Informal Economy in Shanghai's Suburban Villages:

Local Society and the Dilemma of Governance

Jianlei Zhang*

School of Philosophy and Government, Shaanxi Normal University, China

zhangjl767@163.com

Wansheng Xiong

School of Social and Public Administration, and Center for Studies of China's Urban and Rural Development, East China University of Science and Technology, China

wshxiong@hotmail.com

"非正规经济"的地域社会形态及治理困境：基于上海郊区农村的考察

张建雷

陕西师范大学哲学与政府管理学院

熊万胜

华东理工大学社会与公共管理学院

---

* Editor's note: This article was presented at the conference on "The Social Science of Practice and China Research" in honor of Professor Philip C. C. Huang's 80th year (held at the School of Sociology of Renmin University in Beijing). The articles are being published in different groups in *Open Times* 开放时代, *Rural China-Zhongguo xiangcun yanjiu* 中国乡村研究, and *Modern China*, a total of 20 articles.

Abstract

The rise of the informal economy has profoundly changed the social structure of rural society in Shanghai's suburbs, leading to the phenomenon of the "defamiliarization" of the "society of the familiar." As a result, local governments have lost the conventional resources and means to govern the risks posed by migrants working in the informal economy and, what is more, the model of minimalist governance itself has failed. In order to deal effectively with the risks to governance posed by the informal economy, local governments have tried persistently to strengthen their control over rural society through the expansion of administrative power and village organizations under their high-pressure system of governance. The goal of governance has been to compress and transform the production space of the informal economy, and integrate the large number of informal workers into the formal administrative management system. However, informal workers, who cannot be formalized because of the inherently informal nature of their work, face the prospect of eventually losing their livelihood space. Their lives have become more precarious and unstable since informal economic activity has continued to shrink.

Keywords

migrant population, informal economy, local society, formal governance

摘要：非正规经济的兴起深刻改变了地域社会的结构形态。大量非正规就业人员既孤立于地方性熟人社会体系之外，也未被政府制度化的社会保障体系所吸纳，这完全超出了传统简约治理模式的适用范围，并导致基层政府对非正规经济的治理面临着诸多

风险。在压力型体制下，为有效应对非正规经济的治理风险，基层政府通过行政职能的扩张以及村级组织的行政化建设，不断强化了其对基层社会的控制权力，以实现对非正规经济的规范化治理，即以强大的行政权力持续压缩、改造非正规经济的生产空间，最终将这一规模庞大的非正规经济领域纳入政府的规范化管理体系之中。不过，政府的规范化治理也意味着大量无法被规范化的非正规就业人员生存空间的消解，从而使得底层民众处于更加不利的被剥夺状态。

关键词：流动人口、非正规经济、地域社会、规范化治理

China’s road to industrialization since the establishment of the People’s Republic of China has been inextricably linked to a dual economic structure that divides urban society from rural society. According to the classical theory of development economics, a dual economy is a necessary stage for industrialization. In this view, in the early stages of economic development, society is divided into two sectors, the traditional agricultural sector with huge surplus labor and the modern industrial sector with great demand for rural labor. With economic development, more and more surplus labor in the countryside is absorbed by the modern sector until it is exhausted and a turning point is reached. At that moment an integrated labor market will emerge and the dual structure will disappear (Yao, 2013: 99–103; Fei and Ranis, 2004: 96–163). Given the fact that China since the 1980s has witnessed the gradual emergence of an integrated labor market and the transfer of a large number of rural workers to urban industrial and commercial sectors, at first glance it may seem that China is marching along the path presupposed by mainstream theory. Therefore, in response to the current problem of social inequality between urban and rural residents, many scholars

advocate that the household registration system, the main institutional barrier, be reformed to achieve the fully integrated development of urban and rural residents in terms of infrastructure, employment, social security, and other aspects (Zheng, 2005; Lu and Yang, 2013).

By the beginning of the twenty-first century, many local governments in China began to explore a development model of urban-rural integration. Shanghai is a typical case of this political practice. In 2001, Shanghai canceled the rural registration system for rural births, and started to register the newborn as urban residents. By 2003, it established a social security system for residents in small towns (mainly targeting peasants who lost their land and urban employees who had been excluded from the social safety net enjoyed by urban residents). As a result, the city established three main models of social security: one for urban residents, the second for residents of small towns, and the third for rural residents. The level of provision of social security in Shanghai is far higher than that in most central and western regions of China, although there has been a gap separating these three models. For example, in 2010, people with rural pension insurance in Shanghai could receive 444 yuan per month after the age of sixty, while those with town or city insurance could receive 848 and 2,081 yuan respectively (Tang, 2016). By 2014 a policy dubbed "measures on basic pensions for urban and rural residents in Shanghai" 上海市城乡居民基本养老保险办法—underwritten by the government and collective subsidies and personal contributions—was designed for residents who were not covered by social insurance. Thus, Shanghai instituted a type of pension insurance with "comprehensive coverage" for both urban and rural residents. The basic pension was 540 yuan per month at first, and has been adjusted to 1,010 yuan since May 2019. In short, Shanghai has exhibited an integrated pattern of urban-rural development.

However, the social security system of Shanghai is characterized by localism (Xiong, 2015). It covers merely local residents with a Shanghai household registration, and excludes a

huge number of migrants consisting mainly of "peasant workers" 农民工 and the self-employed, such as tenant peasants, street vendors, proprietors of small eateries, small shopkeepers, and the like. Most migrants, who face unstable employment, are denied the security of social welfare and the care of government (Wang and Ye, 2015; Ma, 2015). Scholars have termed migrants "informal employees," working in the "informal economy," in contrast to formal employees, who are entitled to sound social welfare and governmental security (Huang, 2009). The informal economy has grown dramatically in China during the marketizing reform era and has made a huge contribution to economic growth by drawing surplus rural labor to modern urban sectors (Li and Tang, 2002; Hu and Zhao, 2006; Huang, 2010). Nonetheless, it must be recognized that informal employees, who have made great contributions to economic development, have long suffered from few legal protections, inferior social security, and low pay (Huang, 2009). Obviously, the government should pay greater attention to informal employees in the process of promoting urban-rural integrated development in the context of population migration.

Studies on the informal economy have mainly adopted a particular macro or micro perspective to explore its economic attributes, especially the situation of social inequality between formal and informal employees (Swider, 2017; Judd, 2017; Fan and Xue, 2017; Chan, 2017; Huang and Wang, 2017; Wu, 2017). However, Shanghai's experience shows that dividing the economy into formal and informal sectors also involves the government's welfare governance strategy for residents with local household registration. As for the large numbers of informal workers in the informal economy who have not been covered by the government's welfare governance system, one may ask, what kind of governance strategy will be adopted? Will the government continue its present policy of neglecting informal workers or will it implement a new governance strategy? This article focuses on the suburban rural areas of Shanghai, the main area where the informal economy and informal workers are

concentrated, and explores the social formations shaped by the informal economy and the local governments' governance strategy.

Local Society: The Informal Economy and Structural Change

This article is based on the authors' fieldwork in the rural areas of Shanghai since 2014. By the end of 2017, there were 9.7268 million migrants in Shanghai (accounting for 40.2 percent of the city's total population), of whom 6.8429 million (70.3 percent of the total migrants) lived in suburban districts such as Pudong, Baoshan, Jiading, Jinshan, Songjiang, Qingpu, Fengxian, and Chongming, which are the main centers of the informal economy.

Population Migration and the Microcosmic Forms of the Informal Economy

The basic attraction that has drawn migrants to Shanghai has been the immense demand for labor generated by the rapid industrial development in urban and rural society. Industrialization in rural society started with the collective enterprises run by the communes and production teams in the people's commune period. After the reform of the people's communes in the 1980s, collective enterprises were renamed "township and village enterprises." With the development of a market economy, these enterprises developed rapidly and became an important pillar of the local economy. By the mid-1990s, however, township and village enterprises began to decline, this because they had limited operational capacity and because the Chinese state adjusted its macroeconomic policies. Therefore, local governments began a new round of economic development with the construction of industrial parks as the core, to draw in investment of capital from home and abroad. In addition, the number of migrants grew rapidly as well in rural society because the local peasants who got jobs in industrial parks leased their farmland to migrant peasants. The latter took over

agricultural production by, for example, raising vegetables and rice and farming fish and shrimp. By 2000, there were 3.8711 million migrants (or 22.6 percent of the total population) in Shanghai, two-thirds of whom lived in suburban rural areas; 61.8 percent of them lived with their families, and 11.4 percent were children aged from 0 to 14 (Shanghai tongji nianjian, 2004). By 2014, the migrant population had reached 9.9642 million (or 41 percent of the total population) (Shanghai tongji nianjian, 2015).

In many suburban rural areas, the migrant population had even surpassed that of the local residents, leading to "population inversion." In Q town, for example, there were 39,891 migrants in 2010, accounting for about 47 percent of the entire population (see Table 1). By 2012 the number of migrants had surpassed that of the local residents. It reached a peak and began to decline in 2015, when the local government started to implement a population control policy.[1]

Table 1. The Population of Local Residents and Migrants in Q Town, 2010–2017

Years/Identity	2010	2011	2012	2013	2014	2015	2016	2017
Local residents	44,387	44,398	48,601	48,714	48,797	48,391	49,695	49,592
Migrants	39,891	38,474	50,628	54,115	56,380	56,283	46,777	42,956

Source: *Q tongji nianbao*, 2010–2017

The distribution of the migrant population in the various villages of Q town is not

[1] The government of Q Town was tasked with reducing the total number of migrants by 10 percent each year from 2015 to 2017.

uniform, and most migrants were living in villages near the town since that made for a short commute to the factories. The villages of NX, ZN, and XJ, for instance, housed 30 percent of the migrant population of Q town; as a result, the number of the migrants was much higher than the local population in these three villages. Other villages had relatively few migrants because the industrial areas are distant. Therefore, we analyzed the structure and distribution of the migrant population of T village, which is middling in the number of migrants and is a reasonable distance from the nearest industrial park. T village is about 5 kilometers and 12 kilometers from the industrial park in town and the country seat, respectively. It had a total of 2,911 registered residents in 1,099 households and 1,604 migrants by the end of April 2018.

Table 2. Registration Information of Migrants in T Village (end of April 2018)

Gender			Employment						Dependents		Rental Information	
Total	Male	Female	Factory workers	Peasants	Business	Construction	Service	Unemployed	Preschool children	Students	Number of renters (households)	Number of rented rooms
1,604	939	665	1,132	348	21	6	3	12	11	71	361	728

Source: *T wailai renkou tongjibiao*.

As Table 2 shows, migrants in suburban rural society are mainly engaged in working in factories or on farms, and they either live in rooms rented from local peasant households or in temporary shanties they built in the fields.[2] In addition to factory workers and tenant peasants, there are large numbers of migrants who work in services, such as private kindergartens, primary schools, small restaurants, internet bars, small shops, street vendors, and so on.

About a third of the resident peasant households of T village have rented housing to migrants, with each household renting an average of two rooms (at a rental of 200 to 300 yuan for each room per month). Most of the farmland has been leased to migrant peasants to raise vegetables and grapes (at a rental of 2,000 yuan a year per mu). Of the total 4,416 mu of the village, only 80 mu are worked by local peasants. The local residents living in the village are mainly old people, because most young villagers have moved to cities or towns. In 2018, there were a total of 1,011 people aged over sixty in T village, accounting for 34.7 percent of the total registered household population. Therefore, the migrants have surpassed the local people if calculated by the actual resident population.

Generally speaking, migrants working in the informal economy and local residents have fundamentally different types of jobs. The former typically work in factories, farm rented land, or run eateries, while the latter are mainly employed in the formal economy sector

[2] In order to live near the places they work and reduce the burden of paying rent for housing, migrant peasants usually build shanties in the fields 田间窝棚, which has created its own problems. With the government's enhanced control over the agricultural environment since 2014, most migrant peasants began to rent housing from local villagers, and the field shanties have gradually decreased. See Yuan, 2015, and Cao, 2013.

dominated by the local government. Migrants are not part of the local society of the familiar nor are they covered by the government's social security system. Rather, they cluster in migrant communities characterized by high mobility, instability, and little in the way of social security.

The Defamiliarization of the Society of the Familiar: The Informal Economy and the Transformation of the Local Social Structure

The clustering of migrants has profoundly changed the social structure of the suburban rural society of Shanghai. Peasants migrate to Shanghai mainly with the help of relatives and friends from their hometown. This is a source of the obvious occupational division among migrants based on their home regions. In T village, for example, almost all vegetable growers are from Anhui, watermelon planters are from Zhejiang, and producers of cucumbers and tomatoes in particular are mainly from Shandong. The regional networks shared by migrants have also created new social circles in the rural areas of Shanghai, which are critically important in migrants' lives.

The social circles of local residents were also originally based on geographic and blood ties, which constituted the basic social structure in Shanghai's rural society. However, with the progress of industrialization and urbanization, young people left for the urban areas and settled there, thus leading to a "subjectless society of the familiar" 无主体熟人社会 (Wu, 2002). Gradually, migrants become the main producers and consumers in the villages, and created a closer community solidarity structure (compared with the local residents' looser social networks) in Shanghai's rural suburbs. Association between local residents and migrants is limited merely to the paying (by migrants) and collecting (by local residents) of rent for land or dwellings. Aside from that, there are hardly any interactions between the two groups. In other words, there is a distinct boundary between the migrants' social circles and

those of the local residents.

Many local residents in Shanghai's rural society look down on migrants, on account of the relatively high level of social security and the advantageous geographic location the former enjoy, and the hard labor the latter are engaged in. Local residents mostly associate with a small circle of people they are familiar with. During the day, the young people are off in the city working, while most of older people are playing cards in the senior citizen activity center near the village committee offices. In a similar vein, migrants' daily contacts both in their work and in their life outside of work are with their friends and relatives from their hometown. Migrants rarely have any intention of integrating into the lives of the locals, although they may have been living in Shanghai for many years. Usually their long-term plan is to buy a house in their hometown after saving up enough money and eventually move back home. For these people, Shanghai is just a place of sojourn that offers better-paying jobs than those back home. If at any time they find another place where the opportunities to make money are better, they will pull up their stakes and migrate. Mobility is thus a central feature of migrant life.

The destination of migrants is usually determined by their own social relation networks. That is, they move to places where their fellows from their home village or district have already settled. Their networks are foreign to local residents. The end result is that local residents and migrants seem to be living in two different worlds, even though they coexist in the same physical space in Shanghai's suburban villages. In short, in the face of migration, the structure of rural society in Shanghai over the years has tended toward the "defamiliarization of the society of the familiar" 熟人社会的陌生化.

Semiformal Governance and the Governance Dilemma of the Informal Economy

The defamiliarization of the society of the familiar has forced local governments to face a

large group that is increasingly defamiliarized and highly mobile. This has profoundly changed the governance model in Shanghai's rural suburbs.

Semiformal Governance of the Informal Economy

China has long followed a model of minimalist, semiformal governance in rural society. Governance in the Qing dynasty and in the Republic, for instance, relied on quasi-officials, such as *xiangbao* 乡保, village heads, and the like, to settle disputes. Although such quasi-officials played a critical role in grassroots governance, they were not salaried formal government officials. By virtue of this model, the government was able to organize its administration at the local level at a relatively low cost, but at the same time ensure efficient and effective rule (Huang, 2008).

The reason these unsalaried quasi-officials could play a positive role in governance was that they could marshal the power of reputation and face 面子 by dint of their identity as "cadres" in the rural society of the familiar. Furthermore, given the fact of the close relationship between quasi-officials and villagers based on geographic and blood ties in rural society, the state could implement its policies effectively through the social networks of the quasi-officials. If we jump to around the year 2000, each village in Shanghai usually had five to seven village cadres. Village cadres' "annual salary" was about eight thousand yuan (almost the same as the income from working in a factory), while the heads of villager groups 村民小组 received no more than a few "subsidies" at the end of the year. (Some heads of villager groups had an income of several thousand if they also worked as plumbers or electricians, for example.) Farming was still an important source of income for village cadres. During that time, the local governments in Shanghai's suburbs carried out a project dubbed "every household rich" 万家富工程, which encouraged peasant households to plant cash

crops or farm poultry, fish, or shrimp to increase their family income. Here village cadres played a leading and exemplary role.

After the institution of rural fees was abolished nationwide in 2006, village cadres have become increasingly formal in the sense of receiving salaries from the government and engaging in more bureaucratic paperwork. However, administrative practice in rural society is still minimalist. Village cadres, elected by the communities themselves, are still community members with the right to contracted land and the right to community welfare. This makes them fundamentally different from government officials. In addition, the governance of villager groups, as the fundamental unit of rural governance, is minimalist as well. The heads of villager groups, to reiterate, are still not salaried, but usually receive "subsidies," which average 2,000 to 3,000 yuan a year. However, most of their income comes from working in the agricultural, industrial, or commercial fields.

In the minimalist governance model, local residents, who both live in the society of the familiar rural network and work in the formal economy, with its comparatively generous provision of social welfare, are the local state's main object of governance. The government's administrative departments rarely need to intervene in rural society since many administrative affairs involving rural residents are well handled by village cadres. However, the practice of grassroots governance has greatly changed with the increase in the migrant population. Local government has no choice but to pay more attention to "unfamiliar" migrants, who have become the main body of rural society in Shanghai's suburbs.

As mentioned above, there is hardly any social connection between migrants and the local residents except for the necessary market relations with the former paying the rent on dwellings or farmland to the latter. Obviously, dealing with a group of "strangers" (composed of migrants working in the informal economy) effectively through minimalist governance, a model based on a rural society of the familiar, poses a challenge to local government. In

short, the minimalist governance model is not applicable to the informal economy sector. In order to adapt to the transformation of the rural social structure, local government constantly has to adjust its governance model.

The Informal Economy: The Failure of Governance and the Risk to Governance

The failure of the traditional model of minimalist governance means that local governments in Shanghai's suburbs do not have the conventional resources and means to govern migrants. As a result, the governance of migrants is almost a big blank spot. Furthermore, the governance structure is very imbalanced, with local residents benefiting from a wide variety of resources bestowed by government that are denied migrants. This suggests that, with the further development of the informal economy, the great risks entailed in the blank spot of migrant governance will become greater still (Ye and Liu, 2014).

Information Failure

Information failure is a major problem bedeviling local governments in governing the migrant population. During the authors' investigation in C town—with a registered population of sixteen thousand and a migrant population of forty-one thousand in April, 2015—a village cadre declared, "A third of the migrants don't work; nobody knows what they're doing; who knows what they're doing if their landlords don't know?" (Interview, March 20, 2015). The reality might not be as serious as this village cadre thought; his remark might have been influenced by the fact that flexible employment is a part of migrant life. But what he said fully reflects the local government's problem of "information failure" when it comes to the migrant population. The flexible employment of migrants and their high mobility render both rural society and the local government unable to access information on

them in a timely fashion. Since the year 2005 the governments in Shanghai's suburbs have arranged for one or two assistants in each village to collect information on migrants, including the housing they rent, and their age, workplace and employer, and so on. However, the specific information is usually incorrect except for the total number of the migrants. "The information is basically useless; they often change jobs and the places they live," the village cadre told us. Information failure has been of great concern to the local government because it is worried about the consequences of migrants congregating. The director of the Industrial and Commercial Administrative Bureau in C town said, "More than twenty thousand migrants live close to the industrial park of C town; all of them are from Fuyang, Anhui! There is nothing we can do about them" (Interview, March 27, 2015). Moreover, many officials also attribute such problems in their areas as theft and the dirty and unkempt environment to the gathering of migrants.

Safety Risks

Not knowing anything about the informal employment and lifestyles of migrants seems to imply a high safety risk. Perhaps this situation of information failure itself is a risk for the local government.

We often heard from government officials in Shanghai's suburbs about accidents or potential safety hazards involving migrants. During our investigation in Q town in May 2018, a township cadre shared with the authors an experience he had in a routine administrative inspection. He found that a migrant couple who rented a room in a suburban village cooked and slept in the same room with the gas cooker put right next to the bed. The cadre kept complaining to the authors that the couple did not care a bit about their own safety (Interview, April 19, 2018). Aside from problems of that sort, another issue that township cadres complained about is the nonstandard structures put up by migrant peasants. As

mentioned above, migrant peasants usually erect tents in the fields, leading to the phenomenon of "field shanties." A cadre, who was in charge of the agriculture of J village, discussed the various problems of field shanties with the authors in detail. He said:

> These shanties in the fields are built far from residential areas, and so the water pipes and electric wiring need to be connected by the migrants themselves. This could easily lead to accidents because of these careless connections made without permission. If a fire breaks out, the responsibility falls on our shoulders. Typhoons frequently hit the village in the summer, which makes it unsafe for migrant peasants to live in shanties. So we have to put them up in the storage rooms and meeting rooms in the village committee's office building. It's always troublesome! Besides, migrant peasants are often irresponsible in using pesticides and chemical fertilizers when planting vegetables, which seriously damages the soil. To make matters worse, they carelessly throw used pesticide bottles and fertilizer bags next to their shanties. What a way to pollute the environment! But we don't have the authority to tear down their shanties. How annoying! (Interview, May 2, 2016)

In addition, the small and nonstandard workshops run by migrants without administrative permission are also safety risks. Since these places lack good, regularized management, they are susceptible to fires and other disasters. And this in turn puts village cadres and local government officials under a great deal of pressure. A cadre in village J complained that "It would be fine if there were no accidents, but whenever there's an accident, it tends to be a serious one. If somebody dies, it would mean that all our work for the whole year would be

for nothing!”

However, village cadres are not granted the power to supervise these small workshops, and the local administrative departments, such as police stations, industrial and commercial stations, and safety supervision stations, rarely go to the villages since they lack sufficient staff and other resources. Therefore, local governments find it difficult to govern migrants effectively.

Social Risks

In addition to dealing with safety risks, local governments have to spend energy to cope with the protests and the social risks of migrants. X, a cadre in T village, told the authors a story about this.

In the afternoon of July 10, 2017, the government of Q town was besieged by a group of (about fifty to sixty) migrant peasants from Anhui. The main factor that brought these migrants together was that at that time the government had strictly banned the building of greenhouses without permission. The problem with this was that greenhouses would protect the grapes these peasants raised from too much rain. If the migrants could not build greenhouses, the quality of their grapes would suffer. These fruit farmers could not understand why the government would make such a rule, and thus they went to the government office in town for an explanation. This led to a mass disturbance. These migrant peasants from Anhui were mainly living in several villages of the town, so the government required the cadres of those villages to come into town and take them back to their villages. When X arrived at the scene, he asked several leading migrant peasants to follow him back to the village, and he promised to give them a clear explanation. This worked, and the migrants followed him back. X said, “It was quite easy for me [to persuade them]. I didn’t need to explain much. When they first came to the village, I’m the one who helped them connect the

electricity, so we've known each other, and they owe me." However, not all migrants can be so easily persuaded. In this incident, "migrants from other villages had quite a fight; the village cadres were unable to persuade them. Nobody listens to the cadres" (Interview, April 25, 2018).

As mentioned above, migrants come to Shanghai mainly with the help of relatives and friends from their hometown. This kind of geographic or blood tie significantly buttresses the unity of migrants when facing the uncertainties of making a living in Shanghai. Migrants can unite quickly and act collectively to maintain their own interests. Migrants' collective actions often are interpreted by local government as mass disturbances and a serious challenge to political order. What is more troubling is that once migrants act collectively, local governments lack both institutional methods and various kinds of informal relationships in the rural society of the familiar to deal with the source of the problem.

A Gray Area of Violence and the Dilemma of Law Enforcement

Social order in the informal economy mainly depends on the spontaneous interactions among the migrants themselves. This is because of the void in governmental regulations. The result, consequently, is a gray area fraught with violence in places where migrants congregate. Z, the chief of the Urban Management Brigade of S town, recounted a story for the authors.

> There was a man—1.8 meters tall and weighing more than 90 kilograms—from Henan in the vegetable market of S town. He had three sons, all of whom were young workers between twenty to thirty years old. He had two stalls in the market, and rented them to others to make a profit from the price difference [between the rent he paid and the rent he collected], while he and his three sons sold vegetables outside the vegetable market. He had a big and strong family. In the beginning the

> market's management staff didn't interfere with him. As time went by, he began to encourage some people from Henan and Anhui to sell vegetables outside the market, and required them to pay him protection money. Whenever we tried to prohibit setting up stalls outside the market, he would stand out and do whatever he thought was necessary, shouting and fighting. Finally we had no other choice but to ask the police for help. (Interview, May 30, 2016)

In places where migrants gather, this kind of gray violence phenomenon is quite common. According to Z, "Anywhere street vendors gather, leaders will automatically emerge, and most of the leaders are big guys with hard fists and they're good at using violence. Usually, we handle the leaders first. As long as our talks with them go well, all the rest will be easy to handle. If the talks don't go well, we'll have to enforce the law by starting with the leaders."

However, not all law enforcement dilemmas are caused by violence. What grassroots law enforcement departments encounter more often are various kinds of "soft" violence. For example, in the process of prohibiting "black" (i.e., illegal) internet bars in C town in 2014, the staff in the law enforcement department of the town ran into various forms of soft violence. The director of the Industrial and Commercial Administrative Bureau in C town said: "These migrants were well organized. They installed cameras at the intersection and installed three doors. We could only inspect the premises when they were dozing at noon. Sometimes they had people with disabilities, broken arms or legs, or chronic diseases. If you messed with them, you wouldn't get out of it easily. There was nothing we could do about them" (Interview, March 27, 2016).

For migrants, life in this gray space constituted by various types of "soft" and "hard" violence is the normal state of affairs—it is a part of daily life and an important part of their survival strategy. This too is another important face of the informal economy. Nonetheless,

for grassroots law enforcement agencies, these kinds of hard and soft violence often constitute serious challenges to the legal order of local society.

Risk Governance, the High-Pressure System, and the Transformation of Grassroots Governance

Risk Governance and Local State Building

A primary task of local governments is to obtain as much information about migrants as possible in order to control the various risks generated in the informal economy sector. This necessitates enhancing administrative power in rural society. At the same time, local governmental departments must constantly adjust the administrative model to minimize risks that may arise in the process of law enforcement. But how can the administrative power of local governments penetrate into the informal economy? How can the administrative models of various law enforcement agencies be integrated? The answer lies not only in the ability of local governments to allocate governance resources and power wisely, but also to adjust the relationship among administrative departments both horizontally and vertically (Ye, 2017).

The reform of urban management departments is very representative. The predecessor of the urban management department was the urban construction supervision department, established in the 1990s, which was mainly responsible for such street management tasks as street cleaning, landscaping, and road maintenance. However, in Shanghai's suburbs, this department existed only in some large towns in the early days, and the administrative personnel recruited were not well educated nor well paid (in fact, they were usually paid the minimum wage), which could easily lead to bad behavior of the personnel such as trying to manage things by resorting to violence, issuing unnecessary tickets, and so on. Later, the government began to regulate its urban management forces to solve new problems, such as

street vendors and the appearance of the city, with the increase of the migrant population in Shanghai's suburbs. Urban management and law enforcement bureaus were set up at the municipal and district levels, and urban management squads in the towns. The staff were part of the system of public institutions and were recruited from among college graduates through the civil service examination.

In C town, an urban construction supervision team was established in August 2002. Most of the members were recruited from unemployed or laid-off workers. After the urban management squad was established in 2008, it was fully staffed (with fifteen people, the authorized number), the team members were all college graduates who had passed the civil service examination, and the former members (about thirty) served as assistants.

The work of urban management personnel mostly consists of things that the staff of other departments do not want to manage or cannot manage. Street vendors—the main management object of the urban management department—were people that the industrial and commercial departments had been unable to manage. According to the industrial and commercial department's regulations, all street vendors were operating without a license (and hence illegally) and should be banned. But vendors' high mobility made it impossible for the industrial and commercial departments to control them. In the end, vendors become the main object of the work of the new urban management departments. In the interim, more and more informal activities have gradually been included within the scope of the urban management departments with the development of the informal economy. For example, the problem of "black cars" (unlicensed taxis or illegal passenger transportation) was originally the responsibility of the traffic management department, but, in P District in 2015, the urban management department was put in charge.

The formalization of the urban management departments significantly reduced the phenomenon of management through the use of violence and the indiscriminate ticketing that

had been practiced by the former informal personnel. However, officials of the urban management department are often put in a predicament when facing the hard or soft violent resistance of vendors since their authority is limited to such things as confiscating tools or issuing fines. As the director of the urban management department told us:

> When facing violent resistance, we first protect ourselves and call 110. Many street vendors live a hard life, and they are indeed a disadvantaged group. We understand that and as long as they don't go too far, we always turn a blind eye to them. However, when there are inspections, we don't have any other choice but to drive them away. These people don't understand this and say that we're guilty of wrongdoing. And we are under the great pressure of public opinion. (Interview, March 26, 2016)

Obviously, governance of the informal economy cannot be achieved simply by expanding the government's departments. Moreover, the administrative reach of the government is mainly concentrated in urban areas, particularly in urban central areas, and cannot be directly extended to vast rural areas. The director commented that "now the authority of the urban management department is limited, and it can't manage everything. Originally, the urban management regulations stipulated that urban management should cover all areas, all the time, and in all aspects, including rural areas, but in reality, it can only reach important towns" (Interview, March 26, 2016).

Establishing new departments and expanding their administrative power have become two important strategies for the government to reduce the risks to governance posed by the informal economy. These have become important parts of the construction of local state administrative power as well. However, the power of formal governmental departments is

limited by the financial resources at the disposal of local governments—these resources cannot be expanded infinitely. On the whole, Shanghai has more financial resources and has established more administrative departments than the underdeveloped regions in central and western China. Nevertheless, the administrative power of local governments in Shanghai's suburbs is still insufficient when facing the rapidly expanding informal economy.

In C town, the Industrial and Commercial Station has a formal staff of twelve, but there are a total of 6,316 enterprises (70 percent of which are registered enterprises), 1,200 *getihu* 个体户, and more than eighty unlicensed operators. The staff not only has to deal with the admission, registration, trademark registration, and management of new enterprises, but is also required to select 5 percent of the enterprises each year to randomly check their operations, investments, and credit. The management of these formal enterprises constitutes the staff's routine work, which is also accompanied by a large amount of paperwork. Therefore, they can only invest extremely limited energy in managing informal unlicensed operators. The Industrial and Commercial Station requires unlicensed operators to apply for a business license, and gives them a limited time to do so. If unlicensed operators fail to get a license within the time limit, the station's staff can apply coercive measures, which could include investigation, confiscation of illegal gains, and imposition of a fine. However, coercive measures are rarely used in practice according to a head of the Industrial and Commercial Station: "In fact, coercive administrative measures are difficult to implement. We don't take that step lightly. We're just a few people. It's okay if we meet honest people who listen to us. However, if you run into unreasonable people, they'll make petitions and cause trouble. When something happens, we have to go through internal accountability procedures. Dealing with an unlicensed business might mean not doing other things for a whole year" (Interview, March 27, 2017).

Governmental departments usually need to support and cooperate with each other to

minimize administrative risks. The support of the police is important, as the director of the Industrial and Commercial Station pointed out: “Once we use coercive administrative measures, the police have to protect us!” However, there are clear lines of authority among different departments. The personnel are told that in their daily work they must follow the regulations and procedures of their department strictly and must not “cross the border” blindly for their own convenience. Therefore, the police will not unreasonably deal with matters unrelated to their duties, such as managing street vendors and unlicensed operators, and the staff of the industrial and commercial department also rarely pay attention to the issue of street vendors. This is mainly related to the different responsibilities and assessment objectives of different departments.

Generally speaking, local governments have a strong ability to coordinate various departments. In appointing department leaders, the opinions and assessments of local government leaders need to be taken into account, although most administrative management departments are directly controlled by their superior departments through a vertical management arrangement. In addition, administrative departments also need the financial support of the local governments to improve their offices and cover their work expenses. Furthermore, local governments share some basic goals with line (or, functional) departments, such as maintaining law and order, ensuring the streets are clean, and banning illegal activities. Local governments will also coordinate the work of different departments when necessary. However, creating a regular governance mechanism has proven to be difficult. H, the director of the Comprehensive Governance Office in C town, declared that “Nobody wants to do anything that’s not within the scope of their duties, and everybody wants to do less.”

In practice, actual support and cooperation between different departments are usually based on friendship or the moral principle of “fraternal departments” 兄弟部门, and depend

on the personal relationships between grassroots cadres. This is only a temporary and private coordination mechanism. Obviously, this mechanism is informal, and it cannot easily and effectively deal with the rapidly expanding informal economy.

The High-Pressure System and Transformation of Local Governance

The risks to governance created by the informal economy are mainly concentrated in local governments. In China's localized management system, local governments supply public goods for residents and are responsible for the social stability and economic development of their jurisdiction. Therefore, unlike administrative departments, which have limited responsibility for risks, local governments bear almost infinite risks. Under the great pressure of the risks of the informal economy, local governments quantify administrative tasks, decompose the tasks at different levels, and then assign them to subordinate governments, with political and economic rewards and penalties attached. Moreover, on some major issues, superior governments usually apply the "one vote veto" system, that is, if a local government fails to complete a key task, the annual work performance and rewards of the officials can be reduced to zero. This system, which some scholars have referred to as a "high-stress system" (Rong et al., 1998), is intended to instill a sense of responsibility in lower-level officials. Under the high-stress system, township governments, as the end of the administrative bureaucracy of the government, are the ultimate bearers of social risks (Yang and Wang, 2015).

The governance of the informal economy mainly involves how local governments resolve social and governance risks. Under the hierarchical structure of the bureaucratic system, township governments can only redistribute the pressure within their own system. As mentioned above, the key to governance lies in the integration of the different departments via vertical management. Obviously, this system is controlled by superior governments and is

beyond the authority of township governments. In any case, the township governments cannot completely avoid risks, but they can decompose them internally.

However, in addition, township governments are able to transfer the pressure to the village—the basic unit of governance. This is a way of extending the high-pressure system and is much easier to accomplish than is the integration of different administrative departments. Before the rural fee reform, township governments shared risks with the village committees by decomposing various tasks, including the collection of levies and fees and the implementation of the birth control policy, to each village cadre, and rewarding the village cadres according to the tasks they completed (Zhou, 2006). As is characteristic of semiformal governance, township governments complete their tasks by integrating semiformal village cadres into the high-pressure system. Village cadres, by becoming formal and being endowed with more financial resources, have been serving the villages after the rural fee reform. They work more like government personnel who receive formal salaries. After the reform, township governments have had more disposable resources to regulate the behavior of village cadres by rewarding or punishing them, as is done with formal government personnel. Thus, this has laid a foundation for transferring the risks of governance presented by the informal economy from township governments to village organizations.

Formalization of the Informal Economy: Governance and the Mobility of the Underprivileged Population

The Bureaucratization of Village Cadres and Formal Governance

Semiformal governance is minimalist. In that model, semiformal village cadres, who come mainly from the society of the familiar in the village, are both agents of the government and representatives of local society. This means that in some cases village cadres will not fully

carry out the tasks assigned by the government, this because they seek to safeguard the interests of the village. For example, the congregating of migrants can be of benefit to a village's society and residents through migrants' demand for rental housing and farmland, although this may generate many governance problems for the government. Therefore, the core of this round of administrative reform in local governments has been to gain better control over local society by solving the shortcomings of semiformal governance. This has involved making village cadres independent of the interest structure of the village and turning them into formal members of the government's bureaucracy.

In 2005 the local governments in Shanghai's suburbs began appointing administrative assistants to village committees. This has been a way to transfer the administrative authority of some government departments straight down to villages.[3] In T village, there is one assistant for migrant population affairs, two joint policing team members, one assistant for the disabled, and two medical workers. These assistants work in the village committee, but are managed by the town's migrant population office, the public security bureau, the disabled federation, and the medical management station, respectively. However, the real completion of administrative building of village organizations lies in the formalization of village cadres, that is, making them into formal officials of the bureaucratic system of the government. This is firstly reflected in the salary system of village cadres.

After the rural fee reform in 2005, the situation of village cadres in Shanghai suburbs began to gradually improve. By 2014, the salary system of village cadres was fundamentally changed. The governments began to pay social insurance premiums, which include the so-

[3] These assistants are paid the minimum wage in Shanghai, but they enjoy government-provided social benefits. In 2018, their standard salary was 2,300 yuan a month.

called five social insurances and one housing fund 五险一金, for village cadres, and step by step raised the pensions of village cadres. At present, based on the income of the village, the annual pay of the secretary of the village party branch ranges from 140,000 to 180,000 yuan, equivalent to section-level cadres in township government. The head of the villagers' committee gets 90 percent of the pay of a secretary, which ranges from 126,000 to 162,000 yuan, equivalent to what a deputy section-level cadre receives. The pay of other members of the villagers' committee is 70 percent of that of the village secretary, ranging from 98,000 to 126,000 yuan, equivalent to the pay of common township government cadres.

In short, the income and social welfare benefits of village cadres are very close to those of government officials at the same level. The big difference is that village cadres are still not civil servants. At the same time, the local governments have also improved the procedures for promoting village cadres. Village cadres (mainly the secretary of the village party branch and the head of the villagers' committee) can be recruited into township government departments through the civil service examination or the government's targeted recruitment examination, and they have the opportunity to be promoted to leadership positions.

In addition, to strengthen village cadre teams, local governments have established a system of reserve cadres by selecting outstanding young people and college-graduate village officials throughout the towns and districts to assist village cadres. After one to three years of training as reserve or line 条线 cadres in the village, these young people gradually enter the leading group of the village, the village party branch, and the villagers' committee, and then, if they perform well, they can be promoted to the position of head of the villagers' committee or the village branch secretary. The annual income of reserve cadres and line cadres is about 60,000 yuan. Selecting village cadres from the entire region has broken the traditional rule that village cadres can only be generated from within their own villages, and has brought the recruitment of village cadres more in line with the general principles of administrative

bureaucracy.[4]

In T village, for example, the leading group of the village has five members (including three from the village party branch and one from the villagers' committee). In addition, there are five line cadres and one college-graduate village official (a reserve cadre). Three members of the leading group and two of the five line cadres were selected by the township government from other villages and government departments.

In order to strengthen the management of village organizations, in recent years more and more township governments are following this model—that is, breaking the long-time restriction that only residents of the village could be village cadres and directly appointing government officials as village party branch secretaries. Among the village party branch secretaries of the twenty-four administrative villages of Q town, only four come from their own villages. The advantage of outsiders as village cadres is that it is easier for them to vigorously implement government policies and to accomplish various tasks assigned by the government in a timely manner since they are not restricted by the village relationship network.

In general, village cadres are similar to the formal personnel of the local governments in suburban Shanghai with respect to pay and procedures for selection, transfer, and promotion (Yin, 2017). From the perspective of the personnel system, village cadres have been included

[4] To meet relevant provisions of the Organic Law on Villagers' Committees 中华人民共和国村民委员会组织法, reserve cadres and line cadres who come from outside the village to which they are assigned must move their household registration to their assigned village. However, they are not entitled to a share of the village's land nor to dividends paid by the village collective.

in the government's bureaucratic management system, and have become formal "agents" of the township governments, no longer the quasi-officials between state and rural society in the traditional model of semiformal governance.

By making village cadres more formal, local governments have enhanced their formal governance of rural society. There are two aspects that local governments consider in appraising the performance of the village cadres in Shanghai's suburbs: social management and economic development. The former includes four specific aspects: community management, public service, party building, and the evaluation of villagers. The latter includes three specific aspects: attracting investments and tax collection, income and expenditure management, and the management of assets, funds, and resources. Investments and tax collection account for 80 percent of a village cadre's total score, while the two latter aspects account for 20 percent (each 10 percent). However, since 2014 the city no longer uses attracting investments and taxes as criteria for assessing the performance of village cadres. Instead, social management, rather than economic development, has become the main task of the village cadres. The benchmarks for assessing social management, such as the construction of a safe society, regulating illegal building, land transfers and safe production, are set mainly to govern migrants (accounting for about 43 percent of the assessment). Currently, the governance of migrants in the informal economy has become the key task of village cadres in Shanghai's suburbs, as the follow case shows.

In June 2017, when the government launched a hundred-day campaign to demolish illegal buildings, Su was sent to LY village to work as the party branch secretary. As a suburban village, LY had many enterprises and migrants who rented illegal buildings as places to work or live. According to statistics, the village had a total area of 85,000 square meters of illegally constructed buildings and more than eight hundred illegal dwellings. If these illegal structures were demolished, the rental income of the village collective would be

reduced by hundreds of thousands of yuan, and the rental income of the villagers would be reduced by about four hundred thousand yuan. Obviously this would severely impact the interests of the village and its members. Su, however, was very diligent, and under a slogan he came up with—"going all out for a hundred days"—he, together with two village cadres, put in extra hours and energy and demolished all the illegal buildings in the village in just one year. After this, Su initiated another campaign—"going all out for another hundred days and building harmonious and beautiful homesteads." He led the village cadres in mobilizing the villagers to clean up their courtyards and end the practice of renting rooms to groups of migrants. He called on each resident peasant household to rent housing to one migrant family only, and thereby solve such problems as population inversion in the village. Su and the village cadres didn't even rest during the Spring Festival, and successfully created two typical villager groups with "harmonious and beautiful homesteads." In June 2018 they won the title of "village without illegal buildings." Su's powerful working style produced remarkable results. By the end of 2017, all illegal buildings in the village had been demolished, the number of migrants had been reduced by about a thousand, and the village ranked second in social management assessment among the twenty-eight villages of the town.[5]

In recent years, the demolition of illegal buildings is an important way for the local governments in Shanghai's suburbs to govern the informal economy. This is mainly because the residences and premises of migrant workers, eateries, small workshops, and small and medium-sized enterprises are mostly in temporary "illegal buildings" built by villagers or village collectives without the permission of the government—removal of these structures could naturally reduce the living space of informal employees and the attendant governance

[5] This paragraph is based on the authors' field interview of May 4, 2018.

risks.

In addition, in the field of agricultural production, the agricultural departments of the local governments encourage village organizations to transfer farmland to cooperatives and enterprises in a unified way so as to realize several goals: the management, organizing, and "uniformization" of migrant peasants, and "unified brand, unified agricultural means of production, unified production, unified sales," thus completely solving the problem of the transfer of private land, the building of shanties, and the unregulated work and production of migrant peasants (Ye, Ma, and Luo, 2012). The agricultural departments have assigned village organizations the task of achieving 100 percent standardized land transfers by 2020. For this reason, in the name of the village as the collective landowner, villagers' committees have prohibited the residents of the villages from privately renting land to migrant peasants. If the residents want to rent out their land, they are required to rent it to the villagers' committee, which then in turn rents it to cooperatives, enterprises, and other large-scale agricultural operators.[6] As a result, in Shanghai's rural areas, the right to work the land has gradually been passed from migrant peasants to villagers' committees, which invariably rent the land out to agricultural cooperatives and enterprises. Hence, the pattern of agriculture management is being transformed from small-scale and decentralized small peasant production to organized and large-scale production.

[6] In the rural areas of Shanghai's suburbs, migrant peasants renting land to raise vegetables usually have been charged about 2,000 yuan per mu per year, while the rent paid by the village committee to the villagers is only 1,400 per mu per year. (The land re-rented by the villagers' committee is mainly used for planting rice; due to the high rent, the government provides the planters with a subsidy of about half of the rent.)

The demolition of so-called illegal buildings and the strict control of land transfers are conducive to achieving the formal governance of the informal economy and the social governance goals set by local governments. On the other hand, this is also the inevitable result of the incorporation of village cadres into the administrative system of the township governments, with the deepening of control over village organizations, although this will entail some economic losses for villagers and village collectives.

Formalization of the Informal Economy and the Mobility of the Underprivileged Population

To deal with the risks posed by the informal economy, the local governments in Shanghai's suburbs have carried out a series of institution building measures and adjustments to governance strategies. Village cadres, as formal personnel of the township government after the administrative reconstruction of village organizations, have become the core of the government for governing the informal economy. As a result, the pattern of governance in Shanghai's suburbs has changed from semiformal governance to formal governance. This reflects the logic of formal governance of the informal economy; that is, large numbers of informal migrants have been brought under the formal governance system of local society by virtue of the administrative power of the government. There are two governance strategies in this process. The first, a direct governance strategy, includes such practices as shutting down and demolishing small and medium-sized enterprises, small workshops, and the like, and taking back the land transferred to migrant peasants and subcontracting it to agricultural cooperatives and enterprises. The second, an indirect governance strategy, includes such practices as improving the environment through the demolition of illegal buildings and reducing the living and production space of migrants, and increasing the standards of the

licenses that migrant peasants must obtain in order to farm.

With the mobilization of administrative resources and enhancement of the capacity of local governments, the governance of the informal economy in Shanghai has attained remarkable "achievements," as shown in the following passage from the *Shanghai Yearbook*:

> From July 2015 to the end of 2016, Shanghai carried out three rounds of the "five violations and four musts" 五违四必 comprehensive ecological environment regulation campaign, comprising five illegal matters (illegal land use, illegal building, illegal sewage discharge, illegal operations, and illegal residence) and four tasks that must be done (illegal buildings must be demolished, illegal operations must be banned, hidden safety hazards must be eliminated, and extremely dirty and messy eyesores must be rectified). [. . .] In the process of comprehensive ecological environment regulation, governments of the city and the districts worked together while relying mainly on the efforts of district governments, and at the same time, separate departments were combined to promote integrated management. Firstly, integrating law enforcement by joining up departments of police, fire prevention, urban management, market supervision, environmental protection, taxation, and so on, to punish, seal-up, and suspend the management in illegal buildings and immediately demolish illegal buildings that endanger public safety. Criminal suspects in an investigation must be transferred to the police in a timely manner. Secondly, taking comprehensive measures to restrict [land transfer] transactions and mortgages, cutting off supplies of water, electricity, and gas to illegal buildings, and releasing information on the public credit information service

> platform about individuals who do not cooperate. Thirdly, focusing on policy resources to make full use of policy funds for such things as land use, industrial restructuring, redeveloping old areas, ecological compensation and agricultural and forestry development, and implement funding guarantees. There are proper incentives for people who actively cooperate and quickly move out of illegal buildings to maintain social stability. At the same time, an information database was established by the government to "lock in" all the illegal buildings in the city. [. . .] The city demolished a total of 65.34 million square meters of illegal buildings from 2015 to 2016, and the comprehensive effects of governance are gradually emerging. According to relevant statistics, the migrant population has experienced negative growth over the past two years. (Shanghai nianjian, 2017)

Insofar as governance is concerned, the government's goal is to bring the large number of informal workers into the formal administrative management system, thus minimizing the governance risks presented by the informal economy. However, as the informal economy continues to shrink, workers in this sector who cannot be formalized because of the inherently informal nature of their work and status will eventually lose their living space (Ma, 2016). After losing stable working and living space in the suburbs of Shanghai, they can only wander around rural areas, or leave for other places to seek new opportunities. With the scattering of migrants, the kinship and geographical networks reconstructed by migrants in the suburban rural areas of Shanghai are being disassembled. These social networks are particularly important for protecting the production and livelihood of migrants. The dissolution of these networks means that migrants' lives are becoming more unstable. Migrants exist in an extremely unfavorable social environment where they have neither formal protection (which local residents enjoy) nor informal protection. This leaves them

vulnerable to the uncertainties and risks of a strange environment. Hence, unending mobility has become a basic survival strategy of migrants.

Li, a migrant peasant in T village, had previously grown vegetables with his relatives in the suburbs of P District. He told us, “My relatives had been growing vegetables in P District for more than twenty years, but for the past two years they have not been allowed to continue doing so. Farmland is not easy to find, so they have to search in other places. My relatives have all scattered. Pudong, Jinshan, Fengxian, everywhere. There are only a few families here [in T village] now. We’ve been growing vegetables here just for one year, but we’ll have to leave soon” (Interview, May 1, 2018).

Li’s experience has become the norm with migrant peasants in Shanghai in recent years. Following is another case.

Zhao is a 50-year-old man from Jiangsu. In 2000, Zhao, his wife, and their relatives came to the suburbs of P District to grow vegetables. In 2016, Zhao moved to T village with six or seven relatives and fellow villagers, and signed a five-year contract with the villagers. But at the end of 2017, the village cadres would not allow them to grow vegetables anymore, and took the farmland back by force and threatened that the government would cut off their water and electricity if they did not cooperate. Zhao had to leave for J District. Some of his fellow villagers know a businessman in J District who has a cooperative and has transferred in more than a thousand mu of farmland, on which he has constructed many greenhouses to rent out. Zhao rents six mu at a cost of 4,000 yuan per mu per year. The rent is high. But in any case since it is difficult to find farmland, many people no longer raise vegetables. Several of Zhao’s relatives and fellow villagers have gone back to their hometown; others have begun to work in factories; and still others have moved to Pinghu, in Zhejiang province, to continue

growing vegetables.[7]

According to statistics, the number of migrants in Shanghai (who had lived there for six months or more) reached a peak of 9.9642 million in 2014, and then began to decline. By the end of 2017, it had dropped to 9.726 million (see Figure 1). The migrant population of Q town has followed a similar trend. It peaked at 56,380 in 2014, and then followed a trend of decline. By the end of 2017, the migrant population had fallen to 42,956 (see Figure 2 and Table 1).

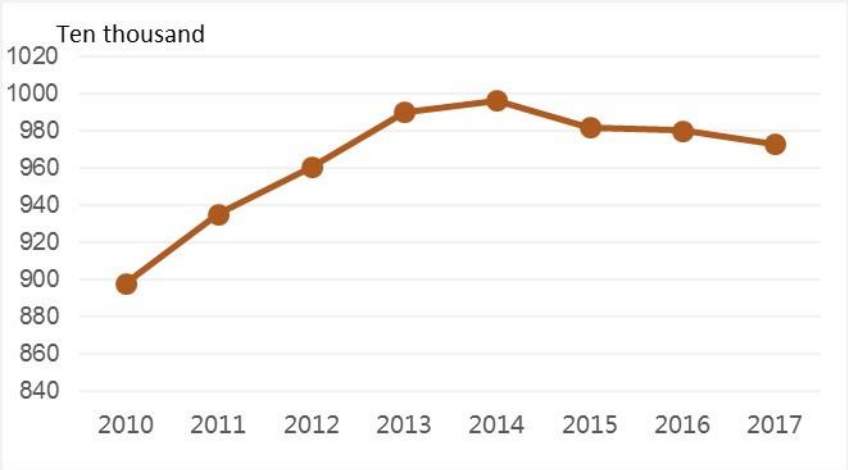

Figure 1. The migrant population in Shanghai, 2010–2017

Source: *Shanghai tongji nianjian* (2011–2018), http://www.stats-sh.gov.cn/html/sjfb/tjnj/.

[7] This paragraph is based on the authors' field interview of May 6, 2018.

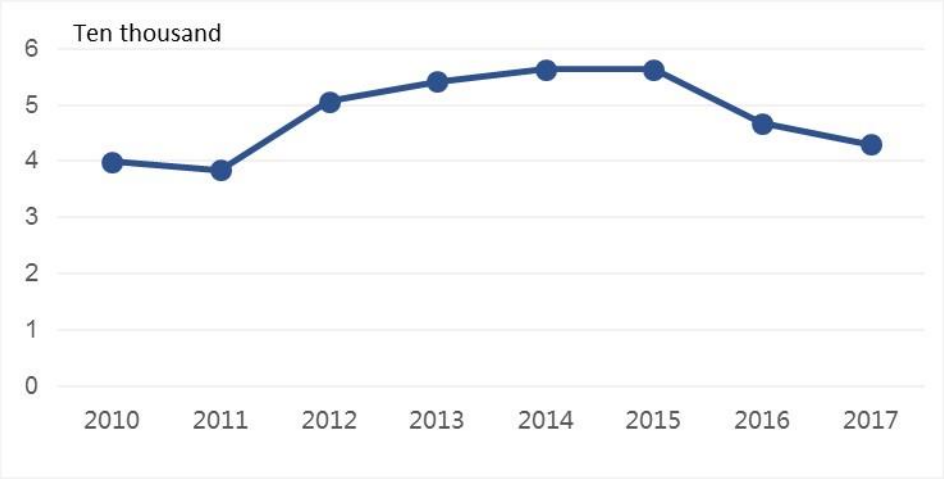

Figure 2. The migrant population in Q town, 2010–2017

Source: *Q tongji nianbao*, 2010–2017.

The decline in the number of migrants has become the basic trend in the transformation of Shanghai's demographic structure in recent years. The population of Shanghai has experienced continuous negative growth since 2014. According to the authors' investigation in rural and urban areas in Shanghai's suburbs, the decrease in the number of "informal" migrants such as migrant peasants, small vendors, unlicensed restaurant owners, and workers in small enterprises is the main reason for the negative population growth. Currently, in the urban and rural areas of Shanghai, one rarely sees small workshops, small enterprises, small restaurants, small vendors, and migrant peasants. As the informal economy continues to disintegrate, the local society of Shanghai is becoming increasingly uniform.

Conclusion

With large numbers of rural laborers entering urban employment since the 1980s, the informal economy has grown dramatically and has become a basic reality of China's

economic and social development. The rise of the informal economy is tied to China's long-standing household registration system, which segregates the rural from the urban economy. The urban-rural dual system has prevented outside rural laborers from entering the formal economic sector and enjoying the social welfare system of the city. Since the early 2000s, some developed areas in east China, such as Shanghai and Suzhou, have taken the lead in carrying out a policy of urban-rural integration, and have gradually unified the social security systems of urban and rural residents. However, this urban-rural integration does not include the ordinary migrants from outside, and these migrants constitute the main labor force in the informal economy. Obviously, the government's differentiated governance strategies lie behind the classification of formal economy and informal economy. The main purpose of this article is to analyze the local social formation shaped by the informal economy to reveal the governance mechanisms and consequences of local governments' actions for the informal economy and informal employees.

The study finds that informal workers are concentrated in the suburbs. In the suburban rural areas of Shanghai, unlike the local residents in the formal economy, informal workers—who are employed in factories, farm rented land, run restaurants, small workshops, stalls, and the like with little legal protection, little or no social security, and low pay—are neither integrated into the local society of the familiar nor covered by the government's social security system. This has also profoundly changed the social structure of rural society in Shanghai's suburbs, and led to a phenomenon of "defamiliarization." This means that the local governments do not have the conventional resources and means to govern the risks involving migrants in the informal economy, and thus the model of minimalist governance has failed. Under the high-pressure system, the expansion of administrative power and the administrative building of village organizations have become two important strategies for the government to reduce risks. The local governments have enhanced the formal governance of

rural society through a series of institutional constructions. The goal of governance is to compress and transform the space of the informal economy, and integrate the large number of informal employees into the formal administrative management system. However, the migrant workers, due to their informal nature, have lost much of the space for their livelihood and have become even more unstable and more at risk than before.

What are the consequences of the dissolution of the informal economy? Judging from the current governance process of the local governments in Shanghai's suburbs, the answer is to be found in the logic of the transformation of local society under the influence of the strong administrative power of governments. The local governments achieve their goal of minimizing the governance risks of the informal economy by intensifying their administrative power, which comes with high administrative costs. However, the objective consequences of the formal governance by local governments have exacerbated the deprivation of the underprivileged population, who have become the risk bearers of the altered model of governance in the suburban rural society of Shanghai.

References

Cao Dongbo 曹东勃 (2013) 职业农民的兴起——对长三角地区"农民农"现象的研究 (The rise of professional farmers—a study of the phenomenon of *nongminnong* in the Yangtze River delta). Beijing: 中国政法大学出版社.

Chan, Jenny (2017) "Intern labor in China." Rural China 14, 1: 82–100.

Fan Lulu 范璐璐 and Xue Hong 薛红 (2017) "非正规就业中的女工自组织与劳工力量——以嘉兴服装业的合作生产队为例"（The self-organization and the power of female informal workers: a case study of the cooperative production team in the

garment industry in Jiaxing). Rural China 14, 1: 61–81.

Fei, John C. H. 费景汉 and Gustav Ranis 拉尼斯 (2004) 增长和发展: 演进观点 (Growth and development from an evolutionary perspective). Beijing: 商务印书馆.

Hu Angang 胡鞍钢 and Zhao Li 赵黎 (2006) “我国转型期城镇非正规就业与非正规经济(1990-2004)” (Informal employment and informal economy in towns during the transition period of China, 1990–2004). 清华大学学报（哲学社会科学版） 3, 21: 111–19.

Huang, Jialiang 黄家亮 and Yongsheng Wang 汪永生 (2017) “Peasants’ informal employment: a microsocietal study of two villages of Dingxian, Hebei.” Rural China 14, 1: 101–27.

Huang Zongzhi 黄宗智 [Philip C. C. Huang] (2008) “集权的简约治理——中国以准官员和纠纷解决为主的半正式基层行政” (Centralized minimalism: semiformal governance by quasi-officials and dispute resolution in China). 开放时代 2: 51–73.

Huang Zongzhi 黄宗智 [Philip C. C. Huang] (2009) “中国被忽视的非正规经济: 现实与理论” (China’s neglected informal economy: reality and theory). 开放时代 2: 51–73.

Huang Zongzhi 黄宗智 [Philip C. C. Huang] (2010) “中国发展经验的理论与实用含义——非正规经济实践” (The theoretical and practical implications of China’s development experience: informal economic practices). 开放时代 10: 134–58.

Judd, Ellen R. (2017) “Care work in China—in and beyond the informal economy.” Rural China 14, 1: 42–60.

Li Qiang 李强 and Tang Zhuang 唐壮 (2002) “城市农民工与城市中的非正规就业” (Migrant peasants and informal employment in cities). 社会学研究 6: 13–25.

Lu Xueyi 陆学艺 and Yang Guihong 杨桂宏 (2013) “破除城乡二元结构体制是解决‘三

农’问题的重要途径” (Getting rid of the urban-rural dual structure system is a fundamental way of solving the “three rural” issue). 中国农业大学学报（社会科学版）3: 5–11.

Ma Liuhui 马流辉 (2015) “底层社会、非正规经济与参与式治理——基于上海城乡结合部桥镇的考察” (The bottom of society, informal economy, and participatory governance: based on research on Qiao town in Shanghai’s urban-rural nexus). 学习与实践 11: 112–22.

Ma Liuhui 马流辉 (2016) “间接驱逐与身份改造: 大都市郊区农业规模经营的治理逻辑” (Indirect expulsion and identity transformation: the governance logic of agricultural-scale management in the suburbs of metropolises). 中国农业大学学报（社会科学版）6: 47–55.

Rong Jingben 荣敬本 et al. (1998) 从压力型体制向民主合作型体制的转变 (The transformation from the high-pressure system to a democratic cooperative system). Beijing: 中央编译出版社.

Shanghai nianjian 上海年鉴 (2017) http://www.shanghai.gov.cn/nw2/nw2314/nw24651/nw43437/nw43440/u21aw1311493.html.

Shanghai tongji nianjian 上海统计年鉴 (2004) http://tjj.sh.gov.cn/tjnj/nj.htm?d1=2004tjnj/C0309.htm.

Shanghai tongji nianjian 上海统计年鉴 (2015) http://tjj.sh.gov.cn/tjnj/nj15.htm?d1=2015tjnj/C0202.htm.

Swider, Sarah (2017) “Informal and precarious work: the precariat and China.” Rural China 14, 1: 19–41.

Tang Ying 唐颖 (2016) “农民的终结和上海城乡一体化路径——基于上海三个类型郊区的调查研究” (The end of peasants and paths of urban-rural integration in Shanghai: based on investigations of three kinds of areas). Ph.D. diss., Shanghai Univ.

Wang Yang 王阳 and Ye Min 叶敏 (2015) “‘土客替代’与都市郊区农村社区治理——基于 SH 市郊区农村治理现状的考察” (“Settlers replacing natives” and social governance in the suburbs: a case study of the suburban areas of SH City). 南京农业大学学报（社会科学版）4: 16–25.

Wu Chongqing 吴重庆 (2002) “无主体熟人社会” (The subjectless society of the familiar). 开放时代 1: 121–22.

Wu, Jieh-min 吴介民 (2017) “Migrant citizenship regimes in globalized China: a historical-institutional comparison.” Rural China 14, 1: 128–54.

Xiong Wansheng 熊万胜 (2015) “新户籍制度改革与我国户籍制度的功能转型” (The new round of reform and transformation of the functions of the household registration system). 社会科学 2: 78–88.

Yang Hua 杨华 and Wang Hui 王会 (2015) “‘政府兜底’: 农村社会冲突管理中的政策工具选择” (“Government exposé”: the choice of policy tools in rural social conflict management). 国家行政学院学报 4: 43–47.

Yao Yang 姚洋 (2013) 发展经济学 (Development economics). Beijing: 北京大学出版社.

Ye Min 叶敏 (2017) “从运动式治理方式到合力式治理方式: 城市基层行政执法体制变革与机制创新” (From campaign-style governance to joining-forces governance: the reform and mechanism innovation of the urban grassroots administrative law enforcement system). 行政论坛 5: 24–29.

Ye Min 叶敏 and Liu Chunlin 刘春林 (2014) “城乡接合区域: 低端市场与城市政府的治理困局” (The urban-rural junction: the low-end market and the dilemma of urban governance). 上海城市管理 4: 41–45.

Ye Min 叶敏, Ma Liuhui 马流辉, and Luo Xuan 罗煊 (2012) “驱逐小生产者: 农业组织化经营的治理动力” (Expelling small producers: the governance power of agricultural organization management). 开放时代 6: 130–45.

Yin Zi 印子 (2017) “职业村干部群体与基层治理程式化——来自上海远郊农村的田野经验” (Professional village cadre groups and grassroots governance patterning: field experience from the rural suburbs of Shanghai). 南京农业大学学报（社会科学版） 2: 42–49.

Yuan Zhonghua 袁中华 (2015) “‘客耕农’与城市郊区的小农农业——基于上海的实证研究” (“Guest farmers” and small-peasant agriculture in suburban areas: the case of suburban Shanghai). 中国乡村研究 12: 304–28.

Zheng Hangsheng 郑杭生 (2005) “农民市民化: 当代中国社会学的重要研究主题” (The citizenization of peasants: an important research topic in contemporary Chinese sociology). 甘肃社会科学 4 : 4–8.

Zhou Feizhou 周飞舟 (2006) “从汲取型政权到‘悬浮型’政权——税费改革对国家与农民关系之影响” (From an extractive administration to a “suspended-in-the-air” administration: the influence of tax and fees reform on the relationship between the state and the peasant). 社会学研究 3: 1–38.

Acknowledgments:

We thank Philip C. C. Huang, Richard Gunde, Zhang Xiaojun, and Xiong Yihan for their help in the process of writing this article.

* * *

Jianlei Zhang is an Associate Professor in the School of Philosophy and Government at Shaanxi Normal University. His current research focuses on the agricultural transformation in Chinese rural society.

Wansheng Xiong is a Professor in the School of Social and Public Administration, and Center for Studies of China's Urban and Rural Development, East China University of Science and Technology. His current research focuses on the governance of suburban villages in China.