regulatory state does not diminish the importance of this debate. Despite its importance, a skeptic may question whether the scholarly discussions analyzed here have reached the level of a full blown “debate,” especially given that only a few of the scholars have actually engaged one another directly in writing on the issue of the regulatory state.

Such skepticism would be misplaced for two important reasons. First, a number of prominent publications as well as conferences have focused directly on the question of the regulatory state and more generally with Chinese state-economy relations. Among the key publications, Yang Dali’s 2004 *Remaking the Chinese Leviathan*, in which he fully elaborates the case for an emergent regulatory state in China, was a catalyst for critical book reviews (Kennedy 2004/05; Yang and Kennedy 2005; and Pearson 2005a) and more complete counter-arguments in prominent journals like *World Politics* (Pearson 2005b).<sup>36</sup> Second, at least two academic conferences have been held on the topic of the Chinese regulatory state and the nature of Chinese capitalism: the first, held at the University of Maryland in April of 2004, was entitled “Transforming Institutions in Global China: Past Lessons, Future Challenges,” and the second, held in May of 2006, was entitled “Capitalism with Chinese Characteristics: China’s Political Economy in Comparative and Theoretical

---

<sup>35</sup> An earlier version of this chapter included a third group that examines China’s sub-national regional and sectoral variation and argues that China is a complex mixture of different types of state-market interaction. However, very few in this group directly engage the core issues of the regulatory state debate, but instead focus on much narrower issues of political economy. This work provides key insights into larger patterns of state-economy relations, but because they most often do not attempt to link their specific research issues to those larger patterns I have not included them in this discussion. Many, including Tsai (2002) and Mertha (2005), will appear again later in the dissertation in relation to specific regulatory issues.

<sup>36</sup> While Yang’s regulatory state argument is most complete in *Remaking the Chinese Leviathan*, he had been making similar arguments well before then (see Yang 2001, 2003 and 2004b).

Perspective.”<sup>37</sup> These two conferences brought together many of the best scholars of China’s political economy to discuss the key issues in this chapter: the first involved applications of the regulatory state concept to various issues in Chinese political economy and the second highlighted questions about how contemporary Chinese capitalism compares with other forms of capitalism across the globe. While these publications and conferences clearly show the vitality of the regulatory state debate, in this chapter I will also include scholars who do not directly confront the regulatory state argument but whose scholarship is nonetheless clearly related to the core issues at stake in this debate.

My goal in laying out the various arguments about the type of state-market interaction that predominates in China is first to provide a picture of this important and increasingly large body of literature. It is precisely because so much of what is being written about in state-economy relations in China today does not acknowledge the larger debate, in part because there has been too little recognition among themselves that these scholars are engaged in a common enterprise, that it is crucial to understand these various arguments in relation to one another so that progress can be made. By the end of this chapter it will be clear that in important respects the quality of the debate is hampered by participants who are critical of one another but who are, in fact, simply speaking past one another rather than engaging each other on the substantive issues at stake.

### *China as a Regulatory State*

What is a “regulatory state?” And of specific importance to this overview, what do China scholars mean when they argue for or against the claim that China is

---

<sup>37</sup> For more on the Indiana conference see the conference web site at <http://www.polsci.indiana.edu/china/default.htm>.

becoming a regulatory state? The concept of a regulatory state has long been associated with the American system of economic governance and more recently with changes in state-economy relations in western Europe. A regulatory state is one that governs the economy by establishing rules about proper market behavior and then creates independent bureaucratic institutions to enforce those rules. As one prominent regulatory state scholar, Michael Moran (2004), has noted, “the modern regulatory state is an American invention” (p. 13). According to Moran, the American regulatory state developed over three distinct periods: the Progressive Era, the New Deal, and the 1960s period of social regulation (e.g. Johnson’s Great Society programs). In contrast, most scholars agree that the emergence of the regulatory state in western Europe has been a post-1970s phenomenon. Due to the crisis of the Keynesian state, where the model of economic regulation was based on control of state-owned enterprises and a high degree of direct state intervention in the economy, western European governments have increasingly privatized state-owned enterprises and decentralized economic decision-making.<sup>38</sup> It is then left to autonomous regulatory authorities, the hallmark of “regulatory capitalism” (Jordana and Levi-Faur 2005:102), to enforce the rules of market behavior, and thus promote market competition.<sup>39</sup> According to some of the most prominent regulatory state scholars, even though this model originated in the United States and has become dominant in western Europe as well, the rules and institutions that make up the regulatory state have recently begun to spread globally (Levi-Faur 2005).

---

<sup>38</sup> The normative connotations of the regulatory state are markedly different in the US and Europe. As Moran (2004) points out, much of the scholarship on the American regulatory state laments the rise of an increasingly intrusive federal government while scholars of the European regulatory state often tie its rise to a right-of-center, neo-liberal agenda in which the state has retreated too dramatically from its former regulatory position.

<sup>39</sup> A common image used to describe the difference between the Keynesian and regulatory states is the juxtaposition of rowing versus steering a boat. The Keynesian state, during which “welfare capitalism” predominated in Europe, both steered and rowed, but the newly emergent regulatory states have concentrated solely on steering, leaving the rowing to the private sector. For more on the steering and rowing analogy see Moran (2004) and Levi-Faur (2005).

In recent years a number of China scholars have begun to argue that the global diffusion of the regulatory state has also impacted China. However, in borrowing the concept of the regulatory state from the literature on the advanced capitalist economies, China scholars have often adopted a restricted and often narrowly historical understanding of the concept when applying it to the Chinese case.<sup>40</sup> Despite the voluminous and growing literature about the role of the regulatory state in advanced industrialized countries, the application of the concept to the ever-changing and complex relationship between the Chinese state and economy has been a relatively new phenomenon.<sup>41</sup> Scholars who have applied the concept of the regulatory state to describe the current relationship, or at least the prevailing trajectory, between the Chinese state and economy often rely not on contemporary studies of the US and western Europe upon which the concept of the regulatory state is based, but instead on an ideal-typical historical model of regulatory reform drawn from one particular place and historical period: the US during the Progressive Era. They argue that the creation of government institutions to regulate the US economy during the Progressive Era was grounded in the perceived failure of unrestrained markets to provide for “orderly” economic development (Yang 2004a:8-9).<sup>42</sup> Proponents of the argument that China

---

<sup>40</sup> Below I provide specific examples of this historical focus. In the following section I focus in particular on the work of two of the most prominent regulatory state scholars, Yang Dali and Wang Shaoguang. Yang argues that China has become (or is becoming) a regulatory state because “most reforms have a public goods aspect in that the center has to step in where the local authorities are likely to shirk. This is clearly the case in the reforms of the central banking system (macroeconomic policy), but it is equally important in the enforcement of laws for environmental protection, quality, safety, and intellectual property. In other words, I argue that much progress has been made toward the construction of a regulatory state” (Yang 2004b:121-122). For Wang a regulatory state is one in which “public ownership thins out and state planning makes way for market forces but the state is still intensively involved in economic and social affairs visa standard-setting, supervision, monitoring, and enforcement, shortly summarized as ‘regulation’” (Wang 2006:1).

<sup>41</sup> The literature on the Chinese regulatory state is almost completely dominated by western-trained scholars writing in English. While there is no shortage of Chinese-language scholarship about regulatory reform and state-economy relations, articles or books that rely on the concept of the regulatory state, in Chinese *jianguan* (监管), *guan zhi* (管制), *gui zhi* (规制), or *guiguan zhengfu* (规管政府), are few and far between. See, for instance Da and Kong (2004).

<sup>42</sup> Key Progressive Era institutions include the Interstate Commerce Commission (1887), the Food and Drug Administration (1906), the Federal Reserve Board (1913) and the Fair Trade Commission (1914).

too is not only in need of new institutions to govern its often-unruly markets but is, in fact, witnessing a clear transition in this direction openly draw on this narrowly historical US model for lessons in how to ensure stable, equitable growth.<sup>43</sup>

One of the most prominent champions of the case that China is becoming a regulatory state along the lines of the Progressive Era United States is the political scientist Yang Dali. While Yang does not provide an extensive comparison of contemporary Chinese regulatory reform with the US during the Progressive Era, he does, however, explicitly allude to the comparison. Quoting Fligstein (2001), Yang notes that market-led development has historically been accompanied by efforts to “stabilize markets” and that post Civil War America in specific, due to challenges from convergent pressures of “nationalization, industrialization, mechanization, and urbanization,” was engaged in “a search for order” (Yang 2004a:8).<sup>44</sup> He goes on to argue that during the Progressive Era in America a new kind of state was necessary to deal with the stresses of industrialization and that what emerged was “a managerial and regulatory state” that “arose to tackle problems ranging from poor public health to monopolies” (Yang 2004a:9).<sup>45</sup> The ultimate importance of the comparison between Progressive Era American political development (as opposed to contemporary America or western Europe) and China since the 1990s is to highlight the fact that China too is in the early stages of creating its own regulatory state.

---

<sup>43</sup> As noted above, academic work on the rise and spread of the regulatory state model in the United States and western Europe also makes reference to the importance of the Progressive Era for the foundations of modern regulatory regimes. However, the focus of these works is primarily about post-1980s institutional and regulatory reforms that have arisen in the wake of welfare state retrenchment. The nascent literature on the Chinese regulatory state largely ignores the literature on contemporary welfare state arrangements in the United State and Europe and instead implies that China is more like the US at the turn of the 20<sup>th</sup> century.

<sup>44</sup> Yang cites American political development scholars Bense (1990 and 2001) and Skowronek (1982), drawing on Bense’s 1990 *Yankee Leviathan* for the title of his own book.

<sup>45</sup> Yang does not claim that America ever perfected its own regulatory state, noting the more recent regulatory challenges presented by the Enron and Worldcom scandals (2004a:9). It is however quite clear that Yang sees China following in the footsteps of America’s Progressive Era regulatory revolution and that this is a very positive move indeed.

From the outset of his book entitled *Remaking the Chinese Leviathan*,<sup>46</sup> Yang is clear about what he sees as the essence of regulatory reform in China today. He argues that

The Chinese leadership has been in a marathon quest for institutional development, rationalizing existing institutions and building new ones to cope with the unruliness of markets and bring about a regulative economic order. (Yang 2004a:1)

Yang makes a classic Weberian modernization argument for China, presenting evidence to show how Chinese officials are creating a set of professional bureaucratic institutions to promote economic development and correct for market failures through rule-based regulation.<sup>47</sup> Yang's answer to his own question, "can the Chinese state remake itself into a regulatory state, offering sound laws and regulations and enforcing them in a reasonably impartial manner?" (2004a:16) is a qualified "yes." Yang sets up his own regulatory state argument against two other contending schools of thought about the relationship between the Chinese state and economy. The first he calls the "Developmental School," which draws mainly on research connecting robust economic growth to the largely positive impact of the local state (e.g. Oi 1999) and the second he refers to as the "Distorted Market School," whose proponents claim that a combination of local protectionism and interference in markets by what should be

---

<sup>46</sup> While Yang makes his argument for China's emerging regulatory state most forcefully in his 2004 book, he also makes the case in other writings including a book chapter (see Yang, 2004b) and an article for a special version of the *Journal of Democracy* devoted to questions of Chinese democracy (see Yang, 2003).

<sup>47</sup> While the regulatory state literature, as it applies to the United States and western Europe, is very clear that the key institution of the regulatory state is the independent regulatory body, Yang does not emphasize the independence of China's newly reformed regulatory bodies per se. Independence might be implied in Yang's emphasis on the increasingly "rational" and "modern" (terms he uses again and again) character of China's regulatory institutions, but he does not make an extended case for independence.

objective and autonomous state regulators creates market distortions (Yang 2004a:11-14).<sup>48</sup>

In *Remaking the Chinese Leviathan* Yang is primarily concerned with demonstrating how the Chinese state has set about to reform itself to cope with the range of challenges presented by the Distorted Market School scholars. The breadth of regulatory reforms that Yang tackles in his book is impressive, ranging from efforts to improve the regulation of consumer safety to cracking down on smuggling all the way to fiscal reform. As for what has driven these reforms, he mainly advocates the importance of exogenous shocks (as in the case of post-East Asian Financial Crisis anti-smuggling efforts and the divestiture of businesses owned and operated by the People's Liberation Army)<sup>49</sup> and the general change in economic conditions that prompted officials to make "rationalizing" reforms across a multitude of regulatory bodies from the most local (e.g. The Nanjing City Appearance Bureau) to the peak of central power (e.g. the National Development and Reform Commission). In the end, Yang's main concern is less with explicating the political and economic mechanisms driving reforms than with cataloging the myriad transformations in China's formal bureaucratic structure since the early 1990s in an effort to show that there is a clear trend toward the creation of a modern, rational, regulatory state in China. For him, the centralization of authority with certain bureaucratic units, the downsizing and streamlining of bureaucracies often associated with this centralization, and efforts to extricate the state and military from direct ownership and management of for-profit

---

<sup>48</sup> Yang's "Developmental" and "Distorted Market" schools roughly approximate my own categorizations in this chapter although as I explain below the developmental school has both national and local variations.

<sup>49</sup> PLA divestiture plays an especially important part in Yang's overall argument. He claims that "the divestiture of myriad businesses run by or affiliated with China's party and state institutions, particularly the armed forces, was not a simple ad hoc move but part of the overall trend toward the rationalization of the state and of government-business relations" (2004a: 148-49) and that the divestiture was a key catalyst for a massive wave of reform starting in 1997.

enterprises constitute the core achievements of China's emerging regulatory state. Yang also includes the improvement of "market order" as a primary goal of the Chinese regulatory state, a topic I will take up more fully in later chapters.

While Yang Dali provides the clearest and most extensive elaboration of the China regulatory state argument, there are also other important examples that help fill out important aspects of the regulatory state school and here I will present one of the best and most recent. A long-time proponent of the need to check centripetal forces associated with economic reform and to reinvigorate efforts to rebuild and reconstitute state capacity, Wang Shaoguang has also begun to speak of China's emergence as a regulatory state. Wang takes the example of coalmine safety reform as indicative of Chinese state efforts to reconstitute the bureaucratic apparatus and to halt negative patterns of state-market interactions that have been largely responsible for China's alarming rate of coalmine-related deaths and injuries. In his article "Regulating Death at Coalmines" (2006), Wang makes the case that the twin processes of denationalization of ownership and the liberalization of markets contributed significantly to the deterioration of coalmine safety in China.<sup>50</sup> In specific, the proliferation of small coalmines operated by township and village enterprises (TVEs) led to a situation in which local officials who were in charge of enforcing safety standards in the mines also had a financial and political interest in extracting maximum revenues from the mines, often leading to a conflict of interest (Wang Shaoguang, 2006: 6-7). In far too many cases, this conflict of interest meant reduced safety oversight and underreporting of mining accidents. To make matters worse, prior to 1999 the national mine safety regulatory system covered only state owned mines, excluding TVEs (Wang Shaoguang 2006: 19).

---

<sup>50</sup> This would then be the flip side of the same decentralizing reforms that some associate with dynamic local economies.



Wang's argument for the emergence of a Chinese regulatory state rests on the government's response since the mid 1990s to the problem of coalmine safety. As with Yang Dali, Wang's focus is not so much on the specific mechanisms that have been driving regulatory reform in the coal mining sector as it is to enumerate the formal bureaucratic reforms that have been enacted to enhance coalmine safety and to tie this in to a larger trend of regulatory reform in China.<sup>51</sup> Key among these reforms has been a spate of new legislation dealing with coalmine safety and the consolidation of the previously fragmented regulatory bureaucracy, culminating in the creation of the State Administration of Coal Mine Safety in 2000 and its elevation to full-ministerial level status in 2005 (Wang Shaoguang 2006:24-5).<sup>52</sup> For Wang, the passage of new coalmine safety laws and the creation and elevation of a new coalmine safety regulatory body is evidence of the larger trend toward the creation of a fundamentally new kind of state apparatus in China.

Unlike Yang Dali's focus on the debate between the "Developmental School" and the "Distorted Market School," Wang argues that "what replaces China's 'totalistic state' in the wake of denationalization and marketization is not a Hayekian night-watchman state, but a regulatory state" (2006:30). While Wang leaves the concept of a Hayekian night-watchman state unexplained,<sup>53</sup> he argues that under Mao,

---

<sup>51</sup> The essence of Wang's argument about what prompted safety reforms is that increased state-owned media coverage of mining accidents, combined with a growing public awareness of and outcry over deplorable mine safety conditions, eventually led to the spate of mine safety reforms that began in the late 1990s and continues today (Wang 2006:23). While the argument that increased public dissatisfaction with mine safety is what prompted reforms is highly plausible, Wang provides little to no evidence for this actually being the case. What's more, Wang chooses a difficult case to prove his point about increased government regulation of the economy. As Wang (2006) himself notes, "While China's [coalmine] safety performance has improved, its present safety levels are arguably the worst in the world" (p. 13).

<sup>52</sup> The regulatory body has been renamed the General State Administration of Work Safety/State Administration of Coal Mine Safety and as the unwieldy new moniker shows, this institution is now charged with general work safety regulation, not just in coalmines (Wang 2006:25).

<sup>53</sup> This is significant because what a Hayekian night-watchman state is is not self-explanatory. Moreover, Wang's reference to Hayek is not incidental and is instead a symbolic salvo in the on-going war of ideas between the New Left and neo-liberals in China. For further evidence that Wang is making an undeclared case against neo-liberal scholars and their champion Hayek, he later notes that

China was a totalistic state in which administration of the economy took place through comprehensive administrative decrees, that regulations and rules were applicable only to those being regulated (as opposed to the regulators themselves) and that enforcement was carried out through persuasion and “administrative chastisements” (2006:30). In contrast to the totalistic state that preceded it, Wang argues that the essential economic management activities of China’s regulatory state include standard-setting, supervision, monitoring, and enforcement (2006:1). His claim is that the reform of the administrative framework for governing coalmine safety is indicative of a larger trend in China whereby the state has largely withdrawn from direct control of the economy and is now trying to both “set general economic parameters” and at the same time to offset the natural tendency of unfettered markets to exacerbate human misery.

Before moving on to analyze the key criticisms of and alternatives to the regulatory state approach, let me first conclude with a brief summary of the main regulatory state arguments as presented above. To begin, both Yang and Wang see Chinese regulatory reform as following a clear trajectory toward professional, rational, law-based regulatory institutions where the priorities of state economic regulation and the means of doing so have changed fundamentally from the preceding period. In this, they see China as following a global trend, one that primarily proceeds along the path of the advanced industrialized countries but also increasingly appears to describe developing countries in the South and the East as well.<sup>54</sup> For example, in a footnote exploring the vast literature on the regulatory state Wang states that,

---

the demise of China’s totalistic state has not ushered in the “rise of self-regulating society” (2006:29). For more on the New Left versus neo-liberal debate, see the following chapter.

<sup>54</sup> In a long footnote on his understanding of the regulatory state, Wang refers to the historical American origins of the regulatory state, the adoption of regulatory governance in Europe since the 1980s and an ongoing wave of regulatory reform that has since engulfed developing countries from Latin America to East Asia. He then remarks that “What has happened in China is apparently a part of this global wave of regulatory reform” (2006:2). Here, as elsewhere in the nascent literature about the emergence of a

For almost a century the regulatory state was just one of the distinctive features of American Exceptionalism: what the United State regulated, other countries often nationalized...But since the mid-1980s governance through regulation has ceased to be a peculiarity of the American administrative state but has become a central feature of governance reforms in the OECD countries..., Latin America..., East Asia..., and developing countries in general. (Wang Shaoguang 2006:2, fn3)

While neither author says so directly, it is clear that they both see this trend as not only natural, but positive: a regulatory state is a good state. Part of this normative judgment comes from the authors' shared interest in enhanced rather than diminished Chinese state capacity, something both have written about elsewhere.<sup>55</sup> Not only Yang and Wang, but other like-minded scholars have also expressed concerns about the ravages of unconstrained markets and venal officials that have been a product of China's reform process.<sup>56</sup> For instance, in a call for enhanced state capacity in China Wang writes, "Collected in the name of the state but subject to fewer controls than formal revenues, informal revenues [like the type discussed here in chapters two and three] furnish ample opportunities for official graft and corruption" (Wang Shaoguang 2003:39). It thus follows that they would see the creation of more professional regulatory institutions staffed by impartial bureaucrats committed to the promotion of fair competition and equitable outcomes as a highly positive trend. Ultimately, it is only in choosing who they are arguing against that Yang and Wang differ significantly, Yang primarily aiming to show those in the "Distorted Market School"

---

Chinese regulatory state, greater emphasis is placed on the creation, and not the efficacy, of a range of regulatory institutions.

<sup>55</sup> See, for instance, Wang (1995 and 2003), Wang and Hu (2001) and Yang (2003 and 2004b). Pei Minxin, on the contrary, has made it clear that he sees Chinese state capacity as decreasing. For instance, Pei titled a chapter to an edited volume to which he contributed "Rotten from Within: Decentralized Predation and Incapacitated State" (Pei 2003).

<sup>56</sup> Here I refer to the ongoing intellectual and policy debate between the New Left and neo-liberals in China. Wang is especially close to this debate and an active participant in it. Another prominent overseas Chinese academic associated with this school of thought and who is also actively concerned with issues of state capacity is Zheng Yongnian, whose work I discuss at more length in the following chapter.

that the situation is changing dramatically, while Wang chooses no direct intellectual battle but instead aims to show that China has made a definitive move away from a totalistic state towards becoming a regulatory one.

### *The Critics of the Regulatory State*

#### The National Developmental State

As noted at the outset of this chapter, the relatively recent growth of writing on the regulatory state in China has been the catalyst for a growing debate, with Yang Dali serving as the main target of criticism and analytical reflection. The critics of the regulatory state argument, while in agreement on certain issues, are, however, far from reaching a consensus about their alternative understandings of how to portray state-economy relations in China today. I divide critics of the Chinese regulatory state literature into two groups, both of which largely correspond to Yang's categories above: 1) the Developmental State School, which I further divide into national and local varieties and 2) the Partial Reform School. These two groups directly criticize the regulatory state literature, although primarily for quite different reasons. While the developmental state advocates warn that the regulatory state approach overlooks key aspects of strategic political decisions that continue to fundamentally shape patterns of institutional reform, those in the Partial Reform School stress that ever-rising corruption and the lack of political liberalization have left China stalled on the road to true reform. In many ways, the different findings of these critics of the regulatory state approach are very much a function of the questions asked, just as they are for scholars like Yang Dali and Wang Shaoguang. One of the main bifurcations in the regulatory state debate comes between those who focus primarily on changes in formal institutional structures and those who are principally concerned with on-the-ground changes (or lack thereof) in relations between state regulatory bodies and those

they seek to regulate.<sup>57</sup> It is also clear that basic predispositions and normative commitments of the authors involved play a large role in the questions asked and the type of conclusions drawn. Here I will flesh out the arguments made by each of the different challenges to the regulatory state case.

Margaret Pearson of the University of Maryland has emerged as the primary critic of the regulatory state approach, especially as it is presented by Yang Dali. In a review of Yang's *Leviathan* book and in a subsequent *World Politics* article, Pearson takes Yang to task for a number of misplaced analytical assumptions that lead to factual inaccuracies and overlooked patterns of state regulatory behavior. Pearson begins her review of Yang's book with the blunt observation that it "is at the same time highly valuable and deeply flawed" (2005a:64). While she praises Yang's detailed attention to the changes in China's regulatory structure, especially given many other China watchers' largely ineffectual search for China's illusory democratic transition, she disagrees with Yang's portrayal of the fundamental nature of regulatory reform, claiming that he overlooks key changes in the form and mission of top-level regulatory institutions (2005a:65). By focusing on structural bureaucratic reforms and arguing that China is witnessing the emergence of a minimalist and neutral state regulatory apparatus, Pearson claims that Yang misses the strategic and political nature of regulatory reform. To the extent that champions of China's emerging regulatory state predict convergence toward (perceived) norms of good governance, Pearson challenges these claims with an alternative framework for understanding China's ongoing regulatory changes.

Pearson provides a much more thorough presentation of her own alternative argument in her full-length *World Politics* article, contending that in many key

---

<sup>57</sup> While advocates of an emergent Chinese regulatory state want to make a connection between improved formal regulatory reforms and regulatory implementation, they too often assume formal reform will lead to improved implementation rather than proving their case.

respects China more closely resembles an East Asian developmental state than a regulatory one.<sup>58</sup> Her primary focus is on the norms and institutions at the heart of China's governance model. While Pearson acknowledges the wide array of reforms in China's regulatory institutions, she argues that the resultant institutional structure reflects the state's strategic goals and normative commitments. Unlike Yang, who sees China's bureaucratic reforms as progressing along a path toward rationality and normalcy, Pearson fixes her attention on the commanding heights of the Chinese economy, providing examples from the telecommunications, electric power, civil aviation, and financial services sectors to argue that the state is anything but a neutral bystander in its approach to regulating these sectors. Indeed, she argues that it is precisely because the state sees these sectors as strategic to the maintenance of its own authority that it cannot create wholly independent and objective bodies to regulate them. Far from establishing neutral, autonomous regulatory bodies for the oversight of these sectors, she emphasizes that the state has shown a desire to retain the "power of comprehensive agencies...to foster national champions, and...to actively structure and limit competition in favor of incumbent firms" (2005b:302). In this sense Pearson argues that China, rather than becoming a regulatory state, more accurately resembles a developmental state along the lines of East Asian late developers like Japan and South Korea (2005b:300-02).<sup>59</sup> The state's primary goal in terms of regulatory reform,

---

<sup>58</sup> Despite her highly critical take on the regulatory state, the subtitle of the article, "Institutions and Norms of the Emerging Regulatory State," seems to acknowledge the existence of this dubious entity.

<sup>59</sup> The concept of a developmental state was largely pioneered by and continues to be associated with Chalmers Johnson and the rapid rise of a number of East Asian economies in the post World War II era. In his 1982 *MITI and the Japanese Miracle*, Johnson was intent on showing that Japan's post war development model offered an alternative between western laissez faire capitalism and socialism. The key aspects of the developmental state model included the existence of a professional bureaucracy that was largely independent from direct political interference; state intervention in the economy in a way that was "market conforming" (Johnson 1982:317), which often meant state control over allocation of credit; the creation of a super-ministry like MITI (the Ministry of International Trade and Industry) to co-ordinate industrial policy; and the creation of national champions in select industries. The two countries most closely associated with this model are Japan and South Korea, but Johnson and others have also pointed to its applicability to Taiwan, Singapore and Hong Kong as well in what is sometimes known as the "flying geese" model of East Asian development. In a recent retrospective on the history

then, is not to create independent regulators but instead, through active intervention and guidance, to enhance its control over the commanding heights' sectors thus enhancing its own position and allowing it to avert destabilizing social dislocations.

The other component of Pearson's argument is ideational: in addition to pursuing a set of institutional arrangements that in many respects resemble a Japanese-style developmental state, Pearson claims that Chinese regulatory reformers have also shown a clear set of normative preferences about the state's developmental goals and the means of achieving those goals. She argues that these preferences act as a formidable obstacle in the creation of a regulatory state.<sup>60</sup> According to Pearson, the Chinese leadership holds a set of normative preferences, including the desire for "orderly" competition and, as part of this, for the maintenance of only a small number of dominant, state-owned firms in strategic sectors (2005b:312, 314). According to this line of thought, some competition is healthy for increased efficiency, but fears of excessive price-cutting that might eat into state revenues have prompted a preference by state officials for limited competition.<sup>61</sup> Tied to domestic concerns about diminished revenue streams and fear of unemployment that might be the result of excessive competition, state officials have also expressed their desire to create

---

and controversy surrounding the developmental state concept, Johnson is also clear that the developmental state was one that was successful at generating rapid economic growth. Summing up the main point of his 1981 book, Johnson (1999) says, "The essence of the argument is that credit for the postwar Japanese economic 'miracle' should go primarily to conscious and consistent governmental policies" (p. 37). Johnson's research on Japan was followed by a number of other important works that also relied on the developmental state concept, especially as it applied to East Asia, including Amsden (1989 and 2003), Wade (1990), Deyo (1987) and Evans (1995). Two more recent additions to this literature that seek to understand why some countries (or parts of countries) are more effective in creating a developmental state are Kohli (2004) and Sinha (2005), while Herring (1999) seeks to explain India's failed developmental state.

<sup>60</sup> Pearson interchanges the concepts of regulatory state and "independent regulator model." She says that despite not being reflected in the actual results of regulatory reform, the "desirability of adopting the independent regulator model is entrenched in the political and scholarly discourse" in China (2005b:301).

<sup>61</sup> Scott Kennedy has written specifically on the politics of price floors in connection with attempts to control competition (see Kennedy, 2003 and 2005).

“national champion” industries that can be internationally competitive and technologically innovative.<sup>62</sup>

By focusing on the importance of commonly held assumptions about how markets operate and the state’s proper role in governing those markets, Pearson has introduced an important topic into the regulatory state debate. Pearson has also hit on a vital theme with her stress on the key role that state officials place on the maintenance of market order and stability. However, I would argue that Pearson overplays the level of consensus (what she refers to as a “normative preference”) that exists about what policies are most likely to produce this sought-after orderliness. Moreover, the very definition of what constitutes orderly competition or a stable market is itself a subject of heated debate. Finally, though a focus on the state’s strategic decisions in commanding heights’ sectors is undoubtedly of great importance in understanding China’s contemporary political economy, it is equally imperative to understand the less-than-commanding nooks and crannies of Chinese state-economy relations in order to more fully comprehend all the dimensions of the struggle over market order.

### The Local Developmental State

For Margaret Pearson, then, one of the key attributes of regulatory reform in China is that the state, far from simply rationalizing or normalizing its role in the economy and creating autonomous regulatory institutions, has been engaged in a profoundly political effort to reconstitute its authority and control over the economy by actively intervening in the regulation of strategic sectors. An important variant of the national level, commanding heights type of developmental state argument as presented by Pearson is the case for local developmental states. While writing on the

---

<sup>62</sup> For more on China’s attempts to create national champions in the auto sector see Thun (2006).



local developmental state has been a staple of China studies scholarship for quite some time, its proponents have as of yet not actively entered into the larger debate about the broad scope of state-economy relations that has been the focus of the Yang-Pearson dialogue. Yet it is important to briefly discuss the local developmental state as a variant of the national-level version because it sheds a slightly different light on the issues raised by Pearson and at the same time presents a number of puzzles about central-local relations and whether one can actually hope to place such a complex entity as China into any neat, all-encompassing analytical category.<sup>63</sup>

The concept of a local developmental state is almost uniquely deployed in the study of Chinese development.<sup>64</sup> With the beginning of the reform era in China, scholars were granted long-denied access to localities all over China. Based on this research these scholars began to classify local state-economy interactions in a variety of ways. One of the key variants was the local developmental state, a category designed to describe the way local officials had begun to take on many of the key roles of national developmental states by

interven[ing] indirectly in the economy, “helping to plan, finance, and coordinate local projects, investing in local infrastructure, and promoting cooperative economic relations with external agencies. (Blecher and Shue 2001:368, fn. 1)<sup>65</sup>

---

<sup>63</sup> I distinguish between two types of local regulatory state arguments. The primary difference is that the first type of argument tends to assume, along with its national variant, that local developmental states are successful at promoting local development whereas the second variant leaves the question of what leads to developmental success or failure as an open question.

<sup>64</sup> One important exception is Aseema Sinha’s (2005) work on comparative local developmental states in India.

<sup>65</sup> In a helpful overview of varieties of local state-economy interaction, Richard Baum and Alexei Shevchenko and also Marc Blecher and Vivienne Shue have argued for four basic local state forms: developmental, entrepreneurial, clientelistic and predatory (see Baum and Shevchenko, 1999 and Blecher and Shue, 2001). Here I deal primarily with the challenge the developmental and predatory (which I place in the category of “partial reform”) models present to the regulatory state case. The entrepreneurial state ideal type (see Duckett, 1999), as much as it captured the important phenomenon of government bureaus spinning off private and semi-private businesses, has not really received much subsequent attention. To the extent that bureaucratic entities continue to spin off private enterprises, this clearly poses a challenge to the regulatory state thesis, but on the other hand Yang Dali may have

In the sense that local officials also see certain sectors as strategically important and seek to create or support “local champions,” they too actively intervene in markets to produce desired outcomes. Yet another variation on the largely positive developmental role played by the local state is Oi’s (1999) description of “local corporatism” in which local state and Party officials coordinate government and business activities along the lines of a private corporation. As with Pearson’s analysis of central state intervention in commanding heights sectors, arguments about the local developmental state are also fundamentally at odds with claims that China is headed toward becoming a regulatory state.

The change of scale from the national to the local makes for a dramatic increase in the number of potential cases of state-market interaction. To the extent that the policies of local developmental states converge with those of the central government, there is no problem logically in accepting the compatibility of local and national forms of the developmental state. However, there is the very high possibility for central and local developmental policies to diverge. What for some may be a case of local developmentalism may for others be a case of local protectionism or outright corruption. There are at least two variants of the problem of diverging central-local interests in terms of development promotion. In the first case, local officials seek to promote a local champion, be it the leather industry or the automobile industry or whatever local officials choose,<sup>66</sup> and in so doing protect local firms from competitive

---

been correct that the PLA divestiture marked the beginning of an overall crackdown on these types of enterprises.

<sup>66</sup> See, for example, Blecher and Shue (2001) and Thun (2004). Recent scholarship has used the local developmental state paradigm to explore the comparative efficacy of local governments to champion certain industries. Eric Thun and Adam Segal, in a comparative study of Shanghai and Beijing local governments’ efforts to promote the auto and electronics industries (2001), respectively, ask under which conditions local governments can succeed in creating champion industries. Unlike much of the developmental state literature, whether in the national or local variants, Thun and Segal do not assume that efforts to create a developmental state will necessarily prove successful. Despite their research design that allows for failed developmental state experiments, Thun and Segal do find that both the Beijing and Shanghai city governments were successful in their promotion of their chosen sectors, but

pressures, discriminating against non-local competitors. In the second, closely related case, local officials, also in an effort to promote local development, collaborate in the production and/or commerce of goods or services that the central government has formally forbidden. In either scenario, local developmental state policy may be at odds with national policy.<sup>67</sup> In this sense, while the existence of local developmental states certainly provides evidence against an emerging regulatory state, it also poses a problem for the argument that China is a smoothly oiled developmental state. So even though both national and local variations on the developmental state argument are antithetical to claims that China is becoming a regulatory state, in large part because they disagree with regulatory state claims about the purpose of institutional reform in china, they share a similar focus on formal, bureaucratic changes and tend to downplay questions of regulatory implementation. The following two groups of regulatory state critics have a very different orientation, instead choosing to concentrate on patterns of regulatory enforcement.

### Partial Reform

The other main group of critics of the regulatory state thesis argues not that China is becoming a developmental state that strategically intervenes in markets (national or local) in order to promote development and maintain political authority, but claims instead that China is a case of stalled or partial reform.<sup>68</sup> Here I will briefly explore three variants of this argument, one which argues that corruption undermines

---

these successes were dependent on a number of variables specific to each industry and the unique endowments of each region.

<sup>67</sup> Scholars of the local development state would most likely claim that the second scenario more closely resembles a simple case of corruption or illegal behavior and that the former may simply go against economic rationality in terms of scale of production. But from the perspective of central authorities both scenarios pose a problem of local policies that run counter to the creation of a unified national market or the enforcement of national laws that themselves, like Intellectual Property Rights (IPR) legislation, are part of global treaties.

<sup>68</sup> For the classic study on post-socialist “partial reform” see Hellman (1998).

regulatory reform and economic development in general, a second that also stresses the negative impact of corruption but places it within the context of incomplete economic and political reform, and a third that relies on cultural and ideational factors to explain what many see as sub-optimal financial and enterprise reform. While it is only in the first corruption-oriented argument that there is a direct critique of the regulatory state case, all three variants of the partial reform argument draw attention to negative aspects of China's reform process by focusing on what they perceive to be the failure to successfully implement policy reforms based on a rule-based regulatory system. Put differently, partial reform scholars like Pei Minxin and Lü Xiaobo in particular, see a major lack of state capacity in China whereas their regulatory state and developmental state counterparts see at least improving state capacity.

The first variant of the partial reform school shares much in common with what Yang Dali has called the "distorted market school." These scholars see many of the problems associated with regulatory reform rooted in corruption.<sup>69</sup> Two scholars associated with this perspective are Huang Yanzhong and Lü Xiaobo. Huang in particular directly attacks the regulatory state argument for contradicting the plentiful evidence of official venality. One of his key points is that even with regulatory reform, and sometimes because of it, many officials function as both referee and player in market competition. According to Huang,

bureaucrats at almost every level, from central government ministries to local authorities, can assure themselves a privileged position in the emerging market economy by being the owners of key corporations and/or the regulators of market competition. (Huang 2004:40)

---

<sup>69</sup> What constitutes a "problem" for the partial reform scholars is not always immediately apparent. While corruption is often the focus of their work, the question of what specific difficulties corruption itself leads to, economic, social or otherwise, quite often go unexplained.

Moreover, he argues that bureaucratic promotion policies continue to have perverse incentives built in such that advancement is not necessarily tied to actual regulatory improvements (say in health or sanitation standards) but is instead a function of pleasing one's superiors (Huang 2004:41, 49). Finally, Huang directly contradicts Yang Dali when he concludes that "despite the restructuring and reorganization of the country's bureaucracy, the reform has failed significantly to rationalize or revamp China's state apparatus." (Huang 2004:58).

Lü Xiaobo takes the corruption argument to another level, arguing not only that reform has failed to rationalize state institutions, but also that it has led to what he calls "organizational corruption." Lü defines organizational corruption as

actions of a public agency that, by exploiting its power in regulating the market or its monopoly over vital resources, are aimed at monetary or material gains for the organization. Such gains often violate official rules or regulations, at the expense of both the public and the state. (Lü 2000b:275)

He is particularly concerned about four different kinds of practices that for him constitute organizational corruption: the collection of extra-budgetary funds, the misuse of regulatory power, the illegal use of public funds and the "profit-generating activities of government agencies" (2000b:276). According to Lü then, many of the types of behavior described in the local developmental state and entrepreneurial state models as key to dynamic local development would have to be considered organizational corruption. Ultimately, for both Lü and Huang, economic reform in China has opened up the floodgates of corruption and many government officials, far from helping to create modern, Weberian regulatory institutions or acting as local developmental state planners, have instead abused their power to enrich themselves or their entire organization, thus leading to stalled economic reform.

Taking the corruption-based partial reform case one step further by extending the argument beyond economics to the realm of politics is Pei Minxin of the Carnegie Endowment for International Peace. In Pei's 2006 book, *China's Trapped Transition*, he argues that corruption goes hand-in-hand with a state apparatus that is increasingly unable and unwilling to enforce its own rules and regulations and which has become increasingly "predatory" toward its own citizens.<sup>70</sup> Directly contradicting the assertions of the regulatory state scholars, Pei (2006a) argues that China is experiencing extensive "institutional breakdown" (13) and that "various measures of governance confirm the underdevelopment of key public institutions in China" (5). Pei finds that neither the media nor public opinion serve as a useful check against the Party's single-minded efforts to maintain a stranglehold on power. According to Pei, the Party's failure to allow for political opening has

Stunted the development of an effective legal system, constrained the constitutional role of the legal branch, obstructed the growth of rural self-government, and restricted the emergence of civil society. (2006a:7)

Pei argues that the Party's unwillingness to place any constraints on its own power or that of the state more generally has weakened state capacity in a variety of ways, from the enforcement of contracts to the protection of property rights to "policing the marketplace" (2006a:14). In essence, Pei takes the partial reform case one step beyond simple economic corruption to claim that economic elites and party officials (often one-in-the-same) have not only contributed to incomplete reform, they have purposely manipulated reform to enrich themselves and to increase their stranglehold on political power. For Pei, the ultimate goal of Chinese reform should be the creation

---

<sup>70</sup> For more on Pei's "decentralized predation" argument see Pei (2003). Although he makes no reference to it, in some ways this predatory state argument recalls Duara's (1988) historical analysis of "state involution" during the first half of the 20<sup>th</sup> Century in China in that both emphasize the growth of rogue local officials who exploit their official positions to extract resources from rural citizens.

of a market democracy, but as it stands “China seems to be on a Long March to nowhere” (2006b:17).

For Pei this “Long March to nowhere” is anything but benign. Instead he sees a vicious circle of corruption and state predation that persists and worsens due to the lack of institutional checks and balances and causes ever-decreasing institutional capacity. Pei thus reasons that China, unlike other East Asian countries that achieved rapid development under authoritarian leadership, will not transition to democracy and for him this is truly the crux of China’s partial transition.

A final version of the partial reform argument relies on cultural and ideational arguments to explain stalled reform. Ed Steinfeld, in a 2004 *Political Studies* article sets out to explain the lack of success in reforming the Chinese financial and enterprise sectors.<sup>71</sup> Steinfeld says that many other partial reform theories offer a non-economic rationale for stalled financial and enterprise reform, such as fears over social instability, state deference to politically powerful social groups or intentional government distortion of markets to maximize control.<sup>72</sup> He in turn dismisses each of these non-economic, or what might more simply be seen as political, explanations. His alternative explanation is that cultural understandings of how markets function, or what he calls “market visions,” predispose Chinese policy makers to continually prop up large underperforming state owned enterprises (SOEs) by relying on bailouts from the financial sector. He argues that most of the Chinese officials whom he has interviewed view the poor performance of some SOEs as a sign not of those firms’ failure to compete effectively in the market but instead reflects the flawed nature of

---

<sup>71</sup> As with many corruption-based partial reform arguments, Steinfeld does not specify what a fully reformed financial market would look like in China. He does however argue that state-owned banks over-supply credit to large state-owned enterprises and that state credit policy has led to over-investment in real estate markets.

<sup>72</sup> These are all arguments that Pearson uses in one form or another and are all political arguments. Why Steinfeld, as a political scientist, is worried about providing an explanation that doesn’t violate the assumptions of economic rationality, is unclear.

the market itself. Rather than viewing the market as an instrument for selecting out uncompetitive firms, many Chinese officials hold that large firms underpin the market itself and if those firms are underperforming it reflects only that the market has failed to accurately assess the real value of these firms. What is crucial here is that it is ideas about how the economy functions that shape the behavior of officials. As Steinfeld puts it: “in the case of China today, virtually all citizens are believers in the market, but the question is what kind of market they actually believe in” (2004:653).

It is his stress on market “beliefs” that truly distinguishes Steinfeld from the others in the partial reform camp. Steinfeld notes in the abstract to his article

that institutional change and resultant economic outcomes are driven less by contestation than by societally held assumptions regarding the nature of economic causation in market contexts. (Steinfeld 2004:643)

Thus it is broadly shared understandings about the nature of markets, and, one would assume, the proper role of government in regulating those markets, that underpins China’s still-incomplete financial market reforms. Steinfeld argues that such shared beliefs about cause-effect relationships in markets play an especially important role during times of uncertainty and/or complex change (Steinfeld 2004:644). It is these shared understandings, what others might recognize more readily as cultural beliefs, which have led to partially-reformed financial markets in China during the uncertain years of the reform period. As to where these understandings came from Steinfeld is silent and whether or not they are as widely held and uncontested as he leads us to believe are issues I will explore in more detail in the following chapter.<sup>73</sup>

---

<sup>73</sup> In yet another iteration of the partial reform argument Victor Shih (2007) directly contradicts Steinfeld’s ideational argument by claiming that stalled Chinese financial reform is the result of technocrats aiming to enhance their own power even if this results in unhealthy long-term public policy. As for Steinfeld, what is curious about his definition of a “market vision” is that he concedes that there is debate over economic policies in China. His point is that certain assumptions about how markets work, and presumably then the role of the state in governing markets, are so ingrained, so much a part



The authors explored here offer a vision of the glass of Chinese reform as half empty at best. For scholars like Huang, Lü and Pei, what drives this pessimism is a strong distaste for what is seen as pervasive official corruption and skewed systemic incentives. But whether it is corruption or a pre-existing ideational/cultural framework that leads to suboptimal outcomes (at least identified as such by these scholars), what is sure is that for them China has not only not become a regulatory state, but it has also veered very far off of that trajectory. Certainly one part of the explanation for why scholars like Yang Dali and Pei Minxin have such diametrically opposing views about the direction of Chinese state capacity, for instance, is that each is looking at a different part of the proverbial elephant, and in this case the elephant is Chinese regulatory reform. Yang is mostly interested in formal, institutional change, from which he assumes regulatory performance will improve, whereas Pei burrows into the still very messy world of regulatory implementation without often stepping back to gauge long-term, relative changes in the overall regulatory system. Both arguments prove, however, to be highly teleological: for advocates of China's emerging regulatory state China is now firmly set along a path toward normal, good government whereas partial reformers see China as missing the route to true and proper reform and instead heading toward economic and political turmoil.

---

of the culture as it were, that they are off the table in terms of debate. I find this to be highly problematic, especially as it applies to the Chinese case. By claiming that certain elements of the Chinese "market vision" are permanently in place, and that they are known to him, Steinfeld directs our attention away from those very elements (or ideas or visions) that may indeed not be so permanent or assumed. Ultimately, I do not disagree with Steinfeld that certain "ideas" may be deeply ingrained in Chinese ways of understanding the economy (or at least certain sectors like finance that are his specialty), but I argue that the realm of debate about how markets work and what the state's role is in governing those markets is more open to change, debate and political contention that Steinfeld allows. I also argue that Steinfeld misses the more important, overarching, and ultimately more politically relevant and interesting "market vision," which is that of "market order."

## **An Analysis of the Regulatory State Debate: Where Do We Go from Here?**

In this literature review I have argued that recent scholarship about the emergence of a regulatory state in China has been a catalyst for a variety of critical responses. What has emerged is an array of perspectives about how best to understand not only the nature of the relationship between the state and economy in China but also its general direction. This distinction between the current status of state-economy relations and where they may be headed is key, for even though there are serious disagreements about whether China currently most closely resembles a regulatory state, a developmental state or a case of partial reform, most would agree that there is a wide range of governance challenges that China faces. Despite this agreement, some would have us believe that the state is not up to the task of managing the myriad challenges it faces while others argue that it is already well on its way to doing so. In Table 1-1 below I have attempted to summarize the main findings of the regulatory state debate so as to allow comparison across a number of key issue areas.

Up until this point, I have mainly traced the debates between regulatory state scholars and their critics, allowing their arguments to speak for themselves and withholding my own critical judgments. But here I want to make a final assessment of the debates and to set the stage for the remainder of the dissertation by offering my own alternative views on how best to make sense of certain under-studied and overlooked aspects of state-economy relations in China.

First, the case for the emergence of a Chinese regulatory state provides a number of useful insights into the evolving relationship between the state and the economy in China. Yang Dali provides a useful reference for the formal changes in regulatory institutions across a variety of sectors and at various levels of government. The fact that China is undergoing an important wave of institutional reform is certainly true; the passing of new legislation, the streamlining of existing bureaucra-

<b>Table 1-1: Varieties of Chinese Political Economy</b>				
	<b>Regulatory State</b>	<b>Developmental State</b>		<b>Partial Reform</b>
		<b>National</b>	<b>Local</b>	
<b>Level of Analysis and Subject</b>	No clear preference; Includes national and local regulation of range of markets	National-level, commanding heights sectors like industry and finance	Local industrial promotion	Mostly local corruption or national finance
<b>State and Market</b>	State is far-sighted and benevolent and an increasingly objective and neutral observer; Frequent state intervention necessary to correct market failure	State a strategic actor that intervenes in “market-conforming” ways to promote industrial development	Effective local state intervenes to promote targeted industrial development	Corruption and/or wrong “market vision” leads to state incapacity; State failure outweighs market failure
<b>Form versus Content</b>	Focus on formal bureaucratic changes, often assume effective implementation	Focus on formal commanding-heights institutional change, often assume effective control and growth outcomes	Often assume effective promotion of local developmental strategies (Segal/Thun exception)	Focus on failure of regulatory implementation, little discussion of formal institutional changes
<b>Role of Ideas</b>	Growth of Chinese RS part of global trend based on common ideas of good governance; RS analysts close to “New Left” stance	Pearson notes importance of rhetoric of “orderly” competition; Assumes shared understanding of “order”	Local officials effected by national ideas of what constitutes development – little direct focus on ideas per se	For Steinfeld, ideas are the key explanatory variable; Corruption variant assumes (venal) material interests
<b>Point of Comparison</b>	Progressive Era America; Advanced western economies in general	East Asian Developmental States; Japan and South Korea key examples	Other forms of local Chinese state: entrepreneurial, predatory, etc.	Other developing countries, predatory states in particular

cies and the creation of new ones are certainly phenomena worthy of further study. To the extent that such institutional transformation represents a new role for the Chinese state as the custodian of a largely market-based economy as opposed to an owner and producer in a planned economy, the regulatory state literature is on safe analytical ground. Moreover, the continued interest in changes in state capacity that is often associated with the regulatory state literature most certainly constitutes a welcome research agenda.

But it is precisely on this question of state capacity that the regulatory state argument begins to falter. For all of their emphasis on enhanced Chinese state capacity, there is a strange lack of follow-up by regulatory state scholars on the resulting on-the-ground changes that are presumed to follow from the modernization and rationalization of regulatory institutions. In far too many instances one is struck by the fact that Yang Dali relies on the formal mouthpieces of the Party or of a given government agency to tell us how successful professionalization of the bureaucracy has been. Just because the *People's Daily* reports that a given regulatory reform has been a success does not mean one should immediately reject it as an outright falsehood, but one should view such statements with a healthy dose of skepticism by at least accounting for the political motives that may have prompted the issuing of such reports. Yang's strongest evidence of actual change (for Yang, this means "improvement") in regulatory performance is drawn from the case of military divestiture and related improvements in smuggling in the wake of the East Asian Financial crisis, but he fails to follow up on most of his claims that formal institutional reforms translate into better governance. Equally, Wang Shaoguang's study on coalmine safety is a hard case to say the least: does the move from having the worst coalmine safety record anywhere in the world to having marginally improved safety

standards but still the world's most dangerous coalmines really mean China is now a regulatory state?

Just as important, the regulatory state literature on China reviewed here fails to take the political processes of regulatory reform seriously and far too often fails to explicate the causal mechanisms at work. Why are some regulatory institutions streamlined while others are expanded or given new guidelines? Who stands to gain by such reforms and who to lose? What are the material and ideational resources that different actors bring to bear in their attempts to impact the reform process? How do non-state actors impact these debates? If new regulatory standards are set, do they benefit certain state or private entities more than others? These are all crucial questions of reform but ones that are almost completely ignored in the regulatory state literature. It is as if regulatory reform is progressing along a path, and a path free of politics at that, toward some mythical land of modernity and good government.

Aside from the inherent teleology of the Chinese regulatory state literature, and a problem associated with some of its critics as well, is the superficial nature of any comparisons that are made, if they are made at all. The regulatory state literature, which primarily focuses on the advanced industrialized countries, often draws extended comparisons between different patterns of regulatory politics in different countries. As I explained above, there is not simply one type of regulatory state, but many, with the American model different from the British model, which in turn is different from the German model, and so on. So when China scholars speak of China becoming a regulatory state they basically do so only in reference to a single ideal type, failing to account for the possibility of different types of regulatory state with very

different implications for how we understand China's evolving state-economy relations.<sup>74</sup>

As Pearson has pointed out and as will become clearer in the next chapter, the idea that China is becoming a regulatory state (although one with uniquely Chinese characteristics) is in fact exactly the image that the Chinese Communist Party and central government authorities want to project. This is not merely propaganda; as Yang's work clearly shows the Chinese government is undertaking dramatic and large-scale efforts to create laws and regulations about how specific markets are to be governed and it has created new institutions or reformed existing ones in order to carry out these new rules. But even though Chinese authorities frequently produce long lists of the successes connected to their efforts to create and enforce new rules, even they do not go as far as Yang and others in arguing that their efforts have resulted in the successful creation of a full-blown regulatory state. In fact, quite the opposite is true. As I will demonstrate, one of the key governance strategies employed by both central and local government authorities is to point out all of the many problems with markets that remain to be solved. As I argue in the next chapter, it is precisely by emphasizing its role in "rectifying" what are considered to be "disorderly" markets that the Party and specific bureaucratic entities often seek to legitimate their regulatory authority and actions. The state's emphasis on the importance of stability and market order serve to underline its vital, yet in many ways quite ambiguous, role in ensuring that stability and order. So yes, China is involved in efforts to create a regulatory state, but we should not assume that the new rules or institutions that have been created as a result will in any clear or direct way line up with state-market interactions on the ground.

---

<sup>74</sup> The most extreme example of oversimplifying the definition of a regulatory state comes in Wang Shaoguang's extended footnote on the concept where he notes that the number of regulatory agencies in Latin America has expanded dramatically in recent years, providing evidence of emerging regulatory states there. Certainly there is more to the concept than simply adding or subtracting regulatory institutions.

The developmental state and partial reform critiques provide an important corrective to certain flaws in the regulatory state thesis. Developmental state arguments of both the national and local variety take the political nature of regulatory reform more seriously. They note that state authorities view certain markets and the revenue streams they provide to the state as strategic assets and then attempt to explain institutional reform as the outcome of a process of political contestation. However, a flaw in the developmental state argument, especially as presented by Pearson here, is that it may vastly overestimate the state's ability to exert the type of control over certain markets that it would like. This has always been part of the critique of developmental states in general, and may be especially applicable to markets where China is a price taker, like global energy markets for instance. In connection to this, the partial reform critics, especially by pointing out the potential for bureaucratic corruption, draw our analytical attention to the possibility that even in redesigned regulatory institutions the enforcement of new or existing regulations may deviate significantly from the formal rules.<sup>75</sup>

#### *Economic Ideas, Market Order and Marginal Markets*

One of the most fruitful, yet underdeveloped aspects of the critique of the regulatory state argument is the focus on the importance of ideational frameworks and their impact on the politics of regulatory reform. Pearson, Steinfeld and Kennedy all note the impact of ideas, or for them “normative preferences,” “metapreferences,” “market visions,” or “norms of competitions.” This is a step in the right direction,

---

<sup>75</sup> Here I refer to recent discussions, including those by Yang Dali (Tam and Yang 2005) about the newly reformed food safety and pharmaceutical bureaucracies where the new institutions have not only failed to solve key regulatory problems but have themselves added to those problems through what appears to be classic predatory behavior. The question is, at what point does “corruption,” or simply the deviation from the rules by enforcement officials, promote outcomes that are acceptable politically, economically and socially and when does it produce results that are unacceptable?

because as Mark Blyth (2002) has powerfully argued elsewhere, changes in economic ideas were at the core of the 20<sup>th</sup> century's major institutional reforms and we should expect nothing less in China as well.

However, the treatment of ideas in the Chinese regulatory reform literature discussed above leaves much to be desired and much room for improvement. One should not, as some of the works discussed above do, assume that ideas about how markets do or should operate are a given or part of a pre-existing and unchanging cultural construct. Ideas about how markets operate are themselves both open to political contestation and are frequently powerful weapons used in the effort to reform regulatory institutions and in debates about how to govern the economy in general. As such, we must place ideas about markets as objects of political study at the center of our understanding of state-economy relations in China.

One of the most important ideas in contemporary Chinese debates about economic reform is that markets and competition should be “orderly” and that state regulation of markets should foster “stability.” Pearson touches briefly on these issues, but her treatment is too cursory and confined to how ideas of “orderly competition” operate at the commanding heights level of the economy. In the following chapter I provide an extended analysis of the importance of contestation over ideas about how the state should properly regulate the economy, how different ideas about “market order” are the focus of this contestation and how the state strategically highlights the ubiquity of “disorderly” markets (which in turn are part of a larger “neoliberal” menace) as a major cornerstone of its legitimation efforts.

Beyond the role of ideas about markets, recent work by Margaret Pearson on “social regulation” and “low-tier” economic regulation point to the primary empirical case studies in this dissertation: state regulation of marginal markets. Pearson (2006) has ventured into new territory in a conference paper where she argues that it is not



just the commanding heights that matter for understanding Chinese political economy, but that a focus on different “tiers” is necessary. Pearson argues that we should envision the Chinese economy as having three tiers: the first being the commanding heights that she has written about elsewhere, the middle tier she admits may only exist in one case, pillar industries like the automobile sector and the third, or low tier, is made up of private and collective firms that produce consumer goods. She claims that government oversight of the low tier is about “social regulation” rather than “economic regulation,” which is the aim of governing the top and middle tiers.<sup>76</sup> For Pearson, social regulation differs from economic regulation because it is focused on the protection of consumers from market failure and on worker safety rather than merely on competition policy (2006:3-4). Pearson has hit on something important by stressing the need to understand different levels and types of state-market regulation, but I take these recommendations in a different direction with a focus on “marginal markets.”

Specifically, I will focus on the regulation of economically, legally and socially marginal markets in urban settings. That such markets are marginal means that they exist in a physical and/or legal space that makes their daily existence highly tenuous and subject to discretionary official enforcement, not that they are in some sense of only minimal importance to the Chinese economy and as a source of livelihood for many Chinese citizens. In fact, they are quite the opposite and the type of state regulatory behavior that helps create and maintain marginal markets may be much more ubiquitous than what we witness in state regulation of commanding heights sectors. In the conclusion I will more fully explore the implications of this research for better understanding Chinese state capacity and its links to legitimacy.

---

<sup>76</sup> Wang Shaoguang has also begun to speak of the Chinese state’s increasing focus on social versus economic regulation as part of the overall creation of a regulatory state (see comments by Wang in Hook 2007).

## **Outline of the Study**

This introductory chapter has focused on the question of how best to understand contemporary Chinese state-economy relations. I have provided a comprehensive overview of the “regulatory state debate” that has emerged within the western literature on Chinese political economy. The focus of this debate has been on how best to characterize the status and direction of the state’s efforts to regulate the economy and I have pointed to various holes in the debate that I seek to fill. The rest of the dissertation is aimed at first, explaining the relevance of debates about and understanding of “market order” and then demonstrating how concerns about how disorderly markets lead into patterns of governance via the marginalization of certain markets and market activities.

Chapter two is a case study on the central role of the concept of “market order” in contemporary Chinese political economy. Although the debates explored at the beginning of chapter two have important linkages to the regulatory state debate discussed in this introductory chapter, the debates and understandings of market order analyzed here are all directly aimed at influencing Chinese state policy. The chapter begins with a discussion of the role of ideas in political economy. I then proceed to explain how the idea of market order has come to serve as the focal point of contemporary debates in China about the proper role of the state in governing the economy. I demonstrate how three different groups, neoliberals, the New Left and the State have come to understand the basis for and threats to market order. While in some ways this discussion of Chinese intellectual and policy debates serves as a complement to the literature review I present in the introductory chapter, the ideas presented in chapter two are born out of a fundamentally different intent, which is to influence rather than merely describe Chinese state-economy relations. This chapter concludes by highlighting how the state has begun to strategically criticize the idea of

disorderly markets, or markets that in some way pose a threat to market order, as a method of legitimating state regulatory authority and behavior.

Chapter three is my case study of state-street vendor relations in the city of Nanjing. I identify the City Appearance Administration (*shirong*) as the primary city bureau responsible for regulating street vendors. I identify key patterns of interaction between the *shirong* and various types of Nanjing vendors, noting that the *shirong* provides privileged access to street vending licenses to laid-off city residents and denies licenses to migrant vendors. I then explain the range enforcement policies adopted by the *shirong* toward unlicensed vendors, including not only migrants but also other city residents who choose not register. I conclude by demonstrating that the often conflictive relationship between street vendors and the *shirong* has become an increasingly prominent topic among the Chinese public and press while the *shirong* itself has come under heavy criticism for its approach to regulating vendors.

In chapter four I extend my argument about street vendors to show that street vending is but one type of “marginal market.” In this chapter I first look at cases from the last century of urbanization in China and the efforts of urban reformers to create institutions to regulate new market forces and social groups. I then look briefly at state-street vendor relations in two other Chinese cities and then proceed to discuss a number of other marginal Chinese markets, including counterfeiting, prostitution, the recyclables trade and migrant garment manufacturing, among others. I conclude with a discussion about the strengths and weaknesses of the concept of informality, which frequently serves as the framework for analyzing street vending in other parts of the world. I show that informality is fundamentally flawed as a concept for understanding state regulatory behavior and instead offer my own concept of marginal markets as an alternative.

Finally, in the concluding chapter I revisit the different intellectual approaches that I have explored in this introductory chapter in light of the theoretical and empirical arguments that I have made throughout the dissertation. In particular, I explore more fully the implications my research presents for understandings about Chinese state capacity and legitimacy. Lastly, I briefly discuss directions for future research prompted by the arguments and evidence presented in this dissertation.

## Chapter 2

### **The Battle for Market Order: Neoliberals, The New Left and the State**

By gaining more organizational control, the central government is able to improve the implementation of laws and regulations and thus promote *market order*.

(Yang Dali 2004b:100; my emphasis)

If the regulatory state debate that I have just analyzed and critiqued takes place primarily in English-language publications and among scholars based in western academic and other research institutions, then its domestic Chinese equivalent is the intellectual and policy battle over “market order.”<sup>1</sup> Just as scholars writing for a primarily western academic audience maintain a wide range of perspectives about the status and direction of Chinese state-economy relations, so do mainland-based scholars, some of them tied to government think tanks, stake out a range of opposing positions about the state’s appropriate role in governing the economy. At stake are no less than the great and enduring questions of political economy: What is the nature of market society and how should the state regulate China’s emergent market economy? Despite engaging in a heated and ongoing contest over some of the most fundamental and longstanding questions of political economy, questions that have and continue to

---

<sup>1</sup> There are, however, significant exceptions in each case. Important contributors to the regulatory state debate, including Wang Shaoguang and Zheng Yongnian, are based in Hong Kong and Singapore respectively. Yang Dali also relocated from the University of Chicago to the University of Singapore. Also, the work of a number of participants in the Chinese market order debate has appeared in English translation (see, for example, Zhang 2001; Wang Hui 2003a and Wang Chaohua 2003). In addition, key new left figures have recently received significant western press coverage (examples include Mishra 2006 and Hook 2007).

be at the heart of political contention in developed and developing countries alike, the Chinese debate takes place within a specifically Chinese historical and political setting.

In this chapter I argue that within China itself debates over fundamental questions about the nature of markets and the proper role of the government in regulating a market economy are all centered around one key concept. Debate is based on different understandings of how to create and maintain “market order,” or, alternately and often more frequently, how to identify and deal with threats to market order. I define market order as the balance between promoting market-driven economic development and ensuring stable economic and social outcomes. In this chapter I will refer to the idea of market order in two ways.

First, I have appropriated the term for my own analytical framework to argue that all of the viable ideas about how the state should regulate the economy in China accept that markets, rather than state planning or radical voluntarism, should be the basis for economic development. However, it is common sense that such market-led development must ensure economic and social stability.<sup>2</sup> How to define stability and thus to identify threats to it are at the heart of China’s market order debate. Here I use the concept of market order to frame the three key positions (neoliberal, New Left, and state) that I will outline below, arguing that each promotes a particular understanding of the proper relationship between the state and economy that will best facilitate economic development with stable outcomes.

The second way I refer to the term is in the written or spoken use of the term, usually in Chinese (*shichang zhixu* or *shichang jingji zhixu*) but also in English, among a variety of different groups. As I will demonstrate in the final section on state

---

<sup>2</sup> Below I devote an entire section to the centrality of “stability” in contending Chinese ideas about how the state should govern the economy. “Order” and “stability” are terms that predominate in thinking and writing about state-economy relations in China and in important ways are interchangeable. Yet there is no reference in Chinese to “market stability,” only to “market order.”

understandings of market order, the term has found its way into official use in a number of ways. Moreover, it appears frequently in a variety of academic and journalistic writing about state regulation of the economy. Importantly, both official government use of the term as well as academic and media use, correspond highly with concerns about regulation of the “disorderly” markets that are the focus of the following two chapters.<sup>3</sup>

Focusing on market order as the focal point of ideational debate in China, this chapter will proceed as follows. To begin, I will specify my own understanding of what economic ideas are, how and why they are politically significant, and specifically how and why they are politically significant in the case of contemporary Chinese political economy. In particular I will draw on the work of Blyth (1997, 2002, 2003a, 2003b and 2007) and Hirschman (1986) to explore the politics of ideational contestation, especially as it relates to ideas about how the economy works. The rest of the chapter will then be devoted to analyzing the ideational battle over how to understand and promote market order in China.

I begin with a discussion of why conceptions of stability and order are so fundamental to any viable economic ideas in China and explain why Friedrich Hayek is such a central figure in competing understandings of the basis of orderly market outcomes. I then proceed to show how three different perspectives of market order have been promoted by neoliberals, the New Left, and the state. Each presents its own

---

<sup>3</sup> That the idea of market order, a term I had never heard of and suspect will sound unfamiliar to native English speakers reading about it here for the first time, might be important to understanding Chinese political economy came to me when in 2002 I first saw propaganda posters in Nanjing urging vigilance over “market economic order” (*shichang jingji zhixu*). I then began to see the term used in newspaper and journal articles, government documents, on television programs and on signs posted in front of outdoor markets. Later I saw it used in English academic writing about China (often in articles or books written by scholars who had grown up in China and for whom Chinese was their native language). See, for example, Wu Fulong (2002:1084) and Yang Dali (2004a and b), who devotes a section of chapter three of his *Leviathan* book to “The Quest for Market Order and the Remaking of the Regulatory Institutions.” Only later did I learn that there was a specific bureaucratic entity under the State Council in charge of enforcing this thing called market order.

contending vision of the nature of markets and the proper role of the government in regulating the market economy. In doing so, they not only offer distinct conceptions of how to create and maintain “market order,” but just as importantly, and often more clearly, they make distinct claims about what the threats to market order are and how those threats should be treated.

In this chapter I will demonstrate that anyone wishing to understand contemporary Chinese state-economy relations who ignores ideational debates, and in particular debates about market order, does so at a significant cost. I am not the first nor will I be the last to emphasize that “stability” is a central theme of contemporary Chinese politics. However, observers of Chinese politics tend to equate threats to stability with protest movements, usually from laid off workers or peasants angered by venal officials, environmental degradation or any host of other reasons.<sup>4</sup> I do not wish to refute that such types of popular protest are of critical concern to Chinese officials at all levels of the Party and government, but in this chapter I will show that the politics of stability (here it might be helpful to think of market order as a sub-type of stability) are much more subtle and of much greater consequence than this simple equation would indicate.

The ability to determine what constitutes a threat to stability in general, and to market order in particular, is a tremendous source of power. I will show that very different neoliberal and New Left understandings of the main threats to market order contend for official influence and that official visions of market order are themselves closely tied to shoring up the legitimacy of the Party and the state’s role in governing the economy. Finally, I will show that problems of disorderly or chaotic markets are

---

<sup>4</sup> In a similar way, “policing” is argued to be primarily aimed at controlling the outbreak of such protests as well as other crimes. However, just as stability cannot be simply equated with protest events, policing is as much about controlling markets as it is about controlling more typical, non-economic crimes. For an example of the tendency to focus on protest movements and policing see Tanner (2004).



often equated with unregulated, hidden or underground markets, which leads directly into my argument in the following chapter that such markets are frequently neither hidden nor unregulated.

### **Ideas about Ideas**

As I note in the previous chapter, participants in the regulatory state debate pay very little attention to the various different ideas among Chinese scholars and officials about what the condition of state-economy relations *is* and where that relationship *should* go, let alone how these ideas may ultimately affect state efforts to regulate the economy. Granted, scholars like Pearson and Steinfeld note that certain “norms” or “visions” have an impact on state regulatory patterns. However, their treatment of ideas is inadequate because they fail to specify how, why and when ideas matter. In addition, and here there is clear overlap with the first issue, scholars involved in the regulatory state debate largely fail to note the existence, let alone the importance, of the contest among Chinese intellectuals and policy makers to promote fundamentally different understandings of how the economy works and therefore how the state should regulate it. Finally, even though some scholars pick up on the importance of ideas about “orderly competition” or stability more generally,<sup>5</sup> none sufficiently realize that *the* idea that underpins the great contest over how the state should regulate the economy in China is market order. In what follows I will offer my own definition of economic ideas, explain how and when such ideas matter and then proceed to explain contestation over the focal idea of market order.

I define economic ideas as differentially shared mental frameworks of how the economy works. These frameworks include descriptive and prescriptive elements. That is, economic ideas entail a combination of statements about how the economy

---

<sup>5</sup> See, for example, Pearson (2005ba and 2007) and Kennedy (2002 and 2003).

*does* work and how it *should* work. Economic ideas are also inherently political in that they almost always imply judgments about government policy, policies that often have distributional consequences. Here I will first discuss the recent rise of “ideas” in comparative and international political economy and talk in more detail about how and why ideas matter.

For my understanding of how and why ideas matter I draw from Blyth’s (1997, 2002, 2003a and 2007) extensive and ground-breaking work on the role of ideas in the study of comparative and international political economy.<sup>6</sup> Blyth points to some of the key reasons why economic ideas have important political effects. Referring to the prescriptive element of economic ideas, Blyth notes that

Economic ideas are scientific [what I term descriptive] and normative in so far as all positive statements about the causal order of the economy necessarily imply value trade-offs and hence different patterns of distribution. (Blyth 2002:11, fn 21)

The “distributional non-neutrality” (Blyth 2007:3) of economic ideas means that they are inherently political. Different economic ideas entail different distributional consequences and to the extent that one set of ideas comes to guide and justify the work of key institutions of economic regulation these distributional effects will have society-wide consequences. Just as importantly, Blyth argues that economic ideas

---

<sup>6</sup> For my own definition of economic ideas I draw on Blyth (2007), who in turn uses language similar to Denzau and North (1994), and his description of ideas as “shared mental models.” Blyth’s own work focuses almost exclusively on the advanced industrialized countries and macro-economic policy ideas. The application of his “ideational” approach to political-economic phenomena in non-western and/or developing countries has been limited until now (for two exceptions see Hall 2003 and Chwieroth forthcoming). Blyth’s own work is part of the literature on the political economy of comparative and international institutionalism. Blyth argues that two distinct strains of institutional analysis, historical institutionalism and rational institutionalism, became interested in “ideas” in the 1980s and 90s (see especially Blyth 1997 and 2003a). He argues that both historical and rational institutionalists began to reach for ideational arguments in order to compensate for gaps in their theories but Blyth argues that such ad hoc use of ideas misses the causal nature of ideas in constituting what agents interests are in the first place.

have a political impact by making (collective) political action possible by framing a given phenomenon or set of phenomena as a particular type of problem that then necessitates a particular type of (government) solution (Blyth 2007:8). Finally, going a step beyond these two key points, I would also argue that economic ideas play an important political role in state legitimation strategies, especially as they relate to perceptions about the state's proper role in governing the economy.

Looking toward the Chinese case and building on Blyth's work I will show that ideational contestation in China is based on the differential identification of threats to market order (i.e. constituting different threats to market order as "the problem"), and once having identified the threat, advocating specific institutional arrangements and modes of regulation, both of which can be seen as types of what Blyth calls "intervention." In China, then, competition between different economic ideas is focused on the identification of the "true" threats to market order and the specification of policies and institutional frameworks to overcome these threats. Not only do key institutional arrangements hang in the balance, but just as importantly for everyday politics is the question of how ideas impact what forms of government behavior constitute legitimate regulatory practice, and, in turn, what types of market behaviors are considered legitimate.

I argue that China is currently in an "unsettled time" because different ideas about how the government should regulate the economy, based on what principles, and toward what ends, are vying for dominance and have a plausible expectation of succeeding. Nothing shows this plausibility more clearly than when neoliberals and their counterparts on the New Left each accuse one another of pernicious influence on state policy (i.e. proponents of rival economic ideas accuse their rivals of already having succeeded in implementing their wrong-headed and harmful economic ideas). China is thus in the midst of a battle over what the relationship of the government to

the economy should be, what principles should underscore regulatory policy and what the threats to development and stability actually are. We do not have the advantage of hindsight to say which one of these sets of ideas will triumph or whether there will ever be a definitive victory by one or the other. My focus here is thus not on what effect economic ideas did have over an event with a known outcome, like a crisis or a critical juncture, but on how these ideas are affecting policy, behavior and patterns of contestation today and will likely continue to shape state-economy relations into the near future.

It is important to note that the very nature of markets and the proper way in which the state should regulate them has been debated across the globe for centuries. Many of the ideas embodied in the different economic ideas that we see contending for supremacy today in China reflect a range of long-standing ideational perspectives about the fundamental nature of markets and their impact on society and politics. One of the most important historical perspectives on the different types of thinking about markets and their impact on society and politics is Albert Hirschman's work on competing understandings of "market society" (Hirschman 1977, 1982 and 1986). In his 1986 essay "Rival Views of Market Society," Hirschman details the progression of different understandings of the role of markets on society from the 18<sup>th</sup> century on, showing that at different times and places the market was argued to have a positive, moralizing effect on society, at others that it had a tendency toward self-destruction and at yet others that market forces were practically helpless in the face of overwhelming social and historical constraints. Hirschman termed these, in turn, the "*doux-commerce*" thesis, the "self-destruction thesis" and the "feudal-shackles" thesis.<sup>7</sup>

---

<sup>7</sup> In addition Hirschman adds the "feudal-blessings" thesis, which is reserved for the special case of the United States to argue that it was exactly the lack of a feudal past that allowed markets to flourish and drive development there.

In a very recent and compelling update to Hirschman's work, Fourcade and Healy elaborate on Hirschman's original typology and expand it in ways that have a direct bearing on the types of ideational debates that we see in China today. Building on Hirschman's original typology, Fourcade and Healy argue that there are three main frameworks that explain the nature of markets and their impact on society. The first they dub the "liberal dream." The liberal dream perspective is largely driven by economists who emphasize the positive effects of markets on society and culture. This includes the classic Smithian liberal idea that the pursuit of individual interests leads to net positive social outcomes. This idea ultimately is expanded to argue that markets are a source of both economic and political freedom. As the authors sum up: in the market dream:

market exchange [is] variously seen as a promoter of individual virtue and interpersonal cooperation, the bulwark of personal liberty and political freedom, and the mechanism by which human creativity can be unleashed and its products made available to society at large. (Fourcade and Healy 2007:8)

In opposition to the liberal dream is what the authors dub the "commodified nightmare" view. This corresponds with Hirschman's "self-destruction thesis," which is maybe most famously articulated by Marx, but that also finds another prominent voice in Schumpeter's *Capitalism, Socialism and Democracy*. At some basic level both Marx and Schumpeter argue that capitalism contains the seeds of its own demise. Aside from Marx and Schumpeter, a key element uniting the commodified nightmare critiques of the market is that they all argue that markets "undermine social relations, corrupt social life and corrode character" (Fourcade and Healy 2007:8). In the following discussion of contemporary Chinese intellectual debates echoes of these long-standing traditions of thought about how markets affect social order will be heard frequently, if with distinctly Chinese variations.

Before moving on to discuss the specifics of the Chinese market order debate, it is important to note that these more long-standing differences about how to understand market society were also played out throughout the 20<sup>th</sup> century. In a number of ways the contemporary Chinese market order debate echoes the debates surrounding large-scale state-economy restructuring in the West in the 1970s and 80s. In this second of what Blyth calls the 20<sup>th</sup> century's two "great transformations," a range of neoliberal ideas came to predominate and were tied to the retrenchment of welfare state policies on both sides of the Atlantic (Blyth 2002). China obviously also began a profound change at the end of 1970s, but this involved the transition from a Chinese version of socialism (a mix of planning and voluntarism) to a type of Chinese "market socialism."<sup>8</sup> However, by the 1990s the debate in China had become more similar to the western debate of the 1970s and 80s because now the questions in China came to revolve around what kind of market economy China will have. The Chinese market order debate is about whether China should adopt a "neoliberal" or "democratic-socialist"<sup>9</sup> model of market governance and how this choice of model will affect economic and social stability.

### **Ideational Contention in Reform Era China**

China's experiment in "Opening and Reform," now almost 30 year long, has witnessed a staggering array of social, economic and political changes. In an effort to both understand and influence these changes an array of what Blyth would call "ideational entrepreneurs" have presented a wide array of economic ideas, many of

---

<sup>8</sup> The idea of market socialism is most often associated with experiments in market reform in socialist east Europe, including Hungary, Poland and Yugoslavia. For more on these east European cases see Aslund (1991) and Swain (1992); for comparisons between market socialism in east Europe and China see Nolan (1995 and 2004) and Csaba (2003).

<sup>9</sup> Note that challenging the Party's monopoly on political authority is not part of either of these ostensibly "liberal" platforms.

which bear an uncanny resemblance to the “liberal dream” and “commodified nightmare” visions of market society explained above. Contemporary Chinese debates about the role of markets in society and the state’s proper role in governing those markets is then very much part of a longer, global tradition of competing political economic ideas. Yet within China these ideas are framed by the country’s own immediate as well as more distant past and by the incorporation and transformation of strands of western thought. What has emerged during this “unsettled time” is nothing less than a struggle over the future and very nature of China’s political, economic and social system: the battle over market order.

The great paradox of China’s post-1978 reforms is that the leadership’s embrace of markets as the engine of economic development and modernization has resulted in the proliferation of various real and perceived threats to social and political stability, threats that are themselves often directly associated with markets themselves. Promoting a market-led development model while at the same time promoting and maintaining social and political stability is thus the essence of market order. But how market order is conceived, what the threats to it are and how to promote and maintain it are vigorously contested. This and the following two chapters explain the political economy of market order in China by first exploring the elite intellectual and policy debates about the ideas underscoring different conceptions of market order and then analyzing the connections between this broader ideational debate and “on-the-ground” struggles to regulate order over marginalized markets.

The rest of this chapter will proceed as follows. First I will provide a brief history of the contest among different economic ideas in the reform period from the beginning of reform in 1978 until the watershed year of 1992 when Deng Xiaoping called a halt to overt intra-party ideological debate. In this section I place special emphasis on the increasing centrality of “stability” in all the different contending

ideational frameworks. I will then discuss in detail the three principle variations on the idea of market order in China, beginning with China's neoliberals, then proceeding to the New Left and finally to an official idea of market order. I will demonstrate that all three perspectives, despite having different descriptive and prescriptive elements, must and do conform to the key elements of market order. They must do this by offering a plausible explanation of how their particular idea will lead to stable, orderly, market-driven growth. In order to demonstrate the centrality of market order as the key idea around which China's rival views of market society revolve, I will show that in contemporary Chinese ideational debates, the way one characterizes the work of Friedrich Hayek serves as a litmus test of one's understanding of the basis for, and key threats to, market order. Finally, I will argue that understandings and portrayals of market order, and the threats to market order, are crucial to the central leadership's efforts to justify and articulate the Party and the state's role and mission.

For each perspective, I will explain 1) its key characteristics, including its core principles, 2) how it identifies the threats to and supports for market order and 3) its main proponents and institutions. My aim here is to identify the core components of the competing ideas of market order. I will note key variations within each competing perspective, but my aim is to capture the core ideas within each perspective in order to paint a clear contrast between their descriptive and prescriptive element



*On the Importance of Stability*

Stability overrides everything.

—Deng Xiaoping to Richard Nixon, October 1989<sup>10</sup>

The concept of market order is underpinned by the widespread acceptance that China's development path requires social stability. Here I will explain why questions of "stability" are so paramount in contemporary Chinese political economy. Since the late 1970s, China's post-Mao leadership has fundamentally rejected Mao's model of continual political struggle based on class contradictions and in its place has revived and reinvented the state's historical focus on the maintenance of social stability as a fundamental basis of legitimacy.

Underlying China's economic reform has been the idea that market-led economic development can only thrive within a socially and politically stable environment. The initial and immediate backdrop for understandings of stability, or more precisely for understandings of the chaotic antithesis of stability,<sup>11</sup> was the experience of the Cultural Revolution from which Deng Xiaoping and the country had just emerged. China's post-Mao development model was in part intended to re-orient the energies of the Chinese people away from destabilizing class conflict and toward market-based production and consumption.<sup>12</sup> At the same time, Deng emphasized that

---

<sup>10</sup> Quoted in Fewsmith (2001:34).

<sup>11</sup> In general usage and especially in writing about a range of social problems, the Chinese terms for "stability" (*wending*) and "order" (*zhixu*) are often posed against their opposite, "chaos" (*luan* or *hunluan*). That these concepts come in paired opposites does not mean that there is not room for infinite gradations between stability and chaos, or that there are actual states of perfect stability and order or chaos. But ideational entrepreneurs attached to the different economic ideas discussed here frequently resort to extremes of language when making their arguments.

<sup>12</sup> For more on Deng and the question of reform and stability in relation to the Cultural Revolution see Fewsmith (2001) and Saich (2001: chapters three and five). And for more on Deng's strategy of using market incentives, or more specifically new contractual obligations, to re-direct the Party's self-destructive mass mobilizing policing methods, see Dutton (2000 and 2005).

China's new development model necessitated a stable social and political environment in which to prosper. As I will discuss below, the political necessity of maintaining stability became increasingly entrenched in China as a result of both the traumatic events in Tiananmen Square in 1989 and the collapse of Soviet and Eastern European socialism.

No matter how much the need for social stability has become common sense in China, the very definition of stability itself,<sup>13</sup> the questions of what economic, social and political forces are seen as destabilizing and what proper remedies and institutions for maintaining stability are envisioned, have all been an evolving source of debate and political conflict. Throughout the 1980s there were vigorous intellectual and elite political debates between "conservatives" and "reformers." Much of the official debate focused on the sources of stability, with Deng arguing that market-led economic development was the foundation for stability while his opponents on the left claimed that the roots of stability were to be found in a strong state role in promoting and supporting development and also in the continuing importance of Marxist ideology (Petracca and Mong 1990; Fewsmith 2001; Zheng 2004; Misra 2003).

At the same time there was a spirited intellectual debate about the most appropriate type of political system for managing China's rapidly-changing society and economy. On the one hand liberal intellectuals, adherents of what came to be called the "New Enlightenment," advocated increased economic and political

---

<sup>13</sup> Very infrequently if ever is there a clear definition of stability or order in either the Chinese or English language literature. In this sense it has become a common sense concept: you know it when you see it. But more accurately, you know it when you see its opposite or can identify a threat to stability. Indeed, destabilizing or disorderly events or influences are a constant theme in the Chinese and western media not to mention official Chinese government documents. The western press and as well as many academics most clearly associate questions of stability with the outbreak of public protests, often by laid-off workers (see Hurst 2004 and 2005) or, increasingly, by environmental protesters (Jun Jing 2000). I would argue that it is much more fruitful to understand threats to stability and order as highly dependent on the ideas through which one understands how the economy does and is supposed to work. For a thoughtful overview of various approaches to understanding questions of stability and instability in China see Shambaugh's (2000) edited volume on the topic and for a more recent overview of potentially destabilizing social problems see Fewsmith (2004).

liberalization (Wang Hui 2003a; Xu Jilin 2004). On the other hand, more politically conservative advocates of “neo-authoritarianism” (*xin quanwei zhuyi*), citing what were perceived as the successful development models of the “Mini-Dragons” like South Korea, Taiwan and Singapore, stressed the need for a strong central government role in ensuring the success of market-based reforms in the face of stiff leftist resistance. (Petracca and Mong 1990; Sullivan 1994; Chen 1997; Fewsmith 2001). Neo-authoritarian thinking became closely associated with a number of advisers surrounding then-Party Secretary Zhao Ziyang and drew directly from Samuel Huntington’s 1968 *Political Order in Changing Societies*. Neo-authoritarian thinkers, with Shanghai scholar Xiao Gongqin key among them, were drawn to Huntington’s emphasis on the use of strong state power to implement economic reforms while maintaining social and political stability (Sullivan 1994).<sup>14</sup>

If questions of stability were an important part of official and academic debates about reform before 1989, they became, as the quote from Deng Xiaoping above attests, paramount thereafter. Domestically, the politically tumultuous events of Tiananmen abruptly sidelined intellectuals who had continuously promoted New Enlightenment ideals and those in the official leadership who had been advocating or at least willing to entertain greater political change as a logical and desired companion of market liberalization. Indeed, a conservative backlash against political liberalism involved a self-criticism of China’s own Enlightenment tradition. This criticism stated that over the course of the 20<sup>th</sup> century, with the events of Tiananmen being only the latest example, ostensibly democratic social movements in China inevitably tended toward radicalization and continuous revolution (Sullivan 1994; Chen Feng 1997; Gan Yang 甘阳 1998). Just as the neo-authoritarians of the late 1990s incorporated strands

---

<sup>14</sup> For some of Xiao’s works on Chinese neo-authoritarianism and neo-conservatism see Xiao Gongqin 萧功秦 (1994 and 1997). For a collection of the original works on neo-authoritarianism see Liu Jun 刘军 and Li Lin 李林, eds., 1989.

of western political thought from Huntington, so too did the neo-conservatives of the early 1990s incorporate western thinking. This time the key figure was Edmund Burke, who some Chinese scholars relied upon to argue that Chinese intellectuals have been mistakenly enamored of a radical French, rather than a gradual English or American, model of political development and reform (Gan 2001). Neo-conservatives argued that rapid economic growth in the 1980s had been partly responsible for a variety of social dislocations that had fed into the 1989 crisis, therefore the need for a strong government hand in maintaining order and stability was increasingly paramount.

Finally, beginning in 1989 and continuing into the early 1990s, China was faced with the shocking demise of socialism in Eastern Europe and the Soviet Union. Not only did socialist regimes fall, but in the post-socialist environment a number of countries also experienced inter-ethnic wars and the near collapse of the state itself. Given these domestic and international shocks that highlighted the real possibility of regime and/or state collapse, maintenance of stability was seen not only as a necessary precondition for economic growth, but indeed as foundational to the survival of China itself.<sup>15</sup> Thus by the early 1990s the imperative of central state and Party authorities to promote and maintain stability had deep roots beginning with a reaction to the Cultural Revolution, progressing through the 1989 domestic crisis as well as the subsequent collapse of international socialism, and ultimately exacerbated by a range of social problems that were born out of the reform process itself.

However, at the same time that the center of intellectual opinion had taken a definitive move in the direction of conservatism, market-based reforms, after being

---

<sup>15</sup> Misra (2003) notes that the collapse of socialism in the Soviet Union and Eastern Europe was of special concern to those on the left. As I will explain later, the New Left continues to point to the collapse of socialist states elsewhere as an example of the dangers of market reform in general and of radical decentralization of political and economic authority in particular. A concern for stability has continued to be of keen interest to a range of Chinese scholars (see He 1998 and 2003; and Zhao Dingxin 2001 for but a couple of key examples).

given the clear go-ahead by Deng Xiaoping in 1992, continued ahead full-steam throughout the decade, culminating in China's accession to the WTO in 2001. Moreover, at least in the field of economics, a range of liberal ideas, which provided theoretical and philosophical justification for deepening market reform and for restructuring the state's role in promoting economic development and regulating the economy, were becoming increasingly dominant. How can we make sense of these two seemingly contradictory trends: increasing political conservatism accompanied by renewed demands for a greater government role in managing the potentially destabilizing consequences of marketization on the one hand and the continuation and deepening of market-oriented reforms and the popularization of neoliberal economics on the other? Below I will demonstrate that it is this very tension that animates contemporary Chinese ideational debates.

### **Three Views of Market Order: Neoliberals, The New Left and the State**

By the late 1990s concerns about how best to promote continued economic development and at the same time ensure stable social outcomes increased in intensity and became the focal point of a debate between two opposing intellectual groups: neoliberals and the New Left. The proximate spark for this debate was an essay written by a Tsinghua University literary historian, Wang Hui, who was sharply critical of what he saw as the western, "neoliberal" modernization path that China had blindly embraced and that was, he argued, at the root of a range of destabilizing social problems.<sup>16</sup> Scholars critical of Wang's portrayal of the nature of the problems China faced and how best to handle them soon launched counterattacks and thus began the great neoliberal – New Left battle of ideas. In what follows I will first describe the core elements of the neoliberal and New Left ideational perspectives on market order

---

<sup>16</sup> See Wang Hui 汪晖 1997.

and then proceed to explain the official state perspective. For both the neoliberal and New Left perspectives I will first provide an overview of the key figures and institutions associated with each and then explain their core principles and how they understand the basis of and main threats to market order. Within both the neoliberal and New Left sections I will emphasize how the way that each perspective responds to the work of Friedrich Hayek highlights their very different understandings of the underpinnings of market order.

*The Neoliberal Perspective: Libertarians in the People's Republic?*

The very labels of the two non-state perspectives in the larger debate about market order, neoliberals and New Left, carry a great deal of ideological baggage that make any kind of neutral description challenging from the outset. Not just in China but in many global circles critical of the wide-ranging market reform policies that have spread across the industrialized and developing worlds since the 1970s, the term “neoliberal” has become synonymous with stalled economic growth, international financial crises, and the failure of governments to provide basic public goods and services.<sup>17</sup> Thus, in China, when New Left critics of neoliberal ideas and influence employ the term, is it not meant as a neutral marker but involves an implied critique. On the other hand, neoliberal critics of the New Left know full well that in reform era China, especially after 1992, “leftism” is at best associated with opposition to the general trend of Dengist market reforms and at worst with a reverence for the chaos of the Cultural Revolution era. But despite these implied criticisms, I will continue to use the terms “neoliberal” and “New Left” to describe these two competing perspectives because, despite some efforts by participants in the debate to create

---

<sup>17</sup> If during the mid 1990s the term neoliberalism was positively associated with the height of post-Cold War, end-of-history triumphalism, it has subsequently become a term of derision.

alternative labels for their own viewpoints, these are the terms that those involved on each side use to refer to the other and that “third party” observers, both Chinese and non-Chinese, frequently use to evaluate the content and merits of the debate.

I will argue that China’s neoliberals, aside from being villainized by their New Left critics, are bound together by a common set of principles and similar understanding of the basis for and threats to market order. Neoliberals profess a faith in markets, rather than the state, as the basis for economic growth. They argue that markets, unburdened by the heavy “foot” of state intervention, are the basis for the universal values of freedom and justice. They stress that the proper role of the state is to ensure property rights and are especially concerned with state-owned enterprise (SOE) reform and the value of competition in leading to efficient use of society’s resources. They rely on classic western libertarian as well as more recent neo-classical economic arguments that equate individual pursuit of self interest with the public good and frequently refer to the work of Friedrich Hayek as the basis for a critique of state planning and a market-based vision of “spontaneous order.”

Few, if any, of the Chinese scholars that I refer to here as neoliberals would necessarily refer to themselves with this term (in Chinese, *xin ziyou zhuyi*). Instead, most would simply refer to themselves simply as liberals, or, among the many economists who are part of this perspective, they may refer to themselves as part of a neo-classical liberal, (*xin gudian ziyou zhuyi*) economic tradition.<sup>18</sup> Yet despite

---

<sup>18</sup> *Xin gudian ziyou zhuyi* is also synonymous with the English term “libertarian.” Note that in Chinese the term neoliberal (*xin ziyou zhuyi*) and “classical liberal,” or “libertarian” (*xin gudian ziyou zhuyi* literally: new classical liberal), are separated only by the word “classical.” Thus, those identified derogatorily as neoliberals by their critics often view themselves as instead either part of a venerable, classic tradition of liberalism that involves a range of liberal economic but also social and political principles, or as part of a new and more specific New Classical tradition in economics. As Liu Junning notes: Chinese liberals of today, unlike their counterparts of an earlier generation, prefer “liberalism of the unadulterated, classical variety” (2000:54). For more on the distinction between different traditions within the discipline of western economics see Snowdon, et. al. (1994) and for a Chinese take on the different types of neoliberal economics see Yang Chunxue(杨春学 2006).

variation in how they may refer to themselves or how their critics seek to name them, those that I refer to here as neoliberals have a common understanding that China's development path must be based on the productive and liberating power of markets, that the state's primary role in regulating the economy is to ensure and protect property rights, that arbitrary state restrictions and interference with markets are the source of instability and injustice (and therefore disorder), and that a properly regulated market economy will naturally produce its own orderly economic and social outcomes.

China's neoliberals are thus a rather diverse group, including scholars drawn from a range of social science academic disciplines, foremost of which is economics but also including political scientists, historians as well as legal scholars. Key among them include the economists Mao Yushi, Wang Dingding and Steven Cheung (Zhang Wuchang), the liberal historians Qin Hui and Zhu Xueqin and the outspoken political scientist Liu Junning. Key neoliberal research institutes include The Unirule Institute of Economics (*Tianze Jingji Yanjiusuo*) and the China Center for Economic Research at Beijing University while important publications representing the neoliberal perspective include *Caijing Magazine*. With this very brief introduction in mind, let me proceed to more fully explain the key principles of China's neoliberals and their particular vision of market order. I begin with an overview of the neoliberal embrace of the symbol and substance of Friedrich Hayek.



## Hayek as the Face of Neoliberalism

Liberal economists are “hot” in China. In particular, there has been a lot of attention focused on the ideas of the late Friedrich Hayek. Even the prime minister [then Zhu Rongji] of China has Hayek’s works on his bookshelf.

—Liu Junning at the Cato Institute’s “Whither China” Conference, 1999

If there is one figure whose economic ideas should not be popular in the world’s last remaining major socialist power, it is Friedrich Hayek. Hayek is arguably the most famous (or infamous) critic of government economic planning in general, and socialism in particular, of the last 100 years. Yet as the quote above highlights, Hayek’s works are not only widely read in China, but in many circles extremely well received. In fact, how one views Hayek and what he stands for is arguably one of the clearest litmus tests for where one stands in China’s ongoing contest of economic ideas. Put simply, neoliberals often have high praise for Hayek while their New Left critics rarely miss an opportunity to denounce what they see as Hayek’s misguided and corrosive ideas. Here I will use the popularity of Hayek among China’s neoliberals as an introduction to some of the core neoliberal ideas in China and also by way of explaining the particular neoliberal understanding of market order. I will begin with a brief background on Hayek himself and then proceed to more fully explain the key components of neoliberal thinking in contemporary China.

I argue that Hayek’s popularity, and alternately, the animosity directed at him, are connected to his argument *against* economic planning and *for* a natural, or spontaneous, order that emerges from the unhindered operation of the “market mechanism.” First, Hayek’s criticism of economic planning rests on his philosophy of knowledge. Hayek argued that economic planners delude themselves when they

believe they can abstract from the highly complex and specific knowledge possessed by individual economic agents. In Hayek's own words:

The knowledge of the circumstances of which we must make use never exists in concentrated or integrated form, but solely as the dispersed bits of incomplete and frequently contradictory knowledge which all the separate individuals possess. (Hayek 1945a:519)

For Hayek the price mechanism, or what he referred to as the “telecommunications system,” in tandem with historically-derived and culturally-specific “rules of conduct” (what sociologists might call norms) provide the basis for a “spontaneous socio-economic order.”<sup>19</sup> In Hayek's view, the creation of a spontaneous order is characterized not so much by any tendency toward equilibrium as it is an organic and evolutionary process for providing signals to economic agents that then allow them to coordinate expectations.<sup>20</sup> Hayek always juxtaposed “spontaneous order” with what he called “constructivist” or planned order, by which he meant attempts by planners and economists to artificially coordinate the behavior of individual economic agents and entire economic systems.

While Hayek is known for his theoretical contributions to fields ranging from economics (for which he won the Nobel Prize in 1974) to philosophy to communications theory, he is equally or more famous for being a polemicist, a key representative of the Austrian school of economics, and icon of the anti-Keynesian,

---

<sup>19</sup> For more specifically on Hayek's theory of “spontaneous order” see Fleetwood (1995) and Petsoulas (2001).

<sup>20</sup> As Fleetwood stresses, for Hayek “The possibility of overall spontaneous order... can only arise because there is continual disorder; at every point in time, some agents are inevitably in a situation of disorder in the form of having disappointed expectations” (Fleetwood 2001:154). That Hayek's concept of spontaneous order rests on a recurrent disorder is ironic given Chinese neoliberals' high regard for the stabilizing outcomes they attribute to Hayek's theories. Note that Schumpeter and his theory of “creative destruction” is not taken as the model of western economic thinking in China. On the other hand, during his lifetime and afterward Schumpeter had a significant impact on Japanese thinking about the government and economy (see Bassino 1998).

neoliberal revolution that many would argue is still at high tide.<sup>21</sup> *The Road to Serfdom*, published in 1945, has established Hayek as maybe the most famous intellectual critic of socialism and state planning. At the time of its publication, Hayek's critique of socialism was distinctly opposed to the prevailing intellectual orthodoxy given that the Keynesian revolution and "embedded liberalism" were in their ascendancy.<sup>22</sup> But with the inflationary crisis of the 1970s Hayek's ideas came to play a central role in the "disembedding" of liberalism and the second "great transformation" of the century that led to the rise of neoliberal economics.<sup>23</sup> Nowhere was this more clear than in Margaret Thatcher's effusive praise for Hayek, who became the intellectual godfather of her reforms.<sup>24</sup> Equally or more interesting for the case of contemporary China was that Hayek proved to be extremely popular among socialist and post-socialist reformers in central and eastern Europe as well as the former Soviet Union.<sup>25</sup>

What then is Hayek's appeal in China and why have he and his ideas come to serve as a principle point of contention in the ideational battle between Chinese neoliberals and New Leftists? Moreover, how does the centrality of Hayek's intellectual legacy and his value as a symbol help us better understand the core ideas of both China's neoliberals and their New Left critics? Hayek's body of work and his prominence as a critic of socialist planning are of both symbolic and theoretical value to Chinese neoliberals. First, Hayek, just as he did for leaders like Thatcher, Reagan

---

<sup>21</sup> To give but one example, the book and accompanying DVD series *Commanding Heights* argue that the two most important economic idea men of the 20<sup>th</sup> century were John Maynard Keynes and Friedrich Hayek. See Yergin and Stanislaw (1998) and *The Commanding Heights* (2002).

<sup>22</sup> For more on the legacy of *The Road to Serfdom* see McInnes (1998). This is not to say that there were not those to whom Hayek's ideas had a strong appeal. For more on this see Blyth (2002:77, fn 97).

<sup>23</sup> Ironically, for all of Hayek's notoriety as a neoliberal critic of socialism and central planning he was equally or more critical of many of the positivist neoliberal economics with which his name is today often associated. For more on this see Caldwell (2004) and Boettke (2004).

<sup>24</sup> America's Ronald Reagan and Germany's Helmut Kohl were also notable fans of Hayek.

<sup>25</sup> Hayek was reportedly a popular figure among socialist reformers like the Czech Republic's Vaclav Klaus, Poland's Leszek Balcerowicz and Estonia's Mart Laar. See "F.A. von Hayek" (2004).

and Kohl in their efforts to transform the relationship between the state in the economy in the 1970s and 80s, serves for many in China as a symbol of classical liberal ideals and the importance of market versus state-based developmental models. For those who feel that China's experiment in socialism exposed an inherent tendency on the part of the state to increasingly plan more and more aspects of economic and social life,<sup>26</sup> with often disastrous results, Hayek offers an off-the-shelf explanation and alternative set of ideas. As Liu Junning, one prominent Chinese exponent of Hayek notes, Hayek "is probably more popular in China today than in the West" precisely because "he is the most anti-socialist economist around" (Liu 2000:49).

As Wang Dingding, one of China's leading scholars of Hayek commented,

There is a tendency among many of those who write about Hayek to oversimplify his ideas and work. I call this 'simple neo-classical liberalism' [*jiandan gudian ziyou zhuyi*]. Only a very few scholars really explore the details and complexity of Hayek's thoughts about economic and political liberty. I refer to this type of work as 'sophisticated neo-classical liberalism' [*fuza gudian ziyou zhuyi*]. (Interview BJ5, 11/21/04)

As Wang explained, the former tend to invoke Hayek's name simply for the soundbite value of criticizing state planning and to laud the merits of markets while the sophisticated libertarians delve more carefully into Hayek's scholarship and legacy in order to draw more practical policy-oriented solutions from his work. In a similar vein, it seems clear that neo-liberal scholars see in Hayek not merely his symbolic value as a critic of socialist economic planning and champion of liberalism but also someone

---

<sup>26</sup> Mao Yushi in particular builds directly on Hayek when he argues that state efforts to compensate for various problems associated with free markets create an inertia that leads to an increasingly wider scope and scale of planning. Mao says, "There are a number of problems in a liberal economy like blind competition, swindling, income inequality and environmental pollution, so how can that not call for regulation? The calls for proper regulation of the economy become increasingly intense. These types of demands for economic regulation all too naturally turn into demands for the creation of a planned economy" (Mao Yushi 茅于軾 1996).

whose scholarship provides a theoretical bridge between liberal market reform and social stability.

One of the most important theoretical appeals of Hayek's work for China's neoliberals is his understanding of the market mechanism, which is based on his concept of "spontaneous order." Hayek's work on the market mechanism and spontaneous order provides a built-in explanation for the connection between "organic" market function and economic and social stability. An example in point is a lengthy article by Fudan University professor, Wei Sen, on the applicability of Hayek's theory of spontaneous social order to China's economic reform (Wei Sen 韦森 2000).<sup>27</sup> Wei argues that "since the 1960s, in the eyes of many writers, Hayek's 'spontaneous social order' social theory has been considered his 'core concept'" (Wei Sen 韦森 2000). Wei argues that the concept of "spontaneous social order" goes a long way toward explaining the success of China's reform policies. Wei says,

Since 1978 the impressive gains of China's economic reforms, in particular the successes of China's agricultural reforms at the outset of the reform period, can from a particular angle be understood in light of the logic of Hayek's theory of 'spontaneous social order.' (Wei Sen 韦森 2000)

Wei says this is because reform decentralized political and economic authority and tapped into the power of market incentives (namely through the "contract responsibility system" in the countryside) and also because it allowed for piecemeal, organic change.

---

<sup>27</sup> By the mid-1990s translations of some of Hayek's key works, including *The Road to Serfdom*, *The Iron Cage of Liberty*, and *Individualism and Economic Order*, among others, had made a prominent appearance in bookstores and in university classrooms across the country (for more on the Hayek craze see McGurn 2000 and Liu 2000). The Chinese language scholarship on Hayek is voluminous and growing. For but one recent example that directly takes up the question of Hayek's theories as they relate to the government's role in regulating the economy see Zhao Hongyan 赵宏燕 and Xu Shiqian 许诗倩 (2006).

Wei relies on Hayekian ideas to critique not only the previous mode of state economic planning and to praise the power of market incentives, but he also juxtaposes China's gradual reform with the "big bang" marketization that he claims was so destabilizing in Eastern Europe and the former Soviet Union.<sup>28</sup> Wei argues that

The reason for the economic difficulties facing Russia and the Commonwealth of Independent States is that unlike China they did not base their reforms on the spontaneous [*zifa*] reform of their economic institutions, including in agriculture. China's reforms created a solid foundation and smooth road from which the rest of successful reforms have followed. (Wei Sen 韦森 2000)

Thus, for Wei, not only is China's contemporary reform process superior to China's own previous socialist development model as well as other socialist reform experiences but because it is a "spontaneous market order" it is inherently more *stable* than alternative models.

For China's neoliberals, Hayek is a symbol of the inherent superiority of the market mechanism over state planning. China's own transition away from state planning and toward a greater reliance on markets as the engine of economic growth attests to the value of Hayek's ideas. Moreover, in comparison with other models of transition from economic planning to the market, China's more gradual, "natural," transition has proved to be more politically stable (i.e. the Party and the state apparatus have remained intact). China's reform and opening process thus attests to the fact that market reforms can and do produce a "spontaneous order."

---

<sup>28</sup> McInnes argues that followers of Hayek in other post-socialist settings have come to similar conclusions. One Hungarian professor "says that in Hungary at least it is now understood that Hayek showed that capitalism must evolve slowly, organically; it cannot be bestowed by social engineers on societies suffering institutional void, insecure and uncertain property rights, and coordination failures" (McInnes 1998:60). Wei Sen also published an article in the important, but now defunct, journal *Strategy and Management*, specifically applying Hayekian thought to the case of Eastern Europe's transition from socialism (Wei Sen 韦森 2001).

## The Chinese Neoliberal Dream

While Hayek as symbol and theoretical inspiration plays a central role in the creation and promotion of Chinese neoliberal ideas, the Chinese “neoliberal dream” involves more than just a Hayekian critique of planning and a belief in the spontaneous order created by markets. China’s neoliberals espouse a core set of principles, key among them a particular vision of freedom, social justice and property rights. They argue that these principles will best ensure fair competition and therefore provide efficient outcomes. After further explaining these core neoliberal principles I will then show how they serve as the basis for a particular neoliberal understanding of the foundations of and key threats to market order in China.

China’s neoliberals promote justice and freedom as their core principles and argue that a properly functioning market mechanism, which relies on a restricted role for the state, must provide the foundation for what they consider to be these universal values. Citing the Maoist era as a period when the Party/state took it upon itself to interpret and implement a particular vision of the common good that often resulted in the unjust and arbitrary abuse of state power, neoliberals argue for restrictions on state authority. They claim that a limited, rule-bound role for the state will allow for a more just and efficient distribution of society’s resources. In response to critics who argue that markets are the source of injustice in contemporary China, Zhu Xueqin argues that it is the weakness, not the strength of markets that is the true source of injustice. He argues:

On the surface it seems the market is unclean and sinful, when in reality it is the power structure behind it that is practicing deception. In China today...social injustices...should be attributed more to the violent ‘foot’ [of the state state] than the dirty ‘hand’ [of the market]. (Zhu Xueqin 2003:107)

Other scholars like Tsinghu University's Qin Hui offer extensive defenses of liberal visions of social justice that emphasize that despite pronouncements of lofty intentions of ensuring equality and social justice, the state all too often abuses its power and creates unjust outcomes. Qin Hui argues that "in history, 'an ideal society with equal results' has always been the prime intellectual stock-in-trade all kinds of leftists used to criticize the market economy" (Qin 2005:81; see also 秦晖 2002). Qin counters that the state should instead focus on what he calls "procedural justice" (*guocheng gongzheng*) or "equality at the starting point and equality in rules and regulations" rather than the "result equality" (*jieguo pingdeng*) sought by those on the left (Qin 2005:94).<sup>29</sup>

Other neoliberal scholars, on the defensive against New Left critics, claim that their understanding of justice as based on well-functioning markets and upon constitutional limits on state authority is not a cover for the promotion of big business interests. Rather, they argue that policies that support well-functioning markets are the most appropriate way to resolve a range of social problems that have accompanied reform. As Liu Junning argues, neoliberals believe

that nothing else can be more efficient than a market system in improving the resource allocation and economic efficiency. To establish an efficient market system is the only solution that can help the poor to improve their situation. (Liu Junning 刘军宁 2000:51, quoted in Zheng 2004:167)

So, far from being the intellectual handmaidens of large capitalist interests and their government cronies, neoliberals like Liu counter that he and his colleagues provide the

---

<sup>29</sup> In this same article Qin, in part coming to the aid of fellow liberal He Qinglian (何清涟 1998), also makes an extended case for a defensible theory of social justice in Hayek's thinking (Qin 2005:86-94 and Qin Hui 秦晖 2002).



ideational underpinning for policies that will have the widest positive effect on all levels of society.

Despite their claims to be the most authentic representatives of universal liberal values and to have a more correct understanding of how to ensure justice than their critics, China's neoliberals often emphasize liberal *economic* principles to the exclusion of certain liberal *political* principles. That is, neoliberals tend to promote those liberal values that emphasize that market freedoms rely on a restricted role for the government in managing the economy while at the same time downplaying any demands for greater political freedoms such as open, competitive elections. If the 1980s "New Enlightenment" liberals were committed to dual-track economic and political liberalization (i.e. increasing marketization of the economy and pluralization of the political system), the neoliberals of the 1990s and 2000s are more narrowly focused on economic liberalization. Neoliberal ideas on political reform tend to emphasize procedural issues regarding the rule of law and "constitutionalism" and aim to enhance procedural justice, but downplay any direct calls for political pluralization or the end of one-Party politics.<sup>30</sup>

One recent example of this neoliberal focus on legal and procedural reform is an essay by Beijing University political scientist Pan Wei. In an article originally published in Chinese in 1999 and then reprinted again in English (Pan Wei 潘维 1999 and Pan 2003 and 2006) Pan argues for the creation of what he calls a "consultative rule of law regime" in China.<sup>31</sup> Pan argues that an emphasis on the creation of rule of law in China can serve as an effective substitute for democratic elections, noting that

---

<sup>30</sup>As I demonstrate in the following section on China's New Left, neither end of the political spectrum makes any kind of direct call for regime change. Clearly both sides understand the limits of pushing their liberal claims too far politically (i.e. calling for open political competition) and instead tend to limit themselves to various and competing liberal economic and social claims.

<sup>31</sup>In the conclusion I again take up Pan's argument, detailing some of the key critiques of Pan's claims and offering my own as well.

“checks and balances belong to the domain of law, not electoral democracy” (Pan 2006:11). Again, emphasizing the importance of stability, Pan notes that his proposed consultative rule of law regime “provides for reliable social stability since the linkage between law and order has endured the test of time” (Pan 2006:37). Thus, even when calling for a form of overt political and institutional reform, many core liberal ideas are employed to demonstrate their overall importance to preserving social, economic and political stability.

More often, though, Chinese neoliberals confine themselves to narrower economic questions, in particular questions of SOE reforms and property rights reform more generally, and how the state should focus on coordination of the macroeconomy. A principle concern of Chinese neoliberals is the connection between property rights and reform of the state owned enterprise (SOE) sector. As Liu Junning argues, “Chinese liberalism today gives special attention to property rights” and that “it is much easier for the Chinese people to understand the value of property rights and economic freedom than it is for them to penetrate the obscurity of...high-minded leftist ‘discourses’” (Liu 2000). Neoliberals tend to argue that the state must guarantee clear property rights in order to facilitate the transition of SOEs from state control to some form of more market-based ownership and management structure. As Zheng Yongnian notes, “Liberal economists claim that the difficulty of China’s economic reform lay in the fact that private property rights were not protected” and that “private property rights are a precondition to the emergence of entrepreneurs and a sufficient and necessary condition for economic efficiency” (Zheng 2004:173). Thus the promotion and protection of private property rights as one of the most important, if not *the* most important, task of the state in China’s reformed economy is central to neoliberal arguments.

In general neoliberals are supportive of enhanced decentralization of political and economic authority and responsibility. It seems clear that rather than stressing individualism per se, they argue that overall order, stability and efficiency can derive from a source other than a state-controlled or mandated notion of equality or justice.<sup>32</sup> In this light, one type of neoliberal argument is that restrictions on direct state management of the economy will allow for the growth of “civil society,” or at least of forms of organization that derive their effectiveness from more of a society-based rather than state-imposed form of authority.<sup>33</sup> Again, even when promoting the importance of a concept like civil society that is often seen by western scholars as foundational to the growth of a participatory, democratic political system, the importance of stability is at the forefront of neoliberal concerns. As Zheng Yongnian argues, “For new liberals, the political significance of civil society lies in that it can help the state maintain social stability on one hand, and constrain state power on the other” (Zheng 2004:171-172).

The work of Zhao Shukai (赵树凯 2001) demonstrates one way of thinking about how “order” and stability can derive from non-state forms of social organization. Zhao emphasizes that, unlike much western writing about forms of “civil society” that are independent from and often challenge state authority,<sup>34</sup> the state must learn how to rely on non-state forms of social organization in order to better govern urban centers and incorporate migrants. Zhao, a researcher at the State Council’s Development

---

<sup>32</sup> Indeed neoliberals like Unirule’s Mao Yushi argue that economic liberalism is about social as well as individual “liberty.” Mao states that “Liberalism stresses social liberty precisely by protecting the freedoms of all individuals” (Mao Yushi 茅于軾 1996). On the other hand, scholars like Liu Junning place the importance of individual as opposed to collective freedom at the forefront of their arguments. Liu argues that “The task of liberal intellectuals in China is to do everything in their power to make the case for *individual* freedom” (Liu 2000:56, my emphasis).

<sup>33</sup> For more on society-based solutions to questions of incorporating migrants into urban areas see Zhao Shukai 赵树凯 (2001) In the text below I offer a more complete account of Zhao’s argument.

<sup>34</sup> Margaret Pearson argues that “the term ‘civil society’ broadly conceived refers to bourgeois society of the sort that emerged in seventeenth- and eighteenth-century Western Europe, in which social forces, economic and non-economic, act separately from and often against the state” (Pearson 1997:25).

Research Center, while not mentioning Hayek by name, nevertheless draws directly on the language of “spontaneous order.” In his article entitled “The Conflict of Social Orders and Governance Change,” Zhao (赵树凯 2001) argues that for the government to more effectively administer urban migrants it must rely on two complementary forms of order: “spontaneous order” (*zifa de zhixu*) and “governed order” (*guanli de zhixu*).<sup>35</sup> Zhao argues that when it comes to the regulation of migrants in urban centers, local officials too often rely on outdated forms of governance that were better suited to the planned economy than to a market economy. Zhao notes that

Urban Public Security Bureau officials prioritize guarding against [migrant] criminality. This type of administrative management system has its roots in the era of the planned economy with its self-enclosed social structures...but during this time of heightened population mobility this form of management very obviously is not sufficient. (Zhao Shukai 赵树凯 2001:21-22)

Zhao argues that too often local government bureaucracies charged with the management of migrants rely on the tactics of “governed order,” in which non-urban *hukou* holders are constantly kept on the margins of the city’s economic and social existence. Zhao makes a case that too many of the tactics used to maintain this governed order have the potential to create social instability, especially in cases where local officials indiscriminately fine or are physically abusive toward migrants (Zhao Shukai 赵树凯 2001:27).<sup>36</sup>

Zhao argues that while there must still be a place for governed, or state-centered, order in which social stability has its roots in police and other local bureaucratic oversight, to promote fairness (*gongzheng*) and “free competition” (*ziyou*

---

<sup>35</sup> These are Zhao’s, or maybe an editor’s, own translations, presented in the English abstract for his paper.

<sup>36</sup> Here Zhao makes direct reference to the physical abuse and unofficial fines imposed by “enforcement teams” like those that I describe in greater detail in chapter three (see Zhao Shukai 赵树凯 2001:24-29). For an English language version of Zhao’s research on migrant criminality and state regulatory practice see Zhao (2000).

*jingzheng*) officials must make room for and nurture spontaneous order. By this he means that local officials, in their attempt to manage migrants and incorporate them into the local economy and society, should rely to a greater extent on the self-organizational capacity of migrants. Zhao says,

I believe the key is to channel the migrants' own strong demands and enthusiasm for order into the construction of a more comprehensive social stability. From the regulatory point of view, it's a question of how to turn negative control into positive participation. (Zhao Shukai 赵树凯 2001:5)

Reliance on hierarchical and other authority arrangements that already exist within migrant communities, he argues, will not only foster the goodwill of migrants toward city officials but also be more effective in maintaining social stability.<sup>37</sup> So while Zhao does not see spontaneous order as deriving from markets per se, he nevertheless makes a clear case for the utility of non-state forms of order that should complement government imposed forms.

Ultimately, then, what is the neoliberal vision of market order? To answer this question let me ask two others: 1) what do neoliberals see as the supporting foundations of market order and 2) what do they see as the principle threats to it? For China's neoliberals, healthy markets, which rely on limited, rule-based government intervention in the economy, are the primary engine of economic growth and source of social justice and stability. Many neoliberals agree that China is confronting a range of difficult social issues, including unemployment, urbanization and rural and urban property rights disputes as well as education and health care reform, among others, but for them the solution to these problems does not lie in greater government intervention in the economy, but instead in an enhanced role for markets and a problem-solving

---

<sup>37</sup> Zhang (2001) provides an in-depth ethnographic account of how these two versions of "order" really were at odds in the management of Wenzhou migrants in Beijing's Zhejiang Village.

role for institutions and ideas that originate outside of the state. For most neoliberals, the greatest threats to social stability and continued economic development stem from outdated and overly intrusive government intervention in the economy and, increasingly, from the New Left itself, which some neoliberals argue exacerbates social tensions through populist rhetoric and appeals to curtail market reform.<sup>38</sup> Ultimately, then, for China's neoliberals market order rests on the support and expansion of currently still weak, but naturally growth-producing and socially stable markets while at the same time limiting the scope of arbitrary and/or abusive state intervention in the economy.

*Debunking the Neoliberal Dream: The New Left Critique of Neoliberalism*

China's problem is that our lives have been too closely controlled. We need more autonomous space. We can't have our lives controlled by the market

–Wang Hui (Hook 2007:11-12)

If China's neoliberals are concerned that too much of the wrong kind of government regulation of the economy is the key threat to market order, then their adversaries on the New Left make almost the opposite argument: too little state control over markets constitutes the main threat to market order in China. For China's New Left, neoliberal ideas underpin a social and economic system that has become highly inequitable, corrupt and ever-more unstable. New Left intellectuals maintain that unconstrained and unregulated markets have laid waste to China's social fabric as the state has retreated from its socialist ideals. They claim China's workers and peasants,

---

<sup>38</sup> Chen Feng notes that “Concerns are already raised about the possible role of leftism in mobilizing the disgruntled segment of population who have strong grievances against economic polarization and rampant corruption” (Chen Feng 1999:448).

the backbone of the post-1949 socialist paradigm, have borne the weight of China's market reforms while capitalists and corrupt officials have colluded to manipulated reforms in their favor. Moreover, for the New Left, neoliberalism poses a dual threat not only because of the domestic crises it has fostered but also because it serves the interests of global capitalism in general and of the United States in particular.

If the term "neoliberal" is top-heavy with now largely negative connotations, towards which many on the New Left contribute, the term "New Left" is equally fraught with normative baggage. To be on the "left" in China has meant many different things over the years, but what does it mean in the 21<sup>st</sup> century? The term New Left, also often used for negative effect by critics, serves as an umbrella concept to distinguish these critical socialists from the Old Left. Depending on whom one asks, the Old Left might simply include those who disapprove of market reforms and advocate a much more prominent role for the state in economic planning, or given the official Dengist version of history, it could more damningly point to Cultural Revolution-era radical leftists who emphasize continual revolution as a necessary force behind social and political transformation. Few if any on the New Left call for a return to state planning per se and certainly not for the self-destruction of the Party witnessed during the Cultural Revolution, but instead support a broadly market-based development strategy while advocating a greater state role in controlling markets so as to better ensure social justice and overall stability. While some of those associated with the New Left, in particular Wang Hui, largely eschew the term and instead prefer the term "critical intellectuals" (Mishra 2006 and Hook 2007),<sup>39</sup> as with the term

---

<sup>39</sup> Mishra (2006) cites Wang Hui's thoughts on the New Left label: "Intellectuals reacted against 'leftism' in the 80s, blaming it for all of China's problems...and right-wing radicals use the words 'New Left' to discredit us, make us look like remnants from the Maoist days." Mishra also notes that Wang "doesn't care to be identified with the radical intellectuals of the 60's in America and Europe, to whom the term New Left was originally applied." Nevertheless, Wang has periodically published interviews and articles in the prominent English language journal *New Left Review* (see Wang Hui 2000 and 2006).

“neoliberal” I will continue to use the New Left moniker because it is the term most often used by Chinese and non-Chinese participants in, and analysts of, the debate.

Who are the key figures and what are the key organizations and publications that comprise China’s New Left? There has been a tendency to see the New Left as made up largely of scholars and intellectuals from the humanities disciplines, some of whom have studied in the West and who are heavily influenced by post-modernism.

As Fewsmith argues,

a number of young scholars, including Wang Hui, adopted a variety of postmodernist and critical methodologies by which they hope to move beyond the enlightenment critique of the previous decade. In China, this group is usually referred to as the ‘New Left.’ (Fewsmith 2001:114)

This understanding is not incorrect in identifying a key non-social science, post-modern element within the New Left, but it is incomplete. There are also a number of important New Left thinkers who come from a more positivist, social science tradition.<sup>40</sup>

Among those drawn from the humanities are Wang Hui, who is also probably the most well-known New Left thinker in both China and abroad, Gan Yang and Zhang Xudong, to mention only a few. From the social sciences prominent names include Wang Shaoguang, Cui Zhiyuan, Zheng Yongnian and Hu Angang. There are also some economists, who refer to themselves as “heterodox economists” (*fei zhuliu jingji xuejia*), like Han Deqiang and Zuo Dapei, who self-identify with the core principles and policy recommendations of the New Left.<sup>41</sup> Publications that have often served as a venue for publishing the writing of New Left scholars include *Dushu*

---

<sup>40</sup> For a detailed analysis of the differences between New Left scholars from the humanities versus the social sciences see Xiao Gongqin (萧功秦 2003).

<sup>41</sup> For more on China’s heterodox economists see Mao Zengyu (毛增余 2004). The Hong Kong based economist Larry Lang has also been very critical of China’s neoliberals and of SOE reform in particular, but he largely remains independent of New Left label.



(Reading), where Wang Hui was an editor, as well as *Tianya* (Frontiers) and *Ershiyi Shiji* (Twenty-first Century), among others.<sup>42</sup> Finally, while there is no one central New Left research organization or think tank, Tsinghua University is home to a number of key New Left scholars like Wang Hui and Cui Zhiyuan, to name only a few.<sup>43</sup> Below I will show how strong reaction against Hayek's popularity in China highlights some of the key New Left positions and will then proceed to more fully explain the key New Left principles as well as their understanding of the foundations of, and threats to, market order.

### Hayek: New Left Enemy Number One

As much as Friedrich Hayek is the personification of the Chinese neoliberal dream, for the New Left he symbolizes the global dominance of neoliberalism and all that is wrong with the acceptance and implementation of neoliberal ideas in China. Hayek represents neoliberal faith in the efficacy of a market-led development strategy and in market-based solutions to economic and social problems that have followed in the wake of reform. However, the majority of those on the New Left see Hayek as an anti-socialist ideologue and a symbol of misguided belief in the mystical power of the market that is at the heart of what they consider to be destructive and destabilizing neoliberal thinking. Here I will demonstrate how criticism of Hayek and his popularity among Chinese neoliberals is central the New Left conceptions of market order. I will then proceed to more fully explain the key principles of the Chinese New Left and their understanding of the key threats to and supports for market order.

---

<sup>42</sup> It should be noted that while some of these journals are edited by New Left scholars, they frequently publish the work of their critics and thus serve as a forum for the type of ideational contention that is the focus of this chapter. For a more comprehensive listing of left-oriented publications see Misra (2003).

<sup>43</sup> Cui is associated with the National Conditions Research Group at Tsinghua, which is headed by Hu Angang. For more on the changing role of research institutions and intellectuals in China in general and on the Tsinghua Research Group in particular, see Fewsmith (2003).

New Left criticism of Hayek highlights a number of key New Left concerns. For the New Left Hayek not only represents the specific dangers of Chinese neoliberalism but also the more general threat of global neoliberal “hegemony.”<sup>44</sup> A staple of New Left writing on neoliberalism is to criticize the pernicious impact of Hayek on Chinese thinking about the relationship between the state and economy. In a critique of neoliberals and their devotion to Hayek, Wang Hui makes the following observation:

A good many of our liberals represent a contemporary Chinese Right. This is especially true of the economists who advocate privatization and marketization without any doubts or limits, without the slightest critical distance. They have taken the idea from Hayek that the market is a spontaneous economic order. In China, they maintain, marketization is the only route to prosperity and democracy—not that they care greatly whether there is a democracy or not, but it is required as a rhetorical add-on. (Wang Hui 2000:78)

Here Wang seeks to associate Chinese neoliberal praise for Hayek with what he refers to as “market extremism” (*shichang jiduan zhuyi*) and a fundamental conservatism that belies neoliberal claims to be China’s only legitimate advocates of liberalism.

Wang and others on the New Left emphasize that neoliberals, following Hayek, maintain an unhealthy and unrealistic vision of the market as the one institution capable of producing orderly economic growth. New Left critics dismiss neoliberal faith in the organic ability of markets to produce stable and efficient outcomes as idealistic at best and at worst as a cynical justification for the domestic and foreign capitalist interests the neoliberals are seen to represent. In the introduction to Wang Hui’s 2003 English language collection of essays Theodore Hutters argues that

---

<sup>44</sup> New Left critics, including Wang Hui, often refer to the threat posed by the neoliberal “hegemony.” Wang, for instance, has argued that “the fundamental existential character of the state...is now supplemented by the ideological hegemony of the market” (Wang Hui 2006:41). Wang goes on to specify how this hegemony operates along three different dimensions globally and also specifically within China (Wang Hui 2006:41-43).

What Wang Hui is actually saying, however, is this: the notion that China is heading toward an American—or ‘posthistorical’—future is precisely what has justified a series of moves creating social destabilization and injustice in Chinese society, and that some (sic) notion can only continue to do so. The neoliberal end that justifies these unhappy means is, strictly speaking, utopian, in that it can never be brought into existence. This, then, is the fundamental difference between Wang Hui and the neoliberals. While his critics might accuse Wang of utopianism...the accusation of utopianism can be even more powerfully made against the neoliberal vision. (Wang Hui 2003:38)

New Left intellectuals dispute neoliberal claims that, a la Hayek, markets are naturally self-regulating and produce a “spontaneous order” that mitigates against state intervention in the economy (Wang Hui 王晖 1997 and 2001; Wang Hui 2000 and 2003; Wang Shaoguang 2001). It is no accident that Wang Hui’s 2003 English language book is entitled *China’s New Order*. Wang both seeks to emphasize the wrong-headed Hayekian understanding of “order” that he says predominates in China and also to challenge this view with his own version.

The New Left objection to neoliberal faith in the spontaneous order of markets feeds into a broader criticism of neoliberal “worship” of markets and the “myth” of competition (Han Deqiang 韩德强 2000 and 2002; and Li Yunlei 李云雷 2006). Gan Yang, in his assessment of the contributions of different New Left thinkers notes that Wang Shaoguang and Cui Zhiyuan in particular share the aim of “demystifying” the market (*pochu “shichang shenhua”*) in order to show how and why markets need to be “regulated and controlled” (*tiaokong*) by a strong state (Gan Yang 甘阳 2003:116-117). Much of the New Left agenda involves shining a bright light on the workings of the market and demonstrating that markets are more often than not a space for corruption and exploitation and generators of inequality.<sup>45</sup> Summarizing the New Left

---

<sup>45</sup> See also Han Deqiang (韩德强 2000 and 2002) for an extensive New Left critique of “market mythology.” On the cover of Han’s 2000 book, *Collision: The Pitfalls of Globalization and China’s Realistic Choices*, is a circle with a WTO symbol with a slash through it, below which is written “expose the myth of competition” and “do away with market worship.”

agenda Wang Hui states that “Our primary aim is to deconstruct the illusion of neo-liberalism in China” (Aiyar 2005).

Certainly the visceral New Left antipathy toward Hayek is primarily aimed at exposing what those on the New Left see as the wrongheaded and dangerous faith that China’s neoliberals place in the market. At the same time, the New Left’s criticism of Hayek and his neoliberal followers in China is part of a larger, global critique of neoliberal ideas and policy that they argue have dominated international political economy since the end of the 1970s. As I will discuss below, there is a clear economic nationalist element of the New Left position that is highly suspect of western free market ideology and of globalization in general, but here I simply seek to point out that China’s New Left thinkers are part of a broader trend of criticism about neoliberalism in general and Hayek in particular.

One of the clearest examples of this type of criticism comes from David Harvey, whose 2005 book, *A Brief History of Neoliberalism*, prominently displays the pictures of four key “neoliberal” world leaders: Augusto Pinochet, Margaret Thatcher, Ronald Reagan and Deng Xiaoping. Harvey, arguing from a Marxist perspective, cites Hayek and the Mount Pelerin Society as the flag bearers of neoliberalism who were waiting in the wings during the period of “embedded liberalism” from the 1940s to the 1970s (Harvey 2005:19-20).<sup>46</sup> Harvey argues that neoliberalism was the preferred ideology that the “business class” used to regain the power that it had lost under the embedded liberal framework. Neoliberalism soon came to define economic orthodoxy in such institutions as the World Bank and International Monetary Fund (IMF) and at the same time the business class created “neoliberal states” to support their preferred policies. Harvey, citing the works of some key Chinese New Left

---

<sup>46</sup> For more on the Polanyian perspective of “embedding” and “disembedding” liberalism in the 1930s/40s and 1970s/80s, respectively, see Blyth (2002).

thinkers like Wang Hui, argues that China, with a few peculiar quirks that he calls “neoliberalism with Chinese characteristics” (Harvey 2005:120), has followed in the footsteps of the global trend toward neoliberalism.<sup>47</sup> While many New Left thinkers in China eschew the kind of direct Marxist, class-based analysis like that employed by Harvey, they nonetheless echo his concern over the influence of Hayekian “free market fundamentalism” (Harvey 2005:29).<sup>48</sup>

### New Left: Key Principles

If China’s neoliberals are primarily concerned with the economic freedoms and efficient outcomes that originate in a market mechanism unconstrained by what they view as misguided state intervention, their New Left critics claim that a strong state is necessary to do battle against the deleterious effects of unconstrained markets while at the same time ensuring social justice. New Left intellectuals are drawn together by a mutual concern for the principles of social justice and equality and at the same they emphasize their own claim to the liberal values of freedom and democracy. They juxtapose these principles against what they say are the neoliberal priorities of efficiency, the protection of private property and a fundamentally conservative understanding of the liberal tradition. Intellectuals on the New Left also emphasize the virtues of a strong central state and worry about the negative effects of

---

<sup>47</sup> Harvey’s argument that the trend toward global neoliberalism was the result of the concerted efforts of the business class in various countries to influence official state policy is strained at best in the Chinese case. Even the strongest critics of Dengist reforms do not argue that reforms themselves were driven by some kind of pre-existing “business class.” After all, the Chinese Communist Party has been the primary sponsor of the reforms and in many ways itself remains highly critical of “neoliberalism” per se, as I will discuss in the following section. Even if, as surely is the case, Party officials in addition to their friends and relatives have often been most well positioned to reap substantial material benefits from reform, it makes little sense to categorize this group as a pre-existing business class that simply sought to “restore” its previous position.

<sup>48</sup> For his understanding of the Chinese case Harvey notes his reliance on the work of Hart-Landsberg and Burkett (2005). There is also a substantial amount of western reporting that uses a critical perspective on “neoliberalism” to assess a range of China’s social problems (see, for instance, Petersen 2003; Chen and Churchill 2005; and Kwong 2006).

decentralization of political and economic authority. They argue that a strong central state is necessary to rein in the destabilizing effects inherent in markets and to ensure equality and social justice. Below I will more fully elaborate on the New Left argument for state capacity as a pillar of market order. I will follow this up by asking: state capacity to do what?

New Left concern with social justice and equality is usually particularly focused on the plight of “workers” and “peasants.”<sup>49</sup> Of particular concern to the New Left is the way in which the Chinese state and Communist Party seem to have abandoned workers and peasants to the fate of the market without, in turn, creating pension, unemployment, health care and reeducation programs and policies to assist in the transition (Wang Shaoguang 2001; Wang Hui 2000 and 2003; Zheng 2004; Aiyar 2006; Mishra 2006; Hook 2007). While New Left scholars address a range of issues under the rubric of social justice, including those just mentioned and sometimes also including other social issues like environmental protection (Wen 2007), their understanding of social justice tends to focus on these two particular groups. At the same time the New Left emphasizes the state’s failure to provide these groups with social benefits and not on their status as, say, participants in new, sometimes marginalized markets or as consumers.<sup>50</sup> These are issues I will address more thoroughly in the following two chapters.

---

<sup>49</sup> In some important ways these categories are holdovers from a class-based system of social and political categorization and in reform era China it is not always clear how well these categories fit with social reality. For instance, are rural *hukou* (residence permit) holders who have emigrated to the cities to be counted as peasants? And are workers only those who do or used to work for mostly urban state-owned factories? The categories of worker and peasant are often used by the New Left for rhetorical purposes to refer to those who were supposed to be the primary benefactors of the socialist system and who, since reform, have largely been disenfranchised.

<sup>50</sup> Wang Hui even goes out of his way to disparage “consumer nationalists” (Mishra 2006). Zhang Xudong (cited in Hook 2007) also claims a general New Left concern for the “underprivileged” but I would argue New Left understandings of who falls into this category is highly constrained by their understanding of old class categories.

Directly related to the issue of social justice, China's New Left intellectuals are particularly concerned with questions of social and economic equality (Hu Angang 2003; Hu Angang 胡鞍钢 2004; Xie Yue 谢岳 2003; and Zuo Dapei 左大培 2002). In particular they are concerned with the rise in inequality that has accompanied economic reforms. In their book *The Political Economy of Uneven Development*, Wang Shaoguang and Hu Angang argue that the central government must do more to reduce rising inequality among different regions of the country (Wang and Hu 2000). Other New Left work has also emphasized inequalities between rural and urban areas and among different social groups (Wang Shaoguang 2001; Zheng 2004; and Wang Hui 2003). Some scholars focus on the role of the central government in establishing a more equitable mechanism for the collection and redistribution of tax revenues (Wang and Hu 2000 and 2001), while others stress the need for a more "democratic" way of reforming the ownership structure of state owned enterprises (Cui 2001 and Wang Hui 2003).<sup>51</sup>

Through their discussions of social justice in general and remedies for social and economic inequality in particular the New Left seeks to lay claim to the western liberal tradition that many of them feel has been hijacked by their neoliberal counterparts. In place of neoliberal understandings of justice and freedom as rooted in the market, the New Left emphasizes their own understanding of the core liberal themes of "freedom" and "democracy." Core members of the New Left, such as Wang Hui, Cui Zhiyuan, Wang Shaoguang and Gan Yang, argue that neoliberals focus

---

<sup>51</sup> See also Fewsmith (2005) on Larry Lang and the managed buyout (MBO) debate of 2004 when Lang directly criticized a number of China's most successful corporate heads for unfair acquisition of state assets. Lang, whose views would place him squarely in the category of New Left, was the panel chair for a paper I presented (Ferchen 2005) on the role of Hayek in contemporary Chinese intellectual debates and in the talk he gave directly before my own repeatedly pointed out the evils of Hayekian thinking among Chinese neoliberals.

on a very narrow, indeed conservative, part of the liberal tradition.<sup>52</sup> Gan Yang, in particular, has written extensively about how the New Left understanding of freedom is closely aligned with what Isaiah Berlin refers to as “positive freedoms” versus the neoliberal emphasis on “negative freedoms” (Gan Yang 甘阳 1998; Gan Yang 2001). Gan argues that “the current talk of negative freedom in China often means freedom from any economic regulation; however, those who advocate direct national elections and political democracy are seeking positive freedom” (Gan Yang 2001:98, fn. 1). Here, Gan is referring specifically to neoliberal arguments *against* state intervention in the economy to protect market freedoms as opposed to New Left emphasis on freedom *for* social and economic equality.

Through his emphasis on “economic democracy,” Cui Zhiyuan of Tsinghua University has contributed another key element of the New Left claim to a more progressive form of liberalism. Cui argues that China should focus on two different elements of economic democracy. In the first, more macro-level claim, he emphasizes the need for an enhanced effort by government authorities to understand the needs of the people when designing economic institutions and regulations.<sup>53</sup> Here, Cui argues that

From the macro perspective, “economic democracy” points to the modern democratic principle of ‘popular sovereignty’ and applies it to the economic realm. This means taking into consideration the interests of the majority when designing and restructuring society’s economic institutions. (Cui Zhiyuan 崔之元 n.d.)

---

<sup>52</sup> To emphasize this point, Wang Hui (2000) notes that “[i]n the mid-nineties, the group around Liu Junning publicly claimed that true liberalism is a form of conservatism, because of its belief in order” (84). For a more thorough treatment of the inherently conservative nature of western liberal arguments about “order” see Zhu Demi (朱德米 2004).

<sup>53</sup> At some level this resonates with the Maoist era notion of the “mass line.” Mao described the “mass line” thus: “In all practical work of our party, all correct leadership is necessarily ‘from the masses to the masses’. This means: take the ideas of the masses (scattered and unsystematic ideas) and concentrate them (through study turn them into concentrated and systematic ideas), then go to the masses and propagate and explain these ideas until the masses embrace them as their own” (In Saich 2001:41). Saich notes that “In theory, the ‘mass line’ is about consultation, education, persuasion and eliciting an enthusiastic response. It is not, however, concerned with democracy” (Saich 2001:41).



At the second, more micro-level, Cui focuses on the transfer of ownership of state-owned enterprises where he stresses the need for a greater role for workers in structuring ownership changes and having a financial stake in the new enterprises or dividends from sales (Cui Zhiyuan 崔之元 n.d.).<sup>54</sup> Cui, however, advocates going beyond European style social democracy when he argues that “We need more radical institutional innovations like Labor-Capital Partnership to make up for the deficiencies of conventional social-democratic policies” (Cui 2005). Through his focus on economic democracy, Cui also seeks to expose the neoliberal emphasis on overly simplistic understandings of property rights by showing that there are more egalitarian ways in which state owned property can be restructured in terms of management and ownership (Cui 2001).<sup>55</sup>

Through its focus on positive freedoms and economic democracy, the New Left thus claims to be a “liberal new left” (Gan Yang 甘阳 2003; Ren Ze 任贇 2003; and Wang Hui 2003:100). Both of these elements of New Left liberalism rely on a strong central government to protect against the harmful effects of markets and are part of a more general effort by many on the New Left to position themselves as a type of social democratic movement.<sup>56</sup> Zhang Xudong, a New Left scholar based at New York University, has stated that the types of systems that might serve as positive examples for China include “a Scandinavian social model, the British welfare

---

<sup>54</sup> For a more extensive treatment of different Chinese conceptions of economic democracy see Cui (2001:111-113). For the perspective of a western scholar whose own work has touched on the Chinese case and who has participated in recent discussions about the role of economic democracy in a Chinese model of development, see Schweickart (2006). See also Zheng (2004:183-184) for how the New Left links issues of economic democracy to a reevaluation of the Cultural Revolution.

<sup>55</sup> At the same time, Cui seeks to draw on a uniquely Chinese form of communitarianism (Zheng 2004:182-83), especially when it comes to questions of rural reforms (Interview BJ23, 10/15/06).

<sup>56</sup> Li Xiaoke (李小科 1996) wants to make very clear the Chinese language distinction between “new liberals,” by which he basically means members of a western social democratic tradition and “neoliberals,” by which he means those who adhere to the Chinese neoliberal dream (Li wants the standardize the translation of “new liberal” to be *xin ziyou zhuyi* and “neoliberal” to be ‘*xin’ zhiyou zhuyi*). He says there tends to be some confusion in Chinese translations of these terms, but when the term “*xin ziyou zhuyi*” is used in Chinese it almost without question refers to Hayekian-type classical economic liberal arguments.

approach, or the U.S. model, the New Deal” (Hook 2007:11).<sup>57</sup> However, it should be clear that if the New Left sees certain components of western social democracy as a viable model for China’s future, there is also a conspicuous absence of certain elements of that model.

If New Left understandings of positive freedoms and economic democracy correspond with a European form of social democracy, their faith in a strong central government under continued single party rule presents a clear and substantial departure from western conceptions of social democracy in particular and democracy more generally. As Zhang Xudong argues,

Democracy is not about procedure only...When you talk about democracy you have to talk about it in substantive terms like democratic distribution of wealth, or democratic distribution of social power...In China opponents of the new left tend to say, let’s have rule of law, let’s have elections, let’s play by the rules. That is a partial understanding of democracy. (Hook 2007:13)

The periodic competition for political power embodied in competitive elections does not figure into New Left conceptions of social democracy. From the perspective of any viable political theory or policy in the context of China’s one party system this focus on the substance rather than the procedural aspects of democracy is politically astute. Yet for the leaders or citizens in any of the countries cited as positive examples of western social democracy, it is hardly conceivable that political competition (i.e. procedural democracy) could be removed from their model and still be considered “democratic.”

---

<sup>57</sup> Note the similarity with regulatory state claims that lump together western regulatory regimes as embodying all that is positive without any mention of the important differences among the countries mentioned as examples.

## The New Left and Market Order

[T]he expansion of markets brought about social fragmentation and disorder.

–Wang Hui (2003: 118)

For the New Left, questions of orderly and stable social and economic outcomes are no less central than they are for neoliberals. However, unlike neoliberals, for the New Left the primary threat to market order is “unregulated” and inherently destabilizing markets. Therefore, for the New Left the key pillar of market order is a strong, far-sighted and benevolent state. In practice this means support for central government authority to rein in a variety of harmful centrifugal forces. Here I will first analyze what the New Left views as the key threats to market order and then based on this discussion proceed to describe New Left arguments about what policies and institutions are necessary to maintain market order.

My previous discussion of the New Left’s passionate dislike of Hayek and the arguments made in support of Hayek by Chinese neoliberals foreshadows many but not all of what the New Left understands to be the key threats to market order in China. For the New Left, insufficient central government control over what are seen to be inherently unstable markets and the local officials who impede proper regulation, has bred a range of social problems that threaten market order. For the New Left, not only has the state ceded too much ground to the “invisible hand” of the market through decentralization of economic and political authority and the abandonment of socialist welfare policies, but what role the state does play in governing markets tends to enrich corrupt officials and a rising business class while exacerbating social and economic inequality. While most New Left scholars are concerned with the destabilizing outcomes of marketization, centrifugal forces in general and a retreat from egalitarian social policies, some are equally as concerned about the implications of China’s

openness to international trade and investment and what this means for China's position in the international arena and its ability to control its own economy. Ultimately, then, for the New Left the ideas and policies associated with neoliberalism itself, in both its domestic and international forms, are the key threats to China's market order.

China's New Left believes that too little central government control and regulation of markets has been the root cause of a variety of social ills that threaten stability. New Left scholars have little patience with neoliberal claims that rely on classic Smithian or neoliberal Hayekian claims that markets are naturally self-correcting and tend toward a "spontaneous order."<sup>58</sup> Wang Hui blames exactly this kind of thinking, espoused by what he calls "right wing radicals," for a variety of socially destabilizing problems connected to "mass privatization" (Mishra 2006). Wang says,

Beginning in the late 1990s, the neoliberals revised the radical political platform of the 1980s into a 'movement for constitutional revision' that focused on establishing the right to private property. In effect, it sought to legitimate the irrational distribution of property through a legislative process, including the legitimization of illegal expropriation of public property. From this historical standpoint, the denial of social equality and democratic affiliations became inevitable. (Wang Hui 2003:80-81)

New Left scholars see radical devolution of political and economic authority, and a faith that markets will provide for an entire range of goods and services that used to be within the purview of the state, as the principle threats of China's neoliberal "orthodoxy." Rather than adopting the neoliberal view that markets are naturally self-correcting, the New Left is highly skeptical of the so-called "invisible hand" and

---

<sup>58</sup> As an alternative to neoliberal economists like Hayek and Friedman, both Wang Hui and Cui Zhiyuan proclaim an interest in the theory of the economist George Akerlof's concept of the "lemon" to describe what they see as the systematic looting of the Chinese economy (see Pocha 2005). For Akerlof's classic account see Akerlof (1970).

instead see market failure and social dislocation as the result of market competition as the norm. Han Deqiang argues,

Economic competition is fundamentally brutal and double-sided. Huge corporations wipe out thousands of small and medium-size corporations. But, today, Chinese economists and media try to make competition into something ‘really good.’ (Tennenbaum 2000)

Ultimately, the New Left maintains that the Chinese state has largely abandoned its role as the provider of key “social guarantees” to the whims of the market and the result has been increasing inequality, unemployment and social tensions.

Scholars on the New Left are not only concerned with the domestic implications of unconstrained market forces but are equally worried by the threat posed by China’s openness to international trade, finance and investment. As Zheng Yongnian notes, there are three interrelated components of what many on the New Left refer to as the key threats of globalization and western neoliberal hegemony (Zheng 2004:175). First, some scholars express economic nationalist concerns. These include a variety of arguments, including that China has been exposed to quickly and too broadly to international competition and must provide strategic protection to certain industries and that China relies too much on foreign investment and technology, which may harm domestic innovation. Other types of economic nationalist arguments include fears of over dependence on foreign trade and concern that liberal investment and finance policies will expose the country to international financial crises (Han Deqiang 韩德强 2000 and 2002). Zheng Yongnian describes New Left nationalist concerns about globalization in the following way: “Even though China can benefit from economic integration with other countries, China’s political independence and national security will be undermined” (Zheng 2004:175).

In addition to these concerns about economic openness leading to competitive weaknesses, some on the New Left are also deeply concerned by how openness to international investment exacerbates the range of domestic problems that have already been unleashed as a result of domestic neoliberal ideas. They worry that the Chinese state, in order to comply with international trade and investment commitments, has deepened the plight of farmers and workers and that rural-urban and regional inequalities have worsened due to Chinese state promotion of urban, coastal development that in part is aimed at facilitating international trade and investment (Fang Ning 房宁 1999; Zuo Dapei 左大培 2002). As one New Left scholar remarked, “the globalization of the Chinese economy has led to the sacrifice of inland development and the enriching of the coastal provinces, all in the name of comparative advantage” (Interview BJ13, 8/12/05).

Finally, many on the New left are concerned that China’s embrace of international trade, finance and investment has opened the door for western (especially American) neoliberal dominance. They argue that by signing on to international economic treaties like the WTO China gives up important aspects of sovereignty and just as importantly that adoption of western neoliberal ideas diverts China from creating its own, unique path towards development. As Wang Hui has noted, “We have to find an alternate way. This is the great mission of our generation” (Pocha 2005).<sup>59</sup> Ultimately, we must understand this New Left set of anti-globalization arguments as part of a larger concern that the state and the Party should under no circumstances abdicate authority in favor of destabilizing markets or under the

---

<sup>59</sup> For more on the effects of global neoliberalism on other parts of the world see the chapters on Latin America and Russia in He Bingmeng 何秉孟, ed., 2004. Han Deqiang (2000) was one of the most vocal and prolific critics of China’s WTO accession and remains critical of the effects of globalization on China in general. For more general English language overviews of the nationalist strain of thinking within the New Left see Fewsmith 2001, Chapter five and Zheng 2004:174-77).

influence of western neoliberal policies that simply serve as a Trojan horse for foreign dominance.

If unconstrained and under-governed markets, both domestically and internationally, are the key threat to market order for the New Left, then the basis for building and maintaining market order is a strong central government that firmly controls markets in the name of the main principles outlined above. For the New Left, a strong central government with high “state capacity” is the foundation upon which market order rests. Wang argues that

[T]he state should play an active role in China’s transition to a market economy. This argument is built on three observations. First, even in mature market economies, state interventions are indispensable for remedying market irrationalities and for organizing efficient markets. Second, market institutions cannot be properly installed without the support of the state. Especially if China is to establish a ‘socialist market economy,’ the state is obliged to mitigate the hardships and cruelties caused by transition to the market. Third, as a giant country, China faces many development challenges that cannot be settled through voluntary transactions. (Wang Shaoguang 2001:123)

Wang Shaoguang and Hu Angang are two of the scholars most closely affiliated with arguments for the need to check centrifugal forces with strong central government action. Wang and Hu have argued that fiscal reform was necessary if the state was going to have the ability to maintain control over economic and social policy in the provinces, and in particular if it was going to counter the increasing problem of regional inequalities (Wang and Hu 2000 and 2001).<sup>60</sup> Ultimately then, New Left scholars maintain that China must have a strong central government to maintain market order, which means the state must reduce social and economic inequality,

---

<sup>60</sup> Wang is the premier theorist of state capacity in China (see Wang Shaoguang 王绍光 1991 and Wang Shaoguang 1995). In fitting with his stance on the regulatory state, Wang stressed that “even more important than centralization of the state’s administrative capacities is the rationalization of administrative methods. Only in this way will the state have the resources necessary to regulate the economy” (Interview HK7, 1/13/05).

provide a range of public goods such as education and health care, reduce or eliminate corruption, regulate markets in a way that harnesses their productive capacity yet tames their destructive tendencies and finally establish a “fair and democratic world order” (Wang Hui 2003:130).

### Conclusion

There is a key tension in New Left criticism of radical decentralization and “market fundamentalism.” On the one hand, as the quote at the beginning of this section clearly demonstrates, scholars like Wang Hui decry what they call “deregulation” and the “withdrawal” of the state from basic market oversight and the provision of a range of public goods and welfare policies designed to maintain social and economic equality (Wang Hui 王晖 1997 and 2001; Wang Hui 2003). As Wang Hui notes, “[t]he radicalization of the process of the devolution of political and economic power runs the risk of causing the state to completely lose its power to regulate, and consequent loss of the basic conditions underlying social guarantees (Wang Hui 2003:201-02, fn 34).<sup>61</sup> Yet at the same time that they claim that the local state has “lost its power to regulate,” the New Left decries local protectionism, corruption and lack of fairness in the SOE reform process resulting from “bureaucratic privatization” (Hu Angang 2003:223).<sup>62</sup>

There is an inconsistency here that is of major importance for this dissertation and that I will take up more fully in the following chapter. That is, representatives of

---

<sup>61</sup> Gan Yang likewise argues that one of the “negative liberties” emphasized by the neoliberals is “freedom from regulation” (Gan Yang 2001:98, fn 1).

<sup>62</sup> New Left scholars further argue that local government officials, often in collusion with business interests, corrupt the market. On this, they seemingly should be in agreement with the neoliberals who also decry the lack of clear divisions between regulators and the regulated. The key difference seems to be that the New Left looks to the Central government to provide solutions in the form of government social policies and restrictions on markets in general while neoliberals want a clearer specification and enforcement of the rules and regulations themselves, leaving distributive outcomes up to the results of “fair competition.”



the state at the local level *are* the state. They are certainly no less representatives of the state than the central state and party leadership and maybe more so because of their day-to-day interactions with Chinese citizens. Moreover, local agents of the state *are* “regulating” an entire range of markets, including those that I refer to as marginal markets, in the sense that daily, in their capacity as agents of the state with vast leeway to interpret laws and regulations, they embody state policy and interact with a range of market actors. Whether they do so in accordance with central government mandates is another question, but to argue that China has undergone a process of radical “deregulation” tells us too little about how to understand the fact that agents of the state are aware of and are involved in regular contact with exactly those markets that are supposedly unregulated.

There is also an important tension at the center of New Left thinking about deregulation, a tension that I will show also pervades scholarship on marginal markets. On the one hand New Left scholars want to say that the state has both abandoned the Chinese people (in particular the workers and peasants) to the cruel vicissitudes of the market through its deregulatory practices and at the same time that a vast array of markets are poorly and unfairly regulated by the agents of the state. That is, the state is accused at once of both failing to regulate markets and regulating them poorly. For those on the New Left proper regulation relies on the central government to overcome protectionist and corrupt local officials who exacerbate the already destabilizing tendencies inherent in markets in order to ensure egalitarian and “democratic” outcomes.

For the New Left, then, just as with proponents of the regulatory state, the act of “regulation” is equated with good governance while “deregulation” and “free

markets” are associated with corruption, inequality and social injustice.<sup>63</sup> Thus for both the New Left and regulatory state perspectives, “regulation” is ultimately an act, or a zone state-economy relations, that is apolitical by definition because to regulate is simply to govern the economy “correctly.” It is clear that through their scholarship and public advocacy New Left thinkers seek to prompt the Chinese government to remember those social groups at the heart of Chinese revolution, namely peasants and workers. At the same time they seek to provide both a rationale and guidance in how revitalized central state authority can be directed toward what they see as what should be the main motivational principles of social equality and justice. The result is that a great deal of faith is placed in the central government to not only know what the “correct” principles are, but in its ability to put them into actual practice.

*The State: Neoliberalism and Other Dangers on the Road to a Chinese Model*

Just as Chinese neoliberal and New Left intellectuals have very different conceptions of market order, including what the key threats to market order are and how best to maintain it, so too does the state. For the purposes of discussion in this section I will largely treat “the state” as the central Party and government leadership, concentrating on the Hu/Wen leadership’s critique of neoliberalism and support for the

---

<sup>63</sup> Wang Shaoguang, referencing Polanyi, notes approvingly that this is the beginning of a “re-embedding” of social and economic policies (Hook 2007). This emphasis on two types of government regulation, social and economic, recalls similar comments by Pearson and Yang Dali in the previous chapter. Although there is some scholarship within regulatory economics that makes this distinction, as in others areas these scholars fail to cite it. As a result, they all define the terms differently. For Pearson and Yang the distinction between economic and social regulation seems to be one of scale and focus: economic regulation takes place at the commanding heights and focuses on producers (and regulation of competition) whereas social regulation takes place at what Pearson calls the “low tier” of the economy and is directed at consumers. What Wang seems to mean by social regulation is state action aimed at reducing economic and social inequalities and general efforts at improving health and education policies. This distinction is underspecified. Economic regulation has always had a social, and more importantly a political, dimension.

idea of a “Beijing Consensus” or “Chinese Model.” I will then look in more detail at the State Council “small leading group” specifically created to deal with questions of market order. Finally, I will argue that a state-backed rhetoric of “market order” pervades the public and private consciousness about the nature of markets and the role, indeed necessity, of the state and Party in maintaining market order. Ultimately, however, there is an ironic tension involved when the state, and state-backed media, consistently point out pervasive threats to, and problems with, market order. This is because once such threats have been highlighted, not only might this establish a rationale for a strong state role in “rectifying” these disorderly markets, but a public consistently exposed to such constant reminders of market disorder might reasonably begin to question how such chaos persists if the state is actively remedying the situation.

### Official Critique of Neoliberalism

The Hu Jintao/Wen Jiabao leadership team that took over from Jiang Zemin and Zhu Rongji in late 2003 and early 2004 has made a number of policy changes, at least rhetorically, that closely correspond with certain concerns of the New Left. At the most basic level, the current leadership has been critical of China’s narrow focus on development as primarily a function of GDP growth rates. They insist that the definition and understanding of development must be broadened to include a variety of social factors and promote the idea that a “harmonious society” and “scientific development” must be built on a broad set of social as well as economic foundations.<sup>64</sup> One of the key components in this shift has been a public critique of

---

<sup>64</sup> These twin concepts were enshrined as the official centerpieces of the Hu/Wen leadership team at the 17<sup>th</sup> Party Congress held in October of 2007. See Hu Jintao’s official report from the Party Congress (Hu Jintao 2007).

“neoliberalism” and a corresponding support for the idea of a Beijing Consensus, or a China Model, in its place.

The official critique of neoliberalism got its start with a Study Group on Neoliberalism created at the Chinese Academy of Social Sciences (CASS) in 2003 (Fewsmith 2005:2). In the summer of 2004 the Study Group’s findings appeared in an edited book entitled *Analyses of Neoliberalism*. Later in 2004, key members of the CASS research group as well as scholars from a number of major universities published a high profile *Guangming Daily* article, provocatively entitled “Be on Guard Against the Ideological Trend of Neoliberalism” (Li Ruiying 李瑞英 2004b).<sup>65</sup> Here I will focus on this article and select chapters from the 2004 book to relate the basic points of the neoliberal critique.

There is ample evidence that the work of this Study Group and the subsequent publication of their findings reflect an official position of the current leadership team. As Fewsmith (2005:2-3) clearly shows, at the launch of the CASS book publication and in a related article (Li Ruiying 李瑞英 2004a), members of the research team clearly pointed out that their critique of neoliberalism was sponsored by the “Party center,” including support from key Party think tanks like the Central Party School (Li Ruiying 李瑞英 2004a).<sup>66</sup> As the title of another article critical of neoliberal ideas and policies clearly states: “The Party center explicitly wants to criticize and restrict neoliberalism” (Fewsmith 2005:8, fn 6). Finally, one of the project participants, Cheng Enfu, in a later interview in the official *People’s Daily* also notes that “the

---

<sup>65</sup> By chance this particular article was published the same day that I met with a prominent neoliberal economist who handed it to me in disgust noting that it was an indication of the beginning of a difficult period for him and like-minded scholars (Interview BJ3, 11/10/04).

<sup>66</sup> Fewsmith also notes that an array of Party and government officials attended the book launch. For more on the Central Party School as one of the key state think tanks see Fewsmith (2003) and for more on the evolution of the School’s overall role within the Party see Wibowo and Fook (2006).

Central Leadership’s proposal to research and criticize Neo-Liberalism is correct” (“The ‘Washington Consensus’” 2005).<sup>67</sup>

What, then, is the content of this officially-sponsored critique of neoliberalism? In many ways the state attack on neoliberalism echoes New Left critiques of neoliberalism, but in other ways manifests key differences. As with the New Left, the statist critique sees Hayek (in addition to thinkers like Milton Friedman and Karl Popper) and his belief in the self-regulating (*ziyou tiaojie*) nature of markets as the symbol of a global neoliberal movement. Scholars in the *Guangming Daily* article argue that

from the perspective of economic theory [neoliberalism] emphasizes liberalization, privatization and marketization; from a political perspective it emphasizes three ‘negatives’: public ownership, socialism, and state intervention; from a strategic and policy point of view it strongly supports superpower-led economic, political and cultural globalization, namely global capitalism. (Li Ruiying 李瑞英 2004b)<sup>68</sup>

As with the New Left critique, the CASS research team and their collaborators emphasize the international dimensions of neoliberalism, but with a more class-based type of analysis and even harsher condemnation of neoliberalism as an ideological tool of American power and “monopoly capitalism” (Wang Liqiang 王立强 2004). According to one of the scholars interviewed for the *Guangming Daily* article, Yang Bin (杨斌),

America seeks global hegemony through its shady promotion of ‘soft warfare’ in the ideological, political-economic, and cultural spheres. At the core [of this

---

<sup>67</sup> Criticism of neoliberalism in the Chinese press and academic journals is now widespread. For two examples aimed at the pernicious effect of neoliberal thought on university students and military academy students, respectively, see Liu Lihua (刘利华 2006) and Xiao Hao (肖浩 2006).

<sup>68</sup> Cheng Enfu offers a slight variation on this list of attributes: neoliberalism is for “deregulation,” “market fundamentalism,” privatization, global liberalization and individual welfare and opposed to “government interference” in the economy and state-provided welfare (“The ‘Washington Consensus’” 2005).

effort] is the promotion of neoliberal ideology, the tool which it uses to assault socialist and Third World countries. (Li Ruiying 李瑞英 2004b)

According to the authors, the core of neoliberal thought is captured by the Washington Consensus, the effects of which have been globally disastrous. The idea of a “Washington Consensus” is associated with a paper written by John Williamson (1990) of the Institute for International Economics in which he detailed ten economic policies that Latin American countries had begun to pursue more or less in common in order to recover from the debt crisis of the 1980s.<sup>69</sup> In many ways the Washington Consensus has now become synonymous with neoliberalism.

The 2004 CASS book includes sections devoted to detailing the effects of the Washington Consensus and neoliberalism on Latin America and Russia. Echoing the New Left critique, the officially sponsored judgment of neoliberalism stresses the chronic problems of income inequality, state weakness and threat of financial destabilization that have resulted from capital account liberalization in a number of developing and post-socialist countries. By means of a warning against these particular evils of neoliberalism the term “Latin Americanization” (*lameihua*) has increasingly appeared in Chinese media and academic writing.<sup>70</sup> Key is that the United States, through the Washington Consensus and control over the IMF and

---

<sup>69</sup> Williamson’s original ten points were as follows: fiscal discipline, reordering of public expenditure priorities, tax reform, interest rate liberalization, competitive exchange rate, trade liberalization, foreign direct investment liberalization, privatization, deregulation of market entry and exit barriers (here he stresses that this never meant the elimination of “safety or environmental regulations,” and property rights (see Williamson 2003:10-11). As Williamson later acknowledged (2003), there were certain components of the Washington Consensus that were disputed (including the desirability of market-determined as opposed to fixed exchanged rate policy). Williamson is critical of how opponents of certain or all aspects of the Washington Consensus willfully misrepresented his original arguments in order to bolster their anti-globalization agenda. He notes that under the George W. Bush administration the correspondence between official US policy and the policies of the international financial institutions is far from complete and has since revised his own viewpoints about the reform package presented in his original 1990 essay (see Williamson 2003 and Kuczynski and Williamson 2003).

<sup>70</sup> See, for example, Zheng Bingwen 郑秉文 2004; Zheng Jianghuai 郑江淮 2006 and Ma Sai 马赛 2006. Western China scholars have also noted the possibility that China may be becoming “Latin Americanized” (see Gilboy and Heginbotham 2004).

World Bank, forced neoliberal policies on the countries that adopted them. These destructive policies included privatization of state-owned enterprises, increased openness to trade and finance, increased price flexibility domestically, all of which led to increases in corruption and inequality, decreases in state capacity and ultimately to financial crises.<sup>71</sup> According to one of the authors in the anti-neoliberalism edited volume, Yang Bin, “Twenty years after its rise to popularity, neoliberalism has created increasingly disastrous economic and social results; across the world it has resulted in increasingly more protests and boycotts (Yang Bin 杨斌 2004:86). In fact, even worse than its role in causing Russia’s financial crisis, and indeed preceding it, was neoliberalism’s role as the root cause of the collapse of Russian socialism itself (Li Ruiying 李瑞英 2004b).<sup>72</sup>

In order to combat the pernicious global effects of neoliberalism, the authors of the *Guangming Daily* article argue that China must be on guard against the “socialist market economy” mutating into a “capitalist market economy” (Li Ruiying 李瑞英 2004b). In order to do so, the state must take a clear and leading role in controlling the destabilizing effects of markets and at the same time China must seek to create its own model of development that does not blindly follow either western or other Asian (e.g. Japanese) models of development. Just such a formulation came pre-packaged in the form of “the Beijing Consensus.”

### Is There an Alternative?: The Beijing Consensus or Chinese Model

The centrally-sponsored critique of neoliberalism just reviewed offers very little in the way of alternatives. Much of the argument rests on negative examples compiled from Latin America and the former Soviet Union. The official neoliberal

---

<sup>71</sup> For the Argentine case see Fang Ning 房宁 (2004) and on Russia see Zhang Shuhua 张树华 (2004).

<sup>72</sup> Three full chapters of the CASS book are dedicated to demonstrating the corrosive effects of Russia’s adoption of neoliberal policies. See Tian (田 2004), Zhang (张 2004) and Qi (齐 2004).

critique does, however, briefly mention the example of Latin American countries coming together to form what the authors refer to as “the Santiago Consensus.” The Santiago Consensus stressed the social dimensions of development and, importantly for the Chinese, “social stability” (Li Ruiying 李瑞英 2004b). That such principles sound similar to those espoused by the Hu/Wen leadership and to the broader promotion of what has alternately come to be known as the Beijing Consensus, or the Chinese Model, is no coincidence. Here I will elaborate more fully on what proponents of a Beijing Consensus, or more recently the Chinese Model, mean by the term and how it fits with an official understanding of market order. Ultimately, the idea of a Beijing Consensus serves not only to extend the critique of the Washington Consensus and neoliberalism but also to offer a largely positive vision of a Chinese alternative.

The original case for the existence of a Beijing Consensus corresponds directly with both New Left and official Party critiques of neoliberalism. For its proponents, the Beijing Consensus contains both a clear repudiation of the Washington Consensus and at the same time offers an explanation and defense of a Chinese developmental and foreign policy alternative that is increasingly attractive to other developing countries. The Beijing Consensus, a concept first proposed by the former *Time* magazine editor, Joshua Cooper Ramo, and later receiving official public support,<sup>73</sup> is defined by China’s unique approach to economic development, including the country’s role in international affairs, and China’s increasing status as a model for other developing countries.

---

<sup>73</sup> In 2004 on a trip to Europe Hu Jintao’s advance team became aware of Ramo’s work on the idea of a Beijing Consensus and afterwards scholars at the Party School were directed to look further into the concept (Interview TJ, 6/02/06). According to Arif Dirlik, the idea of a Beijing Consensus had been around since the late 1990s but only became popular with the publishing of Ramo’s 2004 monograph (Dirlik 2005).



In his 2004 monograph, *The Beijing Consensus*, Ramo argues that the Washington Consensus has been fully discredited both because it was force-fed to unwilling countries and because of its failure to produce economic growth.<sup>74</sup> Ramo says that the Beijing Consensus

replaces the widely-discredited Washington Consensus, an economic theory made famous in the 1990s for its prescriptive, Washington-knows-best approach to telling other nations how to run themselves. The Washington Consensus was a hallmark of end-of-history arrogance; it left a trail of destroyed economies and bad feelings around the globe. (Ramo 2004:4)

According to Ramo, unlike the Washington Consensus, which spread only through the power of coercion, the Beijing Consensus has a natural appeal due to China's developmental successes and rising influence in international affairs. According to Ramo, "What is happening in China at the moment is not only a model for China, but has begun to remake the whole landscape of international development, economics, society and, by extension, politics" (Ramo 2004:3).

The Beijing Consensus, Ramo argues, functions at two levels. At one level is China's domestic development model and at the second is China's novel approach to international affairs. At the level of China's domestic development model, Ramo argues that China, despite being a developing economy, has created growth through the use of cutting-edge technology rather than borrowing second generation or older technology (Ramo 2004:12). At the same time, and of more relevance to questions of market order, Ramo claims that the Beijing Consensus

demands a development model where sustainability and equality become first considerations, not luxuries. Because Chinese society is an unstable stew of

---

<sup>74</sup> This formulation is at odds with Williamson's own perspective that his original ten points were merely a reflection of policies that Latin American countries had already adopted to overcome the disastrous "lost decade" of the 1980s.

hope, ambition, fear, misinformation and politics only this kind of chaos-theory can provide meaningful organization (Ramo 2004:12).<sup>75</sup>

Ramo thus credits China with having found the long-sought (alternative) formula to successful economic and social development, a formula that others are eager to learn from and copy. Finally, for Ramo, the other key aspect of the Beijing Consensus is that China has begun to serve as a model for other developing countries not only in terms of its own domestic development strategies and institutions but also because of its novel and independent approach to international relations. As Ramo says,

the Beijing Consensus contains a theory of self-determination, one that stresses using leverage to move big, hegemonic powers that may be tempted to tread on your toes...China's very emergence is remaking the international order. Chinese officials' interest in the country's Peaceful Rise is rooted in their worry that current acceleration to international power may shake the world too much, undermining the country's ability to grow and to maintain a stable internal and external balance. (Ramo 2004:12)

What kind of reception has Ramo's Beijing Consensus met with and why do I see it as a compatible element of an official understanding of market order?<sup>76</sup> Ramo's 2004 monograph has been translated into Chinese (Huang and Cui 2005) and in the spring of 2005 Ramo was one of a series of international and Chinese commentators invited to Tsinghua University by the New Left scholar Cui Zhiyuan to a conference to speak on the Beijing versus Washington Consensus.<sup>77</sup> The conference included western economists like Joseph Stiglitz and a range of Chinese scholars, many, like

---

<sup>75</sup> Here Ramo accurately points to China's overriding concern for stability but as both Partial Reform and New Left scholars point out, China is facing a range of challenges in terms of increasing social and economic inequality.

<sup>76</sup> In addition, an increasing number of Chinese language scholarly and newspaper articles have been published on the topic (see, for only a small sample, the Cui, Hu and Yu articles in Huang and Cui 2005; Qin 2004; Tian 2005; and Wang Zi n.d.).

<sup>77</sup> See Professor Cui's web site, <http://zhiyuancui.ccs.tsinghua.edu.cn/>, for more details of the various Beijing Consensus-related talks he has sponsored.

Cui, associated with the New Left. In Ramo's evaluation of the impact of the concept of the Beijing Consensus he says:

I have been surprised by the reception of the Beijing Consensus. In China it has been taken up for serious discussion and debate, helping in some small way to fill in an already diverse and interesting debate about the country and its future. In the rest of the world the paper has been seen as "required reading" for officials, businessmen and others who are trying to understand the country. For this unexpected wide audience I am very grateful. (Tianjin Normal University 天津师范大学 2005:2)

However, one noticeable difference between the first and second of two edited books about the Beijing Consensus is the move away from the term Beijing Consensus and toward the idea of a "Chinese Model."<sup>78</sup> Even among those who broadly supported the original formulation of the Beijing Consensus, many were less convinced by the replicability of China's rapid economic growth than by the appeal of an alternative to a dominant US-based neoliberal model of development.

Ultimately, the idea of a Beijing Consensus or a Chinese Model has cross-over appeal to both the New Left and the central leadership for similar reasons. Through its critique of the Washington Consensus, the Beijing Consensus reinforces the New Left and official critique of neoliberalism, but it goes a step further by arguing that China offers an appealing and powerful alternative. At the same time, the critique of neoliberalism in the Beijing Consensus implies a strong role for the central government in protecting China from both domestic and international neoliberal threats.

---

<sup>78</sup> The title of the first edited volume, published in 2005, was *China and Globalization: The Washington Consensus, the Beijing Consensus, or What* while a subsequent 2006 volume is entitled *The China Model and the "Beijing Consensus": Beyond the "Washington Consensus."* The "or what" part of the first title is not in the Chinese title, which only pits the Washington Consensus against the Beijing Consensus.

But it is on this point of equating neoliberalism with marketization per se where I would argue that the New Left and official appeal of the Beijing consensus diverges. As I explained above, the New Left equates neoliberalism with laissez faire market extremism and is highly suspect of the very nature of markets themselves. The statist critique, however, focuses primarily on neoliberalism as a threat to Chinese economic strength and sovereignty, and as a threat to the state's leading role in governing the economy, but it does not go so far as to attack the nature of markets themselves. After all, the Deng-led market reforms were championed, if not always directly led, by the party-state itself. The official critique is thus careful to point out certain specific dangers of neoliberalism but less willing to engage in either condemnation of markets per se or in a general critique of government abandonment of workers and peasants to the whims of the market. Ultimately, the official critique of neoliberalism and support for the idea of a Washington Consensus or Chinese model can also be seen as a way of providing a convenient scapegoat and diversion from criticisms that link a host of economic and social problems that might otherwise be linked back to the state itself.<sup>79</sup>

#### Market Order Leading Group and the Official Understanding of Market Order

The official critique of neoliberalism in general and of the Washington Consensus in particular, in addition to broad support for a Beijing Consensus or a Chinese Model of development, point to a number of important components of a state or official understanding of market order. This understanding includes skepticism about the ability of markets to self-regulate without the guiding hand of the state (and

---

<sup>79</sup> There is similar language in some party publications about the need to debunk the myth of the market – it is as if for the state the “market” might have some autonomous power above and beyond the state, which is different than the New Left critique, which sees markets more starkly as inherently inegalitarian and destabilizing.

views with apprehension any mystical power or sense of legitimacy attributed by some to the “market mechanism”) and at the same time views global neoliberal ideas, with their call for state retreat and the maintenance of a US-dominated international economic regime, as a threat to the stability of the Chinese economy. One final component of the official view of market order, and one that is ultimately more concrete in many ways in terms of state institutions and policy recommendations, comes from units of the state bureaucracy itself charged with the maintenance of Market Order. Here I will discuss the role of the State Council “leading group” in charge of the promotion and maintenance of Market Order and also discuss the state’s larger project of ensuring the its role as the final arbiter and guarantor of what constitutes Market Order.

On December 11, 2001 the State Council, China’s highest administrative organ, created the “National Office [leading group] on Rectification and Standardization of Market Economic Order” (*quanguo zhengdun he guifan shichang jingji zhixu lingdao xiaozu bangongshi*). That December 11<sup>th</sup>, 2001 was also the date of China’s official accession to the WTO was no coincidence as the Market Order Leading Group, as I will refer to it from here on,<sup>80</sup> was created to centralize and coordinate a number of market oversight and regulatory functions directly related to China’s WTO accession (State Council 国务院 2001:Section III, 1 and National Rectification and

---

<sup>80</sup> The above translation comes from the State Council itself, but leaves out that the portion of the Chinese title that makes clear that this is, in fact, a “leading group.” State Council leading groups, or “leadership small groups” are relatively opaque (even by Chinese central leadership standards) bureaucratic entities and have not received a great deal of western scholarly attention. I have found no studies or mention of the Market Order Leading group in any English language scholarship. For a relatively recent study on leading small groups in general, see Kim 2003, but even this study was published before the creation of the Market Order Leading Group. Kim explains that the leading small groups are “central-level nonstanding policy deliberation and coordination bodies in charge of all major issues of the country” and argues that the importance of any given leading group is associated with both its leader and the current status of its policy portfolio (Kim 2003:121-22). For an older study on leading small groups see Hamrin (1992).

Standardization Office 全国整规办 2007).<sup>81</sup> From the beginning, the Leading Group has been run by a member of the Party's Politburo Standing Committee, beginning with Li Lanqing (李岚清), who was a close associate of Jiang Zemin, and is now under the direction of China's most powerful female politician and Vice Premier of the State Council, Wu Yi (吴仪). Here I will briefly review the official responsibilities of the Market Order Leading Group as outlined in the Group's own official founding charter and history as well as from information gathered during a formal interview (Interview BJ24, 7/02/07). I will then supplement this with an analysis written by Tsinghua professor Hu Angang, whose work has appeared in both New Left and Beijing Consensus contexts, in his capacity as the director of a CASS research center on contemporary China.

The State Council's Market Order Leading Group coordinates a large number of government regulatory bodies (36 total) over a range of markets and issue areas.<sup>82</sup> Rather than offering a clear and definitive official definition of "market order," the Leading Group focuses on the government's role in reducing or eliminating the key threats to Market Order. Upon its initiation, the primary tasks of the Leading Group, in relative order of importance, included cracking down on the production and sale of "fake and shoddy" (*jiaomaoweilie*) goods, "rectification" of the construction and financial services markets, fighting against local protectionism and enhancing workplace safety regulation (State Council 国务院 2001). Public information relating to the Leading Group's work lists the following areas as requiring improved market

---

<sup>81</sup> Yang Dali notes that in the spring of 2001, preceding China's WTO accession, "the central leadership decided to pool the initiatives of the individual regulatory agencies into a unified national drive to rectify market economic order. As was the case during the Progressive Era in the United States, this drive... was designed to alleviate widespread public concerns about product quality, safety, financial fraud, and similar issues and was timed to help prepare the Chinese economy for entry into the WTO" (Yang Dali 2004a:104).

<sup>82</sup> Within the office there are a number of different sections including: 1) the comprehensive group, 2) the policy and regulations group, 3) the intellectual property rights group, 4) the supervision and research group, 5) the credit management group, and 6) the propaganda training group.

order: food and medicine, intellectual property rights, commercial fraud, illegal blood collecting, illegal sale of rat poison, and many more (The National Office of Rectification and Standardization of Market Economic Order 全国整顿和规范市场经济秩序领导小组办公室 2007). Ultimately the key point of the Group's foundational document and subsequent updates is more to list the problems with market order and to clearly affirm that the Market Order Leading Group is actively responding to those various problems than it is to explain why there is a problem with lack of "market order" in the first place or to offer clear-cut solutions.<sup>83</sup>

However, after providing a list of successful crackdowns in all areas, the Leading Group charter document provides a telling explanation of the state's role in ensuring market order across this diverse set of obstacles. The charter states that market "rectification" and "standardization" are processes that must be led by the unified and coordinated leadership of the central government and that in order to be effective, local governments and various enforcement bureaus must strictly follow central guidance.<sup>84</sup> In his work report that followed shortly after the founding of the Market Order Leading Group, then-Premier Zhu Rongji noted that in order to make this type of coordination a reality, major changes to regulatory agencies budget incentives, as well as general "modernizing" changes, would need to be made (Zhu Rongji 2002:Section X, E).

---

<sup>83</sup> A formal interview with a representative from the Market Order Leading Group revealed little about the foundations of the concept of "market order" itself (Interview BJ24, 7/02/07). The office was at the time inundated with work relating to the public relations disaster associated with a variety of food and product export crises. However, one official did make the following statement that clearly resonates with the foregoing discussion about the relationship between "market order" work and stability: "The Leading Group is dedicated to establishing standardized and fair market practices. It is only by preserving comprehensive market order than we can ensure healthy markets that in turn foster overall social stability."

<sup>84</sup> The language used in this section of the Market Order Leading Group charter stressing standardization and rectification sounds strikingly like the type of bureaucratic "rationalization" that Yang Dali points to in his case for the emergence of a regulatory state. "Rectification" and "standardization," these seemingly innocuous, bureaucratic words, are by no means neutral terms but in actual practice are at the heart of the regulatory battles happening across all markets, including and especially in marginal markets.

While official documents from the Market Order Leading Group point to a wide range of markets and behaviors that threaten market order more generally, and while they often supply laundry lists of amounts of confiscated fake goods and smashed smuggling rings, they provide very little sense of why these threats exist or how exactly they are to be handled. Here I rely on a 2001 document written by Hu Angang (胡鞍钢 2001), whose name has appeared in connection with New Left state capacity arguments as well as in discussions about the Beijing Consensus, to shed light on some of these issues.<sup>85</sup> Hu notes that the work of promoting and protecting market order goes back at least to the year 2000 when then-Premier Zhu Rongji gave a speech at an economic work conference in which he stressed problems related to the “present state of economic order chaos” (*dangdai jingji zhixu hunluan de zhuangtai shi*). Hu notes that Premier Zhu originally emphasized problems with many of the same issues that are on the agenda of the Market Order Leading Group. Hu asks, “What are China’s biggest social problems?” He responds, “The first is corruption, the second involves the production and sale of fake and poor quality goods, smuggling and the growth of the sex and pornography industry” (Hu Angang胡鞍钢 2001). Hu then proceeds to discuss why the maintenance of market order is important, what is behind threats to market order and what should be done to promote market order.

In defending why the state must maintain market order, Hu argues that China faces two possible developmental paths: one that constitutes “a chaotic, disorderly, grey and black market economy,”<sup>86</sup> and another in which “a high quality, orderly

---

<sup>85</sup> Hu, at the time the article was published, was the director of a CASS research group on China’s domestic political economy. This article, because of its correlation with China’s WTO accession during the summer of 2001, because of Hu’s association with CASS, and because of the way it is written (including the title, which uses the same language as the Leading Group and sounds very much like an official propaganda slogan, not to mention that the article is hosted, among other places, on the official Occupational Crime Prevention – *zhiwu fanzui yufang* – web site) and the issues it addresses, can reasonably be argued to closely reflect official thinking on the nature of the challenges to a state conception of market order.

<sup>86</sup> The original Chinese: “一个混乱的、无秩序的、带有灰色经济、黑色经济的市场经济。”



market economy ensures fair competition and fosters growth (Hu Angang胡鞍钢 2001). That Hu ties “grey” or “black” markets to problems of market order is key to his overall argument and is directly related to my discussion above of New Left concerns about “unregulated markets.” Here I will discuss the importance of Hu’s formulation of “market order” as in large part a problem of hidden or what have elsewhere been referred to as “informal” markets.

Hu sees these darkly hued markets as part of what he also calls the “underground economy” (*dixia jingji*). He argues that there are three types of underground economy, each of which includes activities that cannot be controlled or regulated by the government.<sup>87</sup> The first type of underground economy consists of what he calls illegal underground activities. The second type is made up of legal, but unreported income and/or consists of unregistered businesses. These first two are of primary concern for the government’s “standardizing and regulating” work, while the third is made up of forms of non-wage labor such as household work or rural barter and exchange transactions, that few if any countries include in their GDP statistics. Here I will not dwell at length on Hu’s presentation of these three levels, but instead seek to emphasize that what is meant by “illegal,” and to what extent such activities in the first two categories are actually hidden and therefore uncontrolled or unregulated by agents of the state, is very open to debate.

Hu continues with an explanation of the causes of “market order chaos” (*weihe shichang zhixu ruci hunluan*). First, he attributes problems in China’s market order more generally to the transition process itself. Here he cites Russia after the collapse of socialism as an extreme example of how the transition between different types of

---

<sup>87</sup>Hu’s exact phrasing is that these activities “belong to an economy that can’t be controlled or regulated” (属于不能够控制和管理的经济).

economic systems can lead to a near-collapse of strong central authority and the subsequent chaos that can ensue. Hu says,

Although the ‘illicit economy’ constitutes a smaller percentage of overall GDP in China than in Russia, if China does not take effective measures against the underground and illicit economies, we will not be able to build a competitive, fair and healthy market economy, but instead will develop into a huge underground economy even to the point of becoming a completely black economy following in Russia’s footsteps. (Hu Angang 胡鞍钢 2001)

Hu thus equates “problems of transition” to decentralization of economic and political authority and the attendant difficulties of local protectionism and underground economic activities that can result. Local protectionism is, in turn, fed by a kind of chronic focus on short-term gains. This failure to think in terms of longer time horizons is what leads many local businesses to produce fake and low quality goods and to fail to properly register their businesses and is also responsible for the frequent collusion of local officials in such behavior. Hu argues that short-term thinking harms the overall developmental potential of places and businesses that engage in such activities and may lead to longer term economic and social instability.

Finally, Hu argues that “during the period of market transition an “information [alt. credit] gap can lead to chaos in the market” (Hu Angang胡鞍钢 2001). When speaking of a credit mechanism or system of credit Hu is not speaking necessarily of credit in a western financial sense (bank credit or credit cards), although it certainly might include that aspect, but instead he is speaking more generally about how producers and consumers, as well as the government, can access and evaluate information about goods and services throughout the economy.<sup>88</sup> Here Hu relies on the concept of “imperfect information.” His basic argument is that the state can play a role in helping to set and enforce regulations that will increase and improve

---

<sup>88</sup> Hu alternates between the terms “information” (*xinxi*) and “credit” (*xinyong*) system.

information about product quality, price differentials and service quality.<sup>89</sup> Hu sees the government's role as helping to set standards of information transparency, publicizing the standards themselves, and finally enforcing the standards.

The Market Order Leading Group and Hu Angang's assessment of the problems of market order have a great deal in common in that they both point to the same range of issues, key among them the proliferation of fake and poor quality goods, and to a general lack of standards or at least standards-enforcement. These problems are in turn seen to be fueled by local protectionism and a short-sightedness on the part of local businessmen and officials. But the official understanding of problems of market order is much broader than just concern over some general need to enhance product standards and quality, it covers a vast range of market areas and is fundamental for legitimizing not just the need but the absolute imperative for the state to provide order over these disorderly markets.

At its most basic, the state-sanctioned idea of "market order," the one enshrined in the Leading Group and in countless official statements, academic journal articles and in the press, functions to highlight a perceived *lack* of order or stability associated with markets. Why does "disorder" persist? A number of reasons are usually offered, from the often tautological claims that transition itself is the cause of chaos, to arguments about the lack of a functioning legal system, to general charges of "corruption." What this all adds up to is market after market sector being labeled as less than "orderly," and therefore, more often than not, requiring state intervention (or its appearance) to fix the problem.

As the rest of this chapter has made clear, just because there is general acceptance about the desirability of markets (as opposed to state planning or

---

<sup>89</sup> The question of the government's role in standard setting and regulating prices and information about prices are both extremely important political processes and also at the very center of the state's efforts to ensure "market order."

continuous radical revolution) as the main engine of economic development and about the need to maintain social and economic stability while promoting market-led development, there are very different understandings of the role markets and the state are to play in promoting these goals and what is more, there is a great range of opinion about how to recognize a stable outcome (or process) when it does exist. One of the reasons the idea of market order is so important in China is that while it functions at the level of common sense it is open to diverse interpretation. For Pearson to argue that there is a “norm” of orderly competition in China is both to put her finger on something very important and at the same time to say far too little. Unless we understand how “order” is interpreted and acted upon, we know very little and if this chapter has shown anything, it is that ideas such as order and stability are very much at the heart of political and economic competition in China. Ultimately it is one thing for the highest levels of the Party/state to declare that problems of market order are pervasive, but it is quite another to control the range of interpretations for how and why a given market lacks order and what should be done. In the following section I will explore concrete examples of the politics of enforcing market order.

It may be helpful to understand the official critique of neoliberalism and general support of the idea of a Beijing consensus as part of the Hu/Wen leadership’s efforts to distinguish their own kinder, gentler understanding of development from what some perceive as the Jiang Zemin/Zhu Rongji administration’s embrace of a more narrowly growth-oriented and subsequently harsher view of development. But even if this is the case, both the critique of neoliberalism as well as the official promotion of Market Order should be understood more generally as efforts to highlight the absolute imperative of the Party and state as the guarantors of stability. “Neoliberalism” provides a convenient enemy and the more extreme the portrayals of neoliberalism as standing for, say, the complete withdrawal of the state from market

regulation and the promotion of full-scale privatization or for western economic and ideological hegemony, the more obvious and absolutely imperative become the Party and the state's role in counteracting these clearly harmful ideas.

Again, however, it is crucial to note that neither the official critique of neoliberalism nor the high-level creation of a body to coordinate the work of promoting and maintaining Market Order are aimed at delegitimizing the role of markets as the fundamental engine of development per se. Yes, there exist problems with disorder across a whole range of markets and economic sectors, but through the critique of neoliberalism and the creation of bodies like the Market Order Leading Group the Party leadership demonstrates not only that it recognizes that these problems exist but that it is actively working to resolve them. The ultimate message is that China needs markets for its drive toward modernization and development but the Party/state is responsible for ensuring the orderly and stable functioning of markets.

#### Neoliberal and New Left Influence on the State

How can we understand the influence of neoliberal and New Left ideas on the state? Any definitive statement about how any given idea or set of ideas influence Party and state officials and policy outcomes is especially difficult given the opaque leadership process in China.<sup>90</sup> Of course, both neoliberal and New Left intellectuals accuse each other of having tremendous and harmful influence on the state and actively seek to promote the superiority of their own ideas in order to influence policy

---

<sup>90</sup> In an article titled "Where Do Correct Ideas Come From?," Joseph Fewsmith (2003) provides an important account of the various types of think tanks and research organizations that the state and Party leaders rely upon for a range of ideas and policy options. His primary conclusion is that while some organizations like the Central Party School or the Chinese Academy of Social Sciences have a consistently important role in providing the Party leadership with ideas, the sources of ideas tend to shift with changes in leadership. At the same time, personal connections often explain why some think tanks, research organizations or individuals can influence the thinking of a given leader or group of leaders.

(see Xiao Gongqin 萧功秦 2003). In interviews with both neoliberal and New Left scholars I have asked about how they understand the impact of their own work and that of others in the neoliberal-New Left debate on state policy. Their general response reflects a basic skepticism about any direct influence from either side. As one New Left scholar cynically remarked, “A scholar’s influence comes and goes. The new [Hu Jintao] administration uses phrases that sound like ours, but really leaders pick and choose from the ideas that suit them at any given time” (Interview BJ13, 8/12/05).<sup>91</sup>

This would seem to imply that somehow state and Party officials have “interests” that exist independent of the lenses through which they understand how the world works (i.e. independent of the economic ideas they hold) and simply choose ideas that fit their interests. I would argue that there are indeed important influences that work both ways between official policy and various ideas espoused in intellectual debates. I would further argue that intellectuals on both sides of the debate are very careful to claim any kind of direct influence on policy for fear that the political winds may shift and also because any official patrons they may have would be loath to admit that they are influenced or controlled by any force other than the public good in general.

The New Left, in addition to a number of western scholars, argues that China’s market reform policies, especially the retrenchment of key socialist policies like state-provided employment, education, health and pension services as well as China’s full-scale entrance into the international economy, reflect the dominance of neoliberal ideas on China’s leaders. They, of course, see this as a bad thing. But stepping aside from the normative accusations for the moment, it seems obvious that the state’s embrace of markets is clearly based on a set of ideas about how markets, again as

---

<sup>91</sup> See also Chua (2006) for a similar view.

opposed to state planning or a vision of continual revolution, are the most powerful and efficient drivers of growth, development and national strength. The allowance of massive rural to urban migration and the increasing acceptance of high levels of unemployment associated with SOE restructuring as well as the promotion of private business as the means to employment creation are clearly driven by economic ideas central to neoliberal thinking. Again, if there is a tension between the Party's embrace of markets and the current administration's attacks on neoliberalism, it is driven not by the idea that markets per se are a problem, but by worries that the extreme position of both domestic and international variants of "neoliberalism" constitutes a threat to the legitimacy of state oversight of the economy.

For the New Left, on the other hand, many lament their lack of influence and wish for greater impact, while yet others claim that both in the past and especially with the current Wen Jiabao/Hu Jintao administration certain New Left recommendations have had a major impact on actual policy (see Wang Shaoguang in Hook 2007). Here I will argue that there are some key overlaps with New Left ideas and state policy and rhetoric, especially under the current administration, but that there remains a key tension between the state and New Left over who gets to define what the proper meaning and content of "socialism" is in China. Regardless of the difficulties of actually tracking the direct influence of New Left ideas on state policy, one issue is clear, which is that it is hard for the Chinese Communist Party (CCP) to completely ignore criticisms from the left. Given the Party's status as official representative and interpreter of Chinese socialism, critiques that claim that the Party has abandoned its commitment to socialist ideals and has actually caused hardship for the masses (workers and peasants in particular) are not easily wished away by Party officials. As Chen Feng (1999) notes,

The historical paradox is that while Chinese reform initially succeeded by breaking the leftist ideology, its deepening tends to provide the soil for the latter to grow as a critical force, as society witnesses increased social problems that are supposed to be linked to capitalism. (Chen Feng 1999:448)

The Party itself, beginning with Deng, has sought to temper ideological debate by declaring that “markets” themselves are neutral and can be part of a socialist system just as much as they are part of capitalist systems (Fewsmith 2001; Zheng 2004). But ultimately the Party, especially under Jiang Zemin’s watch, has found itself on the defensive in relation to New Left criticisms in large part because the Party itself has been the primary sponsor of market reform. As one western China scholar observed: “In essence, the economic reforms were an attempt to re-establish the hegemonic authority of the Communist Party on a different basis” (White 1993:11). Whether or not the Party actively adopts certain policies because of the influence of New Left ideas or criticism, it must seek to protect its status as the final arbiter of how state policy reflects socialist ideals.

As is clear from the discussion above of the official critique of neoliberalism and support for the Beijing Consensus, there are some significant areas of overlap between New Left ideas and the rhetoric of the current Hu Jintao/Wen Jiabao administration. As I have shown, the Hu/Wen leadership has made a concerted effort to distance itself from “neoliberal” policies and their critique of neoliberalism overlaps in significant ways with New Left criticisms. At the same time, Hu and Wen have tried to expand the definition of “development” to be less narrowly and directly associated with GDP growth figures and more inclusive of a range of social issues, including questions of inequality, that are important to the New Left. A Party web site dedicated to the results of the 17<sup>th</sup> Party Congress, which was held in Beijing in October of 2007 and where the concepts of “scientific development” and “harmonious society” were the centerpieces of Hu Jintao’s official report, notes at the outset that,



“The Scientific Concept of Development means putting people first and aiming at comprehensive, coordinated and sustainable development” (“Scientific Concept of Development and Harmonious Society 2007”). The same site goes on to list the six key elements of “Harmonious Society,” a concept that was equally elevated at the Party Congress, as follows: “1. Democracy and the Rule of Law, 2. fairness and justice, 3. integrity and fraternity, 4. vitality, 5. stability and order, 6. and harmony between man and nature” (“Scientific Concept of Development and Harmonious Society 2007”). At the very least, some on the New Left have expressed satisfaction with this change of direction. Wang Shaoguang has recently noted his approval of what he refers to as the government’s transition from focusing narrowly on “economic regulation” to a new emphasis on “social regulation” (Wang Shaoguang 王绍光 2006; and Hook 2007:8). In general, then, a range of social ills, or what the New Left has considered challenges to market order, are at least now being rhetorically addressed by the state and Party. No longer can Liu Junning remark that the Chinese prime minister has Hayek’s work prominently displayed on his bookshelf.

## **Conclusion**

In the spring of 2006 the lead story on the *New York Times* web site proclaimed: “A Sharp Debate Erupts in China Over Ideologies” (Kahn 2006). The article was referring to a brewing controversy over a new property rights law being considered by China’s National People’s Congress (NPC). The article focused on opposition to the law by a Beijing University law professor and to other “socialist leaning scholars” in general. Opponents of the law claimed that it represented a move toward capitalism and would further disenfranchise the country’s workers and farmers, while supporters argued that the law was necessary to create healthier markets that would fuel further growth. The author of the article claimed that the Hu/Wen

leadership supported this debate as part of their emphasis on the need for a more socially-conscientious approach to development. Ultimately the law failed to pass at the 2006 session of the NPC but passed a year later at the 2007 session, but not before there was more debate and another round of western press reports declaring the sudden emergence of long-dormant ideological debates (“Caught between right and left” 2007 and Aiyar 2007).

The western reporting on the new property rights law and the debate surrounding the law itself are important for a number of reasons. First, given the story I have told in this chapter about ongoing and fundamental economic ideational debates, that these media reports claim to have discovered some sudden and unexpected outburst of ideological debate seems short-sighted at best. Just as the participants in the regulatory state debate largely failed to recognize the intense and fundamental debate taking place over very different ideas of how the Chinese market economy functions and what role the state should play in governing the economy, so too do these press reports fail to recognize the broader background behind the opposing opinions about the new property rights law. Failure to recognize the deep-seated and ongoing nature of the market order debate has thus inhibited a deeper understanding of how these debates both reflect and influence the various ways in which the state is attempting to regulate the economy.

In this chapter I have filled a major hole in the regulatory state debate by showing that China is involved in its own debate about the very nature of markets and what the state’s proper role in governing those markets should be. I have also shown how this debate reflects not only differing centuries’ old and global understandings of the nature of market society but also that it takes place in a very specific Chinese historical and political context. Neoliberal, New Left and official state and Party participants in China’s ongoing ideational debates all present very different

understandings of one idea in particular: market order. I have demonstrated that any viable vision of China's state-economy relations must offer an explanation of how the government can best regulate the economy so as to produce stable and orderly results. Central to each vision is thus a narrative about what constitutes the key threats to market order and what actions and forms of state-market relations are necessary to prevent those threats. To paraphrase Mark Blyth, the ability to define a threat as a threat, and as a certain kind of threat, is a key part of what makes these different ideas, and the outcomes of this debate, so powerful.

In addition to overcoming the failure of participants in the regulatory state debate to note the existence of ideational contestation in China, let alone to recognize the centrality of the idea of market order to this contestation, I have also highlighted a number of important themes within the debate itself (see Table 2-1 below). First, all of the parties involved make claims to some element of the liberal tradition. As I have shown, neoliberals emphasize freedoms for the market and insist that justice rests on limitations on state authority, especially when it comes to intervening in the economy. For the New Left, social justice relies on a central state commitment to promoting economic and social equality. Importantly however, for all of their jostling over what constitutes the true nature of liberalism and how best to apply liberal principles to China's state-economy relations, neither the neoliberal nor New Left understanding of liberalism includes calls for what many in the West would consider the most fundamental of liberal traditions: regular and open elections. This truncated understanding of liberalism may simply be a function of the clear taboo nature of demands for competition to Communist Party rule, but it certainly fits well with the Party's argument that "upholding the unity of the leadership of the CPC [Communist

<b>Table 2-1: Competing Ideas of Market Order</b>			
	<b>Neoliberal</b>	<b>New Left</b>	<b>Central Party/State</b>
<b>Core Principles</b>	Freedom, Justice, Efficiency	Social Justice, equality, economic democracy	Development, modernization, stability
<b>Approach to Liberalism</b>	Hayek as ideal; Freedom for markets and from arbitrary state authority; Justice derives from well functioning market; Defer political liberalization	Hayek as enemy; Embrace “positive” freedoms; State must ensure social justice; Economic democracy more important than procedural democracy; “Democratic socialists” minus elections	Democratic centralism; The Party represents the people so democracy rests on continued Party leadership
<b>View of Markets</b>	Organic, efficient, orderly; Zone of freedom; Still weak in face of government intervention	Destabilizing, disorderly; Zone of exploitation and corruption; Dominant and beyond reach of government authority	Tool of economic development; Not inherent to either socialism or capitalism; Have disorderly tendencies for which state must have sufficient authority to correct
<b>Key Threats to Market Order</b>	Legacy and persistence of state planning; State as both “referee” and “player”; New Left creates instability through populist tactics	Neoliberalism; Market extremism; Inequality; Unregulated markets; Globalization; Corruption; Lack of central state capacity	Any threat to Party monopoly on power; Neoliberalism; Local protectionism; Hidden/grey markets
<b>Key Supports for Market Order</b>	Property rights; Natural and efficiently functioning markets both domestically and internationally	Strong central government; Economic Democracy	Orderly competition; Better “credit” system; Creating national markets; Persistent threat of disorder necessitate state role in market regulation; Creation of Regulatory State

Party of China]...is the most important and fundamental principle for developing socialist political democracy in China” (State Council Information Office 2005).

What are the connections between the types of arguments presented by scholars in the regulatory state debate and those in China’s market order debate? One of the key differences is in terms of motivations. The regulatory reform debate can be seen as more of an attempt to analyze objectively, from the perspective of both social science and geographical (and political?) distance, the state of Chinese state-economy relations. Of course, as my discussion makes clear, there are often unstated normative assumptions that are packaged in with each of the different perspectives in the regulatory state debate and both authors from the regulatory state and partial reform perspectives show commitments to certain structural and political changes in China. However, in the Market Order debate all of the participants are clearly attempting to influence the state and public policy, while of course the state’s is the official perspective. As I have argued, all three of these perspectives have both descriptive and prescriptive elements. Alone among the Chinese efforts to make a broad claim about how to categorize and place China’s state-economy relations in comparative perspective is joint New Left and official interest in promoting the idea of a Beijing Consensus or China Model of development.

There are, however, some other noticeable points of overlap as well as difference among various regulatory state and market order perspectives. Most obvious are the similarities between a number of regulatory state and New Left positions (one reason for this is that Wang Shaoguang is clearly part of both the regulatory state and New Left perspectives). Key among these similar positions is support for enhanced central government authority to overcome a range of social problems, even though New Left perspective tends to emphasize questions specific to workers and peasants more than regulatory state approach). As I have argued above,

both of these perspectives equate enhanced “regulatory” capacity with apolitical good governance. Partial reform scholars also worry about decentralized and corrupt political authority, but unlike the regulatory state or New Left thinkers who emphasize the need to rely on enhanced central state authority, partial reform scholars call for competitive political system as the solution. Finally, one can see some linkages between partial reform and neoliberal perspectives, since both express a concern for greater rule-based governance. However, the similarities do not extend much further since China’s neoliberals clearly do not call for greater political pluralism in the form of regular and open elections and partial reform scholars do not necessarily place as much unbounded faith in markets as do the neoliberals.

Finally, returning to questions of market order, I have also shown how the official critique of neoliberalism and creation of the Market Order Leading Group are connected to the state’s ongoing efforts to connect its legitimacy to its role in ensuring market order. By pointing to the threat posed by neoliberalism and to the proliferation of chaotic markets, the state seeks to establish itself as the guarantor of a healthy, orderly market economy. As I explore in the next section, however, the actual day-to-day task of creating market order over marginal markets is no straightforward task. In the chart above I note that through its emphasis on the proliferation of disorderly markets the state seeks the authority to decide what constitutes market disorder. However, once having established the existence of such disorderly markets and the necessity of state intervention to rectify and standardize such markets, expectations of follow-through may create complications both domestically and abroad.

Related directly to the state’s efforts to create and maintain market order, both the New Left and the state itself have pointed to the difficult task of not only taming

chaotic markets, but of the challenge of “seeing” them at all.<sup>92</sup> New Left critics point to the proliferation of unregulated markets while the official view of market order laments the spread of hidden and/or grey markets that often remain beyond the regulatory reach of the central government due to local protectionism and an array of other forces. New Left scholars argue that China is rife with unregulated markets, or at least markets that are poorly regulated by corrupt local officials. Here, the New Left shares much in common with the regulatory state view, as both associate “deregulation” with increased inequality and a lack of central government oversight over markets and protectionist local officials. For both New Left and Regulatory State scholars, including some like Wang Shaoguang who have a foot in both camp, the creation of new regulatory bodies with strong central backing is necessary in order to overcome an entire range of social and economic challenges facing China’s ongoing reforms.

However, as I will demonstrate in the following two chapters of the dissertation, neither New Left nor partial reform nor official claims about the proliferation of unregulated or hidden markets accurately captures the reality of state interaction with what are deemed to be disorderly markets. At the same time, I will highlight the flaws in New Left and Partial Reform claims that equate “regulation” with the simple and apolitical process of good governance and also in central state insistence that the rectification and standardization of markets simply involves the neutral enforcement of proper policies. Both of these perspectives obscure the politics of the regulation of marginal and “disorderly” markets. In the next chapter I will analyze the politics of state regulation of one particular type of marginal market: street markets.

---

<sup>92</sup> For China’s neoliberals, problems with disorderly markets would be seen as a function of too much of the wrong kind of state intervention. However, they would tend to argue that properly functioning markets are a zone free of politics.

### Chapter 3

#### The City Appearance Administration and Street Vendors: Regulating Market Order in Nanjing

On August 11<sup>th</sup>, 2006, a street-side sausage vendor named Cui Yingjie stabbed and killed Li Zhiqiang, a member of the Beijing City Management Department (*chengshi guanli xingzheng zhifaju* – hereafter *chengguan*).<sup>1</sup> The 36 year old Li was a member of an “enforcement team” (*zhifa dadui*) for the less-than-decade-old *chengguan*, or “minor officials who are supposed to maintain order on public streets” (Martinsen 2007). Cui was a 23 year old army veteran from neighboring Hebei Province and had only recently begun to work as a street vendor after the boss of the Beijing karaoke bar where he had been working as a bouncer failed to pay Cui’s wages. A Chinese news crew was filming the *chengguan* enforcement team’s street inspection in the Zhongguancun high-tech district when the altercation between Cui and Li broke out. According to reports, Li and the other *chengguan* officers had just confiscated Cui’s newly purchased vending cart that he used to cook and sell sausages and when the officers refused to return the cart Cui attacked Li with a small knife, leading to Li’s death shortly after.

Cui escaped to nearby Tianjin but was quickly arrested and charged with murder. During the trial, which was accompanied by a flurry of popular and official media attention, Li was officially declared a “revolutionary martyr” while others saw Cui’s actions as a case of self-defense in the face of official brutality. Finally, on April 10th of 2007, and to mixed responses from the public and from the Beijing

---

<sup>1</sup> As I will explain in further detail below, in some cities like Nanjing, which is the focus of this chapter, the equivalent of the *chengguan* is the City Appearance Administration or *shirong*.



*chengguan*, Cui was given a commuted death sentence.<sup>2</sup> Why did this story attract such a storm of passionate attention within China and what does it tell us about state-economy relations in contemporary China? This story of a petty vendor and an official from a bureau no one outside of China has probably ever heard of in fact tells us a great deal about the state's efforts to govern the often-unruly urban markets that the state has itself unleashed and the social tensions that have arisen as a result.

While extreme in its outcome, this confrontation between a street vendor and a *chengguan* official in China's capital city is part of a larger battle taking place across China over who can legitimately participate in what kind of markets and what the state's role should be in governing these markets. As I have shown in the previous two chapters, there is a great deal of debate both within and outside of China about how the Chinese state does and should regulate its emergent market economy and with what goals in mind. I have argued that the idea of market order, that economic growth and development must be driven by markets but at the same time such growth and development must be economically and socially stable, is both central to Chinese state efforts to regulate the economy and at the same time is a concept open to contestation, various interpretations and differential enforcement. In this chapter I will tell the story of China's frontline urban market order troops.

Here I present a detailed case study of how one recently-created urban regulatory bureau, Nanjing's City Appearance Administration (*shirong guanliju* – hereafter *shirong*), seeks to govern the city's various types of street markets and vendors, many of which are officially prohibited.<sup>3</sup> I will show that how the *shirong*

---

<sup>2</sup> Cui was sentenced to death but with a two year reprieve and most press reports speculated that the sentence would eventually turn into life in prison. For Chinese reporting on this case see Wang Heyan 王和岩 (2007), Zhao Ling 赵凌 (2007) and Pan (2007) and for a western press account see Guo and Lim (2007).

<sup>3</sup> Operating an *unlicensed* street stall is prohibited and in order to attain a license all vendors must go through the *shirong* or *chengguan* bureau. Almost all writing on the topic of street vendors in China, whether academic or journalistic, in Chinese or English, uses the adjective "illegal" in front of "street

attempts to regulate “order” among street vendors is a function of the conflicting incentives facing the bureau. If the bureau often appears to be less-than-vigorous or inconsistent in its treatment of street vendors, then this in part reflects the cross-cutting incentives it faces. At the same time, the *shirong*’s efforts to govern street markets and vendors are often complicated by the evasive and sometimes confrontational responses of the vendors themselves. The results of this interaction, including the extreme and tragic story I related above, have increasingly become the object of public and official media criticism of the *shirong/chengguan*. Much of this criticism is directed not just simply at the bureau’s regulatory methods, but at the very legitimacy of its authority and the tactics it uses in the name of maintaining “order” over “chaotic” street markets.

The analysis that follows is based on a series of questions related directly to the Nanjing *shirong*’s governance of the city’s street markets. First, what government institutions, in addition to the *shirong*, are responsible for regulating street vendors? What are the primary responsibilities of the *shirong* and how is the bureau structured? How is the regulatory work of the *shirong* related to city appearance per se? What are the range of interactions between the *shirong* and the city’s street vendors? How do *shirong* officials evaluate the mission and success of the bureau’s work and its institutional goals for the future? In turn, how do the vendors, other citizens and the official press evaluate the *shirong*?

Without realizing it at the time, in my interest in state regulation of street vendors in Nanjing I had stumbled across what would become one of the most publicly acrimonious relationships in China’s contemporary urban state-society relations. As I allude to above and as I will explain more fully below, the

---

vendors” or “street vending.” As I will demonstrate in this chapter, the question of legality is determined by the *shirong* itself.

*shirong/chengguan* may be among the least popular government bureaus in the country, criticized not just by many common citizens but increasingly by the Party center itself. It is nothing if not ironic that this regulatory body that is so clearly bound up with the task of bringing order to what some officials see as chaotic and pre-modern street markets is so increasingly linked to disorderly and destabilizing outcomes. One of my aims here, nevertheless, is to point out the range of ways in which the *shirong* interacts with Nanjing's street vendors, many of which never make the headlines.

## **Background**

### *Urban Institutional Change*

The story of *shirong*-vendor relations in Nanjing takes place against the background China's post-1978 reforms as both the *shirong* and the vendors they seek to regulate are a product of those reforms. Among the key elements of China's post-Mao transformation has been the erosion of the two key state institutions for governing urban economic and social life: the work unit (*danwei*) and the system of rigid residency (*hukou*) restrictions. As others have described in detail, the *danwei* served as a combined productive, social and political unit that urban residents relied upon for everything from housing to health care to permission to marry and that functioned as the site of political mobilization and control.<sup>4</sup> The other institutional pillar of urban social stability was the *hukou* system that after the mid 1950s kept rural to urban migration at a virtual standstill.<sup>5</sup>

---

<sup>4</sup> See, for example, Walder (1986), Lü and Perry, eds. (1997) and Dutton (1998).

<sup>5</sup> See Solinger (1999) for an extensive overview of the *hukou* system and its changes up through the 1990s. Recent research has shown that far from withering away, responsibility over the *hukou* institution has been increasingly decentralized to local units of governance (See Chan and Buckingham forthcoming).

China's market reforms, however, have led to extensive changes in the *danwei* and *hukou* systems such that they are clearly no longer the main institutions for governing urban social and economic life. The former class/social categories of "worker" and "peasant" have also subsequently been transformed into new social and economic configurations whose existence continues to prove a challenge for the urban governance. Given the withering away of the *danwei* and *hukou* institutions, one of my primary tasks is to answer how the state has sought to promote and maintain economic and social order over one of these newly emergent markets and social groups?

### *Nanjing*

The story I tell in this chapter takes place in the city of Nanjing. Nanjing, with a population of over 5.72 million residents, is the capital of Jiangsu, mainland China's third wealthiest province (average 2001 per capita income of RMB26,184 or US\$3,170) after Guangzhou and Zhejiang (Liu and Wu 2006:615; Nanjing City People's Government南京市人民政府 2003). With an administrative area of 6515km<sup>2</sup> and located slightly inland from China's Central East Coast, along the banks of the Yangze River and just under 200 miles west of Shanghai, Nanjing has long played an important role in China as both a commercial and political center (Liu and Wu 2006:615). "Since the 3<sup>rd</sup> century A.D., ten dynasties and regimes have made Nanjing a capital city" (Po 2001:49). Most recently, Nanjing served as the capital during two separate periods of Nationalist Party (*Guomindang*) rule (1927-37; 1945-49). Outside of China, Nanjing may be most well known for the infamous Nanjing Massacre (1937-38) that occurred during the Japanese occupation, an event that has now been captured in both print and on film.<sup>6</sup>

---

<sup>6</sup> See Chang (1997) and the related 2007 film production entitled "Nanking."

## **The Nanjing *Shirong*: Structure and Purpose**

In the late fall of 2003 I witnessed one of many similar confrontations between uniformed officers of the Nanjing *shirong* and local street vendors. When I looked out of my apartment window I saw a typical morning scene on the street below: students on their way to class at Nanjing University, grandparents taking their grandchildren to school, the umbrella repair man on his bicycle loudly advertising his services,<sup>7</sup> a few migrant vendors selling vegetables on the corner and some retired residents from my apartment complex cooking noodles and dumplings for a steady flow of customers at their small, makeshift sidewalk breakfast stand.

This scene of neighborhood street life, which daily brings together friends as well as anonymous buyers and sellers through countless personal and small commercial interactions, was quickly and violently interrupted by the arrival of members of the Nanjing *shirong*. Within moments of their arrival, the *shirong* officials had pulled down the awnings over the noodle and dumpling stands, sending chairs, tables, dumplings and bowls of noodles onto the street. All of this in turn led to a heated argument between the dumpling and noodle stall owners and the *shirong* officials. The make-shift street market that formed every morning outside my apartment window quickly dispersed and in its place a crowd of onlookers gathered, curious to watch the raucous argument between the *shirong* officials and the vendors. In their wake the City Appearance Bureau left a street scattered with food and ruined stands as well as a group of irate vendors and other neighborhood residents.

What is the Nanjing City Appearance Bureau? Who are the vendors that populate the make-shift street-markets across the city? And what are the kinds of

---

<sup>7</sup> The Beijing district of Chongwen recently announced a special fair where the “cries” of different street vendors, such as this umbrella repairman, would be highlighted. According to the press report, such specialized vendor calls have been dying out in the district and across Beijing in general and there is a desire to retain the tradition (“Hawkers Cries to Be Performed...” 2007). As my account here attests, these vendor cries are still a part of daily life in Nanjing.

interactions that typify *shirong*-vendor encounters? Here I will respond to each of the above questions in turn, beginning with an overview of what bureaus do and do not share responsibility for regulating the city's street vendors.

*Who Is Responsible for Regulating Nanjing's Street Markets?*

When I first began to research the question of how the Nanjing city government regulated local street markets I was confronted with the basic question of what units had jurisdiction over these markets. Because of the appearance of their uniforms, I initially assumed that the officials in charge of regulating the street vendors were, in fact, members of the Public Security Bureau (PSB) or *gong'anju*. I was, however, quickly disabused of this notion by a Chinese professor who told me that "they aren't the police [*gong'an*], they're just street officials in uniform. Every city in China has them" (Interview NJ1, 10/14/00).

Other friends and professors advised me to look into the role of the Industrial and Commercial Administration Bureau (*gongshang xingzheng guanliju* – hereafter *gongshang*) (Interview NJ4, 9/27/02). The *gongshang* was a logical choice since it is the government bureau tasked with primary responsibility for the regulation of all non-state, private (*siying qiye*) businesses. As the principal regulatory agency for non-state commerce and industry, the *gongshang* is in charge of licensing and basic regulatory oversight of almost all private businesses in Nanjing. However, *gongshang* officials soon verified that street vendors were not part of their jurisdiction. The *gongshang* marks its jurisdictional boundary through the distinction between fixed versus non fixed-space business ventures, with everything in the latter category falling into the regulatory hands of the *shirong* (Interview NJ11, 4/23/03; NJ18 and NJ19, 9/30/03).<sup>8</sup>

---

<sup>8</sup> Indeed the idea of a lack of fixed structure or space is embodied in the Chinese terms for vendor (*tanfan*) and vendor's stand (*tandian*). The verb *tan* itself means to spread out.

As one *gongshang* official remarked, “we simply don’t have the resources and time to track down and register all of those vendors. We concentrate on normal businesses. A different department [the *shirong*] is in charge of monitoring mobile businesses” (Interview NJ18, 9/30/03).<sup>9</sup>

Even if street vending was not considered part of the basic commercial licensing and regulating duties of the *gongshang*, then it still may have been within the jurisdiction of the sanitation or food safety bureaus given that many vendors sell food products, or equally it could have been on the radar screen of the various bureaus who increasingly compete for jurisdiction over intellectual property rights enforcement since many vendors specialize in the retail sale of a range of counterfeit goods, from clothing to DVDs.<sup>10</sup> However, interviews with officials from these various bureaus confirmed that only on very rare occasions during special campaigns would they have any direct contact with street vendors. Instead, the work of regulating Nanjing’s street vendors fell almost completely on the shoulders of the city’s newly created City Appearance Administration Bureau.

### *Shirong (Chengguan) Background and Structure*

What are the duties of the *shirong* and how is it structured? First, it is important to note that the *shirong* and the *chengguan* bureau featured in the introduction to this chapter are, especially in their relation to street market regulation, essentially the same bureaucratic entity. Since the mid 1990s Chinese cities have been

---

<sup>9</sup> At the same time the *gongshang*’s complete abstinence from the regulation of street markets seems to be at odds with the bureau’s concerns that all businesses be properly registered. For example, an article from a national *gongshang* journal highlights the importance of registering all businesses and makes specific mention of the problem of unregistered mobile street vendors (see Li Zongbai 李宗柏 2001).

<sup>10</sup> For more on the bureaucratic competition to enforce IPR regulations, see Mertha (2006). Informal interviews with fixed-place retailers in Nanjing revealed that officials from the Culture Bureau (*wenhuabu*) as well as from the *gongshang* and the Quality and Technical Supervision Bureau (QTSB) (*guojia zhiliang jishu jianduju*) all made regular inspections for counterfeit video and audio entertainment goods (Fieldnotes nj29, 5/18/03 and nj46, 7/27/03).

required to create a *chengguan* bureau (Interviews NJ15, 8/22/03; SH2, 3/12/03; BJ7, 2/22/05; Wang Yijun王亦君 2006) and a select number of cities, like Nanjing, have also created discrete *shirong* bureaus that share regulatory and enforcement duties with the *chengguan*.<sup>11</sup> Prior to 2004, the Nanjing officers in charge of the everyday regulation of street vendors and their vehicles bore the “city appearance inspection” (*shirong jiancha*) insignia but since 2004 they have borne the “urban management enforcement” (*chengguan zhifa*) logo.<sup>12</sup> According to interviews with Nanjing provincial officials, the city’s *shirong* and *chengguan* bureaus now split regulatory (*guanli*) and enforcement (*zhifa*) responsibilities (Interview NJ31, 6/23/07; see also the website that serves both bureaus: <http://www.njum.gov.cn>).<sup>13</sup> The key point here is that for all intents and purposes (here, regulation of street markets) the *shirong* and *chengguan* are interchangeable in name and function.<sup>14</sup>

The Nanjing City *shirong* bureau has its roots in the 1993 creation of what was then called the Nanjing City Appearance Committee (*nanjingshi shirong guanli weiyuanhui*), an organization that served as a coordinating body but had no regulatory authority (“*Shirong Guanli 市容管理*” 2006; Interview NJ10, 4/16/03). Then in 2001 the city created what is today the Nanjing City Appearance Administration

---

<sup>11</sup> Other major cities that have a separate *shirong* include Shanghai, Guilin, Hefei and Urumqi among others. Based on my research, Beijing does not have a separate *shirong*, but instead only a *chengguan* (BJ7, 2/22/05). Interviews with Jiangsu provincial *shirong* officials (Nanjing is the capital of Jiangsu province) revealed that the creation of a separate *shirong* bureau was often a question of city size and even other “medium” size cities in Jiangsu like Xuzhou and Yangzhou have only a *chengguan* and no *shirong* (NJ30, 11/18/05).

<sup>12</sup> This change in insignia was a response to the 2004 Administrative Licensing Law (*xingzheng xukefa*) that was intended among other things to reform abuses of licensing and fee collection among bureaus that regulate commercial activity.

<sup>13</sup> These interviews revealed that even within these bureaus themselves there is still a level of confusion about the division of duties among the Nanjing *shirong* and *chengguan*. According to a provincial official, “in theory regulatory and enforcement duties should be clearly separated, especially after the implementation of the Administrative Licensing Law in 2004. However, the separation of these powers within the Nanjing *shirong* remains incomplete” (Interview NJ31; 6/23/07). In any case, it now appears that the *chengguan*, in essence, is the enforcement arm of the *shirong/chengguan* team.

<sup>14</sup> In discussions outside of Nanjing the default category in discussions about this bureau was most often “*chengguan*” but it was understood that one of the bureau’s chief responsibilities was oversight over “city appearance.”



Department (*nanjingshi shirong guanliju*). The Nanjing *shirong* department is currently part of the city's Urban Construction Bureau (*chengshi jianshebu*) and employs a staff of more than 3,000 (Interview NJ13, 6/2/03; Nanjing City People's Government 南京市人民政府 2003:52-3). However, *shirong* officials also noted that in addition to these 3,000 permanent *shirong* employees, over 2,000 temporary and "irregular" (*fei zhenggui*) staff worked for the bureau out of the local street offices. As one *shirong* official cryptically noted, "the situation with these [irregular] employees is often very complicated [*ting fuzha*]" (Interview NJ10, 4/16/03).

Nanjing *shirong* "enforcement teams" (*zhifa dadui* or *jiancha dui*), which are responsible for the everyday management of street markets and street vendors, are largely staffed and administered out of local street offices (hereafter *jiedao*). The majority (over 2,000) of the city's *shirong* officials are hired by and work directly out of these sub-district level *jiedao*, of which there are 42, spread across 8 districts (Nanjing City People's Government 南京市人民政府 2003:52; Nanjing City Appearance Administration 南京市容管理局 2002; Liu and Wu 2006:616). In the first years of the *shirong*'s existence the enforcement team members were mostly recruited from rural areas of northern Jiangsu Province, often through government-to-government agreements (Interviews NJ10, 4/16/03; NJ13, 6/2/03; and NJ20, 10/9/03).<sup>15</sup> However, since the late 1990s, the *jiedao* have increasingly recruited laid-off or unemployed male city residents, many of whom are in their late 40s or early 50s (NJ13, 6/2/03). Enforcement team equipment, including the flatbed trucks and small vans, known as "bread cars" (*mianbao che*) for their loaf-like appearance, are housed at the *jiedao* and both before and after conducting an inspection team members will gather at the *jiedao*.<sup>16</sup>

---

<sup>15</sup> For more on the role of these types of arrangements in facilitating urban migration see Solinger 1999.

<sup>16</sup> The national *chengguan* web site advertises the bureau's distinctive enforcement trucks for sale. See their web site at <http://www.chinacity.com.cn/>.

That the *jiedao*, as the lowest official government unit at the urban level, have taken on an increasingly prominent role in governing a variety of market actors in Nanjing and that they play an important role as the “bases” for *shirong* enforcement teams is one of the original findings of my fieldwork in Nanjing and has important consequences for the regulation of street markets in particular. As Wu Fulong, a geographer and one of very few scholars to write about the *jiedao* argues, just as a great deal of political authority has been devolved from the central government to local governments, so has administrative power in many municipalities been decentralized to base level political organs like street offices and residence committees.<sup>17</sup> Commenting on the changing role of street offices as the lowest level of urban government, Wu remarks:

Since the mid 1980s, the Street Office has begun to be involved in local social security, employment arrangements, administration of migrant workers and maintenance of *market orders*. (Wu Fulong 2002:1084, my emphasis)

Numerous visits to various *jiedao* across Nanjing verified that they were indeed the main control and command centers for *shirong* operations.

One *jiedao* visit, just as the SARS crisis was winding down, was particularly memorable. The office was a beehive of activity as officials from a number of bureaus were coordinating various propaganda and household registration tasks in order to account for the whereabouts of all of the city’s residents. During my discussion with the head *shirong* official at the *jiedao*, he revealed that as a result of

---

<sup>17</sup> With only a few key exceptions, the role of street offices in urban economic governance has received scant attention in the western literature. On the changing role of street offices in urban governance see Wu (2002) and Tang and Parish (2000) and on the changing political character of residence committees (*jumin weiyuanhui*) see Read (2000 and 2003). One other notable exception is Bruun (1995) whose case study of a Chengdu neighborhood also sheds light on the employment and economic management importance of street committees. For a Chinese language treatment of the changing role of street offices see Jing Yao 敬尧 (2001).

the SARS crisis his bureau's work had been made especially challenging as many of the vendors in his jurisdiction were migrants from nearby Anhui province as well as northern Jiangsu. During the crisis the *shirong* had been assigned the additional task of monitoring the whereabouts of migrant vendors as part of the larger effort to contain a major exodus from urban to rural areas. The official recounted to me that

our department is a service organization [*fuwu jigou*], and we try to communicate to the many mobile vendors in our jurisdiction that during this difficult time we need to keep track of their location to protect public health and safety. But usually they scatter very quickly when they see our vehicles. We must do a better job educating everyone that we are a service organization. (Interview NJ13, 6/2/03)

In Nanjing it is at the level of street offices that we must look for one of the significant forms of variation in street market management. The day-to-day work of the *shirong*, including the hiring of inspection team personnel and the administration of vending licenses, are all carried out through street offices.<sup>18</sup> In addition to acting as a physical base for the *shirong* enforcement teams, there are some key differences in the ways that different *jiedao* manage their own *shirong* teams and as I will explain below, at other times street vendors are able to exploit jurisdictional boundaries between *jiedao* to escape the range of the *shirong* enforcement teams.

### *Shirong Duties*

What are the official regulatory duties of the Nanjing *shirong*? The main body of regulations governing the Nanjing *shirong* were drafted first in 1997-98 and then most recently revised in 2004 (Nanjing City Appearance Administration 南京市容管

---

<sup>18</sup> Part of my research routine involved visiting and observing as many *jiedao* as I could locate. Because *jiedao* officials in Nanjing (and I would suspect in many locations) have very little exposure to academic researchers, Chinese or foreign, they tended to be highly circumspect of my presence. For the most part I therefore observed most *jiedao* from a distance, keeping track of the comings and goings of the *shirong* inspection teams as I conducted transactions with nearby merchants. However, with the assistance of a close contact at Nanjing University I was able to interview and spend time with the official in the *jiedao* mentioned in the previous SARS era story.

理局 1998 and 2004; Nanjing City People's Government南京市人民政府 2003).<sup>19</sup> According to the regulations, the *shirong* has oversight over the appearance of the outside of buildings, roads, public spaces, market places (*maoyi shichang*), motorized vehicles, parks and green spaces, construction sites, advertising, neon lighting fixtures and other miscellaneous features of the city's appearance (Nanjing City Appearance Administration 南京市容管理局 1998 and 2004:Item 2; Interview NJ12, 5/24/03). The *shirong* regulations also point out that other bureaus, such as City Planning, Construction, Park Administration, Housing Administration, Environmental Protection, Public Security and others, should contribute to the city appearance work led by the *shirong* but that they should do so while remaining within their own jurisdictional boundaries (Nanjing City Appearance Administration 南京市容管理局 1998 and 2004:Item 5). Finally, and most importantly for the discussion here, the *shirong* has official responsibility for regulating any form of street vending or street-side commercial activity, including the construction of non-permanent structures near or on the streets (Nanjing City Appearance Administration 南京市容管理局 1998 and 2004; Nanjing City People's Government南京市人民政府 2003).<sup>20</sup>

Despite the long list of regulatory duties officially assigned to the Nanjing *shirong*, which includes only brief mention of the bureau's role in policing street vendors, it became clear through multiple interviews with Nanjing *shirong* and *gongshang* officials (and *chengguan* officials in other cities including Shanghai, Beijing and Xinji, Hebei) as well as through a variety of official documents, that not only does the *shirong* concentrate most of its attention on street market regulation, but

---

<sup>19</sup> The official Nanjing *shirong* regulations were updated on July 1, 2004, the same date that the new Administrative Licensing Law went into effect. For the original Chinese version of the law see National People's Congress Standing Committee 全国人民代表大会常务委员会 (2003). A translated copy of these regulations is provided in the Appendix.

<sup>20</sup> Begging is not considered a form of commercial vending and does not fall under the *shirong*'s jurisdiction. For more on the history and contemporary status of beggars in China see Fernández-Stembridge and Madsen (2002).

it is largely alone in doing so (Nanjing City Appearance Administration 南京市容管理局 1998 and 2004; and “*Shirong Guanli* 市容管理” 2006; Interviews NJ9, 4/13/03; SH2, 3/12/03; BJ7, 2/22/05; XJ1, 5/25/06). For example, the Nanjing *shirong*’s own official bureau history and overview of key duties states that

The chief responsibilities of city appearance work involve the coordination, safeguarding and regulation of the city appearance environment (*shirong huanjing*) as well as implementing the standardized management (*guifan guanli*) of street side vendors. (“*Shirong Guanli* 市容管理” 2006)

As noted above, Industrial and Commercial Administration jurisdiction does not include street vendors, and while it might seem logical that the Public Health, Sanitation, Public Security or any variety of other bureaus may also play a part in regulating street markets, it is only rarely that any of these agencies interact with street vendors. As I also noted above, the key jurisdictional boundary relies on the distinction between fixed places of business, basically a structure with four walls and a roof, and mobile vendors who usually operate from a collapsible stand, mobile cart or simply by placing goods on a sheet on the ground.

#### *How Does the Day-to-Day Work of the Shirong Relate to “City Appearance”?*

Given the City Appearance Administration’s name, it would seem logical that the bureau would have an interest in how the city “looks.” This is certainly true, but it must be clear from the outset that the *shirong* does not have planning responsibilities or authority, which are primarily the purview of the City Planning Bureau (*chengshi guihuaaju*),<sup>21</sup> but is instead tasked with administering and enforcing a set of rules and regulations that are connected to varying degrees with those overall plans (Interviews

---

<sup>21</sup> For more on the politics of urban planning in other major Chinese cities see Abramson, et. al. (2002), Cartier (1999) and Gaubatz (1999 and 2000).

NJ26, 4/08/04; NJ30, 11/18/05). That said, interviews and official publications reveal a set of interconnected ideas about how Nanjing officials think about how the city should appear. City planning officials emphasize Nanjing's own historical legacy as an ancient city (*gucheng*)<sup>22</sup> and emphasize the benefits of its location on the Yangzi River Delta, a region which in recent years has received considerable central and provincial government developmental support (Interviews NJ21, 10/14/03 and NJ11, 4/23/03).

Thus as a matter of course, given its official title and portfolio, the *shirong* is engaged in implementing policies connected to the outward appearance of the city, especially its streets and store fronts. To this end, *Shirong* officials I spoke with, as well as bureau publications, repeatedly emphasized the ideas of “orderliness” (*zhengqi*), “cleanliness” (*zhengjie*), and “beauty” (*meiguan*) to express how the bureau's work relates to the creation and maintenance of a particular understanding of “city appearance” (Nanjing City People's Government 南京市人民政府 2003:52-53; Interviews NJ17, 9/15/03; NJ25, 4/02/04). Chinese and western media accounts of the *chengguan* in other cities across China, accounts that as I describe below have been increasingly numerous, frequently carry a variation of the following description of the bureau's officials and their work: “the minor officials who are supposed to maintain order on public streets” (Martinsen 2007; see also “Abuse of Power” 2007 and Lian Yue 连岳 2007). As I describe below, however, what these accounts are pointing to is not necessarily just the *shirong*'s efforts to maintain urban cleanliness or tidiness, but how these efforts relate to maintaining control over and regulating the behavior of mobile street vendors.

---

<sup>22</sup> For more on the architectural history of Nanjing generally and with special attention to the Republican Era see Musgrove (1999).

How is the *shirong*'s "orderly" vision of city appearance connected to their daily work? Again, it makes sense that the bureau's administrative tasks would be directly linked to questions of urban aesthetics. In many ways this is true, but not unproblematically so and in the case of the *shirong*'s work in regulating street vendors the connection is even more complicated. Much of the bureau's portfolio stipulates a variety of administrative enforcement tasks related to beautifying the city. Such tasks often revolve around the standardization and rectification work discussed in the last chapter. For instance, the bureau is involved in ensuring that commercial signage and advertisements adhere to certain size and appearance standards and that neighborhoods install a standard set of lighting on the outside of residential and commercial buildings.<sup>23</sup> As one official noted, "Nanjing is becoming a city of lights, every business and neighborhood wants to have brighter and flashier signs and lights than the next. But it is our job to make sure these fit with regulations" (Interview NJ24, 3/22/04). The bureau is also involved in the often-daunting tasks of cajoling city residents not to hang their laundry out to dry in public places and of preventing the ad hoc posting of advertisements, large and small.<sup>24</sup> Bureau officials also spend not-inconsiderable effort deterring fixed-place store owners from letting their wares spill too far onto public sidewalks or roads. According to one Nanjing *shirong* official the bureau spends approximately 25% of its time dealing with the outward appearance of both private and public buildings (Interview NJ15, 8/22/03).

However, despite all of these city appearance-related duties, the most time consuming and difficult task the bureau faces is the regulation of street vendors. As

---

<sup>23</sup> The *shirong*'s work, however, does not extend to the content of such signs, but only their size and placement. In fact, it is the job of the *gongshang* (Interview NJ10, 4/16/03) to regulate the content of advertisements, including overseeing restrictions on the use of the superlatives such as "best" or "most" in any advertising claims.

<sup>24</sup> *Shirong* officials refer to the proliferation of these advertisements as "psoriasis" or *niupixuan* (see Nanjing City Appearance Administration 南京市容管理局 2006).

one *Shirong* official noted, “well over 50% of our time and manpower is devoted to regulating vendors. Part of this work involves collecting fees from street stall owners, but our most challenging job is regulating those vendors without licenses who are always on the move” (Interview NJ10, 4/16/03). Understanding the connection that the *shirong* draws between street vending and city appearance is no straightforward task. It would be overly simple to say that the *shirong* views vendors as a (pre-modern) blight on the city’s modern and orderly appearance, yet there is some element of truth to this. This attitude is rarely if ever expressed directly in any of the bureau’s written accounts, but elements of this type of thinking certainly appeared in various interviews with bureau officials who expressed concerns about the presence of vendors not fitting with a modern city appearance.<sup>25</sup> As one official offered,

In many ways those who come to the city to work, like bicycle repairmen, offer a convenient and helpful service, but often their appearance shows very clearly that they are from the countryside. Their service is very useful, but they should be in a designated place and hopefully we can also encourage them to wear a standardized uniform. (Interview NJ24, 3/22/04)<sup>26</sup>

Beyond issues of “appearance,” *Shirong* officials and documents frequently stress a variety of concrete concerns about street vendors, including their obstruction of vehicle and motor traffic, the creation of garbage, and complaints from nearby businesses about the presence of vendors blocking passage to their stores (Interviews NJ10, 4/16/03; NJ15, 8/22/03; Nanjing City Appearance Administration 南京市容管理局 1998 and 2004; and “*Shirong* Guanli 市容管理” 2006).<sup>27</sup>

---

<sup>25</sup> See Cross (2000) for an extended discussion about street vending as a pre or post-modern phenomenon.

<sup>26</sup> Goldstein (2006) notes that officials in charge of regulating the recyclables trade in Beijing also would like to see those involved in this trade wear similar, government-approved uniforms.

<sup>27</sup> Recent Chinese and western newspaper articles reporting on *chengguan*-vendor conflict have noted that one of the reasons officials crack down on vendors is because they may be selling counterfeits or questionable quality food (Zhou 2006; “Hundreds Riot...” 2007). This was never a concern expressed to me in official interviews and rarely if ever appears in official *shirong/chengguan* publications. The



So at one level, it is certainly true that the *shirong* connects street vending in general with unwanted aesthetic and concrete influence on the city. Yet the *shirong*'s grudging acceptance and even formal sanctioning of various types of street vendors, a subject I will take up at length below, in addition to the promotion of various forms of outdoor and non-fixed space commercial venues that thrive on and celebrate the spirit of street markets, both demonstrate that street vending per se is not viewed as intrinsically detrimental to city appearance. Moreover, at least certain *shirong* officials recognize that without vending opportunities many urban residents, not to mention the *shirong* itself, would lose a key source of income.

#### Acceptable Open-Air Commerce

The existence of a number of other types of very successful, government-approved, Nanjing outdoor commercial venues that proudly feature historical recreations of bustling street markets clearly belies any universal disapproval of street markets in general.<sup>28</sup> The first and most well-known of these is called Fuzimiao or Confucius Temple. This sprawling entertainment, dining and shopping area was rebuilt with help from the Nanjing city government in the early 1980s and is specifically designed to recreate elements of the site's history going back to its days as both an imperial entertainment complex and location for the imperial examinations.<sup>29</sup>

---

*shirong/chengguan* has no jurisdiction over intellectual property rights protection and the Sanitation or new Food and Drug administration, rather than the *shirong/chengguan*, has jurisdiction over food quality issues. For more on IPR enforcement agencies see Mertha (2005 and 2006) and for agencies involved with food and drug quality enforcement see Tam and Yang (2005).

<sup>28</sup> The question here is not whether there are a variety of viable, state-approved outdoor commercial ventures in Nanjing (or elsewhere in China), but why officials have come to view street vendors as a "problem." The point here, in part, is to show that the *shirong* is not responsible for creating a vision of what the city should look like, but only enforcing certain rules and regulations that are provided for them by those who are paid to have such a vision (of course, these rules are themselves often very vague). These examples clearly demonstrate that the city's planners and developers have no problem with capitalizing on the popularity of open-air street market and their ties to a longed-for (and imagined?) Chinese past.

<sup>29</sup> For more on Fuzimiao as a showplace market that draws on historical "old town" imagery as a marketing tool see Anagnost (1997:167-70).

Fuzimiao has subsequently become a major tourist destination for both Chinese and foreigners looking to see and participate in a piece of China's imperial past, but is also frequently visited by local Nanjing residents who go there to eat, shop or simply walk around with family and friends.

Key for the discussion here is that “the streets of the quarter are filled with the semi-permanent booths of a bustling street market” (Anagnost 1997:167). The area is set up as a re-created “ancient” street market, but in fact the goods for sale, including numerous counterfeits as well as a variety of questionably sanitary street food, are hardly different than one would find being offered by street vendors at numerous sites across the city. The difference is that at Fuzimiao the street vendors are in a state-sanctioned space that not only does not discourage the image of bustling commercial street life, but that celebrates its commercial appeal as part of Chinese history and culture. Visits to Fuzimiao confirmed that those who run the “street market” kiosks at Fuzimiao generally receive official business licenses from the *gongshang* via the Fuzimiao management authorities (Interview NJ23, 12/4/03; Fieldnotes nj106 and 108, 12/07/03).<sup>30</sup>

These officially licensed kiosks serve in stark contrast to the numerous unlicensed vendors who set up mobile carts or rove on foot throughout the Fuzimiao complex. Scattered among the two long rows of officially-approved and well-manicured vending carts that are designed to have the look of a by-gone era are various unlicensed vendors who are constantly on the alert for both market security guards (*bao'an*) and *shirong* officials. In some cases the unlicensed vendors would

---

<sup>30</sup> Fuzimiao merchants may have *gongshang* registration permits, but as is so often the case, this seems to limit them in no way from dealing in a very brisk trade in a wide range of counterfeit items, nor do they feel compelled to provide formal receipts for commercial transactions. As is the case with many businesses in China, owners are reluctant to issue a formal receipt (*fapiao*), which would make the sale subject to government taxes. However, many shop owners willingly issue the less formal “shouju” form of receipt, which is often simply a handwritten account of the sale and which cannot be used for Chinese tax purposes.

sell similar items, like winter scarves and gloves, to those in the licensed stands. However, for the most part, they sold mostly food items not offered by the market booths and indeed workers at the licensed booths would often purchase snack items from the unlicensed, mobile vendors. However on a late fall day in 2003 the precariousness of the unlicensed vendors' status came into clear relief when a *shirong* enforcement truck pulled up and officials began to chase down the unlicensed vendors and to stack their confiscated carts into the bed of the truck. Later, when I queried one of the registered booth vendors about the raid she said

What, that? That happens all the time. Every day those guys [unlicensed vendors] come here and set up and every now and then the [enforcement] team officers and guards chase them away or take their carts. They don't have the money or connections to set up a booth like us. My cousin got this booth a couple of years ago and I so I work here for her. She pays a monthly fee to the [Fuzimiao] market officials and so we never have a problem with those guys [*shirong* officials]. (Fieldnotes nj107, 12/07/03)

In addition to Fuzimiao, there are two other commercial sites in Nanjing that draw on the appeal of China's (and Nanjing's) history of lively street life, but in a distinctly modern market setting. The first of these projects, the Lion's Bridge (*Shizi Qiao*) pedestrian mall, was completed in early 2001 under the auspices of the Communist Party secretary from Nanjing's Drum Tower (*Gulou qu*) district (Pomfret 2006). This area mostly specializes in restaurants, but along with the adjacent Hunan Road retail street is as much a draw for its vibrant street life as it is for indoor dining or shopping.<sup>31</sup> One of the main attractions of the *Shizi Qiao* pedestrian mall is the "Dapaidang" (literally "food stall") restaurant, which, although indoors, seeks to

---

<sup>31</sup> Pomfret (2006: chapters 21, 28 and 31) tells the story of the Drum Tower District Party secretary, a former classmate of Pomfret's from his days as a student at Nanjing University in the early 1980s, and his plans to create the Hunan Road/*Shizi Qiao* area as a shopping and entertainment district modeled on Las Vegas. Drawing on memories of a visit to Las Vegas, the Party secretary pushed through the creation of the neon-lit *Shizi Qiao* pedestrian street, at the end of which towers a huge lion that spews smoke at regular intervals and is accompanied by a glitzy "light tunnel."

recreate the feel of a series of lively open-air food stalls from a distinctly by-gone era.<sup>32</sup>

Finally, the most recent addition to Nanjing's historically-themed commercial spaces that play directly on the attraction of street markets is the "1912" development project. Similar to the *Xintiandi* (New Heaven and Earth) development projects in Shanghai and Hangzhou,<sup>33</sup> "1912" is a large-scale, high-end entertainment and restaurant development project that draws specifically on Nanjing as one of the key sites of the founding of post-imperial Republican China. "1912" was completed in 2005 and while it does not yet have the bustling atmosphere of either Fuzimiao or *Shizi Qiao* and tends to draw most of its clientele indoors, it too has a series of officially sanctioned outdoor food and retail stalls that are meant to mimic street markets from an earlier era.

In each of these commercial developments we see this blending of a cleanly packaged "ancient" China that seeks to capitalize on the popularity of outdoor markets. In these developments, far from being considered a blight on the "modern" city appearance, street markets and street vendors have special commercial value precisely because of their connection to a generalized and historic (even "pre-modern"), but ultimately very Chinese form of market society.<sup>34</sup> Here it is important to note the historical role of street and night markets in Chinese society and its connection to current ambiguities about what might actually constitute a modern city appearance and market society. Reports of well-established outdoor night markets go back to at least A.D. 836 during the Tang dynasty and according to famous books of the period

---

<sup>32</sup> The term *dapaidang* is still commonly used for the make-shift agglomerations of street-side food and beer markets.

<sup>33</sup> For more on the creation of the Shanghai Xintiandi development see He and Wu (2005).

<sup>34</sup> Anagnost also places the popularity of this attraction to the "antique" against the background of the Maoist era. In reference to Fuzimiao she notes that "It is easily the largest and most colorful of any market in Nanjing, as much a spectacle as it is a place of consumption and production, the heady reclamation of something 'lost' during the austere years of Maoism" (Anagnost 1997:170).

similar markets appear to have flourished during the Song dynasty (960-1279) as well (Yu Shuenn-Der 2004:134). Street markets have long played both an economic and a social role in that they provide not only goods and services but also offer a venue for family and friends to come together and to partake in the lively atmosphere of the markets. Indeed, this tension between the idea that street markets are often seen as paradigmatic “*renao*” (a distinctively Chinese concept that means “lively” or “buzzing with excitement”) venues by many, but alternately as *luan* (chaotic) by others, continues to play into the seemingly schizophrenic and often contradictory way in which the *shirong* approaches Nanjing’s street vendors.<sup>35</sup>

#### **Patterns of *Shirong* —Street Vendor Interaction: From Licensing to Conflict**

Based on the discussion above, it is clear that the *shirong* is the local Nanjing government bureau with primary responsibility for regulating the city’s street markets and vendors. At the same time, I have demonstrated that while the *shirong* is engaged in the effort to create an orderly city appearance, there are a variety of factors that complicate how the bureau sees the role of street markets in this work. To the outside observer, it is by no means obvious what a *shirong* enforcement team, looking at any given street scene in Nanjing, would choose to act upon in the name of “city appearance.” First I will demonstrate this by painting a picture of one street scene that I had the opportunity to observe on many occasions over my period of field work in Nanjing. Then I will take a more extended look at the varieties of interaction between the Nanjing *shirong* and different types of vendors.

---

<sup>35</sup> For more on this tension between the portrayal of night markets as alternately *renao* and *luan* see Yu Shuenn-Der (2004:138-40).

### *Xiaofan Lu*

The approximately 300 meter stretch of what I will call Xiaofan Lu (Vendor Street) contains an astonishing variety of commercial ventures, medical facilities and residential units. The street offers an abundant variety of sights, smells and sounds not unlike many mixed-use Nanjing communities. A combination medical center and dental clinic is straddled by a shop selling Nanjing duck on one side and a small fruit shop on the other, while the floors above house apartments, an internet bar and a financial securities office. Nearby is a privately owned liquor store (as opposed to two other nearby state-managed liquor and tobacco shops) a series of DVD/CD stores, an open-air fruit and fresh meat and seafood market, above which is an indoor supermarket. Just across the street are a number of hairdressers, a western deli and a Chinese bakery. In addition to the many and varied appearances that these stores present, a great many of the products sold and services provided in these small shops on Xiaofan Lu are officially prohibited. From the pirated movie DVDs and music CDs to “parallel market”/contraband liquor, tobacco, clothing and cosmetics to the hairdressers that also offer sexual services, Xiaofan Lu is awash with illicit products and services. At the same time, the sites and smells that flow out of the open-air vegetable and meat market create a marked contrast with the modern supermarket upstairs.

These fixed-space businesses (all of which have attained a business license from the *gongshang*) make up only part of the vibrant market activity of Xiaofan Lu. During the day there are a variety of street vendors ranging from the morning *jianbing* (a kind of pancake roll) seller to the fruit and vegetable peddlers who stake out a space on the street corner to the roving binocular vendors.<sup>36</sup> At night, after 8 or 9 o’clock, a

---

<sup>36</sup> I was skeptical that anyone would actually want to buy a pair of binoculars from a roving street vendor carrying a small camouflage duffel bag, but when asked how business was these women responded that

new group of food vendors moves in on the busy corner near one of Nanjing's large universities. While still mobile (they have carts on wheels but usually also bring small tables and chairs for their customers) these vendors usually stay in one spot on the corner selling dumplings (*jiaozi*), grilled squid and a variety of popular street side snacks (*xiaochi*).<sup>37</sup> In addition to these mobile vendors, every evening one side of the street is lined with a large night market where vendors who set up and take down their stalls each night sell anything from underwear to cigarette lighters to minority batik art. Joining these street vendors are always a few beggars who also hope to benefit from all the buying and selling going on around them.

#### *Licensed and Unlicensed Vendors*

The *shirong* interacts with the vendors of Xiaofan Lu (and others across the city) in a range of different ways. The primary distinction in the *shirong*'s interaction with vendors is based on the basic difference between registered and unregistered vendors. This distinction, in turn, is heavily, but not completely, determined on the basis of the residency (*hukou*) status of the vendor. Generally speaking, the *shirong*, often through the local street committees, will for a one-time start-up payment of 400 *renminbi* and thereafter a monthly fee of 140 *renminbi* (depending on the type of stand), provide a vending license (*tandian zheng*) to local residents (Interviews NJ10, 4/16/03 and NJ20, 10/9/03).<sup>38</sup> According to a *shirong* official in Gulou, the most populous of Nanjing's city districts (455,000 residents in 2001; Nanjing City People's Government南京市人民政府), there were approximately 650 such officially

---

it was quite brisk. One woman noted wryly that "maybe it's the people living in the high-rise buildings around here who want them. There must be a lot to see from up there" (Interview nj98, 11/18/03).

<sup>37</sup> Yu Shuenn-Der (2004:140-44) argues that at least in Taiwan a night market is not a night market unless there are plentiful *xiaochi* for sale.

<sup>38</sup> At the time of my field research in Nanjing the dollar-*renminbi* exchange rate was fixed at 1 to 8.26, so the start-up fee was equivalent to a little less than US\$50 and the monthly fee just under US\$20.

registered stalls in 2003, which generated an annual income of just over one million *renminbi* (Interview NJ19, 9/30/03).

On the other hand, the *shirong* will not issue official vending permits to vendors without a Nanjing hukou.<sup>39</sup> So a general rule of thumb in understanding who does and does not have a vending permit, which in turn is linked to a less or more conflictive relationship with the *shirong*, is based on the very basic distinction between local and migrant vendors. However, there is a secondary market for vending licenses and so some non-Nanjing residents are able to purchase the licenses from local residents.<sup>40</sup> Based on my research, however, those holding such secondary market vending permits constituted only around 10 percent of all permit holders. At the same time, some local residents simply choose not to apply for or pay the fees associated with the vending license and therefore fall into the category of unlicensed vendors.

My research in Nanjing involved over 100 informal interviews with both licensed and unlicensed vendors as well as fixed-space merchants, selling a range of over 20 different goods and services. Roughly 75% of those I interviewed (many on repeated occasions) were unregistered mobile vendors, while the remaining 25% was made up of registered vendors and fixed-space merchants. Of the 75% that were unregistered approximately 75% of them were migrants and 25% were Nanjing residents who chose not to register. According to China's Fifth Population Census, conducted in 2000, Nanjing has a migrant population of 750,000, accounting for 17% of the city's total population (Liu and Wu 2006:616-17). One recent study estimated that within the Nanjing migrant population 50,000 were "self-employed street peddlers

---

<sup>39</sup> *Shirong* officials did not directly acknowledge this policy of basing the issuing of vending registrations upon residency status. However, this became clear as a result of the informal interviews with the vendors themselves.

<sup>40</sup> See He Xin (2005) for more on the secondary market for residence and business permits among migrants.



or owners of small private businesses” (Po 2001:120).<sup>41</sup> The analysis below of different types of vendors and their interactions with the *shirong* are based on my informal interviews with the vendors themselves, formal interviews with government officials and on official government documents as well as Chinese media accounts.

### The *Shirong* and Licensed Vendors

For those with a *shirong* vending license, their interactions with the *shirong* are relatively straightforward and free of conflict. In fact, these *shirong*-approved street vending opportunities are specifically designed to give unemployed or laid-off (*xiagang*) local residents a “market opportunity” to make some much-needed money (Zhao Rui 赵锐 and Fan Shiming 范时鸣 2003).<sup>42</sup> Many of these laid-off or retired vendors are members of the community where the street committee, through which the *shirong* operates, is located.<sup>43</sup> The *shirong* vending license allows local resident vendors to set up a stall, usually selling food or small consumer items, during a fixed time usually in the morning before rush hour or in the evening after 8 or 9pm. As a result of acquiring a *shirong*-approved vending space local vendors generally have

---

<sup>41</sup> This figure, however, was based on a migrant population figure of 430,000. This potentially means the number of street vendors was also under-reported by a similar percentage, meaning there may be closer to 70,000 such vendors.

<sup>42</sup> This is part of a larger scale effort on the part of the state to show that markets, rather than a threat to their livelihood, present opportunities for laid-off workers. See Blecher (2002) and Solinger (2002a and 2002b) for more on state-backed portrayals of the market as a zone of opportunity for laid-off workers. A popular culture example of the state’s effort to put a positive spin on market opportunities is the movie *Liuyue Nanhai*. The movie, which takes place at a well-off Beijing middle school, is about a female student whose mother has lost her job in a state-owned factory but has been given a license to operate a road-side fruit stall. The girl’s would-be suitor is one of the school’s star athletes and after helping the track team to win a city-wide tournament he decides to treat the team to fruit. He goes to the fruit stand run by his classmate’s mother and buys 100 *renminbi* worth of apples and oranges, a huge amount. He does this thinking he can gain the affections of his classmate. In fact he gets the opposite result: his classmate is furious with him when she finds out, sensing that he is patronizing her by believing that he can simply buy her affection. The story ends with a proud and tearful speech by the girl who proclaims that her mother, even though she now runs a fruit stall, is still a worker and that all workers in the Socialist Market Economy still deserve the same respect they have always earned from the Party and the society.

<sup>43</sup> In 2001 it was estimated that laid off workers accounted for 14.2% of the Nanjing labor force while another 3.6% were designated as unemployed (Liu and Wu 2006:616).

little to fear from the *shirong* enforcement team patrols other than occasionally being admonished to make sure that their stands or some goods are not spilling too far out onto the street or sidewalk. Ultimately, the question of *what* these local vendors sell is not an issue. Even if they sell any range of counterfeit products or unsanitary food they are still provided with a license. The *shirong*'s interaction with the vendors, licensed or unlicensed, is not motivated by what the vendors sell but by their background and where they set up their stalls.

### The *Shirong* and Unlicensed Vendors

Unlicensed Nanjing vendors, again many but by no means all of them migrants, have a much more tenuous and frequently conflictual relationship with the Nanjing *shirong*.<sup>44</sup> According to interviews with Nanjing *shirong* officials and bureau publications, one of the key strategies the *shirong* employs against migrant vendors is what officials refer to as “scatter and block” (*shudujiehe*) (Interviews NJ10, 4/16/03; NJ13, 6/2/03; NJ20, 10/9/03; NJ24, 3/22/04; Nanjing City People's Government 南京市人民政府 2003:52). On the one hand they see their role as chasing vendors away when they set up their mobile carts, especially on the most heavily trafficked streets, and on the other they try to ensure that vendors do not establish a presence in a given location at all. Given the *shirong*'s base-line confrontational approach to unlicensed vendors, there are a number of forms of interaction between the bureau and these vendors that follow as a result.

---

<sup>44</sup> Solinger, one of the few western scholars to have written about the phenomenon of street-level income-earning activities, gives the impression that in Wuhan most of the vendors and peddlers there are laid-off former state workers. She makes no mention about their interaction with the Wuhan *shirong/chengguan* or whether or not any peddlers are licensed. See Solinger (2002a and 2002b).

### *Cyclical Disregard and Enforcement*

The first type of *shirong*-migrant vendor interaction involves willful *shirong* disregard for the presence of migrant vendors followed by periodic enforcement activities. The most basic characteristic of *shirong* enforcement behavior is that after the main evening rush hour has subsided and/or with the onset of darkness, there is a reduced *shirong* presence on the streets. During the daytime I noted that approximately 3/4 of unlicensed vendors on the streets are fruit and vegetable sellers, most often migrants from Northern Jiangsu Province, but they are very aware that at any time a *shirong* team could pass by on patrol. However, in the evening, as licensed vendors set up their clothing or small household goods stands in relatively neat, pre-assigned spaces, unlicensed vendors, many from neighboring Anhui Province, set up food carts as well as small chairs and tables on street corners with heavy pedestrian traffic. At the same time, ceramics vendors from Fujian wheel their carts to busy commercial areas or display their goods on sheets placed on the ground.<sup>45</sup> While *shirong* enforcement teams certainly do go on periodic night patrols, they are often conspicuously absent during the evening. One food vendor who I visited and spoke with repeatedly during my research estimated that *shirong* “surprise” night patrols occurred at most once a week, except during larger enforcement movements (described below) when they happen nightly (Interview nj44, 7/26/03).<sup>46</sup>

While the difference between the frequency and intensity of *shirong* enforcement patrols during the day and nighttime is the bureau’s most obvious and consistent regulatory behavior, *shirong* patrol activity also fluctuates with larger city

---

<sup>45</sup> Most of these ceramic goods could be considered counterfeits since they carried the logo of name brand western companies, such as Williams-Sonoma, on the back. Other unlicensed, non-food vendors also sold counterfeit cosmetics, usually on bridge overpasses.

<sup>46</sup> By design the *shirong* night patrols are random, therefore if there was a clear “pattern” to them the vendors would be the first to know and therefore absent themselves when they were reasonably sure a raid was about to occur. My own research, likewise, did not reveal a normal or scheduled frequency of enforcement activity beyond the major reduction in *shirong* presence during the evening hours.

and nation-wide “campaigns” (*yundong*).<sup>47</sup> During these campaigns it is common that neither local nor migrant vendors are allowed to conduct business. Such campaigns may be connected to city-wide beautification efforts that come on the eve of national and international conferences or sporting events or they may be related to efforts to attain (or renew) a centrally-approved classification or status, or finally, in the case of emergencies like SARS.

For instance, in late August of 2003 the Nanjing *shirong* spearheaded the city’s efforts to attain the status of “National Hygienic City” (*quanguo weisheng chengshi*), an effort that had the principal result of clearing Nanjing’s streets of any form of street vendor activity for a week.<sup>48</sup> Similar campaigns were initiated in November of 2003 on the eve of China’s version of the Special Olympics and then again in October of 2005 when Nanjing was host to China’s “National Games.”<sup>49</sup> As for emergency-related campaigns, in September of 2002 when 38 people, many of them children, were killed by rat poison at a small street side snack bar in a district within the Nanjing municipality and then again during the spring 2003 SARS outbreak, health crises prompted similar crackdowns on all street markets.<sup>50</sup> What all of these *shirong* campaigns have in common, however, is that once the city had been approved as being sufficiently hygienic by a national inspection commission or the sports event was concluded or the health scare had passed, the normally vibrant street markets sprang

---

<sup>47</sup> During the period of my research in Nanjing from the spring of 2003 to summer of 2004 there were three such campaigns, one related to attaining national-level hygiene and beautification standards, another related to a large sporting event and the third connected to the SARS crisis.

<sup>48</sup> For more on this particular movement see Li Fang 李芳, Xie Yue 解悦 and Wang Yue 王玥 (2003).

<sup>49</sup> The Central government has declared that the 2008 Olympics will benefit not just Beijing’s development, but that of the entire country and of other major cities in particular (The Beijing Organizing Committee for the Games of the XXIX Olympiad 2003). Nanjing’s hosting of the 2005 National Games can be understood as part of this effort to spread the Olympic wealth. Nonetheless, the percentage of the US\$35 billion or so being spent on preparations for the Olympics that is targeted for Beijing itself will certainly dwarf that received by any other cities (see “Inflated by the Olympic Spirit” 2007).

<sup>50</sup> For more on the 2002 rat poison incident see Renmin Ribao 人民日报 (2002). On a related note, for the increasing use of rat poison as a murder weapon in China see Yardley (2003).

back to life and a different, more routine pace of city appearance administration and contestation took over.

Finally, this mode of on-again, off-again enforcement also extends to what for many Chinese citizens is the most perplexing aspect of *shirong*-vendor relations: a type of non-enforcement enforcement. That is, despite the crowd-gathering, attention-catching *shirong*-vendor conflicts that periodically stop traffic, one is more likely to witness what are less-than-vigorous *shirong* efforts to “block and scatter” unlicensed vendors. For the *shirong* enforcement teams it often appears that their main aim is to simply register an appearance, putting the vendors on notice that they are being allowed to go on with their business but that at any time this (temporary and grudging) allowance could be revoked.

An example of exactly this kind of interaction took place one afternoon in the late spring of 2004 near the main gate of Nanjing University. For weeks, in front of the university there was an almost daily gathering of vendors, split almost equally between jewelry, cosmetic and clothing vendors. Every day the number of vendors (beginning with 10 or so but quickly swelling to 30 or 40), and in turn the number of customers (usually at least triple the number of vendors) increased. There was at first no *shirong* presence, but one afternoon, after a week of the daily growth of this market, a *shirong* enforcement team arrived and both vendors and customers quickly scattered. No vendors were detained by the enforcement team nor any goods confiscated. The next day the vendors and their customers returned, as did the *shirong* investigation team, but this time the vendors were slower to scatter. Instead of completely packing up their belongings and running (or biking) away, many concealed their goods in a bag or suitcase and simply waited as the *shirong* officials walked up and down the sidewalk, talking amongst themselves. I asked a young male vendor what was happening and wasn't he nervous to have the officials around and he replied, “Oh,

them? They'll just be here for a while, then they'll leave again. Don't they have more important problems to deal with than us? So many bad people out there and they have to bother us?" (Fieldnotes nj115, 4/17/04). At least on this particular occasion, it was enough for the *shirong* to make their presence felt and after another week of these daily "walk throughs" by the enforcement team the small market eventually disappeared.

### *Vendor Self-Protection Strategies*

Aside from the daytime/nighttime cycles and periodic campaigns and the sometimes lackadaisical enforcement efforts, the more common Nanjing *shirong* regulatory routine involves regular enforcement team inspection tours and persistent pursuit of the unregistered migrant vendors. Migrant vendors are fully aware that being caught by *shirong* enforcement officials will be costly in terms of both time and money and may result in verbal or physical altercations. Therefore, they have devised a number of ways to avoid being caught. The most basic of these strategies is to simply wait until the evening when most of the *shirong* enforcement teams have already gone home. However, for those who find themselves confronted with the imminent arrival of a *shirong* inspection group, especially for unlicensed vendors who brave the streets by day, their first option is often simply to try to outrun the officials, whether on foot or on their wheeled carts.<sup>51</sup>

The question is, where to run? Sometime vendors find ways to protect themselves by taking advantage of bureaucratic jurisdictional boundaries. As noted above, the *jiedao* play a key role as the base for both recruiting and managing *shirong*

---

<sup>51</sup> One of my first experiences with a Nanjing *shirong* raid, piquing my interest in who these uniformed officials might be, involved a local kebab vendor's efforts to avoid being caught by the officials. Upon seeing the *shirong* badges the vendor suddenly and forcefully picked up his long barbeque grill, sending burning hot coals flying in all directions, and leaving his customers alone on the sidewalk with the *shirong* officials.

enforcement teams. However, for as crucial a role as the *jiedao* play in administering the day to day work of the *shirong*, formal boundaries between *jiedao* sometimes create a space for vendors to thwart *shirong* inspection teams. This was certainly the case in Nanjing as some districts provided a more hospitable environment for unlicensed vendors, allowing vendors to sometimes exploit the differences in jurisdictional boundaries.

A case from Hangzhou, the prosperous capital of Zhejiang province, provides another similar and specific example of how mobile vendors can carve out a space in the interstices of bureaucratic authority (Huang Jianying 黄建影 and Wu Jing 吴晶 2003). The article, written from the perspective of a Hangzhou resident trying to understand the strange behavior of street vendors and street market management officials, describes the scene on a bridge near his house. The author describes how on any given day dozens of unregistered, mobile vendors selling fruit and vegetables, newspapers and flowers from make-shift carts and stands would ply their wares on one of the city's busiest bridges. Periodically, a *chengguan* enforcement team would arrive at one end of the bridge in pursuit of the vendors and in response the vendors would flee in the opposite direction from the oncoming *chengguan* officers. However, rather than continuing their pursuit of the vendors, the enforcement team would inevitably give up pursuit halfway across the bridge and the vendors would simply continue to sell their goods from the end of the bridge unoccupied by the *chengguan* officers.

According to the authors, the reason the *chengguan* enforcement team would stop halfway across the bridge was because this was the edge of their jurisdiction. At times, a *chengguan* team with jurisdiction over the end of the bridge to which the vendors had relocated would arrive, but this was never coordinated with the *chengguan* officials on the opposite side of the bridge, so the vendors would simple

relocate once again. The authors concluded by lamenting that coordinated raids between the *chengguan* officials from street offices on both sides of the bridge are all too rare and that the city's street market authorities are frequently no match for the mobility of the street vendors.

Aside from simply trying to avoid *shirong* inspection teams by setting up their stands at night or by working on the boundaries between *jiedao* jurisdictions, vendors also seek out a number of other forms of self-protection. First, it should be noted that migrant vendors frequently gather together in small groups that are connected through home-town or family ties. Small groups of migrant vendors, ranging from 2 to sometimes 10 or more, will often post a look-out within shouting distance to warn their colleagues of approaching *shirong* officials (Interviews nj53, 9/03/03 and nj73, 10/19/03). Once the warning is given, the vendors' wheeled carts often allow them to disappear before the officials make it to the scene. One vendor revealed another method through which he and his colleagues avoided *shirong* raids: "I have a friend who works in the local *jiedao* office and sometimes she is able to find out when an inspection will happen. When she finds out she will call me and tell me so that I can be prepared" (Interview nj92, 11/10/03).

Unlicensed vendors, especially those who had migrated from elsewhere in Jiangsu province or other provinces, were also keen to protect their vending "turf." This meant keeping a vigilant eye out not just for *shirong* enforcement officers, but for any competitors who were not part of their particular group. When I asked one dumpling vendor from neighboring Anhui what would happen if someone who was not a "fellow villager" (*laoxiang*) were to set up a stall next to him and his compatriots he replied without hesitation but with a wry smile that "we would beat him to death" (Fieldnotes nj116, 4/23/04). Such sentiments showed that hometown and familial ties play a crucial role in unlicensed migrant vendor self-protection strategies.



Despite these concerns for insider group self-protection, unlicensed vendors also often cultivate a range of reciprocal relationships with registered businesses and others community members who can provide a form of protective cover from the *shirong*. For instance, many enclosed residential complexes and narrow-alley communities are able to protect unlicensed vendors within the confines of the residential complex. Often, as in the case of the morning breakfast stall that I described being raided by the *shirong*, such vendors are actually local retirees looking to earn some extra income, but in the case of the neighborhood where I lived in Nanjing the local residents would also provide periodic protection, and serve as steady customers, for unlicensed migrant vendors. For instance, the narrow alleyway near my apartment complex was home to a range of both retired and migrant vendors, all unlicensed. While the retirees would set up small breakfast and lunch stalls, the migrants specialized in the sale of fruits or vegetables like watermelon or yams. In another instance, for a two month period in the spring of 2004 a mobile chicken vendor would show up every morning around 5:30am with live chickens on the back of his bicycle. Local residents would come out, select a chicken and the vendor would “process” the chicken then and there.

Local residence committees (*juweihui*) sometimes also charge their own fees for allowing local and migrant vendors to operate within the residential compounds or adjacent streets. In this way residence committees help provide employment opportunities while at the same time ensuring the convenient availability of food and other household consumer items for local residents. There were thus sometimes tense discussions between the residence committees and *shirong* enforcement officials who sought to tear down vending stands and/or chase off the vendors. In the compound where I lived, housing mostly retired former Nanjing University faculty and employees, there were a number of small food and vegetable stands within the

compound itself. On one occasion, shortly after the height of the SARS scare in late spring of 2003, a *shirong* inspection team entered the compound (normally they only concerned themselves with the streets and alleyways that ran by such residential communities) and insisted that the stands be removed. A quarrel broke out between the *shirong* officials and some of the local residents and after the inspection team had departed I approached the group of residents who were still heatedly speaking amongst themselves. I asked what had just happened and one of the older women who usually worked at the vegetable stand (she later told me she was a member of the complex's residence committee) said "They told us we couldn't have these stands here. But these [stands] don't hurt anyone. Those guys [inspection team] are so uncivilized [*tai meiyou wenhua le*]" (Fieldnotes nj23, 4/27/03).

In the case of another example of protective arrangements, the Nanjing *shirong* itself reported in an article posted on the bureau's web site how a small group of unlicensed mobile fruit and vegetable vendors had made an agreement with the owner of a small snack shop that was located in a building just next to where the vendors would usually set up each day. The store owner made an arrangement with the vendors that if the *shirong* came by on a market inspection that the vendors could put all of their goods inside the snack shop and if asked, the owner would simply tell the *shirong* officials that all of the items were his. In return the vendors agreed to eat each day at the snack shop (Fuwu Daobao 服务导报 2003). In a similar story, employees of one of Nanjing's public parks, in an effort to sell more entrance tickets, would frequently allow vegetable vendors to buy tickets to the park so that they could sell their vegetables within the confines of the park, shielded from the *shirong* inspectors (Qian Hongyan 钱红艳 2003).

While such reciprocal arrangements, which are sometimes motivated by altruism and a sense of community and sometimes the result of more material and

utilitarian agreements, can sometimes give unlicensed vendors a modicum of protection from *shirong* enforcement teams, there is one case in Nanjing of a more large-scale effort to protect street vendors from the *shirong*. In Nanjing, one entire residential district (*jumin qu*) of over 600,000 people, Nanhu, has become notorious with city *shirong* officials, and a kind of urban legend among city residents, for its proliferation of street markets and defiance of *shirong* regulations and authorities.

One *shirong* official confided to me that

Nanhu District is a very complicated place for us. You need to go there for yourself and see. It's too chaotic [*luan*], there are vending carts everywhere and it's hard to drive or even walk on the streets. But when we try to go in there it's not easy. (Interview NJ10, 4/16/03)

A follow-up conversation with a Chinese academic working in Great Britain and who had grown up in Nanjing confirmed that Nanhu was notorious among Nanjing residents for its defiance of local authority, *shirong* or otherwise (Interview HK2, 12/15/03). Nanhu District's reputation is in part derived from its history in that there is a high proportion of residents who during the Cultural Revolution had been sent down to the countryside and who subsequently found re-employment so difficult that many now rely on street vending to make an income.<sup>52</sup> Personal visits to Nanhu, discussions with district residents and also newspaper reports all verified this image of Nanhu as abounding with street markets and not a *shirong* official in sight. Clearly, Nanhu is the extreme case of unlicensed vendor self-protection.

---

<sup>52</sup> One newspaper article, explaining the *shirong*'s many difficulties in Nanhu noted that the district has historically been a problem spot for city authorities primarily because of its long-noted high concentration of street stalls (Li Fang 李芳, Xie Yue 解悦 and Wang Yue 王玥 2003:A3). The article maintains that a massive effort to redevelop Nanhu has largely succeeded in changing the physical appearance of the area, but on my visits there the newly painted and neon-lit residential blocks and mostly empty public park contrasted sharply with the bustling street markets.

### *Confrontation and Conflict*

However, despite all of the ways in which vendors have found to avoid encounters with the *shirong*, such encounters are in fact commonplace and frequently result in very public confrontations. First, it should be noted that although *shirong* enforcement teams tend to have the most conflictual relationship with unregistered vendors, they also frequently treat even fixed space business owners gruffly. For instance, if a fixed place business owner places a sign or product on the sidewalk or street against regulations (with the *shirong* officials having the final say on what those regulations are and how to enforce them) then members of the *shirong* enforcement team not infrequently yell at the owner and/or forcefully remove the offending sign or products. Compared to their interactions with unregistered vendors, however, *shirong* enforcement team treatment of registered street vendors or fixed space business was constrained in comparison.

Granted, sometimes *shirong* enforcement officials are content to let their mere presence speak for itself as vendors often make a hasty retreat upon catching sight of the *shirong* insignia and grey uniform. More often, however, it is the case that *shirong* enforcement teams, conducting a routine inspection or a raid connected to a larger campaign, come prepared to forcibly confiscate vendor carts and products as well as to issue fines. Enforcement teams usually arrive in flatbed trucks specifically designed to transport confiscated items, or less frequently in the “bread trucks” described above.<sup>53</sup> Again, upon the arrival of the *shirong* officials, vendors tend to scatter quickly, but invariably a few will be detained. Almost invariably the demeanor of the

---

<sup>53</sup> A recent addition to the Beijing *chengguan*'s “blocking” and enforcement tools is a fleet of small vans that are rigged with a mobile camera on the roof while a team of *chengguan* officers monitors the feed from inside the van. The blocking strategy seems to be effective within a very small radius of the busy street corner where one of these vans is often perched, but within not even half a block mobile vendors set up just outside of the camera's range. Meanwhile the officials inside the van, usually five at least crowded around the television monitor smoking, seem content to stay in the van and “block” that particular corner from vendor encroachment.

enforcement officials is aggressive. Sometimes detained vendors simply stand by as the officials confiscated their cart and products, but more frequently they at least heatedly argue with the officials and on many occasions physical altercations would ensue. Inevitably these confrontations, being very much in the public eye, would draw large groups of onlookers.<sup>54</sup> Ultimately, if confrontations became too heated the *shirong* official in charge may step in to separate the enforcement officers from the vendors, allowing the enforcement team truck, loaded with confiscated carts, food, flowers and signs to pull away.

Any confiscated goods are then sent to a district-level *shirong* office where the owners need to go to pay fines, which officially range from 20 to 200 *renminbi*, in order to retrieve them (Nanjing City Appearance Administration 南京市容管理局 1998 and 2004:Item 31/32, Number 4). One Nanjing source provides a comprehensive listing of fees and fines, ranging from the cost of using a “mobile” public restroom (.5RMB), to monthly garbage collection fees for registered vendors (5RMB) to the monthly fees for registered fruit vendors (140RMB).<sup>55</sup> Despite set fines and fees for recovering confiscated goods, such rules remain “flexible” and are a great source of conflict between the *shirong* and vendors. It is extremely difficult to ascertain what percentage of the *shirong*’s overall budget is made up of such non-budgetary fees and fines, yet vendors claimed that receipts for fines were rarely provided them for fees or fines paid and that the amount of such fees and fines was almost always open to negotiation. Clearly, *shirong* officials themselves had no interest in revealing (or even admitting to the possibility of) their exact involvement in the collection of any kind of fees or fines that are not strictly allowed under the bureau’s operating guidelines. The closest any *shirong* official ever came to such an

---

<sup>54</sup> I personally witnessed over 50 of these confrontations in which *shirong* raids and the ensuing confrontations with vendors would draw audiences of up to 100 bystanders.

<sup>55</sup> The original table containing the complete list of fines and fees is included in the Appendix.

admission was when one complained to me about the “quality” of many enforcement officers being too low (*hen duo duiyuan de suzhi tai di le*), implying that some officers may be involved in such kinds of off-the-books fee and fine collection activities (Interview NJ10, 4/16/03). Ultimately, however, most vendors I interviewed said they would make the effort to retrieve and pay for the confiscated items rather than investing in a new stall or cart. Ultimately, however, most of their products, frequently perishable items, were not recoverable.

### *Summary of Shirong-Vendor Patterns of Interaction*

Before moving on to a fuller exploration of the historical and regional comparisons against which we can understand contemporary *shirong* -vendor interactions in Nanjing, I first want to briefly summarize the types of street vendors and the various forms of interactions these vendors have with the various units of the Nanjing city government. At the most basic level the key distinction is between which street vendors are allowed to attain an official operating license (and the officially sanctioned stall space and operating time that accompany this license) and those who are not. Street market operating licenses are reserved for laid-off Nanjing city residents. Unlicensed vendors are divided between migrants without a Nanjing residence permit and Nanjing city residents who simply choose not to acquire a license. Operating out of street offices, the *shirong* has the most stable and least conflictual relationship with the licensed vendors, while its relations with unlicensed vendors range from willful disregard to periodic enforcement to fines, confiscation and physical and verbal confrontation. Through the licensing of *shirong*-approved morning and night market vendors the bureau ensures itself a steady source of income while at the same time actively promoting employment opportunities for laid-off workers. As for unlicensed vendors, the *shirong* relies largely on surprise street

market raids as both a deterrent and as a way of bringing in funds through confiscation and fines.<sup>56</sup>

### ***Shirong* Evaluations of Vendor Relations**

How do *shirong* officials evaluate their work in terms of regulating street vendors?<sup>57</sup> And what are the bureau's goals, present and future? *Shirong* officials face a complicated set of incentives and factors when it comes to regulating street vendors. More important than the *shirong*'s concern that vendors are a visual blemish on the city's appearance, the *shirong* is concerned with maintaining the employment and income-generating aspects of street markets. This concern exists at two different levels. First, the Nanjing *shirong* wants to provide differential access to the "market" for street vending in a way that privileges local, laid-off Nanjing residents over other would-be vendors (often migrants). It sanctions some street vendors and engages in a constant game of cat and mouse with others, but there is seemingly no effort to fully and finally rid the streets of all vending activity. Second, the bureau seeks to maximize its own authority and revenue not only through the licensing of some vendors and the fining and confiscation measures aimed at others, but also seeks to move street vendors into more permanent commercial spaces that would, ideally, be administered by the *shirong*. Finally, in evaluating the challenge of regulating

---

<sup>56</sup> As I note earlier in this chapter, one district *shirong* estimated its income from registered vendors at just over 1 million *renminbi* a year. It remains unclear how the amount of "extra-budgetary" fines and fees compares to this amount. However, based on discussion with vendors whose monthly outlay of fees and fines often exceeds that of the 150 paid by registered vendors (many said their monthly average in fees and fines paid was up to 200 *renminbi*), it is reasonable to think that, given that unlicensed vendors by far outnumber licensed vendors (again, approximates 75% to 25%), *shirong* income from off the record fees and fines exceeds that earned from registered vendors by a significant amount. How much of the *shirong* budget comes from other governmental sources was not made available to me.

<sup>57</sup> I obtained a 2003 report from a *shirong* official evaluating the results of 6 of Nanjing's 8 districts in terms of their performance in "maintaining city appearance." The ranking was as follows: 1) Gulou, 2) Baixia, 3) Qinhuai, 3) Xuanwu, 4) Jianye, 5) Xiaguan. No explanation was provided, only "points lost" and "points gained." See Nanjing City Appearance Administration (南京市容管理局 2003).

vendors and its own performance in carrying out this task, *shirong* officials often adopt an antagonistic, confrontational attitude especially toward unlicensed vendors but are also aware that the vendors and other city residents have a generally very low opinion of the bureau's enforcement practices. Here I will evaluate each of these issues.

First, despite formal regulations that prohibit commercial activities on the city's streets amid general concerns that street vending somehow conflicts with a desired city appearance, the Nanjing *shirong*'s approach to dealing with street vendors is influenced by the bureau's realization that street markets provide income-creating opportunities for vendors, no matter what their residence or registration status. However, the *shirong* provides differential access to street vending opportunities. The *shirong*'s licensing of some local, laid-off city residents (and the clear refusal to license migrants) is part of a larger effort by the local government, an effort more pronounced by some local *jiedao* than others, to be seen as pro-actively providing "market opportunities" to these residents.

At the same time, the *shirong* refuses to grant official operating licenses to migrant vendors and often punishes them and other unlicensed vendors with fines and confiscations. Nevertheless, the *shirong* does not go to the extremes of jailing or systematically using physical violence against unlicensed vendors to drive them off the streets once and for good. The *shirong* approach to licensed and unlicensed vendors thus constitutes a compromise solution. In fact, there is a recognition among some *shirong* officials I interviewed that many of the unlicensed street vendors provide products and services that others are unwilling to provide and that are also popular among consumers because of their convenience and price (Interview NJ10, 4/16/03). Some officials noted that street markets also provide a kind of market



opportunity for unlicensed vendors and at the same time act as a kind of social “safety valve” (Interview NJ25, 4/2/04).

Nevertheless, *shirong* officials (and *chengguan* officials I have interviewed in other cities – Interviews SH2, 3/12/03; XJ2, 5/26/06) express a universal distaste for the job of regulating vendors. It is important to note, however, there is a noted distinction between upper level management officials and members of the enforcement teams. As I discuss below, *shirong* officials generally expressed their wish that the bureau did not have to spend so much time and effort dealing with the vendors. But this did not necessarily mean that they thought ill of the vendors themselves. In fact, as a previous quote about bicycle repair vendors demonstrates, some officials made it clear that they respected vendors as hard workers who provided goods and services that were very much appreciated by most city residents.<sup>58</sup>

Despite such sentiments of respect for the vendors, which may in no small part have been aimed at me as the foreign researcher, a sense of frustration and a type of battle mentality seem a fitter description for how the *shirong*, and the enforcement members in particular, view their relationship with the vendors. One of the most prominent elements of the Nanjing and other *shirong/chengguan* bureaus’ own reporting of the their relationship with vendors was the view that day to day

---

<sup>58</sup> Bill Hurst (2004), in his discussion of regional variation in the relationship between local governments and laid-off workers and pensioners notes a similar attitude of some city officials toward worker protests. He argues that this is but one “frame” that officials use to view worker protest and that other frames, often less sympathetic toward the workers, exist in other regions. Given my focus on the one primary Nanjing case study I do not have my own primary evidence for how *shirong/chengguan* officials view their bureaus’ relationship with vendors in other cities. Clearly, any efforts to generalize from the Nanjing case would be premature, but increased media reporting of *shirong/chengguan* conflict with vendors in cities across the country support my Nanjing findings that whatever *shirong/chengguan* upper-level management officials may think, the relationship between the enforcement officials and vendors is generally fraught with conflict and tension. Hurst’s study on worker protest and official attitudes toward worker grievances shows that official “frames” are in part a function of differences in regional political economy (Hurst 2004:102-05). The same may very well be true of *shirong/chengguan* understandings of vendors, but if anything Nanjing likely lies on the “high acceptance” range of the spectrum given news reports from cities across the country detailing *chengguan* enforcement team abuse and subsequent vendor protest in response.

interactions with the vendors were in fact battles in an overall “guerrilla war” (*youji zhan*) (Fuwu Daobao 服务导报 2003; and Huang Jianying 黄建影 and Wu Jing 吴晶 2003). These reports complained that unregistered and mobile vendors, due in part to their high levels of mobility (*liudongxing hen qiang*), consistently found ways to outrun or otherwise evade *shirong* detection and “standardization and rectification” efforts. That the vendors’ unregistered and therefore legally ambiguous status as well as fear of *shirong* enforcement tactics gave them good reason to avoid confrontations with the *shirong*, or that they might become combative if threatened with having their means of making a living confiscated, seemed beside the point in these official guerrilla war reports.

Tragedies like the death of Li Zhiqiang described at the outset of this chapter only serve to exacerbate the highly confrontational and siege-like mentality of the *shirong/chengguan* officials. *Shirong/chengguan* propaganda posters further serve as visual reminders that interactions between unlicensed vendors and the bureau are likely to involve conflict and result in fines and/or confiscations. Given such images of the uniformed enforcement officers confiscating vendor carts and physically restraining vendors themselves it is clear that the *shirong/chengguan* are on the front line of policing China’s urban streets.

### **Alternatives: Creating Fixed Space Businesses and Moving on Toward the Regulation of Bigger and Better Things**

If the *shirong* really does see itself as engaged in a war against a guerrilla vendor army, does it have a victory or exit strategy? It is clear that the Nanjing *shirong* finds dealing with vendors to be its biggest regulatory challenge and the one towards which it directs the majority of its time and resources. The Nanjing *shirong* would, however, prefer that this were not the case and officials there instead expressed a desire to find some kind of a permanent resolution to what they see as the “street

vendor problem” and at the same time to expand the role of the *shirong* in “appearance-related” areas of city management. As for their preferred solution to the highly conflictual relationship with unregistered vendors, bureau officials claim that they would like to see mobile street vendors moved into fixed spaces that are then administered by the *shirong* itself. Models of the types of commercial centers *shirong* officials had in mind abound in Nanjing and other cities as well. They tend to be multi-story buildings that house numerous small shops that provide low-end retail and sometimes wholesale goods.<sup>59</sup>

In essence, moving the vendors into an indoor space administered by the *shirong* would facilitate the “standardization and rectification” of vendors. From the perspective of the *shirong*, moving vendors into a fixed space would theoretically not only ensure continued vendor livelihood but would also facilitate easier, more straightforward *shirong* oversight, including the collection of rental and registration fees. Once in a fixed market space, the *shirong* would theoretically manage the market very much as the Industrial and Commercial Administration (*gongshang*) does similar types of retail and wholesale spaces like those described above.<sup>60</sup> Having vendors in a fixed stall space, where they would pay regular registration and management fees (presumably to the *shirong*), would lead to a more regularized type of interaction between small private businesses and the *shirong*, less conflict and a

---

<sup>59</sup> Maybe the most well-known example of exactly this kind of a transition from “street” to “fixed-space” market is Beijing’s Silk Market where for years a sprawling outdoor market right next to the U.S. Embassy was a major tourist attraction specializing in knock-off name brand clothing. In late 2004 Beijing authorities shut down the outside market and moved vendors into a new multi-story building. Supposedly moving the market into a fixed space was to allow for better oversight of the many counterfeit products sold by merchants, but the availability of counterfeit western brand clothing seems to have diminished barely at all at the Silk Market or similar markets around Beijing that cater to foreign tourists. For more on moving the Silk Market indoors see Lou Dan 漏丹 and Zhang Jie 张杰 (2005). As is the case with *shirong* motivation to move mobile vendors into fixed-space markets the relocation of the Silk Market into an indoor, fixed-space location helps facilitate regulatory oversight and income from rental and registration fees.

<sup>60</sup> Other studies also stress the key role of the *gongshang* in facilitating and promoting the construction of fixed market spaces, especially in the case where street markets were seen to have negative effects on traffic and commerce (Blecher and Shue 1996:136-38).

more steady income stream. It is worth emphasizing though that such a move to a fixed commercial space would not, presumably, have much at all to do with what vendors actually sell in terms of derivation or quality. That is, the regulatory challenge posed by mobile vendors is not based on what they sell or the services they provide, but instead on *who* they are and *where* they operate.

Moving mobile street vendors into fixed space commercial centers may indeed be the long-run trend of street market regulation but it also faces a number of difficulties. First, both *shirong* officials and street vendors themselves recognize that part of the appeal of street-side stalls is their accessibility for consumers. Many vendors specialize in the sale of cheap and very popular street foods that are prepared on the spot. If forced indoors into a fixed stall space, food and flower vendors, among others, worry that they would lose the majority of their business. Others set up stalls near schools and universities and cater to students with a range of inexpensive consumer products and cleaning supplies for their dormitory rooms. Again, when asked about the prospect of moving indoors, these vendors claim that their customer base would largely disappear if forced to move to an indoor market further away from their target customers (Fieldnotes nj20, 4/23/03; nj33, 5/20/03 and nj48, 8/02/03).

Patrons of the street markets also express a similarly pessimistic attitude about the prospects of moving the vendors indoors. In addition to these types of business concerns on the part of vendors and their customers, *shirong* officials I spoke to also admitted to a lack of funding from within the bureau's budget for the building of such fixed market spaces (Interview NJ17, 9/15/03). Even more daunting, however, is the problem of bureaucratic competition. In particular, *shirong* officials recognized that even if they were to have the funds to build a fixed-space commercial center into which the vendors would be willing to move, such a space would then pass into the

jurisdiction of the *gongshang*, thus undercutting the *shirong*'s financial reasons for pursuing such a project (Interview NJ10, 4/16/03).

However, the *shirong*'s expressed interest in establishing and managing fixed market spaces is only part of a larger goal of expanding the bureau's role in a number of issue areas related to "city appearance" work. According to senior Nanjing *shirong* officials, the bureau would like expand authority to include oversight over a large range of issues including construction and real estate development, the building and maintenance of city green spaces and improving the city's public sanitation facilities, among others (Interviews NJ10, 4/16/03 and NJ20, 10/09/03). They argue that their portfolio already includes a regulatory role over these issue areas, but as things currently stand their authority is limited and often trumped by other bureaus such as City Planning, Sanitation, and Construction. These other bureaus do not want to cede authority to the *shirong* in part because the licensing and fining authority in these areas is highly lucrative whereas no other municipal bureaus are competing with the *shirong* for jurisdiction over street vendors.<sup>61</sup> However, despite these obstacles, one Nanjing *shirong* official pointed out admiringly and maybe with a bit of jealousy that in the southern cities of Guangzhou and Shenzhen the *shirong* bureaus there had successfully expanded their authority to control sanitation (*weisheng*) and (*huanjing*) environmental duties (Interview NJ25, 4/2/04). As it is, however, the Nanjing *shirong* continues to spend the majority of its time and energy policing the city's street vendors.

To anticipate slightly the upcoming discussion of how the *shirong* is perceived in the society at large, among the media and by other elements of the Party/state, I want to briefly discuss how the Nanjing *shirong* evaluated its own performance and to what extent it was aware of its negative reputation. *Shirong* officials I spoke with in

---

<sup>61</sup> See Mertha (2006) for more on "Bureaucratic Enforcement Markets" and enforcement efficacy.

Nanjing were very aware of the negative opinion that many local residents held of the bureau. Through their own inner-department evaluations and through public feedback, much of it through new online evaluations,<sup>62</sup> Nanjing *shirong* leaders were given a clear picture of the strength of negative local sentiment.<sup>63</sup> One Nanjing *shirong* official who has been involved in creating and evaluating the bureau's own self assessment reports candidly noted that

Our bureau has much yet to do to educate the common people [*laobaixing*] about our work and we also need to improve the quality of our service. Many people in Nanjing have criticized our enforcement teams for the way they have handled some situations and this has had a negative influence on our reputation among the people. (Interview NJ24, 3/22/04)

This official said the main reasons were that enforcement team members were often of “low quality” (*suzhi di*),<sup>64</sup> especially since many of them had relatively low levels of education, and at the same time often became frustrated by the evasion tactics of the vendors. He also mentioned that the bureau had been conducting its own district-level evaluations and that attempts were being made to improve the *shirong*'s reputation and performance.<sup>65</sup>

---

<sup>62</sup> For more on the burgeoning forms of electronic communication that citizens in Nanjing and other cities can express their opinions directly to local government bodies see Hartford (2005).

<sup>63</sup> Again, see the *shirong* performance evaluation (Nanjing City Appearance Administration 南京市容管理局 2003).

<sup>64</sup> This critique of *chengguan* officers as being of low quality is echoed in some of the scholarship describing the troubled relations between the *chengguan* and street vendors across the country (see Wang Yijun 王亦君 2006).

<sup>65</sup> Yang Dali actually mentions the Nanjing *shirong* as an example of how urban governments in China are very much a part of the move toward a regulatory state. Citing various Nanjing *shirong* surveys, Yang notes, as did my *shirong* interlocutors, that the bureau was one of the two least liked bureaus in the city. Yang cites *shirong* reports about how the bureau remedied the problems that made it so unpopular, thus showing that China's regulatory bodies are responsive to public opinion and well on the way toward good governance (Yang 2004a:177-78). This is but one example of Yang's focus on form over substance and his misplaced faith in government propaganda. My own interviews with *shirong* officials revealed a clear sense that despite attempts to change the situation, the public's disapproval of the work of the bureau ran rather deep.

### **Views of the *Shirong*: Vendors, City Residents and the Media**

If the Nanjing *shirong* harbors a guerrilla war mentality about its relations with the city's street vendors, how can we understand the relationship from the perspective of the vendors themselves? And how do other Nanjing residents and citizens in other cities as well as the media view the *shirong* and the *shirong*-vendor relationship? Although it would not be a stretch to believe that street vendors, especially unlicensed vendors who are most often the main target of *shirong* inspections and raids, view their *shirong* counterparts with contempt, this would be an oversimplification. Although when asked, unlicensed vendors often did complain about the excessive and often arbitrary fines and fees levied by *shirong* officials, rarely did the vendors express outright animosity toward the *shirong*.

More often, rather, the vendors' primary concern was that they be given the opportunity to make a living. Instead of lamenting heavy-handed *shirong* tactics, many migrant vendors simply wanted the same opportunity as their local vendor counterparts to attain a license and have a regular space and time in which to set up their carts free of fear of *shirong* reprisals. Other non-migrant, but still unlicensed, vendors offered a harsher view of the *shirong*. For example, one such vendor complained of the *shirong*, "They are thieves. They are not even a real government body [*zhengfu jigou*]. Besides, all they care about is making money off of us and making our lives difficult" (Interview nj73, 10/19/03). At the same time most unlicensed vendors, regardless of their residency status, voiced a desire for changes that would allow them a greater sense of stability in being able to practice their trade without fear of reprisal. Ultimately, however, most vendors I spoke with were resigned, at least for the short term, to a continuation of the conflictual status quo. Often with a bemused expression, migrants would tell me that the constant cat and mouse game between themselves and the *shirong* was simply the way it was (*mei*

*banfa*) and that being caught, with the attendant fines and confiscations, was sometimes unavoidable and part of the cost of doing business on the streets.

The reserved and practical attitude of migrant vendors toward the *shirong* contrasts rather sharply with the often biting critical attitude toward the *shirong* exhibited by other Nanjing residents. Many Nanjing residents I spoke with saw the *shirong* inspection teams as little more than groups of thugs, venting their wrath on defenseless vendors who are already in difficult circumstances. As one Nanjing resident told me back in 2004,

Common Nanjing people really detest those *chengguan* enforcement officers. My family has lived here a long time and we have never liked them. They are shameless [*buyaolian*]. I have some friends who always call them ‘black dogs’ [*hei gou*] or ‘dog legs’ [*gou tui*], that’s how much they hate them. (Fieldnotes 4/23/04)

Both of these epithets were originally used to refer to Chinese who collaborated with the former Japanese occupiers. Such sentiments take on special resonance in a city where Japanese atrocities went to such infamous extremes.

Various fixed-space Nanjing merchants who were witness to the daily interactions between migrant vendors and the *shirong* also made cutting comments about the basis for the regulatory legitimacy of the *shirong* itself. They argued that even the registration permits sold to the local vendors had no “real” official status since the *shirong* itself had no legitimate authority to issue such permits (Interview nj68, 10/06/03). They juxtaposed these fake (*jia*) permits against their real ones issued by the *gongshangju*. Moreover, some merchants argued that any claims to regulatory authority made by the *shirong* were undercut by their violent and self-aggrandizing behavior. As one local merchant commented, “They [the *shirong*] don’t really care



about regulating the city, their main priority is just to give out fines” (Interview nj89, 11/05/03).

Within the last year, in part because of the national media storm surrounding the Cui Yingjie stabbing death of Li Zhiqiang in Beijing, such criticisms of the *chengguan* have become increasingly pervasive as on-line blogs and even an increasing number of official media accounts document patterns of *chengguan*-vendor conflict in other cities as well. As a result, *shirong/chengguan* bureaus are under intense scrutiny and the bureau has come onto the media and popular radar screen as a contender for one of the least popular government bodies in China today. These criticisms fall into three main categories.

First, there are those who consider the *chengguan* to be a type of rogue bureau that more closely resembles the mafia than the government.<sup>66</sup> One Chinese blogger in a posting entitled “The Difference between The Local Government and Mafia “Protection Fees,” argued that a number of Chinese administrative bureaus (e.g. the *chengguan* and the Quality and Technical Supervision Bureau) have come to resemble mafia-type organizations that simply extract “protection fees” in return for allowing illegal behavior to continue (Shinian Kanchai 十年砍柴 2007).<sup>67</sup> Another media article from Gansu province likewise reported in the spring of 2007 that local *chengguan* officials had been charging fees and administering fines that essentially functioned as bribes to allow for the continued “chaotic” placement of street carts (Xiao Gang 肖刚 2007). What these reports have in common is a critique of the

---

<sup>66</sup> See Gambetta for more on how the mafia “produces and sells trust” as a commodity (Gambetta 1988; see also Gambetta 1996). For an argument that the state represents a legitimate “protection racket” see Tilly (1985).

<sup>67</sup> See also Suyou Tangmian 素油汤面 (2007) for a blog criticism of *chengguan* violence. This blog is hosted on the CCTV (China’s state-owned television) web site and prompted scores of responses, many that included stories from across the country of *chengguan* violence against street vendors.

*chengguan* for basically taking bribes as protection money in return for not ridding the streets of vendors.

However, a recent string of official media articles and editorials, sounding a similar note to the small Nanjing business owners I mentioned above, questions the very legitimacy of the *chengguan*'s authority and is distinctly more sympathetic toward street vendors than the “*chengguan* as mafia” critique. Beginning in the fall of 2006, the Party's most widely circulated English language mouth piece, the *China Daily*, began to publish a number of articles and editorials that, taken together, constitute a frontal attack on the *chengguan*'s regulatory authority. In these articles the *chengguan* is referred to as an “obscure outreach of local law” and its enforcement officers as “quasi-cops” (“Chagrin over *Chengguan*” 2007; Zhou 2007). Taking a direct shot at the basis of bureau's authority and explicitly calling into question its “legitimacy,” one *China Daily* commentary notes, “Even if the *chengguan* is a legitimate extension of the law, which remains a major question, this is clearly a waste of taxpayer money” (“Chagrin over *Chengguan*” 2007). According to another article, the *chengguan* basically usurped its authority from other bureaus. According to this article, the “*Chengguan* has 14 functions and 300 kinds of power, none of which, however, is endowed by law but [was] transformed from those of [the] industry and commerce administrations and public security bureaus” (Kwan 2007).

For local Nanjing residents, or even bloggers, to make such pointed criticisms of the *shirong/chengguan* is one thing, but the appearance of such scathing official Party commentaries raises the level of censure to new heights. It is highly ironic that the official, street-level, representatives of “law enforcement” (after all, even the Public Security Bureau officers do not have the *chengguan*'s “law enforcement” – *zhifa* – insignia on their uniforms) are being attacked by the *China Daily* for themselves lacking proper legitimate legal basis for their existence.

Finally, echoing themes that are familiar from the market order debate explored earlier in this dissertation, popular and media criticisms point out that the *shirong/chengguan*'s understanding of urban "order" is misconceived. Again, bloggers and media articles have argued that it is not the vendors but the *chengguan* itself that poses a threat to urban order. As one article states: "Compared with unlicensed street hawkers, lawless *chengguan* may constitute a bigger threat to urban life" ("Chagrin over *Chengguan*" 2007). Other articles note that the *chengguan* have a wrong-headed idea of what constitutes an orderly and therefore acceptable urban appearance and market environment. One such article begins: "A city's good-looking appearance does not necessarily mean uniformity" ("Abuse of Power" 2007). In citing an example of "standardization" gone awry, this article notes that *chengguan* authorities in Gansu and Hainan province, as well as in Beijing, have forced vendors to buy certain brands of refrigerators, protective umbrellas and signboards ("Abuse of Power" 2007). This opinion piece notes that all of this is done in the name of creating an "orderly" market, but it really constitutes a set of "kickback" schemes that are a result of the *chengguan*'s abuse of its "administrative" authority.

Another article titled "Don't Treat Street Vendors as Enemy" offers a form of neoliberal argument that street vendors may constitute the seed of a future market success case. As the author notes,

Many of China's giant wholesale hubs started some 25 years ago as such street ventures. My hometown had strict rules and stricter enforcement, driving most of the early peddlers out of town. The next town was more laissez faire. As a result, it now has a 'pillar industry' built on this cluster of erstwhile street entrepreneurs. (Zhou 2006)

This and other articles argue that rather than fining vendors and confiscating their carts, the *chengguan* and other city officials should be involved in setting up and subsidizing

new market spaces, including “shopping malls,” into which the more successful vendors can be moved (Zhou 2006; Wang Yijun 王亦君 2006). While not arguing for completely dissolving the nation’s *chengguan* bureaus, these articles stress the necessity of a new understanding about where urban stability and order come from and what the threats to them are. Ultimately, these critiques of the *chengguan* turn the logic of “rectifying and standardizing” market order on its head when they argue that China’s “harmonious society” relies on limiting and regulating the behavior of the *chengguan* itself.

One of the other policy alternatives that is mentioned and supported in some of these critiques of the *chengguan* involves establishing vending zones where mobile street vendors can set up and do business with government approval. City officials in Guangzhou, Chongqing, Shanghai, and from one district in Beijing have all put forward similar proposals (Zhou 2006; Deng Quanlun 邓全伦 2007; Wu Jiejun 吴洁瑾; The Beijing Daily 新京报 2007). What this policy would amount to is something short of moving vendors into fixed commercial spaces and more akin to a less discriminatory version of the Nanjing *shirong*’s licensing of local laid-off residents.<sup>68</sup>

However, at least in Shanghai and Beijing, these policy proposals quickly ran into roadblocks from the *chengguan* and other *jiedao* officials who would be in charge of establishing and regulating these vending zones (Chen Weihua 2007; The Beijing Daily 新京报 2007). One Beijing newspaper report on the stalled vending zone policy proposal offers a particularly illuminating critique of *chengguan* opposition (The Beijing Daily 新京报 2007). Using language very similar to general Hayekian arguments about spontaneously ordered markets and recalling even more specifically Zhao Shukai’s (2001) argument in the last chapter about “governed” versus

---

<sup>68</sup> One wonders, however, how much less discriminatory such policies would be in practice. For instance, the Chongqing proposal calls for establishing vending zones where laid-off workers, low-income city residents and migrants, in that order, could do business (Deng Quanlun 邓全伦 2007).

“spontaneous” order, the *Beijing Daily* article notes the tension between an autonomous or self-governing (*zizhi*) order and a *chengguan*-created and governed order. The article explains

The intent of this experiment [creating a vending zone] is to give free rein to the vendors’ own self-governing spirit [*zizhi jingshen*], in order to make use of the vendors’ own innate self-governing ability [*zhixu de neisheng liliang*] in order to resolve problems of vendor administration. (The Beijing Daily 新京报 2007)

The article stresses that *chengguan* opposition originates in bureau officials’ belief that allowing street vendors to operate freely in the proposed vending zones will negatively impact the *chengguan*’s legitimate/legal (*hefa*) right to regulate the vendors.

Specifically, the article notes

It is said that the reason [for *chengguan* opposition to the free vending zones] is that this kind of self-regulating behavior has a very strong possibility of bringing about the loss of the *chengguan*’s ‘law enforcement’ legitimacy [*chengguan* ‘*zhifa*’ *hefaxing*], because to the *chengguan* either it is legitimate [*hefa*] to set up vending stands on the roadside or it is the *chengguan* that regulates [*guan zhi*] the vendors, the two cannot exist at the same time.” (The Beijing Daily 新京报 2007)

In other words, the *chengguan* position is portrayed as: any street vending that is not subject to, or does not receive the bureau’s direct approval, is illegitimate. Full stop.

In contrast and much like Zhao Shukai’s earlier study, the *Beijing Daily* article stresses that if allowed to operate free from the heavy-handed influence of the *chengguan*, the vendors would not create disorder, but would largely self-regulate, thus making the *chengguan*’s overall task of regulating the vendors easier.

The centrality of the Chinese term “*hefa*” here highlights a key issue in the complex struggle over what constitute legitimate government and market behavior.

The *chengguan* authorities feel as if the very basis of their authority is at stake in allowing the vendors to operate without direct *chengguan* oversight, even if only within a very restricted area. The term *hefa* has the meaning of both “legal” and “legitimate,” but as I will argue in more detail in the following chapter, much of what is not necessarily strictly “legal” on paper is nonetheless countenanced either through popular practice or negotiation between market and state actors. That the *chengguan* feels threatened by an alternative, “self-regulating” form of market behavior (and that the official Beijing media critique would support this alternative form of order) says a great deal about how contingent, and therefore politically important, are various ideas about the basis of, and threats to, market order.

Speaking directly to this question of the sources of regulatory legitimacy, one of the most unexpected results of the spreading popular and media criticism of the *shirong/chengguan* is the argument that, of all things, the new property rights law will benefit street vendors and protect them from arbitrary *chengguan* fines and confiscation. Given that the announcement of Cui Yingjie’s commuted death sentence (in April of 2007) fell on the heels of the passage of the new property rights law (in March of 2007), many bloggers and media editorialists immediately began to argue that the new law should in fact be used to protect the vendors from the *shirong* since confiscations amount to illegal seizures of private property (Kwan 2007; Liu Hui 刘慧). A Sichuan University law professor quoted in the *China Daily* argued that “The Property Law highlights the infrangibility of private properties [sic], so it goes against the new law to confiscate peddlers’ merchandize and dealing wares” (Kwan 2007). While one *China Daily* article (Kwan 2007) expressed optimism that the law would indeed work on behalf of street vendors in restricting *chengguan* property confiscations, a variety of experts, including scholars from the Chinese Academy of Social Sciences and China University of Political Science and Law, weighed in with

more varied and skeptical opinions about how the law might actually affect *chengguan* regulatory behavior (Wang Jun 王军 2007).

Whatever the eventual impact of the property rights law on *chengguan*-vendor relations,<sup>69</sup> the debate and intense interest in this topic on the part of both the government and popular opinion highlights the importance of competing understandings of threats to and the basis for market order. For instance, neoliberals were supposed to be supportive of the property rights law as part of their interest in restricting the intrusive role of the state in the economy while promoting big business and state owned enterprise (SOE) privatization, while the New Left was supposed to be opposed to the law in the name of the workers and social justice. As it is, not just popular opinion but the official media as well as a variety of legal experts have weighed in largely in favor of the law as a way to protect the disadvantaged vendors in the face of what is described as an abusive and rogue state bureau (Chen Weihua 2007; Kwan 2007; and Zhou 2006).<sup>70</sup> Ultimately, the very neoliberal idea of strengthening property rights is being promoted, by among others, the official media, all in the name of protecting a “vulnerable” social group that is simply trying to participate in the benefits of the country’s burgeoning market economy. Unlikely as it might seem, the

---

<sup>69</sup> A December, 2007 *Xinhua* article announced a comprehensive overhaul of the way the Beijing *chengguan* was to go about its regulatory duties. The article notes that “Beijing...released a set of norms for the city’s urban management officers in a bid to promote ‘civilized methods’ of law enforcement ahead of the 2008 Olympic Games. The norms, written in the newly-made measures on how urban management officers should exercise their power and responsibilities, requires them to maintain ‘civilized language’ and ‘dignified conduct’ in the process of law enforcement, and bans any abuse of power or verbal and physical assault on others. The regulation, which will be in effect from January 2008, also requests urban management personnel to properly keep confiscated properties, which will be open for claims from the original owners” (“Norms for Urban Management Ahead of Olympics” 2007).

<sup>70</sup> Note that at least official media attacks on the *chengguan* and support for the property rights in limiting *chengguan* abuse of vendors are not aimed at the Party or the state in general, but on what is argued to be an anomalous and “obscure” branch of urban governments. Some blog accounts of recent government failures to protect consumer rights and vulnerable social groups like vendors do, however, contain more of a focus on system-wide government critique (see Lian Yue 连岳 2007).

vendors and the *chengguan* have become front and center in testing the nation's new property law.

## Conclusion

Within a week's period in early June of 2007 the western press picked up on two stories coming out of China about riots in the massive western city of Chongqing and in Zhengzhou, the central China capital of Henan province (Chang 2007; "Police Assault..." 2007).<sup>71</sup> Of course, there are thousands of similar reports each year about various "protest events" all across the country. Yet the Chongqing and Zhengzhou riots were not sparked by the usual causes of disgruntled laid-off workers and peasants so often reported in the western media, but instead they were triggered by *chengguan*-vendor conflict. According to the reports, the Zhengzhou riots followed after a *chengguan* enforcement team official beat a local female college student who had set up a small make-shift vending stand near the university (Chang 2007 and "Hundreds Riot..." 2007). Fellow students from three nearby universities converged on the scene, overturning official vehicles and scuffling with the authorities. The Chongqing case involved a similar scenario as a street-side flower seller was confronted and beaten by *chengguan* officials, triggering anti-*chengguan* riots ("Police Assault..." 2007). Indeed, similar stories have been reported for years,<sup>72</sup> but have increased resonance in light of the heightened media and public attention paid to *chengguan*-vendor relations since the summer 2006 killing of Beijing *chengguan* enforcement official Li Zhiqiang.

---

<sup>71</sup> Footage of the protestors in Zhengzhou is available on *Youtube* at <http://www.youtube.com/watch?v=1rcUEPqJCxI>. Protestors can be heard clearly in the background yelling for the official responsible to show himself ("让他出来, 让他出来").

<sup>72</sup> For example, in 2003 riots ensued after a street vendor in Zoucheng City, Shandong Province was killed by a *chengguan* enforcement truck when the vendor stood in protest in front of the vehicle as it attempted to drive away with his recently confiscated cart ("Thousands Riot" 2003). The image of this lone vendor standing defiantly in front of the *chengguan* truck stacked high with confiscated goods is no where near as famous as that of the 1989 Tiananmen protestor standing alone in front of the tank, yet it may be more relevant to contemporary state-society relations than that earlier image.



If the protagonists in the tragic story I told at the outset of this chapter are largely unknown quantities to a non-Chinese audience if not within China itself, they are increasingly in the spotlight both at home and abroad. Indeed, the stories I have related to bookend this chapter are examples of extreme outcomes of the Chinese state's efforts to build new regulatory institutions and capacities to govern a range of market forces that the state itself unleashed. As I have demonstrated throughout this chapter, the *shirong* in Nanjing and its *chengguan* counterpart in cities across the country is itself but one of many new, or at least newly reformed, institutions designed to regulate and govern China's emergent market forces. Yet the *shirong/chengguan* bureau is a special type of new regulatory institution. Among various other duties, its primary responsibility is to regulate an officially prohibited form of market behavior: street vending.

At the outset of this chapter I asked how the Chinese state had set about trying to create new institutional forms and capacities to replace the key institutions of Maoist era social and economic governance. In particular, I was keen to understand what mechanisms, if any, had replaced the Maoist era *danwei* and *hukou* institutions that were the pillars of urban social and economic order. If the regulatory or developmental state scholars were right, surely some highly effective, if strategically-oriented, regulatory institutions would be in place. Or, if the partial reform and New Left scholars or central officials concerned with the proliferation of disorderly markets were correct, I should expect to find a lack of any state regulatory presence at all, or at least corrupt and venal local officials shielding out-of-control markets from proper regulatory authority. A final option, if the Chinese neoliberals were right, was that in the absence of state regulation I might find markets that were largely self-regulating. What my research shows is that instead, new institutions have been created to govern new types of markets and market actors. The resulting relationship between the state

and these markets reflects the contentious process of re-regulating urban order and commerce.

If the *shirong* are the ground troops of market order in the cities, a view which is repeatedly corroborated throughout this chapter in the *shirong*'s own words and documents as well as both popular and media perceptions of the bureau, then the results have been decidedly mixed. The *shirong* faces a complex mix of incentives in its efforts to establish and maintain orderly street markets. On the one hand official regulations prohibit any form of unapproved commercial activity on the city's streets and both the *shirong* and other municipal bureaus express a sense that haphazard street markets present a kind of chaotic and pre-modern blight on the modern city appearance they are trying to create. This goes hand in hand with other negative influences attributed to street vendors including blocking vehicle and pedestrian traffic, disturbing registered businesses, creating garbage and selling unsafe food or counterfeit goods. In light of this the bureau views itself as engaged in a kind of "guerrilla war" and makes various, although uneven, efforts to discourage unlicensed street vendors from setting up their stalls, including fining and confiscation measures.

On the other hand, the *shirong* faces other countervailing pressures and incentives when it comes to ensuring market order. That is, for all of the negative aspects associated with street vending, it is also associated with a number of positive attributes. First, and probably most important, street vending offers incoming-earning possibilities with very low start-up costs for those who might otherwise have few other sources of income. As I have demonstrated, the Nanjing *shirong* seeks to provide privileged access to street vending opportunities to local laid-off residents. Yet while it sanctions some street vendors and seeks to "block and scatter" others, the *shirong* remains engaged in a kind of standoff with unlicensed vendors. These vendors and the *shirong* engage in an almost daily, sometimes comical and sometimes brutal, game of

cat and mouse, but the mice are never definitively driven away. At the same time, through the licensing of some vendors and the income from fines and confiscations from others, the bureau ensures a steady source of revenue.<sup>73</sup> Finally, as I have demonstrated, any sense that street vendors or street markets more generally are a blight on the city's modern appearance and otherwise create a variety of hazards is counterbalanced by a deep-rooted, historical, and popular appeal of such markets. Not only do city authorities and private developers play on the commercial appeal of "ancient" forms of outdoor markets, but any visit to Nanjing's street markets, small or large, will quickly demonstrate that there is no shortage of customers, day or night.

Ultimately, then, the *shirong*'s efforts to regulate the city's street markets and vendors are buffeted by contradictory incentives and understandings of what underlies and what threatens market order. The result is often an uneasy accommodation of the city's street markets. In the meantime, the Nanjing *shirong* and the *chengguan* bureaus in other cities have come under increasing popular and now official attack for their attempts to enforce a particular kind of state-imposed rather than "self-governed" kind of order. The bureau is criticized both for allowing and for not allowing the continuation of street vending. Most ironic of all are the withering criticisms from the official *China Daily* itself that have declared the need to reconsider what constitutes the greater threat to urban market order: the *chengguan* as the official agents of the state or street vending as an officially prohibited form of market activity. When official press editorials defend street markets as capable of producing their own kind

---

<sup>73</sup> Solinger, in her 1999 book on migrants, provides an interesting table that looks at the incentives of different regulatory bodies in relation to their work with migrants (Solinger 1999:67). For each agency she asks if "order" is a goal and if "revenue and/or rent earning" is a "goal or possibility." She mentions "Urban appearance" as one of the duties of the local government, and while she does not provide the Chinese term for the associated bureau, she is most likely referring to the "*shirong*." She notes that the urban appearance work does involve order as a goal but that revenue or rent-earning is not a goal. She is correct about order as a goal, and while she is certainly right that in a relative sense urban appearance regulation does not offer the same revenue and rent-earning as other regulating other sectors, such incentives loom large for *shirong* bureaus and the officials who work in them.

of spontaneous order one is reminded of the ways in which the commanding heights of economic ideas can sometimes have a surprising yet powerful influence on the most local of state-market relations.

## Chapter 4

### China's Marginal Markets in Comparative Perspective

In the last two chapters I have shown different ways in which Chinese state preoccupation with the maintenance of “market order” plays out at various levels of the government with complex and often contradictory results. In this chapter I seek to place the foregoing analysis of state regulation of street vendors in a comparative context in order to demonstrate that street markets are but one type of market in China that is similarly regulated by the state. First, I will briefly focus on a number of 20<sup>th</sup> century historical studies of Chinese government reforms aimed at creating and regulating productive yet socially stable urban markets. I highlight how these efforts compare with contemporary regulatory reforms and state-market interactions identified in the previous two chapters.

Next, I turn my attention to contemporary Chinese comparisons. In this section, I focus on *chengguan*-vendor interaction in two Chinese cities aside from Nanjing: Beijing and Xinji. Then, I broaden my focus to look at how *shirong/chengguan* regulation of street vendors is but one type of state regulation of what are ostensibly illegal markets, and that then become marginal markets as a result of state regulatory practice. I will show how state regulation of the sale of counterfeit goods, prostitution, non-state bank finance, the recyclables trade and migrant housing and garment production all share key similarities with regulation of street vendors.

Finally, I will place the regulation of China's street vendors and other similarly regulated markets in an internationally comparative perspective. My focus here will be on the concept of “informality,” which for many scholars and international organizations provides the main analytical lens for understanding not only street

vending but a vast array of semi-legal production and service activities in the developing as well as the developed world. I will show how the concept of informality has been defined and employed in a variety of international contexts, including very recently in China as well. I argue that the association of informality with “unregulated” markets and labor, in addition to containing a series of embedded normative assumptions, renders the concept a problematic tool for any study, such as this, that seeks to explain patterns of state-market regulation. However, it is exactly by exposing these hidden assumptions and asking in what ways markets in China may be unregulated that allows us to shine a bright comparative light on the dynamics of China’s own state-market relations. As an alternative to informality I offer the concept of marginal markets, a concept that will more easily facilitate the analysis of the state’s role and intentions in governing such markets.

I argue that in China, instead of seeing street vending, prostitution, the sale of a range of counterfeit consumer items and a range of other formally prohibited (what in rule of law system would be considered “illegal”) market activities as part of a Chinese informal economy, we should understand them as *marginal* markets. I define marginal markets as those that are formally prohibited (by laws or bureaucratic regulations or rules) but that as a result of state enforcement behavior that blends toleration with periodic punishment, exist and often flourish. One ethnography of sex tourism in China’s southwest province of Yunnan captures the essence of marginal markets in her description of the flourishing market for prostitution there: “A quasi-legal business under the gaze of the state” (Hyde 2001:155). This quote points to the ambiguous and flexible legal status of this type of market behavior as well as to the state’s knowledge of, and often participation in, its continued existence.

I argue that the maintenance of marginality constitutes a key method of governance that has important implications for questions of state capacity and

legitimacy. Such a de facto policy of largely allowing these market activities to persist, but with the ever-present possibility of crack-downs by authorities, allows regulatory officials to balance a variety of competing incentives and goals. On the one hand, periodic enforcement of prohibitions through fines, confiscations and other punishments maintains some level of bureaucratic authority while signaling to market actors and higher level officials that laws against formally prohibited behavior are indeed being enforced. On the other hand, creating counterbalancing arrangements which largely allow these market practices to continue facilitates bureaucratic revenue-creation, income-generation for those who operate these markets, and satisfies popular consumer demands.

The result is a kind of delicate balancing act where the rules of the game are constantly negotiated and renegotiated. Paradoxically, when the state decries certain practices as threats to market order and then engages in the maintenance of marginal markets as a regulatory response, the ultimate result can sometimes be social destabilization and accusations of illegitimate state behavior. I argue that this is the trade-off in a system that formally declares rule of law and the creation of a new “regulatory state” to govern its new market economy but where the law and regulations themselves are not and cannot be universally, systematically and consistently enforced because to do so would threaten the Party’s monopoly on power.

### **100 Years of Governing China’s Changing Urban Markets**

Research on late Qing and Republican-era urban state reforms has highlighted various efforts by local state officials to create modern institutions of urban governance. Work by Strand (1989), Wakeman (1995) and Stapleton (2000) for example, has focused on the social and political processes of creating modern police forces in cities like Beijing, Shanghai and Chengdu. Here I will briefly reflect on the

arguments made by Stapleton and Strand for what they can tell us about more the contemporary relationship between the Nanjing *shirong* and street vendors as well as state regulation of other types of marginal markets. Then, fast-forwarding to the period of socialist urban reforms, I will briefly look at Abrami's (2002) work on the fate of "small traders" in Chengdu during the Maoist era. Combined, these works highlight how the efforts of local governments to create productive and orderly urban centers are part of a project that goes back to well before the Communist revolution. At the same time, this project shared many of the same challenges of regulating not just a range of existing and newly emerging social groups and markets, but also in controlling the behavior of those officials charged with ensuring order.

Stapleton's (2000) work focuses on late Qing and early Republican era (1890s through 1920s) efforts to turn Chengdu, the capital of Sichuan province, into a "modern" city with well planned commercial, entertainment and residential districts as well as a modern police force to maintain order over it all. City planners explicitly modeled Chengdu's reforms on the city of Tokyo, viewing it as a model of dynamic, well-planned and competently-governed urban life. One of the key lessons that Chengdu planners took from urban reforms in cities like Tokyo was that marginal markets for, say, prostitution, could be best regulated through the creation of districts in which such markets were tightly monitored and controlled by the local government authorities.<sup>1</sup> Stapleton also highlights how Chengdu's urban reformers tried to balance the creation of new regulatory agencies with existing institutions like the *baojia*, or mutual supervision, system that was inherited from centuries of dynastic rule.

---

<sup>1</sup> Other issues that new urban regulatory and police authorities sought to manage were sanitation, medicine and vagrancy (Stapleton 2000:111).



Ultimately, however, Stapleton stresses that the underlying logic of urban administrative and policing reforms was to create both a productive and orderly urban environment. As Stapleton argues, the idea of creating a “civilized” urban environment in Chengdu was tied to the creation of “an orderly and productive urban community” (Stapleton 2000:70). Yet for all of the reformers’ efforts to create this civilized, orderly and productive urban center, they faced many challenges not unlike those that confront today’s urban regulatory reformers. As Stapleton explains:

Most of the men who served on the staffs of Chengdu’s officials were not paid from the taxes remitted to the provincial treasurer; they shared in the division of the “customary fees” that every person who had dealings with the officials was routinely obliged to pay. Not surprisingly, given their need to be entrepreneurial in order to support themselves, runners [a rough equivalent of today’s enforcement team members] had very bad reputations in Chengdu and throughout China, according to elite writers, who saw them as corrupt parasites who fed off the misfortunes of the people and colluded with local bullies. (Stapleton 2000:39)

Thus the efforts to create civilized, orderly and productive urban centers was complicated, as it is today in many ways, by the presence of a range of marginal social groups and markets as well as by the difficulties of not just creating new administrative rules and entities, but also by the challenges of regulating the behavior of the officials in charge of enforcing those rules.

While Stapleton concentrated on the city of Chengdu, a major urban center but one far from the seat of central authority, David Strand’s research focuses on the city of Beijing in the 1920s. Granted, Nanjing was the capital of the Republican China in which Strand sets his story, yet in many ways Beijing remained one of the most important centers of politics and commerce. As in Chengdu, local Beijing officials in the 1920s wanted to promote urban development while at the same time creating a police force to maintain control and order over this urban dynamism. In his book,

titled *Rickshaw Beijing*, Strand highlights the role of the city's burgeoning population of rickshaw drivers and the often highly conflictual relationship they had with the newly created police force.

In a number of important ways the rickshaw driver-Beijing police force relationship of the 1920s foreshadowed important elements of the Nanjing *shirong*-vendor relationship. For instance, rickshaw drivers and the new police force that spent a great deal of its time trying to regulate the market for rickshaw services, were often drawn from roughly the same pool of newly-arrived and often poor city residents (Strand 1989:54). As is the case with Nanjing's migrant street vendors and many of the *shirong* enforcement team members, a new urban resident in Beijing in the 1920s might just as easily become a rickshaw driver as a policeman who might fine or confiscate the driver's rickshaw. There was also a notably conflictual relationship between rickshaw drivers and the newly created police force responsible for regulating the rickshaw market. In a statement that could as easily apply to today's *shirong* efforts to regulate vendors, Strand notes that "Policemen, recruited to the task of keeping order as pioneer agents of the modern Chinese state, faced in rickshaw men a moving target resistant to social control" (Strand 1989:65). However, again reflecting current debates about how the state should best seek to regulate vendors or other marginal markets, Strand emphasizes that while the creation and maintenance of an "orderly city" was often a commonly agreed upon goal, the "rules and standards" used to judge successful attainment of that goal were far from universally accepted (Strand 1989:98).

Finally, in work on China's more recent Maoist past Abrami (2002) demonstrates how "small traders" were slowly but surely pushed to the margins of the newly planned economy. Focusing on the *gongshangju*, Abrami shows not only that small traders continued to operate throughout the height of Maoist efforts to stamp out

and delegitimize their activities but that they emerged from the end of the Maoist era well-situated to take advantage of new market openings. This is so precisely because through their own subversion of Maoist anti-market morality and because of state efforts to marginalize them, small traders operated within a zone of relative autonomy, largely free from the regulatory gaze of state officials. Abrami's emphasis on the ability of many small traders to disguise their activities as conforming to socialist collective ideals while really engaging in private market activity is a precursor to many contemporary marginal markets that front as a legitimate, officially approved business while really engaging in otherwise officially prohibited market activities. My work in Nanjing highlights how such contemporary small traders are now clearly much more visible to newly created state bureaucratic entities like the *shirong* and that other marginal businesses frequently engage in officially prohibited activities with the full knowledge and sometimes complicit agreement of the regulatory officials. Yet at the same time it highlights how such visibility has not resolved fundamental questions about how the state should best regulate this group in order to create orderly outcomes.

### **Contemporary China Comparisons**

#### *Vendors and the Chengguan: Beyond Nanjing*

While the primary field site for my *shirong*-vendor research was the city of Nanjing, I also conducted more limited primary research in Beijing as well as Xinji City in Hebei province. Here I will briefly outline some of my findings for those two cities to highlight what in many ways are similarities with the Nanjing *shirong*-vendor dynamic as well as to point out some relevant differences. My findings from these two sites are much more limited in scope than those from Nanjing, yet in both cities I was able to add to the base of knowledge that I built in Nanjing. Ultimately, the findings from these two sites highlight that the *shirong/chengguan* is the

government entity with primary oversight over vendors and that the bureau spends the majority of its resources and time dealing with vendors (as opposed to other of its official regulatory tasks). In addition, *chengguan* bureaus in other cities also adopt a similar regulatory stance toward unlicensed street vendors through the reinforcement of marginality.

In Beijing, over the course of the three years from 2004-2007, I engaged a range of street vendors in informal conversation.<sup>2</sup> One important difference from Nanjing, and this may very well be a function of where in the city I have spoken to vendors (mostly in Haidian district, which is the home of many of the city's universities and also the high tech center), is that none of the vendors I have spoken with are Beijing city residents. Many are from neighboring Hebei province while others are from Anhui or as far away as Tibet, but all of them are migrants and they are mobile. As with migrant vendors in Nanjing, Beijing's street vendors are denied access to registration permits and are therefore prone to *chengguan* fines and confiscation.<sup>3</sup> During the warmer months, Beijing is full of open-air food and beverage markets with individual stands, which are sometimes run by non-Beijing residents. However these "*dapaidang*" are almost always set up in the parking lots or open spaces that are part of larger commercial establishments, which allows them to gain *gongshang* licenses.<sup>4</sup>

The Beijing *chengguan* is similar in many ways to the Nanjing *shirong*. Enforcement team members wear the same uniforms and appear to be drawn from the same age range as Nanjing *shirong* officials. Flatbed trucks used for confiscated

---

<sup>2</sup> See Appendix for list of these informal interviews.

<sup>3</sup> However, there are day markets, set back from the street itself, that are in fact overseen by the local *gongshangju* and that allow non-Beijing residents to rent stall space.

<sup>4</sup> These *dapaidang* fall under the jurisdiction of the *gongshang* and not the *chengguan* because they are not on the sidewalk or street but instead are set up on the grounds of commercial or government properties.

goods and carts are less obvious than small trucks and the new, high tech vans outfitted with security cameras mentioned above (see footnote 47). *Chengguan* propaganda posters are ubiquitous and prominently display enforcement officers physically confronting vendors and confiscating their carts.<sup>5</sup> In the neighborhood where I live teams of mobile vendors will often set out their wares in the shadows thrown by the *chengguan* posters. Public Security Bureau vehicles pass amongst the vendors, warning that if vendors do not allow passage for pedestrians *chengguan* officials will soon arrive and be much less lenient than the PSB. Ultimately, despite being the capital and all of the talk of building a “New Beijing” for the Olympics, both of which might lead to a complete eviction of mobile street vendors, the vendors and their *chengguan* counterparts are increasingly ubiquitous.

Finally, beyond Nanjing and Beijing, in the spring of 2006 I had the opportunity to participate in a research trip to Xinji City in Hebei Province (Interviews XJ1-7, 5/25-5/29/06). This trip involved interviews with local government officials across a number of bureaus. Of particular relevance were discussions with city *chengguan* and *gongshang* officials. Our interviews revealed a number of similarities and differences between the Nanjing *shirong* and the Xinji *chengguan*. Xinji’s *chengguan* bureau, created in 2003, is newer than the Nanjing *shirong*, but shares many of the key duties (Interview XJ2, 5/26/06). These include overseeing outside lighting and signage, especially for commercial spaces, as well as regulating street vendors. Unlike Nanjing’s *shirong*, the Xinji *chengguan* also supervised the city’s small public transportation system, which includes a four line bus system. But as in Nanjing, the Xinji *chengguan* identified street vendor regulation as its most difficult and time-consuming task.

---

<sup>5</sup> These propaganda posters seem intent on displaying the antagonistic relationship between the *chengguan* and the vendors. They show various scenes of *chengguan* enforcement officials confiscating fruit stands and physically confronting vendors.

Our research team's main *chengguan* interlocutor noted that most of the city's street vendors were a combination of migrants and laid-off workers and that they tended to be "uncultured" (*meiyou wenhua*) and generally "lack an urban mentality" (*hai meiyou chengshi gainian*) (Interview XJ2, 5/26/06). We were told that Xinji's *chengguan* enforcement teams were composed of mostly Xinji residents, many of whom were formerly in the military. The Xingji *chengguan* official we interviewed argued that of course there was tension and conflict between *chengguan* officials and vendors. He offered that in many ways even though the *chengguan* only had "administrative powers" (*xingzheng quan*), the bureau's work with vendors often had a great deal in common with the duties of the public security bureau, which he told us has "public affairs powers" (*gongwu quan*) (Interview XJ2, 5/26/06). Nevertheless, in a wish similar to that of the Nanjing *shirong*, he hoped that the difficult relations between the city's *chengguan* and street vendors would disappear within a decade as the vendors were eventually moved into fixed places of business.

Finally, the *chengguang*'s focus on the maintenance of "order" as one of the primary goals of the bureau's work with vendors was clear from both our interviews and in the written documentation provided to us by the bureau. In the section devoted to the city's drive to attain "middle size city status," the first item listed under "Strengthening the Management of City Appearance Order" (*jiaqiang dui shirong zhixu de guanli*) is controlling street-side vendors who operate against the rules (Xinji City *Chengguan* 辛集市城管 2006:5).<sup>6</sup> Given only a listing of *chengguan* duties and goals, one could be forgiven for believing that Xinji (or Nanjing for that matter), was a spotless model of Chinese urban modernity along the lines of Singapore. Thankfully

---

<sup>6</sup> *Chengguan* propaganda posters in Xinji, with the bureau's uniformed officers front and center as symbols of urban order, clearly link the bureau's work of regulating the city based on the law with the city's larger goal of attaining "middle size city" status. See Blecher (2006:22) for a photograph of Xinji *chengguan* propaganda and his analysis of this image.

it remains a much more interesting collection of sights and smells, the small city itself a product of the social, economic and political forces at play across the country.<sup>7</sup>

### *Other forms of Chinese Marginal Markets*

Based on my discussion above about how China's street markets constitute one example of the larger phenomenon of marginal markets, here I will discuss a range of other forms of Chinese marginal markets. I will focus on how state regulation of these various markets is part of a governance strategy that seeks to reinforce the marginality of these markets by neither completely and officially permitting them nor completely seeking to eradicate them. For each of the examples of marginal markets below I will point out how they fit into the basic typology I present in chart 4-1 and note the various ways in which each presents a possible threat to market order. I will then show how the response to this threat involves neither the complete eradication nor the official authorization of these markets, but instead involves maintaining their marginality in order to balance various competing incentives and goals. The information presented for these cases is drawn from a mixture of my own primary research as well as secondary sources.

---

<sup>7</sup> For more on street vendors in Hong Kong see Smart (1986; 1989) and on night markets and "informal" employment in Taiwan see Yu (2004) and Cheng and Gereffi (1994), respectively. As I noted in chapter three, scholars have traced the tradition of Chinese street markets back thousands of years and anthropological studies of contemporary street markets in Hong Kong and Taiwan emphasize that such markets are deeply ingrained in Chinese culture (Smart 1989; Yu Shuenn-Der 2004). I am waiting on a response from Yu Shuenn-Der for a copy of his Ph.D. dissertation (1995), which intriguingly highlights the association of Taiwan's night markets with "disorder."

### Counterfeiting

As I note in chapter three, some Chinese and western media reporting on street vendors in China presumes that one of the main reasons the *chengguan* has for periodically punishing unlicensed vendors is because they often sell counterfeit and/or shoddy products. As I have argued, however, the main threat to market order (as interpreted by the *chengguan*) posed by unlicensed street vendors has less to do with *what* they sell than with *where* they do business (on the street and not in a fixed location) and *who* they are (often migrants). Nevertheless, many fixed-place wholesale and retail businesses that specialize primarily in pirated products do constitute another form of marginal market in China. Whether they sell counterfeit name-brand clothing, cosmetics, designer bags (examples of patent infringements), or copied movie DVDs, books, or software (examples of copyright infringements), the products sold by these businesses are all officially prohibited as violations of intellectual property rights (IPR).<sup>8</sup> Here, because my goal is to highlight various forms of marginal markets, I do not attempt to offer a comprehensive analysis of IPR infringement and enforcement in China. Instead, I offer a number of observations based on both formal and informal interviews with business owners who specialize in the sale of fake or counterfeit goods on how their interactions with state officials reproduce marginality (Interviews SH1,3,4,5,6 and 10, 3/10/03-11/16/05).

As with *shirong/chengguan* regulation of street vendors, state regulation of intellectual property rights involves a combination of the periodic enforcement of anti-counterfeiting laws and regulations with a range of practices that amount to allowing for the continuation of the sale and production of such products. While there are a range of official prohibitions (formal laws as well as administrative regulations)

---

<sup>8</sup> See Mertha (2005) for the most comprehensive analysis of the political economy of IPR in China. See Dimitrov (2004) for a comparison of the effects of federal structure on IPR enforcement that includes China.



against both the production and sale of counterfeit and pirated goods, officials in charge of enforcing IPR laws often work out a variety of arrangements with those businesses who sell these goods that allow for the continuation of their sale of the counterfeits. Often, these businesses are able to attain an official *gongshang* business license, not explicitly for the sale of illicit products, but as a general clothing goods, entertainment, cosmetics, etc. store.<sup>9</sup> Once set up with the license, they then proceed to sell counterfeit goods. At this point, state regulation becomes one of marginalization through periodic crack-downs, fines and confiscations followed by periods of benign neglect. While all along officials from a range of different bureaus may make appearances in order to allow the merchant to continue doing business.

A couple of examples from Nanjing can help clarify how such arrangements are made. Informal conversations with a range of counterfeit DVD, cosmetic and clothing stores revealed that enforcement officials not only knew of the sales of counterfeits, but made explicit arrangements that allowed for such sales to continue. In the case of one DVD seller, his store had two types of DVDs for sale: legal/real (*zhengban*) and pirated/fake (*daoban*) (Fieldnotes nj70, 10/14/03). The small selection of “real” DVDs were displayed separately on one wall of the store and cost from three to ten times as much as the “fake” DVDs that filled the bins in the middle of the store. The owner of the store revealed to me that the supposedly real DVDs on the wall had been sold to him by agents from one of the bureaus in charge of enforcing copyright laws and that similar periodic purchases constituted part of the price for

---

<sup>9</sup> On the one hand some of these arrangements clearly fit the most common definitions of corruption: using public office for private gain (see Lü 2000a and 2000b as well as Sun 2004). Yet my conversations with *gongshang* officials (Interviews NJ18 and NJ19, 9/30/03; NJ23, 12/04/03) also revealed that often bureau officials were happy just to have locals engaging in entrepreneurial ventures, even if they were sometimes in borderline legal enterprises. Moreover, in lieu of demanding regular business tax payments, officials often negotiated in-kind payments (e.g. a certain quantity of DVDs that could then be given as presents to superiors) as a substitute. Many small business owners may indeed have associated such official practices as involving corruption, but to the extent that they allowed the owners to continue to engage in legally questionable activities those owners sometimes saw it as another cost of doing business.

being allowed to continue to sell the fake DVDs. Moreover, it is not all clear that the so-called real DVDs were in any sense officially licensed products from the foreign movie company. Other owners revealed similar stories to me and also told me that even when their stores were subject to a raid they could simply hand over a small selection of products to satisfy the officials. Thus the boundary between legal/illegal, permitted/prohibited is constantly being negotiated in these marginal markets.

If arrangements are often made to allow for the continuation of wholesale and retail sales of counterfeits, the production of such products remains a somewhat more precarious, yet still fully marginal activity. If the continuation of sales activities often relies on arrangements made between business owners and officials, the producers of such products often attempt to retain a lower-profile.<sup>10</sup> While similar arrangements between enforcement officials and producers that allow for continued production or for official cover certainly exist, my own interviews focused more specifically on the incentives provided to enforcement officials by mostly foreign firms seeking to crack down on counterfeit production of their products. What these interviews revealed was that private anti-counterfeiting agencies based in China have their own investigation teams that seek out large-scale counterfeit manufacturing operations. Once they identify such an operation they make an arrangement with the foreign company to proceed with negotiations with Chinese enforcement authorities in order to arrange for a raid on the production facilities. What this means in practice is that the foreign (say, widget) company pays the China-based anti-counterfeiting consultant to identify counterfeit production operations and to inform and provide incentives to local Chinese enforcement agents to halt such operations. In short, the anti-counterfeiting consultants get paid to do the Chinese enforcement officials' jobs of identifying anti-

---

<sup>10</sup> Not unlike street vendors, those who sell any range of counterfeits to the public in either a wholesale or retail capacity need to be more clearly visible to their potential customers than the producers themselves.

counterfeiting operations and in turn pay those enforcement officials to enforce the law (Interviews SH3, 4 and 5, 4/18/03).<sup>11</sup>

While only snapshots of a much larger and more complicated pattern of state oversight of the production and sales of counterfeit goods, these stories reveal a pattern of interaction whereby agents of the state charged with enforcing prohibitions against counterfeiting engage in behaviors that neither fully sanction nor fully prohibit these markets. Some would look at the same types of interaction and declare that such behavior on the part of the state represents fragmented bureaucratic authority and related lack of enforcement capacity.<sup>12</sup> However, I would argue that such claims, while certainly containing some element of descriptive accuracy, not only overlook the importance of the kinds of arrangements I have just detailed, but more importantly tell us very little about the politics that produce these results. Mertha (2005), while an advocate of the fragmented authoritarian/low state capacity argument that I note above, does concede that there are certain political elements to these types of counterfeit markets that “are tolerated but not officially sanctioned” (Mertha 2005:20). In particular, he argues that allowing for the continued consumption of cheap entertainment in the form of DVDs basically serves to keep the masses passive, distracted and happy. This however misses the full range of conflicting political and economic incentives and goals facing the state authorities. Counterfeit production and sales are seen to constitute a threat to market order (even to the extent they are enshrined in the Market Order Leading Group’s founding document). However, not only do regulatory officials see revenue incentives (personal and agency-wide) from

---

<sup>11</sup> Mertha (2006) notes that this form of foreign, firm-based enforcement incentive has fostered a “policy enforcement market.” That is, various Chinese administrative bureaus now have an incentive to engage in anti-counterfeiting work because of the potential revenues involved not only from the foreign firms but also from fines and confiscations as a result of raids.

<sup>12</sup> Mertha does not see payments by foreign IPR firms to Chinese enforcement agencies as corruption but instead argues that officials are simply acting as if they were agents in a market. That is, they respond to monetary incentives by providing less or more of their enforcement services (Mertha 2006).

both simultaneously enforcing and not enforcing prohibitions against counterfeiting, but they and other local officials understand that production and sales of counterfeits provides jobs. Last, and I would argue of least importance, is the motivation of keeping consumers happy.<sup>13</sup>

### Prostitution

If retail counterfeit businesses hide in open view, with often only a *gongshang*-provided business license as a thin veneer of official respectability, so too do various forms of prostitution proliferate, mostly under the guise of health and beauty salons or entertainment venues. The quote by Hyde (2001) at the outset of this chapter offers an intriguing but frustratingly vague description of the legal status of such businesses and their actual relationship with the state. What does it mean for prostitution to be “quasi-legal” and “under the gaze of the state?” It means very much the same as it does for street vending and counterfeiting. Formally, prostitution is illegal, but as with counterfeit sales, prostitution venues often operate under the cover of legitimate businesses. As Hyde (2001) and Pan Suiming (1999) point out, businesses that provide prostitution services often operate as both a legitimate business that offers the services for which they receive official operating licenses (e.g. barber shops, karaoke – or KTV – clubs, tea houses or saunas) and at the same time, within the same establishment, provide illicit sexual services. They frequently do so with the knowledge and cooperation of officials from the Public Security Bureau, which is the agency with primary responsibility for regulating entertainment venues (*yule*

---

<sup>13</sup> Asked whether they were concerned whether businesses the bureau had granted operating licenses might engage in the sales of counterfeits, more than one *gongshang* official I interviewed responded by saying that the bureau’s overriding concern was with promoting and facilitating business (Interviews NJ-GS 9/30/03; XJ-GS 5/28/06). One official told me bluntly that the bureau promoted the creation of any and all business activities short of those that caused death.

*changsuo*).<sup>14</sup> Indeed, studies of the Chinese sex industry note that most venues of any size that house prostitution services do so only with the de facto approval of PSB officials (Pan Suiming 潘绥铭 1999).

As with street vending or counterfeit sales, there are explicit legal and regulatory prohibitions against prostitution. Yet in practice officials neither seek to fully prohibit this market nor to officially sanction and permit it. As with street vendors and counterfeit sales, prostitution venues can expect periodic government crackdowns, but the final result is often that such businesses flourish. If the official prohibitions against prostitution clearly signify it as a type of disorderly market (or alternately as a threat to market order more generally), then the regulatory response of maintaining the marginality of the market for prostitution is a response to the countervailing incentives and goals that officials face. As in most societies, in China there is a kind social and moral stigma against prostitution, but in practice prostitution provides income for the venue owners, for the prostitutes themselves and revenue for the officials who allow these operations to exist. And as with street vendors and counterfeiters, the product (or in this case the service) provided is popular among at least many male consumers. Indeed, when a businessman needs to impress potential partners or to get approval from government officials (often they are one in the same), the setting more likely than not will be one of the country's ubiquitous KTV rooms where the *xiaojie*'s (girl, or in this case prostitute) are plentiful, the liquor flows and the karaoke tunes from pirated music CDs blast away in the background. After the deal is complete they may go out onto the street to get a late-night snack from a street vendor. In this way, marginal markets fuel China's growth.<sup>15</sup>

---

<sup>14</sup> See Beijing Municipal Public Security Bureau 北京市公安局 (2007) for a sample listing of the Beijing PSB's official duties in regulating entertainment venues.

<sup>15</sup> Indeed, Tsai (2002) makes exactly this point in her analysis of the role of "informal finance" in China. I would argue that this type of private finance, which she classifies as "semi-legal," is another perfect

### Recyclables Collectors in Beijing

Another type of informal market involves behavior that is neither explicitly prohibited nor explicitly approved. One example of this kind of market involves the collection, transportation and sale of recyclables. Goldstein's (2006) work on recycling markets in Beijing may be the closest to my own research on street vendors in Nanjing in that he too traces the details of street-level markets and the role of local government bureaus in regulating and policing those markets. Goldstein divides the history of "recyclable" (or *feipin* in Chinese) collection into three phases. He argues that during the Republican era there was a "stewardship of objects" ethos in which material objects would be repaired and re-used rather than easily disposed or sold for some commercial value. Then, during the Maoist era, the state took control over used household items with the intent of once again turning those objects into usable goods.

During the contemporary period of market reform Goldstein shows how many household and commercial items are often disposed of as trash, yet at the same time markets have appeared for the collection and sale of potentially reusable or recyclable goods. With reform the state largely abandoned its control and direct management over such goods and into this void stepped thousands of mostly migrant collectors who would purchase scrap items and resell them at collection sites, also run by migrants. Over time the state sought to re-establish a form of control over this new market for commercial recyclables and this has led to various forms of conflict as officials and collectors struggle for control over the more lucrative aspects of this trade. As Goldstein explains it, this conflict is part of a "massive political and economic contest in cities throughout China" over control of public space (Goldstein 2006:261).

---

example of a market that the state regulates through marginalization in much the same way it does street markets, counterfeiting and prostitution. I discuss Tsai's argument in more detail below.

Goldstein presents an array of evidence that highlights state efforts to create order over the market for recyclables. Quoting a document from the Beijing Resource Recycling Company – BRRC (*Beijing Wuzi Huishou Gongsi*), the state body in charge of regulating the market for recyclables, Goldstein demonstrates the official view that migrant controlled collection points were “dirty, chaotic, and deficient” and that the migrant role in the trade in recyclables “disrupts the safety and *economic order* of our capital’s society” (Goldstein 2006:289 and 286; my emphasis). At the heart of the criticism of the disorderly nature of the market for recyclables is that unregistered, low quality (*suzhi di*), and inherently untrustworthy migrants have been allowed unlimited control over the recyclables trade.

What, then, are the keys to regulating this disorderly market for recyclables? As with the regulation of other marginal markets, the state response to the threat of disorderly recyclables markets involves a mixture of negotiated approval and punishment. In this case of Beijing’s recycling markets, officials have emphasized the “standardization” side of the market order work of rectification and standardization. The key elements of this process involved targeting the city’s over 100,000 “roaming collectors” and “having them use uniform vehicles, uniform scales [because they cannot be trusted to use accurate scales], uniform work clothes, uniform service standards” as well as “uniform logos, prices, and measurement instruments” (Goldstein 2006:292).

These elements of standardization were only one part of a larger process that has similar elements to the Nanjing’s *shirong*’s regulation of street vendors. In particular, the BRRC sought increased control over who had the right to participate in the recyclables trade. BRRC officials understood that the most lucrative part of the recyclables trade was in scrap metals and some sought to limit the allocation of licenses for scrap metal trade to those with local residence permits (Goldstein

2006:281). A more extreme version of providing differential access to the trade in recyclables sought to replace migrants “primarily with laid-off BRRC employees and excess workers from state industries, and secondarily [with] healthy and capable neighborhood residents [hired] as managers” (Goldstein 2006:292). Finally, BRRC authorities sought to shore up their own ability to ensure a steady flow of revenue through fees and licenses at recyclable collection points. Thus control over collection points eventually was taken over by BRRC officials across the city.<sup>16</sup>

#### Regulating Migrant Housing and Garment Production in Zhejiangcun

Another variation on state efforts to regulate via the maintenance of marginality involves migrant housing and garment production in Beijing’s Zhejiangcun. This example serves to highlight the central role migrants often play in marginal markets. Zhang Li’s (2001a and b) work ethnographic work on Zhejiangcun highlights the tug of war between a range of local authorities and migrants from Zhejiang Province who in the early 1990s constructed a bustling commercial and residential district on the outskirts of Beijing. On the one side of this frequently tumultuous relationship were not only migrants from Zhejiang but also from a number of other provinces who often came to work for Zhejiang bosses. On the other side were arrayed different government official all the way from village government bureaus that had immediate authority over the district that became known as Zhejiang Village (*Zhejiangcun*) all the way up to the Beijing mayor’s office.

Zhang argues that the tumultuous relationship between migrants in Zhejiang Village and local officials was often driven by the state’s imperative to control urban

---

<sup>16</sup> Goldstein notes, however, that once the government authorities had re-established control over these markets they were content to once again, for a regular fee, turn over everyday management to some of the original migrant bosses.



space and to create “order.”<sup>17</sup> Zhang notes that the 1995 razing of Zhejiang Village was dubbed the “clean up and reorder” (*qingli zhengdun*) campaign.<sup>18</sup> She shows how officials’ concerns about the disorder presented by the existence of Zhejiang village included spatial, social and financial components. Migrants were often associated with an untidy and dirty community appearance as well as with criminal activity (Zhang 2001a:138-46). As a response, and in ways very similar to the *shirong* goals I explored above, many of the Beijing officials with oversight over Zhejiancun sought to use their administrative authority to move migrants into commercial spaces that were more directly regulated by the authorities through rental and licensing arrangements. Here Zhang notes that “the ultimate intention of the campaign to clean up Zhejiancun was not to erase the community altogether, but to weaken its formation of nonstate power and turn it into a regulated regime of private capital” (Zhang 2001a:199). However, Zhang also discovered that there were a variety of power dynamics within the migrant community itself.

She demonstrates how local officials were ultimately often divided as to how to best manage this dynamic, and in many ways highly profitable, new community of what she calls “migrant entrepreneurs.” Echoing Lieberthal’s (1992) earlier characterization of China’s “fragmented authoritarian” political system, Zhang dubs this system of local authority “an internally divided regulatory regime” (Zhang

---

<sup>17</sup> It is common for studies that rely on theories from the discipline of geography (as both Zhang and Goldstein do) to stress the “politics of space” or the need for the state to “control public space.” Books with titles like “State/Space” (Brenner, et. al. 2003) offer a tantalizing glimpse at the possibility of linking geographic and political processes to state theory, however too often get bogged down in descriptions of the details of city planning or veer off into pure theory and I am always left wondering how issues of space are concretely linked to power. Brenner’s (2004) focus on the “rescaling of statehood” in the European Union is more concrete in that it stresses the impact of neoliberal economic reforms and the devolution of power to municipalities, while at the same time showing how these municipalities try to link in with global capital.

<sup>18</sup> Zhang translates “*zhengdun*” as “reorder” although as noted in the previous chapter, officials translations almost always translate the term as “rectify.”

2001a:6).<sup>19</sup> Ultimately, however, despite the internal contradictions of state efforts to regulate Zhejiang Village, Zhang is also keen to point out that her work is a clear challenge to both “the retreat of the state” as well as to “the triumph of the market and capitalism” literatures (Zhang 2001a:5). As Zhang’s work highlights, while the state’s efforts to regulate emergent markets and social groups in and around the country’s dynamic urban centers may be full of seeming contradictions, the state is far from absent when it comes to governing these markets and groups. As my own thoughts on the maintenance of marginality as a de facto governance strategy highlights, we should not be surprised by the built-in contradictions and inconsistencies in state regulatory behavior, but should instead understand them as a fundamentally political response to complex incentives and goals.

### **Cross National Comparisons: Informality Versus Marginality**

Explanations of the political economy of street vending and other markets that occupy an ambiguous space in relation to state authority, phenomena that exist across the world but that are often particularly prevalent in developing countries, are frequently analyzed through the conceptual lens of “informality.”<sup>20</sup> Indeed, informality is such a common-sense concept not just in academics but in popular use in places like Latin America, that it is almost unimaginable that any analysis or discussion of street vending would not at least begin with informality as the basic

---

<sup>19</sup> Here Zhang’s analysis coincides with Mertha’s work on counterfeiting enforcement in that both emphasize the uncoordinated and fragmented nature of bureaucratic responses.

<sup>20</sup> Urban centers in developing countries are by no means the only places with large numbers of street vendors, many of whom have a less than harmonious relationship with local authorities. For instance, *The New York Times* has reported on the continuing tension between street vendors, store owners and local officials in Times Square (Lueck 2003). According to this report many Times Square street vendors have vending registrations that date back to after the Civil War when city officials issued vending permits to disabled veterans in a move not unlike the Nanjing *shirong*’s provision of preferential access to vending licenses for laid-off local workers. Studies of informality in developed countries are by no means limited to street vending as one important branch of this research project involves the analysis of “post-fordist,” “flexible specialization” of labor in developed countries (see, for example, Piore and Sabel 1984).

theoretical framework.<sup>21</sup> China remains one clear exception, as the number of Chinese or foreign analysts who employ the concept of informality to understand similar phenomena in China are few and far between.

Here I will describe how the concept of informality is typically defined and deployed. I will show that studies of informality, especially those that focus on developing countries, highlight processes of government and market reform very similar to those in China that have led to the proliferation of marginal markets like street vending. However, I will demonstrate that linking informality with “unregulated” markets and labor is of very limited utility in a country like China where the state is intimately involved in regulating many of those markets that it explicitly prohibits. Most analyses of informality attempt to clearly distinguish informal from illegal activities, but there are many embedded assumptions about the role of rule of law that do not easily transfer to the Chinese case. Understanding why the rule of law cannot be the foundation for regulating the economy goes a long way toward explaining why the maintenance of marginal markets in China is a key tool of governance. Ultimately, I will argue that both the strengths and weaknesses of the concept of informality can illuminate important comparative aspects of state regulation of marginal markets, including street vending, in China.

### *Definition and Causes of Informality*

The concept of informality was originally formulated by an Africa scholar, Keith Hart, in the early 1970s and subsequently sparked a vast wave of scholarship that has impacted not only academia but policy-making as well.<sup>22</sup> While there are a

---

<sup>21</sup> Some scholars go even a step further by insisting that “No analysis of contemporary Latin America and no policy prescriptions for its future are complete without reference to its informal economy” (Centeno and Portes 2006:3).

<sup>22</sup> See Hart’s (1973) foundational essay. The application of the concept of informality has been especially pronounced in Latin America, but has also been used in numerous studies across the world.

number of competing definitions of informality,<sup>23</sup> the one that arguably has the broadest acceptance and is most often employed in the informality literature is a variation on the following: informality “is a process of income-generation... [that] is unregulated by the institutions of society, in a legal and social environment in which similar activities are regulated” (Castells and Portes 1989:12).<sup>24</sup> Despite the wide range of definitions of informality, street vendors are in many ways the face of the concept and scholarship on the political economy of street vending in places ranging from Latin America, to Africa, to the Middle East to South Asia continues to make frequent use of the idea of informality (Roever 2005; Tripp 1997; de Soto 2000; and Rajagopal 2001). Here I will demonstrate that the broader scholarship on informality, especially as it relates to street vending, asks a number of questions that are of direct relevance to understanding marginal markets in China. Key among these questions are how such marginal markets and social groups have come into existence and, once in existence, what is the state’s relationship with these markets and social groups?

---

The concept has played an especially important role in the work of the International Labour Organization (ILO), which sponsors numerous development programs aimed at supporting the informal sector across the developing world (see the ILO’s informal economy web site:

<http://www.ilo.org/public/english/employment/infeco/>).

<sup>23</sup> One need only look at the title of Danesh’s (1991) annotated bibliography of research related to the informal economy, *The Informal Economy: Underground Economy, Moonlighting, Subcontracting, Household Economy, Unorganized Sector, Barter, Ghetto Economy, Second Economy: A Research Guide*, for a sense of the myriad of ways in which the informal economy concept has been stretched. See Sartori (1970) and Collier and Mahon (1993) for more on the problems of conceptual stretching.

<sup>24</sup> Cross (2000:32) and Roever (2005:5) also cite this as the most commonly accepted definition of informality. A great deal of debate has taken place over this concept and the International Labour Office (ILO), among others, has worked hard to produce a more nuanced definition, but the lack of state regulation as a defining characteristic of informality is still central to many studies that employ the concept. Alejandro Portes, one of the main sponsors of the definition of informality as a lack of regulation, notes that there are two other main competing definitions. One of them, sponsored by Tokman (1992), associates informality with a form of production “characterised by low capital intensiveness, small size, and pre-modern or less modern methods of production.” The other, which I will allude to again below, is sponsored by the now-famous Peruvian economist Hernando de Soto, who argues that “informal activities are the popular means to escape the rigid and cumbersome regulations of a mercantilist state.” See Portes (1996) for his description of both of these definitions as well as a clarification of his own, “structuralist,” definition. See Portes and Schauffler (1993) for an overview of competing definitions of informality related specifically to Latin America.

Finally, much of the scholarship on informality asks what the existence of the phenomenon says about state capacity.

Scholars of informality argue that street vendors, as one part of the informal economy or informal “sector”, have come to be on the streets as part of the process of market reform and welfare state retrenchment that have spread to many corners of the world since the 1970s. They point to market reforms in countries from Peru to Tanzania to India that have involved the large-scale privatization of state-owned enterprises as well as the weakening of organized labor, both of which have often coincided with an ongoing process of rural to urban migration (Portes and Schauffler 1993; Tripp 1997; Bremen 1996). These “structural reforms” meant that many former SOE employees as well as rural migrants found themselves literally on the streets, or at least no longer in their former government-backed jobs, looking for new ways to earn a living under much more “flexible” working conditions and without a state-provided social safety net.

#### Defining “Unregulated”: Part One

It is against this background of economic liberalization that many analyses of informality present their arguments about the “unregulated” nature of informal markets and workers. Scholars who employ the concept of informality frequently tend to mix two related yet distinct interpretations of what it means for informal markets and workers to be unregulated. The first of these interpretations is tied very closely to the processes of structural reform and welfare state retrenchment that I just described. Here, deregulation points to the process whereby many former SOE workers as well as others who had enjoyed certain labor arrangements in which they had state-backed wage, health care, pension benefits as well as workplace safety guarantees, were forced into “flexible” employment where the state no longer enforced these

“regulations.” In this sense regulation is associated with a certain set of state-backed welfare policies and labor standards while its opposite, deregulation, is associated with welfare retrenchment and limited labor standards. Many former industrial workers as well as migrants who found themselves working as street vendors were thus by definition considered to be informal because they were no longer working under regulated labor arrangements or with recourse to state-backed social benefits.

For those who equate “deregulation” with the move away from a more statist development model toward, for lack of another word, a neoliberal model, deregulation has a largely negative connotation. Much like China’s New Left scholars, authors who stress this understanding of unregulated informality clearly lament this change in state-economy relations and associate “regulated” markets and labor with good government policy and “unregulated” or “deregulated” markets and labor with bad government policy. For them, any interaction between the state and newly informal markets and labor that does not replicate or seek to replicate the kinds of benefits, rules and guarantees that existed before the reforms does not constitute regulation at all.<sup>25</sup> Ultimately, then, for many authors who write about informality there is a subtle and often unspoken component of their understanding of regulation as a normative and binary concept. That is, markets and labor are either regulated, which means that the state provides all of these benefits and guarantees described above, or they are unregulated, which means the state provides few to none of these benefits and guarantees.

---

<sup>25</sup> I would place ILO understandings of informality as synonymous with poverty in this category. Also, for all of the nuanced scholarship that Portes has produced on informality, his “structural” approach offers a very restrictive and confusing definition (one that is more implied than specified) of “regulation” that despite its implied critique of welfare state retrenchment is highly limited as a tool of political analysis.

### Defining “Unregulated”: Part Two

While this first understanding of the unregulated nature of informality stresses a definitive shift away from the state’s commitment to a certain form of production and labor arrangements it says very little about how the state interacts with newly informal markets and workers once in their new situation. For those who do take up the question of how the state interacts with those who no longer enjoy the protection and benefits of “formal” employment there are two primary responses. These vary between the argument that informal markets are simply hidden from the view of state officials to the claim that officials know about and can “see” these markets, and may not even necessarily be opposed to their existence, but instead “intentionally [do] not intervene in an explicit, active, or institutionalized way” (Roever 2005:5). Either way, the thrust of the argument is that the state lacks a regularized, institutional form of interaction with those in the informal sector (e.g. those in this sector do not have official business licenses nor do they pay taxes or other official fees), whether it knows about or in some sense approves of their activities.

A number of alternative explanations, again often infused with more or less explicit normative assumptions, have been offered as to why the state does not regulate these informal markets. The first of these emphasizes informal worker motivations and capacity to remain unregistered and otherwise invisible to the state regulatory radar. The principal idea is that street vendors, to take one example of those in the informal sector, simply choose not to attain official operating permits or to pay taxes or other fees because these all constitute too great of a financial and/or time burden. Authors like Peru’s Hernando de Soto emphasize that despite having escaped from the overly rule-bound workplace (either an SOE or a private firm that was required by the state to comply with all of the social security and workplace guarantees noted above), small-scale entrepreneurs are deterred from registering their

new businesses (e.g. street stalls) because of the vast number of permits and other bureaucratic obstacles that stand in the way of becoming legally registered (De Soto 1989). While de Soto sees the informal sector as full of heroic small-scale entrepreneurs, others argue that informal sector workers seek to limit interactions with government officials principally because their survival is already so precarious that they cannot afford the fees involved (Rajagopal 2001).

The other side of the equation focuses on why the state cannot or does not regulate the informal economy. One variant of this focuses specifically on state capacity. Here the argument is that even if the state wanted to regulate vendors and others in the informal sector, it simply lacks the capacity to do so.<sup>26</sup> The existence of large squatter communities in large Latin American urban centers (e.g. Brazilian *favelas*) demonstrates an extreme case of state incapacity to regulate a range of informal activities.<sup>27</sup> However, even if the state does have the capacity to regulate informal activities like street vending, it sometimes lacks the motivation to do so either because of the costs involved with establishing regulatory controls or because officials do not want to set a precedent of fully and officially sanctioning market activities that are seen to have various negative side effects (Roever 2005:8-10). Finally, officials may simply choose not to regulate informal markets and activities because of the realization that informal activities provide a kind of “safety-valve” function for social groups that otherwise have few income-earning possibilities (Greskovits 1998:83-84 and 87; Vishwanath 2001).<sup>28</sup>

---

<sup>26</sup> Tripp’s (1997) analysis of informality in Tanzania does not so much stress a complete lack of state capacity to regulate the informal sector (she largely focuses on street commerce) as it does relative state weakness in the face of dynamic informal entrepreneurs.

<sup>27</sup> For Linz and Stepan (1996) this inability for some states to control parts of their own territory is a key form of lack of “stateness.” O’Donnell (1993; 2001) is also concerned about what he refers to as “brown areas,” where the state does not reach or at least where it does not offer equal application of legal protections.

<sup>28</sup> This “safety valve,” or “social “cushion” (see Centeno and Portes 2006), argument, to the extent that it notes state acceptance of informal markets because of their potential to defuse social tensions, certainly shares something in common with my argument about the maintenance and reproduction of



Despite the centrality of the idea that informal markets are somehow unregulated by the state, which in some sense implies that there is not much if any interaction at all between officials of the state and those involved in informal sector activities, much of the scholarship on the political economy of street vending in particular focuses on the antagonistic relationship between vendors and state officials. There is an implicit recognition that even if state interaction with vendors somehow does not qualify as being “regulated,” there is nonetheless frequent, if conflictive, interaction between representatives of the state and vendors (Cross 1998). The normative assumptions and/or commitments of scholars of informality are often on full display in these studies of state-vendor conflict. Street vendors are often cast in extremes as either entrepreneurial heroes pursuing a natural market niche in defiance of bad rules (De Soto 1989 and 200; Tripp 1997) or as weak and pathetic losers of the market reform process who resort to informality as a survival mechanism (Rajagopal 2001).<sup>29</sup> Ultimately, whether they are portrayed as heroic or as simply surviving, street vendors are almost invariably seen as representing an element of “civil society” that has a set of interests opposed to or at least clearly distinct from state authority (Roever 2005).<sup>30</sup> State officials who do not “regulate” the informal sector are alternately seen as weak and incapable of enforcing bad rules (Tripp 1997) and/or as arbitrary and brutal in their treatment of vendors (Rajagopa 2001). Only rarely do

---

marginality as a governance strategy. One key difference, however, is that my argument is about an active and political regulatory strategy and not a passive policy-as-afterthought.

<sup>29</sup> See Portes and Schauffler (1993) for an excellent overview of these competing portrayals of informal sector workers.

<sup>30</sup> Roever (2005) and Cross (1998) both show how state interaction with street vendors in Peru and Mexico, respectively, can be tied into electoral politics and vote-buying. While this same election-related dynamic is clearly not at work in China, that the Nanjing *shirong* sees local, laid-off residents as a kind of “constituency” is apparent from its willingness to provide vending licenses to these residents and not to migrants.

observers of street vendor-state interactions provide a clear political explanation for the state's policies toward and treatment of vendors.<sup>31</sup>

*Applying the Concept of Informality to China: Three Examples*

At the outset of this section on informality I note that the concept is rarely employed by China scholars.<sup>32</sup> There are a few key exceptions and here I will briefly explore their arguments. Many of the theoretical problems that plague the informality literature more generally also apply to the very limited work applying the concept to China. Nonetheless, I will demonstrate below that certain aspects of the literature on informality, both in its non-Chinese and Chinese applications and with its various strengths and weaknesses, provide a useful jumping-off point for understanding Chinese state-vendor relations in particular and state regulation of marginal markets more generally.

Three exceptions to the dearth of scholarship applying the concept of informality to China include work by Solinger (1999; 2002a and 2002b), Tsai (2002), and Hu (2006). Dorothy Solinger has long been a passionate observer of Chinese political economy and since the 1990s has been devoted to research focusing on the country's rural-to-urban migrants and the plight of urban laid-off (*xiagang*) workers. Relatively rare among China scholars, Solinger has consistently sought to apply theoretical concepts, including informality, drawn from work outside of China to her

---

<sup>31</sup> Roever (2005) is one notable exception as she clearly points to the costs and benefits of formality versus informality (by which she mostly means being licensed or not licensed) on the part of both vendors and the state.

<sup>32</sup> Moreover, any mention of the term informal economy (roughly, *fei zhengshi jingji*) usually elicits a quizzical look. As I note above, in his description of threats to market order Hu Angang (胡鞍钢 2001) refers to "underground" and "grey" economies but never uses the term "informal." Early in my research process, discussions with Chinese scholars interested in migrants and laid-off workers revealed that "informality" was rarely if ever a principle concept they employed when analyzing various phenomena related to these groups (Interviews BJ1, 4/12/02 and NJ4, 9/27/02). If informality is a common sense category in Latin America, it is anything but in China.

research on urban migrants and laid-off workers. For Solinger, the concepts of “informalisation” (2002a) and “informality” (2002b) offer some limited traction on explaining the plight of Chinese migrants and laid-off workers.

Solinger’s understanding of informality fits squarely within the first of the two definitions I offer above, which equates a lack of regulation with the process of SOE privatization (Solinger 2002a:373, fn 1). Describing these newly informal former SOE workers, Solinger notes that “the demeaned drudges practising these trades [a variety of street peddling services] are city-born and registered citizens, members of the once celebrated factory proletariat” (Solinger 2002a:374). Here she clearly places herself within a tradition of scholarship on informality that sees employment in this sector as a survival strategy for those workers who were previously protected and venerated by the state but who have now been largely cast aside by the Party-state. At the same time, like some other scholars of informality, for Solinger informality is more about the loss of a certain kind of connection between the state and workers and less about explaining the state’s interaction with this newly informal social group. She argues:

many among the furloughed workforce who operate informally, whether self-employed, with their own property – a small stall, a pedicab, a miniscule patch of turn, a tiny bit of shoeshine cloth, or just their own tired bodies – or as menials paid a lowly wage, have become dirt-poor and degraded, and *have absolutely lost the link with the state* that nurtured them for decades. (Solinger 2002a:410; my emphasis)

Describing the loss of one type of “link” does not necessarily tell us anything about new ones that have subsequently been created.<sup>33</sup>

---

<sup>33</sup> This is a perfect example of the problem with “state retreat” or “deregulation” arguments that focus only on the story line of welfare state retrenchment and not on the political processes that appear in the aftermath. Work by Vogel (1996) and Snyder (1999; 2001) provides a useful theoretical starting point for dealing with this shortcoming.

Solinger, despite referring to China's own "informalisation" processes, has read the literature on informality to be an explanation of (and maybe justification for?) "natural" market changes. She thus comes to the somewhat confusing conclusion that

the *unregulated* economic activity of the [laid-off workers] does not, like that of the peasant migrants, represent just a straightforward manifestation of the metamorphosis of the Chinese urban economy, some uncomplicated consequence of that system's steadily deepening marketization. Nor do these sellers, as do the peasants newly in town, merely symbolize one more instance of an 'informal economy' resulting from the widespread process of privatization that is attending the advance of capitalism. (Solinger 2002b:310; my emphasis)

However, as I demonstrated above, the literature on informality in other parts of the developing world is quite clear that both peasant migrants and laid-off workers in a vast array of countries have come to find themselves in informal economic activities largely as the result of state-led policies of marketization and welfare state retrenchment. Ultimately, Solinger's misreading of the literature on informality as well as her insistence that informal economic activity in China, like that in other developing countries, is unregulated, requires that we rethink how the concept of informality can be usefully adopted to understand Chinese realities.

Kellee Tsai's *Back-Alley Banking* offers another application of the concept of informality to China.<sup>34</sup> Tsai's focus is on "informal finance," by which she means the various ways in which small-scale entrepreneurs, including street vendors, are able to gain access to non-state channels of credit. Tsai argues that this form of finance is essentially illegal (or at best "quasi-legal") since the central government has mandated that credit must be channeled through state-run banks (Tsai 2002:2; 35, fn 29). For

---

<sup>34</sup> As I will argue below, Tsai's focus on "informal finance" would be more effectively conceived of as a "marginal" rather than an "informal" market. I have chosen to include her discussion of non-state finance here rather than above in my listing of other forms of marginal markets because she is one of so very few who explicitly use the concept of informality in relation to Chinese political economy.

Tsai then, echoing work on informality in other countries, the uneven proliferation of informal finance demonstrates, among other things, a lack of capacity on the part of the central government to implement its own policies (Tsai 2002:5;11). She carefully shows how officials in different localities adopt very different approaches to regulating non-state channels of credit, and while she does note the potentially destabilizing effects of informal finance, she ultimately comes down, opposite Solinger, arguing that informal finance fuels natural market demands and the activities of many burgeoning petty entrepreneurs (Tsai 2002:2; 264-5).

Both a strength and a weakness of Tsai's work on informal finance is that rather than buying into the idea that informal markets are by their very nature unregulated, Tsai emphasizes that the rules and regulations governing the world of unofficial finance are constantly being renegotiated (Tsai 2002:2-3; 259). The strengths of this approach include the recognition that the state can interact in multiple ways with marginal markets and that one of the essential elements of such interactions is the way the official rules are open to different forms of interpretation and degrees of implementation.<sup>35</sup> At the same time, it recognizes that the state's unleashing of market forces has led to processes of re-regulation at the local level.

However, Tsai too easily assumes that central government laws restricting private finance necessarily mean that central leaders see all forms of non-state channeled finance as negative and a challenge to central authority. It is very possible, that just like many local officials, central officials also see the utility of private finance even though there remain pressures to retain formal legal prohibitions. At the beginning of one of her chapters Tsai cites an official from the People's Bank of China, China's central bank, as offering the following critique "informal finance":

---

<sup>35</sup> Here I switch to the use of "marginal" rather than "informal" markets because the phenomenon Tsai seeks to explain, the variation in state enforcement of rules prohibiting a certain market behavior, is an exact fit for my definition of marginal market.

Our country does not permit the establishment of private banks. We must continue to investigate and *impose discipline* on nonbanking financial institutions and other creditors that charge high interest rates. This is clearly one of the most important measures *for ensuring order* in the entire financial system. (Quoted in Tsai 2002:120; my emphasis)

The emphasis on “ensuring order” should immediately draw our attention. As with the other cases of marginal markets explored in this chapter, all of these markets are criticized for their disorderly influence. Yet the response is almost never to seek to eradicate these market behaviors completely, but instead to rectify, standardize, or as is the case here, “impose discipline,” on them. In this sense I would argue that what Tsai refers to as “informal finance” would be more productively theorized as a form of marginal market.

Ultimately, it is on this question of the distinction between “informal,” “quasi-legal” and “illegal” that Tsai’s analysis is left wanting. She often refers in the same sentence to the phenomenon she is explaining as variably informal or illegal (Tsai 2002:2), and in referring to the prevalence of non-state finance notes that “everyday people are operating on the margins of legality” (Tsai 2002:3). Confusion over what is in fact marginal and actually “illegal” is a topic I will address in more detail below as it is a crucial element in the way that the state regulates marginal markets. And while Tsai largely defends the proliferation of informal finance, just as other scholars of informality defend other forms of righteous defiance of bad laws and muddle-headed officials, one has to ask at what point does operating on the margins of legality become something less than laudable?

Finally, the Tsinghua University scholar Hu Angang, whose name has appeared throughout this dissertation, has recently written a report and historical overview of China’s “informal sector.” Hu’s report is notable both for its overt reference to larger comparative studies of informality and for the very distinctive way

that he adapts the concept to China. Elements of Hu's understanding of informality clearly do not fit with some of the core elements of the main literature on informality, but his comparative description of the Chinese government's attitude and regulatory stance toward informal markets marks a useful point of departure for my own arguments about state regulation of marginal markets.

Hu says that there are three elements to China's informal sector: 1) "individuals engaged in industry and commerce," 2) "medium-sized and small enterprises," and 3) "rural migrant labor" (Hu 2006:19). Indeed, Hu argues that China's informal sector constituted fully 60% of all urban employment in 2004 (Hu 2006:19).<sup>36</sup> The first and second categories include productive activities that are mostly already included in national statistics and therefore known to the government. It is purely based on their size and their private, rather than public, status that Hu sees fit to include them as elements of the informal sector.<sup>37</sup> It is only the third category of largely unreported migrant labor production, what Hu refers to as the "unobserved sector," that fits with more traditional definitions of the informal sector as characterized by activities and income that in some sense are hidden from state officials.<sup>38</sup> Hu's insistence that individual as well as other small and medium size private firms constitute a key part of China's informal sector highlights how being anything but a large, state-owned firm is still equated in some key sense with "irregularity."

---

<sup>36</sup> Barry Naughton, in his new textbook on the Chinese economy cites similar, if potentially even more remarkable figures about the relative size of the informal sector in urban employment. Naughton presents evidence that of a total urban 2004 workforce of 265 million, approximately 115 million fall within the category of "other," which "picks up most of the migrants and unregistered businesses." Naughton goes on to state that "The informal sector, broadly defined to include private, self-employed, and 'other,' has grown from 48 million to almost 160 million and is now considerably larger than the formal sector" (Naughton 2007:190).

<sup>37</sup> In this way he is largely adopting a Tokman (1992) definition of informality that rests on small size of the firms and relatively low capital intensiveness. However, simply being a private firm has not traditionally been considered a marker of informality.

<sup>38</sup> Hu cites statistics to show that as of 2004 this unobserved sector's contribution to "non-agricultural GDP" stood at over 15% (Hu 2006:24).

Besides presenting a raft of statistics related to his defined categories of informality, the other notable aspect of Hu's study is his characterization of the state's attitude toward informal sector markets and workers. Here, Hu argues that the informal sector is

Subject to the regulation and management by the government, encouraged, supported and managed by the government, [and that it is] different from illegal activities. It is treated as part of the national economy and encouraged to develop together with [the] formal sector of the economy. (Hu 2006:12)

Hu distinguishes this from government treatment of the informal sector in other countries where it is

Not subject to government regulation and management, not recognized, supported, protected and managed by the government and sometimes subject to interference and curtailment by the government as [connected to] illegal activities. (Hu 2006:12)

Hu's comments here are notable not just for the definitive contrast he notes between the regulated and unregulated nature of informal markets in China versus other countries, but also because he is so emphatic about government support for the informal sector in China. Hu is undoubtedly correct not only about the more extensive state oversight over China's equivalent of "informal" markets but also that in many ways various bureaus and individual leaders see the non-state sector as one of the keys to providing urban employment and fostering innovation. However, given Hu's earlier work about the various threats to market order posed by underground and grey market activities, not to mention the very rocky relationship between state agencies like the *shirong* and "informal" vendors, it is imperative that we explore more carefully the nature and motivations of the state's relationship with this sector.



## **Rectifying Disorderly Markets: Governance via Marginalization**

How can the theoretical and empirical research on informal markets in other parts of the world help us to explain state-economy relations China? In particular, what can an understanding of informality tell us about the Chinese state's relationship with street vendors and other similar types of markets? Here I will demonstrate that the focus within the literature on informality on the forces that have given rise to certain economic and social phenomena, like the increase in street vending, are of direct relevance and structurally very similar to the Chinese case.<sup>39</sup> Just like many countries across the world, China has embraced markets and sought to fundamentally transform the way the state interacts with the economy. Just like in other parts of the world, the results of these changes have included large-scale SOE lay-offs and, more unique to china, a massive wave of rural to urban migration.

To argue, however, that reform of the state owned enterprise system and a major transformation in the government's role in providing a range of social services and guarantees should not, however, be misunderstood as having resulted in "unregulated" markets, which implies a complete withdrawal of the state from its role in market governance. While the Chinese government, similar to governments across the world, has indeed retreated from its former role as economic planner and the provider of a range of public goods as well as social and economic guarantees, this is not the same as saying that it has somehow completely abandoned its desire to exercise its authority and "control" over markets of all kinds. Yet if we take the example of much of the work on informal markets from other parts of the world (as well as from partial reform and New Left scholars writing about China) we would be left with the impression that the state has abandoned its efforts to exercise authority

---

<sup>39</sup> In this sense Chinese markets *are* unregulated just as they are in much of the rest of the world. That is, the state no longer takes primary responsibility for production and employment through a planned economy.

over (i.e. regulate) a vast range of markets. Alternatively, we might be led to believe that the state is simply incapable of exercising such authority. It is therefore clear that the Achilles heel of the informality paradigm is that by definition informal markets are not regulated by the state. For any study that seeks to understand any form of regularized and institutional relationship between the state and any type of market, “informal” or otherwise, the concept of informality cuts off analysis before it can begin. I therefore argue that a different conceptual apparatus is necessary if we are to understand the politics of Chinese state interaction with markets like street vending and others I have detailed in this chapter. I will demonstrate that a focus on the concept of marginal markets not only allows for a specific understanding of state efforts to regulate such markets, but also facilitates an understanding of the politics of regulation.

### *Structural Similarities*

As in other developing countries, many of China’s street vendors are mostly made up of former workers from state-owned companies and migrants from the countryside. The political and economic forces behind their appearance as street vendors are also similar in key respects. China’s retreat from socialist planning and its embrace of market reforms, while clearly different in its speed and in the particulars of certain policies,<sup>40</sup> has broad similarities to the market reforms and welfare state retrenchment that took place in Latin America, Africa and Asia throughout the 1980s and 90s. Thus the reasons behind the appearance of former SOE workers and rural migrants on the streets of Nanjing and other Chinese cities can be clearly traced to reforms that share key similarities to trends in other countries. As those on the New

---

<sup>40</sup> For instance, China’s reforms are noted for their more gradual and piecemeal nature as well the maintenance of strict capital controls, among other differences with reforms elsewhere.

Left, among others, so clearly point out, many of the country's "workers" and "peasants" find themselves without access to socially guaranteed wage, pension, health or educational benefits and must find new ways to earn a living in China's new market economy. Many therefore seek to do business on the streets of China's teeming urban centers, but as I have demonstrated in the case of Nanjing, not all (or even most) are necessarily welcome. In order to explain how the state seeks to maintain economic and social order over street markets and a range of other markets that are in some sense officially prohibited, we must go beyond the concept of informality.

*Toward a Typology and Theory of Marginal Markets*

Street Vendors: A Prototype of a Marginal Market

To take the example of Nanjing's street markets, it is clear that via the *shirong*, the state is far from absent in structuring who can and cannot have access to vending permits and frequently engages unlicensed vendors in a range of ways. This interaction is institutionalized (i.e. there is an agency of the state that has explicit duties regarding the regulation of vendors) and regularized (i.e. there are clear and relatively predictable patterns of behavior between agents of the state and vendors). *Shirong/chengguan* interaction with street vendors is therefore a form of regulation. While there is a clear difference between the way that the Nanjing *shirong* interacts with licensed and unlicensed vendors, there is no doubt that the bureau seeks to establish its authority over all vendors and it is equally clear that the preferential access to licenses accorded to local residents serves certain political goals and pressures related to laid-off local workers.

Yet as I detailed in the last chapter, street vending in general has a number of negative associations, including blocking pedestrian and vehicle traffic, the creation of

garbage, the sale of poor quality goods and unsanitary food as well as lending a generally non-modern appearance to city streets. For all of these reasons, the Nanjing *shirong* and the *chengguan* in other cities generally adopt an antagonistic attitude toward street vendors and establish regulations prohibiting any unlicensed street vending. That the Nanjing *shirong* issues vending licenses to some city residents demonstrates that some forms of street vending are officially approved, but the existence of all other unlicensed vendors is in clear violation of official regulations. Yet as I demonstrate in the previous chapter, the *shirong* alternates between strict and lax enforcement of restrictions against unlicensed vendors with the end result being that despite periodic punishment, unlicensed street vending proliferates.

What does this on-again, off-again pattern of enforcement against unlicensed street vendors tell us about the state? Does it indicate state weakness or incapacity to enforce its own laws? Does it indicate corruption? Does it indicate the strength of market and/or social forces? Or does the fact that both state officials and market actors ignore or directly contravene the official regulations indicate fundamental weaknesses and illegitimacy of the law itself? One could make a plausible argument for any one of these explanations, but I would argue that only a more comprehensively political explanation, one that touches on each of these issues, will suffice.

As I argued in the last chapter, *shirong/chengguan* patterns of regulating street vending involve a delicate balancing act. First, through the variety of negative associations mentioned above, state authorities situate street vending as a kind of threat to market order.<sup>41</sup> This then justifies the necessity of state intervention to rectify this market. But this intervention does not involve either the attempt to fully

---

<sup>41</sup> In the previous chapter I demonstrate how the *shirong* portrays vendors as disorderly. They may simply be responsible for enforcing the law, but given that *shirong/chengguan* bureaus across the country all appear to have a specific focus on regulating street vendors there appears to be some level of consensus about the need to control and limit vending in some way.

eradicate (through jailing, repatriation, physical violence, etc) or somehow officially sanction the market behavior to conform with acceptable forms of business (through granting licenses or creating state-sponsored vending zones or fixed-space markets). Instead, subsequent cycles of on-again, off-again enforcement serve as a reminder of the state's authority but also provide revenue for the bureau and reflect pressures to allow incoming-earning opportunities for the vendors and to provide popular services to consumers. Thus maintaining unlicensed vendors in a marginal status constitutes a primary regulatory strategy.

#### Other Marginal Markets: At the Intersection of Law and Enforcement

By now the story of the *shirong* and street vendors is familiar. In this chapter I have also discussed the way that Chinese state interactions with a number of other officially-prohibited markets looks remarkably similar to *shirong*-vendor relations. That is, despite official prohibitions in the form of laws, bureaucratic regulations or rules, actual enforcement patterns do not reflect attempts to fully eradicate the behavior. Instead, in a logic very similar to that which animates *shirong/chengguan* regulation of street vendors, different state bureaus responsible for regulating officially prohibited markets for counterfeit goods, prostitution, non-state finance, recyclables trading and others, while periodically enforcing prohibitions, frequently facilitate these market behaviors. As I have argued, this constitutes a de facto governance strategy whereby the state seeks to maintain the marginality of these markets and market actors. The result is that in the effort to rectify market order, neither state officials nor market actors adhere to the law.

In order to understand more clearly the interaction between laws and enforcement in the production of marginal markets, and in the interests of creating a

typology of marginal markets, I have created the table (4-2) below. This table provides a typology based on the intersection of laws and enforcement. In a simple world, or more accurately, in a setting with a strong rule of law tradition and high legal legitimacy, most types of state-market interactions would be confined to what I have labeled as Conventional (1) or Prohibited (9) markets. That is, the legal status of a certain type of market would be legal or illegal and it is assumed that in practice,

<b>Table 4-1: Laws, Enforcement Practices, and Marginal Markets</b>				
<b>Legal Status of Market</b>				
		<b>Legal</b>	<b>Neither Legal nor Illegal</b>	<b>Illegal</b>
<b>State Enforcement Practice</b>	<b>Permit</b>	(1) Conventional Market	(2) Natural Market or Discretionary Market	(3) Black Market
	<b>Selective Enforcement</b>	(4) Marginal Market	(5) Marginal Market	(6) Marginal Market
	<b>Penalize</b>	(7) Prohibited Market	(8) Prohibited Market	(9) Prohibited Market

legal markets would be permitted (thus entering into a routine pattern of state oversight including collection of taxes and contract enforcement) and illegal markets would be penalized.<sup>42</sup> China, however, is neither a simple world nor one with a strong rule of law tradition or high legal legitimacy.

Therefore an understanding of the formal rules or actual enforcement practice as falling into binary categories makes much of state-market interaction in China unexplainable. Echoing one of the opening quotes to this dissertation, one China watcher has referred to China as “a society that had no rules; or more accurately, plenty of rules but they were seldom enforced” (Clissold 2006). That rules in China are not enforced is a common perception among both Chinese and foreign observers, but this glosses over the more common reality that those who enforce the rules actually have a great deal of discretion in terms of interpreting and enforcing them (Peerenboom 2002; 2007; He Xin forthcoming). Therefore, in table 4-1, under “legal status” I have added the intermediate category of “neither legal nor illegal” and under “enforcement practice” I have added the intermediate category of “sometimes permit and sometimes penalize.” The table thus shows how the marginal markets I seek to explain are the outcome of enforcement practices over markets that are either illegal or of ambiguous legality.

Referring back to some of the examples in this chapter, I will demonstrate where they would fit on the table. Beginning with street markets, I would place vendors to whom the *shirong* officially issues licenses in category (2) as a “Discretionary” market. That the *shirong* issues a permit allowing these vendors to set up a stall space is purely a function of the *shirong*’s discretionary power to decide

---

<sup>42</sup> Some of the literature on informality seeks to distinguish informal from illegal activities, noting that the former involves the production of legal goods but through methods or in a capacity that is “unregulated” by the state. On legal, informal, illegal distinctions within the literature on informality see Feige (1990); Böröcz (1992) and Centeno and Portes (2006).

what forms of street vending are and are not permitted (i.e. there are no laws that officially allow for the setting up of street stands, only regulations that stipulate that all commerce and commercially-related structures must receive the approval of the proper authority). After issuing a license, the *shirong* then largely leaves these local vendors alone except to collect monthly stall fees. Thus this form of street vending is officially permitted through the granting of an operating license and is permitted in actual enforcement practice.<sup>43</sup>

Migrant and other unlicensed vendors would fit squarely under category (6) type “Marginal” markets that are essentially illegal (since no unlicensed business is authorized). However, actual enforcement practice is a mixture of permitting (sometimes in exchange for “gifts”) vending activities at certain times of the day and in certain places and alternately penalizing vendors with fines and by confiscating their carts and sale items. The unlicensed migrant housing and garment production described by Zhang Li (2001a and b) and He Xin (2003; 2005) fits almost the exact same logic as migrants are unable to attain the necessary licenses and even if they do are still prone to selective state enforcement practices. We can also place much of counterfeit sales,<sup>44</sup> prostitution and the non-state finance described by Tsai (2002) in this category as all of these are prohibited by laws and regulations but enforcement is an active combination of permitting and penalizing. Here it is important to note that part of the “permitting” that takes place comes in the form I described above where businesses receive a license for a category (1) “Conventional Market” operation but then engage (again, often with full knowledge of oversight agencies) in the sale of officially prohibited goods or services.

---

<sup>43</sup> The alternative label for this cell is “Natural Market.” What I mean by this is a kind of market for which there are no formal rules either allowing or prohibiting it and which the state permits in practice.

<sup>44</sup> As I note above, enforcement of counterfeit sales, whether retail or wholesale, is generally more lax than it is for counterfeit production, which however is also subject to selective enforcement.



This kind of “front” operation easily shades into category (5) type marginal markets. Here, the formal legal status of a market or of a particular business is very much at the discretion of the administrative agency since either there are no rules governing a particular kind of market behavior or because the administrative agency largely has the power to determine what the formal rules mean in practice. So even though sales of counterfeit DVDs would mostly fit into category (6) as clearly being illegal, my example above of one administrative agency selling “legal” DVDs to the store manager in exchange for permission to continue to sell “fake” DVDs shows the power of administrative discretion to determine what is legal or not (shading it into category (5)). Many of Tsai’s examples of how local governments permit various forms of non-state finance also fits this pattern. Finally, Goldstein’s recyclables traders would fit into this category (5) type of marginal market because there appear to be no clear rules governing the transportation of recyclables and only at the point that the regulatory agency in charge of recyclables decided to intervene to control collection points was there any kind of licensing regulation even promulgated. Therefore the recyclables market has both an ambiguous legal status and is variably enforced.

Ultimately then much of my focus on the category of marginal markets falls into categories (6) and (5), but often using category (1) legal status as a front or relying on administrative discretion where formal legal status is ambiguous. In order to analyze more specifically what marginalization as a regulatory strategy says about questions of state capacity and the rule of law, I will focus on categories (3) and (9). Given the way I have designed this table, there are three types of markets that result from state enforcement practices over officially illegal market activities. In this dissertation I have largely focused on marginal markets that are officially prohibited/illegal or at least of questionable legal status and where enforcement varies

between penalization and permission. What distinguishes these kinds of activities from those activities that are illegal but that are in no meaningful sense penalized or from those that are illegal and only penalized? The first category of illegal and “permitted,” category (3) “Black Markets,” is better thought of as illegal and not penalized. There are two alternative explanations for market activities that fall under this category: either state officials actively collude to allow for such practices to continue (e.g. corruption) or, alternately, whether state officials are or not aware of such behaviors, they are simply unable to effectively enforce penalties to eradicate these behaviors. Finally, we can look to category (9) “Prohibited Markets,” for those markets that are both formally illegal and prohibited in practice with little to no permissive enforcement.

Still, these categorizations beg the questions of why, if all these activities are formally illegal, does enforcement practice differ across markets and why shouldn't any enforcement activity that falls short of the full and complete attempt to eradicate illegal market behaviors be a signal of corruption, state weakness, or both? The answers to these questions are by no means straightforward, but this dissertation provides the first step toward answering them. Let me begin by going back to the question of rule of law and what it actually means for a market to be “illegal.” As I note above, the status of the rule of law in China is itself highly ambiguous. The Party clearly wants to project the impression that the country is increasingly ruled by laws and by regulatory institutions that act in accordance with those laws, but there are deep-seated questions about both the legitimacy of the laws that are created and about the political difficulties involved in relying on the consistent implementation of those laws to regulate the economy.

First, there is the question of how any given law or regulation comes into being and with what purpose. Let me look at a couple of examples. China's laws against

counterfeiting are, as Mertha (2005) clearly shows, very much a product of pressures from the international community. Yet the extent to which even central authorities view the widespread defiance of these laws as a purely negative phenomenon is highly doubtful, and it is highly plausible to argue that they too see the very real “positive” side of certain counterfeiting activities (e.g. it produces jobs and is popular with consumers). The same argument applies to non-state forms of finance. Although there are official prohibitions and the central government often decries the problems with many of the forms of local, non-state finance described by Tsai, it is highly likely that central officials see a great deal that is both positive and even necessary about non-state forms of finance.<sup>45</sup> The same can largely be said about street vending, which has an even more ambiguous legal status since it is unlicensed business practices, and not street vending itself, that is prohibited. Any rules against street vending are clearly the result of a very ambiguous and partial decision-making process. Moreover, as I argued in the second chapter, the Party’s continual pointing out of threats to market order and the need to rectify these disorderly markets provides a key basis for its own legitimacy and authority.

I would argue that the key difference between categories (3) and (9) on the one side and category (6) on the other is that the legitimacy and/or level of shared agreement, both at a popular and official level, against market practices in these areas is much more complete than it is for those in category (6). Let me give some concrete examples. There seems to be a high level of popular and official agreement that drugs are bad. This in part is related to the strongly held belief that China’s own historical experience in the 19<sup>th</sup> and early 20<sup>th</sup> centuries with opium addiction was harmful to the

---

<sup>45</sup> This is my main point of disagreement with Tsai’s (2002) analysis. She wants to state definitively that the central government is clearly opposed to non-state forms of finance, but she never shows that central pronouncements decrying such practices are anything more than superficial. In other words, whether Central officials really mean what they say when they decry non-state forms of finance is very open to question.

Chinese people and nation. Therefore, laws against trafficking in drugs share a degree of legitimacy and strong efforts are made to enforce them completely – category (9), whereas any kind of government complicity in facilitating drug trade and sales or simply not being aware of these activities – category (3) would be much more open to accusations of corruption and state incapacity, respectively.

Those market activities in category (6), then, are by definition much more ambiguous. For various reasons that I have explored, the state, at various levels, seeks fit to pass prohibitions against these markets. However, the level of state and popular sentiment acceptance of these prohibitions varies greatly. Moreover, enforcement agents and agencies face various economic incentives related not only to their own personal and bureaucratic incomes, but also seek to promote income-earning and consumption opportunities for the people and areas they administer. The confluence of less-than-full acceptance of the official rules themselves and countervailing pressures to both limit and yet allow certain market behaviors leads to a de facto outcome of governance via marginalization. Ultimately, the dividing line that separates what market and government regulatory activities should be acceptable in word and practice is movable and moving. The ongoing debate about the regulation of street vendors, not to mention the uproar about the regulation (or lack thereof) of food, pharmaceutical and other consumer products attests to the highly fluid nature of what constitutes a threat to market order and how the state should respond.

## **Conclusion**

In this chapter I have proposed that we understand street vending as but one type of marginal market. State officials or regulatory bureaus at various levels portray each of these markets as “disorderly” in some sense and therefore in need of state authority in order to rectify or discipline these markets. Yet rectification does not

mean eradication. Instead, as is the case in each of these markets, actual enforcement against officially prohibited (often illegal) market practices involves a mixture of permissive and punitive enforcement practices by state officials. I have argued that by thus maintaining the marginal status of these markets, in both a formal sense and in terms of actual enforcement practice, regulatory agencies are able to balance goals and incentives that include 1) legitimating their own regulatory existence<sup>46</sup> and authority through claims about the disorderly nature of certain markets and the necessity of intervening in these markets in order to rectify them, 2) ensuring budgetary and extra-budgetary revenue for the regulatory bureaus and individual officials themselves, 3) maintaining income-earning opportunities for those involved in marginal markets and, 4) closely connected to number three, allowing for the consumption of often-popular products and services provided by marginal markets. Marginal markets are thus a complex product of market behaviors, official rules and state enforcement practices and I argue that once in place, the maintenance of market marginality constitutes a crucial method of governance in China.

What I offer then is a theoretical and political explanation for why everyone from state officials to market actors are systematically breaking the rules.<sup>47</sup> I have also explained how the maintenance of marginal markets differs from pure corruption. I have done so not by offering a normative judgment based on the dictionary definition of political corruption, which stresses the use of public office for private gain,<sup>48</sup> but by

---

<sup>46</sup> One factor that needs to be further addressed is that regulatory bureaus like the *shirong* itself provide jobs, often to laid-off urban workers. If the “street vending problem” were to in some sense be solved then what would *shirong/chengguan* employees do for a living?

<sup>47</sup> Clearly, there are specific patterns of state-market interaction within each marginal market. One of the key patterns in my primary case study is based on the distinction between differential state treatment of local and migrant vendors. Similar patterns of migrant discrimination exist in Goldstein and Zhang Li’s research as well and are corroborated by economic studies that attest to the existence of “dual labor markets” in urban centers where the primary split is between urban and rural *hukou* holders (see Fernández-Stembridge 2001). Tsai’s work in differentiating very different patterns of state regulation within one type of marginal market attests to the various ways one can approach the governance of marginal markets.

<sup>48</sup> See Sun Yan (2004) for a comprehensive study of corruption in China that relies on this definition.

situating the formal rules and their enforcement in context and offering an explanation rather than a description. That is, some laws and regulations have a much higher degree of legitimacy than others. For either officials or market actors to deviate from the formal rules is thus not always considered by the public or state officials to necessarily be a negative thing, even though they still may claim that such forms of rule breaking involve corruption. I would therefore caution against any judgment about what I have just described as being a clear instance of the state being unable to enforce its own rules or a form of what Lü (2000b) has called “organizational corruption” and therefore clearly a sign of failed governance.

To argue that the maintenance of marginal market constitutes a method of governance that balances a range of complex goals and incentives is not to deny that such a method is not itself very much a precarious balancing act. In chapter two I argued that central Party efforts to decry the pernicious influence of neoliberalism and the constant and various threats to market order can serve to justify the Party’s role in regulating the economy so as to alleviate such threats. I also noted that such efforts, which rely on calling attention to the great variety and severity of economic and social problems the country faces, can also point back to the Party in a negative way if it seems that such problems are in fact not being resolved. Above I argued that the sort of rule breaking that defines both official and market behavior in marginal markets tends to be centered around activities that have some balance of positive and negative attributes.

However, both state and popular perceptions are open to change. Increasing official media and public criticism of the *chengguan* and support for vendors is a case where there is growing consensus that the rules prohibiting street vending and the *chengguan*’s enforcement of those rules are not appropriate and that street vending should be brought closer to a category (1) business in Table 4-1. At the same time,

recent reports about poor regulation of food and pharmaceuticals sectors, not to mention the scandal over slave labor in brick kilns,<sup>49</sup> has set in motion efforts to move certain activities that might currently be regulated in a manner very similar to category (3) marginal markets into category (9) prohibited markets.<sup>50</sup> This ultimately points to the fact that China is still very much in the middle of a process of determining what kinds of market as well as state regulatory behavior are legitimate. In the final chapter I will argue that in the absence of the rule of law, which in turn depends upon meaningful restrictions on state action, and in the absence of certain institutions that can help legitimate the process of rule-making, any faith that the propagation of new rules or the creation of new regulatory bodies will necessarily lead to new forms of state regulatory enforcement is idealistic at best.

I will conclude this chapter with a few comments on the value and potential insights of comparing China's marginal markets with informal economies in other parts of the world. First, I have questioned the value of traveling to China with the concept of informality. Using the concept of informality to understand, say, the relationship between the state and street vendors in China, one would begin from the basic assumption that the state in no meaningful way regulates vendors. Any relationship between the state and vendors could not, therefore, be characterized as regulation, per se. As I have explained, part of the problem lies in a definition of regulation that is overly restrictive and very ill-suited to a study of the institutions and power relationships between states and market. In this sense, I would argue that not only is the concept of informality not suited to the study of state-market relations in China, but it poses serious limitations the study of political-economy anywhere. The

---

<sup>49</sup> For more on the brick kiln slave story see French (2007b).

<sup>50</sup> Most likely, government officials will try to portray most of these problems with regulatory oversight as belonging to category (3) black markets that are largely hidden to the central government where in fact they may be very similar to marginal markets except that it is difficult to imagine anyone arguing for the consumer popularity of fake medicine or of the merits of cheap bricks produced by slave labor.

concept of informality thus cuts off any study of state-market relations just where things get interesting.

However, the rather unsuccessful attempt to apply the concept of informality to China brings a number of other important issues into relief. First, it is very clear that even if it is true that street vendors and other groups usually associated with the informal economy in other parts of the world can be meaningfully said to be unregulated, the same is not true of China. Street vendors are regulated by the *shirong/chengguan* as a marginal market. Second, the tendency of the literature on informality to associate street vendors with a form of civil society that makes claims apart from and opposed to the state is clearly not applicable in China. I found no evidence of any sizeable, organized groups of street vendors.<sup>51</sup> The Beijing city government's crackdown on the semi-autonomous migrant settlement of Zhejiangcun in 1995 demonstrates that China's cities will not soon become ringed by the kind of self-governed squatter communities that exist in many major developing country urban centers. Finally, as my overview of different forms of Chinese marginal markets demonstrates, we should not expect that the formal legal rules governing market behavior will match up in any straightforward way with the actual behavior of either market actors or state officials. Such a claim may also be a useful starting point for understanding marginal markets outside of China as well.

---

<sup>51</sup> As I described in chapter three, most migrant vendors work in groups that are connected to their home town or families. Any attempt by street vendors to organize *as street vendors* and without explicit government approval would certainly meet a quick end.



## Chapter 5

### Conclusion

This dissertation has made a number of theoretical and empirical observations related to the important concepts of state capacity and legitimacy. Here I will briefly review how each of these terms have been deployed in recent studies of Chinese politics, then I will summarize how this dissertation contributes to or challenges what is already known about Chinese state capacity and legitimacy. I argue that the concept of market order provides an important new insight into linkages between capacity and legitimacy in China and that the concept is in many ways a highly effective tool of governance. However, my research on the *shirong/chengguan* and other state bureaus with oversight over officially prohibited markets, like street markets or counterfeiting, demonstrates the challenges still faced by the Chinese state in strengthening capacity and legitimacy.

#### State Capacity

In the introductory chapter as well as in chapter two I analyze debates in China and the West about the nature and direction of the relationship between the Chinese state and economy. At the heart of the regulatory state debate outlined in the introduction is a profound disagreement about the capacity of the Chinese government to effectively regulate the economy. Regulatory state critics claim that the state (by which they often mean the central government) has created institutions, or reformed already existing ones, in order to enhance its regulatory effectiveness. Moreover, they claim that the state is making important strides in the direction of improved

governance.<sup>1</sup> Developmental state scholars, while critical of the logic regulatory state critics say drives reforms, are in basic agreement that strategic governance of certain sectors of the commanding heights of the economy reflects strong state capacity. However, citing evidence of local corruption, the growth of unregulated markets and misguided “visions” of how to govern a market economy, partial reform critics strongly disagree. In direct response to regulatory state-type arguments, Pei Minxin has countered, “Although the Chinese state appears to be institutionally unconstrained, centralized, and omnipresent, its ability to implement policy and enforce rules is severely limited by its incoherence, internal tensions, and weaknesses” (2006a:13).

How can we evaluate which of these perspectives provides a more accurate description of Chinese state capacity and how does the research presented in this dissertation affirm, refute or complicate the existing perspectives? The first step in answering this question is to ask another: whose capacity to do what? That is, in the debates reviewed above, how is state capacity defined and measured? Definitions of state capacity often include the Weberian emphasis on the state’s ability to maintain a monopoly on the means of coercion, while other staple measures of capacity include extractive and redistributive capabilities (Wang 2003:37-38). However, to the extent that those involved in the Chinese debate over state capacity actually provide any

---

<sup>1</sup> In chapter two I also demonstrate that the New Left has a closely-related perspective to that of the regulatory state scholars and that some, like Wang Shaoguang, belong in both camps. The key difference is that the New Left argues that the central government is too weak and needs to strengthen central authority, whereas the regulatory state literature makes claims that such centralization has already begun and has had a number of important successes. Wang Shaoguang, in his evaluation of coal mine regulation, made the move in print from New Left skeptic to regulatory state optimistic in a three year time span. In 2003 he lamented the state’s “sadly inadequate regulatory capacity” and “governing-capacity deficit,” citing the specific example of poor coal mine safety as evidence of “the state’s inability to regulate workplace safety” (Wang Shaoguang 2003:39-41). However, as I explain in more detail in the introduction, by 2006 Wang cited falling coal mine fatality rates as part of his claim that “the Chinese government is capable of responding to deficiencies in its regulatory performance” (Wang 2006:4). Given that he does not base his change of opinion about coal mine safety regulation based on evidence published after his 2003 article, one possible explanation for his more optimistic assessment is that Wang is engaged in a dual effort to both emphasize needed reforms and to point out positive examples of the kinds of changes he thinks could serve as a model of future reforms.

working definition and measures of capacity at all, the different sides choose different measures. That is, the regulatory state scholars focus on the state's "regulatory capacity" while the partial reform scholars often emphasize the state's (in)ability to control its own agents (Wang 2006; Pei 2003; Lü 2000a and 2000b).<sup>2</sup> Part of the confusion about who to believe in this debate is that those involved often appear to be speaking past each other by pointing to different parts of the proverbial Chinese elephant. The picture of Chinese state capacity is further complicated by differences in emphasis on whether capacity should be judged as a static or dynamic concept.

Specifically, regulatory state scholars argue not that state capacity is "high" in some absolute sense, but that it has been progressively improving. They note the various challenges to the state's regulation of different markets as well as labor and consumer safety, but stress that the central government has been responding to these challenges by increasingly reforming state institutions to effectively improve regulatory performance. Nevertheless, as I show in the introductory chapter, far too often there is a lack of follow-up by regulatory state scholars in effectively demonstrating that the creation of new rules and institutions necessarily translates into actual changes on the ground. At the same time, partial reform scholars point to continued problems of local corruption and protectionism as signs of a low absolute level of state capacity. Yet they also provide too little follow-up in terms of explaining the "so what" of low capacity. The implied argument for scholars like Pei Minxin is that China cannot improve state capacity, which in turn is necessary to achieve progress toward "true reform," unless it first liberalizes its political institutions.

---

<sup>2</sup> Lü's (2000b) concept of "organizational corruption" and Pei's (2003) concept of "decentralized predation" both emphasize lack of proper central government oversight over local agents of the state.

A first step toward resolving this deadlock is to situate the concept of state capacity relative to the actual goals of the state itself. That is, one way of judging the level and direction of China's state capacity is to ask whether the state is able to achieve the goals that it sets for itself.<sup>3</sup> In this dissertation I have argued that a little understood, but crucial goal of Chinese governance is the promotion and maintenance of what I have described as "market order." One of the issues that has been in constant play throughout the dissertation, then, is the extent to which the state has or has not been effective in achieving this goal. As I will argue in more detail below, because it is a contested concept and also because governance of market order is so closely tied to state legitimation efforts that preclude precise definitions of the concept, rendering clear and definitive judgments about the state's capacity to maintain market order is in some ways equivalent to chasing a moving target. Nevertheless, the research presented in this dissertation sheds light on a number of important aspects of the state's efforts to ensure market order.

First, at the level of the central government and Party, the state has made a clear commitment to the maintenance of market order as one of the state's core governance tasks. On the positive side of the ledger is the creation of a range of government institutions and laws, first and foremost being the Market Order Leading Group, but also including new environmental, work safety, and food and drug safety administrations as well the creation of the new Administrative Licensing Law meant to rein in administrative discretion.<sup>4</sup> In addition to the creation of new institutions and

---

<sup>3</sup> Such a relative understanding of state capacity may provide a complication for cross-national assessments of China's state capacity. Take taxation for example. If, as a policy choice, China did not rely on a personal or corporate income tax for the majority of state revenue but instead relied on income from state-owned firms and business groups (as was the case before the 1994 fiscal reforms) then should China be judged to have had a low extraction capacity compared to other countries that did rely on those other forms of taxation? See Naughton for more on the composition of state revenues (2007:432).

<sup>4</sup> On reform of the environmental protection bureaucracy see Jahiel (1998), on work safety see Wang Shaoguang (2006), on food and drug safety see Tam and Yang (2005), and on the Administrative

legislation, and as Yang Dali chronicles in such great detail,<sup>5</sup> the state is also constantly churning out numbers demonstrating the successes involved in myriad different enforcement operations connected to these market order-enhancing bodies and laws.

At the same time, however, not only do bodies like the Market Order Leading Group highlight the vast range of problems and challenges associated with ensuring market order, but the state's own television and print media are filled with programs and stories about a mind-boggling array of market scams, poor product quality, insider deals, and asset bubbles.<sup>6</sup> Often included in these programs and stories are portrayals of the cold-hearted businesspeople and the corrupt local officials who facilitate such "disorderly markets." Thus by the state's own admission the challenges confronting its own efforts to ensure market order are daunting indeed. As I argue below, this seemingly curious openness about, if not failures then at least as-of-yet unmet challenges to ensuring market order, are explicable only if we understand them as part of a larger effort to place market order, and the state's emphasis on showing that it strives toward protecting market order, at the center of state legitimation strategies.

As this dissertation has made clear, however, simply focusing on formal legal and institutional reforms or central government policies and efforts geared toward the protection of market order provides an incomplete picture in terms of level of analysis and actual enforcement outcomes. My work on the Nanjing *shirong* bureau's

---

Licensing Law see National People's Congress Standing Committee (全国人民代表大会常务委员会 2003).

<sup>5</sup> See, for instance, the section in Yang's *Leviathan* devoted to "The Quest for Market Order and the Remaking of the Regulatory Institutions" (Yang Dali 2004a:94-106).

<sup>6</sup> CCTV2, one of twelve channels on China's central television network, broadcasts at least two such programs, including "Economics and the Law" (<http://www.cctv.com/program/jjyf/01/index.shtml>), and "Economic News Broadcast" ([www.cctv.com/program/jjxxlb/01/index.shtml](http://www.cctv.com/program/jjxxlb/01/index.shtml)). In addition to five other related types of shows on CCTV alone, regional and city broadcasts also produce local variants of this type of programming. Any Chinese citizen who turns on the television or opens a newspaper stands a very good chance of seeing or reading these types of muckraking reports.

regulation of street vendors and my brief exploration of other related types of state-market interaction in chapter four, highlights the complex and often-contradictory nature of ensuring market order at the local level. On the one hand this dissertation has provided strong evidence refuting claims that the state lacks a regulatory presence at the local level. It is simply incorrect to view street vendors and retail markets for counterfeit and pirated goods, among other similar markets with a tenuous legal standing, as “unregulated.” As I have demonstrated, local state regulatory agencies know about and have regularized interactions with agents in these markets and selectively enforce policies related to these markets. Although much work remains to be done comparing Chinese governance practices and capacities of similarly situated markets in other countries, the Chinese state’s regulatory presence over what in other settings are considered “informal markets” stands out as relatively strong. That is, especially compared to other developing countries, Chinese state regulatory presence over supposedly “underground” markets is impressive.<sup>7</sup> Yet establishing a state regulatory presence over such markets, just “being there,” clearly does not equate with effective governance, even on the terms of the local bureaus involved.

If the City Appearance Administration in Nanjing is one of the state’s own institutions charged with maintaining market order “on the ground” then the results of its effectiveness are mixed at best. As I have demonstrated, the Nanjing *shirong* has clearly established a regulatory presence over the city’s street vendors, licensed and unlicensed alike. Yet having established this presence, the bureau’s record of enforcing its own rules is less than impressive. This is, if *shirong* regulations forbid unlicensed street vending then the failure of the bureau to clear the streets of

---

<sup>7</sup> I present initial evidence for this in chapter four in my discussion of informal markets, but more remains to be done to fill in the details of this comparative argument. Tripp’s (1997) argument about the power of the local informal sector in the Tanzanian capital Dar es Salaam to “change the rules” stands in stark contrast to the Chinese case where, however imperfectly, the state still set the rules.

unlicensed vendors must certainly be evidence of the bureau's inability to enforce its own duties. Moreover, the *shirong*'s practices of episodic and cyclical enforcement as well as the collection of off-budget fees and fines, which itself contravenes the new Administrative Licensing Law, can be seen as an indication of the *shirong*'s impaired governance capacity if not outright corruption. At the same time, because the bureau has elicited such popular resentment, it also must receive low marks for promoting "market order."

However, as tempting as it may be to judge the *shirong* as a clear-cut example of limited state capacity and corrupt local governance, this dissertation has also demonstrated that it is far from clear that the rules governing street vendors (or counterfeit and pirated goods, informal finance, prostitution, etc.) reflect in some uncomplicated way what the state "wants." That is, not only does the *shirong* find itself in a difficult situation whereby it must rely on its own initiative to finance its own operations and existence,<sup>8</sup> but the alternative of actually ridding the streets of vendors (by relocating them to fixed place markets or through other methods) and thereby depriving vendors of a livelihood and city residents of a popular and cheap source of consumer goods and services, is clearly unappealing.

This then brings us back to the role and commitment of the central government in ensuring market order. Here again the judgment of state capacity must be mixed. On the one hand, if central authorities are committed to eradicating the existence of

---

<sup>8</sup> Michael Dutton provides a convincing argument that one of the key factors that allowed Chinese law enforcement and administrative officials (his particular focus is the Public Security Bureau) to make a shift from "policing politics" to instead regulating more market-based, contractual transactions, was the ability of those officials to seek personal and collective material rewards through the collection of fines and fees. The result was a proliferation in the collection of fines and fees. As Dutton argues, "local governments...passed on the financial burden to the local police stations, more or less telling the police to partially self-fund their activities...Local police stations reacted by extensively exercising their powers to levy fines and fees. They did this not as a means of deterrence, but simply to pay the wages of their officers...Increasingly, fines began to replace punishment, and nowhere was this more in evidence than in those ambiguous administrative areas that lay on the edge of criminality. Prostitution was one area subject to 'administrative sanction' that lent itself to the extended use of the fine" (Dutton 2005:280).

unregistered and/or IPR-infringing businesses, then why not make a clearer commitment in terms of funding (to reduce incentives to collect off-budget fees and fines) and personnel oversight (to reduce corruption and physically abusive enforcement practices) so that the enforcement bureaus can carry out their tasks in accordance with official policy? If, on the other hand, central authorities seek to support the street vendors and others who are simply searching for a way to make a living in the market economy, then why not direct more resources toward funding the creation of market venues (e.g. fixed-place markets) that are considered appropriate to the goals of “modern” Chinese urban appearance (i.e. why not fund more Fuzimiao or “1912”-type markets and provide incentives for unlicensed vendors to operate there with official assistance and approval)?

Granted, the current status quo of tolerating selective enforcement practices over the types of legally questionable markets that I have analyzed in this dissertation points in the direction of limited state capacity to ensure its own desired goal of providing and maintaining market order. However, the central government’s recent criticisms of *shirong/chengguan* administrative enforcement practice and announced plans to rein in and discipline the bureau reflect the awareness and (time will tell) the ability of the central government to identify and prevent certain behaviors, even by agents of the state itself, that are seen to undermine its efforts to champion market order.<sup>9</sup> Ultimately, I would offer that both central and local responses to such markets reflects a “technique of rule” that in many ways reflects a kind of coping strategy involved in governing the “lower tier” of what is a vast, complicated and rapidly changing economy.<sup>10</sup>

---

<sup>9</sup> Certainly that Beijing is the host for the 2008 summer Olympics plays a role in announced reforms to the way the Beijing *chengguan* (and presumably *chengguan/shirong* bureaus across the country) is expected to carry out its enforcement duties in the future (see “Norms for Urban Management ahead of Olympics” 2007).

<sup>10</sup> I borrow the term “technique of rule” from Perry (2007:9).



If the argument presented here that the Chinese state shows elements of both limited and relatively strong state capacity, *at the same time and at various levels of analysis*, then rather than throwing our hands up in the air in frustration at not being able to make a definitive statement about Chinese state capacity, we should embrace this complexity as a step toward understanding the multifaceted political challenges facing the Chinese state itself.<sup>11</sup> However, we need not leave the analysis of state capacity at this. If market order is central to judgments about Chinese state capacity it is also critical to understanding a key facet of state legitimation efforts as well. If making a clear statement about state capacity seems difficult, or at the very least if an unambiguous indictment of the effectiveness of Chinese economic governance seems rather wide of the mark, maybe this is an intended effect.

### **Legitimacy and Market Order**

The concept of political legitimacy, like state capacity, has a long history in the study of politics and also like the concept of state capacity has been defined and measured in a variety of different ways. While definitions of the concept vary, the essence of the concept revolves around “the right to govern.” As one study on political legitimacy argues,

The problem of legitimacy, which is central in politics, is not the exclusive property of any one discipline...one finds, even within a given discipline, some major differences. Despite these, there exists a common ground for understanding: the idea of legitimacy concerns first and foremost the right to govern. Legitimacy is the recognition of the right to govern. In this regard, it

---

<sup>11</sup> Ultimately, the findings of this dissertation also do little to “resolve” the tension in studies of Chinese political economy about whether decentralization of economic and political authority should be credited with China’s economic growth in the reform era or whether that same decentralization has resulted in local protectionism, corruption and poorly regulated markets. The Nanjing *shirong*, while clearly not an institution designed or intent on promoting local economic development, and despite its sometimes “predatory” behavior, nevertheless promotes vending opportunities for local residents and, at the end of the day, does not completely force unlicensed and therefore nominally illegal vendors off the street.

tries to offer a solution to a fundamental political problem, which consists in justifying simultaneously political power and obedience. (Coicaud 2002:10)

Recent writing about the particular case of political legitimacy in China has also emphasized the culturally contingent nature of the concept. For example, one study defines legitimacy as the “belief by the governed in the rulers’ moral right to issue commands and the people’s corresponding obligation to obey such commands” (Zheng and Liang 2005:186) and another as “the belief of citizens that the nature and functioning of national state institutions conform to their own basic political and moral values” (Chen Cheng 2005:4). Here each author stresses the centrality of a kind of “moral” authority necessary to govern.

Even if it can be agreed upon that the core of the concept of political legitimacy relates to the right to govern, that this right is in part a function of particular cultural values ensures that in practice there is a proliferation of arguments about what constitutes the most important element of legitimacy in a given case and how it should be measured. In the case of China, the question of political legitimacy and the challenges to it have drawn significant attention and inspired a number of studies, each emphasizing different aspects of Chinese state legitimacy. Some argue that with the demise of socialist ideology the Chinese government relies on economic and institutional “performance” to maintain popular support (Zheng and Liang 2005:190). A variation on this by Bruce Gilley emphasizes that “as an authoritarian regime whose legitimacy rests mainly on a certain subjective perception of performance, preferences may be more unstable than in democratic regimes that are judged more by objective procedural criteria” (Gilley forthcoming:4-5). Both of these studies highlight a common methodological underpinning of research on legitimacy in that they are based on survey results and seek to explain how as an authoritarian state China still maintains high marks on such surveys (Gilley forthcoming:4 and Chen Cheng 2005:4).

Other studies emphasize what they see as threats to Chinese state legitimacy and seek to analyze the nature of those threats. Gries (2004) points to the threat posed by popular nationalism that has slipped out of the grip of state control while Solinger (2004) and Weston (2004) have each emphasized different ways in which rising unemployment and urban “informality” challenge Chinese state legitimacy. Other studies have sought to move beyond the threats to legitimacy from such specific issues as nationalism or unemployment in order to explain exactly what types of “political and moral values” are most salient to legitimacy in China today. One of the themes that has emerged from such studies is the centrality of “stability” and “order” to Chinese notions of political legitimacy.<sup>12</sup> As Shue argues,

*The maintenance of the conditions in which the economy does develop and the people do enjoy more prosperity—this, I believe comes much closer to capturing the actual core of the contemporary Chinese state’s claims to rule legitimately...Those conditions are, in a word, the conditions of stability – the conditions of social peace and order. (Shue 2004:29; italics in original)*

Shue goes on to explain that this value placed on stability is related to three elements that were historically central to legitimizing dynastic rule: a state monopoly on “truth,” “benevolence,” and “glory.” She emphasizes that in the case of benevolence in particular, “legitimation for local officials and members of the elite may have depended more, at times, on the display of benevolent concern itself, rather than on the actual saving of lives” (Shue 2004:32). Linking these issues to contemporary issues of state legitimation, Shue stresses that the same values that lie at the heart of state legitimation strategies (i.e. the “raw material”) can and are, in turn, often used by

---

<sup>12</sup> This emphasis on stability and order as a central value of Chinese society in general and as a specific component of state legitimacy is corroborated by Chinese survey research that shows a Chinese preference for “order” over “liberty” (Chen and Zhong 2000). The authors of this study also quote Lucien Pye that “most Chinese accept completely the need for order” (Chen and Zhong 2000:433; Pye 1992:123).

citizens to challenge that legitimacy. Shue concludes that it is when such challenges cut to the heart of the state monopoly on these values that the state may lash out to defend that monopoly.

Throughout this dissertation I have argued that a central but little understood element at the center of the state's repertoire of state legitimation is the concept of market order. Market order, as I have emphasized, marries the goal of maintaining social and economic stability with a commitment to market-led development. The state has positioned itself as the primary defender of market order, and as such seeks to influence public expectations about the state's role in regulating the economy. In this sense, then, Chinese state legitimacy is directly tied to the state's capacity to promote and protect market order in that popular expectations are created in connection to the state's efforts and ability to maintain market order. Yet, as I have argued, the concept of market order is not clearly defined and while there is an official understanding of market order tied to the central state and Party leadership, there is still great room for various and competing interpretations of what market order is and should be. It is in this very ambiguity that lies the significance of the concept of market order as a tool of Chinese state legitimation.<sup>13</sup> This ambiguity has also created the opportunity for unwanted interpretations and left the door open to challenges to the state's record of effectively maintaining market order.

At the level of the central government and Party leadership, the ambiguity and flexibility of the idea of market order are apparent in at least two ways that I have explored in the dissertation. First, the concept of market order is ambiguous enough that it allows for potentially very different interpretations within the Party leadership itself. As Hu Angang points out, it was then-premier Zhu Rongji who first stressed

---

<sup>13</sup> I thank Vivienne Shue for pushing me to explore the importance of ambiguity in state legitimation efforts related to market order. Shue points to the role of "productive ambiguity" in Duara's (1988) study on the breakdown of China's "cultural nexus" (Shue 2004:37).

the importance of promoting market order on the eve of China's WTO accession in 2001 (Hu Angang 胡鞍钢 2001). And yet the current leadership, in what must be seen in part as a bid to distinguish its own more egalitarian approach to development from that of the Jiang Zemin/Zhu Rongji leadership team, has criticized neoliberalism as threatening to market order. This is true despite the fact that the Party remains firmly committed to a development strategy that embraces most of the same fundamental market-expanding policies initiated by Jiang and Zhu. Thus different understandings of market order can, and have been, employed by the central Party and state leadership.

The centrally sponsored critique of neoliberalism that I analyze in chapter two also becomes more understandable if it is clear that market order is a central component of state legitimation strategies. First, neoliberalism is a threat to market order because it promotes "unregulated" markets and their attendant chaos. Neoliberalism is also painted as a Trojan horse of western capitalist hegemony and if allowed to progress too far will lead China to the destabilizing depths of financial crises like those faced by countries from Latin America to Russia. Moreover, neoliberalism contains the seeds of an alternative relationship between states and markets where markets are naturally "orderly" and where that order is in fact attendant on the existence of a mere "Hayekian night-watchman state."<sup>14</sup> Official criticisms of neoliberalism that decry the "myth of the market" and the "blind faith" inspired by that myth must be seen as defending the state as the true guarantor and judge of market order.<sup>15</sup> This is a clear example of the state defending itself from an alternative, and here foreign, claimant to the "Truth."

---

<sup>14</sup> Wang Shaoguang uses this term as a kind of foil to the regulatory state he sees emerging in China (Wang 2006).

<sup>15</sup> As I will argue below, it is not that the state is unwilling to entertain alternative sources of market-generated "order," as long as they serve to complement rather than replace state authority.

By not attaching an overly-specific definition to market order the state has also made room for contestation over the true meaning of the concept. This in some ways can serve state purposes, but by allowing for alternative interpretations may also open the possibility for unwanted challenges by those critical of the state's vision of market order and ability to enforce it. On the one hand, the type of intellectual contestation about different understandings of market order described in chapter two allows China's potentially restive intellectuals a wide berth in which to explore and vent their critical opinions on a wide range of issues. By allowing for contention over the meaning and the best way to establish and protect market order, central authorities can learn about and even strategically choose from components of ideas generated by the debate. There is a tension here however because if the power of ideas is to frame a problem as a problem and to therefore call forth a certain form of response, then the ambiguity and flexibility of the idea of market order allows not only the state but also its critics to offer alternative understandings of market order that challenge the official version. For now, however, elements of both the neoliberal and the New Left perspective have found their way into the official understanding of market order. So it appears that by maintaining elements of both perspectives the state is able to create a strategic balance that is, again, fostered by the ambiguous nature of the idea of market order.

At the level of propaganda, and in particular through the official print and television media, the notion of market order as an instrument of state legitimation takes on a peculiar aspect that also involves a potentially precarious balance. On the one hand, the state certainly does seek to highlight its own successes in maintaining market order. As I argue above in my discussion of state capacity, the state, through official spokespeople and through the media, makes many claims to its successes in cleaning up disorderly markets, fighting corruption and local protectionism, and

promoting the public good. At the same time, this reporting about successful efforts to combat disorderly influences involves a constant stream of stories about all of the potential threats to market order. There is an effort to locate the source of these threats in the very nature of the markets themselves or in the “uncivilized” behavior of market actors or corrupt individual officials. It is also certainly the case that the state strives to be seen combating these threats to market order even if the actual situation on the ground still involves the widespread existence of such disorderly influences. However, by constantly calling attention to the ubiquity of disorderly market activities the state also opens the door for the criticism that it is somehow failing in its efforts to maintain market order. Again, the ambiguity of the concept allows the state a wide berth in claiming to successfully maintain market order or at least to be seen as striving to maintain it, but at the same time this same ambiguity opens the door to those who might claim that the state is not successfully maintaining order.

Finally, and most problematically for state legitimation efforts tied to the maintenance of market order, is the behavior of certain state regulatory agencies like the *shirong* that are charged with regulating markets with unclear legal standing. For *shirong* officials, the concept of market order is less a guide to proper enforcement practice than an open-ended tool for framing the nature of the regulatory challenge they face, for defending their own regulatory authority and, in some cases, for abusing that authority. As I demonstrate in chapter three, Nanjing *shirong* officials often portray unlicensed vendors as opponents in a guerrilla war, constantly moving, creating traffic obstacles, creating trash and generally creating a “disorderly” appearance. In the name of “order” the *shirong* must scatter and disperse the vendors. I also provide evidence in chapter three about how some *chengguan* departments force vendors to buy certain products, like refrigerators of a certain brand, from a particular seller in order to ensure a “standardized” and “orderly” appearance to their vending

sites. Lastly, while coming under critical fire from the public and the central government, the *chengguan* has argued that without its oversight vendors will create chaotic conditions.

Ultimately, the *shirong/chengguan* has come under fire precisely because it has come to be seen as a government bureau that threatens rather than maintains market order. It is not the *shirong*'s selective enforcement tactics that have come under fire, or at least not that portion of the tactics that essentially allow for unlicensed, and therefore illegal, vendors to continue to largely remain on the streets. Instead, it is both popular and central government criticism of the abusive enforcement tactics used by the *shirong* and their improper understanding of what "order" really is and how to maintain it that have been the central issues.<sup>16</sup> Popular criticisms often centered on the skepticism about the nature of the *shirong*'s authority and anger that in the name of "order" the bureau essentially extorted poor, defenseless vendors. Later, media criticisms used this exact same language. If the *shirong* claimed authority based on the need to maintain order over the naturally disorderly street vendors, and if popular opinion reached the point that this justification for *shirong* authority was completely non-credible, then as an agency of the state the *shirong* ultimately posed a threat to state legitimation efforts. It is thus only in the context of state efforts to defend its credibility as the guarantor of market order that the center's critique of the *shirong/chengguan* makes sense.

In the case of the City Appearance Administration, then, the threat posed to state legitimacy came from a unit of the state itself. As with the concept of state

---

<sup>16</sup> This highlights the problem with arguments about "organizational corruption" and "decentralized predation," which insist on the corrosive influence of local regulatory agencies that deviate from their prescribed tasks for corporate or personal gain. Indeed, given the central government policy of requiring local regulatory agencies to provide for a large portion of their own revenue, many if not most agencies could be accused of "organizational corruption." It is not the failure of these agencies to strictly enforce regulations according to the letter of the law, but rather the perception that their behavior poses a threat to stability and order that leads to both public and central Party/state criticism.



capacity, political legitimacy is also a moving target in China. Thus the challenges to legitimacy may come from unexpected sources. Nevertheless, I have argued that the concept of market order is ambiguous by design and that Chinese state legitimacy is intricately linked to its capacity to maintain market order. Just as one can find elements of strong and weak state capacity co-existing in China, the very ambiguity of market order as a central legitimizing concept is both the source of its strength and just as potentially the source of its greatest challenges. Market order may elude easy classification, but given its centrality in understanding the crucial issues of Chinese state capacity and legitimacy, it deserves our most careful and ongoing attention.

### **The Future of Market Order and State Capacity: Not Only a Chinese Issue**

In February of 2007 the *International Herald Tribune* published a startling report on the vast quantities of counterfeit drugs being produced in and exported from China to other parts of the world (McNeil 2007). Some of the fake medicines, including anti-malarial medications, are responsible for potentially hundreds of thousands of preventable deaths each year, whereas others, such as fake Viagra, may only be responsible for marginally lower birth rates in the countries that have imported them. The article noted that very few of these fake drugs had turned up in the United States, but instead often went to China's poorer neighbors in Southeast Asia. For all of its import to world health, the story seemed to drift into obscurity almost as soon as it had been reported.

But within only a few months, a firestorm of media attention blew up around a different deadly export from China: pet food. By early April, the US Food and Drug Administration (FDA) had certified that 16 pets had died since the beginning of 2007 and suspected the cause was related to tainted wheat gluten that had been added to the food during its production in China (Abruzzese 2007). In the following months, there

was a steady stream of weekly if not daily reports in the western press about the dangers of poisonous toothpaste, cancer-causing seafood, and toys coated with unsafe paint, all imported from China. There was tough talk in Congress of the need to take immediate measures to protect America's consumers from this flood of dangerous products. Not to be outdone, the Chinese authorities banned a number of imports from the United States as well as other western countries.

Setting aside for the moment the rather disturbing fact that western opinion seemed to be roused into a flurry of indignation not by the very real human tragedy connected to fake pharmaceutical exports but instead only by the deaths of a handful of American pets, what are we to make of this story? This news should come as no surprise. The Chinese media has for years been full of stories practically every day about the sales of fake, substandard, and unhealthy products and as I noted in the last chapter, foreign companies that specialize in cracking down on a huge range of counterfeit goods, many intended for export abroad, have become increasingly numerous in China. Given how deeply integrated China has become into the world economy, especially in terms of exports of consumer goods, that China would begin to export some of the less salubrious results of its regulatory system was really only a matter of time.

Not to worry, though, declared Yang Dali. When Yang was recently interviewed by the *New York Times* about China's food and drug safety woes and asked to compare China's current situation with the United States, where the FDA had taken almost a half century after its creation to gain any regulatory teeth, Yang responded: "I'd be surprised if it takes China that long" (Kahn 2007a).<sup>17</sup> This, however, begs the question of what Yang thinks will change or how it will change. In

---

<sup>17</sup> In an article titled "In China's Safety Woes, Echoes of U.S. History" (Kahn 2007b) Yang Dali and Wang Shaoguang would both certainly find verification for their claim that the development of a regulatory state in China today is reminiscent of early 20<sup>th</sup> century American reforms.

this dissertation I have described the logic of selective enforcement of policies ostensibly designed to limit a range of markets and market practices. In practice, such selective enforcement is a technique of governance that often leads to the active toleration of such formally prohibited markets and behaviors.

As I described in the introductory chapter, neither Yang nor other advocates of China as a budding regulatory state offer a clear explanation for what they think will be the catalyst of regulatory change. In the case of the international row over China's shoddy exports, the Chinese government, despite an initially defensive position, launched a highly publicized campaign to highlight all of the many new efforts it is taking to solve problems with food, pharmaceutical and other consumer safety concerns (Barboza 2007b). Included among these was the passage of a raft of new laws as well as the highly publicized execution of the former head of China's FDA (Barboza 2007a). However, even the Chinese press has reported skepticism that these reforms will cut to the core of the issue (Huang Fang 黄芳 2007).

Certainly China feels the immediate diplomatic and economic pressures to respond to the numerous claims that its system for regulating food, pharmaceutical and other consumer product is broken in some way, but this is not the first time that China has been under similar pressures and has responded with the creation of new laws and institutions for enhanced regulatory oversight. Mertha's (2005) study of international initiatives to push China to strengthen its anti-counterfeiting policies shows that such pressures had direct influence on the creation of new rules and institutions, but very limited effect on actual enforcement. This dissertation, in addition to studies like Mertha's, demonstrate the various and powerful forces at work mitigating against the likelihood that changes in the formal rules and institutional structures will rapidly or directly translate into changes on the ground.

However, the fact remains that far too little is known about the mechanisms that drive changes not just in the formal rules and institutions for governing China's markets, but in how those formal changes translate into actual results on the ground. Foreign government pressure is one plausible candidate as a reform catalyst, but as the case of IPR legislation and enforcement demonstrates, foreign pressure to create certain rules does not necessarily translate into changed patterns of enforcement. Another candidate as a catalyst for change is increased domestic media exposure of market and state failures. That the domestic media has a role in exposing key issues related to, say, consumer health and workplace safety is certainly true to some extent, but the question remains as to why certain issues are reported and many others are not. Much work has yet to be done on understanding what social and economic forces prompt the Chinese state to respond to perceived threats to market order. Yet such an understanding is of crucial importance not just for the Chinese state and its citizens but also for the international community in which China will certainly play an increasingly prominent role.

## APPENDIX A

### Formal Interviews

Location	Number	Date	Unit (Level)/Title
Nanjing	NJ1	10/14/00	Nanjing University Sociology Department
	NJ2	4/15/01	Sanitation Bureau (Province)
	NJ3	5/08/01	District Re-employment Office (Gulou)
	NJ4	9/27/02	Nanjing University Sociology Department
	NJ5	10/14/02	Nanjing University History Department
	NJ6	11/07/02	Nanjing University Sociology Department
	NJ7	2/19/03	Nanjing University Sociology Department
	NJ8	4/03/03	Provincial Government Research Unit
	NJ9	4/13/03	<i>Shirong</i> (City)
	NJ10	4/16/03	<i>Shirong</i> (Gulou District)
	NJ11	4/23/03	Provincial Government Research Unit
	NJ12	5/24/03	<i>Shirong</i> (City)
	NJ13	6/02/03	<i>Shirong</i> (Xuanwu District Street Office)
	NJ14	7/14/03	Public Security Bureau (Gulou District Street Office)
	NJ15	8/22/03	<i>Shirong</i> (City)
	NJ16	9/13/03	<i>Shirong</i> (Xuanwu District)
	NJ17	9/15/03	<i>Shirong</i> (City)
	NJ18	9/30/03	Gongshang (City)
	NJ19	9/30/03	Gongshang (Gulou District)
	NJ20	10/09/03	<i>Shirong</i> (City)
	NJ21	10/14/03	Nanjing University History Department
	NJ22	10/24/03	Provincial Government Research Unit
	NJ23	12/04/03	Gongshang (Province)
	NJ24	3/22/04	<i>Shirong</i> (Gulou Street Office)
	NJ25	4/02/04	<i>Shirong</i> (City)
	NJ26	4/08/04	City Planning Bureau
	NJ27	4/16/04	Nanjing University Sociology Department
	NJ28	6/25/04	Provincial Government

	NJ29	7/29/05	Research Unit Provincial Government Research Unit
	NJ30	11/18/05	<i>Shirong</i> (City)
	NJ31	6/23/07	Provincial Government Research Unit
	NJ32	9/12/07	Provincial Government Research Unit
	NJ33	10/16/07	Provincial Government Research Unit
Shanghai	SH1	3/10/03	Security Professional
	SH2	3/12/03	<i>Shirong</i> (City)
	SH3	4/18/03	Security Professional
	SH4	4/18/03	Security Professional
	SH5	4/18/03	Security Professional
	SH6	3/25/04	Security Professional
	SH7	4/16/04	Security Professional
	SH8	4/18/04	Fudan University History Department
	SH9	4/18/04	Fudan University History Department
	SH10	11/16/05	Security Professional
Beijing	BJ1	4/12/02	Tsinghua University Sociology Department
	BJ2	11/06/04	Beijing University Department of Economics
	BJ3	11/10/04	Unirule Institute of Economics
	BJ4	11/14/04	Beijing University of Aeronautics and Astronautics
	BJ5	11/21/04	Beijing University Economics Department
	BJ6	11/26/04	<i>Caijing</i> Magazine
	BJ7	2/22/05	<i>Chengguan</i> (Haidian District)
	BJ8	4/12/05	Beijing University Economics Department
	BJ9	4/21/05	<i>Caijing</i> Magazine
	BJ10	5/09/05	Tsinghua University History Department
	BJ11	6/18/05	Chinese Academy of Social Sciences
	BJ12	7/08/05	Beijing University School of International Studies
	BJ13	8/12/05	Tsinghua University School of Public Policy and Management
	BJ14	9/28/05	Chinese Academy of Social Sciences
	BJ15	11/14/05	Tsinghua University Sociology

	BJ16	3/24/06	Department Unirule Institute of Economics
	BJ17	4/08/06	Beijing University Guanghua School of Management
	BJ18	4/17/06	Tsinghua Institute of International Studies
	BJ19	5/23/06	Ford Foundation
	BJ20	6/13/06	Tsinghua University School of Public Policy and Management
	BJ21	6/17/06	Chinese Academy of Social Sciences
	BJ22	10/03/06	Chinese Academy of Social Sciences
	BJ23	10/15/06	Tsinghua University School of Public Policy and Management
	BJ24	7/02/07	State Council Market Order Leading Group
Yangzhou (Jiangsu)	YZ1	4/10/04	Provincial Government Research Unit
	YZ2	4/11/04	City Government
Hangzhou (Zhejiang)	HZ1	10/29/04	Zhejiang University Economics Department
	HZ2	10/31/04	Zhejiang University Economics Department
Yiwu (Zhejiang)	YW1	10/30/04	Security Professional
	YW2	10/30/04	City Government
	YW3	10/30/04	Provincial Government
	YW4	10/30/04	Wholesale Market Manager
Xinji (Hebei)	XJ1	5/25/06	Foreign Affairs Bureau
	XJ2	5/26/06	<i>Chengguan</i> (city)
	XJ3	5/26/06	City Planning Bureau
	XJ4	5/27/06	Business Affairs ( <i>shangwuju</i> ) Bureau
	XJ5	5/27/06	Civil Affairs Bureau
	XJ6	5/28/06	Gongshang (city)
	XJ7	5/29/06	Development and Reform Bureau
Hong Kong	HK1	12/14/03	HK Baptist University Geography Department
	HK2	12/15/03	University of Southampton Geography Department
	HK3	12/16/03	HK Baptist University Geography Department

	HK4	1/09/05	Chinese University of Hong Universities Service Centre
	HK5	1/10/05	Chinese University of Hong Kong Economics Department
	HK6	1/11/05	Chinese University of Hong Universities Service Centre
	HK7	1/13/05	Chinese University of Hong Kong Department of Government
	HK8	1/13/05	Chinese University of Hong Kong Department of Government
Tianjin	TJ1	6/02/06	Nankai University



### Informal Interviews

Location	Number	Date	Business Type <sup>1</sup>
Nanjing	nj1	10/8/00	Prepared Food Vendor
Nanjing	nj2	11/14/00	Clothing Vendor
Nanjing	nj3	4/25/01	Cosmetics Vendor
Nanjing	nj4	5/18/01	DVD Store
Nanjing	nj5	9/27/02	Household Electronics Vendor
Nanjing	nj6	10/20/02	DVD Store
Nanjing	nj7	10/23/02	Book Vendor
Nanjing	nj8	11/09/02	DVD Store
Nanjing	nj9	2/16/03	Fruit Vendor
Nanjing	nj10	2/21/03	Vegetable Vendor
Nanjing	nj11	3/04/03	Historical Memorabilia Vendor
Nanjing	nj12	3/04/03	Ceramics Vendor
Nanjing	nj13	3/16/03	Household Electronics Vendor
Nanjing	nj14	3/22/03	Cosmetics Store
Nanjing	nj15	3/28/03	Fruit Store
Nanjing	nj16	4/04/03	Restaurant
Nanjing	nj17	4/09/03	Clothing Store Owner
Nanjing	nj18	4/15/03	Book Vendor
Nanjing	nj19	4/15/03	Vegetable Vendor
Nanjing	nj20	4/23/03	Fruit Vendor
Nanjing	nj21	4/23/03	Jewelry Vendor
Nanjing	nj22	4/23/03	Cosmetics Store
Nanjing	nj23	4/27/03	Vegetable Vendor
Nanjing	nj24	4/27/03	Book Store
Nanjing	nj25	4/27/03	Bicycle Repair Vendor
Nanjing	nj26	5/09/03	Jewelry Vendor
Nanjing	nj27	5/18/03	Fruit Vendor
Nanjing	nj28	5/18/03	Fruit Store
Nanjing	nj29	5/18/03	DVD Store
Nanjing	nj30	5/19/03	Prepared Food Vendor
Nanjing	nj31	5/20/03	Cosmetic Vendor
Nanjing	nj32	5/20/03	Cosmetic Store
Nanjing	nj33	5/20/03	Flower Vendor
Nanjing	nj34	5/26/03	Book Store
Nanjing	nj35	5/28/03	Jewelry Vendor
Nanjing	nj36	5/31/03	Clothing Store
Nanjing	nj37	6/01/03	Restaurant

<sup>1</sup> Here, “vendor” refers to a non-fixed space business while “store” refers to a fixed-space business.

Nanjing	nj38	7/18/03	Prepared Food Vendor
Nanjing	nj39	7/22/03	Jewelry Vendor
Nanjing	nj40	7/22/03	Cosmetics Store
Nanjing	nj41	7/24/03	Clothing Store
Nanjing	nj42	7/24/03	Stuffed Animal Vendor
Nanjing	nj43	7/26/03	Book Vendor
Nanjing	nj44	7/26/03	Prepared Food Vendor
Nanjing	nj45	7/27/03	Clothing Store
Nanjing	nj46	7/27/03	Clothing Store
Nanjing	nj47	7/27/03	Clothing Vendor
Nanjing	nj48	8/02/03	Historical Memorabilia Vendor
Nanjing	nj49	8/05/03	Ceramics Vendor
Jilin City	nj50	8/08/03	Prepared Food Vendor
Jilin City	jc1	8/08/03	Clothing Vendor
Jilin City	jc2	8/09/03	Book Vendor
Jilin City	jc3	8/09/03	Cosmetics Vendor
Jilin City	jc4	8/09/03	Household Electronics Vendor
Jilin City	jc5	8/10/03	DVD vendor
Jilin City	jc6	8/10/03	Restaurant
Nanjing	nj51	8/15/03	Clothing Vendor
Nanjing	nj52	8/15/03	Household Electronics Vendor
Nanjing	nj53	9/03/03	Clothing Vendor
Nanjing	nj54	9/06/03	DVD Store
Nanjing	nj55	9/16/03	Cosmetics Store
Nanjing	nj56	9/19/03	Clothing Store
Nanjing	nj57	9/22/03	Historical Memorabilia Vendor
Nanjing	nj58	9/23/03	Prepared Food Vendor
Nanjing	nj59	10/02/03	Clothing Store
Nanjing	nj60	10/02/03	Restaurant
Nanjing	nj61	10/02/03	Book Vendor
Nanjing	nj62	10/04/03	Bicycle Repair Vendor
Nanjing	nj63	10/04/03	Prepared Food Vendor
Nanjing	nj64	10/05/03	Prepared Food Vendor
Nanjing	nj65	10/06/03	Prepared Food Vendor
Nanjing	nj66	10/06/03	Prepared Food Vendor
Nanjing	nj67	10/06/03	Prepared Food Vendor
Nanjing	nj68	10/06/03	Cosmetics Store
Nanjing	nj69	10/11/03	Household Electronics Vendor
Nanjing	nj70	10/14/03	DVD Store
Nanjing	nj71	10/14/03	Clothing Store

Nanjing	nj72	10/17/03	DVD Store
Nanjing	nj73	10/19/03	Prepared Food Vendor
Nanjing	nj74	10/19/03	Bicycle Repair Vendor
Nanjing	nj75	10/21/03	Prepared Food Vendor
Nanjing	nj76	10/22/03	Stuffed Animal Vendor
Nanjing	nj77	10/22/03	Vegetable Vendor
Nanjing	nj78	10/22/03	Vegetable Store
Nanjing	nj79	10/22/03	Book Store
Nanjing	nj80	10/22/03	DVD Store
Nanjing	nj81	10/22/03	Restaurant
Nanjing	nj82	10/24/03	Prepared Food Vendor
Nanjing	nj83	10/28/03	Stuffed Animal Vendor
Nanjing	nj84	11/01/03	Jewelry Vendor
Nanjing	nj85	11/01/03	Household Electronics Vendor
Nanjing	nj86	11/03/03	Bicycle Repair Vendor
Nanjing	nj87	11/03/03	Ceramics Vendor
Nanjing	nj88	11/03/03	Ceramics Vendor
Nanjing	nj89	11/05/03	Clothing Store
Nanjing	nj90	11/07/03	Flower Vendor
Nanjing	nj91	11/07/03	Clothing Store
Nanjing	nj92	11/10/03	Prepared Food Vendor
Nanjing	nj93	11/10/03	Vegetable Vendor
Nanjing	nj94	11/10/03	DVD Store
Nanjing	nj95	11/11/03	Jewelry Vendor
Nanjing	nj96	11/17/03	Cosmetics Vendor
Nanjing	nj97	11/17/03	Clothing Vendor
Nanjing	nj98	11/18/03	Household Electronics Vendor
Nanjing	nj99	11/18/03	Bicycle Repair Vendor
Nanjing	nj100	11/18/03	Clothing Store
Nanjing	nj101	11/19/03	Book Vendor
Nanjing	nj102	11/21/03	Fruit Vendor
Nanjing	nj103	11/30/03	Ceramics Vendor
Nanjing	nj104	11/30/03	Flower Vendor
Nanjing	nj105	12/05/03	Book Vendor
Nanjing	nj106	12/07/03	Clothing Vendor
Nanjing	nj107	12/07/03	Clothing Vendor
Nanjing	nj108	12/07/03	Clothing Vendor
Nanjing	nj109	12/07/03	Ceramics Vendor
Nanjing	nj110	12/07/03	Household Electronics Vendor
Nanjing	nj111	12/11/03	Cosmetics Vendor
Nanjing	nj112	3/24/04	Prepared Food Vendor
Nanjing	nj113	4/04/04	Prepared Food Vendor

Nanjing	nj114	4/17/04	Clothing Vendor
Nanjing	nj115	4/17/04	Jewelry Vendor
Nanjing	nj116	4/23/04	Prepared Food Vendor
Nanjing	nj117	5/05/04	Bicycle Repair Vendor
Nanjing	nj118	5/05/04	DVD Store
Nanjing	nj119	5/06/04	Vegetable Vendor
Nanjing	nj120	5/13/04	Prepared Food Vendor
Nanjing	nj121	5/21/04	Cosmetics Store
Nanjing	nj122	5/23/04	Clothing Store
Beijing	bj1	7/15/04	Clothing Vendor
Beijing	bj2	7/15/04	Prepared Food Vendor
Beijing	bj3	7/22/04	Bicycle Repair Vendor
Beijing	bj4	7/27/04	Ceramics Vendor
Beijing	bj5	8/02/04	Fruit Vendor
Beijing	bj6	8/05/04	Prepared Food Vendor
Beijing	bj7	8/08/04	Book Vendor
Beijing	bj8	8/14/04	Jewelry Vendor
Beijing	bj9	8/17/04	Prepared Food Vendor
Beijing	bj10	9/29/04	Fruit Vendor
Beijing	bj11	10/03/04	Clothing Vendor
Beijing	bj12	10/08/04	DVD Store
Beijing	bj13	10/21/04	Vegetable Vendor
Beijing	bj14	11/15/04	Restaurant
Beijing	bj15	11/26/04	Bicycle Repair Vendor
Beijing	bj16	12/03/04	Jewelry Vendor
Beijing	bj17	12/07/04	Prepared Food Vendor
Beijing	bj18	12/08/04	DVD Vendor
Beijing	bj19	2/18/05	Book Vendor
Beijing	bj20	3/12/05	Fruit Vendor
Beijing	bj21	3/27/05	Vegetable Vendor
Beijing	bj22	4/19/05	Jewelry Vendor
Beijing	bj23	4/23/05	Vegetable Vendor
Beijing	bj24	5/09/05	Cosmetics Vendor
Beijing	bj25	5/13/05	Prepared Food Vendor
Beijing	bj26	5/13/05	Prepared Food Vendor
Beijing	bj27	5/23/05	Prepared Food Vendor
Beijing	bj28	5/29/05	DVD Vendor
Beijing	bj29	6/11/05	Prepared Food Vendor
Beijing	bj30	6/18/05	Vegetable Vendor
Beijing	bj31	7/18/05	Vegetable Vendor
Beijing	bj32	8/08/05	Jewelry Vendor
Beijing	bj33	9/17/05	Jewelry Vendor
Beijing	bj34	9/21/05	Prepared Food Vendor
Beijing	bj35	9/23/05	DVD Store
Beijing	bj36	10/26/05	Fruit Vendor

Beijing	bj37	12/14/05	Fruit Vendor
Beijing	bj38	3/19/06	Clothing Vendor
Beijing	bj39	4/06/06	Book Vendor
Beijing	bj40	5/15/06	Bicycle Repair Vendor
Beijing	bj41	10/21/06	Prepared Food Vendor
Beijing	bj42	3/27/07	DVD Vendor
Beijing	bj43	6/23/07	Vegetable Vendor
Beijing	bj44	6/23/07	Prepared Food Vendor
Beijing	bj45	7/05/07	Jewelry Vendor
Beijing	bj46	7/08/07	Cosmetics Vendor
Beijing	bj47	7/12/07	Clothing Vendor

## APPENDIX B

### Nanjing City Appearance Administration Regulations<sup>1</sup>

#### General Rules

- 1) General emphasis on sanitation and a clean, productive work environment.
- 2) Focus on
  - a. Buildings
  - b. Streets
  - c. Public Places
  - d. Markets
  - e. Vehicles
  - f. Green areas and parks
  - g. Construction sites
  - h. Advertisements
  - i. Lighting (neon)
- 3) Stress on urban areas.
- 4) Need to unify administration of *shirong* issue areas.
- 5) Other departments with overlapping issue responsibilities (e.g. building, planning, construction, public services, parks, property, environmental protection, police, traffic, industry and commerce, health, etc.) should recognize the jurisdiction of and coordinate policies with the *shirong*.
- 6) Need to promote public education and awareness of city appearance issues.
- 7) The officers of the *Nanjing shirong guanliju* should be diligent in their work.
- 8) We should do our work adhering to high standards.

#### Structural Appearance Administration

- 9) Newly built, expanded and reconstructed buildings must abide by national regulations.
- 10) Existing structures need to be maintained in good condition. Any structures facing the street that are not up to standards must initiate renovations. If you knock down a wall to start a temporary business you need to first get permission. Any non-permanent structures must get proper approval before starting business.
- 11) Any building facing a major street needs to maintain its appearance.
- 12) Do not let balconies/other building parts overhang major streets.

---

<sup>1</sup> This is a partial translation of the 1998 Nanjing *shirong* regulations. See Nanjing City Appearance Administration 南京市容管理局 (1998).

## **Street, Public Place and Vehicle Appearance Administration**

- 13) Roads need to be maintained.
- 14) Repairs of water/sewer covers need to be maintained.
- 15) Can not make piles or randomly build on roadsides. If you must pile or randomly build, need to get *shirong* permission first. Can not set up stalls in areas prohibited by the city government.
- 16) Sides of streets should look nice.
- 17) Everything in public places should be kept up and it is the responsibility of each *danwei* to see that this is the case.
- 18) All traffic fixtures, signs, poles, etc. need to be maintained.
- 19) Any construction projects taking place near streets need to be well marked.
- 20) All public places, including transportation sights, entertainment venues, markets, etc. need to maintain a nice appearance.
- 21) Vehicles must be maintained (not leaking, etc.) and any cleaning must take place away from street fronts.

### **Penalties**

- 4) If you illegally set up a street stall you can be charged a minimum of 10 *renminbi* and a maximum of 200, and under especially severe conditions your equipment can be temporarily confiscated.

## APPENDIX C

## Nanjing City Appearance Administration Fee Schedule

## 市容管理

序号	项目名称	计算单位	收费标准(元)	备注
1	城镇垃圾处理费	户、月	5	实行物业管理 2.5元
2	临时摊位费			
(1)	瓜果摊点	摊位、月		
	次干道以上		140	
	街巷及居民区		120	
(2)	早点、百货、修旧、服装等摊点	摊位、月		
	次干道以上		80	
(3)	街巷及居民区		60	
	季节性瓜果摊点	摊位、天		农民进城卖瓜按标准减半收取
	次干道以上		5	
	街巷及居民区		4	
3	临时摊位证照工本费	证	10	
4	公厕收费			
	移动厕所	人次	0.5	
	一类公厕	人次	0.3	
	二类公厕	人次	0.2	
	三类公厕	人次	0.1	

Source: <http://njprice.com/test/smjpsc/shironggl.htm>



## REFERENCES

### A) English Language Sources

- Abrami, Regina Marie. 2002. *Self-Making, Class Struggle and Labor Autarky: The Political Origins of Private Entrepreneurship in Vietnam and China*. Ph.D. Dissertation, Department of Political Science, University of California, Berkeley.
- Abramson, Daniel B., Michael Leaf and Tan Ying. 2002. "Social Research and the Localization of Chinese Urban Planning Practice: Some Ideas from Quanzhou, Fujian." In John R. Logan, ed., *The New Chinese City: Globalization and Market Reform*. Oxford: Blackwell Publishers.
- Abruzzese, Sarah. 2007. "Tainted Pet Food Is Said to Be Still on Shelves." *The New York Times* (April 13). Retrieved April 25, 2007 (<http://www.nytimes.com/2007/04/13/us/13pets.html?ex=1186113600&en=a6d8dfb70d32b960&ei=5070>).
- "Abuse of Power." 2007. *China Daily* (June 25):4. Retrieved June 28, 2007 ([http://www.chinadaily.com.cn/opinion/2007-06/25/content\\_901295.htm](http://www.chinadaily.com.cn/opinion/2007-06/25/content_901295.htm)).
- Aiyar, Pallavi. 2007. "China: More rights for millionaires." *Asia Times* (March 22). Retrieved March 28, 2007 (<http://www.atimes.com/atimes/China/IC22Ad01.html>).
- \_\_\_\_\_. 2006. "The Ideological Debate in China." *The Hindu* (April 25). Retrieved November 21, 2006 (<http://www.hindu.com/2006/04/25/stories/2006042505010900.htm>).
- Akerlof, George A. 1970. "The Market for 'Lemons': Quality Uncertainty and the Market Mechanism." *Quarterly Journal of Economics* 84(3): 488–500.
- Amsden, Alice. 1989. *Asia's Next Giant: South Korea and Late Industrialization*. New York: Oxford University Press.
- \_\_\_\_\_. 2003. *The Rise of 'The Rest': Challenges to the West from Late-Industrializing Economies*. Oxford: Oxford University Press.
- Anagnost, Ann. 1997. *National Past-Times: Narrative, Representation, and Power in Modern China*. Durham, NC: Duke University Press.
- Aslund, Anders, ed. 1991. *Market Socialism or the Restoration of Capitalism?* Cambridge: Cambridge University Press.

- Barboza, David. 2007a. "A Chinese Reformer Betrays His Cause, and Pays." *The New York Times* (July 13). Retrieved July 13  
<http://www.nytimes.com/2007/07/13/business/worldbusiness/13corrupt.html?ex=1186113600&en=8f84e35900d76999&ei=5070>).
- Barboza, David. 2007b. "China Vows, a Bit Defiantly, to Work on Food Safety Issues." *International Herald Tribune* (June 30). Retrieved July 1, 2007  
<http://www.iht.com/articles/2007/06/30/business/30fish.php>).
- Bassino, Jean-Pascal. 1998. "The Diffusion and Appropriation of Schumpeter's Economic Thought in Japan." *History of Economic Ideas* VI(1): 79-105.
- Baum, Richard and Alexei Shevchenko. 1999. "The 'State of the State'" in Merle Goldman and Roderick MacFarquhar, eds., *The Paradox of China's Post-Mao Reforms*. Cambridge: Harvard University Press.
- Baylouny, Anne Marie. 2003. *Privatizing Welfare, Creating Families: The Politics of Social Provision in Jordan*. Ph.D. Dissertation, Department of Political Science, University of California, Berkeley.
- Beckert, Jens. 1996. "What is sociological about economic sociology? Uncertainty and the embeddedness of economic action." *Theory and Society* 25: 803-840.
- The Beijing Organizing Committee for the Games of the XXIX Olympiad. 2003 (Revised). "Beijing Olympic Action Plan." Retrieved April 16, 2007  
<http://en.beijing2008.cn/59/80/column211718059.shtml>).
- Bensel, Richard. 2001. *The Political Economy of American Industrialization, 1877-1900*. Cambridge: Cambridge University Press.
- \_\_\_\_\_. 1990. *Yankee Leviathan: The Origins of Central State Authority in America, 1859-1877*. Cambridge: Cambridge University Press.
- Bergsten, Fred; Bates Gill, Nicholas Lardy, and Derek Mitchell. 2006. *China: The Balance Sheet*. New York: Public Affairs.
- Blecher, Marc. 2006. "Into Space: The Local Developmental State, Capitalist Transition, and the Political Economy of Urban Planning in Xinji." Paper presented at conference on "Capitalism with Chinese Characteristics: China's Political Economy in Comparative and Theoretical Perspectives." Indiana University, May 19-20.
- \_\_\_\_\_. "Hegemony and Workers Politics in China." *China Quarterly* 170: 283-303.

- Blecher, Marc and Vivienne Shue. 2001. "Into Leather: State-led Development and the Private Sector in Xinji." *The China Quarterly* 166 (June): 368-393.
- Blyth, Mark. 2007. "When Liberalisms Change: Comparing the Politics of Deflations and Inflations." In Ravi Roy, Art Denzau and Thomas Willet, eds., *Neoliberalism: National and Regional Experiments with Global Ideas*. London: Routledge.
- \_\_\_\_\_. 2003a. "Structures Do Not Come with an Instruction Sheet: Interests, Ideas, and Progress in Political Science." *Perspectives on Politics* 1(4): 695-703.
- \_\_\_\_\_. 2003b. "Same as it Never Was: Temporality and Typology in the Varieties of Capitalism." *Comparative European Politics* 1: 215-225.
- \_\_\_\_\_. 2002. *Great Transformations: Economic Ideas and Institutional Change in the Twentieth Century*. Cambridge: Cambridge University Press.
- \_\_\_\_\_. 2001. "The Transformation of the Swedish Model: Economic Ideas, Distributional Conflict, and Institutional Change." *World Politics* 54(1): 1-26.
- \_\_\_\_\_. 1997. "Any More Bright Ideas? The Ideational Turn of Comparative Political Economy." *Comparative Politics* 29(1): 229-250.
- Boettke, Peter J. 2004. "Hayek and Market Socialism: Science, Ideology, and Public Policy." The Hayek Memorial Lecture, London School of Economics. Retrieved November 3, 2004 (<http://www.mises.org/etexts/hayek2004.pdf>).
- Böröcz, József. 1992. "Informality and the Second Economy in East-Central Europe." U.S. Department of Labor Bureau of International Labor Affairs, Discussion Paper Series on the Informal Sector.
- Brady, Henry E., David Collier and Jason Seawright. 2004. "Refocusing the Discussion of Methodology." In Henry E. Brady and David Collier, eds., *Rethinking Social Inquiry: Diverse Tools, Shared Standards*. Lanham, MD: Rowman and Littlefield.
- Braithwaite, John. 2000. "The New Regulatory State and the Transformation of Criminology." *The British Journal of Criminology* 40: 222-238.
- Bremen, Jan. 1996. *Footloose Labour: Working in India's Informal Economy*. Cambridge: Cambridge University Press.
- Brenner, Neil. 2004. *New State Spaces: Urban Governance and the Rescaling of Statehood*. Oxford: Oxford University Press.

- Brenner, Neil; Bob Jessop, Martin Jones, and Gordon MacLeod, eds. *State/Space: A Reader*. 2003. Malden, MA: Blackwell Publishing.
- Bruun, Ole. 1995. "Political Hierarchy and Private Entrepreneurship in a Chinese Neighborhood." In Andrew Walder, ed., *The Waning of the Communist State: Economic Origins of Political Decline in China and Hungary*. Berkeley: University of California Press.
- Bulard, Martine. 2005. "China: middle kingdom, world centre." *Le Monde diplomatique* August. Retrieved July 15, 2006 (<http://mondediplo.com/2005/08/02china>).
- Bustamante, Alberto, Eliana Chávez, Romeo Grompone, Samuel Machacuay, Gustavo Riofrío. 1990. *De Marginales A Informales*. Lima, Peru: Centro de Estudios y Promoción del Desarrollo.
- Caldwell, Bruce. 2004. *Hayek's Challenge: An Intellectual Biography of F.A. Hayek*. Chicago: The University of Chicago Press.
- \_\_\_\_\_. 1997. "Hayek and Socialism." *Journal of Economic Literature* 35: 1856-1890.
- Capoccia, Giovanni and R. Daniel Kelemen. Forthcoming. "The Study of Critical Junctures: Theory, Narrative, and Counterfactuals in Historical Institutionalism." *World Politics*.
- Cartier, Carolyn. 2002. "Transnational Urbanism in the Reform-era Chinese City: Landscapes from Shenzhen." *Urban Studies* 39(9): 1513-1532.
- Castells, Manuel and Alejandro Portes. 1989. "World Underneath: The Origins, Dynamics, and Effects of the Informal Economy." In Alejandro Portes, Manuel Castells and Lauren A. Benton, eds., *The Informal Economy: Studies in Advanced and Less Developed Countries*. Baltimore: The Johns Hopkins University Press.
- "Caught between right and left, town and country: A new law on property rights defines the ideological struggle at the heart of China's economic reform." 2007. *The Economist* (March 8). Retrieved April 5, 2007 ([http://www.economist.com/world/displaystory.cfm?story\\_id=8815195](http://www.economist.com/world/displaystory.cfm?story_id=8815195)).
- Centeno, Miguel Angel and Alejandro Portes. 2006. "The Informal Economy in the Shadow of the State." In Patricia Fernández-Kelly and Jon Shefner, eds., *Out of the Shadows: The Informal Economy and Political Movements in Latin America*. University Park, PA: Pennsylvania State University Press.
- Cerny, Philip G.; Georg Menz and Susanne Soederberg. 2005. "Different Roads to Globalization: Neoliberalism, the Competition State, and Politics in a More

Open World.” In Susanne Soederberg, Georg Menz and Philip G. Cerny, eds., *Internalizing Globalization: The Rise of Neoliberalism and the Decline of National Varieties of Capitalism*. New York: Palgrave Macmillan.

“Chagrin Over *Chengguan*.” 2007. *China Daily* (May 17). Retrieved July 2, 2007 ([http://www.chinadaily.com.cn/opinion/2007-05/17/content\\_874453.htm](http://www.chinadaily.com.cn/opinion/2007-05/17/content_874453.htm)).

Chan, Kam Wing and Will Buckingham. Forthcoming. “Is China Abolishing the *Hukou* System?” *China Quarterly*.

Chang, Anita. 2007. “Activists Say Students Rioting in China.” *Guardian Unlimited* (June 7). Retrieved June 10, 2007 (<http://www.guardian.co.uk/worldlatest/story/0,,-6690853,00.html>).

Chang, Iris. 1997. *The Rape of Nanking: The Forgotten Holocaust of World War II*. New York: Basic Books.

Chen Cheng. 2005. “Institutional Legitimacy of an Authoritarian State: China in the Mirror of Eastern Europe.” *Problems of Post-Communism* 52(4): 3-13.

Chen Feng. 1999. “An Unfinished Battle in China: The Leftist Criticism of the Reform and the Third Thought Emancipation.” *The China Quarterly* 158: 447-467.

\_\_\_\_\_. 1997. “Order and Stability in Social Transition: Neoconservative Political Thought in Post-1989 China.” *The China Quarterly* 151: 593-613.

Chen Jie and Zhong Yang. 2000. “Valuation of Individual Liberty vs. Social Order among Democratic Supporters: A Cross-Validation.” *Political Research Quarterly* 53(2): 427-439.

Chen, Tina and David Churchill. 2005. “Neoliberal Civilization and the Economic Disciplining of Human Rights: Convergent Models in the United States and China.” *Rhizomes* (10). Retrieved March 27, 2007 (<http://www.rhizomes.net/issue10/chen.htm>).

Chen Weihua. 2007. “Shanghai Should Keep its Promise to Vendors.” *China Daily* (May 23): 10. Retrieved June 24, 2007 ([http://www.chinadaily.com.cn/opinion/2007-05/23/content\\_878460.htm](http://www.chinadaily.com.cn/opinion/2007-05/23/content_878460.htm)).

Cheng, Lu-Lin and Gary Gereffi. 1994. “The Informal Economy in East Asian Development.” *International Journal of Urban and Regional Research* 18(2): 194-219 .

- Cheow, Eric Teo Chu. 2006. "U.S.-China Ideological Rivalry Heats Up." *The Japan Times*, January 6. Retrieved June 24, 2006 (<http://yaleglobal.yale.edu/display.article?id=6737>).
- Chua Chin Hon. 2006. "Interest Groups 'Stalling China's Market Reforms' Official's Comment Backs Analysts' View that 'Leftist Backlash' is Just a Smokescreen." *The Straits Times*. March 25.
- Chwieroth, Jeffrey. Forthcoming. "Shrinking the State: Neoliberal Experts and Social Spending in Latin America." In Rawi Abdelal, Mark Blyth, and Craig Parsons, eds., *Constructivist Political Economy*. Ithaca, NY: Cornell University Press.
- Clissold, Tim. 2006 (Reprint Edition). *Mr. China: A Memoir*. New York: Harper Collins.
- Coates, David, ed. *Varieties of Capitalism, Varieties of Approaches*. New York: Palgrave Macmillan, 2005.
- Coicaud, Jean-Marc. 2002. *Legitimacy and Politics: A Contribution to the Study of Political Right and Political Responsibility*. Translated and edited by David Ames Curtis. Cambridge: Cambridge University Press.
- Collier, David. 1999. "Letter from the President: Data, Field Work and Extracting New Ideas at Close Range." *APSA-CP* 10(1): 1-5.
- Collier, David and James E. Mahon, Jr. 1993. "Conceptual 'Stretching' Revisited: Adapting Categories in Comparative Analysis." *The American Political Science Review* 87(4): 845-55.
- Collier, Ruth Berins and David Collier. 1991. *Shaping the Political Arena: Critical Junctures, the Labor Movement and Regime Dynamics in Latin America*. Princeton: Princeton University Press.
- The Commanding Heights: The Battle for the World Economy*. 2002. Directors Greg Barker and William Cran. DVD. WGBH Boston.
- Cross, John. 2000. "Street Vendors, Modernity, and Postmodernity: Conflict and Compromise in the Global Economy." *International Journal of Sociology and Social Policy* 1(2): 30-52.
- \_\_\_\_\_. 1998. "Co-optation, Competition, and Resistance: State and Street Vendors in Mexico City." *Latin American Perspectives* 25(2): 41-61.
- Csaba, Laszlo. 2003. "Market Socialism: The Viable Impossible? Reflections on the Role of Institutions in the Chinese Road to a Market Economy." Paper

presented to the International Conference of the European Association for Comparative Economic Studies entitled “*Institutional and Policy Diversity: Its Role in Economic Development.*” University of Debrecen, 2-4 November.

- Cui Zhiyuan. 2005. “Liberal Socialism and the Future of China: A Petty Bourgeoisie Manifesto.” In Tian Yu Cao, ed., *The Chinese Model of Modern Development*. London: Routledge. Also available on-line at [www.bm.ust.hk/~ced/iea/CuiCao.doc](http://www.bm.ust.hk/~ced/iea/CuiCao.doc).
- \_\_\_\_\_. 2001. “Whither China: The Discourse on Property Rights Reform in China.” In Zhang Xudong, ed., *Whither China: Intellectual Politics in Contemporary China*. Durham: Duke University Press.
- Cunningham, Edward A. 2007. “China’s Energy Governance: Perception and Reality.” *Audit of the Conventional Wisdom*, MIT Center for International Studies (March).
- Danesh, Abol Hassan. 1991. *The Informal Economy: Underground Economy, Moonlighting, Subcontracting, Household Economy, Unorganized Sector, Barter, Ghetto Economy, Second Economy: A Research Guide*. New York: Garland Publishing, Inc.
- Deng Xiaoping. *Selected Works of Deng Xiaoping (1982-92): III*. 1994. Beijing: Foreign Languages Press.
- Denzau, Arthur T. and Douglass C. North. “Shared Mental Models: Ideologies and Institutions.” *Kyklos* 47(1): 3-31.
- De Soto, Hernando. 2000. *The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else*. New York: Basic Books.
- \_\_\_\_\_. 1989. *The Other Path: The Invisible Revolution in the Third World*. New York: Harper and Row.
- Deyo, Frederic, ed. 1987. *The Political Economy of the New Asian Industrialism*. Ithaca: Cornell University Press.
- Dickson, Bruce. 2004. “Dilemmas of Party adaptation: the CCP’s strategies for survival.” In Peter Gries and Stanley Rosen, eds., *State and Society in 21<sup>st</sup>-century China: Crisis, contention and legitimation*. London: RoutledgeCurzon.
- Dimitrov, Martin. 2004. *Administrative Decentralization, Legal Fragmentation, and the Rule of Law in Transitional Economies: The Enforcement of Intellectual Property Rights Laws in China, Russia, Taiwan, and the Czech Republic*. Ph.D. Dissertation, Department of Political Science, Stanford University.

- Ding X.L. 1994. *The Decline of Communism in China: Legitimacy Crisis, 1977-1989*. Cambridge: Cambridge University Press.
- Dirlik, Arlif. 2004a. "Beijing Consensus/Beijing Gongshi: Who Recognizes Whom and to What End?" Presentation to the International Academic Symposium on the "Chinese Development Model," Tianjin Normal University, Tianjin. August 8, 2005. An electronic version is available at [http://www.globalautonomy.ca/global1/position.jsp?index=PP\\_Dirlik\\_Beijing\\_Consensus.xml](http://www.globalautonomy.ca/global1/position.jsp?index=PP_Dirlik_Beijing_Consensus.xml).
- \_\_\_\_\_. 2004a. "China's Critical Intelligentsia." *New Left Review* 28: 130-38.
- Duara, Prasenjit. 1988. *Culture, Power, and the State: Rural North China, 1900-1942*. Stanford: Stanford University Press.
- Dutton, Michael. 2005. *Policing Chinese Politics: A History*. Durham: Duke University Press.
- \_\_\_\_\_. 2000. "The End of the (Mass) Line? Chinese Policing in the Era of the Contract." *Social Justice* 27(2): 61-105.
- \_\_\_\_\_. 1998. *Streetlife China*. Cambridge: Cambridge University Press.
- Evans, Peter. 1995. *Embedded Autonomy: States and Industrial Transformation*. Princeton: Princeton University Press.
- "F.A. von Hayek." 2004. Retrieved October 11, 2004 (<http://liberal-international.org/library/hayek.html>).
- Feige, Edgar L. 1990. "Defining and Estimating Underground and Informal Economies: The Institutional Economics Approach." *World Development* 18(7): 989-1002.
- Ferchen, Matthew G. 2005. "Hayek and the Battle for 'Market Order' in China." Paper presented at the "Graduate Seminar on China," Chinese University of Hong Kong, January 11-15.
- \_\_\_\_\_. 2003. "'Market Order' and the Governance of the Informal Economy in Nanjing." Paper presented at the "International Conference on Globalization, The State, and Urban Transformation in China," Hong Kong Baptist University, December 15-17.
- Fernández-Stembridge, Leila. 2001. "Migraciones y Movilidad Laboral en la Transición Económica de la República Popular China: Trabajadores *Wailai*



Versus Trabajadores *Xiagang*” (Migration and Labor Mobility in the Economic Transition of the People’s Republic of China: Rural Migrant Workers Versus Urban Laid-Off Workers). Ph.D. Dissertation for the Department of Economics, University of Madrid.

Fernández-Stembridge, Leila and Richard P. Madsen. 2002. “Beggars in the Socialist Market Economy.” In Perry Link, Richard P. Madsen and Paul G. Pickowicz, eds., *Popular China: Unofficial Culture in a Globalizing Society*. Lanham, MD: Rowman and Littlefield.

Fewsmith, Joseph. 2007. “Assessing Social Stability on the Eve of the 17<sup>th</sup> Party Congress.” *China Leadership Monitor* 20: 1-24.

\_\_\_\_\_. 2005. “China under Hu Jintao.” *China Leadership Monitor* 14: 1-9.

\_\_\_\_\_. 2004. “Continuing Pressures on Social Order.” *China Leadership Monitor* 10: 1-11.

\_\_\_\_\_. 2003. “Where Do Correct Ideas Come From? The Party School, Key Think Tanks and the Intellectuals.” In David M. Finkelstein and Maryanne Kivlehan, eds., *China’s Leadership in the Twenty-first Century: The Rise of the Fourth Generation*. New York: M.E. Sharpe.

\_\_\_\_\_. 2001. *China Since Tiananmen: The Politics of Transition*. Cambridge: Cambridge University Press.

\_\_\_\_\_. 1994. *Dilemmas of Reform in China: Political Conflict and Economic Debate*. Armonk, NY: M.E. Sharpe.

Fishlow, Albert; Catherine Gwin, Stephan Haggard, Dani Rodrick and Robert Wade. 1994. *Miracle or Design: Lessons from the East Asian Experience*. Washington, D.C.: Overseas Development Council.

Fiskesjö, Magnus. 1999. “On the ‘Raw’ and the ‘Cooked’ Barbarians of Imperial China.” *Inner Asia* 1: 139-168.

Fleetwood, Steve. 1995. *Hayek’s Political Economy: The socio-economics of Order*, London: Routledge.

Fligstein, Neil. 2001. *The Architecture of Markets*. Princeton: Princeton University Press.

Fourcade, Marion and Kieran Healy. 2007. “Moral Views of Market Society.” *Annual Review of Sociology* 33: 285-311.

- French, Howard. 2007a. "What is the Seventh Potter Book Called in China." *The New York Times* (August 1). Retrieved August 1, 2007 (<http://www.nytimes.com/2007/08/01/world/asia/01china.html?hp>).
- \_\_\_\_\_. 2007b. "Reports of Forced Labor at Brick Kilns Unsettle China." *The New York Times* (June 16). Retrieved June 18, 2007 (<http://select.nytimes.com/gst/abstract.html?res=FA0E1FF63E5B0C758DDD AF0894DF404482>).
- Fuller, Douglas and Eric Thun. 2007. "Engineers to Researchers." *Far Eastern Economic Review* (July/August).
- Gambetta, Diego. 1996. *The Sicilian Mafia: The Business of Private Protection*. Cambridge: Harvard University Press.
- \_\_\_\_\_. 1988. "Fragments of an Economic Theory of the Mafia." *Archives Europeennes De Sociologie* 29(1): 127-144.
- Gan Yang. 2001. "Debating Liberalism and Democracy in China in the 1990s." In Zhang Xudong, ed., *Whither China: Intellectual Politics in Contemporary China*. Durham: Duke University Press.
- Gaubatz, Piper Rae. 1999. "China's Urban Transformation: Patterns and Processes of Morphological Change in Beijing, Shanghai and Guangzhou." *Urban Studies* 36(9): 1495-1521.
- Geertz, Clifford. 1975. "Common Sense as a Cultural System." *Antioch Review* 33: 5-26.
- George, Alexander L. and Andrew Bennett. 2005. *Case Studies and Theory Development in the Social Sciences*. Cambridge, MA: MIT Press.
- Gerring, John. 2001. *Social Science Methodology: A Criterial Framework*. New York: Cambridge University Press.
- Gilboy, George and Eric Heginbotham. 2004. "The Latin Americanization of China?" *Current History* (September): 256-261.
- Gilley, Bruce. Forthcoming. "Legitimacy and Institutional Change: The Case of China." *Comparative Political Studies*.
- Gold, Thomas B. 1989. "Guerrilla Interviewing Among the Getihu." In Perry Link, Richard Madsen and Paul G. Pickowicz, eds., *Unofficial China: Popular Culture and Thought in the People's Republic*. Boulder: Westview Press.

- Gold, Thomas, Doug Guthrie and David Wank. 2002. *Social Connections in China: Institutions, Culture, and the Changing Nature of Guanxi*. Cambridge: Cambridge University Press.
- Goldman, Merle and Ashley Esarey. Forthcoming. "Growth of Intellectual Pluralism and Dissent in Taiwan and the People's Republic of China." In Larry Diamond and Bruce Gilley, eds., *Political Change in China and the Taiwan Experience*. Boulder: Lynne Rienner.
- Goldstein, Joshua. 2006. "The Remains of the Everyday: One Hundred Years of Recycling in Beijing." In Madeleine Yue Dong and Joshua Goldstein, eds., *Everyday Modernity in China*. Seattle: University of Washington Press.
- Goodin, Robert E. 2003. "Choose Your Capitalism?" *Comparative European Politics* 1: 203-213.
- Goodman, David S. G. 2007. "Why China Has No New Middle Class: Captains of Industry, Cadres and Professionals." Unpublished Manuscript.
- Greskovits, Bela. 1998. *The Political Economy of Protest and Patience: East European and Latin American Transformations Compared*. Budapest: Central European University Press.
- Greskovits, Bela and Hector Schamis. 1999. "Democratic Capitalism and the State in Eastern Europe and Latin America." Paper presented at the Annual Meeting of the American Political Science Association, Atlanta, Georgia.
- Gries, Peter Hays. 2004. "Popular nationalism and state legitimation in China." In Peter Gries and Stanley Rosen, eds., *State and Society in 21<sup>st</sup>-century China: Crisis, contention and legitimation*. London: RoutledgeCurzon.
- Gries, Peter Hays and Stanley Rosen. 2004. "Introduction: popular protest and state legitimation in 21<sup>st</sup>-century China." In Peter Hays Gries and Stanley Rosen, eds., *State and Society in 21<sup>st</sup>-century China: Crisis, contention and legitimation*. London: RoutledgeCurzon.
- Gu, Edward and Merle Goldman, eds. 2004. *Chinese Intellectuals Between State and Market*. London: Routledge.
- Guo Shiping and Benjamin Kang Lim. 2007. "Chinese Sausage Seller Spared Execution." *The San Diego Union-Tribune* (April 10). Retrieved May 18, 2007 (<http://www.signonsandiego.com/news/world/20070410-0229-china-crime.html>).

- Haggard, Stephan. 1990. *Pathways from the Periphery: The Politics of Growth in the Newly Industrializing Countries*. Ithaca: Cornell University Press.
- Hall, Peter A. and David Soskice. 2003. "Varieties of Capitalism and Institutional Change: A Response to Three Critics." *Comparative European Politics* 1: 241-250.
- \_\_\_\_\_. "An Introduction to Varieties of Capitalism." In Peter A. Hall and David Soskice, eds., *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage*. Oxford: Oxford University Press, 2001.
- Hall, Rodney Bruce. 2003. "The Discursive Demolition of the Asian Development Model." *International Studies Quarterly* 47: 71-99.
- Hamrin, Carol Lee. 1992. "The Party Leadership System." In Kenneth G. Lieberthal and David M. Lampton, eds., *Bureaucracy, Politics, and Decision-Making in Post-Mao China*. Berkeley: University of California Press.
- Hart, Keith. 1973. "Informal Income Opportunities and Urban Employment in Ghana." *Journal of Modern African Studies*. 11(1): 61-89.
- Hartford, Kate. 2005. "Dear Mayor: Online Communications with Local Governments in Hangzhou and Nanjing." *China Information* 19(2): 217-260.
- Hart-Landsberg, Martin and Paul Burkett. 2007. "China, Capitalist Accumulation, and Labor." *Monthly Review* (May): 17-37.
- \_\_\_\_\_. 2005. *China and Socialism: Market Reforms and Class Struggle*. New York: Monthly Review Press.
- Harvey, David. 2005. *A Brief History of Neoliberalism*. Oxford: Oxford University Press.
- "Hawker's Cries to be Performed in Beijing's Longtan Temple Fair." 2007. *Chinanews.cn* (January 23). Retrieved July 2, 2007 (<http://www.china.org.cn/english/MATERIAL/197030.htm>).
- Hawthorn, Geoffrey. 1991. *Plausible Worlds: Possibility and Understanding in History and the Social Sciences*. Cambridge: Cambridge University Press.
- Hayek, Friedrich A. 1988. *The Fatal Conceit: The Errors of Socialism*. Chicago: University of Chicago Press.
- \_\_\_\_\_. 1945a. "The Use of Knowledge in Society" *The American Economic Review* 35(4): 519-530.

- \_\_\_\_\_. 1945b. *The Road to Serfdom*. Chicago: University of Chicago Press.
- “Hayek’s Children: An idea grows in China.” 1998. *Far Eastern Economic Review* 161(20): 82.
- He Qinglian. 2003. “A Volcanic Stability.” *Journal of Democracy* 14(1): 66-72.
- He Shenjing and Wu Fulong. 2005. “Property-led Redevelopment in Post-Reform China: A Case Study of Xintiandi Redevelopment Project in Shanghai.” *Journal of Urban Affairs* 27(1): 1-23.
- He Xin. Forthcoming. “Administrative Law as a Political Control Mechanism in Contemporary China.” In Stephanie Balme & Michael Dowdle eds., *Constitutionalism and Judicial Reform in China*. New York: Palgrave Macmillan.
- \_\_\_\_\_. 2005. “Why Do They Not Comply with the Law? Illegality and Semi-Illegality among Rural-Urban Migrant Entrepreneurs in Beijing.” *Law & Society Review* 39(3): 527-62.
- \_\_\_\_\_. 2003. “Sporadic Campaigns as a Means of Social Control: A Case Study from a Rural-Urban Migrant Enclave in Beijing.” *Columbia Journal of Asian Law*, 17(1): 121-45.
- Heimer, Maria. 2006. “Field Sites, Research Design and Type of Findings.” In Maria Heimer and Stig Thøgersen, eds., *Doing Fieldwork in China*. Honolulu: University of Hawai‘i Press.
- Heimer, Maria and Stig Thøgersen, eds. 2006. *Doing Fieldwork in China*. Honolulu: University of Hawai‘i Press.
- Hellman, Joel. 1998. “Winners Take All: The Politics of Partial Reform in Postcommunist Transitions.” *World Politics* 50(2): 203-34.
- Herring, Ronald J. 1999. “Embedded Particularism: India’s Failed Developmental State.” In Meredith Woo-Cumings, ed., *The Developmental State*. Ithaca: Cornell University Press.
- Hilton, Isabel. 2006. “Karl, China Needs You.” *New Statesman* (February 26). Retrieved June 24, 2006 (<http://www.newstatesman.com/200602200018>).
- Hirschman, Albert O. 1986. “Rival Views of Market Society.” In Albert O. Hirschman, *Rival Views of Market Society and Other Recent Essays*. New York: Viking.

- \_\_\_\_\_. 1982. "Rival Interpretations of Market Society: Civilizing, Destructive, or Feeble?" *Journal of Economic Literature* 20: 1463-1484.
- \_\_\_\_\_. 1977. *The Passions and the Interests*. Cambridge, MA: Princeton University Press.
- Hook, Leslie. 2007. "The Rise of China's New Left." *Far Eastern Economic Review* (April): 8-14.
- Hu Angang. 2006. "The Emergence of Informal Sector and the Development of Informal Economy in China's Transition: A Historical Perspective (1952-2004)." Center for China Study, Tsinghua University. Retrieved March 4, 2007 (siteresources.worldbank.org/INTDECABCTOK2006/Resources/H\_Angang.ppt).
- \_\_\_\_\_. 2003. "Equity and Efficiency." In Wang Chaohua, ed., *One China, Many Paths*. London: Verso.
- Hu Jintao. 2007. "Hold High the Great Banner of Socialism with Chinese Characteristics and Strive for New Victories in Building a Moderately Prosperous Society in All Respects." Party Secretary Report. Retrieved October 28, 2007 ([http://www.chinadaily.com.cn/china/2007-10/25/content\\_6204663.htm](http://www.chinadaily.com.cn/china/2007-10/25/content_6204663.htm)).
- Huang Yanzhong. 2004. "The State of China's State Apparatus." *Asian Perspective* 28(3): 31-60.
- "Hundreds Riot over Student Street Vendor." 2007. *ABC News* (June 7). Retrieved June 10, 2007 (abcnews.go.com/International/wireStory?id=3253770).
- Huntington, Samuel P. 1968. *Political Order in Changing Societies*. New Haven: Yale University Press.
- Hurst, William. 2005. *The Unmaking of the Chinese Proletariat: the Politics of Xiagang*. Ph.D. Dissertation, Department of Political Science, University of California, Berkeley.
- \_\_\_\_\_. 2004. "Understanding Contentious Collective Action by Chinese Laid-Off Workers: The Importance of Regional Political Economy." *Studies in Comparative International Development* 39(2): 94-120.
- Hyde, Sandra Teresa. 2001. "Sex Tourism Practices on the Periphery: Eroticizing Ethnicity and Pathologizing Sex on the Lancang." In Nancy Chen, Constance Clark, Suzanne Gottschang and Lyn Jeffery, eds., *China Urban*. Duke University Press.

- “Inflated by the Olympic Spirit; Beijing’s Olympic Frenzy.” 2007. *The Economist* (March 3). Retrieved April 16, 2007 ([http://www.economist.com/world/asia/displaystory.cfm?story\\_id=8776275](http://www.economist.com/world/asia/displaystory.cfm?story_id=8776275)).
- Jahiel, Abigail. 1998. “Organization of Environmental Protection in China.” *China Quarterly* 156: 757-787.
- Johnson, Chalmers. 1999. “The Developmental State: Odyssey of a Concept.” In Meredith Woo-Cumings, ed., *The Developmental State*. Ithaca: Cornell University Press.
- \_\_\_\_\_. 1982. *MITI and the Japanese Miracle: The Growth of Industry Policy 1925-1975*. Palo Alto: Stanford University Press.
- Jordana, Jacint and David Levi-Faur. 2005. “The Diffusion of Regulatory Capitalism in Latin America: Sectoral and National Channels in the Making of a New Order.” *Annals of the American Academy of Political and Social Science* 598(March): 102-124.
- Jun Jing. 2000. “Environmental Protests in Rural China.” In Elizabeth J. Perry and Mark Selden, eds., *Chinese Society: Change, Conflict and Resistance*. London: Routledge.
- Kahn, Joseph. 2007a. “Can China Reform Itself?” *The New York Times* (July 8). Retrieved July 10, 2007 (<http://www.nytimes.com/2007/07/08/weekinreview/08kahn.html?pagewanted=1&ei=5088&en=76b60ac74b07d320&ex=1341547200>).
- \_\_\_\_\_. 2007b. “In China’s Safety Woes, Echoes of U.S. History.” *International Herald Tribune* (July 8). Retrieved July 10 (<http://www.iht.com/articles/2007/07/08/news/beijing.php?page=1>).
- \_\_\_\_\_. 2006. “A Sharp Debate Erupts in China Over Ideologies.” *The New York Times* (March 12). Retrieved March 13, 2006 (<http://www.nytimes.com/2006/03/12/international/asia/12china.html?ex=1299819600&en=c153a109a4bfd193&ei=5088&partner=rssnyt&emc=rss>).
- Kennedy, Scott. 2005. *The Business of Lobbying in China*. Cambridge: Harvard University Press.
- \_\_\_\_\_. 2004/05. “Divining China’s Future.” *World Policy Journal* Winter: 77-85.
- \_\_\_\_\_. 2003. “The Price of Competition: Pricing Policies and the Struggle to Define China’s Economic System.” *China Journal* 49(January): 1-30.

- \_\_\_\_\_. 2002. *In the Company of Markets: The Transformation of China's Political Economy*. Ph.D. Dissertation, The Faculty of Columbian College of Arts and Sciences, The George Washington University, Washington, D.C.
- Kim Taeho. 2003. "Leading Small Groups: Managing All Under Heaven." In David M. Finkelstein and Maryanne Kivlehan, eds., *China's Leadership in the Twenty-first Century: The Rise of the Fourth Generation*. New York: M.E. Sharpe.
- Knight, Frank H. 1921. *Risk, Uncertainty and Profit*. Boston and New York: Houghton Mifflin Company.
- Kohli, Atul. 2004. *State-Directed Development: Political Power and Industrialization in the Global Periphery*. Cambridge: Cambridge University Press.
- Kuczynski, Pedro-Pablo and John Williamson, eds. 2003. *After the Washington Consensus: Restarting Growth and Reform in Latin America*. Washington: Institute for International Economics.
- Kwan, Coldness. 2007. "Property Law Challenges Power of 'Chengguan.'" *China Daily* (April 3). Retrieved May 8, 2007. ([http://www.chinadaily.com.cn/china/2007-04/03/content\\_842743.htm](http://www.chinadaily.com.cn/china/2007-04/03/content_842743.htm)).
- Kwong, Peter. 2006. "China's Neoliberal Dynasty: Enthusiasm for 'Trickle-Down Economics' is Behind Brutal, and Growing Inequality." *The Nation* (October 2<sup>nd</sup>): 20-22.
- Laliberte, Andre and Marc Lanteigne, eds. Forthcoming. *The Chinese Party-State in the 21<sup>st</sup> Century: Adaptation and the Reinvention of Legitimacy*. London: Routledge.
- Lam, Agnes. 2007. "Hygiene Officers Injured on Anti-hawker Patrols." *South China Morning Post* (May 14). Retrieved May 15, 2007 via Access World News.
- Lane, David and Martin Myant, eds. Forthcoming. *Varieties of Capitalism in Post-Communist Countries*. New York: Plagrave Macmillan.
- Leonard, Mark. 2004. "How China is wooing the world." *The Guardian*, September 11. Retrieved March 25, 2005 ([http://www.cer.org.uk/articles/leonard\\_guardian\\_11sep04.html](http://www.cer.org.uk/articles/leonard_guardian_11sep04.html)).
- Levi-Faur, David. 2006. "Varieties of Regulatory Capitalism: Getting the Most Out of the Comparative Model." *Governance* 19(3): 367-382.



- \_\_\_\_\_. 2005. "The Global Diffusion of Regulatory Capitalism." *Annals of the American Academy of Political and Social Science* 598(March): 12-32.
- Li Qian. 2007. "Beijing Subway Clears Beggars and Hawkers." *China Daily* (July 6). Retrieved July 8, 2007 ([http://www.chinadaily.com.cn/china/2007-07/06/content\\_912123.htm](http://www.chinadaily.com.cn/china/2007-07/06/content_912123.htm)).
- Lieberthal, Kenneth G. 1995. *Governing China: From Revolution Through Reform*. New York: W. W. Norton and Company, Inc.
- \_\_\_\_\_. 1992. "Introduction: The 'Fragmented Authoritarianism' Model and Its Limitations." In Kenneth G. Lieberthal and David M. Lampton, eds., *Bureaucracy, Politics, and Decision Making in Post-Mao China*. Berkeley: University of California Press.
- Lin, Kun-Chin. 2005. "Dali Yang. *Remaking the Chinese Leviathan*." *China Review International* 12(2): 578-587.
- \_\_\_\_\_. 2003. *Corporatizing China: Reinventing State Control for the Market*. Ph.D. Dissertation, Graduate Division of the University of California, Berkeley, Political Science.
- Lin Hongmei, Liu Zheng and Li Jianghong. 2003. "Why Doesn't High Economic Growth Lead to High Employment?" *Xinhua News Agency* (August 24). Reported in *World News Connection*, FBIS CPP-2003-0824-000014.
- Linz, Juan J. and Alfred Stepan. 1996. *Problems of Democratic Transition and Consolidation: Southern Europe, South America, and Post-Communist Europe*. Baltimore: Johns Hopkins University Press.
- Liu Junning. 2000. "Classical Liberalism Catches on in China." *Journal of Democracy* 11(3): 48-57.
- Liu Yuting and Wu Fulong. 2006. "Urban Poverty Neighborhoods: Typology and Spatial Concentration under China's Market Transition, A Case Study of Nanjing." *Geoforum* 37:610-626.
- Lü Xiaobo. 2000a. *Cadres and Corruption: The Organizational Involvement of the Chinese Communist Party*. Stanford: Stanford University Press.
- \_\_\_\_\_. 2000b. "Booty Socialism, Bureau-Preneurs, and the State in Transition: Organizational Corruption in China." *Comparative Politics* 32(3): 273-294.
- Lü Xiaobo and Elizabeth Perry, eds. 1997. *Danwei: The Changing Chinese Workplace in Historical and Comparative Perspectives*. Armonk, NY: M.E. Sharpe.

- Lueck, Thomas J. 2003. "At Crossroads of World, Gridlock on the Sidewalks." *New York Times* (December 2). Retrieved December 2, 2003 from <http://www.nytimes.com/2003/12/02/nyregion/02SQUA.html?ex=1071368865&ei=1&en=61dc072c0bc5cb79>.
- MacFarquhar, Roderick and Michael Schoenhals. 2006. *Mao's Last Revolution*. Cambridge: The Belknap Press of Harvard University Press.
- McGurn, William. 2000. "The Gang of Three: Mao, Jesus and Hayek." In Ted Galen Carpenter and James A. Dorn, eds., *China's Future: Constructive Partner or Emerging Threat?* Washington, D.C.: The Cato Institute.
- McInnes, Neil. 1998. "The Road Not Taken: Hayek's Slippery Slope to Serfdom." *The National Interest* 51: 56-66.
- McKeown, Timothy J. 2004. "Case Studies and the Limits of the Quantitative Worldview." In Henry E. Brady and David Collier, eds., *Rethinking Social Inquiry: Diverse Tools, Shared Standards*. Lanham, MD: Rowman and Littlefield.
- Mackerras, Colin. 2004. "What is China? Who is Chinese? Han-minority relations, legitimacy, and the state." In Peter Gries and Stanley Rosen, eds., *State and Society in 21<sup>st</sup>-century China: Crisis, contention and legitimation*. London: RoutledgeCurzon.
- McNeil, Donald G., Jr. 2007. "In the World of Life-Saving Drugs, a Growing Epidemic of Deadly Fakes." *International Herald Tribune* (February 19). Retrieved February 21, 2007 (<http://www.iht.com/articles/2007/02/20/healthscience/web.0220drugs.php>).
- Mahoney, James. 2002. *The Legacies of Liberalism: Path Dependence and Political Regimes in Central America*. Baltimore: Johns Hopkins University Press.
- Majone, Giandomenico. 1997. "From the Positive to the Regulatory State: Causes and Consequences of Changes in the Mode of Governance." *Journal of Public Policy* 17(2): 139-167.
- Martinsen, Joel. 2007. "Administrative Fees or Protection Money?" *Danwei* (April 4). Retrieved May 4, 2007 ([http://www.danwei.org/ip\\_and\\_law/administrative\\_fees\\_or\\_protect.php](http://www.danwei.org/ip_and_law/administrative_fees_or_protect.php)).
- Maxfield, Sylvia and Ben Ross Schneider. 1997. *Business and the State in Developing Countries*. Ithaca, Cornell University Press.

- Meocal, Alina Rocha. 2004. "And if there was no state?: critical reflection on Bates, Polanyi and Evans on the role of the state in promoting development." *Third World Quarterly* 25(4): 765-777.
- Mertha, Andrew C. 2006. "Policy Enforcement Markets: How Bureaucratic Redundancy Contributes to Effective IPR Policy Implementation in China." *Comparative Politics* 38(3): 295-316.
- \_\_\_\_\_. 2005. *The Politics of Piracy: Intellectual Property in Contemporary China*. Ithaca, Cornell University Press.
- Migdal, Joel S. 1988. *Strong States and Weak Societies: State-Society Relations and State Capabilities in the Third World*. Princeton: Princeton University Press.
- Mishra, Pankaj. 2006. "China's New Leftist." *The New York Times*, October 15.
- Misra, Kalpana. 2003. "Neo-Left and Neo-Right in Post-Tiananmen China." *Asian Survey* 43(5): 717-744.
- \_\_\_\_\_. 1998. *From Post-Maoism to Post-Marxism: The Erosion of Official Ideology in Deng's China*. London: Routledge.
- Mitchell, Timothy. 2005. "The work of economics: how a discipline makes its world." *European Journal of Sociology* 45(2): 297-320.
- \_\_\_\_\_. 2002. *Rule of Experts: Egypt, Technopolitics, Modernity*. Berkeley: University of California Press.
- Moran, Michael. 2004. *The British Regulatory State: High Modernism and Hyper-Innovation*. Oxford: Oxford University Press.
- \_\_\_\_\_. 2002. "Review Article: Understanding the Regulatory State." *British Journal of Political Science* 32: 391-413.
- \_\_\_\_\_. 1991. *The Politics of the Financial Services Revolution: The USA, UK, and Japan*. New York: St. Martins Press.
- Munck, Gerardo. 2004. "Tools for Qualitative Research." In Henry E. Brady and David Collier, eds., *Rethinking Social Inquiry: Diverse Tools, Shared Standards*. Lanham, MD: Rowman and Littlefield.
- Musgrove, Charles D. 1999. "Building a Dream: Constructing a National Capital in Nanjing, 1927-1937." In Joseph W. Esherick, ed., *Remaking the Chinese City: Modernity and National Identity, 1900-1950*. Honolulu: University of Hawai'i Press.

- Naughton, Barry. 2007. *The Chinese Economy: Transitions and Growth*. Cambridge: The MIT Press.
- Nolan, Peter. 2004. "China's New Development Path: Towards Capitalist Markets, Market Socialism or Bureaucratic Market Muddle?" In Peter Nolan, *Transforming China: Globalization, Transition and Development*. London: Anthem Press.
- \_\_\_\_\_. 2001a. *China and the Global Economy: National Champions, Industrial Policy and the Big Business Revolution*. New York: Palgrave.
- \_\_\_\_\_. 1995. *China's Rise, Russia's Fall: Politics, Economics and Planning in the Transformation from Stalinism*. New York: St. Martin's Press.
- "Norms for Urban Management ahead of Olympics." 2007. *Xinhua* (December 5). Retrieved December 7, 2007 ([http://www.chinadaily.com.cn/china/2007-12/05/content\\_6299724.htm](http://www.chinadaily.com.cn/china/2007-12/05/content_6299724.htm)).
- O'Brien, Kevin J. 2006. "Discovery, Research (Re)design, and Theory Building." In Maria Heimer and Stig Thøgersen, eds., *Doing Fieldwork in China*. Honolulu: University of Hawai'i Press.
- O'Donnell, Guillermo A. 2001. "Democracy, Law, and Comparative Politics." *Studies in Comparative International Development* 36(1): 7-36.
- \_\_\_\_\_. 1993. "On the State, Democratization, and Some Conceptual Problems: A Latin American View with Glances at Some Postcommunist Countries." *World Development* 21(8): 1355-69.
- Oi, Jean. 1999. *Rural China Takes Off: Institutional Foundations of Economic Reform*. Berkeley: University of California Press.
- Pan, Jeff. 2007. "Stabbing Leads to Conviction and Retrospection." *China Daily* (April 16). Retrieved May 8, 2007 ([http://www.chinadaily.com.cn/china/2007-04/16/content\\_851907.htm](http://www.chinadaily.com.cn/china/2007-04/16/content_851907.htm)).
- Pan Wei. 2006. "Toward a Consultative Rule of Law Regime in China." In Zhao Suisheng, ed., *Debating Political Reform in China: Rule of Law vs. Democratization*. Armonk, NY: M.E. Sharpe.
- \_\_\_\_\_. 2003. "Toward a Consultative Rule of Law Regime in China." *Journal of Contemporary China* 12(34): 3-43.

- Pearson, Margaret. 2007. "Governing the Chinese Economy: Regulatory Reform in the Service of the State." *Public Administration Review* (July/August):718-730.
- \_\_\_\_\_. 2006. "Regulation and Regulatory Politics in China's Tiered Economy." Paper presented at conference on "Capitalism with Chinese Characteristics: China's Political Economy in Comparative and Theoretical Perspectives." Indiana University, May 19-20.
- \_\_\_\_\_. 2005a. "Book Review: Yang Dali's *Remaking the Chinese Leviathan*." *The Far Eastern Economic Review* 168(3): 64-66.
- \_\_\_\_\_. 2005b. "The Business of Governing Business in China: Institutions and Norms of the Emerging Regulatory State." *World Politics* 57: 296-322.
- \_\_\_\_\_. 2004. "China's WTO Implementation in Comparative Perspective: Lessons from the Literatures on Trade Policy and Regulation." *The Review of International Affairs* 3(4): 567-583.
- \_\_\_\_\_. 1997. *China's New Business Elite: The Political Consequences of Economic Reform*. Berkeley: University of California Press.
- Peerenboom, Randall. 2007. *China Modernizes: Threat to the West or Model for the Rest?* Oxford: Oxford University Press.
- \_\_\_\_\_. 2006. "A Government of Laws: Democracy, Rule of Law, and Administrative Law Reform in China." In Zhao Suisheng, ed., *Debating Political Reform in China: Rule of Law vs. Democratization*. Armonk, NY: M.E. Sharpe.
- \_\_\_\_\_. 2002. *China's Long March toward Rule of Law*. Cambridge: Cambridge University Press.
- Pei Minxin. 2006a. *China's Trapped Transition: The Limits of Developmental Autocracy*. Cambridge: Harvard University Press.
- \_\_\_\_\_. 2006b. "China is Stagnating in its 'Trapped Transition.'" *Financial Times* February 24: 17.
- \_\_\_\_\_. 2003. "Rotten from Within: Decentralized Predation and Incapacitated State." In T.V. Paul, G. John Ikenberry and John Hall, eds., *The Nation-State in Question*. Princeton: Princeton University Press.
- \_\_\_\_\_. 2002. "China's Governance Crisis." *Foreign Affairs* 81(5). Retrieved December 17, 2004 (<http://www.foreignaffairs.org/20020901faessay9735/minxin-pei/china-s-governance-crisis.html>).

- Petersen, Kim. 2003. "China, Neoliberalism and the WTO." *Dissident Voice* (August 2<sup>nd</sup>). Retrieved March 27, 2007 ([http://www.dissidentvoice.org/Articles7/Petersen\\_China-WTO.htm](http://www.dissidentvoice.org/Articles7/Petersen_China-WTO.htm)).
- Petracca, Mark P. and Mong Xiong (1990). "The Concept of Chinese Neo-Authoritarianism: An Exploration and Democratic Critique." *Asian Survey* 30(11): 1099-1117.
- Petsoulas, Christina. 2001. *Hayek's Liberalism and its Origins: His Idea of Spontaneous Order and the Scottish Enlightenment*. London: Routledge.
- Piore, Michael J. and Charles F. Sabel. 1984. *The Second Industrial Divide: Possibilities for Prosperity*. New York: Basic Books.
- Po, Lan-chi. 2001. *Strategies of Urban Development in China's Reforms: Nanjing, 1984-2000*. Ph.D. Dissertation, City and Regional Planning, Graduate Division of the University of California, Berkeley.
- Pocha, Jehangir S. 2005. "China's New Left." *New Perspectives Quarterly* 22(2). Retrieved November 21, 2006 ([http://www.digitalnpq.org/archive/2005\\_spring/07\\_pocha.html](http://www.digitalnpq.org/archive/2005_spring/07_pocha.html)).
- Polanyi, Karl. 1944. *The Great Transformation: The Political and Economic Origins of our Time*. Boston: Beacon Press.
- "Police Assault on Vendor Triggers Riots in China." 2007. *Gulf Times* (June 10). Retrieved June 15, 2007 ([http://www.gulf-times.com/site/topics/article.asp?cu\\_no=2&item\\_no=154198&version=1&template\\_id=45&parent\\_id=25](http://www.gulf-times.com/site/topics/article.asp?cu_no=2&item_no=154198&version=1&template_id=45&parent_id=25)).
- Pomfret, John. 2006. *Chinese Lessons: Five Classmates and the Story of the New China*. New York: Henry Holt and Company, LLC.
- Portes, Alejandro. 1996. "Book Review; *Regulation and the Informal Economy: Microenterprises in Chile, Ecuador, and Jamaica* by Victor E. Tokman and Emilio Klein." *Journal of Latin American Studies* 28(3): 704-706.
- \_\_\_\_\_. 1989. "La Economía Informal: ¿Nueva Modalidad De Desarrollo Economico? (The Informal Economy: New Mode of Economic Development?). Quito, Ecuador: FLASCO.
- Portes, Alejandro and William Haller. 2005. "The Informal Economy." *The Handbook of Economic Sociology*. 2d ed. Princeton: Princeton University Press.

- Portes, Alejandro and Richard Schauffler. 1993. "Competing Perspectives on the Latin American Informal Sector." *Population and Development Review* 19(1):33-60.
- Pye, Lucian W. 1992. *The Spirit of Chinese Politics*. Cambridge: Harvard University Press.
- Qin Hui. 2005. "Justice in the Economics of Market Transition." *The Chinese Economy*. 38(5): 70-95.
- Quality Brands Protection Committee. 2007. "Experience the Real China...Buy the Real Thing." Brochure provided by the Beijing American Chamber of Commerce.
- Ragin, Charles. 2004. "Turning the Tables: How Case-Oriented Research Challenges Variable-Oriented Research." In Henry E. Brady and David Collier, eds., *Rethinking Social Inquiry: Diverse Tools, Shared Standards*. Lanham, MD: Rowman and Littlefield.
- Rajagopal, Arvind. 2001. "The Violence of Commodity Aesthetics: Hawkers, Demolition Raids, and a New Regime of Consumption." *Social Text* 68(3): 92-113.
- Ramo, Joshua Cooper. 2004. *The Beijing Consensus*, London: The Foreign Policy Centre.
- Read, Benjamin L. 2003. "The State and Interpersonal Networks: China's Neighborhood Committees." Paper presented at the 2003 Annual Meeting of the American Political Science Association, Philadelphia, PA.
- \_\_\_\_\_. 2000. "Revitalizing the State's Urban 'Nerve Tips'." *The China Quarterly* 163: 806-20.
- Riedel, James; Jin Jing and Gao Jian. 2007. *How China Grows: Investment, Finance, and Reform*. Princeton: Princeton University Press.
- Roever, Sally. 2005. *Negotiating Formality: Informal Sector, Market, and State in Peru*. Ph.D. Dissertation, Department of Political Science, University of California, Berkeley.
- Sæther, Elin. 2006. "Fieldwork as Coping and Learning." In Maria Heimer and Stig Thøgersen, eds., *Doing Fieldwork in China*. Honolulu: University of Hawai'i Press.
- Saich, Tony. 2001. *Governance and Politics of China*. New York: Palgrave.

- Sartori, Giovanni. 1970. "Concept Misformation in Comparative Politics." *American Political Science Review* 64(4):1033-53.
- Schamis, Hector. 2002. *Re-Forming the State: The Politics of Privatization in Latin America and Europe*. Ann Arbor: University of Michigan Press.
- Schumpeter, Joseph A. 1942. *Capitalism, Socialism and Democracy*. New York: Harper Torchbooks.
- Schweickart, David. 2005. "You Can't Get There from Here: Reflections on the 'Beijing Consensus.'" Presentation to the International Academic Symposium on the "Chinese Development Model," Tianjin Normal University, Tianjin. August 8, 2005. This paper also appears in Chinese translation as David Schweickart 大卫·施为卡特. 2005. "从这儿你到不了那儿:对'北京共识'的思考." In Yu Keping 俞可平, Huang Ping 黄平, Xie Shuguang 谢曙光, and Gao Jian 高健, eds., *中国模式与"北京共识"超越"华盛顿共识" (The China Model and the "Beijing Consensus": Beyond the "Washington Consensus")*. 北京: 社会科学文献出版社 (Beijing: Social Sciences Academic Press).
- "Scientific Concept of Development and Harmonious Society." 2007. 17<sup>th</sup> National Congress of the Communist Party of China, 2007. China.org.cn. Retrieved November 7, 2007 (<http://www.china.org.cn/english/congress/227029.htm>).
- Seabrooke, Leonard. 2007. "Varieties of Economic Constructivism in Political Economy: Uncertain Times Call for Disparate Measures." *Review of International Political Economy* 14(2): 371-385.
- Segal, Adam and Eric Thun. 2001. "Thinking Globally, Acting Locally: Local Governments, Industrial Sectors, and Development in China." *Politics and Society* 29(4): 557-588.
- Shambaugh, David, ed. 2000. *Is China Unstable?* Armonk, NY: M.E. Sharpe.
- Shih, Victor. 2007. "Partial Reform Equilibrium, Chinese Style: Political Incentives and Reform Stagnation in Chinese Financial Policies." *Comparative Political Studies* 40(10): 1238-1262.
- Shue, Vivienne. 2004. "Legitimacy Crisis in China?" In Peter Gries and Stanley Rosen, eds., *State and Society in 21<sup>st</sup>-century China: Crisis, contention and legitimation*. London: RoutledgeCurzon.
- \_\_\_\_\_. 1995. "State Sprawl: The Regulatory State and Social Life in a Small Chinese City." In Deborah Davis, Barry Naughton, and Richard Kraus, eds., *Urban Spaces: Autonomy and Community in Contemporary China*. Cambridge: Cambridge University Press.



- \_\_\_\_\_. 1988. *The Reach of the State: Sketches of the Chinese Body Politic*. Stanford: Stanford University Press.
- Shue, Vivienne and Christine Wong, eds. 2007. *Paying for Progress in China: Public Finance, Human Welfare and Changing Patterns of Inequality*. London: Routledge.
- Sik, Endre. 1994. "From the Multicoloured to the Black and White Economy: The Hungarian Second Economy and the Transformation." *International Journal of Urban and Regional Research* 18: 46–70.
- Sinha, Aseema. 2005. *The Regional Roots of Developmental Politics in India*. Bloomington, IN: Indian University Press.
- Simmons, Beth A., Frank Dobbin and Geoffrey Garrett. 2006. "Introduction: The International Diffusion of Liberalism." *International Organization* 60: 781-810.
- Skocpol, Theda. 1985. "Bringing the State Back In: Strategies of Analysis in Current Research." In Peter B. Evans, Dietrich Rueschemeyer and Theda Skocpol, eds., *Bringing the State Back In*. Cambridge: Cambridge University Press.
- Skowronek, Stephen. 1982. *Building a New American State: The Expansion of National Administrative Capacities*. Cambridge: Cambridge University Press.
- Snowdon, Brian; Howard Vane and Peter Wynarczyk. 1994. *A Modern Guide to Macroeconomics: An Introduction to Competing Schools of Thought*. Brookfield, VT: Edward Elgar Publishing Company.
- Smart, Josephine. 1989. *The Political Economy of Street Hawkers in Hong Kong*. Hong Kong: Center of Asian Studies.
- \_\_\_\_\_. 1986. "The Impact of Government Policy on Hawkers: A Study of the Effect of Establishing a Hawker Permitted Place." *Asian Journal of Public Administration* 8(2): 260-279.
- Snyder, Richard. 2001. *Politics After Neoliberalism: Reregulation in Mexico*. Cambridge: Cambridge University Press.
- \_\_\_\_\_. 1999. "After Neoliberalism: The Politics of Reregulation in Mexico." *World Politics* 51(2): 173-204.
- Solinger, Dorothy. 2006. "Interviewing Chinese People: From High-level Officials to the Unemployed." In Maria Heimer and Stig Thøgersen, eds., *Doing Fieldwork in China*. Honolulu: University of Hawai'i Press.

- \_\_\_\_\_. 2004. "The new crowd of the dispossessed: the shift of the urban proletariat from master to mendicant." In Peter Gries and Stanley Rosen, eds., *State and Society in 21<sup>st</sup>-century China: Crisis, contention and legitimation*. London: RoutledgeCurzon.
- \_\_\_\_\_. 2002a. "Economic Informalisation by Fiat: China's New Growth Strategy as Solution or Crisis? In Luigi Tomba, ed., *East Asian Capitalism: Conflicts, Growth and Crisis*. Milan: Feltrinelli.
- \_\_\_\_\_. 2002b. "Labour Market Reform and the Plight of the Laid-off Proletariat." *The China Quarterly* 170: 304-326.
- \_\_\_\_\_. 1999. *Contesting Citizenship in Urban China: Peasant Migrants, the State, and the Logic of the Market*. Berkeley: University of California Press.
- Stapleton, Kristin. 2000. *Civilizing Chengdu: Chinese Urban Reform, 1895-1937*. Cambridge: Harvard University Asia Center.
- State Council Information Office. 2005. *Building of Political Democracy in China*. (October 19). Retrieved October 25, 2005 ([http://news3.xinhuanet.com/english/2005-10/19/content\\_3645750.htm](http://news3.xinhuanet.com/english/2005-10/19/content_3645750.htm)).
- Strand, David. 1989. *Rickshaw Beijing: City People and Politics in the 1920s*. Berkeley: University of California Press.
- Strange, Susan. 1996. *The Retreat of the State: The Diffusion of Power in the World Economy*. Cambridge: Cambridge University Press.
- Sullivan, Michael J. 1994. "The Impact of Western Political Thought in Chinese Political Discourse on Transitions from Leninism, 1986-1992." *World Affairs* 157(2): 79-91.
- Sun Yan. 2004. *Corruption and Market in Contemporary China*. Ithaca: Cornell University Press.
- Swidler, Ann. 2003. *Talk of Love: How Culture Works*. Chicago: University of Chicago Press.
- \_\_\_\_\_. 1986. "Culture in Action: Symbols and Strategies." *American Sociological Review* 51: 273-286.
- Tam, Waikeung and Yang Dali. 2005. "Food Safety and the Development of Regulatory Institutions in China." *Asian Perspective* 29(4): 5-36.

- Tang, Wenfang and William L. Parish. 2000. *Chinese Urban Life Under Reform: The Changing Social Contract*. Cambridge: Cambridge University Press.
- Tanner, Murray Scot. 2004. "China Rethinks Unrest." *The Washington Quarterly* 27(3): 137-56.
- Tennenbaum, Jonathan. 2000. "China Needs Protectionism and the Ideas of Friedrich List." *Executive Intelligence Review* (May 12). Retrieved April 21, 2003 ([http://www.larouchepub.com/other/2000/jbt\\_china\\_2719.html](http://www.larouchepub.com/other/2000/jbt_china_2719.html)).
- Thøgersen, Stig. 2006. "Approaching the Field through Written Sources." In Maria Heimer and Stig Thøgersen, eds., *Doing Fieldwork in China*. Honolulu: University of Hawai'i Press.
- "Thousands Riot in China after Vendor Killed by Government Officials." 2003. *TaiwanNews.com* (November 4). Retrieved November 5, 2003 (<http://etaiwannews.com/China/2003/11/04/1067909822.htm>).
- Thun, Eric. 2006. *Changing Lanes in China: Foreign Direct Investment, Local Governments, and Auto Sector Development*. Cambridge: Cambridge University Press.
- \_\_\_\_\_. 2005. "National Champions—or Chumps?" *China Economic Quarterly* 5(4).
- \_\_\_\_\_. 2004. "Industrial Policy, Chinese-Style: FDI, Regulation, and Dreams of National Champions in the Auto Sector." *Journal of East Asian Studies* 4: 453-489.
- Thunø, Mette. 2006. "In the 'Field' Together: Potentials and Pitfalls in Collaborative Research." In Maria Heimer and Stig Thøgersen, eds., *Doing Fieldwork in China*. Honolulu: University of Hawai'i Press.
- Tilly, Charles. "War Making and State Making as Organized Crime." In Peter B. Evans, Dietrich Rueschemeyer and Theda Skocpol, eds., *Bringing the State Back In*. Cambridge: Cambridge University Press.
- Tokman, Victor. 1992. *Beyond Regulation: The Informal Economy in Latin America*. Boulder: Lynne Rienner Publishers.
- Tripp, Aili Mari. 1997. *Changing the Rules: The Politics of Liberalization and the Urban Informal Economy in Tanzania*. Berkeley: University of California Press.
- Tsai, Kellee. 2005. "Capitalists Without a Class: Political Diversity among Private Entrepreneurs in China." *Comparative Political Studies* 38(9): 1130-1158.

- \_\_\_\_\_. 2002. *Back-Alley Banking: Private Entrepreneurs in China*. Ithaca: Cornell University Press.
- \_\_\_\_\_. 1999. *Banking Behind the State: Private Entrepreneurs and the Political Economy of Informal Finance in China, 1978-1998*. Ph.D. Dissertation, Department of Political Science, Columbia University.
- Van Creveld, Martin. 1999. *The Rise and Decline of the State*. Cambridge: Cambridge University Press.
- Veeck, Ann. 2000. "The Revitalization of the Marketplace: Food Markets in Nanjing." In Deborah S. Davis, ed., *The Consumer Revolution in Urban China*. Berkeley: University of California Press.
- Verdery, Katherine. 1996. *What Was Socialism and What Comes Next?* Princeton: Princeton University Press.
- Vishwanath, T. 2001. "Informal Economy: Safety Valve or Growth Opportunity," Paper presented at the *Linking Work, Skills, and Knowledge: Learning from Survival and Growth International Conference* (September 10-12), Interlaken, Switzerland.
- Vogel, Steven. 1996. *Freer Markets, More Rules: Regulatory Reform in Advanced Industrial Countries*. Ithaca, NY: Cornell University Press.
- Wade, Robert. 1990. *Governing the Market: Economic Theory and the Role of Government in East Asian Industrialization*. Princeton: Princeton University Press.
- Wakeman Jr., Frederic. 1995. *Policing Shanghai 1927-37*. Berkeley: University of California Press.
- Walder, Andrew G. 1986. *Communist Neo-Traditionalism: Work and Authority in Chinese Industry*. Berkeley: University of California Press.
- Walker, Andrew. 1999. *The Legend of the Golden Boat: Regulation, Trade and Traders in the Borderlands of Laos, Thailand, China and Burma*. Honolulu: University of Hawaii Press.
- Walton, John and David Seddon. 1994. *Free Markets and Food Riots: The Politics of Global Adjustment*. Cambridge: Blackwell Publishers.
- Wang Chaohua, ed. 2003. *One China: Many Paths*. London: Verso.

- Wang Hui. 2006. "Depoliticized Politics, From East to West." *New Left Review* 41: 29-45."
- \_\_\_\_\_. 2003. *China's New Order: Society, Politics, and Economy in Transition*. Edited by Theodore Hutters. Harvard: Harvard University Press.
- \_\_\_\_\_. 2000. "Fire at the Castle Gate" *New Left Review* 6: 68-99.
- Wang Shaoguang. 2006. "Regulating Death at Coal Mines: Changing Mode of Governance in China." *Journal of Contemporary China* 15(46): 1-30.
- \_\_\_\_\_. 2003. "The Problem of State Weakness." *Journal of Democracy* 14(1): 36-42.
- \_\_\_\_\_. 2001. "The Changing Role of Government in China." In Zhang Xudong, ed., *Whither China: Intellectual Politics in Contemporary China*. Durham: Duke University Press.
- \_\_\_\_\_. 1995. "The Rise of the Regions: Fiscal Reform and the Decline of Central State Capacity in China." In Andrew Walder, ed., *The Waning of the Communist State: Economic Origins of Political Decline in China and Hungary*. Berkeley: University of California Press.
- Wang Shaoguang and Hu Angang. 2001. *The Chinese Economy in Crisis: State Capacity and Tax Reform*. Armonk, NY: M.E. Sharpe.
- \_\_\_\_\_. 2000. *The Political Economy of Uneven Development: The Case of China*. New York: East Gate.
- "The 'Washington Consensus' and 'Beijing Consensus.'" 2005. *People's Daily Online* (June 18). Retrieved July 20, 2006 ([http://english.people.com.cn/200506/18/eng20050618\\_190947.html](http://english.people.com.cn/200506/18/eng20050618_190947.html)).
- Wedeman, Andrew W. 2003. *From Mao to Market: Rent Seeking, Local Protectionism, and Marketization in China*. Cambridge: Cambridge University Press.
- Weingast, Barry. 1981. "Regulation, Reregulation, and Deregulation: The Political Foundations of Agency-Clientele Relationships." *Law and Contemporary Problems* 44: 147-177.
- Wen, Dale. 2007. *China Copes with Globalization: A Mixed Review*. Retrieved April 27, 2007 ([www.ifg.org/pdf/FinalChinaReport.pdf](http://www.ifg.org/pdf/FinalChinaReport.pdf)).
- Weston, Timothy B. 2004. "The Iron Man weeps: joblessness and political legitimacy in the Chinese rust belt." In Peter Gries and Stanley Rosen, eds., *State and*

- Society in 21<sup>st</sup>-century China: Crisis, contention and legitimation*. London: RoutledgeCurzon.
- White, Gordon. 1993. *Riding the Tiger: The Politics of Economic Reform in Post-Mao China*. Stanford: Stanford University Press.
- Wibowo, Ignatius and Lye Liang Fook. 2006. "China's Central Party School: A unique institution adapting to changes." In Kjeld Erik Brodsgaard and Zheng Yongnian, eds., *The Chinese Communist Party in Reform*. London: Routledge.
- Williamson, John. 2003. "From Reform Agenda: A short history of the Washington Consensus and suggestions for what to do next." *Finance and Development* September: 10-13.
- \_\_\_\_\_. 1990. "What Washington Means by Policy Reform." In John Williamson, ed., *Latin American Adjustment: How Much has Happened?* Washington: Institute for International Economics.
- Wilson, J.L. 2006. "China's Transformation towards Capitalism." In David Lane and Martin Myant, eds., *Varieties of Capitalism in Post-Communist Countries*. New York: Palgrave Macmillan.
- Woo-Cumings, Meredith, ed. 1999. *The Developmental State*. Ithaca: Cornell University Press.
- The World Bank. 1993. *The East Asian Miracle: Economic Growth and Public Policy*. New York: Oxford University Press for the World Bank.
- Wu Fulong. 2002. "China's Changing Urban Governance in the Transition Towards a More Market-oriented Economy." *Urban Studies* 39(7): 1071-93.
- Wu Kai. 2005. *Migrants in Nanjing: Personal Experiences and Social Processes*. Ph.D. Dissertation, Department of Sociology, Graduate School of Syracuse University.
- Xu Jilin. 2004. "The Fate of an Enlightenment: Twenty Years in the Chinese Intellectual Sphere (1978-98)." In Edward Gu and Merle Goldman, eds., *Chinese Intellectuals Between State and Market*. London: Routledge.
- Yang Dali. 2006. "Economic Transformation and Its Political Discontents in China: Authoritarianism, Unequal Growth, and the Dilemmas of Political Development." *Annual Review of Political Science* 9: 143-164.
- \_\_\_\_\_. 2004a. *Remaking the Chinese Leviathan: Market Transition and the Politics of Governance in China*. Stanford: Stanford University Press.

- \_\_\_\_\_. 2004b. "Economic Transformation and State Rebuilding in China." In Barry J. Naughton and Dali L. Yang, eds., *Holding China Together: Diversity and National Integration in the Post-Deng Era*. Cambridge: Cambridge University Press.
- \_\_\_\_\_. 2003. "China's Changing of the Guard: State Capacity on the Rebound." *Journal of Democracy* 14(1): 43-50.
- \_\_\_\_\_. 2001. "Rationalizing the Chinese state: The political economy of government reform." In Cao Chien-Min, ed., *Remaking the Chinese State*.
- Yang Dali and Scott Kennedy. 2005. "Reform in China." *World Policy Journal* (Summer): 103-04.
- Yang, Mayfair Mei-hui. 1994. *Gifts, Favors, and Banquets: The Art of Social Relationships in China*. Ithaca, NY: Cornell University Press.
- Yardley, Jim. 2003. "Rat Poison: Murder Weapon of Choice in Rural China." *New York Times* (November 17). Retrieved November 18, 2003 (<http://www.nytimes.com/2003/11/17/international/asia/17CHIN.html>).
- Yergin, Daniel A. and Joseph Stanislaw. 1998. *The Commanding Heights: The Battle Between Government and the Marketplace That is Remaking the Modern World*. New York: Simon and Schuster.
- Yu, Au Yoong. 2006. "Chinese Nationalism and the 'New Left'." *Socialist Outlook* 10(Summer). Retrieved November 5, 2006 (<http://www.isg-fi.org.uk/spip.php?article285>).
- Yu Shuenn-Der. 2004. "Hot and Noisy: Taiwan's Night Market Culture." In David K. Jordan, Andrew D. Morris and Marc L. Moskowitz, eds., *The Minor Arts of Daily Life: Popular Culture in Taiwan*. Honolulu: University of Hawaii Press.
- \_\_\_\_\_. 1995. *Meaning, Disorder and the Political Economy of Night Markets in Taiwan*. Ph.D. Dissertation, Department of Anthropology, University of California, Davis.
- Zakaria, Fareed. 2005. "Does the Future Belong to China?" *Newsweek*, May 9. Retrieved April 22, 2006 (<http://www.fareedzakaria.com/articles/newsweek/050905.html>).
- Zhang Li. 2001a. *Strangers in the City: Reconfigurations of Space, Power, and Social Networks Within China's Floating Population*. Stanford: Stanford University Press.

- \_\_\_\_\_. 2001b. "Contesting Crime, Order, and Migrant Spaces in Beijing." In Nancy N. Chen, Constance D. Clark, Suzanne Z. Gottschang, and Lyn Jeffery, eds., *China Urban*. Durham, NC: Duke University Press.
- Zhao Dingxin. 2001. "China's Prolonged Stability and Political Future: Same Political System, Different Policies and Methods." *Journal of Contemporary China* 10(28): 427-444.
- Zhao Shukai. 2000. "Criminality and the Policing of Migrant Workers." Translated by Andrew Kipnis. *The China Journal* 43: 101-110.
- Zhao Suisheng, ed. 2006. *Debating Political Reform in China: Rule of Law vs. Democratization*. Armonk, NY: M.E. Sharpe.
- Zheng Yongnian. 2004. *Globalization and State Transformation in China*. Cambridge: Cambridge University Press.
- Zheng Yongnian and Liang Fook Lye. 2005. "Political Legitimacy in Reform China: Between Economic Performance and Democratization." In Lynn White, ed., *Legitimacy: Ambiguities of Political Success or Failure in East and Southeast Asia*. New Jersey: World Scientific Pub.
- Zhou, Raymond. 2006. "Don't Treat Street Vendors as Enemy." *China Daily* (September 29):4. Retrieved May 8, 2007 ([http://www.chinadaily.com.cn/opinion/2006-09/29/content\\_699231.htm](http://www.chinadaily.com.cn/opinion/2006-09/29/content_699231.htm)).
- Zhu Jieming. 2004. "Local Developmental State and Order in China's Urban Development during Transition." *International Journal of Urban and Regional Research* 28(2): 424-27.
- Zhu Rongji. 2002. "Report on the Work of the Government: Thoroughly Rectifying and Regulating the Order of the Market Economy." *Report on the Work of the Government*. Delivered at the Fifth Session of the Ninth National People's Congress on March 5. Retrieved May 12, 2004 (<http://english.people.com.cn/npc/2002/zhu/workreport7.html>).
- Zhu Xueqin. 2003. "For a Chinese Liberalism." In Wang Chaohua, ed., *One China, Many Paths*. London: Verso.



## B) Chinese Language Sources<sup>1</sup>

- The Beijing Daily (Editorial) 新京报 (社论). 2007. “城管与摊贩为什么不可以合法共存” (Why Can't the *Chengguan* and Street Vendors Co-exist Legally/Legitimately?). 新京报 (The Beijing Daily) (April 22). Retrieved May 3, 2007 (<http://news.sina.com.cn/c/pl/2007-04-22/092012837285.shtml>).
- Beijing Municipal Public Security Bureau 北京市公安局. 2007. “北京市公安局公共娱乐服务场所治安管理责任制实施办法” (Beijing Municipal Public Security Bureau Methods for Regulating Public Entertainment Venues). Retrieved July 27, 2007 ([http://www.bjgaj.gov.cn/net\\_office/law\\_rule/info\\_detail.jsp?lawid=1504](http://www.bjgaj.gov.cn/net_office/law_rule/info_detail.jsp?lawid=1504)).
- CASS Study Group on Neoliberalism 中国社会科学院“新自由主义研究”课题组. 2004. “新自由主义及其本质 (The Essence of Neoliberalism).” He Bingmeng 何秉孟, ed., 新自由主义评析 (Analyses of Neo-Liberalism). 北京:社会科学文献出版社 (Beijing: Social Sciences Documentation Publishing House).
- Cheng Enfu 程恩富. 2005. “新自由主义的起源: 发展及其影响 (The Origins of Neoliberalism: Development and Influence).” 求是杂志 (Seeking Truth) 3: 38-41.
- Cheng Enfu 程恩富 and Cao Lei 曹雷. 2004. “外国学者对新保守主义经济思潮的判断 (Foreign Scholars' Critiques of Neoconservative Economic Thought).” In He Bingmeng 何秉孟, ed., 新自由主义评析 (Analyses of Neo-Liberalism). 北京:社会科学文献出版社 (Beijing: Social Sciences Documentation Publishing House).
- Cui Zhiyuan 崔之元. 2005. “制度创新与第二次思想解放 (System Transformation and the Second Liberation of Thought).” In Huang Ping 黄平 and Cui Zhiyuan 崔之元, eds., 中国与全球化: 华盛顿共识还是北京共识 (China and Globalization: The Washington Consensus, the Beijing Consensus, or What?). 北京: 社会科学文献出版社, 2005.
- \_\_\_\_\_. n.d. “经济民主的两层含义 (The Two-Level Meaning of Economic Democracy).” Retrieved February 23, 2006 (<http://vip.bokee.com/2005071279818.html>).

---

<sup>1</sup> Throughout the dissertation if Chinese characters are included in the reference then this indicates the source was Chinese and is therefore included here.

- Da Sulin 笪素林 and Kong Fanbin 孔繁斌. 2004. “监管型政府：必要与可能 (Supervisory Government: Necessities and Possibilities).” 江海学刊 4: 88-94.
- Deng Quanlun 邓全伦. 2007. “重庆将开放部分背街小巷允许摆摊设点” (Chongqing to Open Up Select Areas [lit. “back streets and alleys”] For Vending). 重庆晚报 (Chongqing Evening News) (March 1). Retrieved June 10, 2007 (<http://news.sina.com.cn/c/2007-03-01/020512395094.shtml>).
- Fan Libo 范立波. 2006. “权力失衡与社会暴力化” (Unbalanced Authority and The Rise of Social Violence). 财经 (Caijing) (December 25). Retrieved May 16, 2007 (<http://www.caijing.com.cn/newcn/ruleoflaw/law/2006-12-25/14913.shtml>).
- Fang Ning 房宁. 2004. “新自由主义跟阿根廷危机 (Neoliberalism and the Argentine Crisis).” In He Bingmeng 何秉孟, ed., 新自由主义评析 (Analyses of Neo-Liberalism). 北京: 社会科学文献出版社 (Beijing: Social Sciences Documentation Publishing House).
- \_\_\_\_\_. 1999. “全球化阴影下的中国之路 (China’s Road Under the Shadow of Globalization).” Retrieved September 24, 2006 (<http://www.cnread.net/cnread1/zazp/f/fangning/qqhy/index.html>).
- Feng Yang 冯杨 and Zhou Chengqi 周呈奇. 2005. “古典自由主义中的市场与政府 (On the Market and Government in Classical Liberalism).” 山西财经大学学报 (Journal of Shanxi Finance and Economics University) 27(2): 21-26.
- Fuwu Daobao 服务导报. 2003. “与市容执法队员大游击” (City Appearance Enforcement Team Officials Engaged in Guerrilla War). 服务导报 (Service Guide) (October 15). Retrieved October 20, 2003 (<http://njsr.nj.gov.cn/content/showinfo.asp?id=252>).
- Gan Yang 甘阳. 2003. “中国自由左派的由来 (The Origins of China’s Liberal Left).” In Gong Yang 公羊, ed., 思潮: 中国“新左派”及其影响 (Ideological Trends: China’s “New Left” and its Influence). 中国社会科学出版社 (China Social Sciences Press).
- \_\_\_\_\_. 1998. “伯林与‘后自由主义’ (Berlin and Post-Liberalism).” 读书 (Reading) 4.
- \_\_\_\_\_. 1991. “扬弃‘民主与科学,’ 奠定自由与秩序” (Superseding “Democracy and Science,” Establishing Liberty and Order). 二十世纪 (21<sup>st</sup> Century) (February): 7-10.

- Gong Yang 公羊, ed. 2003. 思潮: 中国“新左派”及其影响 (Ideological Trends: China's "New Left" and its Influence). 中国社会科学出版社 (China Social Sciences Press).
- Gu Yumin 顾钰民. 2004. “反干预, 私有制: 新自由主义本质 (Anti-Intervention and Privatization: The Essence of Neoliberalism). He Bingmeng 何秉孟, ed., 新自由主义评析 (Analyses of Neo-Liberalism). 北京: 社会科学文献出版社 (Beijing: Social Sciences Documentation Publishing House).
- Han Deqiang 韩德强. 2002. 萨缪尔森经济学批判: 竞争经济学 (The Economics of Competition: A Critique of Paul Samuelson's *Economics*). 北京: 经济科学出版社 (Beijing: Economic Science Press).
- \_\_\_\_\_. 2000. 碰撞: 全球化陷阱与中国现实选择 (Collision: The Pitfalls of Globalization and China's Realistic Choices). 经济管理出版 (Economic Management Press).
- He Bingmeng 何秉孟, ed. 2004. 新自由主义评析 (Analyses of Neo-Liberalism). 北京: 社会科学文献出版社 (Beijing: Social Sciences Documentation Publishing House).
- He Qinglian 何清涟. 1998. 现代化的陷阱: 现代化中国的经济社会问题 (Modernization's Pitfalls: A Modernizing China's Socio-economic Problems). 北京: 今日中国出版 (Beijing: Contemporary China Press).
- Hu Angang 胡鞍钢. 2005. “对中国之路的初步认识 (Toward a Preliminary Understanding of China's Path).” In Huang Ping and Cui Zhiyuan, eds., 中国与全球化: 华盛顿共识还是北京共识 (China and Globalization: The Washington Consensus, the Beijing Consensus, or What?). 北京: 社会科学文献出版社.
- \_\_\_\_\_. 2004. 中国: 新发展观 (China: New Development Strategy). 浙江人民出版社 (Zhejiang People's Press).
- \_\_\_\_\_. 2001. “整顿市场经济秩序是市场经济健康繁荣发展的客观需要 (Rectifying Market Economic Order is an Objective Need for the Healthy and Prosperous Development of the Market Economy).” Retrieved May 7, 2004 (<http://www.yfw.com/shownews.asp?id=5381>).
- Huang Fang 黄芳, ed. 2007. “专家称保障食品安全单靠食品卫生法鞭长莫及” (Experts Say Food Safety Cannot Be Guaranteed by Reliance on the Food

- Sanitation Law). 市场报 (Market Bulletin) (July 9). Retrieved July 10 (<http://news.sohu.com/20070709/n250961195.shtml>).
- Huang Jianying 黄建影 and Wu Jing 吴晶. 2003. “摊贩游击战” (Street Vendor Guerrilla War). 钱江晚报 (Qianjiang Evening News) (November 16): A5.
- Huang Ping 黄平 and Cui Zhiyuan 崔之元, eds. 2005. 中国与全球化：华盛顿共识还是北京共识 (China and Globalization: The Washington Consensus, the Beijing Consensus, or What?). *Note: This is the English translation on the book itself, the Chinese does not contain “or what” but instead simply says “The Washington Consensus or the Beijing Consensus.”* 北京：社会科学文献出版社 (Beijing: Social Sciences Academic Press).
- Jiang Shixue 江时学. 2004. “新自由主义, ‘华盛顿共识’与拉美国家的改革” (Neoliberalism, “The Washington Consensus” and Reform in Latin America).” In He Bingmeng 何秉孟, ed., 新自由主义评析 (Analyses of Neo-Liberalism). 北京:社会科学文献出版社 (Beijing: Social Sciences Documentation Publishing House).
- Jing Jianbin 井建斌. n.d. “解读时下中国的新古典自由主义 (Deciphering Contemporary Chinese Neoclassical Liberalism).” Retrieved April 12, 2007 ([http://www.zijin.net/get/zt/zt9/zt9\\_1/2007\\_03\\_18\\_7425.shtml](http://www.zijin.net/get/zt/zt9/zt9_1/2007_03_18_7425.shtml)).
- Jing Yao 敬尧. 2001. “街道分权的绩效与价值” (The Results and Value of Decentralizing Authority to Street Committees). 中国民政 (China Civil Affairs Journal) 11.
- Lang Hongwen 郎宏文. 2006. “社会主义市场经济中的政府适度干预与经济秩序的构建 (Moderate Government Intervention in the Socialist Market Economy and the Construction of Market Order).” 求是学刊 (Seeking Truth) 33(3): 75-79.
- Li Fang 李芳, Xie Yue 解悦 and Wang Yue 王玥. 2003. “‘创卫’路上‘一波三折’” (The Frustrations of Establishing a “Sanitary City”). 南京日报 (Nanjing Daily) (August 25): A1, A3.
- Li Jie 李洁. 2006. “论合法性视角下党的执政能力建设 (On the Construction of the Party’s Governing Capacity from the Perspective of Legitimacy).” 内江师范学院学报 (Journal of Neijiang Teachers’ College) 21(1): 27-30.
- Li Ming 黎鸣. 2000. “误读哈耶克及其自由主义 (Misreading Hayek and Liberalism).” 战略与管理 (Strategy and Management) 3: 105-108.

- Li Ruiying 李瑞英. 2004a. “警惕新自由主义对我国的影响 (Beware of the Influence of Neoliberalism on China).” 光明日报 (Guangming Daily) (June 14). Retrieved November 24, 2004 (<http://www.cas.cn/html/Dir/2004/06/14/0314.htm>).
- \_\_\_\_\_. 2004b. “警惕新自由主义思潮 (Be on Guard Against the Ideological Trend of Neoliberalism).” 光明日报 (Guangming Daily) (November 9).
- Li Xiaoke 李小科. 2006. “澄清被混用的‘新自由主义’—兼谈对 New Liberalism 和 Neo-Liberalism 的翻译 (The Confusion of “New Liberalism” and “Neo-Liberalism” in Chinese Discourse).” 复旦学报(社会科学版) (Fudan Journal (Social Sciences)) 1: 56-62.
- Li Yunlei 李云雷. 2006. “转变中的中国与知识界 (China in Transition and the Chinese Intellectual World).” Retrieved March 28, 2007 (<http://www.snzg.net/shownews.asp?newsid=11313>).
- Li Zongbai 李宗柏. 2001. “加快处罚无照经营立法:规范市场经济秩序 (Speed up Legislation for the Punishment of Unlicensed Businesses: Standardize Market Economic Order).” *Zhongguo Gongshang Guanli Yanjiu* (Chinese Industry and Commerce Management Research) 4 (April).
- Lian Yue 连岳. 2007. “美国能不能保证中国的食品安全” (Can the United States Guarantee Food Safety?). 南方报业 (Southern Daily News) (May 26). Retrieved June 1, 2007 (<http://news.163.com/07/0526/01/3FCP5Q58000121EP.html>).
- Liu Hui 刘慧. 2007. “关注物权法：城管“没收”式执法受挑战” (About the Property Rights Law: Challenging the *Chengguan*'s Method of Enforcement by Confiscation.” *CCTV.com* (April 1). Retrieved June 24, 2007 (<http://www.cctv.com/program/qzxb/20070401/101040.shtml>).
- Liu Jing 刘静 and Xiu Ying 徐莹. 2004. “潮起潮落:谈新自由主义的兴起与衰落 (Rise and Fall: On the Ups and Downs of Neoliberalism).” 宁夏党校学报 (Journal of Ningxia Communist Party Institute) 6(1): 77-81.
- Liu Jun 刘军 and Li Lin 李林, eds. 1989. 新权威主义 (Neo-Authoritarianism). 北京: 经济学院出版社 (Beijing: Institute of Economics Press).
- Liu Junning 刘军宁. 2005. “中国改革的四个路向” (China's Four Paths to Reform). 动向 (Trends) 10.

- \_\_\_\_\_. 2000. “自由主义与公正: 对若干诘难的回答 (Liberalism and Justice: Responses to Some Major Criticisms).” 当代中国研究 (Modern China Studies) 4: 50-67.
- Liu Lihua 刘利华. 2006. “警惕新自由主义思潮对大学生的毒害 (Be on Guard Against the Ideological Trend of Neoliberalism Poisoning the Minds of University Students).” 湘潭师范学院学报(社会科学版) (Journal of Xiangtan University (Social Science Edition)) 28(4): 181-82.
- Lou Dan 漏丹 and Zhang Jie 张杰. 2005. “秀水街的命运” (The Fate of the Silk Market). 经济观察报 (The Economic Observer) (January 17). Retrieved August 11, 2005 (<http://www.zaobao.com/special/newspapers/2005/01/eobserver170105.html>).
- Ma Sai 马赛. 2006. “中国‘拉美化’: 外资不能承受之重 (China’s “Latin Americanization”: The Unbearable Weight of Foreign Investment). 中国外资 (Foreign Investment in China) 3: 14-16.
- Mao Yushi 茅于軾. 1996. “什么是经济的自由主义? (What is Economic Liberalism?).” 读书 (Reading) 12: 114.
- Mao Zengyu 毛增余. 2004. 与中国非主流经济学家对话 (Conversations with China’s Heterodox Economists). 北京: 中国经济出版社 (Beijing: Chinese Economics Press).
- Mo Yuchuan 莫于川. 2006. “城管执法工作法治化的基本路径 (The Basic Path Toward Enhancing the Legality of City Management Work).” 北京联合大学学报(人文社会科学版) (Journal of Beijing Union University (Humanities and Social Sciences)) 4(1): 67-76.
- Nanjing City People’s Government 南京市人民政府. 2003. 南京年鉴 2003 (Nanjing Yearbook 2003). 南京: 南京年鉴编辑部出版 (Nanjing: Nanjing Yearbook Editorial Press).
- Nanjing City Appearance Administration 南京市容管理局. 2006. “城市‘牛皮癣’治理 (Controlling the City’s Psoriasis).” (December 4). Retrieved February 24, 2007 (<http://www.njum.gov.cn/articleinfo.php?infoid=4125>).
- \_\_\_\_\_. 2003. “2003年2月街巷、居民区市容卫生考评成绩 (February 2003 Street and Residential Area Appearance and Sanitation Evaluation Results).” Unpublished Document.

- \_\_\_\_\_. 2002. “南京市城市管理相对集中行政处罚权试点工作方案 (Nanjing City City Administration Pilot Plan to Centralize the Administration of Penalizing Authority). Retrieved September 12, 2003 (<http://www.njum.gov.cn/articleinfo.php?infoid=915>).
- \_\_\_\_\_. 1998. “南京市市容管理条例(新) (Nanjing City Appearance Administration Regulations).” (February 11). Retrieved April 15, 2003 ([http://njsr.nj.gov.cn/content/zcfg/detail.asp?n\\_id=243](http://njsr.nj.gov.cn/content/zcfg/detail.asp?n_id=243)). The *shirong* regulations were updated July 1, 2004 and are found at the following site (<http://www.yfzs.gov.cn/gb/info/dflf/lfdt/2004-07/01/1719233390.html>).
- The National Office of Rectification and Standardization of Market Economic Order 全国整顿和规范市场经济秩序领导小组办公室. 2007. “机构简介 (Brief Introduction of the Organization).” Retrieved May 16, 2007 (<http://zgb.mofcom.gov.cn/aarticle/gywm/200704/20070404541637.html>).
- National People’s Congress Standing Committee 全国人民代表大会常务委员会. 2003. “中华人民共和国行政许可法” (Administrative Licensing Law of the People’s Republic of China) (August 27). Retrieved June 23, 2004 ([http://www.chinacourt.org/flwk/show1.php?file\\_id=88051](http://www.chinacourt.org/flwk/show1.php?file_id=88051)).
- Pan Suiming 潘绥铭. 1999. 存在与荒谬: 中国地下“性产业”考察 (Existence and Absurdity: A Study of China’s Underground “Sex Industry.” 北京: 群言出版社 (Beijing: The Masses Publishing House).
- Pan Wei 潘维. 1999. “法治与未来中国政体 (The Rule of Law and China’s Future System of Government).” 战略与管理 (*Strategy and Management*) 5: 30-36.
- Qi Chengzhang 齐成章. “从国际政治视角论新自由主义 (Neoliberalism in International Political Perspective).” In He Bingmeng 何秉孟, ed., 新自由主义评析 (Analyses of Neo-Liberalism). 北京: 社会科学文献出版社 (Beijing: Social Sciences Documentation Publishing House).
- Qian Hongyan 钱红艳. 2003. “众菜贩只需买票即可进园卖菜, 绣球公园成农贸市场?” (Vegetable Peddlers Only Have to Buy a Ticket to Enter the Park to Sell Vegetables, Has Xiuqiu Park Become a Farmers’ Market?) 南京日报 (Nanjing Daily) (November 27): B2.
- Qin Hui 秦晖. 2002. “转轨经济学中的公正问题” (Questions of Justice in the Economics of Transition). Retrieved May 23, 2005 (<http://www.history999.com/ReadNews.asp?NewsID=522>).

- Qin Xuan 秦宣. 2004. “‘北京共识’、‘中国模式’与中国现代化之路” (“The Beijing Consensus,” “The Chinese Model” and China’s Road to Modernization). Retrieved December 5, 2004 (<http://www.jyb.com.cn/gb/2004/09/28/zy/3-11/1.htm>).
- Qin Yanjiang 秦燕江; Li Shaobing 李少兵 and Tang Huiliang 唐辉亮. 2002. “我国市场经济秩序存在的问题及对策” (The Problems of Market Order in China and Suggested Policy Responses). 宜春学院学报(社会科学) (Yichun University Journal (Social Science)) 24(118):83-5.
- Ren Baoping 任保平 and Jiang Wansheng 蒋万胜. 2006. “经济转型、市场秩序与非正式制度安排 (Economic Transition, Market Order and the Arrangement of Informal Institutions).” 学术月刊 (Academic Monthly) 38(9): 67-72.
- Ren Ze 任贇. 2003. “中国的‘新左派’是‘自由左派’吗? (Is China’s “New Left” a “Liberal Left?”).” In Gong Yang 公羊, ed., 思潮: 中国“新左派”及其影响 (Ideological Trends: China’s “New Left” and its Influence). 中国社会科学出版社 (China Social Sciences Press).
- Renmin Ribao 人民日报. 2002. “南京汤山特大投毒案一审宣判 陈正平被依法判处死刑” (Chen Zhenping Sentenced to Death in the Case of Nanjing’s Tang Mountain Poisoning Case). 人民日报 (People’s Daily) (October 4). Retrieved December 11, 2003 (<http://www.people.com.cn/GB/paper464/7395/710638.html>).
- Shinian Kanchai 十年砍柴 (blog pseudonym meaning ten years cutting firewood). 2007. “官府和黑道‘保护费’之区别” (The Difference between The Local Government and Mafia “Protection Fees.” Shinian Kanchai Blog (February 13). Retrieved March 22, 2007 (<http://weijia.lingd.net/article-40173-1.html>).
- “Shirong Guanli 市容管理 (City Appearance Administration).” 2006. Nanjing City Government (December 4). Retrieved February 20, 2007 (<http://www.njum.gov.cn/articleinfo.php?infoid=4117>).
- State Council News Office Press Conference Materials 国务院新闻办公室记者招待会材料. 2001. “全国整顿和规范市场经济秩序工作进展情况 (Work Report on the Progress of National Rectification and Standardization of Market Economic Order).” December 11. Retrieved September 25, 2003 (<http://www.china.org.cn/ch-xinwen/content/news128.htm>).
- Suyou Tangmian 素油汤面 (lit. vegetable oil noodle soup – blogger pseudonym). 2007. “又见城管施暴! 城管暴力何时休” (Another Sighting of Chengguan Violence! When Will Chengguan Violence Stop?). CCTV.com 论坛



(CCTV.com Forum) (June 8). Retrieved June 20, 2007  
(<http://bbs.cctv.com/cache/forumbook.jsp?id=10333704&pg=1&agMode=1>).

Tian Chunsheng 田春生. 2004. “论俄罗斯经济转型前 10 年的政策失败及其原因——从新自由主义学说及其效果的视角 (The Reasons Behind 10 Years of Russian Economic Reform Failures—From the Perspective of Neoliberalism).” In He Bingmeng 何秉孟, ed., 新自由主义评析 (Analyses of Neo-Liberalism). 北京:社会科学文献出版社 (Beijing: Social Sciences Documentation Publishing House).

Tian Hong 田泓. 2005. “怎样看待‘华盛顿共识’与‘北京共识’(What to Make of the ‘Washington Consensus’ and the ‘Beijing Consensus’).” 人民日报的“人民网” June 16. Retrieved October 15, 2005  
(<http://theory.people.com.cn/GB/40553/3473930.html>).

Tianjin Normal University 天津师范大学. 2005. 中国发展道路国际学术研究会, 中国, 天津师范大学 (International Academic Symposium on the “Chinese Development Model,” Tianjin Normal University, Tianjin). August 8, 2005.

Wang Dingding 汪丁丁. 1999. “启蒙死了, 启蒙万岁: 评汪晖关于‘中国问题’的叙述 (Enlightenment is Dead, Long Live Enlightenment: A Critique of Wang Hui’s Narrative of ‘China’s Problems’). 战略与管理 (Strategy and Management) 1: 68-83.

Wang Heyan 王和岩. 2007. “‘无证商贩’崔英杰一审被判死缓” (“Unlicensed Vendor” Cui Yingjie Receives Stay of Execution). 财经 (Caijing) (April 10). Retrieved May 6, 2007  
(<http://www.caijing.com.cn/newcn/home/todayspec/2007-04-10/17754.shtml>).

Wang Hui 汪晖. 2001. “‘新自由主义’的历史根源及其批判——再论当代中国大陆的思想状况与现代性问题” (The Historical Origins of Chinese “Neoliberalism”: Another Critique of the Ideological Situation in Contemporary Mainland China and the Issue of Modernity). 台湾社会研究季刊 (Taiwan: A Radical Quarterly in Social Studies) 42: 1-66.

\_\_\_\_\_. 1997. “当代中国的思想状况与现代性问题 (Contemporary Chinese Thought and the Question of Modernity).” 天涯 (Frontiers) 5.

Wang Jun 王军, ed. 2007. “物权法不足以将城管没收权力关进笼子” (Property Rights Law Not Sufficient to Curtail *Chengguan* Confiscation Rights). 北京青年报 (Beijing Youth Daily) (April 3). Retrieved May 12, 2007  
(<http://news.tom.com/2007-04-03/07AH/08903853.html>).

- Wang Junhui 王峻慧. 2006. “对市场经济秩序问题的思考 (Reflections on Questions of Market Economic Order).” 商场现代化 (Market Modernization) 486 (November): 188.
- Wang Liqiang 王立强. 2004. “肢解民族国家,为垄断资本提供更多的空间是新自由主义的根本目标 (Dismembering Nation States and Providing More Room for Monopoly Capital Are the Fundamental Objectives of Neoliberalism).” He Bingmeng 何秉孟, ed., 新自由主义评析 (Analyses of Neo-Liberalism). 北京: 社会科学文献出版社 (Beijing: Social Sciences Documentation Publishing House).
- Wang Shaoguang 王绍光. 2006. “从经济政策到社会政策的历史性转变 (The Historic Transformation from Economic Policy to Social Policy).” Retrieved May 13, 2007 ([http://www.cuhk.edu.hk/gpa/wang\\_files/jinjizhengce.doc](http://www.cuhk.edu.hk/gpa/wang_files/jinjizhengce.doc)).
- \_\_\_\_\_. 1991. “建立一个强有力的民主国家” (Building a Strong Democratic State.) 当代中国研究中心论文 (Papers of the Center for Modern China). Retrieved October 15, 2004 ([http://www.cuhk.edu.hk/gpa/wang\\_files/Strong.pdf](http://www.cuhk.edu.hk/gpa/wang_files/Strong.pdf)).
- Wang Shaoguang 王绍光, Hu Angang 胡鞍钢 and Ding Yuanzhu 丁元竹. 2002. “经济繁荣背后的社会不稳定 (The Social Instability Behind Economic Prosperity).” 战略与管理 (Strategy and Management) 3: 26-33.
- Wang Tinghui 王廷惠. 2002. “要市场,也要政府:互动中的互补—两大自由主义经济观比较” (Market and Government Complementarity and Interaction: A Comparative Study of Two Schools of Liberal Economics). 学术界 (Academics in China) 92(1): 49-63.
- Wang Yang 王阳. 2007. “老人状告城管大队违法拆除活动站” (Retirees Sue *Chengguan* for Illegally Demolishing Their Meeting Facility). 京华时报 (Capital Times) (May 31). Retrieved June 2, 2007 (<http://news.sina.com.cn/s/1/2007-05-31/034813115928.shtml>).
- Wang Yijun 王亦君. 2006. “城管执法:不能脱离国情 (The Work of the City Management Bureau Should Reflect the National Situation).” 社会 (Community) 24: 38-41.
- Wang Zi 王梓. n.d. “从 ‘华盛顿共识’ 到 ‘北京共识’ (From the “Washington Consensus” to the “Beijing Consensus”).” Retrieved November 12, 2005 (<http://business.sohu.com/20050327/n224878541.shtml>).

- Wei Sen 韦森. 2001. “约翰·格雷对哈耶克的全面挑战” (John Gray on Hayek’s Comprehensive Challenge). *战略与管理 (Strategy and Management)* 3: 117-120.
- \_\_\_\_\_. 2000. “哈耶克的‘自发社会秩序’理论与中国经济改革的思路选择” (Hayek’s theory of “spontaneous social order” and alternative options for China’s economic reform). *Fudan University Working Paper* 1(3). Retrieved June 22, 2004 (<http://ido.3mt.com.cn/pc/200508/20050805118881.shtml>).
- Wu Jiejun 吴洁瑾. 2007. “上海不再一律封杀马路摊点 市民同意即可摆卖” (Shanghai Will No Longer Seek to Comprehensively Eliminate All Street Vending Stalls: City Residents Agree to Street Peddling). *东方早报 (Eastern Morning News)* (February 26). Retrieved June 10, 2007 (<http://news.sina.com.cn/c/2007-02-26/082312370430.shtml>).
- Wu Xiaolin 吴晓琳. 2007. “从构建和谐城管看社会利益关系平衡” (Balancing Interest Group Relations with a View toward Establishing Harmonious City Management). *重庆工贸职业技术学院学报 (Journal of Chongqing Industry & Trade Polytechnic)* 1:13-17.
- Xiao Gang 肖刚, ed. 2007. “怀揣罚款单 城管眼前乱摆摊” (Vendor with Violation Ticket in Hand – *Chengguan* Watch as Vendors Randomly Set up Stalls). *西部商报 (Western Commerce Report)* (April 2). Retrieved May 8, 2007 (<http://xbsb.gansudaily.com.cn/system/2007/04/02/010306025.shtml>).
- Xiao Gongqin 萧功秦. 2003. “‘新左派’与当代中国知识分子的思想分化” (“The New Left” and the Split in China’s Contemporary Intellectual Thought). In Gong Yang 公羊, ed. *思潮: 中国“新左派”及其影响 (Ideological Trends: China’s “New Left” and its Influence)*. 中国社会科学出版社 (China Social Sciences Press).
- \_\_\_\_\_. 1997. “当代中国新保守主义的思想渊源” (The Ideological Roots of Neo-conservatism in Contemporary China). *二十一世纪 (21<sup>st</sup> Century)* 40:126-35.
- \_\_\_\_\_. 1994. “东亚威权政治与现代化” (East Asian Authoritarian Politics and Modernization). *战略与管理 (Strategy and Management)* 3.
- Xiao Hao 肖浩. 2006. “影响军校大学生的几种社会思潮探析 (A Study on Some Ideological Trends Affecting Military School Students).” *武警学院学报 (Journal of the Chinese People’s Armed Police Force Academy)* 22(3): 74-76.
- Xie Yue 谢岳. 2003. “‘新左派’与自由主义的政治学之争” (The Political Science Debate over “The New Left” and Liberalism). *上海交通大学学报(哲学社会*

科学版) (Shanghai Communications University Journal (Philosophy and Social Sciences)) 11(1): 19-24.

- Xinhua News Agency. 2007. “上海将成立“知识产权援助中心 (Shanghai to Create “Intellectual Property Rights Aid Center”).” Retrieved December 6, 2007 (<http://www.nbd.com.cn/admin/module/news/newsFile/200712373742.htm>).
- Xinji City *Chengguan* 辛集市城管. 2006. “辛集市城管局关于美国调研的有观资料 (Xinji City *Chengguan* Bureau Materials Prepared for American Researchers). (May 26).
- Yang Bin 杨斌. 2004. “海外归来谈新自由主义的危害 (A Returnee Discusses the Dangers of Neoliberalism).” In He Bingmeng 何秉孟, ed., 新自由主义评析 (Analyses of Neo-Liberalism). 北京: 社会科学文献出版社 (Beijing: Social Sciences Documentation Publishing House).
- Yang Chunxue 杨春学. 2006. “经济学中新自由主义类型解析 (An Analysis of the Different Types of Neoliberalism in Economics). 江苏行政学院学报 (Journal of the Jiangsu Administration Institute) 1: 49-55.
- Yu Keping 俞可平, Huang Ping 黄平, Xie Shuguang 谢曙光, and Gao Jian 高健, eds. 2006. 中国模式与“北京共识”超越“华盛顿共识” (The China Model and the “Beijing Consensus”: Beyond the “Washington Consensus”). 北京: 社会科学文献出版社 (Beijing: Social Sciences Academic Press).
- Yu Keping 俞可平 and Zhuang Junju 庄俊举. 2005. “热话题与冷思考 代后记 (Hot Topics and Cold Reflection, a Postscript).” In Huang Ping 黄平 and Cui Zhiyuan 崔之元, eds., 中国与全球化: 华盛顿共识还是北京共识 (China and Globalization: The Washington Consensus, the Beijing Consensus, or What?). 北京: 社会科学文献出版社 (Beijing: Social Sciences Academic Press).
- Zhang Shuhua 张树华. 2004. “自由主义在俄罗斯: 泛起, 失败与教训 (Neoliberalism in Russia: Its Emergence, Failure and Lessons).” In He Bingmeng 何秉孟, ed., 新自由主义评析 (Analyses of Neo-Liberalism). 北京: 社会科学文献出版社 (Beijing: Social Sciences Documentation Publishing House).
- Zhang Ying 张颖. 2006. “关于整顿市场经济秩序的思考 (Reflections on Rectifying Market Economic Order).” 理论观察 (Theoretic Observation) 5: 158-159.
- Zhao Hongyan 赵宏燕 and Xu Shiqian 许诗倩. 2006. “市场经济中的政府定位—解读哈耶克自由秩序原理 (The Orientation of the Government in a Market

- Economy—Hayek's *Constitution of Liberty*)." 前沿 (Forward Position) 9: 160-162.
- Zhao Ling 赵凌. 2007. "'小贩杀害城管案'后续" (Follow Up on the Case of Vendor Murdering *Chengguan* Official). 南方周末 (Southern Weekend) (April 12). Retrieved May 24, 2007 (<http://www.nanfangdaily.com.cn/zm/20070412/xw/fz/200704120009.asp>).
- Zhao Rui 赵锐 and Fan Shiming 范时鸣. 2003. "鼓楼区率先消除'双失业双下岗' (The Drum Tower District Takes the Lead in Eliminating the "Double Unemployed, Double Laid-Off" Problem)." 南京日报 (Nanjing Daily) (October 29). Retrieved November 17, 2003 (<http://www.njnews.cn/d/ca364275.htm>).
- Zhao Shimin 赵诗敏. 2001. "新自由主义经济的'经济自由'理念评析" (A Critique of the Concept of "Economic Liberty" in Neoliberal Economics). 华南理工大学学报(社会科学版) (Journal of South China University of Technology (Social Science Edition)) 3(3): 9-13.
- Zhao Shukai 赵树凯. 2001. "秩序冲突与治道变革:关于农民流动管理问题的研究" (The Conflict of Social Orders and Governance Change: A Study on the Regulation of Rural Migrants). Presented at the "Ford Foundation 2001 International Forum on Rural Labor Mobility in China," Beijing, China (June).
- Zheng Bingwen 郑秉文. 2004. "中国怎么防止'拉美化' (How Can China Avoid "Latin Americanization)." 环球时报 (Global Times) (December 20). Retrieved April 14, 2005 (<http://www.people.com.cn/GB/guoji/1031/3071670.html>).
- Zheng Jianghuai 郑江淮. 2006. "构建和谐社会的经验教训:谨防拉美化倾向" (Lessons in Building a Harmonious Society: Guard Against the Tendency toward Latin Americanization). 兰州大学学报(社会科学版) (Journal of Lanzhou University (Social Sciences)) 5: 9-11.
- Zhou Zhongli 周忠丽. 2005. "在理想与现实之间:自由主义与新左派的论争" (Between Ideals and Reality: the Debate between Neoliberalism and the New Left). 甘肃农业 (Gansu Agriculture) 12(33): 135-36.
- Zhu Demi 朱德米. 2004. 自由与秩序:西方保守主义政治思想研究 (Liberty and Order: Research on Western Political Conservatism). 天津:人民出版社 (Tianjin: People's Press).
- Zhu Xueqin 朱学勤. n.d. "新左派与新自由主义之争" (The Contest Between the New Left and Liberalism). Retrieved March 15, 2007

([www.54tsinghua.cn/classic/reader/People\\_And\\_Books/China/Z/zhuxueqin/Misc/M.948828279.A.htm](http://www.54tsinghua.cn/classic/reader/People_And_Books/China/Z/zhuxueqin/Misc/M.948828279.A.htm)).

Zuo Dapei 左大培. 2002. 混乱的经济学 (Chaos Economics). 石油工业出版社 (Petroleum Press).

## GLOSSARY

### Chinese Terms

Pinyin	Chinese	English
bao'an	保安	Security guard
baojia	保甲	Mutual supervision system
chengshi guanli xingzheng zhifaju ( <i>chengguan</i> )	城市管理行政执法局 (城管)	City Management (Law) Enforcement Department
chengshi guanli weiyuanhui	城市管理委员会	City Administration Committee
chengshi guihuaaju	城市规划局	City Planning Bureau
chengshi jianshe he guanli	城市建设和管理	City Construction and Administration
dangdai jingji zhixu hunluan de zhuangtai shi daoban	当前经济秩序混乱的现状时 盗版	Present state of economic order chaos Counterfeit or fake, as opposed to <i>zhengban</i> (正版) or real/legal
dixia jingji	地下经济	Underground economy
fapiao	发票	Receipt; invoice (formal)
feipin	废品	Scrap; recyclables
fei zhenggui	非正规	Irregular
fei zhengshi jingji	非正式经济	Informal Economy
fei zhuliu jingji xuejia	非主流经济学家	Heterodox economists
fuwu jigou	服务机构	Service organization
guanli	管理	Regulate
getihu	个体户	Privately owned small enterprise with less than 8 employees
gong'anju	公安局	Public Safety Bureau, Police
<i>gongshang</i> xingzheng guanliju ( <i>gongshangju</i> )	工商行政管理局 (工商局)	Industrial and Commercial Administration Bureau
gongwu quan	公务权	Public affairs powers
gongzheng	公正	Fairness

guanli de zhixu	管理的秩序	Governed order
guanli jiancha dadui	管理监察大队	Management and supervision brigade
gucheng	古城	Ancient city
guding	固定	Fixed, stable
guifanhua	规范化	Standardize
guihua shejiju	规划设计局	Urban Planning Bureau
guocheng gongzheng	过程公正	Procedural justice
Guomindang	国民党	Nationalist Party
guojia zhijian zongju	国家质检总局	National Quality and Technical Supervision Bureau
hai meiyou chengshi gainian	还没有城市概念	Still lack an urban mentality
hefa(xing)	合法(性)	Legitimate; lawful (legitimacy)
hukou	户口	Residence permit
jiaomaoweilie	假冒伪劣	Fake and of poor quality
jianbing	煎饼	Type of breakfast pancake
jiancha dui	监察队	Inspection team
Jiangsu Sheng	江苏省	Jiangsu Province
jiaozi	饺子	Dumpling
jiedao	街道办事处/委员会	Street Office
banshichu/weiyuanhui		
jiieguo pingdeng	结果平等	Equality of results
jumin weiyuanhui (juweihui)	居民委员会 (居委会)	Residence Committees
lameihui	拉美化	Latin Americanization
laoxiang	老乡	Fellow villager
liudongxing hen qiang	流动性很强	High mobility
lingdao xiaozu	领导小组	Leading group
luan or hunluan	乱 or 混乱	Chaos, chaotic, disorderly
lvhua	绿化	“to make green,” meaning to create public green spaces
maoyi shichang	贸易市场	Market places (literally, “trade markets”)
meiguan	美观	Pleasing to the eye, pretty



meiyou wenhua	没有文化	Uncultured
niupixuan	牛皮癣	Psoriasis
nongmao shichang	农贸市场	Farmers' market
pinkun	贫困	Poor; impoverished
qingli zhengdun	清理整顿	Clean up and reorder (Li Zhang's translation, a more typical translation of 整顿 is "rectify")
quanguo weisheng chengshi	全国卫生城市	National Hygienic City
quanguo zhengdun he guifan shichang jingji zhixu lingdao xiaozu bangongshi	全国整顿和规范市场经济秩序领导小组办公室	National Office on Rectification and Standardization of Market Economic Order
shehui wending	社会稳定	Social stability
shehui zhuyi shichang jingji zhixu	社会主义市场经济秩序	Socialist market economic order
shichang jiduan zhuyi	市场极端主义	Market extremism
shichang jingji zhixu	市场经济秩序	Market economic order
shichang zhixu	市场秩序	Market order
shirong guanliju ( <i>shirong</i> )	市容管理局 (市容)	City Appearance Administration Bureau
shirong huanjing	市容环境	City appearance environment
shirong jiancha	市容检查	City Appearance Inspection
shirong jianchadui	市容检查队	City Appearance Inspection Team
shizi qiao	狮子桥	Lion's Bridge
shouju	收据	Receipt (informal)
shudujiehe	疏堵结合	Concurrently scatter and block (re: street vendors)
siqing qiye	私营企业	Private business
Subei	苏北	Northern Jiansu
suzhi di	素质低	Low quality (often meant as a critique of both mental and physical characteristics)
tandian	摊点	Stall; booth; vendor's stand
tandian zheng	摊点证	Vending license
tanfan	摊贩	Street peddler; stall vendor

Tianze Jingji Yanjiusuo	天则经济研究所	Unirule Institute (lit. Natural Law Economic Research Institute)
tieban youyu	铁板鱿鱼	Grilled squid
weishengju	卫生局	Sanitation Bureau
wending	稳定	Stability
wenhuaaju	文化局	Culture Bureau
wenming	文明	Civilization; culture
xiahai	下海	Literally “put to sea” but in current usage means to enter the market economy
xiaochi	小吃	Snack
xiaofan	小贩	Street peddler; stall vendor
xin gudian ziyou zhuyi	新古典自由主义	Neo-classical liberalism
xin quanwei zhuyi	新权威主义	Neo-authoritarianism
Xin Shenghuo Yundong	新生活运动	New Life Movement
xin ziyou zhuyi	新自由主义	Neoliberal
xingzheng quan	行政权	Administrative powers
xingzheng xukefa	行政许可法	Administrative License Law
xinku	辛苦	Endure hardship
youji zhan	游击战	Guerrilla war
yule changsuo	娱乐场所	Entertainment venue
yundong	运动	Campaign, drive, movement
zhengban	正版	Legal/real
zhengdun	整顿	Rectify
zhengdun he guifan shichang jingji zhixu	整顿和规范市场经济秩序	Rectify and standardize market economic order
zhengjie	整洁	In good order, tidy
zhengqi	整齐	Clean, neat
zhifa	执法	(Law) enforcement
zhifa dadui	执法大队	(Law) enforcement team
zhiwu fazui yufang	职务犯罪预防	Occupational Crime Prevention
zifa de zhixu	自发的秩序	Spontaneous order
ziyou jingzheng	自由竞争	Free competition
ziyou tiaojie	自由调节	Self-regulating
zizhi xingwei	自治	Self-governing