

# ***Analysis of the Development and Countermeasures of the Street Stall Economy with Chinese Characteristics***

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**Abstract:** The spread of COVID-19 has impeded China's economic development, and the street stall economy has significant implications for the economic development. Since Premier Li Keqiang voiced his support for the development of the street stall economy, it then has swept the nation and captured the public's attention. However, some academics have criticized the street stall economy due to its inherent shortcomings. This paper concentrates on the origin and development status of China's street stall economy, as well as its characteristics and existing problems. In addition, the paper examines the management of street stall economies in Korea and the Netherlands in order to draw on relevant and valuable experience, and concludes by proposing countermeasures for the current development of the stall economy in China. Standardizing the administration of the stall economy in China and promoting its healthy and sustainable development can be greatly aided by adopting the best practices of other countries' stall economies and combining them with the Internet's way of thinking.

**Keywords:** street stall economy, management, sustainable development

## **1. Introduction**

The so-called street stall economy can also be referred to as road economy or roadside economy, which refers specifically to a form of income derived from occupying a particular urban public space and employing mobile or fixed stands. The street stall economy is not a modern economic industry. It was created in prehistory and served as the model for the market economy of the Tang and Song dynasties [1]. Although the modern life elements of the stall economy have changed substantially as urbanization has advanced, its convenience has never changed. The stall economy takes many forms, including temporary food stands, localized commodity markets, and the use of electric illumination to showcase cultural artifacts in metropolitan areas. Cities with rich histories frequently feature a distinct stall economy that contributes to the city's one-of-a-kind cultural landscape.

In early 2020, a global pandemic known as COVID-19 emerged, and its spread made an outbreak in China all but unavoidable, stunting the country's GDP expansion. The "ground stall economy" was developed to ensure the long-term health of China's economy, as it not only helps individuals find work and stabilize their incomes, but also increases domestic demand, stimulates consumer spending, and ultimately drives growth. During his trip to Yantai, Shandong Province, on June 1, 2020, Premier Li Keqiang made the following observation: "The stall economy and the small shop economy are important sources of jobs and fireworks in the world" [1].

The "ground stall economy" is important for China's economic growth, but it also has its share of challenges and must be adapted to fit the country's specific circumstances.

This study examines the history, current state, distinctive features, and pressing issues of China's stall economy. In addition, the paper examines the administration of the stall economy in Korea and the Netherlands to learn from their successes and failures and to apply that knowledge to China's current situation, before concluding with recommendations for stall economy reform. It is of positive significance to standardize the administration of the stall economy in China and promote the healthy and sustainable development of the stall economy with the support of international stall economic governance model and the combination of Internet thinking.

## **2. The Development of the Floor Stall Economy in China**

Similar trends may be seen in the development of both the commercial and street markets in China. From "The Rites of the Zhou Dynasty - Di Guan - Si Shi," we learn that the earliest iteration of the ground stall economy originated in the Western Zhou Dynasty because "Xi Shi, the market at sunset, is dominated by peddlers and vendors"[1]. As early as 1949, the Chinese People's Political Consultative Conference proposed a policy of "balance between public and private, labor and capital, mutual assistance between urban and rural areas, and internal and external exchanges," acknowledging the legitimacy of the "floor stall economy" [1]. However, the "ground stall economy" in China hit a historic low after the Central Committee of the Communist Party of China issued the "Emergency Circular on Stopping the Blind Exodus of Rural Labor" in 1959, effectively restricting the freedom of movement of "ground stall" operators and rendering the "ground stall economy" no longer legal from the perspective of law. While Premier Li Keqiang noted that the stall economy and the small store economy were jobs during his visit to Yantai in Shandong Province, the Central Civilization Office made it clear that "no longer will occupied businesses, street markets, and mobile vendors be included in the assessment of civilized cities" in 2020. As a result, the "stall economy" will experience explosive growth after 2020, and this trend appears poised to continue.

## **3. Characteristics and Existing Problems of the Floor Stall Economy**

### **3.1. Characteristics of the Floor Stall Economy**

The first is a low price point and barrier to access. There are no hard and fast rules regarding the stallholder's level of education, technology, or capital, and the fixed costs of investment can be drastically reduced because of this. When compared to store owners, who must cover expenses like rent, utilities, and employee benefits, the greatest expense for a ground stall operator is the cost of goods [1].

The second is a large geographical reach. Many different types of businesses are represented in the ground stall economy, from food and drink to clothing and accessories to games and amusements. It can serve as a powerful motor for the local economy, and the interconnectedness of its upstream and downstream sectors makes structural adjustment and transformation between sectors easier.

The third type combines a tiny footprint with high mobility. Strong mobility, stalls, time, size, business projects are all up to the ground stall operators, and there is no need for qualification requirements or large scale (it may be just a few people or just one person running the stall) thanks to the mobility of the stall, which opens up a wider range of opportunities.

### **3.2. Problems of the Ground Stall Economy**

First, there is a significant effect on brick-and-mortar retailers, which drives customers away from unscrupulous businesses [2]. The ground-level stall economy has a minimal barrier to entry because

there is no rent pressure or tax burden, and there are only modest management fees and commodities prices. Due to the high costs of maintaining a physical location, including rent, utilities, and corporation or personal income tax, brick-and-mortar businesses are increasingly at a disadvantage in the marketplace. As a result, the ground stall economy will have some effect on traditional stores, and achieving both the healthy growth of the real economy and the integration of the informal economy, such as the ground stall economy, to mutual benefit is a challenging problem.

Second, disputes might quickly arise because of the presence of sellers [3]. These characteristics of ground stalls—their mobility, lack of a permanent location, and transient nature—are both advantages and disadvantages. For example, disputes can arise when nearby vendors compete for prime peddling spots, and stalls in prime locations may change hands multiple times.

Thirdly, there's a widespread problem with low-quality goods and the violation of consumers' rights [4]. Due to the low prices, most people prefer shopping at ground level vendors, which stock a wide variety of goods including food, clothing, and more. However, low prices should not come at the expense of high quality; in the long run, a low-cost business model would inevitably lead to inferior products. For years, incidents involving gutter oil, lean meat extract, and other substances have plagued the catering industry, poisoning the public.

The last one is causing pollution in the environment and altering the look of the city [5]. There is a significant impact on the city's aesthetics due to the vendors' inconsistent environmental consciousness; after business, many vendors leave behind a jumble of trash and plastic bags. At the same time, the routine rest and lives of the nearby neighbors will be disrupted by a variety of speakers and hawking.

## **4. Reference to the Management of Foreign Ground Stall Economy**

### **4.1. The Management Model of the Korean Stall Economy**

#### **4.1.1. Government "Differentiated" Treatment**

The government classifies cities into three categories: 1) "absolute no-go zones"; high-traffic places, such as city streets, train stations, and public squares. Ground stalls are prohibited in this location so as not to disrupt the flow of traffic and detract from the aesthetics of the city. "Relatively prohibited areas" are those that have less of an effect on urban traffic and aesthetics. Vendors must submit an application in advance to be considered for stalls in this area, and there are still limits on the number of stalls and the hours they can be open; Thirdly, "Induced Area" refers to locations where urban traffic and aesthetics are less likely to be impacted, such as roadways within traditional markets, open spaces outside residential neighborhoods, and roads along rivers with reduced traffic flow. Roads. After acquiring a license, vendors must also abide by the government's limits on business hours and other criteria [6].

#### **4.1.2. Collaborative Governance Within and Outside the Industry**

The Korean vendors have taken the initiative to form the National Open-air Vendors' Confederation (KOSC) and create an official website with features like searching for information about ground stall business sites, sharing the most recent ground stall economic policies, reflecting practical problems, and exchanging business experiences.

To facilitate "collaborative governance" of the street stall economy, each local self-governance body has formed a Sang Sang Committee consisting of government officials, experts in related sectors, resident representatives, and vendor representatives. To provide thorough information and data for the later management of the stall economy, the committee conducts a "stall reality survey" to collect information on the personal circumstances of the stall operators (such as average daily income,

average monthly income), the core of their business (such as location, stall size, business items, hours of operation), and whether they are members of hawker associations or groups.

#### **4.1.3. Setting Entry Thresholds and Emphasis on Distinctive Business**

The government will reevaluate the eligibility of vendors every three years. The industry autonomous groups have proposed a standard that ground stall operators' total household assets shouldn't exceed 300 million won (roughly 1.75 million yuan) [6]. Operators who exceed this standard may be counseled and the government may impose some degree of management control on them.

To ensure that the ground stall economy in various locations could meet consumer demand while yet keeping and accentuating specific corporate traits, the government actively encouraged them from the outset of the planning process. The Dongmyeon Flea Market in Seoul's Jongno-gu, for instance, caters only to used wares like clothing, electronics, media, books, and more.

#### **4.2. Management Model of Dutch Stall Economy**

Space selection is the initial management technique. Local land use plans are created by governments and regulate "the use of land for specific activities and the form of construction." Governments also have the power to issue building permits and offer land for development projects. Planning applications are reviewed and scored in light of the permitted uses of the site. Local governments consider the needs of all stakeholders before deciding which free market to adopt [7]. Additionally, the functional position and historical evolution of an area determine the division of labor and the structure of the free market in that region. Some of the greatest and most well-known Dutch markets are the Albert Market for fresh produce, the Ancient Market for antiques, etc.

Furthermore, the Dutch Consumer and Market Authority is in charge of market regulation and the granting of vendor licenses. There are several distinct licenses available: stall licenses, i.e., within the marketplaces divided by the government and used to gather a certain number of fixed stalls, vendors need to register with the Market Authority and apply for a license, the fees for which vary from city to city, the license specifies the area of stalls they can operate, and beyond that area, they are not permitted to sell their goods. The license limits the business to a certain space, and if it expands beyond that space, it must pay a charge; Itinerant sellers on public streets and plazas are required to pay a nominal price for a vendor license, and they are not allowed to set up shop for more than the minimum amount of time required to service consumers. Their system of self-government is the most salient feature. After applying for a permit to sell on city streets, squares, or marketplaces, vendors must abide by the rules established by an independent group made up of vendors and community administrators.

#### **5. Countermeasures for Chinese Stall Economy**

To begin, the growth of the ground-floor stall economy requires careful scientific design of metropolitan areas. Government organizations in South Korea and the Netherlands, for example, have been using city planning as a starting point for managing the stall economy. Examples of "Class 1 areas" include major thoroughfares, train stations, and public squares; "Class 2 areas" include sites where stalls are permitted but advance applications are necessary and where restrictions are placed on the location and hours of operation; and "Class 3 areas" include areas where stalls are not permitted. Class 2 locations" are defined as low-traffic roads beside rivers and streams, open areas on the edges of residential neighborhoods, and roads within traditional markets. Once these are determined, the public is made aware of them via the official government website.

Second, it may utilize Internet-inspired strategies for managing the local marketplace. Locations that permit ground-level vendor booths will have corresponding Quick Response (QR) codes posted

on the ground, which vendors can use to register their booth details (products for sale, owner details, contact info, etc.) by scanning. Data on city vendors can be gathered in the background and used for planning purposes. In the event that buyers purchase counterfeit or low-quality goods, city officials can identify the stall's owner and file a claim, facilitating the harmonious growth of the ground stall economy.

Thirdly, designated ground stall economic zones are mandatory. Setting up a food ground stall area, for example, would involve mapping out each regional ground stall and combining the geographical location and the surrounding environment in order to concentrate all the surrounding ground stalls selling food and drink in a certain area, developing it into a special food night market to attract tourists to come and hit the streets and drive the local tourism industry. A designated location for apparel sales, etc., can be arranged.

## 6. Conclusion

The "ground stall economy" has fueled flexible employment, generated income for stall owners at extremely cheap prices, and supplied consumers with more inexpensive goods, all of which have contributed to economic growth despite the present market crisis. This research also has limitations. For instance, there is no field research, the event studies aren't comprehensive, and the problem analysis isn't fine-tuned. More investigation will be conducted in the near future. As for the expectations, the stall economy still has a lot of room to expand. The stall economy may move toward Internet and digitization in the future. To improve the business environment for all members of society, it is essential to put equal emphasis on both creative development and the strengthening of quality supervision and market maintenance.

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