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Date 01/30/94
Abstract

Street markets are one of the most visible signs of China's economic reform. Although there had been a long tradition of street vending, such private sector activity was virtually eliminated nationwide in the Cultural Revolution (1966-1976). It was only with the reform policy of 1978 that vending began to reappear. By the mid-1990's, street markets had become the main source of vegetables and many other goods for urban residents.

This qualitative study addresses the role of markets in communities in Beijing. Methods of investigation included a literature review, mapping, participant observation, and interviews of residents, vendors and government officials. Markets provide employment, a cheap source of goods and a vibrant street life, but also bring problems of noise, waste, and traffic congestion. Problems vary according to the location of the markets. Vending is more strictly controlled in the inner city where streets are narrow and greater supervision is in place. There is more space in the outer city, where there are both more legal markets and more illegal vendors. Residents are dependent on markets for most foods, but are adversely affected by the negative aspects of markets.

Results of the study indicate that many Beijing markets are poorly managed, in part because of the conflict of interest between different levels of government. Higher levels of government see markets as a backwards and disorderly phenomenon, and try to impose order by limiting the number of legal markets and vendors. Lower levels of government want to
increase the number of vendors, and thus the revenue from management fees. In 1996, the Beijing government adopted a market clearance policy to reduce the total number of markets, and move street markets indoors. This policy seems unrealistic; it underestimates both the demand for street markets and the difficulty and cost of finding land for indoor markets.

Recommendations stemming from the study focus on improving the current situation of street markets by applying more rigorous and consistent management, not by closing markets down. Street markets have brought many benefits to Beijing residents; with better management the adverse effects of markets can be minimized.
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Chapter One: Introduction

The proliferation of street markets and vendors has been one of the most visible signs of China's economic reform. This policy of reform, initiated in 1978, has moved the country from a planned economy dominated by the state sector to a more diversified market economy. The growth of small businesses and markets has brought great changes in the quality and conditions of daily life, not only for vendors, but also for their customers and nearby residents.

1. Historical Background

Street vending has a long history in Beijing and indeed all of China. Before the 1949 Revolution, hawkers walked along Beijing’s narrow hutongs (long residential alleys) selling their wares, and markets were found along main streets. In the early Communist period, hawking continued, but during the Cultural Revolution (1966 – 1976) such activity was seen as capitalist and was almost eradicated. Vendors were persecuted as petty capitalists, and the state became almost the sole supplier of goods. Thus, although China has a long history of street vending, this activity essentially ceased for over a decade.

It was only with the beginning of the period of reform and the adoption of Deng Xiaoping’s more market-oriented policies, that free markets and street vendors were again permitted. People were initially hesitant to enter the private sector, fearing another change in policy. By the mid-1980’s, however, the sector had begun to grow. Most of the early entrants into the
private sector were either people supplementing household income from a secure state job or pension, or those with few other job choices. As it became clear that small-scale businesses, including vending, could provide a secure and often substantial income, and state policies supporting the sector seemed stable, the perception of vending changed and more people entered the sector as a choice, not just as a last resort (Bruun, 1990). Deng Xiaoping’s tour of the south in 1992, widely perceived as a stamp of approval on capitalist activities, provided a further spur to the growth of market activities and the number of street vendors increased dramatically.

Source: Morrison

Figure 1. Tianqiao Market in the 1930’s. Vendor of Secondhand Goods
2. Economic Transition

China’s reform has brought about dramatic economic and social change. The cradle to grave protection once offered by the state no longer exists. Agricultural reform has released surplus labour, while the reform of state businesses has resulted in mass layoffs. Rapid inflation has meant that those living on pensions and fixed incomes are hard put to make ends meet, and may need to seek a supplementary income. With the state sector no longer willing or able to provide total employment, two main policies have been pursued: the development of rural enterprises and industry, and the development of the urban individual sector. Although many Chinese are still reluctant to leave the security of the state sector, the efficiency of the private sector in meeting consumer demand and the profitability of many private enterprises have resulted in a thriving market economy. Those employed in the state sector have many benefits such as subsidized housing, but their fixed income is worth less and less. The relative wealth of many people involved in the private sector has resulted in growing social and economic divisions and tensions.

These economic reforms have provoked social reforms, which lay greater emphasis on self-reliance and the individual and, for some, greater freedom from the authority of the family and of work units. As this liberalization has grown, so too have feelings of economic insecurity and anxiety about the fast pace of change.

Along with economic reform has come the relaxation on population mobility within the country. Predictably, rapid urbanization has followed. Rural reforms have displaced many
agricultural labourers, leaving them with no work or only temporary work at seeding and harvest times. The movement of peasants into the city, usually on a temporary or cyclical basis, has put great pressure on already crowded urban services, including housing, water, transportation, and even food distribution. Nationwide, estimates of the number of the so-called floating population range from 30 to 120 million (Beja, 1996).

In Beijing, a permanent population of approximately eleven million has been challenged by the presence of over three million members of the ‘floating population’ (Interview with municipal official, 1996). These migrants tend to live on the urban fringe of Beijing and find jobs in the construction industry, service sector, or as market vendors. Tensions between migrants and official Beijing residents are high, and migrants are often subject to both legal and social discrimination.

Not only is Beijing a large city, it is also the seat of national government, representing China both to the world and to itself. China’s leaders see Beijing as the model for Chinese development, and want it to be a world-class city. These ambitions often clash with the present reality of a crowded, somewhat dirty city. The former authority and centralized control exercised by Beijing’s leaders and planners has weakened, and planners are now faced with the challenge of planning for a rapidly growing and more diverse city.

Street markets are a visible locus of these changes. In them, employees of the state sector interact with those of the modern, independent sector. Beijing’s permanent residents meet and interact with the floating population, who dominate the vending sector. Street markets,
although rooted in tradition, are a new phenomenon for most of today’s planners, and are perceived by some as tarnishing Beijing’s reputation as a modern city. This traditional form of commerce is often at odds with modern planning concepts and priorities. This conflict of interest is most clear in the difficulties faced when a road is used for both cars and markets.

3. Research Questions

The purpose of my study was to test the assumption that street markets provide an important role and function in urban life, furnishing both necessary goods and a vibrant street life. Having established the validity of this assumption, I wanted to address the difficulties created by markets, and make suggestions to improve the situation.

Some of the specific questions raised in the study were:

1. What role do street markets play in Beijing’s cultural and economic life? Are street markets a particularly Chinese form of commerce? Are they especially worthy of conservation?
2. How can problems of traffic congestion and noise related to street markets be addressed?
3. What are the merits of markets being located on the street? Can they continue there? What physical structures and layout are most successful? Can similar costs and accessibility be provided in indoor facilities?
4. How can problems of health and sanitation in street markets be addressed?
5. How successful is the current management fee and tax collection system in street markets? If it is not successful, how can it be improved?
6. What are the aesthetic merits of markets? What role do they play in tourism?

For this study, both vendors and residents were interviewed; the former about the logistics of marketing and management issues, the latter about their shopping patterns and their opinions about street markets. Two study areas were selected, one in the old city, within the boundaries of the former city wall, and one in the modern city. While I wanted a general picture of the role and perceptions of markets, I was also interested in whether significant differences existed between the two areas, which have different physical and socio-economic characteristics.

Another theme that became apparent as the study progressed was that of the absorption of migrants into the city, both economically and socially. Vending was dominated by migrants; it was one of the key sectors for absorbing the floating population. Nonetheless, there were obvious tensions between Beijing residents (Beijing ren) and people from other places (waidi ren), both in the street markets, and in society in general. This brought up the issue of labour market participation. Was participation in vending a choice or was it forced? Did Beijing residents and migrants have different reasons for becoming vendors? Does the fact that most vendors are migrants add to the negative perception of street markets?
Street markets bring both advantages and disadvantages. Among the benefits are convenient shopping, the availability of fresh and high quality goods and generally cheap prices. Potential problems include traffic congestion, noise, unhygienic conditions, garbage, and difficulties with emergency access. Other issues raised in the discussion of street markets are the aesthetic considerations of the proliferation of semi-permanent structures, and cultural conservation.
Chapter Two: Theory and Conceptual Framework

Street vending can be investigated from many perspectives. For this study, writing on the Chinese ‘individual sector’, or small-sector enterprises, and the theoretical debates on the informal sector provided useful insight on the economic structure of street vending. Recent writing on migration in China and the phenomenon of the floating population also proved useful.

1. The Individual Sector

Most street vending in China falls under the category of the ‘individual economy’ (getijingji) or small-scale private enterprises. The Chinese government distinguishes between getihu (literally individual households) or individual enterprises which have fewer than eight employees and are usually family based, and siying qiye, larger, private enterprises with eight or more employees (Wu Yushan, 1994). Hershkovitz identifies three key characteristics of the individual economy recognized by Chinese economic writers: (a) private ownership of the means of production; (b) individual or household labour; and (c) control of the earnings from labour (Hershkovitz, 1987, 33). The category of getihu can include both an old man selling toys in a market to supplement a pension and a hotel owner with substantial capital and several employees.
The individual sector was legalized early on in the reform period and received constitutional protection in the 1982 Constitution. It was argued that getihu development could fall under the Marxist framework because employing oneself and one’s family members did not constitute private employment of labour and was thus deemed non-exploitative (Wu Yushan, 1994). In 1990 there were 12.4 million registered small private enterprises (getihu) in China; as subsequent national policy has sought to encourage this sector, it is doubtless larger today (Wu Yushan, 1994).

The individual sector has received significant government support for its role in creating employment and stimulating commercial and service activities. Chinese economic reformers have seen urban individual enterprises as a way to absorb surplus labour, both urban dwellers and members of the floating population. Massive layoffs in the state sector, and the freeing up of rural labour, have resulted in growing numbers of unemployed, whom the government does not have the resources to adequately support. Clearly, however, the individual sector is not an automatic form of labour absorption; if 10,000 people are laid off from a state industry, they cannot all enter the individual sector successfully.

Despite its success, the individual sector has been viewed with suspicion by many conservative cadres, and with jealousy by many in the state sector. Small scale enterprises encountered many difficulties early on in the reform. Hershkovitz points out “that the growth

1 Although it should be noted that this support is undermined by the state's attempts to protect state enterprises. Bruun points to the 'ambivalence' of the central government, encouraging private business, but limiting access to raw materials, credit, housing, labour and social security (Bruun, 1990).
of the sector was hampered by rigidities in a system designed to eliminate rather than accommodate private enterprise, by negative societal attitudes, and by opposition from basic-level cadres and agencies” (Hershkovitz, 1987, ii). The success of the individual sector has varied dramatically from region to region. The role of local authorities in either supporting or inhibiting the private sector’s growth has been crucial. Bruun argues that “the practices of local authority are a strong conservative force in the ongoing reforms, and... a massive impediment to the social changes following in the wake of economic liberalization” (Bruun, 1990, 34).

The lack of strong and consistent leadership from the national government has resulted in growing corruption. Local bureaucrats have great control over individual business which have no power to complain or appeal unfair or illegal treatment. In modern China, there is often a huge gap between the law and actual practice.

Although those involved in the individual sector are, in general, wealthier than those in the state sector, their social status is lower and they are seen as having a low level of culture (wenhua shuiping) (Bruun, 1990). This perception has historic roots; in traditional China, merchants were at the bottom of the social hierarchy (Hershkovitz, 1987). Social prestige, both traditionally and in the Communist period, has been tied to education and to one’s position in the state’s bureaucratic hierarchy. In the reform period, the effect of this value system has been that social position and wealth are not necessarily related. It is particularly galling for those in the state sector that “the wrong people got rich first,” including ex-
convicts, illiterates, peasants, and outcasts from the socialist system (Bruun, 1990, 39). This has contributed to a growing cultural divide. Those in the individual sector have money, but no power and voice, those with status and prestige often have little money.

The rise of the 'new rich' has resulted in growing resentment, often voiced in the state media with charges that the getihu evade taxes and engage in corrupt practices. In actual fact, it seems that it is easier for larger, well-connected private and joint state-private companies to break and avoid the law than it is for small businesses. While it is impossible to get figures on corruption, it is widely believed that officials have been well-situated to benefit from the economic reforms through the levying of fees and taxes that are not remitted to the state coffers.

The relationship of the individual sector to the state-controlled political economy is disputed. Some see it as belonging to the market sector, while others see it as state-controlled. Hershkovitz argues the individual economy must be seen in the context of 'socialism with Chinese characteristics', neither a return to traditionalism nor capitalism, but "a new approach to confronting issues common to all developing societies" (Hershkovitz, 1987, 23).

She points out, nevertheless, that the existence of this sector is "in some sense a symptom of the failure of socialist development" (Hershkovitz, 1987, 563). It is true that the state sector continues to dominate China's economy, and that central planning plays a significant role in the economy, although its share and influence are in a downward curve. I would argue that the lack of consistent and uniform regulation, poor tax collection, and general autonomy of
operation mean that the individual sector is closer to the growing market economy than to the state economy.

In recent years, both the vitality and the acceptance of the individual sector has grown, but so has the existence of vendors (and other entrepreneurs) who operate outside this sector, without licenses and contact with the state authorities only for the paying of fines or bribes. In my study, I encountered many ‘illegal’ vendors, operating without permits and licenses. The issue and definition of legality is an important one. I will use the term ‘illegal’ to describe those with no formal status as vendors. As will be discussed later, the issue is complicated, with a continuum of formality/legality from those operating in a legal market, with all the appropriate paperwork, to those operating in street-side agglomerations with no licenses or permits.

2. The Informal Sector

Vending activity is usually addressed in the international literature as a part of the informal sector, and examined in contrast to a formal, institutionalized and capitalist economy. This presents obvious problems in the Chinese context where the economy is still dominated by state ownership and control, and the individual sector is regulated by the state. Nevertheless, street vending in China shares many of the attributes of the informal sector in other countries and, as will be discussed, the level of formality varies significantly. Many vendors operate without licenses and formal getihu avoid taxes and evade regulation in other ways.
2.1 Approaches to the Informal Sector

There is great debate in the literature on the definition, qualities, and status of the informal sector. Perceptions of the sector vary drastically; from the negative conception of marginal and subsistence level livelihoods to the positive interpretation of burgeoning small enterprises, ready to enter the mainstream economy (Bromley, 1978, Tinker, 1987). The focus on the sector began in 1969 with the adoption by the International Labour Organization (ILO) of its World Employment Programme, and the realization that a significant proportion of workers were engaged in non-industrial, non-formal occupations. The ILO funded a series of studies on this sector, and the 1972 Kenya Mission report identified several key characteristics that remain the foundation of the debates on the informal sector. These were: (a) ease of entry; (b) reliance on indigenous resources; (c) family ownership of enterprises; (d) small scale of operation; (e) labour-intensive and adapted technology; (f) skills acquired outside formal schools; (g) unregulated and competitive markets (ILO, 1972, Tinker, 1987).

This ILO definition is disputed by many, either in its details or in its entirety. Lubell points out that many of these qualities are relative, that entry to the informal sector is not always easy, that foreign resources are sometimes used, and that the lack of regulation is often due to enterprises lack of knowledge or conscious evasion of government rules. He identifies two key characteristics of the informal sector: the small size of enterprises, and the avoidance of regulations and taxes (Lubell, 1991). McGee and Chandra argue that, put simply, the ‘informal sector’ is a synonym for small-scale economic activity (McGee & Chandra 1984). Despite some wrangling over detail, these above approaches to the informal sector all fit into
what Rakowski describes as the ‘ILO-PREALC approach’, which uses a dualistic concept, contrasting the modern sector with the informal, equating informality with poverty, and advocating an increased government role in supporting informal enterprises (Rakowski, 1994).

The underground economy approach to the informal sector rejects this dualistic division between modern and informal sectors. Castells and Portes describe informality as a process cutting across both advanced and developing countries, and including not only street sellers but wealthy consultants who do not pay taxes. They argue that the informal economy is "a specific form of relationships of production, while poverty is an attribute linked to the process of distribution" (Castells & Portes, 1989, 12). In their definition, informality refers to the avoidance of or violation of formal rules and laws relating to minimum wage, taxation, labour standards, and reporting of wages and purchases. This approach stresses the linkages between the formal and informal economy, the exploitation of labour, and the internationalization of capital resulting in further exploitation. Like the ILO approach, this approach argues for state intervention to address inequities and exploitation, and encourage entrepreneurship (Rakowski, 1994).

Another influential approach to the informal sector has been the legalist approach put forward by de Soto (1989). He argues that the informal sector is not a product of structural differences, but is created by differential legal treatment by the state. Followers of this approach agree with the definition of the informal sector as small-scale businesses, but argue
that informality is chosen because of the high costs associated with legality, and advocate the
elimination of state interference in the market. Complex and unnecessary regulation and
harassment stifle the informal sector, which, if released from governmental interference, has
the energy and vitality to stimulate rapid development. This view has been criticized as
romanticizing the poor, and offering a simplistic solution to underdevelopment (Rakowski, 1994). While simplification and abolition of some regulations will help small-scale
enterprises, other problems such as limited access to credit and resources, exploitation by
larger companies and poor education and skills will still hamper those involved in the
informal sector.

Rakowski points to the widening of this debate in recent years to include not only academics
and economists but also community and non-governmental agencies, politicians, business
leaders and planners. She points to the role of NGOs in promoting the ‘micro-enterprise
development approach’, focusing on action, not theory, and aimed at poverty alleviation,
empowering the disenfranchised, and development of skills and capacity. This perception
shares the legalists’ optimistic view of the poor as capable and resilient entrepreneurs.

The role of women in the informal sector has received increasing attention in recent years,
particularly in Southeast and South Asia where women play a prominent role, particularly in
in seven countries, Tinker points out that the historic neglect of women’s work, both paid and
unpaid, means that the role of women in the informal sector has been underestimated (Tinker,
Tinker argues that social and community values must be assessed when addressing the informal sector: "Basic to any new theory of development and change must be a recognition that other values exist besides those which exalt the profit motive and the unconstrained individual" (Tinker, 1987, 73).

The informal sector's character and status varies from country to country, and even within countries. In a 1984 review of the literature, Moser points out that while she believes that the informal sector is exploitative, it must be stressed that "exploitation within the informal sector is diverse and distinct depending... on the particular function of individual enterprises within the city, regional, national or even international economy" (Moser, 1984, 167). McGee and Chandra point out that small scale economic activity benefits not only larger enterprises, but also the state, even as many developing world governments actively try to eradicate this sector (McGee & Chandra, 1984, 184).

What seems clear is that the circumstances and success of those involved in the informal sector vary widely from country to country, and even within one city. Regardless of how it is defined and perceived, the informal sector is here to stay. Thus, I agree with those in NGOs and development agencies that action is crucial, with the proviso that in order to design effective policies to support the informal sector, it is necessary to study the socioeconomic features of both the specific informal sector activity and the particular city in which they are located. Policies that work in one country, for one occupation, may not translate across national and job classification boundaries.
2.2 Street Vending

McGee established useful approaches to the study of hawkers in various works in the 1970s. With Yeung, he argues that “hawkers and vendors play a significant role in the distribution of commodities in Asian cities and, because of this, must be accepted as a fact of life” (McGee, & Yeung, 1973, 116). McGee points out that while hawking creates problems such as traffic congestion, tax avoidance and waste creation, it also provides cheap, easily accessible goods, employment, a training ground for entrepreneurial skills and a picturesque quality that can be a tourist draw.

McGee identifies types of locational patterns, hawkers and wares sold. He categorizes vending sites as markets (covered spaces), streets hawkers (in a linear arrangement along the street), focused agglomerations (outside covered markets) and bazaars (a grouping of stalls and peddlers in places usually used for other purposes such as a parking lot, a place of entertainment as well as commerce). He also distinguishes between itinerant hawkers, fixed pitch peddlers (without a stall), fixed pitch stalls and market stalls. These various type of hawkers are found at different locations; itinerant hawkers travel a familiar and permanent route, the fixed pitch peddler is found in the bazaar and in focused agglomerations, fixed pitch stalls are found in bazaars and lining streets (McGee, 1970). McGee points out that hawkers cooperate over the location of their vending sites, and observe business etiquette, such as not calling to a customer who has moved beyond his pitch.
Smart’s study of Hong Kong vendors focuses on the illegal (unlicensed) vendors and their interaction with the state officials. She argues that for these vendors, predominately non-Hong Kong born men with little formal education, street vending is a rational choice. Their limited education and lack of English skills inhibit their success in wage employment, whereas Hong Kong born residents have greater opportunities for socioeconomic mobility (Smart, 1987). Factory work is available but vending offers both higher income potential and greater personal autonomy (Smart, 1988). She discusses the frequent raids on illegal hawkers, where “speed, agility, strength and luck are the necessary prerequisites for a successful escape from the preying enforcement agents” (Smart, 1988, 107). She points to the fact that the criminalization of hawking has resulted in the informal regulation of access to spatial positions, electricity, water and storage by vendors themselves, or by triad organizations. Illegal hawkers use various strategies in response to government crackdowns: voluntary relocation to less popular locations; changing working hours to avoid the usual hours of raids; and sharing information about the activities of the enforcement agents (by phones, and walkie talkie, possibly with the use of triad controlled observers). Other tactics used are designing highly mobile hawking units, and establishing access to an escape route or a safe refuge (such as a nearby shop), or vending from an unmarked van that can be easily shut up when a raid occurs (Smart, 1988).

Tinker’s evaluation of the Street Food Vendors Organization (SFVO) in Minia, Egypt (1993) argues that the establishment of a non-governmental organization of vendors can provide greater legitimacy and a clear lobby. Such an organization can negotiate with officials to
reduce harassment while addressing important issues such as traffic congestion and food safety. Such bodies can also be used, as in the SFVO case, to improve access to health care, to facilitate social and information exchange, to provide insurance, and to provide loans and a food warehouse (Tinker, 1993).

3. Planning for the Informal Sector

The informal sector has a direct impact on the economy and society, regardless of the level of government sanction. Bromley argues that: "Even if small enterprises are not supported, they should be planned for" (Bromley, 1985, 321). He identifies three basic approaches for governments to take: tolerance, repression and promotion. Repression is costly, not only in terms of enforcement, but in terms of lost revenue, and loss of access to goods and services. The obvious benefits of the informal sector in providing employment, services, and cheap goods point to the need for tolerance and/or promotion. There is general consensus in the literature on street vending that repression is pointless and harmful. Tinker argues that governments should "recognize and support street food sellers not disparage and harass them" (Tinker, 1987, 2).

In a paper on street occupations, Bromley argues for more positive policies towards street occupations, but suggests that street worker mobilization may be the only way to achieve more favorable policies (Bromley, 1982). Bromley advocates the orientation of city design to accommodate small enterprises, including making streets "congenial areas for pedestrians,
stall and shop traders, and slow-moving traffic, and ensuring they are areas for social interaction, recreation and commerce as well as axes for the flows of people and goods”, allowing for diverse economic and social activities in every neighborhood, assuring the availability of locations for enterprises and markets, and building markets cheaply and in such a way as to facilitate commercial activity. He also suggests transferring control and ownership to vendors, thus encouraging them to take a greater responsibility in maintenance, waste removal, and security (Bromley, 1985, 335). He further advocates participatory planning, including representatives of small enterprises in planning for their regulation (Bromley, 1985).

Harper addresses the challenge of planning for the informal sector, suggesting that: “perhaps all that can or should be expected from planners, in the past or in the future, is recognition of the existence and importance of informal business... benign neglect or even random but limited interference may be far more beneficial for informal businesses than active positive intervention” (Harper, 1996, 99). He points to the impediments on formal planners to change their approach to the informal sector; including the opposition of powerful vested interests, the diversity and huge number of informal enterprises, hierarchies of caste and origin, the multiplicity of agencies involved and the internal politics of the various authorities (Harper, 1996).

McGee and Yeung argue for the development of specific policies by urban administrators to accommodate hawkers in the short term, and in the long run, integrate hawkers into the
retailing system (McGee & Yeung, 1973). Their practical suggestions for management include simplifying and channeling administrative responsibilities, a flexible system of control, consultation with hawkers, organization of hawkers into groups, education programs, and the creative and flexible use of public space for markets.

4. The Floating Population

A major consequence of the economic reform in China has been the migration of people from rural areas to towns and cities in search of employment and greater income. A decline in the growth rate of peasant income, the scarcity of productive land, limits on the prices of agricultural production, and the limited capacity of rural industry to absorb labour, all contribute to the outflow of migrants (Du Ying, cited in Beja, 1996). Migrant networks facilitate the journey to the city, the location of housing, and finding a job. Much of this migration is in fact cyclical, with many people returning home for the planting and harvesting seasons, and for Chinese New Year.

Three quarters of China’s rural labour migrants are male, with a median age of 27 (Roberts & Wei, 1996). Migrants are neither the poorest nor the least educated members of their villages (Beja, 1996). Once in the city, they find jobs in construction, commerce (including vending), manufacturing, manual labour and the service sector. Although most migrants move to the city with the short term goal of making money for marriage or to build a house, many change their plans and want to stay on (Huang Ping, 1996).
Beijing’s floating population is over three million, in a city with over eleven million permanent residents (Interview with municipal official, 1996). A city-sponsored research study in 1994 found that of the 2.8 million migrants, 92% were from other provinces, 6.6% from the rural areas of Beijing, and 1.5% from Macao and Hong Kong (Beijing Urban Planning Institute, 1994). The survey found that 29% were involved in the independent sector, either as vendors or operators of small businesses. 21% were employed in construction, 6% in either restaurants or in the repair and service sector, and 5% in industry. Clearly most migrants take somewhat undesirable jobs, often requiring little education or training. The same survey found that 85% had a lower middle school education or less (Beijing Government, 1994).

The floating population puts considerable stress on a city that is already hard pressed to house its permanent residents. Migrants end up forming informal communities on the outskirts of Beijing’s built-up area. Regional ties often play a strong role in the development of these communities with people living together with others from their province or county. These ties also play a role in job-finding, and loans of money. The largest of these communities was Zhejiangcun (Zhejiang village) to the south of Beijing. Zhejiang migrants formed a community of almost 100,000, which became a garment production and retail centre. This community developed outside the formal city structure, eventually running its own school and police force. Due to the lack of formal planning, waste and sewage disposal were far from adequate, and the existing infrastructure, planned for a rural community, was completed overloaded (Liang Wei, 1997). Although Zhejiangcun had good relations with the
government of the county it which it was situated, its sheer size and success brought it into conflict with municipal officials who were alarmed at the creation of this large, autonomous community. It was bulldozed in 1996, but within a few months, several thousands had returned and a new community was developing. The case of Zhejiangcun is a clear example of the conflicts engendered by the transition from a planned economy to a market economy.

4.1 State Control over Migration

The state attempts to control migration through a series of bureaucratic measures. The most important of these is the *hukou* system, whereby everyone is registered according to the place they live, and is given either an agricultural or urban classification, which has bearings on access to employment. Citizens of Beijing who are registered in the outlying counties have agricultural registration, while those in the city proper have urban registration. Under Chinese socialism, an urban household registration provided cheap basic foods, urban amenities and, for the state employed, welfare benefits. Most migrants can only obtain temporary registration; they are denied many of the rights of city-dwellers, particularly in the areas of education, housing and employment (Croll, 1996). While the *hukou* system may be abolished in the not too distant future, at present it has great implications for the lives of migrants, channeling them into low-paying jobs of insecure tenure without the iron rice bowl benefits enjoyed by most urban dwellers. It creates a great class divide nationwide between peasants and non-peasants, and, within cities, between the privileged urban residents and the migrants who form the vast part of the service sector.
Urban areas in China are often hard pressed to meet the needs of their own citizens, without the additional burden of providing housing and employment opportunities for the migrants. Solinger argues that with the influx of migrants “municipal gatekeepers sought to withhold the usual privileges – the welfare – of city existence from them even as these outsiders themselves slithered away from the controlling constrictions that once so snugly tied urban dwellers to their moorings” (Solinger, 1997, 118). She points out that while one can deny migrants access to hospitals, schools and formal housing, it is impossible to exclude migrants from the key public goods of water, electricity, public transportation and food.

While migrants’ usage of water clearly reduces the total supply of an inelastic good, food, another key good, is relatively elastic. Nevertheless, the common perception of Chinese planners is that more people means less food and higher prices. Migrants, however, are underconsumers, and food price increases are due to more complex reasons, including reduced subsidies (Solinger, 1996). China’s problems with urban supply stem from more complex causes, such as the transition to the market economy. Solinger disagrees with the common perception of migrants as a burden on the city: “Chinese urban migrants... fulfill for natives the role of scapegoats more than they do that of serious poachers” (Solinger, 1996, 139). Chinese planners have avoided and ignored the floating population, but it is only by admitting to the existence of this complex situation that costs and benefits can be weighed, and problems addressed.
Chapter Three: Methodology

1. Research Methods

Research on this project began long before I reached Beijing. It was difficult to predict the conditions of markets in Beijing from Canada, so my initial task was to conduct a broad survey of the English literature about urbanization, street forms, and development of the independent sector in China. On arrival in Beijing, this was supplemented by the collection of relevant newspaper articles and government documents in Chinese. I also watched Chinese television news and magazine programs to see how issues relating to markets were covered.

I then selected two site areas, reflecting different spatial patterns and market conditions. Participant observation, mapping of vendors' locations, and counting of vendors were carried out to get a general idea of vending activities, locations, and dynamics. After some informal interviews, a questionnaire was designed and tested. After some modifications, I began to do the interviews, accompanied by a translator.

Since the focus of the study was on the role of vendors in the community, I decided to interview a sample of both vendors and residents. These interviews were accompanied by interviews with officials in the various municipal offices associated with vending. I wanted to hear from vendors, residents and officials in the same community about their perceptions of street vending.
2. Choice of Site Location

I choose to conduct this research in Beijing because of its unique role as capital city. The fact that a Qinghua professor shared many of my research interests, and was willing to sponsor my work, was also an important factor in choosing Beijing. A further reason was that I was very familiar with the city, having lived there in the mid-80's.

Once in Beijing, I decided to look at two different areas, one in the old city, one in the modern city. Both sites were in the northern part of the city, because of their relative proximity to Qinghua University where I was studying. The first, Jiaodaokou, in the old city,
was selected both because of the diversity of marketing activity and a pre-existing relation between the local street committee and the Architecture Department at Qinghua University. It was administered by the Jiaodaokou Street Committee, and was in the Dongcheng or Eastern City District. This area had no planned market area, rather, *hutongs* and the side of a major street were set aside for markets at designated times. There was one morning market, and two daytime markets.

The second area, Shuangyushu, in Haidian District, was to the north of the Third Ring Road. It was selected because it had been planned under city-formulated guidelines. There were two indoor markets in the area, a formal morning market, and some illegal vending.

### 2.1 The Inner City Study Area: Jiaodaokou

Inner city areas are crowded and there is little available space to establish street markets or build new covered markets. In Jiaodaokou, there are three markets, all situated on the street or sidewalk. The principal market was the Daxing morning market, with over 200 vendors selling primarily foodstuffs, which virtually blocked three *hutongs* from 6:30 to 11:00 a.m., with some vendors staying after the official closing at 10 a.m.. Maoer Market was an all-day food and small household goods market in a *hutong*. Although the *hutong* was wider than average, at peak hours the market posed some traffic problems. Zhangzizhong Market, an all-day market selling clothing and household goods, was located on the sidewalk on a main street, and presented few problems for passing cars and bicycles. Nonetheless, it is scheduled
to be closed under a current program of market clearance. I saw no illegal vendors in the Jiaodaokou area.

2.2 The Outer City Study Area: Shuangyushu

In Shuangyushu, there were both legal and illegal markets on the street, and two indoor covered markets. Even though the area had two busy indoor markets, there was also a large morning market for vegetables, and, a small market run by old ladies from the neighborhood who sold clothing. The Shuangyushu Market was a simple building with stalls in which food and clothing, were sold. There was also a brand new market, the Haizhong Market, which was located in a five storey building. The top three storeys were rented as office space, and the market, containing 274 stalls, took up the lower two floors. About one hundred metres away from this market, a group of illegal vendors sold vegetables on most days. There were also occasional mobile vendors circulating in the semi-public space surrounding the apartment buildings.

3. Interviews

3.1 Developing the Interview Guide

In order to get more detailed information about people’s usage of and attitudes to markets, I decided to survey both vendors and residents. I prepared interview guides for both vendors and residents, using other guides as a model (McGee, 1970, Leaf et al, 1995). The survey
questions and technique were tested and changed to take into account local terminology, needs, and variations. By virtue of the circumstances – interviews generally took place in crowded streets or public open space – my interviews could not be too formal. In both vendor and resident interviews, I tried to get a diverse range of respondents, but could not apply a formalized process. I set a target of 25 interviews of vendors and residents in each neighbourhood.

3.2 Vendors

These interviews focused on the vendors’ backgrounds, the day-to-day running of their stalls, and their relationship with management and customers. The interviews took place in the market as vendors conducted business; they took anywhere from ten to twenty minutes. I tried to approach vendors with a variety of characteristics – different types of products, different types of vending units, different locations in the markets, a range of ages, and a representation of both men and women. The population of vendors changed from day to day, and from hour to hour, especially in the morning markets, where people leave when they have sold out their goods.

Almost all the vendors approached were willing to participate, as long I did not interrupt their business. The exception was illegal vendors, who refused to be photographed, and, unless in a grouping of more than five other illegal vendors, did not want to be interviewed. As the vendors were engaged in business, the interviews tended to follow a conversational pattern, with frequent interruptions. Indeed the informality was an advantage as people were more
willing to talk in a casual manner; attempts to strictly follow the order of the interview guide would have interrupted the flow of conversation. The sight of a foreigner and a Chinese translator engaged in a long discussion with a vendor attracted the interest of neighbouring vendors and onlookers, leading to some circumspection in talking about financial matters, such as profit.

Although I was somewhat doubtful about the accuracy of income and expense-related figures, particularly for farming-related income (owing to fluctuating agricultural prices) variations in monthly profit, and the tendency to understate one’s income, I decided to ask these questions to get a rough idea of the kind of profits garnered in relation to expenditures. This problem is one I shared with the tax authorities, who have resorted to flat taxes, rather than income related ones, because of the lack of financial documentation, such as receipts of vendors’ incomes.

Women were somewhat reluctant to be interviewed, particularly if their husband or business partner was present. Women vendors were also clearly in a minority, and most of those interviewed were working with husbands or male family members.

3.3 Residents

In both areas, resident interviews were conducted after the bulk of vendor interviews had been conducted. They focussed on residents’ shopping patterns and perceptions of markets in their neighborhoods. In Jiaodaokou, potential interview subjects were located by entering
different courtyards in the street committee area, both near to and far from the area’s markets. We approached the first residents we saw, who were usually willing to be interviewed, unless they were on their way out. Out of four to eight households in a courtyard, someone was usually home, and would come out to find out what we was doing there. As interviews were conducted during the day, old people, especially old women, were the largest single group interviewed. Fortunately, these women were usually the principal shoppers for family units. Some younger people were interviewed usually those who were home for their lunch break. Courtyard residents demonstrated a great deal of knowledge about their community, telling me about any break-ins or thefts in the courtyard. Interviews were usually very relaxed, we were invited in and given tea, and interviews followed a conversational format, with detailed responses and long asides about the great changes taking place in society.

In Shuangyushu a different data gathering approach was used. In apartment buildings, it was harder to find people who were home, and those who were often reluctant to come to the door. We decided to approach residents in public spaces outside the apartments, either in the local parks or the small landscaped areas at the foot of many buildings. Again many of the interviewees were old women, often looking after children, or exercising. We also interviewed people as they shopped or on their way home, to get a broader demographic sample. Each interview began with the question of where the respondent lived, so as to rule out those who lived elsewhere, but were shopping there (this was not common; we only ruled out two or three people).
3.4 Officials

I interviewed several officials, including those in neighbourhood and street committees, in the street committee Market Management Section, the Industry and Commerce Bureau, Taxation offices, and the Beijing Planning Institute. These represented both a vertical and a horizontal cross-section of those involved in the planning, administration and regulation of vending activities. I also met with academics, researchers, and representatives of international development agencies.

I encountered some difficulties in my interviews with Chinese officials, due, no doubt, to the reluctance to speak frankly with a foreigner. Low level officials were sometimes reluctant to talk to me until permission from higher-up officials had been obtained. This sometimes had the result that higher up officials gave extensive and extremely helpful interviews, at the end of which they indicated that the questions would have been best addressed to someone at a lower level of administration. My presence was a drawback in interviews with low level officials, as they clearly felt uncomfortable and were less likely to speak freely. In view of this problem, my translator, who was very familiar with the study, did the later interviews by herself. Interviews with academics and researchers were less guarded.

Generally, officials did not seem too concerned about a foreigner conducting research in the market. Nevertheless, in one rather nasty incident, an angry market administrator shouted for about twenty minutes at me and my translator, questioned the validity of my credentials, and sent us to the local police to obtain permission to continue our interviews. I had already
interviewed this official's supervisor without problem, but he was determined that my research should not proceed in that market. The police suggested we were investigating national secrets, a rather alarming if ridiculous assertion. The whole matter was never clearly resolved, and we were unable to continue interviews in that market. Fortunately this incident was an exception, not the rule.

4. Translation

Although I spoke some Mandarin, it was not good enough to conduct full interviews by myself. The fact that many of the vendors were migrants, with thick regional accents, made it difficult for me to follow these interviews. The interviews were conducted in Chinese by a Qinghua University student, while I took notes in English. We then went over the answer sheet to confirm my notes, and fill in the parts that I had not understood. I was fortunate to work with a student who shared a strong interest in the project; she played an important role in refining the interview guide, and in choosing interview locations and subjects.

My presence changed the interview dynamic. In some ways people, especially the vendors and residents, were perhaps more likely to talk with me there, because of their interest in me. Due to the conversational tone of the interviews, I frequently found myself answering the same demographic questions that we were asking – my nationality, age, marital status, occupation and reason for being in the market were common questions. Nevertheless, the respondents may have answered somewhat differently had I not been there, although this was
of course impossible to test. I felt that my presence was important in order for me to get a good understanding of the issues.

5. Conclusion

The data that I collected was not intended to be a comprehensive, quantitative study of markets. Rather, I was trying to get a general picture, and to discover some of the common marketing and shopping patterns and perceptions and attitudes about street vending.

Respondents, in particular vendors and residents, were surprisingly frank. I had lived in China in the mid-80's when people were very reluctant to address issues to do with the non-state sector, and would only criticize the current situation and policies if there was a strong bond of trust. Thus I was surprised that people were willing to make statements critical of government policy or indicative of their own avoidance of government regulations. This openness was one of the strongest indicators of the great changes wrought by the reform.
Beijing covers 16,806 square kilometres, and includes eight urban and suburban districts, and ten rural counties. The eight built-up districts cover an area of 1,369.9 square kilometres, with the highest density of population and industrial activity. Beijing’s population is still heavily concentrated in the central city with over 80% of the population living on 6% of the
The built-up area has densities in excess of 10,000 people per square kilometre, while the inner city has densities of 28,000 people per square kilometre, most of these living in single storey housing (Wu Liangyong, 1996, 2). As Beijing is sited on a dry plain, it suffers from severe water shortages and depletion of the underground water supply. Industry, the use of coal as a fuel, and traffic congestion all contribute to poor air quality.

Beijing’s historic and fundamental role is as “the centre for national political and cultural life, and for international exchange” (Wu Liangyong, 1996, 2). In the post-1949 period, the policy of industrialization of cities led to great industrial development in Beijing, the legacy of which is found today in pollution, and pressure on water and energy resources. In 1991, 23% percentage of Beijing’s land was devoted to industrial and warehouse use, although attempts are being made to reduce this concentration (Yu Xuewen, 1996). In the reform period, the commercial and retail sector has developed, although the amount of land dedicated to commercial use is still small (Gan Gouhui, 1990). Residential areas have inadequate formal commercial areas which do not meet consumer demand. Commercial centres do not have enough service and complimentary facilities such as storage, banks, post office, and parking (Wang Qinghua, 1996).

Recent planning approaches have addressed Beijing and its neighbouring cities of Tianjin and Tangu in a regional context. These three cities have a total population of over 30 million. Attempts have been made to distribute development and population through the development of new satellite towns and, in Beijing, a policy of 'scattered cluster' or 'scattered
conglomeration' which focused development in nodes around the city, concentrating resources and preserving green space (Cao Lianqun, 1993, Liu Jian, 1996). Nonetheless, many of the official green space areas have been covered by housing, due to ineffective and lax development controls. The city’s built-up area has expanded rapidly, in disregard of the official master plan. Local governments within the city of Beijing have given permission for developments that contradict the official plan of the city. Recent developments of one storey housing for migrants on farmland on the urban fringe have eaten up much of the nearby farmland.

Rapid development of the historic inner city has seen many old courtyards torn down and replaced by large commercial buildings or hotels: “reconstruction has been hurriedly done by market-minded enthusiasts who... care more about instant profits than about preservation of the local features” (Zhao Bingshi, 1996). Recently, more attention has been focused on preserving and restoring old neighbourhoods, while dealing with the pressing problem of renovating overcrowded and rundown courtyards (Zhang Jie, 1992, 1996). The greater value of inner city land has lead to redevelopment of inner city courtyard neighbourhoods with the original populations compensated and relocated to outer city apartments (Lu Junhua, 1996, Abramson, 1996). While this has obvious immediate benefits for residents in that the new apartments are more modern and clean, the disruptive effect of relocation on social networks has not been assessed (Leaf, 1995). Beijing also faces traffic congestion, as the number of cars grows 14% every year. In 1996 there were 800,000 cars and over eight million bicycles (Yuan Xin, 1996, 3).
Beijing’s planners find themselves facing rapid development, poor control over local governments, increasingly strained resources to fund infrastructure, and a huge floating population that, while technically temporary, still puts pressure on existing resources. They operate in a reality where master plans are often disregarded because of the influence of politicians in an underdeveloped legal system. Zhao sums up the situation, stating that: “[the nouveau riche] try their best to make money when the officials in charge of matters of urban construction have a poor sense of right and duty” (Zhao Bingshi, 1996).

1.1 Differences Between the Inner and Outer City

Beijing’s ancient inner city is composed of a formal grid of main streets running north-south and east-west. They are the main transportation corridors and commercial venues. Narrow lanes or hutongs run east-west with courtyards opening off them. This road system was originally designed for pedestrians and horse carts. The outer city begins at Beijing’s former city wall, now the location of both a major ring road and the subway. The outer city was built mostly in the post-1949 era, following a Soviet model, and is marked by wider streets and easier access for cars and bicycles. In the inner city, the hutong is central to the community, but is not used as a commuter route. In the outer city, there are no such ‘community roads’; the main commercial street for residents is often a major commuter road. The spatial arrangement of the inner city is much more conducive to creating a locally oriented community, while the outer city neighbourhoods are less spatially and socially focused.
Residential living is organized very differently in the two areas, with the older area composed of multi-household courtyards entered off the *hutongs*, and the newer area made up of six storey walk-up apartment buildings and apartment towers. In the old city, the inner space of the courtyards and the *hutongs* provide semi-private areas for residents to dry clothes, store goods, exercise and childcare. In the new city, balconies take over most of the storage and drying functions, while the ground between apartment buildings is used for exercise and children’s play space.

### 2. Market Typology

To aid in the analysis of the impact of vending, I developed categories of markets, vending units, and types of goods sold. Different kinds of markets, vending units and goods sold have different impacts and planning needs.

McGee’s classifications of markets, bazaars, focussed agglomeration and street did not apply directly to Beijing. Almost all of Beijing’s markets have a street orientation, whether indoor or outdoor. Focussed agglomerations outside markets, but not on streets, were not common. Nor could I find any bazaars, or uncovered markets away from main streets. Night markets, specializing in snack foods, seemed to hold the same sort of entertainment draw of bazaars McGee describes, but they were located along streets that were less busy in the evening. Beijing markets are distinguished by the size, main product sold, consumer range, physical structure, time of operation, and legal status.
2.1 Wholesale Markets

Beijing has an extensive network of mostly government-run wholesale markets, that sell primarily to stores and vendors. There are several vegetable wholesale markets, located around the city that are the main supply of vegetables and fruit for vendors and government stores alike.

For dry foods, there are five main government wholesale markets which sell only in large quantities. Vendors are not allowed to purchase from these wholesale markets; instead they must buy from non-government sources or intermediaries, and thus some people are mistrustful of the quality of dry goods, such as soy sauce, or dried mushrooms. There are also wholesale markets for cigarettes, plastic goods, small consumer products, clothing, textiles, technology, mechanical parts, and so on.

2.2 Neighbourhood Markets

Street committees manage most of the smaller markets that are the prime source of vegetables and other foodstuffs for Beijing residents. These markets are described as agricultural products market (nongmao shichang) or general markets (jimao shichang). The main product sold is usually food: (vegetables, fruit, fish, meat, grain products) and daily use goods. In general, the vegetables and fruit available in these markets are of a greater variety, higher quality, and cheaper price than those available in government and private grocery stores. Government stores still play a major role in the sale of meat, grains, and daily use goods, although these products are sold in neighbourhood markets. In the case of fish,
markets tend to sell the cheapest and most common varieties, while government stores sell a wider variety.

Street committee markets can be both indoor (shinei) or outdoor (shiwei). Outdoor markets, usually described as street markets (malu shichang), are often restricted to a certain time, such as morning markets (zaoshi, literally early markets) selling primarily foodstuffs, which run from 6:00 to 9:00 a.m.. The morning markets are patronized almost exclusively by local residents. Evening and night markets are less common. There are also all day outdoor markets, usually located along main streets, which sell a greater variety of goods (such as textiles, clothing, toys, plastic goods) and attract residents, people who work in the neighbourhood and passersby. Some Chinese commentators use the term ‘three side markets’, referring to road-side, wall-side, and river-side markets (Beijing Daily, July 26, 1996).

Indoor markets are open all day, from 8:00 a.m. till 6:00 or 7:00 p.m.. They usually sell a greater variety of goods but are more expensive than morning markets. Indoor markets also attract other vendors who sell outside the main doors. Attempts are made to distinguish between the types of products available inside and outside, to cut down on the unfair competition provided by those taking advantage of the location and cheaper rental prices to sell products.
2.3 Informal Street Markets

Street vendors tend to set up along the sides of major streets or at busy intersections. These agglomerations attract both passers-by and residents. Vendors usually sell from late morning (after the morning markets close) to mid-evening. Due to the fact that these vending spots are not authorized, they are frequently shut down by officials.

2.4 Specialized Markets

Beijing has various specialized markets: including a bird market, a pet market, a flower market, an ornamental fish market, textile markets, clothing markets, antique markets, and breakfast and night snack markets. These usually draw clientele from all over the city, and attract a lot of tourists and foreign residents. Many of these are only open on the weekends.
3. Categories of Vending Units

There are a great variety of types of vending units, varying in mobility, construction, and cost to purchase or operate.

3.1 Mobile Vendors

The simplest type of vending unit is a bag or cloth spread on the ground to display goods. These vendors are often unlicensed and their display has the advantage of being very easy to pick up and move on when inspectors come. They usually sell light consumer goods such as textiles, clothing and makeup, and small commodities.

The most common vending unit is a bicycle cart, usually with a flat surface of about two square metres, although some are only half this size. The cart is used to display the goods,
but sometimes the selling area is expanded by bags and baskets placed on the sidewalk. Vendors use these carts as a means of transportation for themselves and their goods, going to a wholesale market in the morning to pick up their day’s goods. As bicycle carts are mobile, illegal vendors use them to try to escape when inspectors come. There are also covered bicycle carts, usually used to prepare snack food such as omelettes (jianbing) which have ingredients that should be sheltered from wind and dust. Goods such as cigarettes which can be damaged by rain are sometimes sold from these carts. Similar in use, if not in size, are trucks full of vegetables, driven in by Beijing area peasants.

The majority of vending units are mobile – either bicycle carts or trucks, but most vendors use these on a fixed pitch or site in a market. Itinerant vendors are less common, although some bicycle carts do circulate through residential areas, collecting recyclable goods and refuse, or selling beer and bottled food products in residential areas.

Not all mobile vendors are self-employed; some are employees of government stores, companies, factories and restaurants, who want to increase the range of their sales. Products such as mantou (a steamed bun), noodles, eggs, and boxed lunches commonly fall under this distribution pattern.
3.2 Fixed Stalls

The next level of complexity are stalls or tables rented from the street committee. The stalls are usually a counter with a small roof. People carry their goods by bicycle cart to these stalls on a daily basis.

Street committees also rent lockable stalls, like a small room, usually from two-four square metres. Vendors store their goods – usually durable goods or textiles – here over night, and some even sleep inside them. In some cases, electrical connections and even telephones are available. For those selling fish, water is supplied at a cost.

3.3 Privately Rented Space

Some private residents of courtyards or ground-floor apartments rent space to vendors or operate tiny stores themselves. Such stores are usually only two or three metres square, and are separated from the rest of the living space by a wall. These stores were not included in the study, except when the store opened onto a market street and were basically part of the market.

Some vendors sell from tables in front of stores that open onto the market. They pay both a fee to the shop for the use of space, and a management fee to the market. These vendors usually sell more profitable items such as meat or grains. Government stores also join in the market by selling goods from tables outside their premises.
It is difficult to distinguish vendors who are self-employed or *getihu* from those who are employees of state or government stores. In a lot of state-run department stores, individual stands are rented by private business people. It is difficult to distinguish these units from those operated by department store employees.

4. Wares Sold

The final category of analysis is that of wares sold. For the study, I settled on six categories in the resident interviews – fruit, vegetables, meat and fish, *zhushi* or staple grain products (usually noodles, buns, and other processed foods), *riyongping* or daily use goods (including toilet paper, soy sauce, cleaning supplies, oil) and clothing. These categories were used because they reflected the common usage of residents when discussing shopping habits. In mapping further distinctions were made, including: dried foods; snacks; household goods such as pots, pans, toys and sewing equipment; repair stalls; and newsstands in order to show the range of products sold.

These categories are important because of the different storage and transportation needs of products: wet goods must be bought and sold on a daily basis, while clothing stock is renewed on a less frequent basis. The cost of goods is also important, it is easier for poorer vendors to begin by selling vegetables which are cheap to buy, and have a rapid turnover, whereas clothing requires bigger up-front costs, and a slower period to make a profit.
5. Conclusion

The categories developed in the study reflect common Chinese perceptions and usage of markets and shopping. It was important to make these distinctions in order to address the complexities of markets. Different types of markets attract different buyers. A wholesale market, which attracts hundreds of bicycle carts in the early morning as vendors purchase their daily stock, presents different traffic problems than a morning market in a hutong.

Vending units types vary in their mobility, the type of goods that can be best sold from them, and their cost to the vendor. The different types of goods sold in the market must be transported, stored and displayed in different ways. These distinctions aid in the formulation of policy to address specific problems, and help avoid blanket policies that create as many problems as they solve.
Chapter Five: Policy and Practice

1. Policy Context: Tensions of the Economic Transition

Under the Reform and Open Door policy, China’s economic transition has been marked by a tension between the desire to open both external and internal markets and the desire to maintain stability and control. While the reform has had many obvious advantages, the move away from cradle to grave protection has left many people worried about their economic situation, particularly as unemployment and underemployment continue to grow in the state sector. This tension between liberalization and control extends to the highest levels of the Central Committee of the Communist Party. It has been demonstrated in the alarm over rapid inflation in the late 1980’s, growing unemployment, the widespread demonstrations in spring of 1989 that were brutally cut short by the Tiananmen Massacre, ongoing concerns about the inflow of information and controversial materials, and in the fall from power of obvious market adherents, including the mayor of Beijing, Chen Xitong. Anti-corruption campaigns have become a major theme of post-reform China, and point to the pervasiveness of illegal behavior by officials.

Since 1989, there has been a retrenchment process, and efforts have been made to moderate the pace of reform and establish greater state control over the market. The recent Yan Da or crackdown on criminal activity is part of an effort to stop both government corruption and many of the illegal aspects of the free market – prostitution, trafficking in pornography, narcotics, and violations of the intellectual properties laws. The Yan Da campaign does not
overtly target the floating population, but coverage in the media, the state’s main voice, often stresses the fact that many criminals are migrants. Another campaign advocates a Shehui Zhuyi Jinsheng Wenming or Socialist Spiritual Civilization, and tries to promote social stability and order. This campaign is a recurring one; when economic times are good, and unregulated behaviour is widespread, conservative elements in the government stress the ‘Chinese characteristics’ of socialism, promoting obedience and arguing against materialism and ‘gold worship’.

It is in this context that the issue of street markets must be considered. There are concerns by both government officials and Beijing residents about the sheer number of migrants and vendors, the difficulty of controlling or tracking their movements, and the problems of garbage and traffic blockage created by the profusion of markets. Recent attempts to restrict the number and location of markets are part of an attempt to establish stability and order out of a seemingly chaotic situation.

2. The Administrative Structure Markets in Beijing

In 1978, the Industry and Commerce Bureau was charged with the establishment of markets, under the slogan: ‘the people’s market is set up by the people’ (Renmin shichang, renmin jian). In many cases, the location of ‘spontaneous’ or illegal markets was observed, and then a legal market was approved on that site, since it was clearly a convenient and popular
location. The management of markets is complicated, with the Industry and Commerce Bureau acting as the higher level of management, and the Street Committee Market Management Section (shichangke) handling day to day management. The Bureau is responsible for issuing vending licences, setting the official number of places in any market, and doing inspections. They also manage other larger businesses. The Market Management Section is responsible for issuing monthly vending permits assigned to a particularly pitch, issuing daily permits, collecting management fees, and cleaning the market.

The Street Committee level Industry and Commerce office’s other responsibilities include to check that there is no selling of false goods (particularly falsely packaged drinks, often containing tainted water), evicting illegal vendors, maintaining order and cleaning up the markets during the Spring Festival and National Day, and meetings of the People’s Congress and the National Political Consultative Committee. Of the management fees they receive from the Market Management Section, 80% are kept to run their office, while the remaining 20% are given to the next highest level in the Industry and Commerce Bureau (Interview with Official of Street Committee Industry and Commerce Bureau, 1996).
Some statistics from the Eastern City District (Dongcheng Qu) are presented to give an indication of the number of markets. The district is more than twenty square kilometres, with a population of over 500,000. In that district there are 47 formal markets, 11-12,000 private businesses, among them are 2,700 vendors, and 1,900-2,000 small businesses managed by the courtyard committee. The management fees collected monthly from vendors amount to about 27,000,000 RMB, all paid to either the neighbourhood or street committee (Interview with district level Industry and Commerce Bureau official, 1996).

Neighbourhood committees, the lowest level of administration, also administer small businesses, such as hairdressers, shoe repairers, tailors and small stores for daily use goods.
Many are run by residents out of their houses, although some are stalls located near
government stores, not in the street market. For example, in Banchang Hutong, in the
Eastern District, the Neighbourhood Committee is responsible for 2,000 people. It
administrates nine local businesses, six run by residents, three by migrants. The committee’s
total staff is six people, each earning a monthly salary of 105 RMB. Half of the revenue from
local businesses is given to higher levels, 10% to social benefits, such as the elderly or
children’s daycare and 40% is split among the committee members, giving them a bonus of
up to 50 RMB a month. Not surprisingly, they are interested in attracting more businesses
(Interview with Neighbourhood Committee officials, 1996).
3. The Role of the State – Permits and Licenses

The state acts as a regulator and controller of markets and vendors. Following the bureaucratic tradition, many of the controls are various permits and licenses. The following diagram illustrates the many permits that vendors may have to obtain.

Figure 6. Legal Vendors' Interaction with the State
3.1 Hukou

Migrants must have an identification card (shenfenzheng), and a temporary residence permit (linshi hukou). To obtain the temporary residence permit they need a letter of introduction from their home village stating their age, marital status and number of children, their identification card, and must pay a small fee. The administration of temporary residence permits is handled by the local police station, a branch of the Public Security Bureau; the permit must be renewed annually.

3.2 Vending Licenses

The actual vending license is issued by the Industry and Commerce Bureau (Gongshang Ju), as long as the applicant can produce: (1) either a license from his hometown, or a letter of permission to work in Beijing from their home county (2) a temporary residence permit (3) a permit from the street committee allowing them to work in the market and (4) a card indicating available space in the market (also from the street committee). Young married women need a letter from their hometown indicating whether they have children. If these women have more than one child or are pregnant with a second, they can be refused a license.

3.3 Management Fees

Vendors with licenses are given a fixed vending pitch, either a stall or a two metre wide stretch on the side of the road. A management fee, payable on a daily or monthly basis, is
also charged by the Street Committee Marketing Section. This money is then turned over, in large part, to the local Industry and Commerce Bureau. In the morning markets there are also a certain number of places that vendors can obtain on a daily basis. In Daxing Market, these amounted to almost half of the vending sites. These vendors pay a higher management fee than those with a license, e.g. 8 RMB a day to sell vegetables, while the monthly management fee for those with licenses is 100 RMB.

### 3.4 Taxation

In addition to paying a management fee, and obtaining a license or daily permit, vendors also need to pay tax to the local Tax Office (*Shuiwu Suo*). This sum is then remitted to the National Treasury (*Guo Ku*). The district level Tax Bureau (*Guoshui Ju*) gives the local office a budget for day-to-day administration and oversees their work. The Street Committee Market Section assists in the collection of the tax. There is a quota, or anticipated amount of tax to be collected annually (e.g. the Jiaodaokou Street Committee is expected to hand in 400,000 RMB to the National Treasury). If this amount is exceeded, the bonuses given to staff members are accordingly increased; the collection of tax is thereby encouraged. The tax sector of the street committee has a group of inspectors who check the street markets vendors to see if taxes have been paid.

Owing to the difficulty of tracking a vendor’s monthly income (most vendors do not keep accounts and might underreport their income) a flat rate tax is charged, based on the product
and quantity sold. One official described the process of watching a location for several days, looking at such factors as location, size of business, type of product, and average number of employees, in order to decide on an appropriate taxation level for that area. Accordingly, taxes are higher in the busy seasons. Vegetables are considered to be the lowest profit maker, while fish and meat are deemed high income earners, and are taxed correspondingly (Interview with Tax Policy Management official, 1996). Itinerant vendors – those traveling on bicycle carts selling beer, soy sauce, vinegar from – are taxed when and if their path crosses that of an official, but some evade taxation altogether.

According to a district level tax official, taxation levels of the individual sector are quite low, indeed only an estimated 60% of a business person’s income was taxed, at a rate of about 7%. He pointed to the difficulty of collecting taxes which business people thought were too high. He indicated that if a person refused to pay tax, there was little recourse. Only when real income was found to be more than 30% higher than reported income, is any action taken. For those caught cheating, the penalty was merely to pay the amount of withheld tax plus a small fine, even though according to the law, the penalty should be five times the amount of the withheld tax. For large enterprises, tax evasion is punishable by imprisonment (Interview with Tax Policy Management official, 1996).

### 3.5 Health Permits

Vendors who sell meat, fish and prepared food need a sanitation certificate, obtained annually from the Health Bureau (*Weisheng Ju*). Regular inspections of meat being sold in markets
are conducted. (Interview with Street Committee Market Management official, 1996). Only certain wholesalers are licensed to butcher and sell meat, inspectors check that the meat is from an authorized source, that it is not a diseased pig butchered by a peasant and sold directly to the vendor.

Observation showed that meat is routinely transported on bike carts without any wrapping, and displayed on a bare counter covered with flies. Standards of preparing snack food and handling money varied from market to market. In some markets vendors wear gloves or plastic bags on their hands and handle money with pincers, while in other markets these practice are not observed. In general, indoor markets and government stores seem to have a higher health standard in dealing with meat and prepared food.

4. Practice Versus Policy

Beijing’s street markets are widely perceived to be poorly managed. Problems of noise, waste and traffic congestion are frequently cited. In my study, many vendors, residents and officials spoke about the lack of management over vending. One official stated that “[management] fees are collected without management being provided,” and stated that management was not strict enough. Market management officials described some of the difficulties of managing markets, including temporary vendors trying to avoid paying daily fees and taxes by leaving when the collector appears. Officials complained that some
vendors are rude, quarrel, start fights, and even refuse to pay management fees and taxes.

One official mentioned the fact that some vendors don’t know why tax is charged and are resentful, calling for education and raising public awareness about taxation.

Another clear example of the lack of consistent management is the proliferation of illegal vendors, particularly in Beijing’s outer city. These vendors, although illegal, are subject to a wide variety of interaction with municipal officials. The Traffic Bureau (Jiaotong Ju), Beautification Office (Shirong Ban), Industry and Commerce Bureau (Gongshang Suo), the Price and Measurement Bureau (Wujia Ju), Health Bureau (Weisheng Ju) and the police all

Figure 7. Illegal and Informal Vendors' Interaction with the State
Informal vendors are those with permission to vend from the Street Committee, but not from the Trade and Commerce Bureau. Illegal vendors are those with no licence or permit at all.
From the illegal vendors’ point of view, these fines are merely a fee for doing business. They are usually allowed to stay in the location once the fee is paid. It seems clear that the sanctions offer a ripe opportunity for officials to pocket the fines, as vendors do not care whether they get a receipt or not.

Even informal vendors, who do have permission from the street committee to vend, run into problems. One vendor of meat sandwiches that I interviewed pointed to his cutting board and said: “I have another one of those. It’s in the Beautification Office.” It had been confiscated by an official from this office for being unsightly, although his stall, arguably far more ugly than a chopping board, was allowed to stay open. His board would only be returned upon payment of a hefty fine, which he was not willing to do.

### 4.1 Conflict of Interest between Different Levels of Government

There is a conflict of interest between the higher and lower levels of municipal government with regards to street markets and vending. Higher levels are interested in controlling the number of vendors, and making streets ‘tidier’, both in terms of traffic flow and in aesthetic appearance, while lower levels want to increase revenue from markets and meet consumer demand.

This difference in goals was clear in interviews with officials. One municipal official
commented that “we planners hate this kind of thing” in speaking of the disorderly appearance of markets and stalls that were approved by the street committee, but not officially planned. He admitted, however, that people seemed to prefer outdoor markets, even when indoor markets are planned and built. Another municipal official compared markets to stinky tofu (*chou doufu*), while another was quoted in the *Evening News* as saying “markets are like public toilets; you need them but you don’t want to live near them” (*Beijing Evening News*, July, 1996).

Municipal officials complained that everyone was trying to make money, even the neighborhood committees. Officials at lower levels of municipal government were interested in increasing their revenue, and thus in increasing the number of businesses and vending units that can be charged management fees. Officials at the street committee and neighbourhood committee level were very positive about street markets, and downplayed any negative aspects of markets.

This conflict of interest results in the proliferation of informal or semi-legal vendors and markets – ones with permission from the street committee but not from the Industry and Commerce Bureau. Only a certain number of vendors per market are allowed by the Bureau, corresponding to the number of monthly permits issued by the street committee. Daily vendors are not actually permitted by the Industry and Commerce Bureau, but the Street Committee issues permits so as to increase revenue.
4.2 Relationship of Vending Units to Formality

The type of vending unit is related to its degree of formality, the sturdier the structure, the more formal it is likely to be. Stalls and kiosks in the covered market are the most formal, with regulation and approval from both the local street committee and the Industry and Commerce Bureau. Kiosks and market stalls on the street are usually, but not always approved by both parties. In some outer city neighbourhoods, the street committee approves the building of such stalls and markets, but these are occasionally targeted by the Industry and Commerce Bureau for removal or fining. The morning market has two categories of vendors—those with a monthly permit, and those with a daily permit, who do not have permission to vend from the Bureau. The latter can easily be driven away, or denied a daily permit. The least formal are those who vend, from either bicycle carts or clothes, at the side of main roads, and have permission from neither bureaucracy.

Figure 8. Vending Units: Degrees of Formality
4.3 *Differences in Street Markets and Vending in the Inner and Outer City*

Beijing's ancient inner city and the modern outer city face somewhat different issues in accommodating vending and markets. The older city faces the problem of trying to fit street-based commercial activity, and an increase of all kinds of traffic, particularly automobiles, into narrow *hutongs* and main streets. The newer city has wide streets and sidewalks, with a designated amount of square footage set aside for market space. The outer city has more space available for both temporary markets and indoor market construction.

Aside from the obvious difference between the inner and outer city in terms of design and use of space, there is also a difference in the degree of management and control of vending. The
wide sidewalks along the main road of the outer city are often occupied by large groups of illegal vendors who do not have permits to vend; it seems clear that the control of illegal vending in this area is much more lax. These temporary markets present few traffic blockage problems, as they are situated on the edge of the sidewalk, and automobile traffic still has several lanes. In general, vending in the inner city is more regulated, and aside from the occasional snack food vendor, most vendors are legal.

One key reason for this is that the system of neighbourhood committees and surveillance at the lowest level is much stronger, and the old women of the inner city keep a close watch on all activity in the neighbourhood. In the outer city apartments, it is more difficult to keep track of both other residents and businesses. People are less familiar with their neighbors and other neighbourhood affairs. Of course, spatial factors influence management ones – the loose spatial pattern of the outer city means that surveillance, and thus control, is less easy. This control applies not only to the informal economy, but also the informal society – migrants tend to live in the outer city, where controls over housing development and occupancy are much less stringent.

5. Recent Policy Changes: *Tuilu Jinchang*

In response to the perceived problems of street markets, and in keeping with the goals of municipal planners, Beijing's government has adopted a policy of 'leave the street and enter
the indoor market, return the street to the people’, (Tuilu jinchang huanluyumí). At the beginning of 1996 the Capital City Environment Amalgamation Control Committee decided to close 73 street markets located on main streets within the next two years. Street markets located near central government offices, research units, universities and schools, hospitals, foreign embassies and companies, will also be closed. This policy applies to both all day markets and morning markets. It is sweeping: of an existing 700 markets, 300 are scheduled for closing (Beijing Daily, July 26, 1996, Interview with official from BMICPD, 1996).

The policy’s stated goals are to make traffic flow more easily and making the street more attractive (beautify the environment or shirong huanjin). Beijing’s ambition to become an international ‘world class’ city clearly plays a role in the formulation of this policy. Other reasons for the policy include greater control over migrants, an attempt to give unemployed Beijing people more opportunity to work, and a desire to maintain Beijing’s pre-eminent status as the nation’s capital. Frustration on the part of Beijing residents with street markets and problems created by the influx of the floating population are also important considerations. Newspaper articles use the adjective ‘Wenming’ or cultured/civilized, urging people to ‘clean and manage street markets, and build a civilized city.’ This is a code word for the Socialist Spiritual Civilization campaign described above, aimed at promoting order.

The general plan is to wait until indoor markets are built before closing the street markets, but those on major streets are already being closed. Slogans such as ‘First Build then Demolish’ (xianjian houché) and ‘Build and Demolish at the Same Time’ (chejian bingju) are
given to explain the process (Interview with BMICPD official, 1996). This same official said that across the city, food vendors only make up 50% of all vendors in morning markets, and vendors of daily use goods, glasses, clothes, etc., makes up the other 50%. The intent of the policy is to reduce non-food vending to only 30% (Interview with BMICPD official, 1996).

A target of “one big, eight medium, a hundred small” (yida bazhong yibaixiao) has been set for markets, indicating one big market for the city, eight district level markets, and one market for each of the 123 street committees. An enormous wholesale market is being constructed in Fengtai County, that is supposed to serve the whole city.

As markets are being closed, a parallel campaign aimed at improving the government provision of vegetables is underway. New government vegetable stores have been established and existing ones have been improved, offering a wide variety of vegetables at low prices. This is part of the so-called ‘vegetable basket’ program (cailan gongcheng), rather like the iron rice bowl, whereby the government tries to guarantee the supply and price of vegetables. This program, a step back towards the socialist system, was introduced in 1988 to address inflation (Watson, 1992). An article in the Beijing Daily uses the analogy of a tripod, where government support, technology and investment are the legs supporting the vegetable basket. This article discusses the ‘vegetable basket’ program as an infrastructure project, with county (rural) governments responsible for vegetable gardens, and district (urban) governments responsible for vegetable vending. (Beijing Daily, August 19, 1996).
The supply of vegetables at the ‘high quality’ (quanteyou) government stores is secured from state-run farms, and is part of a large distribution network, cutting out intermediaries. In addition to protecting consumers from sudden price fluctuations, another intention of the program is to give more jobs to Beijing people (Beijing Daily, September 6, 1996). Such stores are still few and far between, and it is too early to say whether they will thrive or not. Although the stores benefit from economies of scale, they have a high overhead in terms of payments to current and retired staff. Location is also a problem; several Beijing residents commented that they had heard a lot about these stores, but didn’t know any near them. Nonetheless, their re-emergence is a sign of discontent with the present ‘capitalist’ system, and, perhaps, a nostalgic yearning for some of the benefits of the past.

The market closing policy has been explained and justified in a series of media reports. Before the policy was announced, several television news programs discussed negative aspects of markets, hinting at the announcement of a new policy. An article in the Beijing Daily discussed the advantages of street markets but indicating that the pace of development of markets exceeded that of planning and management, so that markets were out of control, causing traffic congestion, damaging the city’s appearance, destroying green spaces, and seriously disturbing residents and affecting their safety. The article made a point of residents’ frustration as the origin of the policy, not arbitrary decisions by municipal officials (Beijing Daily, July 26, 1996).
5.1 Potential Problems in Enacting Tuilu Jinchang

To what extent the process of closing markets will be carried out is unclear. One problem is the availability of space for indoor markets: in the crowded inner city, streets are usually the cheapest and most readily available market space. It is up to the street committees to find a site and to find a developer to both fund and build a covered market. One official commented that even in the outer city, there is not enough space for markets. He went on to say that planners don’t allocate much space for markets in planning new areas, and that the Tuilu Jinchang policy will not be able to happen quickly simply because of the lack of space. Indoor markets need a greater amount of land than outdoor markets of the same size, because of storage and traffic infrastructure requirements (Interview with BMICPD Official).

An article in the *Beijing Daily* pointed to the prohibitively high cost of land. These costs are passed on to the vendors, in the form of higher fees. The article cited the case of the Hongqiao Market which was built to replace a street market, selling mostly foods. The costs of indoor market stalls there are so high that vegetable vendors have not moved in; only higher value goods are sold in the market (*Beijing Daily*, July 26, 1997). Many vendors are reluctant to work in covered markets, because of higher management fees and a perceived lower number of customers.

The main group to be adversely affected by this policy are the street committees, which have become more and more dependent on street markets as a source of revenue. Street committees and work units are to pay for these new markets, supposedly through greater
transfers from the municipal government. Street committee officials seemed anxious about this prospect, preferring the revenue from market management fees.

The policy of ‘one big, eight medium, one hundred small’ is too extreme. If there are already 700 legal markets in the city, there is clearly a demand for them. Reducing this number to one market per street committee will result in access problems for the old, and greater traffic problems at each market. This is also true for the wholesale markets; the mega-market in Fengtai seems destined for major traffic problems.

6. Conclusion

There is an obvious gap between current market management policies and practice. It seems fair to predict that this gap will also be seen as the Tuilu Jinchang policy is implemented. Lower levels of government will not readily abandon a steady source of income, and the higher levels of government lack the power to maintain consistent control. Higher level officials see street markets as ugly and ‘third world’ obstacles to their vision of a modern car-oriented Beijing. At the same time they feel pressure to provide food through the traditional socialist route of state subsidy. In trying to meet these agenda, the reality of residents’ dependence on markets as a key source of goods is overlooked.
Chapter Six: Street Markets from the Vendors' Perspective

In order to more fully understand the management of street markets, it was necessary to look at the vendors’ perspective and needs. 52 interviews of vendors were conducted in the two study areas. Although this sample size is clearly not large enough to represent all vendors in Beijing, it gives an indication of general characteristics of vendors and of general trends.

1. Demographics of Vendors

1.1 Place of Origin

The majority of vendors interviewed were migrants (41 out of 52). Most were from Eastern and Central provinces, although our sample included people from 12 provinces, as distant as Fujian and Jiangxi.

Figure 10. Province of Origin of Vendors Surveyed
Those working in the inner city were more likely to be from distant provinces, while the majority of vendors in the outer city were from nearby Hebei and Henan. It is possible that those with better developed support networks are more likely to get vending spots in the richer outer city, but my survey did not address this issue in any detail. Migrants from certain provinces are associated with certain trades – Zhejiang people are involved in the garment industry, Guangdong people in hairdressing, Xinjiang people in snack foods and restaurants, Anhui women in household service, but my study showed no obvious linkages.

1.2 Age, Gender and Family Status

Vendors interviewed ranged in age from 18 to 70, but most were in their twenties or thirties. In general, those from Beijing were older. All of those in their thirties and above were married, while some of the younger vendors were not married. Several younger married migrants (who had begun families after the One Child Policy was instituted) had more than
one child. Many young migrants had children at home, either in the care of the wife, or if the wife had accompanied her husband, of grandparents.

Unlike Southeast Asian countries, where women tend to dominate the vending trade, men were clearly in a majority. Thirty-six of fifty-two interviewees were men, and sixteen were women. In a rough count of all vendors at the Daxing morning market about three quarters were men, and one quarter were women\(^1\). Most of the married women seemed to be working with their husbands or their husbands were engaged in related activity (for example, some women sold meat while their husbands worked as butchers). I did encounter a few single women selling meat, they seemed to be closely organized, both socially and economically.

\[1.3 \quad \text{Former Occupation}\]

The most common former occupation by far was that of peasant (25/52). Former factory workers were also represented. Other jobs such as doctor, teacher, restaurant manager, soldier and shop assistant were mentioned. For several of the young people (8/52) this was their first job. For most migrants, vending was the first job they had done in Beijing, although three had had other jobs such as factory work, construction. Of the eleven vendors from Beijing, three were Beijing peasants who traveled in to sell vegetables grown in their village, six were retired, one laid off from a state job, and two were disabled.

\(^1\) This is a slightly lower percentage of women than found in the 1995 Shanghai Floating Population Survey which found that 0.38% of those working as peddlers or in small-scale businesses were female. Women were highly represented in Service (0.49%), but were underrepresented in manual labour, (0.29%) purchasing agents (0.13%) and in professional, technical and clerical work. (0.22%) (Wang Feng, 1996, 7).
1.4 Length of Time in Beijing

As demonstrated by the above chart, most migrant vendors had been in Beijing for a few years. This evidence, combined with the fact that four had switched to vending from other jobs, suggests that vending is perceived as a good job by migrants. Migrant vendors indicated that fellow villagers already in Beijing had played a role in their decision to become vendors, and in finding them a market spot.

Most of the migrants expressed the intention to return home, and often had migrated with a specific goal in mind, such as making money for their wedding or a child’s wedding, building a new house, or sending a child on to further education. It should be noted that the household registration system means that it is almost impossible for migrants to move permanently to the city, especially because children attending school in another district than that in which they are registered have to pay prohibitive school fees. Some former peasants returned home
twice a year to help with the planting and harvesting of the crops, and used the agricultural
down-time to make money in the city. Others returned home for the New Year, a time of
year when vending actually declines.

1.5 Start-up Costs

Vendors either relied on previous savings or on loans from family and fellow villagers for
their startup costs. Start-up fees were usually fairly low, ranging from a few RMB to buy
goods to display on a cloth to about 1000 RMB, to buy a bike cart. Vegetables vendors had
the lowest start up fees because they had to buy only a bike cart and one day’s supply of
food. Some vendors had invested several thousand RMB, for purchases of machinery (such
as a freezer), deposits on street-front stores, or on large stores of goods such as watermelons.
One vendor in a covered market had put down a 4,000 deposit for his large stall, and paid
10,000 for various machines. This man was a former doctor from Henan, he claimed to make
2,000 RMB a month, a vast improvement over his hospital salary of 300 RMB a month. He
actually paid the hospital a nominal sum to compensate for his absence.

1.6 Income

Vendors were asked how much they earned a month after expenses, hoping to get an
approximate amount. Of course vendors were likely to understate their real income because
of the presence of other vendors and customers, and because of their emphasis on the
difficulty of their lives. About one-quarter of respondents were reluctant to say anything,
telling us ‘not much’ or ‘a little’. Estimates for vegetable vendors ranged from 600 to 1200
RMB a month. Watermelon vendors seemed to make about 2000 RMB a month, but this is only for four months out the year; they sold vegetables for the remainder of the year. The 1995 Shanghai Floating Population Survey found that rural migrants in all occupations made a mean average of 552 RMB a month, which was more than three times their previous agricultural income of 166 RMB a month (mean average). Vendors made slightly less than this average, with a mean monthly income of 507.3 RMB (Wang Feng, 1996, 7-8).

1.7 Status – Getihu or Employee

The majority of street vendors that we interviewed were getihu, working for themselves, or in a small family unit. Several were actually employees of restaurants, village production teams, or government grain stores. In a couple of cases people hired space from a shop behind them and were thus not managed by the Industry and Commerce Bureau. In one case, the vendor was actually located on the street and the shop was several meters away, but they still charged rent.

1.8 The Composition of Vending Units

Most vendors worked with their spouses (29/52), or another member of the direct family – that is a parent, child brother or sister (another 8/52). Seven out of 52 said that they worked with more distant relatives, bringing the total of family-based units to 44. Family units sometimes divided the work. Often the husband would transport the daily stock of vegetables and the wife sell them, or both partners would work as vendors but in different
markets. In some cases the husband acted as a butcher and the wife as a meat seller, or the wife as a tailor while the husband would solicit business in the market.

Vending of most goods was done by small groups of two or three workers. In the case of watermelon vending, it is common for whole families to live in the watermelon tent for the entire summer; teenagers and children assist in transporting and selling the watermelons.

I interviewed five vegetable vendors whose products were grown by their family or production team. The Beijing peasants often came from farms of considerable size with several workers, while migrants rented only a few (2-5) mu of land with family members acting as farmers. One Beijing peasant had permission to sell on the street in a non-market area. He was a member of a production team of six people that grew and marketed vegetables in Haidian district. He was paid a monthly salary of 500 RMB, but the profits of vending went into the production team.

Larger numbers of people were involved on the sale of more expensive or labour-intensive goods. Those making breads – mantou and bing – worked in larger groups, in one case a group of six who shared the baking, and selling (in different places) between them. For products such as cigarettes or fabric, several people worked as vendors in different markets, with one or two responsible for collecting and distributing the stock. One Beijing resident who sold T-shirts worked with two relatives, one who did wholesale deliveries, and one who did purchasing and sales. Another vendor of materials worked in a loose company of twelve
people, all *laoxiang* and relatives. The boss brought textiles by train from Guangzhou and then had his employees sell them in different markets around the city. The vendors got free rent and 500 RMB a month, with fairly flexible working conditions.

Conversely, some people did an immense amount of organization themselves—one 56 year old ice-cream and cigarette vendor, moved three ice-cream carts, an ordinary bike cart, two umbrellas and a table to her pitch on a daily basis from her home a 20 minute bike ride away, with the help of her husband.

2. **Goods Sold**

Most of the vendors selected for interview in my study were selling some kind of food, either raw or prepared. This is because of my focus on neighbourhood markets, where the main product purchased is foodstuffs. The interviews included:

- vendors of unprocessed foods (vegetables, fruit, eggs) 20
- semi-processed foods (rice, dry vegetables) 3
- meat and fish 4
- prepared food (cooked foods, mantou buns) 6
- packaged foods (drinks, ice creams) 3
- non-food items (newspapers and cigarettes) 3
- textiles and clothing 4
- manufactured goods 3
- services (bicycle, shoe repair, tailor) 6
- daily use goods (toilet paper and cleaning products) 1
Jiaodaokou has one market situated on a main street selling primarily clothes and textiles; whereas this market seems to appeal to a mixture of residents and passers-by, the other markets were very locally based. The vendors lining the street in Shuangyushu also had passer-by clientele, but since most of this activity is illegal, food stuff is the main product sold. Food stuff is relatively easy to transport, and customers are easy to find. On the weekend this illegal activity includes more clothing and books, as shoppers are more likely to browse.

The following maps show the distribution of goods in the two morning markets, with a focus on vegetables and fruit, but also having a wide range of other goods. The map from Jiaodaokou includes only the morning market, while the map of Shuangyushu also shows the covered markets, morning textile market, textile stalls and illegal vendors.
Figure 13. Jiaodaokou: Goods Sold in the Daxing Morning Market
Figure 14. Shuangyushu: Goods Sold Along the Major Roads
Vendors without permits usually sold food, perhaps because of the low capital risk involved in confiscation. I have included a map showing the goods sold near the Xizhimen subway, train and bus stations. In this location, due likely to the high volume of pedestrian traffic, there were a few illegal vendors selling goods such as socks, newspapers, and dubious-seeming cleaning fluids. Those selling cleaning fluids seemed very poor, their capital investment was obviously minimal. This area was less regulated than the other areas because of the lack of a nearby residential population.

Figure 15. Xizhimen: Goods Sold Near the Train and Bus Station
2.1 Transportation and Storage

Transportation and storage needs varied by the type of product and vending unit. Fresh vegetables and fruit needed to be collected every day and could not easily be stored. The vendor was limited by the size of his transportation device – usually a bicycle cart, but sometimes a truck. The only exception to this was the watermelon vendors who re-stocked every week or so, renting a truck to bring in new stock from the countryside. Manufactured goods (including textiles), prepared foods, and semi-processed foods (such as grains or dried vegetables) were purchased wholesale on a more infrequent basis, and were stored, either in a lockable vending unit, or more commonly, in the vendor’s home. For many vendors, usually living in tiny rooms, this was an additional demand on already limited space.

The ingredients for snack foods were purchased fairly frequently and stored in the vendor’s home. One of the interviewees was a vendor of soup and pancakes, he and his wife ran a nearby snack stall, and supplemented this income by selling in the morning market.

Fish were kept alive until sold, thus vendors needed access to water and shallow, open tubs to sell them in. Meat was usually not refrigerated, and what was not sold was taken back to the vendor’s home. I was assured by those interviewed that the meat is refrigerated over night, but this seemed doubtful. It was usually transported uncovered on bicycle carts and in general the transportation and storage seemed to be unhygienic.
3. Migrant Versus Beijing Vendors

Beijing and migrant vendors differed in their reasons for entering vending. In general, migrants were more vigorous and energetic, they had chosen vending because of its freedom and profitability. Beijing vendors had taken up the job out of necessity, not choice.

3.1 Migrants

The role of relatives and people from their own village (laoxiang), county or province was crucial for many migrants in deciding to come to Beijing, investigating the job market, setting up as a vendor, and finding a place to live. In many cases it was difficult to distinguish between relatives and laoxiang, as people addressed someone as their cousin when the relationship was not a direct blood tie.

When asked why they had chosen to vend in a particular location, the most common reason voiced by migrant vendors was that a friend or laoxiang had helped them find the place. For those in Shuangyushu, the fact that the site was close to their temporary residence was also a commonly mentioned factor. Several ‘villages’ such as Zhejiangcun or the Xinjiang village at Ganjiakou have grown up over the last few years, made up of mostly people from one province who rent housing from which they run businesses.

Most migrants surveyed had to resort to living in expensive rental housing as they had no residence permit or urban work unit to provide them with housing. Most interviewees lived
in the outer city in rural-zoned areas where farmers have built one story rudimentary brick houses on former and rented them out to migrants. Many of these constructions are of dubious legality, but the practice of Beijing residents subletting land or existing rooms to migrants has been so widespread that it is difficult to control. These areas often lack basic sanitary facilities such as running water and toilets. Some inner city residents also sublet rooms in courtyards at a greatly inflated rent.

Migrant vendors who sold from a covered structure sometimes lived on the premises, e.g. they rented a small store for both vending and living purposes, or lived in in a bicycle repair shed (in one case, a rickety structure approximately six square meters, packed with tools and other objects). One couple lived in a government grain store, and sold this store’s goods during the day. In other cases, people made their grain products – noodles, mantou in the place they lived in, raising obvious hygiene questions. Those selling watermelons lived in the watermelon tent to guard the watermelons and to save rent. This again raises the question of access to toilets and water.

As most migrants interviewed lived on the urban fringe, they often had a lengthy commute to their vending site, particularly those who worked in the inner city. Most of the migrants working in Jiaodaokou lived outside the Third Ring Road, although four (out of the 17) had managed to find accommodation in the vicinity. Those living outside the third ring road often had to bike 30-60 minutes, not accounting for the detour to the wholesale market. Some rode their heavy carts ten kilometres to the wholesale market, then another six to the
morning market. Those working in Shuangyushu had a shorter commute, particularly as the wholesale market was only two kilometres away.

Migrant vendors tended to do heavy work, selling vegetables and other low-value goods. They worked harder, made less money, and paid much higher rents than the Beijing vendors. Understandably they felt they were a bit hard done by, noevertheless, they were still doing better than they had in the countryside.

3.2 Beijing Vendors

Vendors with Beijing registration were in a minority – about one fifth of the total (11 out of 52). Three of these were peasants, who traveled into the city to sell vegetables grown in their village. The other Beijing vendors were retirees supplementing a small pension, people laid off from a state company, and handicapped people. Beijing vendors sold products such as toys, material, ice cream, bike repair, clothes, and cigarettes. These products and services have higher value-added, and were less labour intensive to transport, as supplies were lighter and needed be fetched less frequently.

Most Beijing residents have state housing through their own or their spouse’s work unit, so the proportion of income going to rent was much smaller for Beijing vendors than for migrant vendors. For them, vending was not a choice, rather something taken up by necessity. The comment “Beijing people cannot eat bitterness/ do hard work” or “Beijing ren chi bu liao ku” was heard from vendors and Beijing residents alike as an explanation of the
reluctance of Beijingers to do this work. It was difficult to judge from such a limited sample what people’s main motivation for taking the job was. The flexibility of working hours and the fact that people could work near their home was obviously an attraction, particularly for the old and disabled. In one case, a bike repair stall was actually an extension of a ground floor apartment. Other Beijing vendors lived within 20 minutes of their stall, most within about five minutes by bike or foot from their house.

4. Street Vendors’ Perspective on Market Management

Many vendors were either reluctant to talk about management and regulation issues or felt that there were no particularly pressing problems. A common complaint, however, was that they were too highly taxed. Many vendors also felt that there was too much competition, that the sheer number of vendors made it hard for anyone to make money. This complaint was voiced particularly loudly by Beijing vendors. Conversely, those with only daily permits or no permits wanted to have permanent licenses, and spoke of the difficulty of finding permanent spaces in markets. This is clearly a popular job, and one that many are willing to do.

4.1 Legality

All of the vendors we spoke to in Jiaodaokou had licenses, as did the majority of those in Shuangyushu. Nonetheless, in the latter, we also interviewed four vendors who had no licence, one who was in the process of applying for a license for a shop and street vending
space outside, and one old woman selling clothes in an early morning textile market who said that she did not need a license. There were at least fifteen illegal vendors there on a regular basis, although they often disappeared for a few days after a crackdown by officials.

For those vending illegally there was great frustration about the difficulty and cost of getting a license. Frequent fines were frustrating but not severe enough to make them leave. Estimates as to the amount of monthly fines varied from 300 to 700 RMB a month, which were in the same range as the legal vendors’ management fees and taxes. Fines were levied according to the value of the product being sold, and seemed to range from 30 to 100 RMB each time. One vendor complained that it was easier for Beijing residents to get vending licenses, which they would resell to migrants at a higher cost. Officials confirmed that this practice was quite common.

5. Conclusion

On the whole vendors were keen participants in the market system, although there were differences between migrant and Beijing vendors. Generally vendors wanted to be left alone to do business, with as little interference as possible. They were somewhat scathing about the bureaucratic complexities involved in getting a permit, and the inconveniences of illegal vending. From their perspective this system was unnecessarily complex. Vendors preferred street markets to indoor markets, because of lower fees and higher customer volume. Vendors saw markets as performing a valuable task; and did not think that congestion and noise were serious problems.
Chapter Seven: Residents’ Use and Perception of Markets

1. Introduction to the Study Areas and Residents Surveyed

In order to evaluate the impact of markets on communities, I interviewed residents, most of whom are long term inhabitants of a particular neighbourhood. Residents had both close interactions with markets and vendors, and strong impressions of the role these markets played. Again I interviewed about 25 people in each area (23 in Jiaodaokou, 27 in Shuangyushu). As the interviews were done in the daytime, a high number of retired people were interviewed.

Vendor interviews in Jiaodaokou were done in the three main markets managed by the Jiaodaokou Street Committee; thus, I tried to survey residents in the surrounding areas to find out about their interaction and relations with the vendors. Due to the layout of the courtyard housing, I could access the residence of each family and interviews took place either in their room or in the yard. Of the 23 residents interviewed in Jiaodaokou, eighteen were female, and five were male. Six respondents were in their 30’s, five in their 40’s, four in their 50’s, and eight were over 60 years old. Most of the last two groups were retired women who were responsible for the daily shopping work for their family. Of those of working age, most were at home due to shift work or illness; they were included because they were at least partially responsible for the household’s daily shopping.

In Shuangyushu, the street studied ran through the jurisdiction of two different street
committees. This area had two indoor markets along this street, two morning markets and illegal vendors. Residents living in apartment buildings along this main street were interviewed, generally in the yards below their buildings, or in the small pocket parks. Of the 27 residents interviewed here, there were eighteen women and nine men. Three were younger than 30 years old, three in their 30's, three in their 40's, nine in their 50's and nine over 60.

Shuangyushu is located near universities and has work unit housing for the Chinese Academy of Sciences (Zhongkeyuan), so the residents' educational level was high. We surveyed seven college graduates, six high school graduates, and three from middle school graduates. The education levels of our interviewees in inner city Jiaodaokou were lower. While many had almost no education, five had finished middle school, four had graduated from high school and three had college education. This was related to the advanced age of the residents; the generations born before the 1949 Revolution have a much lower education level, and women especially, often received little formal education.

2. Shopping Habit Analysis

Residents were asked about their purchases of daily necessities: vegetables, fruit, meat and fish, zhushi (staple grain products), riyongpin (daily use commodities) and clothing. I was interested in: 1. Where do residents shop for the above goods? 2. When and how often do they usually shop? 3. What are the reasons for buying (or not buying) from vendors?
2.1 Vegetable Shopping

Vegetable shopping was prioritized in the interviews as vegetables are the most common element in Chinese dishes and are likely to be eaten in similar quantities in every family. Vegetables are purchased on a frequent, often daily, basis and make up the greater bulk of foodstuffs sold in markets and on the street.

The above map shows the preferred market for vegetable shopping given by residents interviewed in Jiaodaokou area. The dot refers to the place where the interviewee lives, and the line connects the resident to the market where they usually shopped. Shishahai Morning Market is further from the middle of the residential block than Daxing Morning Market, but residents were more likely to go to Shishahai. Older women indicated that they did not shop
in Daxing Market because they were afraid of crossing the wide Jiaodaokou South Street. This four-lane street has more traffic than the two-lane Dianmenwai Street that must be crossed en route to Shishahai.

Residents rarely buy vegetables from government stores or all-day markets; they patronize morning markets. Even people living near an all-day market like Maoer Market, chose to shop in a more distant morning market. Of the four interviewees living near the Maoer Market, only one bought vegetables mainly from the market in front of their courtyard. The other three stated that they would buy from Maoer Market only if they were in a hurry or had run out of something. The reason given was that vegetables in the morning markets were cheaper and fresher than those in all-day ones. Since the market only opens for a limited time period, vendors are more likely to bargain with customers. Many of those who did not buy from morning markets explained that didn’t have time on weekdays, but preferred to shopping in the morning market when they were not working.

In Shuangyushu, there had previously been a morning market situated in a yard between apartment buildings, but it had been moved out to a non-residential space, one kilometre east of the main street. Residents interviewed here complained that the market was too far way. As the market was now near a foreigner’s apartment building and thus managed more strictly, the closing time was kept to 8:00 am. Old ladies who lived near the main street said that they wanted to shop in the morning market, but when they got there, it was usually closing down. For residents who could ride bicycles, the distance was not a problem. Their
concerns were mainly about having time in the morning to shop before going to work. The following map shows the shopping pattern for vegetables in the Shuangyushu area. The illegal vendors were popular, and a few wealthier residents shopped in the Haizhong Indoor market. The illegal vendors had less variety than the morning market, but they were more convenient to many of the apartment buildings, and were there all day.

Figure 17. Shuangyushu: Surveyed Residents' Preferred Vegetable Market
It was clear that in both study areas, many residents lived in straitened economic conditions, and that frugality was important to all. Residents were asked about the importance of price, convenience, quality and freshness in purchasing goods. Price was always a key factor in their choice of location to shop for vegetables. Some retired people tried shop as the market was closing, because the remaining goods were sold cheaply and in bulk quantities.

Another advantage of morning market was the good quality of goods. The vegetables and fruit were delivered early on the morning they were sold. They were fresh and available in large amounts and variety, giving the customers more opportunities to choose. The ability to choose and select vegetables was also cited by residents as an important advantage of all markets. In government stores, the staff are often rude, and you must accept what is given to you.

The response to questions about fruit shopping were very similar to those for vegetables, so they will not be discussed separately.

### 2.2 Shopping for Staple Foods

In Chinese cuisine, vegetables are always cooked before being eaten, and shoppers can easily assess the quality of vegetables being sold. But when shopping for other kinds of food, residents are more careful about the origin of the goods. When buying staple foods – rice, noodles and other grain products, Beijing residents are more cautious about the supplier.
They usually buy mantou (a steamed bread eaten at most meals) instead of making it themselves. Of the 50 residents interviewed in the two areas, 40 interviewees said they bought mantou from government stores, because it is eaten without further preparation and the quality must be assured. This caution was likely related to the recent media stories warning that some private mantou makers used bleach as a whitener. Only seven said they bought mantou from street vendors, with four of these seven stating that they knew the products they bought were made by a government grain store. For other grains, the government grain store was a popular choice because of the cheaper price.

2.3 Meat and Fish

I had designated one category for meat and fish, but soon found that the answers differed for the two products. Fish sold in the street market were usually live and thus fresh, so residents had no hesitation about buying live fish from street vendors. The purchase of meat was more complicated. As there had been several media reports about diseased pork being sold in the markets, residents had become more conscious about the quality of the meat they bought. All the residents interviewed in (relatively richer) Shuangyushu said they bought meat only from the government store. In Jiaodaokou, half those surveyed bought meat from the street markets. Residents assured us that they could tell whether meat was fresh or not, although many expressed concerns about vendors adding water to meat to increase the weight. For these inner city residents, however, price was a more important factor than quality in determining where to buy meat, as that sold in government stores was more expensive.
2.4 Daily Use Goods

The responses about where to buy daily use goods also differed slightly between the two areas. Residents near Shuangyushu all bought from government stores. In the last two years, shopping in supermarkets had become increasingly common, as goods were cheap and of high quality.

In the inner city Jiaodaokou area, however, the limited developable land meant that no supermarket had been built there. Some residents relied on government stores, but others bought daily use goods from the market or from mobile vendors. Quality was an important consideration, and they bought from vendors with whom they were familiar. They were confident that they could get their money reimbursed if there were any problems.

2.5 Clothing

The responses about purchasing clothes were not very revealing, as the large part of the interview subjects were old people who had little interest in or requirement for new clothes. Only four residents in Shuangyushu bought clothes from street vendors, others bought clothes only from government stores. In comparison, in Jiaodaokou, only five bought clothes from government stores. Another four said they bought material and made clothes themselves or had them made. The busy clothing markets all over Beijing, are, according to clothing vendors, patronized largely by students, young people and migrants.
2.6 Bicycle Repair

Aside from the above mentioned categories of goods, I also asked whether residents used services provided by street vendors. Beijing’s most common means of transportation is the bicycle, so bicycle repair is a very important service for residents. These businesses are spread all over the residential areas and major traffic arteries, usually located on the sidewalk beside the road. There are a few government bike repair shops, but nearly all repair is done by the individual sector. All but one of the families we interviewed in Shuangyushu used street bicycle repair stalls, but in Jiaodaokou, 9 out of 23 repaired their own bicycles. Since one generally need repairs on the spot and as quickly as possible, residents are very dependent on bike repairers.

2.7 Eating Snack Foods

To the question “Do you often eat street foods?” every interviewee responded that this was unhealthy, and expressed concerns about quality and safety. Only six (all younger) residents out of both areas ate street foods for breakfast if they were in a hurry, but even they rarely ate on the street for lunch or supper. Most respondents claimed that they had never eaten on the street. The old people had lots of time and little money, and they cooked for themselves. This said, it is common to see Beijing people, particularly young people, eating breakfast, box lunches at street stalls, and frequenting night markets.
2.8 Observations

Economic conditions differed between the two areas selected. In the inner city, there were a large number of older people, who were retired and lived on modest pensions that had declined in real terms with the rapid inflation. They were also more traditional and conservative and tried to save what money they could. Their choices of goods was more dependent upon prices.

Apartments in the outer city generally belong to work units, so most families living there had at least one member earning a reasonable salary. These families were younger and had larger disposable incomes, so it was possible for them to concentrate on the quality of commodities rather than merely on saving money.

Government stores were still well regarded by all respondents. The quality of goods was generally reliable, and one could return poor quality goods. On the other hand, some people complained that the government store employees are rude. Residents were generally supportive of the campaign to improve government vegetable stores, but thought it unlikely that a government vegetable store would be located near to their homes. Old people were not strong enough to go too far to shop. It seemed likely that they would continue to shop from nearby markets. While a few residents seemed nostalgic for the stability of the socialist past, most thought that marketization had dramatically improved the quality and variety of foods available.
3. Problems with Markets and Vendors: Residents’ Perspective

Although it was clear that residents were reliant on street markets for their food shopping, they had many complaints about markets. It was interesting to note the role of the media in influencing their opinion, many cited cases that they had seen on television of poorly managed markets and cheating by vendors. Nonetheless, they had valid complaints of their own, the media coverage seemed to serve as a spur for their own justified complaints.

3.1 Complaints about Noise and Garbage

In the Jiaodaokou area, there were no indoor vegetable markets, so residents here depended on street markets. Residents who lived near the markets complained about the noise and garbage. Daxing Morning Market was scheduled to open at 6 a.m., but some vendors arrived before 5 a.m. in order to secure a place. This noise woke up the residents living near the hutong. Some fish vendors entered courtyards to get water, disturbing the sleeping residents. Some of the residents mentioned that while at first they had allowed this practice, they couldn’t stand it any more and had decided to lock the tap.

Another problem was the garbage produced by the markets, usually vegetable waste that rotted quickly and smelled bad. Some Jiaodaokou residents complained that the market was only well s
In Shuangyushu, people did not complain about the noise of the morning market, as it had been moved away from its previous location, in part because of this problem. There were complaints, however, about the garbage left behind by illegal vendors.

### 3.2 Traffic Blockage

Markets blocking the flow of traffic was a widespread problem, and one of the factors leading to the *Tuilu Jinchang* or street market clearance policy. In the Daxing market, it was difficult for pedestrians to get through the crowds, let alone cyclists. Auto traffic would have been impossible. This market was only supposed to permit vendors on one side of the *hutong*, but temporary places were given on the other side. I saw one person on a stretcher being pushed with great difficulty through the crowds. Fortunately he was actually shopping, but an emergency evacuation would have been very difficult. In Shuangyushu there was not a serious traffic problem, although sometimes cars stopped to buy from the illegal vendors, thus blocking the bike lane, and potentially creating more serious problems in rush hour.

### 3.3 Safety

Residents living near the markets expressed the fear that it was not safe in their courtyards because vendors might enter into them. They were unable to monitor every person entering the yard, and property stored in the courtyard had been stolen. In nearly every courtyard, both near and far from the markets, residents itemized items they had lost over the past two
years. In some cases, nearly every family in the courtyard had had a bicycle stolen. They were sure that these things were stolen by migrants (although they had no concrete evidence).

3.4 Quarreling and Cheating

Quarreling between vendors was another problem that bothered residents. Several residents living near the Daxing Morning Market complained that a couple from Anhui were always quarreling loudly with each other or with customers. In fact, the manager of this market eventually asked them to leave because of the many complaints from both residents and vendors.

The main reason for disagreement between residents and vendors was cheating in the weight of goods sold. Because of their fear of being cheated, many old ladies carried a pocket measure when shopping in the street market. Others said that they did not worry about being cheated when buying vegetables, but when they bought expensive items like meat or fish, they would check the weight on the scale provided by the market management if they thought they had been cheated. They were confident that they could complain about being cheated even the day after the alleged event, as the vendor would be easy to find.

One interesting finding was that when residents were asked “Do you always buy from the same vendor?” older people often answered “Absolutely not!” They felt that vendors were more likely to cheat familiar customers as they might be reluctant to complain. The
expression used was “Shashu”, meaning “kill acquaintance.” This impression was not shared by younger respondents.

4. Beijing Residents’ Attitudes towards Migrants

In the interviews with residents, nearly everybody showed conflicting feelings about migrants, who they often saw as one and the same as vendors. Indeed, I would ask their opinion of vendors, only to hear a long tirade about migrants. Considering that 20% of the vendors we interviewed were Beijing residents, it must be stressed that these terms should not be conflated. Many people said that the migrant population had both advantages and disadvantages (you haochu, you huaichu). Remarks on the low education, low ‘quality’ (suzhi), criminal activities, and unclean lifestyles of migrants were common.

As mentioned before, Beijing residents commonly stated that: “Beijing residents cannot endure hard work” (Beijingren buneng chiku or Beijingren chibuliaoku), implying that thus they have to depend on migrants. Old people liked to tell us how hard they had worked when they were young, stressing the fact that nowadays youngsters in Beijing do not like to do manual labour. One elderly Beijing vendor told us that he had three sons without jobs who were still living at home. He was the main source of income for the family. The sons apparently thought it demeaning and troublesome to help their father run his snack food stand. Indeed, all the labour-intensive vending work, such as selling fruit and vegetables, is done by migrants.
5. Conclusion

Beijing residents are more and more reliant on vendors in their daily lives, although the government still plays an important role in supplying food. Street markets are the primary source of food for most, particularly the poor. The move to free markets has brought greater variety of goods and the freedom to choose one’s own groceries, but also higher prices. Residents are adversely affected, however, by the noise, waste and traffic congestion caused by street markets. This uneasy relationship was apparent in several interviews where people complained that markets were crowded and dirty, while at the same time complaining that there weren’t any markets close to their home.
Chapter Eight: Recommendations

1. Policy Alternatives

Beijing’s markets, while playing an important role in the city’s economic life, present problems that need to be addressed. Three broad policy options present themselves: liberalizing markets, restricting the number of markets, and managing markets better. A complete liberalization of markets, as advocated by de Soto, is impossible under the current system in China. This type of policy has not been enacted in laissez-faire market economies, and is not likely to be accepted in a planned economy. In any case, the needs of residents should not be sacrificed to those of the vendors.

The other extreme is to try to control and restrict the number of vendors and the locations in which they vend. This is perhaps feasible in the short term, indeed the experience of the periods directly before the United Nations Women’s conference and the visit of the International Olympic Committee shows that it is possible to drastically ‘clean up’ the city in a few days. Nonetheless, the sheer numbers of migrants in the city who see vending as a profitable venture suggest that in the long term they will overwhelm the ability of Beijing’s Industry and Commerce Bureau to manage them. As the authorities focus their attention on one street, market activity merely shifts location. This can already be observed in Beijing, where the efforts of the “Tui lu Jin chang” policy have resulted in some markets being shut
down, while illegal street vending continues to proliferate. This approach also results in a loss of employment, and reduced access to goods and services.

A third alternative is to move more slowly to an indoor market policy and to allow for street markets where they pose little disturbance to traffic and residents. In most cases, better management of existing markets would address many of the current complaints. Since it must be assumed that migrants will continue to flock to the cities and that demand for goods will continue to grow, the municipal government has no choice but to accept the effects of this national policy. Better management, not stricter prohibition, is the best strategy to address the problems caused by markets.

The *Tuilu Jinchang* policy is an effort to move towards better management. I would argue, however, that it is moving too quickly, and that its ultimate goal of ‘one big, eight medium, one hundred small’ underestimates the market demand. Before street markets are destroyed, new markets must be constructed. Shutting down street markets without having a viable alternative place for vendors to relocate to, means that more vendors are likely to enter the illegal sector. Contrary to the slogans of ‘First build, then demolish’, I observed markets being torn down, only to reappear in a more disorganized fashion, where congestion was worsened by the fact that no one had cleared away the rubble of the former stores and kiosks. *Tuilu Jinchang’s* goal of moving all markets indoors ignores the many benefits that street markets provide. The street must not be the sole domain of the car, its crucial role in bicycle and pedestrian traffic, shopping and recreation must be recognized by planners.
1.1 Benefits of Markets

It should not be forgotten that street markets bring with them many advantages; among them convenient and inexpensive shopping for residents, and a cheap and fun way to shop. Street markets also provide more jobs and revenue for the government in terms of taxation than covered markets do, due to the relative ease of establishing them. Specialty markets not only serve Beijing residents, but are a tourist attraction. The concerns felt by some officials that markets are unsightly and give the city a backward or undeveloped look, should be re-examined. For many people, markets give a city vibrancy and character and are an attractive way to shop. The planner cannot impose and maintain a visual order; the way in which the city’s inhabitants use the space changes its environment and appearance.

2. Specific Recommendations

2.1 Market Location in the Outer City: More Space, More Markets

In the outer city it is relatively easier to find land to construct indoor markets, but this is a considerable cost for street committees to bear. It seems clear, nonetheless, that the amount of land allocated in plans for commercial activity is below the demand level. Here, it may be possible to construct one central covered market, but to continue to allocate space for temporary street markets. The outer city is characterized by broad sidewalks and streets, and it is easy to allow small street side markets to open without presenting a traffic problem. Thus there would be still be easier access for shoppers, as they would be not be restricted to only one market per street committee. In some cases, more, smaller markets would increase
access for residents, and decrease problems of traffic blockage and noise. The needs of older shoppers must be considered, as it is difficult for an old person to walk long distances, or to cross a busy street to reach a market.

*Tuilu Jinchang* aims to clear all major streets of markets. I would suggest however that the individual site must be examined. In some locations, spontaneous illegal markets that present few problems for traffic blockage – such as the grouping of illegal vendors in Shuangyushu – could be legalized, as was done previously. These formal markets could then be better managed, taxes and management fees could be collected, and more strict observance of time and basic sanitary procedures could be instilled.

### 2.2 Addressing Congestion in the Inner City

Even in the legal street market of Daxing Hutong, there are problems of traffic blockage. Emergency vehicle access is completely restricted, and pedestrian and cyclist access is difficult. In this market and others like it, the market is formally limited to only one side of the *hutong*, but in actual fact, vendors take up pitches on both sides by permission of the Street Committee. This practice needs to be strictly controlled, management of these markets is too lax. Shoppers from outside the immediate area should be encouraged to lock their bicycles outside the market area and go by foot, perhaps by putting up an easily movable barrier to block bicycles.
2.3 *Day-to-Day Management*

2.3.1 *Availability of Licenses*

Since there is a clear demand for licenses on the part of vendors, and since there is also a demand for these vendors’ services, it is suggested that the number of licenses and legal vending spots be increased. Beijing residents should not be favoured, and where the practice of re-selling licenses to migrants is found, it should be stopped and the Beijing license-holder banned from taking out another license. Compensation should be equally applied to migrants and Beijing residents if a market is to be shut down.

2.3.2 *Time of Opening and Closing*

Legal street markets vary greatly in the laxity or severity of keeping to stated opening hours. Some stay open later because of perceived demand and the difficulty of clearing away vendors. It is important that these times be strictly observed, so as to limit the disturbance to nearby residents and to give them reliable knowledge of when the market will be open and closed.

Another practice that could be adopted is to limit the times of all-day markets, requiring that they only open in the late morning, afternoon, or evening. As there is not much business during the day, perhaps they could be restricted to the evening when people are coming back from work, or to a few hours in the late morning after the morning market closes. This would limit the nearby residents’ exposure to market-related noise and traffic.
2.3.3 Waste Problems

Legal well-managed markets successfully arrange for regular and effective waste collection. Illegal markets, however, outside this framework of management, have only a haphazard approach to these problems. Vendors told us that they cleared up the area themselves, but this is not consistently practiced. By legalizing markets, and making either vendors or paid staff responsible for clearing away garbage, this problem could be solved.

2.3.4 Hygiene Practices in the Sale of Meat

The health standards of indoor markets far surpass those of the street markets. Meat sold on the street is not refrigerated, exposed to dirty counter tops, flies and dust, whereas the indoor markets are much more protected and the surfaces easier to clean. Of course, it is possible that this meat is still transported on open bike carts, which exposes it to just the same problems. Unless the standards are raised, meat-vending on the street should be discontinued. One mitigating factor, however, is that residents are well informed about the risks of this meat and are careful to cook it thoroughly. Nonetheless, restaurants and caterers may be less careful.

2.3.5 Provision of Sanitary Facilities

Market management should be responsible for providing water for fish vendors and for vendors to wash their hands and products. Without this provision they are more likely to go into neighbouring residences to look for water, disturbing people and making them feel
unsafe. It is also imperative that public toilets be available near to the market site as there have been many complaints about vendors using nearby areas as a toilet. This is both unhealthy and disgusting. This is also a problem in the informally constructed migrant living areas, where there is little access to water or toilets.

2.4 Consistency Among Different Street Committees

It is important that all street committees observe similar degrees of rigor in enforcing the policies on market management. Neighbouring street committees with different levels of enforcement create animosity among residents (especially those who live on the bordering streets) and encourage the movement of vendors from the more rigorous street committee to the less. These policies need to be enforced from the upper levels of municipal government to ensure that there is consistency.

2.5 Simplify the Regulation of Illegal Vendors

Even if more markets are legalized and more vending licences distributed, there will still be illegal vendors. Illegal vendors should be controlled by only one agency, likely the Industry and Commerce Bureau. Failing this, officials from the various bureaus presently controlled should only have the power to move vendors on from their illegal pitch, not to fine them, as this process encourages corruption. A more effective punitive measure would be to confiscate goods or equipment, and require the vendor to pay a fee to the office to get their goods back.
2.6 Consultation with Vendors and Residents

It is important that both vendors and residents be consulted about the specific local problems and needs. Before drawing up plans for the relocation of markets, planners should identify the shopping habits of residents, particularly the elderly and infirm who may find it hard to travel a greater distance to buy basic foods. This consultation could be done at the neighbourhood committee level, as these officers are usually very well informed about the neighborhood activities.

Residents need their own voice on problems that they experience with existing markets. Owing to the fact that the street committees actually profit from markets, and are thus less likely to rigorously enforce times of market openings and closing, and to limit market size, it is important that higher levels of municipal government try to identify residents' attitudes, perhaps through setting up focus groups or by consulting with the neighbourhood committees who do not directly benefit from the presence of markets.

2.7 Organization of Vendors' Groups

Vendors will be better able to protect their own interests and rights if they are allowed to form legal representative organizations. Such organizations would also benefit migrants, who are either have no legal representation, or are represented by an official of their hometown or provincial government. At present, informal arrangements in migrant communities are in place, where an established migrant will negotiate on behalf of
newcomers with police and other officials, usually involving the exchange of money between
the newcomer and go-between, and go-between and the officials. In other situations such as
the Ruian Hall, a wholesale market of children’s clothing, one man runs the market as an
informal king (Yuan, 1996). Clearly both these situations should be avoided, the lack of
legal organizations leads to corruption and petty despotism. Legal organizations with open
membership and voting would avoid some of these problems, and serve to lobby for vendors’
interests.

2.8 Credit Schemes

Vendors now rely on informal credit networks – immediate family members, distant relatives
and other laoxiang all are sources for loans for a wide range of purchases, from a train ticket,
to the capital cost of buying a bicycle cart. While these networks are useful, an alternative
source of credit, from non-family sources, is necessary for those from very poor
backgrounds, or those for whom this form of credit is only available with exploitatively high
interest rates.

The success of revolving loan funds has been demonstrated in various developing countries,
but such funds are difficult to establish in China, because of the reluctance of people to get
involved with those outside their laoxiang or family network. Instead, small loans could be
made to vendors by a bank or credit agency. Such a program is already being instituted by
the Ford Foundation in rural communities, and the establishment of a trial program in Beijing
would be a first step to addressing this gap in credit availability (Interview with Ford Foundation representative, 1996).

3. Recommendations for Further Research

Detailed research into formal and informal community relationships are necessary to evaluate the impact of recent reforms, and to help in the successful relocation of inner city residents. City-wide studies on shopping habits would identify demand patterns, and aid in locating new markets and stores. Research into the structure of wholesale markets in Beijing is necessary to address transportation planning problems. In depth studies of vendors’ motivation for entering the sector would aid in the formulation of management policies.

4. Conclusion

At present street vendors suffer from a double burden. Not only is vending a low status occupation, but many vendors are migrants, who are treated as outsiders in the city. This low status means that vendors are easily exploited and somewhat at the mercy of government policy. Vendors have no opportunity to express their point of view to officials, and no media presence. Nonetheless, this sector has shown itself to be resilient and irrepressible. Officials should capitalize on the strengths of the sector and work with vendors to address problems. Markets play an invaluable role in Beijing’s communities; with better management, problems can be solved. While it is widely accepted that ‘Beijing people cannot eat bitterness’, it is clear that, with the help of street markets, they can and do eat well.
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Interviews

Municipal and District Level Officials:

Beijing Municipal Institute of Urban Planning and Design. Deputy Director.  
(Participant in Tuilu Jinchang Policy Formulation)
Beijing Municipal Institute of Urban Planning and Design. Official.
Eastern District, Industry and Commerce Bureau. Vice-Chief.
Eastern District, Tax Policy Management Sector, Official.
Anjiao Combined Street Committee Industry and Trade Bureau. Chief.

Jiaodaokou Street Committee:

Street Committee Representative.
Bancheng Neighbourhood Committee Representatives.
Nanluoguxiang Neighbourhood Committee Representatives.
Tax Office, Official.
Street Committee Market Section. Manager. (Daxing Morning Market)

Shuangyushu Area:

Street Committee Market Section. Manager. (Haizhong Indoor Market)
Shuangyushu Jimao Shichang. Officials.

Researchers:

Wang Hansheng. Professor of Sociology. Beijing University. Researcher on Ford Foundation Mobility Project.
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Appendix A:
Survey of Residents Interaction with Street Vendors
Individual Economy Vendors Survey
### Survey of Residents Interaction with Street Vendors

**Location of Interview** ___________  
**Time of Interview** ___________

**Gender:** _____  
**Age:** ___________  
**Occupation:** ___________

**Length of Residence** ___________  
**Education Level** ___________

<table>
<thead>
<tr>
<th>Place of purchase</th>
<th>Distance from your home</th>
<th>Time of shopping</th>
<th>Frequency of shopping</th>
<th>Reasons for Purchase</th>
</tr>
</thead>
<tbody>
<tr>
<td>vegetables</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>fruit</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>meat/fish</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>grain</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>products</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>daily use goods</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>clothing</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Do you get any other services/goods from the street? Material: ____  
Bicycle Repair: ____  
Haircut: ____  
Other: ___________

Do you frequent one vendor?  
Do you ever buy snack food on the street?  
Do you go to any other places to buy goods?  
What goods do you buy from government stores?  
What is your opinion about the vendors in this area?  
Advantages: make life convenient ___________  
Other ___________

Disadvantages: Noise _______  
Waste _______  
Traffic _______  
Safety _______

What is your opinion of migrants?  
What is your opinion of market management?  
Other Comments:
Individual Economy Vendors Survey

Place of Interview __________________________  Time of Interview __________________________

Gender _______  Age ____________  Product Sold __________________________

Education __________________________

Province of Origin __________________________  Length of time in Beijing ____________

Marital Status _______  Spouse’s occupation __________________________

Former occupation __________________________  First job in Beijing __________________________

Gender /age of children _______  What do Children do? work _ school _ pre-school _

How long have you done this job ______  Why did you take this job/ this place? ______

Reasons for doing this job? main living ___ supplement income ___ use your time ___ ??

Where is your Beijing residence? How far away by bicycle?

Is it: a one story house ____ or an apartment? ______  Rent __________________________

Are there any problems with your housing? ______

Monthly income _______  Management fees/ taxes __________________________

Source of goods ____________  Method of transportation of goods ____________

Frequency of purchasing stock _______  Distance from source to this location ______

Hours of work ___  Siesta hours ___  Do you cook own meals ___  buy meals ___

Do any family members work with you? ______  Any non-family members? ______  How many people do you support? ______

Are customers mostly residents or passersby? _______  How is your relationship with your customers? (good, indifferent, bad)

Do you have any problems vending here?

Do you have any comments about the market management??
Appendix B:
Street Vending in Beijing: Photographs
Watermelons sold on the main street of Shuangyushu. Vendors live in these tents for the summer months.

Kiosks selling snacks and food line a minor road in the outer city.
Morning market in the outer city. Old ladies selling clothing on the sidewalk of a main street.

Morning market in the outer city. Vendors sell vegetables from bicycle carts on a dead-end street.
A bicycle repair shop and pay telephone in the outer city. The vendor, a retired Beijing resident, has extended his ground floor apartment towards the street.

Lunch being sold in the outer city by an illegal vendor. Several seemingly legal kiosks and restaurants were just pulled down on this street.
Morning market in the inner city. Note the narrow width of the hutong.

An intersection in the outer city with vending of various goods on three corners. The woman in the green cart is selling cigarettes in a converted kindergarten pedi-bus.