

























Impersonal exchange exists on a limited scale, often based on social connections such as shared hometowns or kinship ties in places like Chaoshan. In some cases, large firms that have brand names and reputations can overcome the trust problem in impersonal exchange. Yet smaller businesses and individual sellers face more difficulties to assure their trading partners, relying more on personal or social networks to conduct business.<sup>34</sup>

This deficiency of large-scale impersonal exchange in China limits the scope of the domestic market, leaving much growth potential untapped. However, at the earlier phase of development, the Chinese government managed to generate substantial growth through an alternative strategy. This growth strategy does not rely on full-fledged market institutions (such as rule of law) as prerequisites for growth. It proved very successful—until recently.

### China's Previous Route to Growth—and Its Limitations

A large body of scholarship has been dedicated to deciphering the so-called China miracle: why China has managed to achieve extraordinary growth with formal institutions that appear ill-suited for economic development by Western standards. For example, China does not have Western-style rule of law, credible checks on the executive power, secure property rights, or a clear separation of government and business.

While China does not have strong rule of law, it has established alternative institutional foundations for growth. This involves a combination of economic decentralization and political centralization.<sup>35</sup> On the economic front, the central government has delegated substantial authority to local governments, allowing them to improvise and enforce policies that drive the local economy.<sup>36</sup> Politically, the central government maintains a firm grip on local officials. Since the promotion of local officials is determined from above (in the nomenklatura system), they are strongly motivated to comply with central government directives, including those pertaining to economic guidelines.<sup>37</sup>

Within this institutional framework, China's past growth trajectory exhibits three key characteristics. (1) *State-led development*: the state is deeply involved in the economy. It maintains a sizable SOE sector and engages in state-led investment and industrial policy. (2) *Preferential treatment*: the state controls substantial business resources (e.g., bank loans, permits, and land), but these resources are limited. Absent strong formal institutions that ensure universal support to all businesses, the state grants preferential treatment to large firms (e.g., some foreign-invested firms or national/regional champions) and those with political connections (e.g., SOEs, connected private firms). (3) *Localized solutions* to development challenges and *interjurisdictional competition*: local

governments are the primary drivers of the national economy. They formulate and implement policies tailored to local conditions, and competition among them encourages the adoption of market-friendly policies.<sup>38</sup>

These institutional arrangements fueled significant growth during China's early development stages, because they were well aligned with the country's dual growth drivers at that time—fixed-asset investments and exports. For example, state-led investments in critical infrastructure such as roads, bridges, electrical grids, and telecommunications effectively addressed China's infrastructural gaps, propelling overall economic development. Intense competition among local governments motivated them to offer policy incentives, enticing foreign businesses to relocate manufacturing lines to China, which significantly boosted the nation's exports. Through preferential treatment, the state prioritized allocating limited resources to large, relatively productive firms capable of managing exports, manufacturing, and infrastructure projects.

Nevertheless, by the mid-2000s, both of China's primary growth engines began losing momentum. For one thing, China's fixed-asset investments had reached the point of diminishing returns. There were ample issues related to infrastructure projects, such as overinvestment, investment misallocation, environmental problems, industrial overcapacity, and local debt problems. For another, China's excessive dependence on exports makes it vulnerable to protectionist backlash from countries such as the United States and to shocks in the global market.<sup>39</sup> The financial crisis of 2007–8 turned the risk into a reality. China's export slump brought lean times to the manufacturing industry and created risks of mass unemployment.<sup>40</sup>

Recognizing the urgency for new avenues of growth, the Chinese leadership started to advocate “economic rebalancing.” This strategy first appeared as a guiding idea behind the country's economic policymaking around the mid-2000s, and it later became the central objective of China's Twelfth Five-Year Plan in 2011. Economic rebalancing aims to shift China's economic structure from an investment- and export-driven model to one led by domestic consumption and indigenous innovation. (In hindsight, China's efforts toward rebalancing have yielded limited overall results thus far, partly due to unforeseen circumstances compelling China to stick to traditional economic stimulus measures such as investments.<sup>41</sup> Nonetheless, the government's *intention* for rebalancing indeed prompted certain policy adjustments in favor of domestic consumption, including promoting e-commerce.)

The shift toward a consumption-driven model required expanding the domestic market. Despite China's already sizable domestic market, there existed considerable untapped potential for growth. With weak rule of law, market transactions often took place within personal networks or local markets. Therefore, a crucial step toward expanding domestic trading activities would

be to establish a national common market characterized by large-scale impersonal exchanges, granting national market access not only to “whales” (large firms) but also to “minnows” (SMEs and individual traders). This would enable consumers to access a much greater variety of products, thereby stimulating household consumption.

Establishing large-scale impersonal exchange, however, seemed difficult in China. Conventional wisdom deems that this market usually comes with strong rule of law and impartial legal enforcement, which is not readily available in China. Some of China’s institutional features also fall short in supporting such a market, potentially hurting it. For example, interjurisdictional competition incentivizes local governments to engage in protectionism and erect trade barriers on the borders of subnational jurisdictions, which may hurt the emergence of a national common market.<sup>42</sup> Furthermore, preferential treatment toward large and connected firms undermines the growth of small- and medium-sized enterprises despite their increasing significance in the Chinese economy.

Hence, it is intriguing to witness the rise of China’s 800-million-user e-commerce market. This expansive and impersonal marketplace enables transactions among distant and unfamiliar traders, mainly comprised of SMEs and individual sellers. Such a market demands robust institutional frameworks to uphold contracts and deter fraud. But where do these institutions come from?

## Institutional Outsourcing to Digital Platforms

Since the 2000s, China has effectively embraced a novel route to institutional building and enforcement: offloading it onto digital platforms.

I use the term “institutional outsourcing” to describe the scenario that, when state-provided formal institutions are absent, weak, or difficult to enforce, the government—either implicitly or explicitly—outsources a portion of its economic, political, or social functions to private actors of a certain type, which I call private regulatory intermediaries (PRIs), including digital platforms.

PRIs are not ordinary private actors. They possess the capability to provide private rules to either help the state establish new institutions or enforce existing institutions.<sup>43</sup> In cases where state-provided formal institutions are absent, PRIs develop private *substitutes*. Conversely, when formal institutions are already in place, PRIs can act as *supplements*, enhancing the enforcement of existing state institutions.

In chapter 2, I elaborate on which government institutional functions can or cannot be outsourced and why only a select few private actors qualify as PRIs. This discussion also explains why digital platforms are particularly suited to serve as PRIs compared to other private actors. Not all private actors can provide private governance, but as multi-sided markets, platforms’ business

models require them to establish private institutions for the various user groups they host. Platforms can also serve a large population, potentially the entire society, as their private institutions have remarkable scalability due to the zero marginal cost of digital products. Moreover, platforms can utilize extensive data and sophisticated algorithms to automatically detect rule violations and enforce regulations. Through techniques like A/B testing, platforms can also experiment with institutional modifications, promptly gather user feedback, and rapidly adapt to changing market conditions.

In the following, I use China's 800-million-user e-commerce market as the context to explain how institutional outsourcing works.

### *Private Institutional Building by E-Commerce Platforms*

In China, the vast majority of e-commerce transactions occur on platforms rather than independent websites. These large e-commerce platforms are not merely connectors of sellers and buyers; they also play a pivotal role in institutional development.

Consider China's largest e-commerce platform, Taobao, owned by Alibaba. It contributes to the country's institutional development in three ways. First, Taobao has established strong private institutions to enforce contracts, prevent fraud, and settle disputes, effectively compensating for the lack of formal institutional support provided by the state. These private institutions include an escrow payment system, a sophisticated reputation mechanism, a credit scoring system, a fraud detection program, and even a unique jury-like system where millions of users voluntarily participate in adjudicating cases or shaping platform rules. These institutions have been widely adopted by other platforms, leading to a spillover effect (see chapter 3). Second, once platform institutions are established, the state can leverage them to enhance its legal enforcement. For instance, since 2015, the Supreme People's Court has collaborated with major platforms such as Taobao, JD, and WeChat to enforce debt repayment, reducing debtors' credit ratings and limiting their ability to purchase expensive items online.<sup>44</sup> Third, the state occasionally formalizes widely used private institutions, such as third-party payment services and platforms' online return policy, as shown in chapter 3.

It is crucial to acknowledge that, in Western countries, platforms such as Amazon or eBay also incorporate private institutions for contract enforcement or fraud prevention. However, these institutions are not as sophisticated as their Chinese counterparts due to lower demand. China's weaker underlying legal enforcement results in a higher prevalence of counterfeiting and fraud. Consequently, platforms in China face greater challenges in earning user trust and facilitating trade on their platforms. To overcome these obstacles, they must develop much stronger institutions and enforcement capabilities. The

need for stronger institutions is illustrated in chapter 3 through the Taobao-eBay battle in the Chinese market in the early 2000s. eBay's transplanted institutions from Western countries proved insufficient to assure Chinese users of the safety of online transactions. In contrast, Taobao's focus on trust-building was the main reason it defeated eBay, despite eBay's first-mover advantage and much greater resources.

Interestingly, my discussions with platform rule makers in China revealed their acute awareness of the functional overlaps between state institutions and platform institutions. They didn't simply regard platform rules as internal company policies—they recognized their broader societal impact and their intricate relationship with the legal frameworks of the state. One platform employee shared: "We face similar market problems in the online market as government officials do in the offline market, albeit employing different methods to fix the problem."<sup>45</sup> Some platform rule makers even harbored ambitions to influence China's formal legal development, recognizing the possibility that the state might formalize platform rules that have proven effective.<sup>46</sup> This shows that the role platforms have played in institutional development is not entirely incidental but intentional to some degree.

### *The State's Outsourcing*

Meanwhile, the state either acquiesces and gives implicit consent to platforms' private institutional building (*de facto outsourcing*), or explicitly delegates institutional functions to digital platforms through formal contracts or agreements (*de jure outsourcing*).

De jure outsourcing is clear-cut: it entails the state's observable action to outsource governance functions to platforms. For example, as discussed in chapter 3, China's Anti-Corruption and Bribery Bureau formally entered into a memorandum with Alibaba to delegate certain legal functions, aiming to combat commercial bribery. Moreover, as summarized in chapter 4, since the mid-2010s, nearly all provincial-level governments have signed strategic collaboration agreements with major platforms across diverse domains, including cloud computing, big data, rural e-commerce, and Smart City initiatives.

De facto outsourcing, however, requires additional clarification. This form of institutional outsourcing entails *deliberate inaction* by the state: despite having the capability to intervene or subvert private rules, it chooses not to. A prime example of de facto outsourcing can be seen in China's approach to the e-commerce market before 2020, when, despite the significant disruptions and controversies caused by e-commerce platforms, the Chinese government refrained from imposing stringent regulations for two decades. This hands-off approach granted platforms considerable autonomy to conduct institutional experiments and thrive, serving as a pivotal driver behind China's e-commerce boom.



The absence of stringent regulations did not stem from a lack of information about the issues caused by the e-commerce sector. Indeed, there were repeated calls from vested interests in China urging the government to impose strict regulations on the sector or even to ban it. For instance, in the early 2010s, state-owned banks repeatedly urged the government to ban Yu'E Bao, Alibaba's fintech money market fund, which rapidly redirected deposits away from banks. In 2015, e-commerce led to waves of closure of brick-and-mortar stores, prompting vehement criticism from many private entrepreneurs who denounced it as a "virtual" economy harmful to the "real" economy. In response, the government then resisted the pressure and avoided imposing stringent regulations on the e-commerce sector.

Some may also question whether the absence of stringent regulations reflects the government's inability to control platform power. This assertion may hold true in other countries, where governments are captured by powerful private businesses or where they are required to undergo lengthy legal processes to enact regulations. However, in China, the authoritarian government possesses many regulatory tools at its disposal. For instance, it retains ultimate control over the country's internet connectivity, evident from the internet cutoff in the entire Xinjiang region for ten months following an ethnic riot in 2009.<sup>47</sup> Moreover, from 2018 to 2019, the government decisively shut down the popular 200-million-user app Neihan Duanzi and mandated the closure of all peer-to-peer (P2P) lending platforms—numbering in the thousands—within a two-year period,<sup>48</sup> showcasing its capacity to intervene and shut down platforms when deemed necessary.

Instead, *de facto* outsourcing entails a situation where the government exercised *strategic nonregulation* over the e-commerce market before 2020. Unlike most government policies that entail active measures, strategic nonregulation involves a practice of *non-doing*—deliberately avoiding excessive regulations on emerging industries to foster their development. In contrast to industrial policies that provide businesses with land or capital, strategic nonregulation instead offers the much-needed autonomy in a country where government intervention can be frequent.

There is direct evidence of *de facto* outsourcing, indicating that the government strategically refrained from hasty regulations on the e-commerce sector. A research report conducted by a central government agency confirms that a key contributor to China's e-commerce growth is the "lax regulatory environment . . . with all levels of government encouraging experimentation and innovation without excessive intervention."<sup>49</sup> For example, in 2015, the State Administration of Taxation prohibited local tax authorities at all levels from conducting any tax inspections on e-commerce organizations.<sup>50</sup> In a similar vein, the State Administration for Industry and Commerce stressed in 2013 and again in 2016 that individual online stores were not required to register with local governments and

obtain official business licenses.<sup>51</sup> These findings resonate with insights gained from interviews with local officials during the mid-2010s. For example, a provincial-level official from Shaanxi Province emphasized, while instructing other officials on e-commerce promotion, that the government's role is to "cultivate fertile ground" rather than dictate which crops should be planted.<sup>52</sup>

After 2020, China implemented stricter regulations on digital platforms. However, as shown in chapter 6, the goal of these regulations is not to shut down the private governance provided by platforms but to align it more closely with the state's interests. Consequently, institutional outsourcing has persisted. Despite heightened oversight, the state has maintained collaborations with platforms in rulemaking and governance provision. A notable post-2020 trend, however, is the increase in *de jure* outsourcing. Platforms are increasingly pursuing formal arrangements (such as memoranda of understanding or collaborative contracts) with the government to clearly define their responsibilities, request formal exemptions for accidental law breaches, and minimize compliance risks.<sup>53</sup>

## The Regulatory Dilemma

Outsourcing institutional functions from the state to platforms does not always exempt platforms from government regulations. China's regulatory approach to e-commerce platforms has undergone significant fluctuations. Initially, until late 2020, the Chinese government maintained a hands-off approach with minimal regulations. Then, between late 2020 and mid-2023, there was a severe crackdown on big tech companies. Finally, in mid-2023, the government eased regulations and returned to a supportive stance. How can we interpret these regulatory swings, and why did the Chinese government turn to regulate platforms despite their outsourcing relationship?

In fact, regulation, or the latent capacity to regulate, is intricately linked to institutional outsourcing. First, if the authoritarian government lacks *ex-ante* confidence in its ultimate control over these platforms, it would not allow platforms to grow and wield such substantial influence. According to a Chinese legal scholar familiar with policymakers, the government's confidence in its own regulatory capacities—particularly its ability to exercise the "nuclear option" of shutting down the internet—led to an initial hands-off approach toward internet firms.<sup>54</sup> Second, government regulations act as a *post facto* mechanism to address issues in private governance. Without government regulations, large platforms may exploit their users, leading to a decline in institutional quality. Meanwhile, the state's outsourcing of institutional functions to platforms generates principal-agent problems. Through regulation, the government ensures that private platforms align with its political and economic visions, thereby facilitating a more seamless delegation of institutional functions.

The real problem is not whether digital platforms should be regulated, but how. The government faces a regulatory dilemma: inadequate regulation may lead to platform abuse of market power, while excessive regulation stifles private institutional innovation. In both scenarios, the quality of private institutions deteriorates, undermining the efficiency of institutional outsourcing. Achieving optimal economic outcomes requires striking a balance between platform and state powers: platforms must not be unchecked, and the state should avoid excessive intervention.

China's erratic regulatory shifts toward platforms underscore the difficulty in achieving the right balance. Chapter 6 elucidates how China's 2020–23 regulatory crackdown resulted from a situation where “platforms overstepped” and “the state overreacted.”<sup>55</sup> It details how, due to the absence of robust state regulations before 2020, major private platforms overstepped their boundaries and exploited their market power, resulting in problems regarding data privacy, algorithmic manipulation, and anticompetitive behaviors, all of which harmed consumer welfare. While there were valid economic reasons for tightening regulations, the Chinese government overreacted to the challenges posed by platforms. It initiated a campaign-style crackdown on the tech sector with a high level of seriousness and intensity, often referred to as a “regulatory storm.” This overreaction was likely driven by the influence of communist ideology, the absence of checks on executive power within the political system, and overconfidence in its regulatory capacity. The 2020–23 regulatory crackdown on platforms had dire consequences: the campaign-style enforcement significantly diminished tech firms' market value and profitability, injecting policy uncertainty into the broader economy. Ultimately, economic pressures prompted the government to halt the regulatory storm in 2023.

## The Political and Economic Effects of E-Commerce

This book also examines the political-economic effects of China's flourishing e-commerce sector. Among e-commerce's multifaceted effects, I focus on two aspects that are central to China's economic and political governance.

The book presents the first causal evidence of e-commerce's effects on household welfare, as detailed in chapter 5. Despite prevalent anecdotes regarding the economic effects of e-commerce, there remains a dearth of rigorous empirical research to quantify the effects and identify the channels through which it influences household welfare. The study exploited a rare opportunity to conduct a field experiment in China, randomizing first-time e-commerce access across one hundred villages in three provinces. This experimental intervention is combined with transaction and shipping records from the e-commerce platform, price surveys of local retailers, and pre- and

post-treatment household survey data. The findings suggest that e-commerce benefits the average rural household primarily through consumption effects (i.e., enhancing their purchasing power by reducing the cost of living) rather than production effects (such as increasing nominal income or stimulating entrepreneurship). Meanwhile, significant heterogeneity exists among the beneficiaries of e-commerce, with younger, wealthier households, as well as those residing in more remote villages, deriving greater benefits. The research has implications for inequality and rural development in the digital age.

In addition to exploring the economic impacts of e-commerce, the book investigates how e-commerce reshapes state-business relations, drawing evidence from interviews, an original national survey, and web-scraped store-level data. The central inquiry revolves around whether e-commerce will foster the rise of an independent business class in China. This question is crucial because, in other national contexts, the rise of a bourgeoisie independent of the state could precipitate political changes, such as demands for political rights or even democracy.

I find that, on the one hand, e-commerce indeed makes private merchants more autonomous from local governments. In China's economically decentralized system, local governments enjoy substantial power to support and regulate the local economy. Yet e-commerce has partially changed this status quo by offering national market access and private institutional support to private businesses. Local governments encounter difficulties in closing the regulatory gap, facing information gaps and coordination problems in regulating these online merchants. As a result, e-commerce participation seems to partially "liberate" private merchants from local government oversight.

However, this does not mean that e-commerce has created an autonomous business class; rather, private merchants remain regulated by the state, though indirectly, through large platforms. In chapter 4, I illustrate how the increased autonomy of private merchants results in a shifted dependency on platforms and how platforms establish extensive connections with central and local governments, serving as intermediaries of state authority to regulate merchants. Thus, the rise of e-commerce does not eradicate state-business interactions; rather, it centralizes them and moves the locus of interactions from the individual level to the platform level.

## Methods of Inquiry

When this research was initially undertaken, given the rapid growth and relatively nascent nature of China's e-commerce market, there was a scarcity of prior research and publicly accessible micro-level data. Consequently, my research relied heavily on firsthand and proprietary data obtained through extensive fieldwork in different parts of China (see Figure 1.2). The research

design comprised a mixed-methods approach, integrating both qualitative and quantitative research methodologies (see Table 1.1).

### *Qualitative Research*

My qualitative research comprises three main parts. First, I conducted over two hundred semi-structured interviews. These interviews took place either in person during my fourteen months of fieldwork (intermittently between 2013 and 2016) across six provinces and two municipalities in China, or in the form of phone interviews (conducted between 2017 and 2023), when fieldwork was not possible. These interviews helped inform the book's theoretical framework, laying the foundation for the follow-up quantitative analysis. To attenuate research bias, I interviewed all major parties participating in or affected by the e-commerce industry, including online and offline merchants, online and offline buyers, village cadres, officials at the county/city/provincial levels of government, employees of various e-commerce platforms, and industries supporting e-commerce such as logistics and online marketing companies. My interviewees represented a diverse selection of geographic areas (i.e., urban/rural, coastal/inland, developed/underdeveloped) to reflect regional variations.

Second, I conducted online ethnographic research from 2013 to 2022 to counter problems common in field interviews, such as various forms of interviewer effects and snowball sample biases.<sup>56</sup> Unlike prior research that has used public forums and discussion boards for online ethnographic work,<sup>57</sup> I closely followed conversations in several invite-only, e-commerce-focused chat groups on WeChat, China's billion-user social media messaging app. Each e-commerce-focused chat group comprises up to five hundred members, including e-commerce sellers, government officials, platform employees, and researchers from various institutes. These groups conduct real-time, interactive discussions about the latest developments in e-commerce. Following the daily chats enabled me to: (1) garner truthful opinions in the absence of disturbing interview effects, (2) reach a large sample of subjects who were otherwise inaccessible, and, most importantly, (3) verify the long-term validity and stability of the theoretical framework derived from the field interviews.

Third, I performed content analysis of numerous e-commerce-related policies, news, platform regulations, and internal documents from local governments and platform companies.

### *Quantitative Research*

On the quantitative side, this book exploits five datasets that are either original or to which exclusive access was granted. These datasets involve both observational and experimental studies. The first one draws on web-scraped infor-

TABLE 1.1. Summary of Research Methods and Data

Type	Methods	Description
<i>Qualitative</i>	Semi-structured interviews	Conducted more than 200 interviews over 14 months of fieldwork
	Online ethnography	Followed conversations in e-commerce-focused chat groups for 9 years
	Content analysis	Analyzed news, policies, and internal documents from local governments and platform companies
<i>Quantitative</i>	Web-scraped data	Analyzed web-scraped data from 1.76 million online stores
	National online survey	Surveyed 3,280 business owners (1,920 online merchants and 1,360 offline merchants)
	Randomized control trial	Randomized e-commerce access across 100 villages in combination with three sets of newly collected microdata: <ul style="list-style-type: none"> <li>• Surveyed a random sample of 2,800/3,800 households within the 100 villages in two rounds</li> <li>• Surveyed local physical stores within the 100 villages for two rounds and collected 11,500 price quotes per round</li> <li>• Obtained 28 million transaction records from a large platform</li> </ul>

mation from 1.76 million online stores that actively operated on China's largest e-commerce platform, Taobao.com, in December 2014. The raw dataset includes product-level data for each online store (e.g., store name, location, and each product's description, category, and price). By aggregating fine-grained information on individual stores at the level of the city/prefecture where each store was registered, the dataset helps uncover the regional distribution of China's e-commerce industry.

The second dataset is the China Entrepreneurs Survey, an original national survey of online and offline merchants. This survey provides rich information about the demographic, socioeconomic, and political variables of individual merchants. It enables statistical analysis of how the rise of e-commerce has altered merchants' political beliefs and relationships with local officials.

An additional three datasets were created in relation to a large-scale randomized controlled trial (RCT), also known as a field experiment, conducted in collaboration with a major e-commerce platform. The RCT involves randomizing first-time e-commerce connection across one hundred villages situated in eight counties of three provinces of China. This intervention is combined with three sets of newly collected microdata: (1) two rounds of



FIGURE 1.2. Map of Fieldwork Sites. *Notes:* The fieldwork sites include Beijing, Shanghai, Henan Province (Zhengzhou, Mengzhou), Shandong Province (Boxing, Feicheng, Zibo), Hebei Province (Shijiazhuang, Gaobeidian), Guangdong Province (Guangzhou, Jieyang), Zhejiang Province (Hangzhou, Tonglu, Lishui), and Jiangsu Province (Suzhou, Xuzhou).

longitudinal survey data collected from 2,800/3,800 households (roughly 8,600 individuals) per round, (2) two rounds of price surveys on local retailers, including 11,500 price quotes per round, and (3) 27.8 million transaction and shipping records obtained from the firm's internal database. As the first of its kind, this field experiment helps causally identify the impact of e-commerce on rural household welfare (e.g., cost of living, source of income).

## Road Map

The remainder of the book proceeds as follows.

Part I examines the institutional foundations of China's e-commerce market.

Chapter 2 elaborates the theory of institutional outsourcing. It begins by describing a key puzzle in political economy: how developing states build strong market-supporting institutions under political constraints. I review existing theories on institutional building—the formal institutions approach, the competitive federalism approach, and the social connections approach—and discuss the limitations of each. I then introduce the theory of institutional outsourcing, defining the concept of outsourcing and specifying what government institutions can or cannot outsource. Importantly, the chapter explores why only a small group of private actors—which I term private regulatory intermediaries (PRIs)—possess the necessary capabilities to facilitate institution-

building within this outsourcing framework, and why digital platforms qualify as PRIs. Lastly, I analyze the political logic of institutional outsourcing, as well as the durability and limitations of outsourcing to platforms as an approach to institutional development.

Chapter 3 applies the theory of institutional outsourcing to elucidate the institutional foundations of China's e-commerce market. In China, the overwhelming majority of e-commerce transactions occur on platforms rather than independent websites. These large private platforms serve as providers of robust market institutions when formal institutions remain inadequate. Through a case study on Taobao, I illustrate how large platforms establish strong private institutions to enforce contracts, prevent fraud, settle disputes, and allocate resources in a weak-rule-of-law environment. Furthermore, I illustrate how China's efforts to rebalance its economy prompted the government to not only tolerate but actively promote private institutional innovation by e-commerce platforms for an extended period, laying the groundwork for China's e-commerce boom. Furthermore, I provide concrete examples of institutional outsourcing from the state to platforms, indicating that such outsourcing has become more explicit and institutionalized over time.

Part II of the book examines the economic and political effects of China's e-commerce market.

Chapter 4 examines how e-commerce has affected the relationships between the central government, local governments, and economic agents, including the platforms and private merchants. Using data from field interviews, web-scraped store information, and an original national survey of private merchants, this chapter finds that the rise of e-commerce has restructured state-business relations. It centralizes these ties at the platform level, redirecting the locus of political engagement from individual merchants to these platforms. In particular, the chapter documents numerous strategic collaborations between platforms and the state, underscoring the growing significance of platform-state interactions.

Chapter 5 investigates and quantifies the various effects of e-commerce access. It first examines how e-commerce influences rural areas, focusing on the welfare of rural households. The investigation leverages the combination of a field experiment and the new collection of microdata. Furthermore, the chapter extends its analysis beyond the rural context, juxtaposing the experimental outcomes with other research findings to extrapolate the effects of e-commerce in urban settings. It also discusses aspects of e-commerce impact that are challenging to quantify but merit further research.

Chapter 6 delves into the reasons behind the Chinese government's evolving regulatory approach toward platforms: transitioning from a hands-off stance before 2020, to a period of regulatory crackdown from late 2020 to mid-2023,



and finally returning to a supportive stance thereafter. Additionally, it examines the evolution of institutional outsourcing across these distinct periods.

Chapter 7 encapsulates the book's main findings and broad implications. I discuss how the study of e-commerce can offer valuable insights into significant shifts in China's political-economic landscape. These shifts encompass the evolving growth trajectory in China, the blurring of state-business boundaries, the increasingly collaborative provision of governance in China, and the dual-faceted politics of the internet, where commerce and control are intricately intertwined. Additionally, I examine supplementary cases from various global contexts, such as Grab, SafeBoda, the darknet market, US regulations on online child pornography and hate speech, and Facebook's "Supreme Court," to assess the circumstances under which the institutional outsourcing framework can or cannot be effectively applied. Finally, the chapter concludes by contemplating the future direction of China's e-commerce industry.

## INDEX

- Acton, Lord, 49
- ad hoc collaboration, 117
- Administrative Measures for Online Trading, 77
- administrative village, defined, 289n12
- advertising and promotion requirement, for county government, 216
- algorithms, 165, 173
- Alibaba: administrative database for, 138; Anti-Corruption and Bribery Bureau and, 15, 35, 77; bribery scandals of, 165; business adjustments of, 280n13; collaborations with, 117–19; Communist Youth League and, 129; competition of, 45; crackdown against, 161–62, 169–73; criticism of, 16, 125; Data Goes Rural event of, 113; data request refusal by, 278n90; debt repayment and, 14, 77; either-or restriction of, 165, 170–73; epidemic control apps of, 80; fines of, 169; investigation against, 170, 172; law enforcement collaboration with, 77; loan service of, 88; local governments and, 114–15; memorandum with, 35, 77; political back-drop regarding, 54–56; profit declines of, 174; promotional ads on, 110; Public Jury of, 66–67, 78–79; Rural Taobao Program of, 129–34, 216; Singles' Day and, 1, 110, 124, 158; stock listing of, 58; Taobao Online Merchant Survey (TOMS) of, 61, 91–92, 196; tax benefits to, 111. *See also* Taobao
- Alipay, 53–56, 61–63, 68–70, 72
- Aliwangwang, 72–73
- Amazon, 14, 57–58, 79, 169, 192
- An Fu Tong, 54
- Anhui Province, China, 136, 138, 154, 208, 254, 256–57
- Ant Financial, 48, 53, 67, 82
- Ant Group, 77, 118–19, 121, 161, 171–73
- Anti-Corruption and Bribery Bureau, 15, 35, 77
- Anti-Fraud Early Warning System, 55
- antitrust violations, 46, 172
- Apple, 174
- Apple tax, 168
- Arab Spring, 185
- article laundering, 78
- authoritarian regime, platform-government connections in, 85
- Baidu, 46, 112, 117–19, 165, 174, bargaining power, 111–12
- Beijing, China, 22, 55, 96, 207, 252
- Beijing Consumer Association, 167
- Big Tech crackdown, 171–73
- bottom-up participation, 37
- Boyu Capital, 47
- bribery, 15, 165, 177
- brick-and-mortar stores, 16, 65, 74, 84, 87, 112, 137, 158
- British East India Company, 33
- brushing, 166–67
- business, personal relationships in, 9–10, 31–32, 86
- business licenses, 88–89
- business-to-business (B2B) platform, 51, 114

- business-to-consumer (B2C) site, 88–90, 269n19
- ByteDance, 112, 119–21
- California Consumer Privacy Act, 169
- capital, in state-business relations, 87–88
- cash flow, of e-commerce businesses, 88
- causation, 102–6
- CDB Capital, 47
- Central Economic Work Conference, 162
- central government, 11, 16, 30, 35, 37, 40–42, 47–48, 77–78, 109, 117–22
- child pornography, 189–90
- China: arbitrary power of, 46–48; area-dependence of, 185; authoritarian rule of law in, 265n21; authoritarian's legal dilemma in, 29; as cashless society, 2, 111, 159; decentralization in, 11, 29–30, 86, 180; de facto outsourcing in, 15–16, 35–36; economic decentralization in, 11, 180; economic rebalancing of, 12, 56, 73–74; economic stimulus measures of, 12, 76; federalism in, 29–31, 180; financial industry of, 55; fiscal contracting system of, 30; GDP of, 50, 74; institutional development in, 14–15; interjurisdictional competition in, 11–13, 30, 112; localized solutions to development challenges in, 11–12; political backdrop of, 54–56; political centralization in, 11, 180; political system of, 46, 86, 163, 169; preferential treatment in, 11–13, 43; route to growth in, 11–13; shifting growth model of, 180–81; state capitalist economy in, 4; state-led development in, 11; United States trade relations with, 184; wait and see stance of, 56
- China Electronic Commerce Association, 78
- China Entrepreneurs Survey (CES), 21, 61, 92, 195–97
- China Post, 279n11
- ChinaSo.com, 43
- Chinese Communist Party (CCP), 34, 37, 45–46, 99, 127, 168–69, 182, 185
- Chongqing, China, 115, 207
- CITIC Capital, 47
- Civil Code of the People's Republic of China, 3
- Civil Procedure Law of the People's Republic of China, 108
- Clinton, Bill, 184
- Coarsened Exact Matching (CEM), 102–4, 205
- collaborations: ad hoc, 117, 119; of Alibaba, 117–19; contractual, 34, 113, 117; for debt payment, 14, 77; of Didi, 112, 117–19; of digital platforms, 117–19; of JD, 14, 77, 117–19; of Meituan, 112, 117, 119; of Sina Weibo, 112; of Suning, 112; of Tencent, 112, 117–19
- collaborative governance, 76, 183
- commercial bribery, 15, 35, 77
- Communication Decency Act (CDA), 189–90
- communist ideology, 169
- Communist Youth League, 129
- company states, history of, 33
- competitive federalism approach, 29–31
- cofounders, controlling for, 104–6
- Connecting All Villages Project, 128
- consumption index, 245
- contract enforcement, of Taobao, 63–64
- counterfeiting, 14, 50, 65
- County-Village Structure, 131
- COVID-19 pandemic, 76, 170, 175, 186–87
- credit cards, 52–53, 57, 188
- credit rating, 14, 64, 66, 77
- credit score, 62, 68
- crony capitalism, 31
- cross-platform competition, 44–45
- customer-to-customer (C2C) site, 51–52, 88, 90, 269n19
- cyber courts, 109
- Cybersecurity Law, 46
- Daqing, China, 97, 210
- darknet market, 187–89
- data manipulation, 166–67
- Data Security Law, 168–69, 172–73

- debt payment, 14, 77
- decentralization, 11, 29–30, 86, 180
- de facto outsourcing, 15–16, 35–36
- de jure outsourcing, 15, 17, 26, 35–36, 76–78, 176
- delegation, outsourcing as compared to, 36
- Deng Yaping, 43
- developing countries, institutional hurdles in, 10–11
- Didi, 78, 112, 117–19, 121, 171–73, 285n27
- digital divide, 159
- digital inequality, 159
- digital platforms: anticompetitive practices of, 165; arbitrary power of, 44–46; brushing on, 166–67; corruption and, 165; cross-platform competition and, 44–45; data manipulation by, 166–67; either-or restriction of, 165, 170–73; encompassing interests of, 39–40; enforcement capability limitations of, 49, 70; experimentation of, 16, 40–41; geographical transcendence of, 42; government collaboration with, 111–22; government overreaction to, 168–73; government regulation and, 45–46, 168–73; government relations with, 111–22; impersonality of, 38–39; institutional outsourcing to, 13–17, 34–40; local government relations with, 111–17; market share of, 57–58; merchant dependency on, 109–11; as multisided markets, 39; near-zero marginal cost of, 39; network effects of, 39–40, 43, 45, 165; outsourcing benefits of, 42; overcollection by, 164; overstepping by, 163–69; personal data selling by, 164; power constraints of, 44–46; price discrimination on, 167–68; private institutional building by, 14–15; as private regulatory intermediaries (PRIs), 39–40; regulatory dividends of, 163; scalability of, 39–40; semi governments in, 184; user protest and, 44–45, 68; web traffic on, 109–10
- digital underclass, 159
- directed improvisation, 30, 180–81
- dispute resolution, 41, 53–54, 62, 66–67
- Dongfeng Village, China, 81–82
- Douyin, 78, 119
- Dread Pirate Roberts, 188–89
- drop-shipping, 87
- Dutch East India Company, 33
- EachNet, 51–54
- eBay, 14–15, 51–54, 57–58, 72–73, 79
- e-commerce: accessibility of, 128; algorithms in, 14, 27, 42, 49, 109, 158, 165; benefits of, 102, 124–25; causal effects of, 125, 134; changes from vantage point of, 179–86; criticism of, 16, 125; de facto outsourcing in, 15–16, 35–36; dispute resolution in, 41, 53–54, 62, 66–67; as domestic consumption driver, 75; economic growth and, 75; favorable conditions for, 71, 157; generic products in, 262n16; harmful effects of, 125; as impersonal exchanges, 3–4; inequality and, 159; as inward bound, 127; leapfrog development of, 4, 6–7, 124; as outward bound, 127; as paradoxical market, 2–5; as platform-based, 6–7, 57–58; platforms, as private regulatory intermediaries (PRIs), 39–40; political economic contexts of, 74–76; political-economic effects of, 8, 18–19; ripple effects from, 125; risk factors regarding, 192; as stabilizing the authoritarian regime, 160; statistics regarding, 1, 2, 4, 5. *See also* rural e-commerce
- E-Commerce Law, 3, 76–77, 87, 89
- economic agency, 49
- economy/economics: decentralization of, 11, 29–30, 86, 180; rebalancing of, 12, 56, 73–74; stimulus measures, 12, 76
- either-or restriction, 46, 165, 169–73
- EMS, 279n11
- encompassing, 38–40
- enterprise sellers, 89
- epidemic control apps, 80
- Erdos, China, 97
- escrow service, 53–54, 62–63, 69–70, 188–89

- Facebook, 190–91  
federalism, 29–31  
fixed-asset investments, 12  
flexible manufacturing, 125  
forbearance, outsourcing as compared to, 36  
formal institutions, 3, 10–11, 28–29, 38–39, 50, 76–78, 181–82  
formal institutions approach, 28–29  
fraud prevention, 64–65  
Fujian Province, China, 112, 114, 208  
furniture industry, 81–82, 107
- Gansu Province, China, 114, 208  
GDP, 4, 50, 74, 95–97, 174, 247–48  
General Data Protection Regulation (GDPR), 168–69  
generic products, in e-commerce, 262n16  
Germany, 5  
Google, 45, 166  
government: digital platform collaboration with, 111–19; as helping or grabbing hand, 82–83; protection from, 112; regulation overreaction of, 169–71; wait and see stance of, 56. *See also* regulations  
Government Work Report, 47, 75  
Grab, 187  
grabbing hand concept, 82–83  
Guangdong Province, China, 22, 96, 114, 208–9  
Guangxi Province, China, 114, 138, 152, 154, 209, 240–41  
*guanxi* (personal relationships), 9, 31  
“Guiding Opinions on Strengthening the Overall Governance of Internet Information Service Algorithms,” 173  
Guizhou Province, China, 114, 126, 134–36, 139, 154, 209, 240–41, 254, 256
- Hainan Province, China, 115, 209–10  
Hand-Chopping Party, 1  
Hangzhou City, China, 2, 22, 108, 111–12, 115, 121, 215  
hate speech, 190–91
- Hebei Province, China, 22, 114, 210, 252  
Heilongjiang Province, China, 115, 210  
Henan Province, China, 22, 114, 126, 131, 134–38, 154, 210–11, 240–41, 254–57  
heterogeneity, across households and villages in rural e-commerce, 144–45, 146–47, 151  
horizontal institutions, 36–37. *See also* institutions  
Hotan, China, 97, 215  
household survey data, for randomized controlled test (RCT), 137  
House of Representatives for Taobao Rules, 68  
Huang, Colin, 110  
Hubei Province, China, 114, 211  
Hudson’s Bay Company, 33  
Hunan Province, China, 114, 211
- IKEA, 81  
impersonal exchange, 3–4, 8–11  
impersonality, 38  
income index, 245  
independent websites, market share of, 57–58  
individual sellers, 89. *See also* merchants, online  
Indonesia, 86, 187  
inequality, e-commerce and, 157, 159  
informal institutions, 31, 182  
information asymmetry, 3, 9, 27, 63, 160  
inquiry, methods of, 19–22  
institutional change, natural experiment of, 25  
institutional diffusion, 78  
institutional monocropping, 28  
institutional outsourcing: choosing in, 36–38; conditions of, 79; defined, 13, 26; deliberate inaction in, 15, 35; to digital platforms, 13–17, 34–40; durability of, 44–48; generalizing of, 186–91; general logic of, 40–42; implicit consent in, 15, 35; limitations of, 48–50; outsourcing defined in, 35–36; persistence of, 176; political

- logic of, 40–44; private regulatory intermediaries (PRIs) and, 39–40; public-private partnerships (PPPs) and, 34; regulation interconnectedness with, 48
- institutional voids, 52
- institutions: competitive federalism approach regarding, 29–31; dimensions of, 36–37; formal, 3, 10–11, 28–29, 38–39, 50, 76–78, 181–82; formal institutions approach regarding, 28–29; good governance, 178, 180; horizontal, 36–37; importing of, 262n23; informal, 31, 182; market development and, 27–32; political, 36–37; social connections approach and, 31–32; socioeconomic, 36; spillover of, 78; trust element of, 53; vertical, 36–37
- intent-to-treat (ITT) effect, 135, 143, 145, 146
- internet, 140, 161, 184–86
- Internet Plus Strategy, 75, 111
- inventory management, 87
- inward bound e-commerce, 127. *See also* e-commerce
- Japan, 5, 54, 67
- JD: collaborations with, 14, 77, 117–19; competition of, 45; debt repayment and, 14, 77; delivery service of, 159; legal actions of, 165, 170; loan service of, 88; popularity of, 97; Singles' Day and, 124; taxation on, 90
- JD Digits, 48
- JD Financial, 164
- Jiangsu Province, China, 22, 81, 115, 164, 212
- Jiangxi Province, China, 115, 212
- Jieyang, China, 22, 209
- Jike Search, 43
- Jilin Province, China, 114–15, 212
- K-L-K indices, 245–46
- land requirement, for county government, 216
- land use, in state-business relations, 87
- large-scale impersonal exchange, 8–11.  
*See also* impersonal exchange
- Law Merchant, 178–79
- Lhasa, Tibet, 214
- Li, Keqiang, 55, 75, 125
- Li, Qiang, 162, 173, 175
- linear value chain, 39
- Liu, Richard, 110, 120
- live streaming, 160
- loans, in state-business relations, 87–88
- local governments: coordination problem of, 107–8; as helping or grabbing hand, 82–83; importance of, 11, 86; information problem of, 107; market development role of, 11, 82–83; merchant autonomy from, 85, 98; merchant interactions with, 85–90; merchant relations with, 86–111; platform relations with, 111–17, 131; regulation postponement by, 107; subsidies from, 84; taxation and, 16, 89–90, 106–8, 120
- local retail index, 245–46
- local retail price survey data, for randomized controlled test (RCT), 137–38
- logistical barrier, in rural e-commerce, 128
- logistics industry, 47, 83, 107, 114–15, 119, 128, 130, 279–80n11
- Ma, Jack, 2, 49, 51–52, 55, 82, 110, 120, 161, 169, 171
- Maghribi Traders, 38, 64
- Mahalanobis Distance Matching (MDM), 102–4
- Malaysia, 187
- mandatory escrow system, 53
- market power, abuse of, 49
- mass entrepreneurship and innovation policy, 75
- Meituan, 78, 112, 117, 119–21, 165, 170, 172–74
- Mencius, 193
- Mengzhou, Henan Province, China, 134
- merchant-government relations, 86–111

- merchants, online: autonomy of, 85, 98; as compared to general Chinese population, 94; dependency on digital platforms, 109–11; as enterprise sellers, 89; gender balance of, 94–95; geographical distribution of, 95–96; as individual sellers, 89; local government relations with, 86–111; local governments interactions with, 86–111; matching online and offline, 102–4; product categories of, 61; regional distribution of, 95–96; regression analysis and, 96–106; web traffic of, 109–10; as women, 94–95
- Meta, 169
- Microsoft, 170
- Ministry of Agriculture and Rural Affairs, 118
- Ministry of Civil Affairs, 119
- Ministry of Commerce, 119
- Ministry of Culture and Tourism, 118
- Ministry of Ecology and Environment, 118
- Ministry of Education, 118
- Ministry of Emergency Management, 119
- Ministry of Housing and Urban-Rural Development, 119
- Ministry of Human Resources and Social Security, 118
- Ministry of Industry and Information Technology, 118
- Ministry of Natural Resources, 119
- Ministry of Public Security, 118
- Ministry of Transport, 118, 121
- Ministry of Veterans Affairs, 118
- Ministry of Water Resources, 119
- Nanshan People's Court, 112
- National Development and Reform Commission, 118, 120
- National Health Commission, 119
- National Social Security Fund, 48
- natural village, defined, 289n12
- Neihan Duanzi, 16
- New York Stock Exchange (NYSE), 171–73
- New York Times* (newspaper), 47–48
- Ngari Prefecture, Tibet, 95–96
- Nike, 57
- Ningxia Province, China, 114, 213
- non-doing, defined, 16, 193
- North Korea, 25
- October Rising, 41, 44–45
- online merchants. *See* merchants, online
- online rating system, of Taobao, 62, 63–64, 70, 73, 166–67
- online store index, 206
- operation and subsidy requirement, for county government, 216
- Organisation for Economic Co-operation and Development (OECD), 5
- organizational requirement, for county government, 216
- outsourcing, 6–7, 13–18, 34–48, 73–78.  
*See also* institutional outsourcing
- outward bound e-commerce, 127. *See also* e-commerce
- overcollection, of personal data, 164
- overreaction, regulation, 169–71
- peer-to-peer (P2P) lending platforms, 16
- People's Bank of China, 119
- People's Daily*, 43
- People's Daily Online*, 46
- personal data, overcollection and selling of, 164
- Personal Information Protection Law, 173
- personalized exchange, 8–10
- personalized pricing, 168
- Pinduoduo (PDD), 45, 90, 108, 165
- pipeline model, of businesses, 39
- planned economy, 49
- platform-central government relations, 117–22
- platform-government relations, 111–22
- platform-local government relations, 111–17
- platforms. *See* digital platforms
- political institutions, 36–37. *See also* institutions

- Polybius, 69
- price discrimination, 167–68
- private institutional building, 14–15
- private law, 29
- private regulatory intermediaries (PRIs):  
defined, 38–39, 263n43; digital platforms as, 39–40; e-commerce platforms as, 39–40; as encompassing, 38; as impersonal, 38–39; international outsourcing to, 13–17; as limited, 39; private substitutes of, 13, 26
- private sector, relevance of, 181–83
- private substitutes, of private regulatory intermediaries (PRIs), 13, 26
- products, e-commerce, major categories of, 61
- product sampling, 257–58
- promotional ads, 110
- property rights, 3, 11, 27–29, 31, 36–37, 86
- provision of governance, as collaborative, 76, 183
- Public Jury (Alibaba), 66–67, 78–79
- public-private partnerships (PPPs), 34
- QQSurvey (Quality & Quick), 195
- qualitative research, 20
- quality management, 252–54
- quantitative research, 20–22
- quantity discounts, 168
- randomization, 134–36, 254–55
- randomized controlled test (RCT): Alibaba administrative database for, 138; data collection for, 137–38; descriptive statistics for, 138–41; e-commerce effects on urban areas in, 156–58; e-commerce *versus* preexisting market channels in, 140–41; effects beyond scope of, 158–59; experimental setting of, 134–36; fieldwork for, 133–34; firm’s database findings in, 149–53; household survey data for, 137; individual and household characteristics for, 140; local retail price survey data for, 137–38; opportunity for, 133–34; overview of, 125–27; research context of, 127–34; summary of findings in, 153–56; time path of adjustments in consumption and production in, 152–53; welfare impacts of e-commerce access in, 141–49
- ratings, 62, 63–64, 70, 73, 166–67
- registration, e-commerce store, 88–90
- regulations: Big Tech crackdown of, 171–73; damage regarding, 174–75; dilemma regarding, 17–18; hate speech, 190–91; institutional outsourcing interconnectedness with, 48; as lax, 3, 16, 163; nuclear option of, 17, 48; overreactions of, 168–73; pendulum of, 161–62; postponement of, by local governments, 107; regulatory blizzard of, 161; regulatory dividends and, 163; regulatory storm of, 7, 18, 50, 163; return from, 175–76; startled birds regarding, 174
- retail price survey, 137–38, 256–58
- return policy, 77–78
- risk preference, 105, 204
- rural e-commerce: access in, 128–29; challenges of, 128; concentration of production in, 156; heterogeneity across households and villages in, 144–47; household consumption in, 142, 258–59; household expenditure in, 148–49, 251; incomes in, 142–44; local retail prices in, 144; logistical barrier in, 128; photos of, 139; quantification of household welfare in, 148–49; Rural Taobao Program for, 129–34, 216, 280n12, 280n13, 280n18; spending on durables in, 142; spending on nondurables in, 142; spillovers in, 145–47; summary of findings in, 153–56; time path of adjustments in consumption and production in, 152–53; transactional barrier in, 128, 130, 144, 148–49, 155, 236; in Wantou Village, 1, 133–34; welfare impacts of e-commerce access in, 141–49. *See also* e-commerce; randomized controlled test (RCT)
- Rural Taobao Program, 129–34, 216



- SafeBoda, 186–87
- San Francisco, California, 33
- San Francisco Patrol Special Police, 33
- Schmidt, Eric, 45
- Section 230, 189–90
- selling, of personal data, 164
- Sesame Credit, 62, 67–68
- Shaanxi Province, China, 17, 114, 213
- Shandong Province, China, 1, 22, 88, 114, 213–14
- Shanghai, China, 22, 83, 96–97, 114, 164, 207
- Shanghai Consumer Rights Protection Commission, 164
- Shanxi Province, China, 84, 115, 214
- Shantou, China, 97, 209
- shark *versus* crocodile analogy, 51–53
- Shenzhen City, China, 112, 209
- Shunfeng, 279n11
- Sichuan Province, China, 113, 115, 214
- Silk Road, 188–89
- Sina Weibo, 112
- Singles' Day Online Shopping Festival, 1, 110, 124, 158
- Sitong Yida, 279n11
- small- and medium-sized enterprises (SMEs), local governments interactions with, 13, 86
- social connections approach, 31–32
- social transformation, from e-commerce, 82
- socioeconomic institutions, 36–37. *See also* institutions
- South Korea, 5, 25, 169
- spillovers, role of, 145, 147, 238, 246–48
- State Administration for Market Regulation, 46, 172
- State Administration of Taxation, 16
- state-business boundaries, blurring of, 181–83
- state-business relations, 84–122, 181–83
- state-owned enterprises (SOE), 4–5, 11, 42–44, 182
- strategic nonregulation, 16, 55
- subsidies, 30–31, 83–84, 87, 127, 130, 137, 216
- Suning, 90, 112, 124
- Super Girl* (TV show), 66
- Supreme People's Court, 10, 14, 77, 177
- surveyor training, 252–54
- Taobao: account check of, 65; Alipay and, 53–56, 61–63, 68–70, 72; Aliwangwang of, 72–73; Amazon as compared to, 14–15, 79; contract enforcement of, 63–64; credit scores of, 62, 67–69; debt repayment and, 14, 77; democratic rulemaking of, 67–69; dispute resolution of, 41, 53–54, 62, 66–67; eBay as compared to, 14–15, 64, 72–73, 79; ecosystem of institutions in, 61–69; escrow service of, 53–54; fraud prevention of, 64–65; goods sold in, 1, 58–61; House of Representatives for Taobao Rules of, 68; ID limitations on, 65; institutions as growth driver of, 71–73; law enforcement collaboration with, 77; limitations of, 48–50; manual review of, 64–65; monetization model of, 164; no-fee policy of, 72; October Rising and, 41, 44–45; online rating system of, 62, 63–64, 70, 73, 166–67; origin of, 51; overview of, 58–61; popularity of, 97; products of, 1, 58–61; public jury system of, 66–67, 78–79; quantitative research regarding, 20–22; risk framework of, 64–65; rule change of, 41, 44–45, 68–69, 71, 109; rule violations on, 14, 42, 63, 65, 71; Sesame Credit of, 62, 67–69; statistics regarding, 58, 61, 269n19; supporting institutions of, 67–69; system of, 61–69; Taobao Online Merchant Survey (TOMS) and, 61, 91–92, 196; tax exemptions on, 89–90; website layout of, 59
- Taobao Mall (Tmall), 4, 41, 58, 68, 89–90, 97, 165, 269n19, 271n54
- Taobao Online Merchant Survey (TOMS), 61, 91–92, 196
- Taobao University, 115–16, 216
- Taobao Villages, 127, 130, 133

- taxation, 16, 89–90, 106–8, 120
- tax evasion, 89–90
- Tencent: anticompetitive behavior of, 165;  
apps of, 45; article laundering and, 78;  
collaborations with, 111–12, 117–18; data  
request refusal by, 278n90; epidemic  
control apps of, 80; fines of, 46; lawsuit  
against, 112; nickname of, 112; profit de-  
clines of, 174–75; virtual credit cards of, 46
- Tianjin, China, 114, 207
- Tmall (Taobao Mall), 4, 41, 58, 68, 89–90,  
97, 165, 269n19, 271n54
- top-down coercion, 37
- trade market access, 259–60
- training requirement, for county govern-  
ment, 216
- transactional barrier, in rural e-commerce,  
128, 130, 144, 148–49, 155, 236
- treatment-on-treated (TOT) effect, 135, 143,  
145, 146
- Trump, Donald, 191
- Twelfth Five-Year Plan, 12
- Uganda, 186
- United Kingdom (UK), 4–5
- United States: antitrust reforms in, 169;  
child pornography in, 189–90; collabora-  
tive governance in, 183; e-commerce  
platforms and market of, 57–58, 79; e-  
commerce statistics in, 4, 5; hate speech  
regulation in, 190–91; trade relations with  
China by, 184
- urban areas, e-commerce effects on, 156–59
- user protest, 44–45, 68
- user reviews, function of, 64, 270n26
- user voting system, 78
- vertical institutions, 36–37. *See also*  
institutions
- virtual credit cards, 46
- Wall Street Journal* (newspaper), 285n27
- Wantou Village, Shandong Province,  
China, 1, 133–34
- web-scraped store information, 21, 96, 206
- web traffic, on digital platforms, 109–10
- WeChat, 14, 20, 45, 77, 110, 118–19, 165
- welfare evaluation, 148–56, 249–52
- Wen Jiabao, 75
- Whitman, Meg, 51
- Xi Jinping, 173
- Xinhua News Agency, 43
- Xinjiang Uygur Autonomous Region,  
China, 16, 46, 114, 214–15
- Yangcheng Lake crabs, 70
- Yiwugo.com, 43
- Yu'E Bao, 16, 55
- Yulin, Guangxi, China, 209
- Yulin, Shaanxi, China, 97, 213
- Yunnan Province, China, 114, 138, 152,  
154, 215
- Zhejiang China Commodities City Group,  
43
- Zhejiang Province, China, 22, 43, 111, 114,  
176, 215