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MODES OF GOVERNANCE
OF STREET FOOD
VENDING IN
NANJING, CHINA

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Abstract

In the Global South, the informal food economy is both a source of income for disadvantaged urban groups and an accessible source of food for consumers. Yet governance of this economy has commonly been restrictive in Southern countries including China. Consequently, in China there has been an antagonistic relationship between vendors and *chengguan* (China's city management officers). This antagonism has been studied by researchers and reported by Chinese media. This discussion paper uses semi-structured interviews with street food vendors to evaluate how recent policy reforms have affected vendor-*chengguan* relations and vendor livelihoods in Nanjing. It identifies a non-confrontational relationship between some groups of vendors and *chengguan*. Practices of street food vending were tolerated by *chengguan* and the local government, despite restrictive top-down regulations. Existing studies have suggested the term ambiguous governance to describe this mode of governance. However, this paper argues that the term does not fully capture the complex dynamics in the covert cooperation between vendors and officers. One group of vendors comprised landless farmers who had lost their farmland to urbanization. The agreement between these vendors, *chengguan*, and local government was a means of compensating vendors for their lost land. Therefore, this governance mechanism is more accurately conceptualized as compensatory governance. Further studies of the compensatory governance of street food vendors in Chinese cities are needed to establish how widespread this model is and to inform policy-making.

Keywords

informal economy, street food vending, compensatory governance, urbanization, landless farmers, China

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Introduction

The activity of street food vending is a contested subject in both policy and research circles. Within many academic disciplines, street vending is predominantly viewed in a positive light (Bromley 2000, Flock and Breitung 2016, Hanser 2016, Skinner 2008, Swider 2015). Proponents of street vending argue that it builds a safety net for vulnerable and marginalized urban social groups, provides accessible and affordable food to urban residents, makes inclusive urban spaces, and enriches culinary culture (Chen 2005, Cross and Morales 2007, Dittich 2017, Evers and Seale 2015, Greenspan 2017, Mukhija and Loukaitou-Sideris 2014). Despite these merits, street vending is commonly viewed as a sign of disorder and backwardness by many governments, including Chinese governments (Flock and Breitung 2016). Negative appraisals of street vending translate into a history of restrictive approaches and policy regulations. Only recently have some municipalities in China, including the city of Nanjing, begun to introduce new street vending regulations. These new regulations allow vendors to occupy particular streets on the condition that a street vending permit is paid for and acquired (Feng 2009).

At first glance, these regulations display a new openness and permission for street food vending in Chinese cities, but researchers have argued otherwise. They point out that the “permissive” policy bars vendors from prime business locations in the city (Xue and Huang 2015). In so doing, the policy essentially squeezes self-operating street vendors out into peripheral areas, leading to resistance by vendors (Flock and Breitung 2016, Greenspan 2017, Hanser 2016, Xue and Huang 2015). Although these studies provide a detailed analysis of the policy content, they do not fully highlight the discrepancy between policy and its implementation. While existing critiques clearly demonstrate that the new policy environment remains restrictive in nature, there has been limited analysis of how new policies are implemented, or how they affect vendor livelihoods. Nor do they address the nuanced experience

of different social groups among vendors. For example, various studies have focused on vendors who have a background of rural-urban migration (Bell and Loukaitou-sideris 2014, Flock and Breitung 2016, Swider 2015). Yet little is known about vendors who are relocated landless farmers rather than migrants.

Landless farmers make up a group of new urban residents who have lost their land to urbanization. China’s urbanization took off after market reforms in the 1970s, and the growth rate of the urban population remained above 3% per year through to 2012 (UN 2018). In part, urbanization is driven by industrial growth in rural areas and the rise of rural enterprises. More importantly, it is fuelled by the financial benefits to local governments of converting farmland into value-added commercial land. Following national tax reform during the early 1990s, China’s local governments were presented with unprecedented fiscal deficits. To relieve fiscal stress, they started to experiment with “land finance” (Lin and Yi 2013). In the operation of land finance, farmers were required to sell their farmland to the government and move into resettlement buildings. Many of these relocated farmers now participate in the informal sector.

The aim of this discussion paper is to study the execution of restrictive policies in Nanjing, as well as the actual impact on different stakeholders of street food vending governance. By explaining the misalignment between policy and its implementation, the paper aims to address how bottom-up negotiations between vendors, citizens, officers, and local government achieve an informal agreement enabling vendors to operate in a restrictive policy environment. The paper first reviews China’s changing street vending policies over time. The ensuing sections focus on the Nanjing case, discussing the research methods, findings and highlighting the discrepancy between formal policy and informal policy implementation. Finally, in order to explain this discrepancy, the paper reviews various concepts that relate to informal governance in China, including ambiguous governance, blind-eye governance, and flexible governance. The

paper proposes the term compensatory governance as an alternative way to characterize the relations between vendors, officers, and local government.

Informal Food Economy in China

Classical development theorists assume that the informal economy is pre-modern, transient, and will eventually disappear with modernization. However, this hypothesis is detached from the reality of informal economy expansion in recent decades. Chen et al (2015: 2) argue that short-term economic decline and growth both correlate with the expansion of the informal sector in middle-to-low income countries, and predict that the informal sector is “likely to remain the main source of employment for most workers in developing countries for the foreseeable future.” Even in countries with a trajectory of long-term economic growth, the informal sector does not necessarily shrink, but functions as an integral segment of a modern economy (Chen et al 2015). In fast-growing economies such as China and India, the informal food sector continues to expand (Dittrich 2017, Xue and Huang 2015). In 2010, over 300 million Chinese residents were informally employed, a significant increase from around 170 million in 1990 (Xue and Huang 2015). The exact number of street food vendors is harder to pin down. However, one estimate suggests that the total number of vendors in China is about 20 million (Xue and Huang 2015).

Governance of the informal economy in Chinese municipalities has shifted over time. At the national scale, China’s street vending policy has fluctuated between prohibition and tolerance (Table 1). After 1949, the Chinese government launched stringent policies to contain all forms of informal activity and uproot petty capitalist activities. Two decades later, at the outset of market reform, street food vending was again permitted because of its contribution to economic development. However, it was restricted by a national hygienic-city campaign, that called on cities to clean up the streets and present a modern and orderly facade (Flock and Breitung 2016, Xue and Huang 2015). At the city level, street food vending policies are designed by municipal governments and enforced by *chengguan* (city law enforcement officers). In 1997, the first team of *chengguan* was set up in Beijing to strictly control street vending. Deemed a success, squads of *chengguan* were replicated in municipalities across China. By 2010, over 300 Chinese cities had established a *chengguan* department (Hanser 2016).

The duties of *chengguan* are extensive. They are mandated to maintain public order and street hygiene. They issue fines to illegal businesses and confiscate their merchandise. It has been argued that their duties are broad and loosely defined, and that they have abused their power (Hanser 2016). The abuse of power in a stringent regulatory environment has met with vendor resistance, which escalated into hundreds of violent clashes during the 2000s (Flock and Breitung 2016). These clashes attracted public attention, and public pressure pushed forward reforms in China’s street food vending policy.

TABLE 1: Timeline of Street Vending Policy in China

Period	Relevant national political agenda	Street vending regulation
1950s-early 1970s	Planned socialist economy	Sweeping ban on informal economy, including street vending
Late 1970s-1980s	De-regulating economy	Laissez-faire economic growth that gives green light to street vending
Early 1990s-late 2000s	City image improvement	Street vending banned as an eyesore to city officials
2009-present	Social harmony	Conditional permits issued to street vendors in municipalities such as Nanjing

Source: Adapted from Xue and Huang (2015)

Several municipal governments in China began to experiment with inclusive approaches to governing street vendors in order to defuse tensions between vendors, the public, and city management officers.

Under the new formalization approach to street vending governance, conditional permits are offered to vendors in the hope of persuading them to sell particular types of food within a few designated zones. However, Xue and Huang (2015) argue that formalization confines vendors to sub-optimal locations in Chinese cities. Similarly, Flock and Breitung (2016) argue that the designated vending zone in Guangzhou is restrictive and undesirable. Prime business locations preclude vendors. To maintain their businesses, vendors continue to gather in forbidden zones rather than relocating to permitted city outskirts. In a case study of street food vending governance in Shanghai, Greenspan (2017) highlights loopholes in the formalization plan and explains how vendors modify the appearance of their merchandise to appear legitimate. Instead of following the new regulation, vendors find ways to circumvent it. Additionally, both Greenspan (2017) and Hanser (2016) argue that the formalization process of street food standardizes selling practices in the interest of food safety, but compromises the diversity, plurality, and affordability of street food. The new municipal policy reforms are criticized for their implicit intention of orchestrating gentrification, and pushing informal economies to marginal urban spaces. The aim of this paper is to study the execution of such restrictive policies in Nanjing, and to reveal the underlying reason for a nuanced policy implementation treating one group of vendors as landless farmers.

Research Methods

The research for this paper was conducted at three locations occupied by street food vendors in a residential area in Nanjing (identified as area X) (Figure 1). Outside the downtown core, area X is 18 kilometres from Xin Jie Kou, one of the busiest commercial districts in downtown Nanjing. Within area X, the three locations were in adjacent

residential neighbourhoods in a suburban zone, and have been coded as A, B and C. These letter designations are used to ensure the anonymity of the street food vendors who agreed to participate in the interviews. These locations were selected for three reasons. First, they were highlighted in consultation with local residents in this residential area. Street food vending was common at all three locations, where vendors trade fresh produce and wild edible vegetables, fish, and other types of food on a regular, often daily, basis. Second, all of the locations are on the edge of residential neighbourhoods. Locations A and C are on the same busy street. Though they are away from the city centre and downtown businesses, they are close to commercial zones and experience a relatively large crowd flow. Locations B and C are also close to two different local food markets. None of the three locations are in officially designated vending zones, meaning that street food vending activities are not permitted and so are subject to penalties and government control. Third, despite their similarities, the governance of each by city management officers varies significantly.

Twelve vendors in total were interviewed: one at Location A, three at Location B, and eight at Location C. Field observations were also conducted at each location to assess the physical and social environment and vendor characteristics. In total, the time spent on observation at each location summed to approximately five hours. At Location B, the profile of vendors changed every day because vending spaces were limited and a “first come, first served” rule applied. Vendors who agreed to interviews at this location spoke a different dialect to the local one and were migrants from different cities. Vendors typically mentioned that they were trading “homegrown peasant foods” that they grew themselves or obtained from their farming relatives. The area was only visited by vendors and grocery shoppers from nearby residential neighbourhoods. The space for vending was a backstreet alley outside a wet market. This location did not intersect with traffic and was not visible to daily commuters, tourists or officials. A modest fee of CNY 1 (USD0.15) per day was collected from vendors by the nearby wet-market managers. Vendors at Location B did not obtain permits, but were able to sell in the

FIGURE 1: Land Use Patterns Around Study Locations



street because they fell outside the concern of the city management bureau. The location was not inspected by government officials or seen by tourists and did not affect the look of the city.

At Location A, most vendors were wary of the city management officers, who regularly and frequently patrolled the area. Most vendors only stopped at the location briefly and immediately moved off at the sight of officers. One brief interview carried out with a street vendor on a bike with an attached food cart was interrupted by a law enforcement officer. On-site observation indicated that Location A was under strict control and vendors trading in this location were opportunistic.

At Location C, the same vendors were consistently present and lived in adjacent neighbourhoods. Although none of the vendors had obtained permits, most engaged in regular street vending and would only skip a day or two for community activities, such as church services, or for bad weather.

The governance approach to street food vending at Location C was unusual, and opens new avenues for the study of street food vending governance in China. More specifically, at Location C, there was a cooperative relationship between vendors and city management officers. The vendors articulated their disadvantages as landless farmers and new urban residents in resettlement housing to justify their vending practices. As a means of compensation, the local government was lenient in policy implementation.

Discrepancies Between Policy and Implementation

Although locations A and C exhibited similar spatial characteristics, the two groups of vendors were treated in very different ways. Vendors at Location A, once seen by *chengguan*, were scolded, had their photos taken, and were forced to remove

their merchandise from the street. However, vendors at Location C were tolerated and obtained conditional access to the street. More specifically, street vendors were allowed to operate covertly in cooperation with *chengguan* officers. Vendors traded fresh vegetables, edible wild foods and fish cuts, although none of these foods were allowed in the official municipal policy. Additionally, vendors did not possess permits. Yet they regularly occupied the street and developed a base of repeat customers from surrounding neighbourhoods. *Chengguan* turned a blind eye if they operated in the early morning and late evening.

Vendors at Location C said that they were allowed to use the street only when officers were off duty, before 9am or after 5pm. To take advantage of the limited hours, vendors usually started their business before 7am to catch the first group of grocery shoppers. Some vendors mentioned their incentive to work diligently within the permissible time window. For example, one 77-year-old male vegetable vendor noted:

I have retired from my work and my wife used to be a local peasant so she has no retirement incomes but only receives 800 yuan (less than USD100) per month as her living allowance. Also she has lymphoma and we have a grandson to support... That's why we get up at 4am in the morning, pick vegetables, trim them, and bring them here to trade in the street.

Around 9am, *chengguan* would arrive. Without verbal communication but with a “wink-wink nudge-nudge” signal, vendors and *chengguan* participate in a routine to shift the function of street space. *Chengguan* stand a few feet away from vendors, chatting or standing around. Vendors slowly pack up their food and merchandise. Afterwards, they clean up any leftovers and litter from around their stands to rid the street of any trace of their activities.

Soon after the vendors leave, *chengguan* also leave and move on to their next stop. After 5pm, some of the vendors move back to the street to trade their remaining food. One retired female vegetable

vendor who operated a small stall with her husband said, “we sell vegetables here every day. We stay from 6am to 9am, and return after 5pm. Except Sunday. On Sunday we go to the Christian church.” Other studies of this kind of informal street vending governance characterize it as ambiguous governance (Wang 2017), blind-eye governance (Weller 2012), or flexible governance (Xue and Huang 2015). All of these terms underscore the discrepancies between municipal policy and its implementation. Wang (2017) provides examples in Nanjing to delineate this discrepancy as a function of the ambiguous roles of city management officers and the ambiguous goals of street food vending management. Weller (2012) articulates blind-eye governance as a strategy to turn a blind eye to illicit activities as long as they do not pose a threat. Xue and Huang (2015) argue that the government employs flexible governance and the humane implementation of policy to enable social harmony.

There are three advantages to the tolerance of vending. First, city management officers are enabled to play multiple roles. According to Wang (2017), officers are not harsh in law enforcement and are sympathetic to street vendors. They show empathy to vendors, especially to those they know, and understand their difficulties. Similarly, Chiu (2013) finds that at the Shilin night market in Taipei, police avoid intervening in street food vending activities even though some vendors do not have permits. The role of officers as law enforcement agents conflicts with their identity as underprivileged urban residents in solidarity with vendors. Officers adopt softer policy implementation to reconcile this conflict.

Second, it enables a balance of interests between vendors, residents, and *chengguan*. For example, Wang (2017) learned from the officers that residents would complain when street vending was eradicated. On the other hand, residents also complain if street vending is under-regulated and extends into their neighbourhoods. Residents have shared interests with both vendors and officers. Since not all interests can be reconciled in the formal policy, officers as policy practitioners shift their practices in the interests of reconciliation. The third advantage

of ambiguous governance is that it meets new policy needs without the need for policy changes. Policy change takes time and deliberation, but changes in policy implementation can come into effect immediately. Changes in policy implementation also adapt policy to the needs of citizens. As te Lintelo (2017) shows, municipal policies can be detached from the needs of citizens, and the discrepancy between elite policy makers and residents can be mended by pragmatic and informal policy implementation.

However, we argue that the mechanism and dynamics of governance are more specific than ambiguous, and the term ambiguous governance fails to uncover the complexity and nuances underlying variable policy implementation. Rather than using a blanket term to generalize street food vending governance, we seek a term that suits the particular case of Nanjing, and is place-based and context-specific. After all, to outsiders the mode of cooperative governance is ambiguous and obscure, but vendors, *chengguan*, and local residents know what is permitted and what is prohibited. Based on the research, this paper proposes the alternative term of “compensatory governance”. Tolerance in Location C is a compensation mechanism for historical injustice during the process of urbanization, as it grants vendors the status of landless farmer rather than simply street vendor. During interviews, vendors, as landless farmers, expressed their perception of receiving insufficient compensation for their loss of land and livelihoods. The disadvantages and lack of compensation for landless farmers were mentioned by vendors to justify their street vending activities. Thus, perceptions of injustice about the historical process of urbanization are built into the justification of street food vending. As part of the landless farmer community, street food vendors have stronger negotiating power to gain the right to access space for vending activities.

Compensatory Governance of Street Food Vending

Within the literature on street food vendors in China, the sub-group of landless farmers is understudied. Studies of Chinese street food vending tend to focus on vendors as rural-urban migrants (Bell and Loukaitou-sideris 2014, Flock and Breitung 2016, Swider 2015). While migrants are an important group of street food vendors, not all vendors are migrants. Insufficient research attention has been paid to the group of street food vendors who are relocated landless farmers rather than rural-urban migrants.

Landless farmers did not become urban residents of their own volition, but had to surrender their land and move into resettlement housing. They share a number of traits. First, most vendors interviewed had passed the official age of retirement (60 for men and 55 for women in 2018). Second, some vendors mentioned their concerns about medical expenses when asked about their rationale for vending food on the street. They argued that their medical insurance failed to cover the high cost of medicine for chronic diseases such as diabetes and cancer. One elderly female vendor complained that, “I have chronic pain in my feet... Yes there is medical reimbursement, but the so-called universal medical coverage is a lie! Medical bills gets reimbursed only if exceeding a thousand (CNY), and only covers 30% of it!” Third, all of the vendors used to be farmers on the same land where they now trade foods. They became urban residents because they submitted land to the government and registered as urban *hukou*. *Hukou* is a binary household registration system whereby Chinese residents are either registered with rural *hukou* or urban *hukou*. Rural *hukou* holders do not have the same access as urban *hukou* holders to public resources such as education, medical insurance, or low-income household subsidies, even if they live in cities. The same vendor described the landscape of their neighbourhood prior to urbanization:

Our neighbourhood used to be a ranch. In addition to agricultural fields, our main business was raising cows. My family had people of three generations. We had farmland, and pens for cows, pigs, and chicken. Our family was part of the production team. If you point to any piece of land in this neighbourhood, I can tell you exactly what it was used for then and managed by who.

Urbanization drastically altered the economic and physical landscape of the neighbourhood and converted groups of farmers and ranch managers into urban residents.

By 2010, over 40 million Chinese farmers had become landless, susceptible to the “no land, no job, and low social security” dilemma (Liu 2005, Zhang and Tong 2006). According to Yu et al (2013), most farmers who submitted their land to the local government and resettled in urban buildings are neither content with their incomes or the resettlement program. As new urban residents, they have a high risk of poverty and unemployment, and some desire to return to farming (Yu et al 2013). Zheng and Wu (2013) found that even if landless farmers are re-employed, they earn less on average than migrant workers and urban residents. Additionally, the social networks of new urban residents are disrupted by the resettlement process, and residents lack a sense of belonging to the urban neighbourhood (Liu and Li 2017). Urbanization is not a choice for landless farmers, but a consequence of displacement. They did not have the opportunity to start rural enterprises or voluntarily move into cities to seek opportunities. Despite gaining urban residence status, displaced farmers are not always

entitled to equivalent rights and social security as city-born urban residents. Table 2 compares and contrasts the processes of active and passive urbanization, and demonstrates the difficulties that the latter poses for integration into urban life.

Ge (2010) notes that Chinese cities have different social security programs for urban residents and landless farmers. In the city of Shanghai, for example, a separate insurance system is designed for new residents in urban areas, while in cities such as Suzhou new urban residents are granted the same insurance and pension plan as local residents. In Nanjing, according to local government policy, street food vendors can receive a minimum living allowance and are enrolled in the baseline medical insurance program. As mentioned above, the minimum living allowance covers basic living expenses, but not pharmacy bills as many have chronic illnesses. Given the disadvantages of minimum insurance and unemployment, landless farmers resort to urban farming and street vending to improve their incomes.

Urban farming and street vending are important to landless farmers. Based on a panel study of 16,000 Chinese households in 2014, Qi (2017) found that nearly half of landless farmers who continued to work after urbanization, work in agriculture. The high percentage of re-engagement with farming among landless farmer communities highlights the centrality of farming to their lifestyle and livelihoods. Even if landless farmers do not practise agriculture as intensively as they did in the rural setting, their farming practices yield food surpluses, and lead to street food vending.

TABLE 2: Contrasting Passive and Active Urbanization

	Passive urbanization	Active urbanization via rural industrialization	Active urbanization via rural-urban migration
Migration	Farmers do not relocate	No migration or spatial relocation	Inflow of farmers into cities
Land-people relations	Farmers lose land	Farmers lease land	Farmers leave land
Occupational urbanization	Farmers engage in low-skilled jobs or are unemployed	Farmers engage in industrial jobs such as workers	Farmers engage in low-skilled or high-skilled jobs
Perceptions of urbanization	Farmers have trouble in assimilation	Farmers play an active role	Farmers adapt to urban life

Source: Adapted from Yu et al (2013)

The literature points out that landless farmers are not only powerless victims of land expropriation, but engage in “rightful resistance” to defend their rights and advance their living conditions (O’Brien and Li 2006, Ren 2017). However, this study identified cooperation and mutual compromise between vendors and *chengguan* rather than resistance. The harmonious relationship between vendors, officers, and local government is a function of the compensatory governance of street food vending. Street food vendors at Location C endured social injustice in urbanizing, and urban government employs a soft and flexible strategy to regulate their illicit activities. From the vendors’ perspective, food vending is a livelihood right, and they claim that their rights are acknowledged by the local government. During interviews, vendors stated that they believe the local government has a “humane approach” to managing their activities. Asked why officers treat them humanely, vendors advanced three possible reasons.

First, the vendors believe that government is aware of their economic dilemma. They repeatedly mentioned that their farmland was claimed by the government at the beginning of 1990s, before proper compensation plans and legislation were formed. One vendor lamented that:

When our land and homes were claimed, we were naive peasants and we paid for our naivety. We had little knowledge of the urbanization policy. Our land was claimed in the 90s, and the compensation policies in the 90s were much worse than today... a family of seven like ours were only assigned two living units with additional fees for us to pay. Today, our family would have received seven units.

Early land expropriation compensation was seen as weak and unfair. They believe they were victimized and have not received proper compensation because their land was expropriated in the early 1990s. This resonates with other studies on land expropriation. In the early 1990s, land expropriation happened at a rapid rate before proper legislation was rolled out, and thus there was less transparency and compensation for farmers than there is today (Lin and Yi 2013, Yu et al 2013). In the 2000s, those

who became urban citizens received much better compensation packages, including higher monetary returns and more real estate properties. In light of their experience, vendors perceive their vending activities to be justified and say they have the right to operate street vending to make up for insufficient income from other sources.

Second, some vendors said that the government implements humane law enforcement because the new government and the party have improved. According to one, “law enforcement for us has become more people-centred. Thanks to the Party, our quality of life has been improving.” The district where vendors reside is implementing a political performance rating system. The lowest level of government in Chinese cities (known as *Jiedaobanshichu*) is the subdistrict administration, which is usually assigned to govern a set of urban neighbourhoods. As the lowest branch of urban government in China, it strives to keep residents content with their policies and management so that they can minimize complaints from the residents to upper-level government and obtain a high score in the rating system. Street-level government thus has an interest in providing better services to street vendors as they are local residents under their administration.

Third, vendors are personal acquaintances of *chengguan*. A significant share of *chengguan* are children of landless farmers. As part of the landless farmer community, they are lenient in law enforcement. Recruitment posts for city management officers indicate that the offspring of the original landless farmers are primary targets. Hiring them as local neighbourhood management officers turns official governance into relational negotiations based on *guanxi* networks within the landless farmers’ community. The *guanxi* network is threaded by community relationships and continues to influence the management of community space in the urbanized area. This is a typical feature of the rural Chinese community, where people will take care of others in their network and make exceptions for and provide preferential treatment to “insiders”. According to one vendor, “I’m a local, and I live in the local neighbourhood. *Chengguan* are also local people. If

any people from above will come to patrol and check this street, *Chengguan* will let me know in advance. During those special days I will hide myself.”

Conclusion

This paper is a contribution to discussions on governing the informal economy within a semi-authoritarian political environment. Differing from the oft-discussed antagonistic scenario in street food vending governance, the vendors in this study cooperate with, rather than confront, officialdom (*chengguan*). The cooperative mechanism has been variously termed ambiguous, blind-eye, and flexible governance. These established concepts do not fully capture the dynamics involved in the “soft” governance of street food vendors. More specifically, they neglect historical process and the socio-economic realities of specific places. The fact that tolerant management takes places in a neighbourhood of landless farmers is important. The seemingly obscure relationships between vendors, officers, and local government are organized around common goals such as maintaining an orderly city image for display and improving the economic well-being of the landless farmers’ community.

To illustrate the details and dynamics behind the form of informal governance observed, this paper proposes the term “compensatory governance”. This term emphasizes that the rationale for government’s soft approach is to compensate. The obligation of compensation is rooted in both the injustice of rapid urbanization, and the local government’s political duty to keep residents from complaining to upper levels of government. There are two main reasons for calling this mode compensatory governance. First, it brings to light institutional injustice in the process of urbanization that was imposed on the landless farmers. Insufficient social security and the lack of employment opportunities for the farmers are recognized by street-level government. Second, compensatory governance illustrates the underlying motive of tolerant governance. Relaxed regulation accommodates the landless farmer community who had to give up

their livelihood rights and rural lifestyle for urban expansion. Abrupt conversion of agricultural land undermined the community’s social networks and created unemployment. As a way to compensate, vendors are permitted to generate income through street vending, and children of landless farmers are employed as *chengguan*.

Urban space is used and remade by street food vendors to host informal food economies by creating a transient urban space, switching back and forth between an orderly city corner and an informal market. Urban space is negotiated, debated, and remade through cooperative effort in compensatory governance. Without revamping social security programs, the space serves as a medium to compensate landless farmers. Top-down municipal government policy fails to take account of the differences within street food vendor groups and to acknowledge the community-based use of space by landless farmers. In contrast, street-level government is lenient in policy implementation and allows the street space within resettlement neighbourhoods to compensate landless farmers. Overall, compensatory governance links the governance of informal urban economies with landless farmers’ struggle in spatial transformation. It proposes a new lens with which to examine the governance of informal economies by focusing on urban transitions, land expropriation, community history, and multi-tier governance within Chinese cities.

This study is limited in scope and does not assert that compensatory governance is a national phenomenon in China. However, facing similar economic difficulties, millions of landless farmers in Chinese cities may well also engage in growing food and selling in the street. Especially in newly built urban districts, it is possible that many disadvantaged landless farmers resort to the informal food economy to improve their income. Further studies might reveal the statistical significance of this model of informal food economy in new urban districts, and shed light on the prevalence of compensatory governance.

The final point concerns the formalization and stabilization of the informal governance of street food

vendors. Despite covert cooperation and implicit agreement, this mode of cooperation and mutual compromise cannot be stabilized without being institutionalized. Without the backing of formal policies, the implicit agreement is susceptible to the volatility of local politics. For example, a switch of leadership in the street-level government could scrap the harmonious relationship and compensatory governance. Compensatory governance could be stabilized through bottom-up civil society support, deliberation, and negotiation with municipal governments, and this potential merits further research.

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