

China's Street Vendor Economy: Can this Informal Economy solve the Employment Crisis in China?

“Is it a dream? Are you asking me to sell goods in the streets? And there would be no fines nor admission fees?” asked Lan, a street vendor who sold breakfast in a prime area in Jiujiang City, Jiangxi Province. A call from chengguan (城管), a Chinese urban management and law enforcement office, surprised Lan since she had suffered a lot from the exclusion of street vending before. She could not believe that the chengguan has called her personally to invite her to take up street vending. After hanging up the phone, a piece of news caught her attention: “street vendor economy” was mentioned in the 13th National People’s Congress (NPC).

Most Chinese citizens have not been a fan of the chengguan, since they had a reputation as tough law enforcers. To control street vendors, chengguan were reported to have used methods like “confiscation of goods, kicking vendors’ stands, throwing (vendors’) goods to the ground, gang-style beating and triad-style protection fee collection”.¹ Hence Lan was suspicious of the call she received from a chengguan.

Policies on street vending were also not consistent. Since the 1990s, street vending had been considered an obstacle to protect the cities’ image² and win the inter-city competition in China, resulting in long-time suppression of street vendors, and unceasing conflicts between chengguan and street vendors.

In 2020, the unprecedented COVID-19 pandemic has led to rising unemployment in China. In March last year, the government of Chengdu, the provincial capital of Sichuan province, claimed that by supporting street vending, it has created more than 100,000 jobs within 2 months to tackle the high unemployment.³ Later, the State Council promulgated a document,

¹ Jianhua Xu and Anli Jiang, “Police Civilianization and the Production of Underclass Violence: The Case of Para-Police Chengguan And Street Vendors in Guangzhou, China,” *British Journal of Criminology* 59 (June 22, 2018), <https://doi.org/10.1093/bjc/azy018>.

² Shangcong Song, “Street Stall Economy in China in the Post-COVID-19 Era: Dilemmas and Regulatory Suggestions,” *Research in Globalization* 2 (December 1, 2020): 100030, <https://doi.org/10.1016/j.resglo.2020.100030>.

³ Worker’s Daily, “The Story after Chengdu’s Successful Street Stall Economy,” accessed January 21, 2021, http://www.xinhuanet.com/fortune/2020-06/03/c_1126067890.htm.

This case was written by Fu Xinhong, Huang Minjun, Xi Nan under the guidance of Dr. Zheng Huanhuan, Assistant Professor, Lee Kuan Yew School of Public Policy (LKY School), National University of Singapore and has been funded by the LKY School. This case is based largely on actual events but some characters and events have been altered for the purposes of this case study. The case does not reflect the views of the sponsoring organisation nor is it intended to suggest correct or incorrect handling of the situation depicted. The case is not intended to serve as a primary source of data and is meant solely for class discussion.

allowing the setting up of street stalls in certain permitted areas⁴ to improve employment. Following that, many cities began to release detailed local regulations regarding street vending. By June, the buzzword *ditan jingji* (地摊经济), or street vendor economy, caught public attention. Across cities, the *chengguan* started to call street vendors one by one, asking them to support the “street vendor economy”.

Proponents argued that street vending has been an important way to create jobs, especially among low-income groups. On the other hand, various problems such as unsanitary streets, traffic congestions, conflicts between street vendors, arose. More detailed, specific, and consistent policies were needed to address the street vending issues.

This case study is focused on the re-emergence of street vending in a post-COVID-19 era in China. First, the case study provides a background of the street vendors and street vending policies in China. It is followed by illustrating the drivers and problems behind street vending. Finally, policy options will be discussed.

Street Vending as an Informal Economy

According to the International Labour Organization (ILO), the informal economy refers to all economic activities by workers and economic units that are – in law or practice – not covered by formal arrangements and does not cover illicit activities.⁵ It is not only linked to the formal economy but also support the working poor to reduce poverty and inequality.⁶ Employment in the informal economy is likely to expand during periods of economic crisis or transition, as a result of increasing closures of companies and layoffs of workers during the hard economic times.⁷

Street vending is part of the most visible informal economy, closely connected with the availability of urban public spaces such as pavements, parks, roads, etc.⁸ In China, street vending has been a means for the rural peasants to make a living in urban cities and is closely linked to the formal economy such as retails, e-commerce, wet markets etc. An article released by Women in Informal Employment: Globalizing and Organizing (WIEGO), reflected that street vendors around the world were hit hard by the COVID-19 crisis since they could

⁴ The State Council of China, “Implementation Opinions of the General Office of the State Council on Strengthening Employment Stabilization Measures in Response to the Impact of the New Coronary Pneumonia Epidemic _ Government Information Disclosure Column,” March 20, 2020, http://www.gov.cn/zhengce/content/2020-03/20/content_5493574.htm

⁵ International Labour Organization, “Recommendation R204 - Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204),” accessed January 22, 2021, https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:R204

⁶ Martha Alter Chen, “The Informal Economy: Definitions, Theories and Policies | WIEGO,” accessed January 22, 2021, <https://www.wiego.org/publications/informal-economy-definitions-theories-and-policies>.

⁷ Ibid.

⁸ International Labour Organization, “The Informal Economy and Decent Work: A Policy Resource Guide Supporting Transitions to Formality,” Publication, March 19, 2013, https://www.ilo.org/emppolicy/pubs/WCMS_212689/lang--en/index.htm.

not maintain physical distancing and frequent hand washing to do the business.⁹ By contrast, street vending became popular in China during the COVID-19 pandemic. On the Baidu¹⁰ index of most frequently searched term (Exhibit 1), searches for “street vendor economy” soared in early June.¹¹

Profile of Street Vendors in China

Who were the street vendors?

A large number of the Chinese street vendors were rural-urban migrants.^{12 13} Rapid economic growth and urbanization attracted a large number of rural peasants to migrate to urban cities to search for better livelihood (Exhibit 2). A survey conducted from October 2011 to February 2012 in Guangzhou, the provincial capital of Guangdong Province, reflected that 92.5% of street vendors were migrants without Guangzhou hukou (户口), the official Chinese household registration document.¹⁴ Another study showed that street vendors in Beijing were mostly migrants from other provinces as well.¹⁵ Before engaging in street vending, some rural migrants worked in the manufacturing and service sectors, where working conditions could be exploitative such as excessive working hours, low wage and frequent wage arrears.¹⁶ In contrast, at least the money they earned from street vending directly went to their pockets.

Besides rural migrants, some Chinese street vendors were unemployed locals, laid-off workers and college students,¹⁷ who struggled with having formal employment¹⁸ and became street vendors temporarily. This group of street vendors increased during the COVID-19 crisis, as an increasing number of companies were shut down.

Since June 2020, with the prevalence of the “street vendors economy”, those employed have also joined the street vending campaign to compensate for reduced wages. For example,

⁹ Women in Informal Employment: Globalizing and Organizing (WIEGO), “Street Vendors: Essential Goods and Urgent Needs | WIEGO,” accessed January 22, 2021, <https://www.wiego.org/street-vendors-essential-goods-and-urgent-needs>.

¹⁰ Baidu is the largest Chinese searching engine. Since Google is blocked in China, Chinese citizens mostly use Baidu to search information.

¹¹ Allison, “China’s Street Vendor Economy: A Band-Aid or Permanent Solution for Post-COVID-19 Unemployment,” June 30, 2020, <https://daxueconsulting.com/chinas-street-vendor-economy/>.

¹² Sarah Swider, “Reshaping China’s Urban Citizenship: Street Vendors, Chengguan and Struggles over the Right to the City,” *Critical Sociology* 41, no. 4–5 (July 1, 2015): 701–16, <https://doi.org/10.1177/0896920514529676>.

¹³ There was no official statistical data available on street vendors in Chinese society. This description was based on the real-life experiences of the authors and the literature.

¹⁴ Desheng Xue and Gengzhi Huang, “Informality and the State’s Ambivalence in the Regulation of Street Vending in Transforming Guangzhou, China,” *Geoforum* 62 (June 1, 2015): 156–65, <https://doi.org/10.1016/j.geoforum.2015.04.012>.

¹⁵ Emmanuel Caron, “Interactions Between Chengguan and Street Vendors in Beijing. How the Unpopularity of an Administration Affects Relations with the Public,” *China Perspectives* 2013, no. 2013/1 (March 15, 2013): 17–28, <https://doi.org/10.4000/chinaperspectives.6100>.

¹⁶ Xue and Huang, “Informality and the State’s Ambivalence in the Regulation of Street Vending in Transforming Guangzhou, China.”

¹⁷ Swider, “Reshaping China’s Urban Citizenship.”

¹⁸ Xue and Huang, “Informality and the State’s Ambivalence in the Regulation of Street Vending in Transforming Guangzhou, China.”

Meng, a man who worked in a restaurant in Beijing, spent about CNY 5,000 (about SGD 1,028¹⁹) to buy street stall equipment and became a street vendor selling cooked food after work.²⁰ Another white-collar worker also mentioned that she can earn an extra CNY 1,000 (about SGD 198) by street vending after work.²¹

What and where did street vendors sell?

Goods sold by street vendors in China were diverse and of low prices. Typical goods sold in the street stalls were cooked food, vegetables and fruits, clothing as well as various daily necessities such as towels and torchlights. Second-hand goods like antiques and specialised service such as accessories and services for mobile devices were available at the street stalls as well.²²

To maximize their customer numbers, street vendors positioned themselves in areas of high population density²³ such as bus stops, metro station exits, and university gates.²⁴ Some would park their vending trucks at crossroads²⁵ or along sidewalks²⁶, which were profitable spots because of the high pedestrian activity.²⁷ Some street vendors gathered in the “urban cracks”, which were narrow areas behind a city's bustling areas and often ignored in urban management (Exhibit 3).²⁸

Income of the Chinese Street Vendors

The income of the Chinese street vendors was relatively low and easily affected by external conditions such as location. In 2012, monthly earnings of street vendors in Guangzhou were up to CNY 2,000²⁹ (about SGD 394), which was lower than the average monthly income (CNY

¹⁹ Currencies occurring in this case are converted based on the currency converter:

<https://www1.oanda.com/currency/converter/>.

²⁰ Lily Kuo, “‘China’s Lifeblood’: Street Hawkers Make Surprise Return to Fire up Ailing Economy,” the Guardian, June 12, 2020, <http://www.theguardian.com/world/2020/jun/12/chinas-lifeblood-street-hawkers-make-surprise-return-to-fire-up-ailing-economy>.

²¹ “The ‘Street Stall Economy’ so Popular, and Vendors Earned 30,000 Yuan a Day? Whose Cheese Is Moved? | Taobao_Sina Finance_Sina.Com,” accessed January 29, 2021, <https://finance.sina.com.cn/wm/2020-06-05/doc-iirczymk5438431.shtml>.

²² Song, “Street Stall Economy in China in the Post-COVID-19 Era.”

²³ Ibid.

²⁴ Caron, “Interactions Between Chengguan and Street Vendors in Beijing. How the Unpopularity of an Administration Affects Relations with the Public.”

²⁵ Ibid.

²⁶ Jonathan S. Bell and Anastasia Loukaitou-Sideris, “Sidewalk Informality: An Examination of Street Vending Regulation in China,” *International Planning Studies* 19, no. 3–4 (October 2, 2014): 221–43, <https://doi.org/10.1080/13563475.2014.880333>.

²⁷ Ibid.

²⁸ Jianing Li et al., “A City’s ‘Urban Crack’ at 4 a.m.: A Case Study of Morning Market Vendors in Beijing’s Longfu Temple Area,” *Habitat International* 71 (January 1, 2018): 14–21, <https://doi.org/10.1016/j.habitatint.2017.10.006>.

²⁹ Ryanne Flock and Werner Breitung, “Migrant Street Vendors in Urban China and the Social Production of Public Space,” *Population, Space and Place* 22, no. 2 (2016): 158–69, <https://doi.org/10.1002/psp.1892>.

5,312, about SGD 1,047) of the employed workers in Guangzhou.³⁰ In 2014, a survey conducted in Sanya City, Hainan Province, showed that street vendors could earn CNY 2,000 to 4,000 (between SGD 404 to 808) a month, which was also lower than the average monthly income (CNY 4,553, approximately SGD 921) of employed workers in Sanya.³¹

In 2020, with the prevalence of the “street vendor economy” in China, the income of street vendors seemed to have increased. News about Fufu, a white-collar worker in Chengdu who became a street vendor after office hours, had been widely circulated on social media since she bought a second-handed Audi for herself using her salary and extra income earned from street vending.³² However, those who had been street vendors for a long time, said that the income from street vending was not that high.³³ “The income is not that high, just enough to pay a meal, those media exaggerate the number”, said a street vendor, who had provided accessories and services for mobile devices in Shenzhen for many years.³⁴

Typical Characteristics of Chinese Street Vendors

The most obvious characteristics of Chinese street vendors was mobility. They did not have fixed stalls; they usually drove vehicles that were filled with goods to a specified position, and used trucks or carts or their car trunks as rudimentary shelves (Exhibit 4). Some placed the goods directly on the ground. They used these kinds of mobile facilities to run their business because fixed stalls were not permitted to be set up on the street, and if the chengguan came to evict them, they could leave quickly to avoid fines.³⁵

Inconsistent Street Vending Policies

A comment about street vendors that was circulated widely on social media, “when they need you, you’re an entrepreneur; when they don’t need you, you will be an eyesore to the city’s appearance”, vividly described the inconsistent street vending policies in China.³⁶ The following lists different policies regarding street vending in four phases.

³⁰ Guangzhou Municipal Bureau of Statistics, “Guangzhou Municipal Statistics Bureau Website,” accessed January 29, 2021, http://tjj.gz.gov.cn/tjgb/qtgb/content/post_2788703.html.

³¹ Shuru Zhong and Hongyang Di, “Struggles with Changing Politics: Street Vendor Livelihoods in Contemporary China,” in *Anthropological Considerations of Production, Exchange, Vending and Tourism*, vol. 37, Research in Economic Anthropology (Emerald Publishing Limited, 2017), 179–204, <https://doi.org/10.1108/S0190-128120170000037009>.

³² Xiaoxiang Morning News, “What Do You Think about Buying an Audi through Street Vending?,” June 3, 2020, https://k.sina.cn/article_1655444627_62ac149302001a26p.html?cre=tianyi&mod=wpage&loc=13&r=0&rfunc=14&tj=cxvideo_wpage&tr=380&wm=3236.

³³ Xinhua, “Practically Exploring the Street Vendor Economy in Shenzhen: It’s Not Easy to ‘Earn a Meal,’” accessed January 29, 2021, http://www.xinhuanet.com/2020-06/05/c_1126075938.htm.

³⁴ Ibid.

³⁵ Zhong and Di, “Struggles with Changing Politics.”

³⁶ Li Yuan, “China’s Street Vendor Push Ignites a Debate: How Rich Is It?,” *The New York Times*, June 11, 2020, sec. Business, <https://www.nytimes.com/2020/06/11/business/china-street-vendors-stall-economy.html>.

Socialist Transformation (1949-1977): "Using, Limiting and Transforming"

During this period, the urban governance policy adopted was highly government-oriented, with little focus on the social welfare of street vendors. The Chinese government utilised street vending for economic growth at first but gradually took a stricter approach in management and control of street vending along with the process of socialist transformation.

In 1949, after winning the New Democratic Revolution, , the Chinese Communist Party (CCP) shifted the focus from rural areas to cities.³⁷ The urban economy had been severely damaged during the civil war, but street vending was tenacious. At that time, peddlers with a shoulder pole, two stacked cargo boxes propped up the commodity-based economy in urban cities.³⁸ A well-known saying in China that "tiny peddlers hold up half the sky" showed their significance.

To achieve the socialist vision, the central government adopted the Socialist Transformation Movement aiming at eliminating the capitalist economy and bourgeoisie.³⁹ Street vending was defined as "the tail of capitalist economy"⁴⁰ and was thus suppressed, as it was considered a kind of private economy with commercial, revenue-producing nature.

However, given that street peddlers did provide necessary economic value and social services unfulfilled by the state-run economy, some senior members of the CCP demanded leniency for the street vendors⁴¹ and adopted the policy of "using, limiting and transforming", to avoid increasing poverty and social turbulence.⁴² The policy was aimed at using them for economic growth, while limiting their operation areas, and transforming their class status and economic forms by forcing them into different forms of socialist economies, such as state-owned enterprise, cooperative groups and stores.⁴³

With further socialist transformation, China gradually entered the era of "planned economy". The previously prosperous urban commodity-based economy was suppressed, and the stalls in urban cities were no longer everywhere. Affected by class conflicts, street vendors were regarded as dangerous, unstable groups from 1956 to 1977.⁴⁴ Therefore, the government-

³⁷ Zhanfeng Cui and Haoyu Wu, "70 years of street vendor economy: 'embedded' flexible governance logic in urban governance," *Economic Issues*, no. 06 (2019): 1–10, <https://kns.cnki.net/kcms/detail/detail.aspx?dbcode=CJFD&dbname=CJFDLAST2019&filename=JJWT201906002&v=v%25mmd2Byr8wCUqW6VVzFoa83wkKxLdz0SBMo8zfJGEshWOWeREBk2ZdIVZozu6TMLCDHq>.

³⁸ Ibid.

³⁹ Xue and Huang, "Informality and the State's Ambivalence in the Regulation of Street Vending in Transforming Guangzhou, China."

⁴⁰ Song, "Street Stall Economy in China in the Post-COVID-19 Era."

⁴¹ Solinger, Dorothy J. *Chinese business under socialism: The politics of domestic commerce, 1949-1980*. Univ of California Press, 1987.

⁴² Xue and Huang, "Informality and the State's Ambivalence in the Regulation of Street Vending in Transforming Guangzhou, China."

⁴³ Song, "Street Stall Economy in China in the Post-COVID-19 Era."

⁴⁴ Cui and Wu, "70 years of street vendor economy: 'embedded' flexible governance logic in urban governance."

controlled and banished them. Until the commencement of marketisation reforms in 1978, street vendors in urban cities had almost vanished.

Economic Reform (1978-1989): Deregulation and Toleration

The government's attitude towards street vending in this period was deregulation and toleration. Street vending not only served as a way to meet the needs of daily life but also a way to expand employment and improve people's livelihood.⁴⁵

The CCP implemented market-oriented reforms to revitalise the non-public sector economy since 1978. The government then introduced policies to encourage the development of privately-owned enterprises. The government also affirmed the legal status of the self-employed, and proposed to "develop production, invigorate the economy, meet demand, and expand employment". Self-employed households were allowed to lease shops and counters so that they could set up stalls and sell along the streets.⁴⁶ As a result, street vending re-emerged and blossomed in every corner of cities.

Moreover, population growth, rural-urban migration, and the collapse of state-owned enterprises and collective enterprises at that time led to a large amount of labour surplus⁴⁷ in urban cities. With capital scarce, entrepreneurs opted to sell on the streets, offering traditional foods or low-cost goods. Moreover, a large number of customers seeking cheap food and goods, and the indifferent attitude of the government boosted the number of street vendors.⁴⁸ Street vending was considered an effective way to reduce unemployment at that time.

Inter-urban Competition (1990-2019): From Suppression Towards Coexistence

With the promotion of further marketisation and the decentralisation of urban management, the state began shifting the development pressure from the central level to the local level. To attract more investments, some local governments adopted various strategies such as the designation of development zones, preferential treatment for investors and the renovation of public spaces etc⁴⁹, leading to increasing inter-city competition.⁵⁰

⁴⁵ Ning Ma and Meifen Zhu, "Thoughts on the Development of 'Market Stall Economy' from the Perspective of a Harmonious Society," *Legal System and Society*, no. 25 (2010), <https://kns.cnki.net/kcms/detail/detail.aspx?dbcode=CJFD&dbname=CJFD2010&filename=FZSL201025060&v=rOoF%25mmd2Bb0W8zgdX%25mmd2FSu9OT4SOGODtyN4NdC2Kxa6Q2Bo9vCc4g%25mmd2FbFxuQsa%25mmd2BW95WAFxV>.

⁴⁶ Ibid.

⁴⁷ Bell and Loukaitou-Sideris, "Sidewalk Informality."

⁴⁸ Adam Minter, "Street Vendors Won't Save China's Economy - Bloomberg," accessed January 30, 2021, <https://www.bloomberg.com/opinion/articles/2020-06-17/street-vendors-won-t-save-china-s-economy>.

⁴⁹ Xue and Huang, "Informality and the State's Ambivalence in the Regulation of Street Vending in Transforming Guangzhou, China."

⁵⁰ Fulong Wu, "China's Great Transformation: Neoliberalization as Establishing a Market Society," *Geoforum* 39, no. 3 (May 2008): 1093–96, <https://doi.org/10.1016/j.geoforum.2008.01.007>.

In 2003, the Central Civilisation Office of the Communist Party Committee rolled out the plan to select a National Civilised City, which reflected the overall level of civilisation of the city. To be selected as a National Civilised City was the highest honour for cities in China and was evaluated based on various criteria.⁵¹ Hundreds of cities in China engaged in the competition for National Civilized City every year. As listed in its evaluation criteria, there would be a penalty for chaotic street vending.

Affected by the increasing economic competition and National Civilised City campaign, street vending was defined as a sign of dirt, disorder and backwardness,⁵² hindering the development of the cities. Thus, the chengguan was dispatched to regulate street vending, and conflicts between chengguan and street vendors arose almost every day. For example, statistics for Shanghai's Pudong district chengguan showed that 228 people were injured in the altercations with chengguan in the first ten months of 2006.⁵³ On occasions, chengguan themselves were victims of violence. Li Zhiqiang, a Beijing chengguan officer, was stabbed to death in 2006 by a street vendor trying to prevent the confiscation of his bicycle cart.⁵⁴

After 2010, a “harmonious society” was proposed by the CCP. To reduce conflicts and create a harmonious society, policies towards street vending became more inclusive to strike a balance between protecting the city image and accommodating the street vendors.⁵⁵ In Guangzhou, vendors were allowed to operate in certain designated areas but strictly prohibited from entering prohibited areas such as Central Business Districts (CBD), tourist attractions etc.⁵⁶

Post COVID-19 Era (2020): Support

In 2020, to alleviate unemployment, both central and local governments promulgated policies to support street vending.

On March 15, Chengdu took the lead to deregulate the street vendors. The municipal government of Chengdu allowed street vendors to set up stalls on the street, allowed restaurants to set up dining tables on the street, and allowed mobile street vending.⁵⁷

⁵¹ Lixin Zhu, “Cities Win National Civilized City Awards - China Daily Asia,” March 1, 2015, https://www.chinadailyasia.com/nation/2015-03/01/content_15233096.html.

⁵² Xue and Huang, “Informality and the State’s Ambivalence in the Regulation of Street Vending in Transforming Guangzhou, China.”

⁵³ Amy Hanser, “Street Politics: Street Vendors and Urban Governance in China,” *The China Quarterly* 226 (June 2016): 363–82, <https://doi.org/10.1017/S0305741016000278>.

⁵⁴ Ibid.

⁵⁵ Xue and Huang, “Informality and the State’s Ambivalence in the Regulation of Street Vending in Transforming Guangzhou, China.”

⁵⁶ Ibid.

⁵⁷ Chengdu Daily, “Chengdu City Management ‘Five Allows and One Persistence,’” accessed January 30, 2021, http://www.chengdu.gov.cn/chengdu/c135627/2020-03/16/content_0f2567b14ffe40e390750abdd1785a04.shtml.

On March 18, the State Council released a document to promote employment under the COVID-19 outbreak.⁵⁸ Flexible and new forms of employment were supported, which involved providing places for street stalls and other services to vendors. “The street vendor economy and small business economy are an important source of jobs,” Premier Li Keqiang told a street vendor when he was visiting Yantai City, Shandong Province.⁵⁹ Yang Baoling, a deputy of the National People’s Congress, proposed that cities should provide more places to set up stalls on the street, which would not only create employment opportunities for certain people but also provide cheap goods for low-income families.⁶⁰ The Central Civilization Office of the Communist Party Committee, which took charge of selecting the National Civilised City in China, had announced that street vending would not be considered as a negative factor when assessing National Civilised City.⁶¹ Street vending was considered an important way to increase employment. It had become a trend in China.

Many cities had later released local policies to support setting up street stalls (Exhibit 5).⁶² For example, Zhejiang Province issued a provincial-level notice to establish a green channel to simplify the application procedures for the temporary occupation of roads at night and outdoor promotional activities for vendors.⁶³ Generally, local governments mainly loosened the regulatory policies by setting up designated areas, permitting roads to be occupied for stalls, and clarifying the time and scope of stalls, to encourage street vending.⁶⁴

Drivers Behind Street Vending

Street Vending as a Job

The motivation behind a large proportion of street vendors was to make a better living in urban cities. A large number of rural-urban migrants were too poorly educated to broaden their career choices. Street vending was a compelled but profitable career option for these migrants. As mentioned in an article, the common sentiment of street vendors could be expressed by the sentence that “I don’t know what to do if I don’t do the vending”.⁶⁵

⁵⁸ The State Council of China, “Implementation Opinions of the General Office of the State Council on Strengthening Employment Stabilization Measures in Response to the Impact of the New Coronary Pneumonia Epidemic _ Government Information Disclosure Column.”

⁵⁹ Wang Xueqiao and Christian Shepherd, “China Welcomes Back Street Hawkers to Boost Employment,” June 8, 2020, <https://www.ft.com/content/d8336af7-1a92-4a3e-80d5-5d33e275d326>.

⁶⁰ Yuemei Long, “Might Develop an Orderly ‘Market Stall Economy’ | New Crown Pneumonia_Sina Technology_Sina.Com,” accessed January 21, 2021, <https://tech.sina.com.cn/d/2020-05-28/doc-jiiczymk3915129.shtml>.

⁶¹ Huairang Yue, “Central Civilization Office: Exclude Occupation of Road from the Criteria of This Year’s Civilized City Evaluation,” accessed January 21, 2021, https://www.thepaper.cn/newsDetail_forward_7581261.

⁶² Qianzhan Industry Research Institute, “2020 China’s Street Vendor Economy Research Report,” July 8, 2020, <https://bg.qianzhan.com/report/detail/2007081345400049.html>.

⁶³ The Paper, “Zhejiang Wants to Build a Batch of Provincial Night Economic Pilot Cities!,” June 2, 2020, https://www.thepaper.cn/newsDetail_forward_7656650.

⁶⁴ Qianzhan Industry Research Institute, “2020 China’s Street Vendor Economy Research Report.”

⁶⁵ Gengzhi Huang, Desheng Xue, and Zhigang Li, “From Revanchism to Ambivalence: The Changing Politics of Street Vending in Guangzhou,” *Antipode* 46, no. 1 (2014): 170–89, <https://doi.org/10.1111/anti.12031>.

On the other hand, motivations behind other street vendors such as unemployed or laid-off workers, college students⁶⁶ and workers from other informal economies such as the gig economy, were different. They perceived street vending as a temporary job,⁶⁷ a way to accumulate capital⁶⁸ or a way to make extra money.⁶⁹ As several news articles were featuring titles such as “street vendors got rich overnight”, many were motivated to become the next “street vendor millionaire”.

Others were motivated by stories about how street vendors later became successful entrepreneurs. For example, Jack Ma, the co-founder of e-commerce giant Alibaba, peddled handicrafts on the street to pay the rent for his first business.⁷⁰ Similarly, Zong Qinghou, the founder of drinks company Wahaha Group, sold ice lollies off the back of a tricycle.⁷¹ A study in Dalian, a city in Liaoning Province, revealed that many individuals’ first full-time occupations were likely to be street vendors, akin to many Americans who had worked as grocery clerks in the United States.⁷²

Drivers under the COVID-19 crisis

To deal with rising unemployment under the COVID-19 crisis, flexible and new forms of employment such as street vending were supported by the government. The COVID-19 outbreak had caused severe unemployment in China, affecting over 100 million urban workers and around 25 million migrant workers.⁷³ The urban unemployment rate (Exhibit 6) reached 6 percent in March 2020. Tackling the rising unemployment to maintain social stability became the priority of the Chinese government. Street vending, as a way to create jobs, was greatly promoted by both central and local governments since March 2020. It signalled support from the government for citizens who wanted to be street vendors. “Now they can safely remain in spots they know are good for sales”, said Zhang, a vendor in Beijing.⁷⁴ Though there were no legislations to legally support street vending, loosening control of street stalls had encouraged people to become street vendors.

⁶⁶ Swider, “Reshaping China’s Urban Citizenship.”

⁶⁷ Yuan, “China’s Street Vendor Push Ignites a Debate.”

⁶⁸ Xue and Huang, “Informality and the State’s Ambivalence in the Regulation of Street Vending in Transforming Guangzhou, China.”

⁶⁹ Brown Tanner, “China Turns to Street Vendors to Help Create Jobs. The Move Hasn’t Boosted the Economy Much. | Barron’s,” June 9, 2020, <https://www.barrons.com/articles/china-turns-to-street-vendors-to-help-create-jobs-the-move-hasnt-boosted-the-economy-much-51591713249>.

⁷⁰ Yuan, “China’s Street Vendor Push Ignites a Debate.”

⁷¹ Xueqiao and Shepherd, “China Welcomes Back Street Hawkers to Boost Employment.”

⁷² David McHardy Reid, Eugene H. Fram, and Chi Guotai, “A Study of Chinese Street Vendors: How They Operate,” *Journal of Asia-Pacific Business*, November 29, 2010, <http://www.tandfonline.com/doi/abs/10.1080/10599231.2010.520640>.

⁷³ International Labour Organization, “China – Rapid Assessment of the Impact of COVID-19 on Employment,” Report (Policy Brief), July 29, 2020, http://www.ilo.org/emppolicy/areas/covid/WCMS_752056/lang-en/index.htm.

⁷⁴ Tanner, “China Turns to Street Vendors to Help Create Jobs. The Move Hasn’t Boosted the Economy Much. | Barron’s.”

Besides governmental support, large enterprises such as JD.com and Alibaba, were also involved in supporting the “street vendor economy”. Alibaba provided more than CNY 70 billion worth of interest-free credit-based purchase services to fund the street stall businesses. Meituan, one of the largest food delivery groups in China, rolled out microloans to support the street vendors as well. In terms of supply of goods, Alibaba and JD.com released “Street Vending Assistance Plans” to secure a sufficient and efficient supply of goods. Training and courses such as food security could be accessed at Meituan University, a training platform set up by Meituan.⁷⁵ Though no data was measuring how many street vendors were using such support, the policies and these plans led to a surge in the share price of related listed firms. For example, the share price of SAIC-GM-Wuling Automobile, a manufacturer of street vending cars, leapt nearly 200 percent after the announcement of the relaxation of anti-street vending rules.⁷⁶

Under the COVID-19 crisis, some people were also tired of staying at home and simply wanted to go outside, which drove them to street vending temporarily. For example, one grandmother in Chengdu laid out a blanket on the sidewalk and let her young grandson sell the toys without setting prices seriously.⁷⁷ Xue Min, a recent graduate who was still looking for a job, laid out on a cloth on a street corner in Beijing to sell earrings and scrunchies. “We have come out because the policy has been relaxed, and there is nothing else to do”, said Xue.⁷⁸

Problems

Worsening Competition

Competition among a large number of street vendors was intensifying such that people needed to think of a way to stand out. For example, a 500-member group was set up in Wechat dedicated solely to street vending. They intended to buy cheap items from Alibaba's online shops and sell them at a marked-up price. If items were unsold, they would send them back during the 7-day free-return period.⁷⁹ Some public accounts on WeChat also shared street vending tips.

Nonetheless, since most goods sold in the streets were similar, either foods, drinks or daily necessities⁸⁰, it further became more difficult for those full-time street vendors to make a living under the pandemic. Attracting customers was also more difficult since some people merely wanted to take a walk outside. Li Yong, a food delivery man by day and street vendor by night in Chengdu, said, “I don't know if it is a glut with too many vendors, or if people just

⁷⁵ Xiaoning Ren, “The Street Stall Economy Is so Hot That Alibaba, Tencent and Other Groups Enter to Provide Supports,” June 4, 2020, <http://www.eeo.com.cn/2020/0604/385749.shtml>.

⁷⁶ Tanner, “China Turns to Street Vendors to Help Create Jobs. The Move Hasn't Boosted the Economy Much. | Barron's.”

⁷⁷ Ibid.

⁷⁸ Kuo, ““China's Lifeblood.””

⁷⁹ Tanner, “China Turns to Street Vendors to Help Create Jobs. The Move Hasn't Boosted the Economy Much. | Barron's.”

⁸⁰ Qianzhan Industry Research Institute, “2020 China's Street Vendor Economy Research Report.”

enjoy walking and looking [rather than buying], but we haven't sold enough to justify coming back out here".⁸¹

Street vendors also had to compete for spaces to maximise their customer numbers as well as profits. "The permitted vending places with good locations are dominated by the powerful", said a street vendor in Guangzhou.⁸² News about a female street vendor surnamed Zhou, who sold dumplings for CNY 8 in Jinan city, was circulated on Weibo. She lamented that the location of her stall was occupied by other street vendors, simply because she strictly obeyed the rule of operation time and other street vendors did not.⁸³ Conflicts and fights had arisen frequently over the location of street stalls.

Dilemma for chengguan

Though both central and local governments had formulated several supportive policies, the legalisation of the status of street vendors was still in its infancy. Formal and long-term policies and regulations for the management of street vendors have yet to be formed in China. Different cities adopted different regulations towards street vending. Unlike cities like Chengdu in the western region of China, cities in the eastern region, such as Nanjing, Hangzhou, and Qingdao, had not fully liberalised restrictions. Instead, cities in the eastern region were regulating street vending by setting up operating areas and imposing operating hours.⁸⁴

On the other hand, inconsistent policies were hard for the chengguan to implement. "Sometimes, the policies are put on hold; sometimes the authorities would suddenly stop the existing policies and set up new ones", a chengguan recounted.⁸⁵ During the 2008 Beijing Olympics, unlicensed vendors were being arrested up right up till the end of the games, but after the games, the arrests slowed.⁸⁶ In contrast, the chengguan was calling street vendors to invite them to sell on the streets in 2020. This created obstacles for chengguan in enforcement and conflicts between chengguan and vendors might be easily triggered due to the inconsistent policy.

⁸¹ Tanner, "China Turns to Street Vendors to Help Create Jobs. The Move Hasn't Boosted the Economy Much. | Barron's."

⁸² Xue and Huang, "Informality and the State's Ambivalence in the Regulation of Street Vending in Transforming Guangzhou, China."

⁸³ "Jinan 8 Yuan Dumpling Sister Was Run on by Her Peers, the Stall Was Occupied, She Cried: I Am the Only Breadwinner," accessed January 21, 2021, https://www.sohu.com/a/443504773_120955291.

⁸⁴ Zhang, Shengyu, and Wanglei Mao. "Can 'Identity' and 'Space' Continue? — Thinking on the Governance of Urban Mobile Vendors in the Post-Epidemic Era." *Journal of Chongqing University of Science and Technology*, 6, 2020, 25–29.

<https://kns.cnki.net/kcms/detail/detail.aspx?dbcode=CJFD&dbname=CJFDLAST2020&filename=CQGY202006007&v=dFsvXc3fVru6ihPwONoXxp%25mmd2BpA8O394%25mmd2Fvf7y5ysyMPvY%25mmd2FgWtOoQYCCRK%25mmd2BY%25mmd2Btaz71U>

⁸⁵ Bell and Loukaitou-Sideris, "Sidewalk Informality."

⁸⁶ Ibid.

Impact on the Urban Environment

Since street vendors could sell goods on the street, it also affected traffic and brought risks to traffic safety. As more and more street vendors occupied roads to sell things on the street, chaotic street vending would put heavy pressure on traffic (Exhibit 7). There were reports that a street vending area in Dalian was faced with heavy congestion after the relaxations on street vending.⁸⁷

Poor sanitation associated with street vending could not be ignored either. According to a survey in 2019, most food street vendors had significantly lower education levels and had no formal food safety training, and were thus unaware of their unsanitary practices.⁸⁸ In the early 2000s, the Chinese media were running stories on the use of “gutter oil”, which was used cooking oil sold under unsanitary conditions.⁸⁹ What’s worse, countless plastic bags, paper bowls and other food waste were left on the streets. This affected the urban environment and also contributed to air pollution. Changchun, the provincial capital of Jilin province, was faced with an unsanitary environment caused by street vendors (Exhibit 8).⁹⁰

Street vendors also annoyed surrounding residents. After the relaxations on street vending, some street vendors ran their businesses in residential areas. Though some people thought that it was convenient for them to buy necessities or vegetables from the street stalls, some residents preferred not to have street vendors in their surrounding community. For example, residents who lived in Wanda Mansion in Zhanjiang City⁹¹, complained about the worsening living environment and late-night noises resulting from unexpected extension of operating times for street vendors (Exhibit 9).⁹²

Policy Options

Develop Vendor Centres within Walking Distances

Setting up dedicated spaces for street vendors within walking distances can not only help street vendors to conduct business, facilitate standardised management but also offer more convenience to residents. In the past, permit systems were focused more on regulating trading spaces in China. For example, in 2013 Guangzhou set out areas where vending was prohibited,

⁸⁷ Sina_mobile, “CCTV Comment,” June 4, 2020, <https://finance.sina.cn/2020-06-04/detail-iircuyvi6694527.d.html>.

⁸⁸ Lihua Ma et al., “Food Safety Knowledge, Attitudes, and Behavior of Street Food Vendors and Consumers in Handan, a Third Tier City in China,” *BMC Public Health* 19, no. 1 (August 16, 2019): 1128, <https://doi.org/10.1186/s12889-019-7475-9>.

⁸⁹ Minter, “Street Vendors Won’t Save China’s Economy - Bloomberg.”

⁹⁰ “Is It Reasonable for the Street Stalls to Occupy the Road and Litter Everywhere? | Changchun News,” accessed January 30, 2021, www.sohu.com/a/409170953_507441.

⁹¹ Zhanjiang is a city in Guangdong Province.

⁹² “Residents: I Hope to Ban Street Stalls Downstairs in Our Community,” Wechat Public Account, accessed January 30, 2021, http://mp.weixin.qq.com/s?__biz=MzIzMDIxMTA1Mg==&mid=2247516299&idx=1&sn=76c9b56b102f1337a246979ca8c96555&chksm=e8b42c08dfc3a51e0c2707bd79afdf0545bfcb7d3ba200c41fde955b5206a419454f08693658#rd.

which were mainly prime areas such as CBD, commercial plazas, and demarcated areas where vending was permitted.⁹³ However, most permitting areas in Guangzhou were located in unpopular areas, where there were fewer customers and profits.⁹⁴ Therefore, some might risk vending in prohibited areas⁹⁵ or attempt to extend their operating hours⁹⁶ to make more profits. The establishment of permitted areas did not create the expected effects.

As the only country where all street vendors are licensed and relocated in what is known as hawker centres,⁹⁷ Singapore's model of setting up permitted areas appeared to be more successful. Each hawker centre had 10 to 226 food stalls,⁹⁸ uniform furnishings and fittings, and dedicated persons responsible for maintenance and cleaning. Most importantly, these hawker centres were within walking distances from residential areas, which could ensure a steady source of customers. By setting up collective vending centres within walking distances from prime areas (such as residential areas, shopping malls, metro stations exit etc.) in China, street vendors could be more assured of profits, and residents could get affordable food and daily necessities in an organised and convenient environment. Moreover, it would be easier for chengguan to manage the street vendors.

Establish a Business-Friendly System for Licensing

Besides setting up collective vending centres, China can also establish a more business-friendly system for licensing. Based on a study on street vendors conducted in Beijing in 2012, most of the respondents had no permit to sell on the streets. Although some of them had tried to obtain permits, they were not successful.⁹⁹ In contrast, Singapore had a licensing system offering one-stop services (Exhibit 10) for hawkers and stallholders.¹⁰⁰ The Hawker Centres Group (HCG) under the National Environment Agency (NEA) plays a key role in managing hawker centres, as well as implementing and reviewing the policies on food hawkers in Singapore.¹⁰¹ Furthermore, a union of street vendors could be set up to coordinate with chengguan for better street vending management.

⁹³ Xue and Huang, "Informality and the State's Ambivalence in the Regulation of Street Vending in Transforming Guangzhou, China."

⁹⁴ Ibid.

⁹⁵ Ibid.

⁹⁶ Li et al., "A City's 'Urban Crack' at 4 a.m."

⁹⁷ Sharit K Bhowmik, "Street Vendors in Asia: A Review | WIEGO," May 2005, <https://www.wiego.org/publications/street-vendors-asia-review>.

⁹⁸ Joan C. Henderson, "Foodservice in Singapore: Retaining a Place for Hawkers?," *Journal of Foodservice Business Research* 19, no. 3 (May 26, 2016): 272–86, <https://doi.org/10.1080/15378020.2016.1175900>.

⁹⁹ Bell and Loukaitou-Sideris, "Sidewalk Informality."

¹⁰⁰ "Hawkers Online," accessed January 21, 2021, <https://e-services.nea.gov.sg/hcms/>.

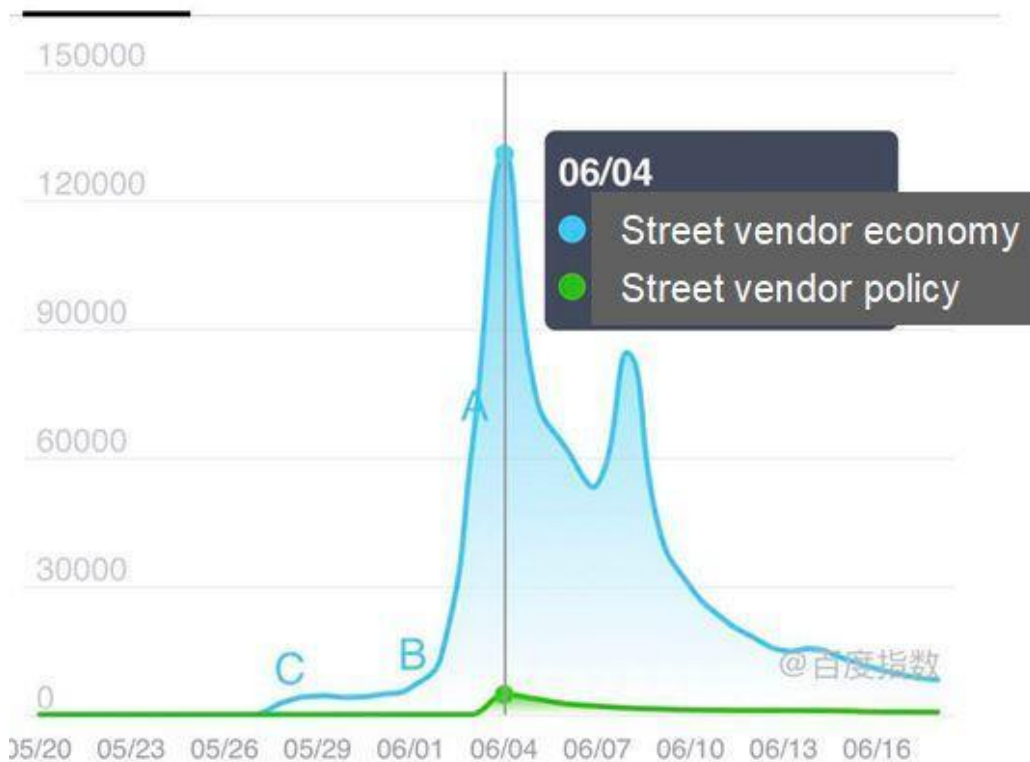
¹⁰¹ National Environment Agency, "Overview," accessed January 30, 2021, <https://www.nea.gov.sg/our-services/hawker-management/overview>.

Discussion questions

1. Using the concept of externalities, explain the pros and cons of street vending.
2. Why did the Chinese government have different attitudes towards street vending in different phases?
3. What caused the conflict between the chengguan and street vendors?
4. Identify the upsides that attract people to work as street vendors.
5. Apart from the policy options mentioned in the case, are there any other policy recommendations for managing street vendors?

Appendix

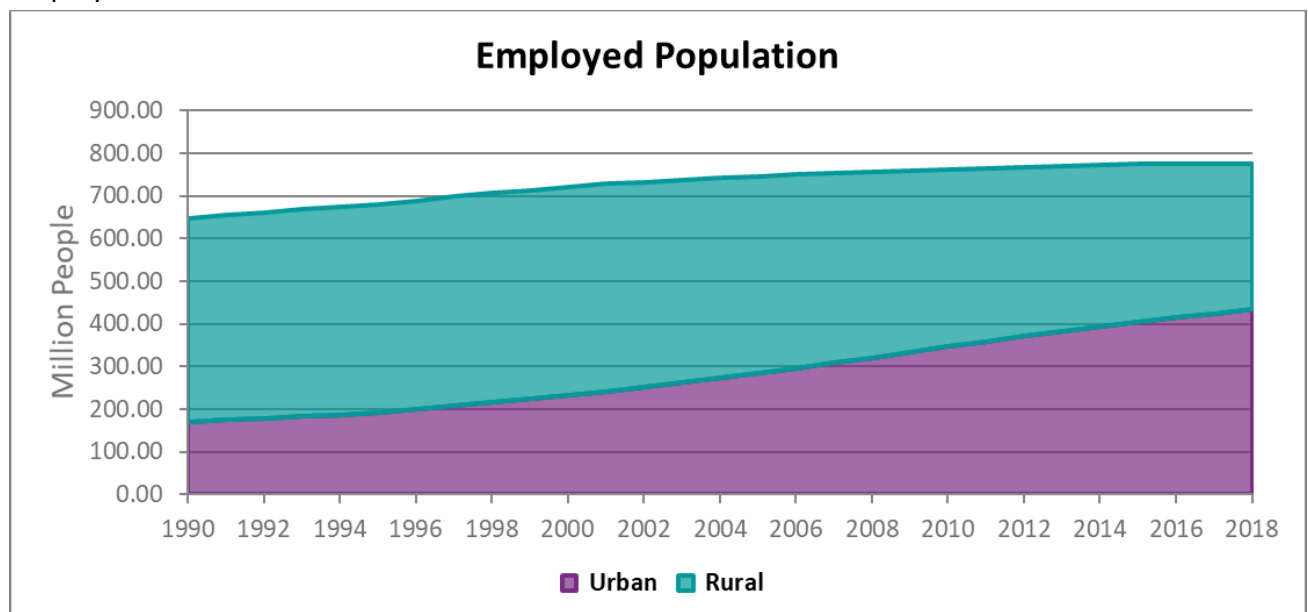
Exhibit 1: Baidu Index



(Source: Allison, "China's Street Vendor Economy: A Band-Aid or Permanent Solution for Post-COVID-19 Unemployment?")

Exhibit 2: Urban-Rural Employment (1990-2018)

Employment shifted from rural to urban.



(Source: National Bureau of Statistics via CEIC Data)

Exhibit 3: Location of Street Vending



(Source: "The Street Stall Is a Authentic Traditional Culture." Accessed March 23, 2021. <http://baijiahao.baidu.com/s?id=1668565831652582264&wfr=spider&for=pc>.)



(Source: "What Is Good for a Small Business? Street Vendors Selling Digital Accessories Earn Tens of Thousands of Monthly Income_Industry Analysis_Entrepreneurship." Accessed March 23, 2021. https://www.cyone.com.cn/Article/Article_37146.html.)

Exhibit 4: Trucks using for Street Vending

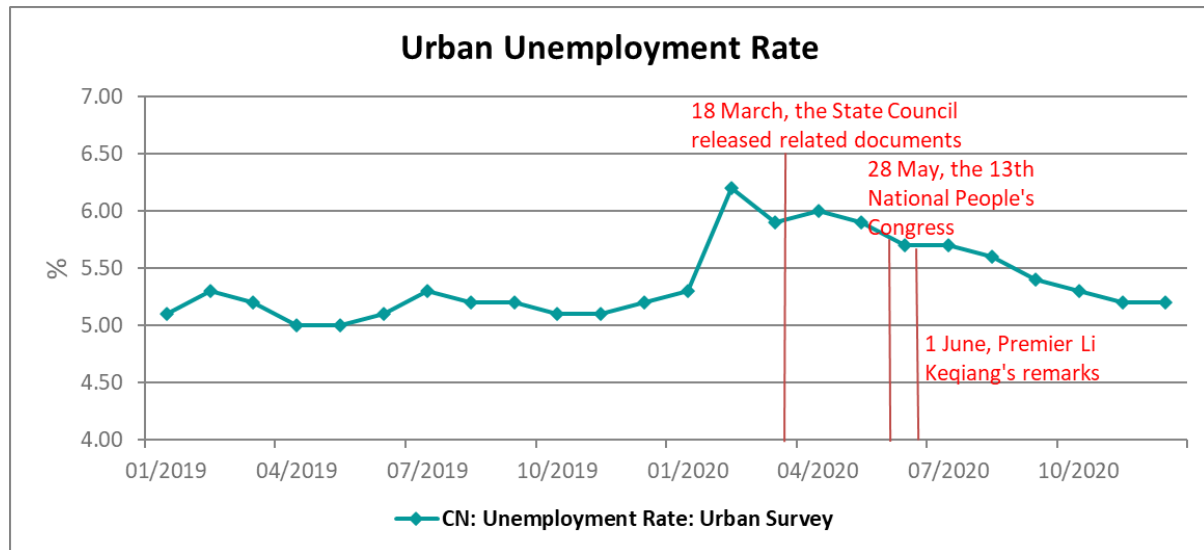


(Source: "Wuling Launched a 'Street Stall Car' for Street Vending." Accessed March 23, 2021. https://www.sohu.com/a/399656833_484936.)

Exhibit 5: Local Policies Regarding Street Vendor Economy

Province/City	Date of Policy Promulgation	Content about street vending
Shanxi Province	12-May	Allow street vending in residential areas, allow mobile street vendors to do their businesses in certain time and areas
Heilongjiang Province	3-Jun	Expand the street vending areas proactively, make "street vending" map, allow the occupation of public roads (sidewalks) for street vending
Chengdu City	14-Mar	Allow street vendors to set up stalls on the street, allow restaurants to set up dining tables on the street, allow mobile street vending
Shanghai City	25-May	Bring up "Night Market Economy", allow distinguished small shops to set up stalls outside the stores
Changchun City	29-May	Allow street vendors to utilize parks, plazas, unoccupied spaces for street vending
Nanning City	2-Jun	Allow set up temporary stalls for business, allow mobile street vendors to do their businesses
Jinan City	2-Jun	Propose to utilize "Street Vendor Economy" to construct a modelled city which coordinate city management with the needs of citizen
Zhengzhou City	2-Jun	Propose to utilize public parks, plazas, unoccupied spaces to set up street vending markets, the street vending markets should be operated under certain time, spaces, management, fees etc

(Source: Jiyang Zhou, "Prevention and Control of Street Vendor Economy under the COVID-19," *Shanghai Urban Management*, no. 5 (2020), <http://www.cnki.com.cn/Article/CJFDTotal-CGZJ202005011.htm>., translated by authors)

Exhibit 6: Urban Unemployment Rate (2019.01-2020.12)

(Source: National Bureau of Statistics via CEIC Data)

Exhibit 7: Traffic Congestion in Dalian City

(Source: "Booming Street Vendor Economy." Accessed March 23, 2021.

https://www.thepaper.cn/newsDetail_forward_7720109.)

Exhibit 8: Unsanitary Environment in Changchun City

(Source: "Is It Reasonable for the Street Stalls to Occupy the Road and Litter Everywhere? | Changchun News," accessed January 30, 2021, www.sohu.com/a/409170953_507441.)

Exhibit 9: Late Night Noises in Zhanjiang City

(Source: "Residents: I Hope to Ban Street Stalls Downstairs in Our Community," Wechat Public Account, accessed January 30, 2021, http://mp.weixin.qq.com/s?__biz=MzIzMdIxMTA1Mg==&mid=2247516299&idx=1&sn=76c9b56b102f1337a246979ca8c96555&chksm=e8b42c08dfc3a51e0c2707bd79afdf0545bfc7d3ba200c41fde955b5206a419454f08693658#rd.)

Exhibit 10: Singapore's One-stop Business Service



(Source: <https://e-services.nea.gov.sg/hcms/mainpage.aspx>)