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Comparison and Reflection on the Economic Governance Models for Street Vendors in Large, Medium and Small Cities

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Abstract

Based on the perspective of city size, this paper systematically compares the differentiated governance models for street vendors in large, medium, and small cities, using Changshou District in Chongqing, Ganxian District in Ganzhou, and Yiwangxi Town in Taoyuan as typical cases. The study finds that large cities exhibit a "systematic empowerment" model, relying on administrative coordination and technological control; medium-sized cities adopt a "diversion and transformation" model, balancing multiple objectives through spatial relocation and industrial guidance; while small cities rely on a "local-rules-based" model, maintaining order at low cost through informal rules. The research further reveals the structural causes and inherent dilemmas of these different models and proposes an optimized path of "categorized guidance and flexible adaptation", aiming to provide theoretical and practical insights for urban governance modernization.

Keywords

street vendors, urban governance, differentiated models, scale adaptation, collaborative governance

1. Introduction

1.1 Research Background and Problem Statement

Street vendors are important components of the urban informal economy, playing an irreplaceable role in ensuring livelihoods and activating local economies. However, the accompanying issues of city appearance, traffic, and environment have long been challenging points in urban governance. Traditional models often fall into the binary dilemma of "tolerance-disorder" or "eviction-confrontation". Therefore, building a scientific and resilient governance system is a common challenge. This paper explores the logic, effectiveness, and optimization paths of different governance models across cities of varying sizes.

1.2 Research Significance

This study holds dual significance for theoretical expansion and practical reference. Theoretically, it introduces "city size" into the analytical framework to break away from the "homogeneous" assumption of governance contexts. Practically, it aims to transcend the "one-size-fits-all" mindset, providing policy references with greater categorical guidance and local adaptability.

1.3 Research Framework

This study follows the sequence of "problem statement---theoretical construction---empirical comparison---cause explanation---countermeasure formulation" to systematically answer the core question.

2. Theoretical Foundation and Literature Review

2.1 Definition of Core Concepts

Urban Street Vendors: Informal economic actors engaged in temporary, small-scale commodity sales or service provision in urban public spaces, characterized by low cost and flexibility.

City Size: Classification based on urban permanent resident population: Large Cities (1-5 million), Medium-sized Cities (500,000-1 million), Small Cities (below 500,000).

Governance Model: A systematic approach by multiple actors to plan, guide, and regulate street vending, aiming to balance order, vitality, and sustainable development.

2.2 Multi-Dimensional Governance Theories

The issue of street vendor governance spans multiple disciplines such as public administration, urban planning, sociology, and economics. The theoretical foundation exhibits clear cross-disciplinarity and comprehensiveness. The following three theoretical perspectives constitute the core pillars for understanding this issue.

Club Resource Governance Theory: Views urban public space as a limited "club resource". Governance involves designing rules to solve the "tragedy of the commons", allowing orderly sharing and sustainable use.

Spatial Production and Political Economy Theory: Posits that urban space is a product of social relations. The production of formal space (tidy city appearance) often structurally conflicts with the "informal space" spontaneously formed by vendors.

Resilience and Collaborative Governance Theory: Emphasizes a system's ability to cope with shocks and adapt to changes, combined with the importance of multi-actor cooperation across departments and fields[1, 2].

This theory provides direction for breaking governance deadlocks. It advocates that governance should possess spatiotemporal flexibility (time-based and categorized management), institutional flexibility (error tolerance and correction mechanisms), and social resilience. Simultaneously, it emphasizes building a co-governance network of "government guidance—market collaboration—society participation", utilizing digital technology empowerment to achieve precise and agile governance.

2.3 Review of Domestic and International Research

Research on street vendor governance, both domestic and international, has long shifted from the early "problem-control" perspective to perspectives of "inclusion-development" and "refinement-collaboration", and has become increasingly closely associated with the scale characteristics of cities.[3]

2.3.1 From "Eviction and Control" to "Guidance and Inclusion": The Shift in Governance Philosophy

Early research often viewed street vendors as a "stubborn problem" for urban management, focusing on analyzing their negative externalities and enforcement difficulties. With the renewed understanding of the social functions of the informal economy, research began to advocate a shift from "blocking" to "diversion", exploring the feasibility of inclusive policies such as setting up designated vending areas and issuing temporary permits. Recent research further points out that simple "diversion" may overlook the spatiotemporal flexibility and complex needs of vending operations, thus giving rise to the more refined concept of "categorized and zoned management". This involves dividing urban space into areas with different levels of regulation, such as "strict control, time-limited, standardized", based on factors like regional function, traffic flow, and resident

needs, and implementing differentiated policies. This concept has been widely applied in practice, but its specific standards and implementation effects in cities of different sizes still require comparative study.

2.3.2 From "Experience-based Decision-making" to "Technology Empowerment": The Intelligent Upgrade of Governance Tools

Traditional governance heavily relied on the on-site experience of enforcement personnel and campaign-style crackdowns, characterized by high cost, significant controversy, and unsustainable effects. The current research frontier focuses on technology-empowered governance. The research team led by Liu Yilun pioneered a "deep learning + swarm intelligence optimization algorithm" model. Through intelligent recognition of street view images (SIPSI model) and iterative ant colony algorithms, they scientifically delineate and dynamically optimize vending diversion spaces, achieving a leap from "cat-and-mouse game" to "dynamic balance"[4]. Governance in megacities also exhibits characteristics of "technology-empowered agile governance", using city brains and big data analysis for precise policy implementation. However, technology empowerment also carries risks of a "digital paradox" and "digital ethics". Research indicates that purely technical solutions need to be combined with "cultural resilience", using informal institutions like community norms and human ethics to compensate for the shortcomings of digital governance, in order to bridge the "last mile" of resilient community building. This demand for coupling technology with culture, formal with informal institutions, inevitably leads to differentiated implementation paths in cities with different social structures.

2.3.3 From "Single Actor" to "Multi-party Co-governance": The Ecological Evolution of Governance Structure

An increasing body of research criticizes the limitations of single-center government management, emphasizing the construction of an ecological multi-party co-governance system. This includes: penetration-style governance under the leadership of the Party, transforming political advantages into grassroots mobilization and coordination capabilities; leveraging the role of industry associations and merchant self-discipline alliances to formulate industry standards and strengthen internal supervision; establishing citizen supervision, reporting, and participation mechanisms to foster a social co-governance atmosphere; and promoting departmental coordination to break down barriers between departments such as urban management, market regulation, traffic, and environmental protection. The practice of Nanning City demonstrates efforts to establish a "government-market-society" collaborative comprehensive supervision and service system. It is foreseeable that large cities, with their mature development of multiple actors, are more likely to form complex "ecological governance" networks; while small cities may rely more on grassroots administrative networks and the self-governance traditions of acquaintance societies, with their co-governance models being more personalized and inward-looking.

2.3.4 City Size as a Key Variable

Although existing research has touched upon differentiation in governance (such as specific discussions on megacity governance), studies that systematically treat city size as a core explanatory variable for comparative analysis of governance model differences across large, medium, and small cities are still insufficient. Existing literature hints at the existence of such differences: megacities emphasize "planning-led", "technology-enabled", and "regional linkage"; while the practices of small and medium-sized cities show greater flexibility and direct response to local livelihood demands. These differences are rooted in structural disparities among cities of different sizes in terms of governance resources, governance complexity, administrative hierarchy and capacity, and the form of social capital. Therefore, introducing the perspective of city size is not simply for descriptive classification, but to more profoundly understand the adaptive variations of national governance logic in specific spatiotemporal contexts, thereby providing more targeted theoretical references and policy insights for cities of various types.

3. Differentiated Analysis of Vendor Governance in Large, Medium, and Small Cities

3.1 Governance Model in Large Cities: Systematic Empowerment Governance

The core challenge of governance in large cities lies in coping with the complexity of their super-large populations, economic activities, and spatial resources. Their governance model has evolved beyond simple

administrative law enforcement into a modern public governance paradigm emphasizing system integration and multi-party co-governance. This section uses Changshou District in Chongqing as a case study to explore its new model of modern governance for megacities. This model, which balances civility with vibrant street life, and precision, warmth, and effectiveness, has been explored through replacing “single combat” with “systemic operations”, “one-size-fits-all” with “targeted policies”, and “government-led” with “joint construction and sharing”, using “small incisions” to leverage “major livelihood issues”[5].

3.1.1 Core Problems

Before the remediation, the spontaneously formed market around the Tiangang Ruicheng residential area, with over 500 street vendors at peak times and a flow of over 20,000 people, presented problems like occupying roadways for business, traffic congestion, and noise disturbance for eight years, proving difficult to fundamentally resolve. Management was stuck in a cycle of “crackdown—resurgence—re-crackdown”. Shajing Market, an old market with 96 fixed stores and over a hundred street vendors, was once a notorious “bottleneck” in Changshou District. The core section of over 250 meters, home to thousands of residents, suffered from problems like roadway occupation, mixed pedestrian and vehicular traffic, and garbage accumulation.

3.1.2 Governance Approach

Facing such composite dilemmas, the dispersed enforcement by a single urban management department had become ineffective, necessitating a shift to cross-departmental “systemic operations”. For this purpose, a materialized “1+5+N” joint command headquarters was established: “1” headquarters for overall coordination, “5” permanent departments including urban management, public security, firefighting, and sub-district offices concentrating their work, and “N” collaborative units responding as needed, achieving “one-window problem intake and one-click order dispatch”.

In terms of specific tools, Changshou District adopted a refined strategy of “combining diversion with regulation”. First was precise spatial planning: scientifically planning four functional zones, including agricultural and general merchandise areas, near the Tiangang Ruicheng community, setting up 688 standardized stalls, and supporting facilities like parking spaces, public toilets, and service centers. At Shajing Market, innovatively delineating a “2-meter line” was implemented, ensuring a fire safety passage while granting vendors legal space for operation. Second was deep social collaboration: the urban management department proactively held “merchant seminars”, inviting over 20 representative merchants to discuss and listen to their demands. This transformed merchants from management targets into governance partners. Ultimately, during the process of lawfully clearing over 500 street vendor spots, not a single conflict occurred. Community grid workers and resident volunteers were also mobilized as “city appearance supervisors”, forming a pattern of joint construction, governance, and sharing [6].

3.1.3 Model Summary

The core of the Changshou model lies in using high-level administrative authority to drive systematic reform. It breaks regular administrative barriers through a temporary yet powerful cross-departmental organization (1+5+N), supplemented with precise spatial diversion and extensive social mobilization, ultimately achieving the reconstruction and stabilization of order. Its key success factor lies in the government’s strong resource mobilization capability and firm governance determination.

3.2 Governance Model in Medium-sized Cities: Diversion and Transformation Governance

This section uses Ganxian District in Ganzhou City, Jiangxi Province, as the main case study to explore how it transformed governance challenges into opportunities for promoting the nighttime economy and enhancing urban quality.

3.2.1 Core Problems

Before the remediation, the problem of roadway occupation for business on Chengnan Avenue in Ganxian District was severe, once gathering over 140 outdoor barbecue stalls, causing pervasive smoke and traffic congestion. Unlike large cities, Ganxian District’s approach to breaking the deadlock had a stronger “city

management as business" characteristic. They recognized that the adjacent "Meilin Ancient Town" replica architectural complex was deserted at night, contrasting sharply with the bustling vendors outside. Thus, the core of governance shifted from "how to ban" to "how to guide them into a space that can generate greater value". This repositioning directly linked the urban management challenge with revitalizing the cultural-tourism-commercial circle and cultivating the nighttime economy.

3.2.2 Governance Approach

The implementation tools of the Ganxian District government were a set of combined industrial support policies. First, "spatial relocation and upgrading": uniformly planning and constructing two phases totaling 145 standardized stalls inside Meilin Ancient Town, prioritizing the relocation of roadside barbecue vendors, achieving "building a nest to settle them in". Second, providing a "comprehensive entrepreneurship support package": offering vending equipment worth 5,000 RMB to people with employment difficulties; implementing differentiated rents of 400-800 RMB/month with exemptions for initial periods; and jointly with banks issuing 200,000 RMB in consumer coupons for public benefit, forming an incentive chain of "government subsidies + platform traffic + merchant discounts". This combination significantly lowered the threshold and cost of compliant operation.

3.2.3 Model Summary

The core of the Ganxian model lies in diversion and transformation aimed at development. The government plays the roles of "platform builder" and "industry guide", by providing attractive alternatives—standardized night markets, and substantive entrepreneurial support—equipment, rent, customer flow, guiding the vendor group towards overall transformation and upgrading. This achieved a leap from a low-end, disorderly "roadside market" to a standardized, distinctive "nighttime economy demonstration site", accomplishing a win-win situation for city appearance management, livelihood employment, and commercial development [7].

3.3 Governance Model in Small Cities: Local-Rules-Based Governance

Yiwangxi Town in Taoyuan County, Hunan Province, as a typical township, employs a governance approach completely different from the formalized, systematic paths of the previous two cases. This section uses Yiwangxi Town as the main case to explore how it maintains basic order at an extremely low administrative cost based on acquaintance society networks, informal rules, and personalized authority.

3.3.1 Core Problems

In the Linjintang market of Yiwangxi Town, vendors are mostly farmers from the surrounding areas engaging in "part-time work during agricultural slack seasons", with operations following a "tidal" pattern; stalls are secured on a "first-come, first-served" basis, often leading to neighbor disputes over "taking up space". Village cadres previously relied only on verbal persuasion but often faced the dilemma of "words too light to be heeded, words too heavy harming harmony". The core contradiction here is not city-level issues of appearance and traffic, but specific interpersonal conflicts arising from unfair allocation of stall space within the acquaintance society.

3.3.2 Governance Approach

The main method to solve the above problem was "using a ruler to measure": special task force personnel from the town government visited each household with a tape measure, manually "measuring and defining the scope" for each stall based on business type (e.g., vegetables and fruits needing display space, meat needing operation area). This seemingly simple practice was crucial, transforming vague, "harmful-to-harmony" verbal disputes into clear, objective physical boundaries. The ruler endowed the rules with intuitive fairness and persuasiveness. Simultaneously, the entire process relied on face-to-face "patient explanations" by grassroots cadres with vendors, rather than formal documents or penalties.

3.3.3 Model Summary

The core of the Yiwangxi model lies in relying on informal institutions for low-cost governance. The government's role is that of a "community conflict mediator" and "simple rule-maker". It does not pursue high-standard, modern city appearance, but by introducing a simple, fair, and visible allocation rule, quickly

resolves the most prominent immediate conflicts within the ethical framework of the acquaintance society, restoring the basic function and harmony of the market.

4. Analysis of the Causes and Dilemmas of Differentiated Governance Models

The differentiated governance models for urban street vendors are not subjective or arbitrary choices made by local governments, but adaptive strategies they adopt to cope with problems of different natures under specific structural constraints. While achieving results, these models also give rise to inherent deep-seated dilemmas due to their internal logic[8].

4.1 Large City Dimension

The "systematic empowerment" model in large cities is a direct response to the overwhelming complexity of mega-scale societies and the availability of substantial resources. When vendor issues intertwine with systemic risks like traffic, safety, and city image—becoming an "entrenched urban malady"—routine governance fails. The chronic case of Changshou District exemplifies this, prompting a shift towards "politicized" and "campaign-style" governance.

The core driver is the necessity to mobilize supreme political authority (the "1" in the command structure) to forcibly dismantle barriers between entrenched bureaucratic systems (the "5" and "N"). This creates a temporary "totalistic domination" mechanism capable of mobilizing cross-sectoral resources for radical, "surgical" intervention.

This strength is also its weakness. The model is highly dependent on sustained top-level attention and resources. The high-cost, "project-based" command headquarters is difficult to institutionalize widely, risking a "showcase effect" and unsustainability once political priority shifts. A deeper tension exists between technological efficiency and genuine collaboration. While data-driven tools enhance control, they can stifle discretionary human judgment and reduce vendor participation in "merchant seminars" to a "consultative" role, leading to "suspended co-governance" where agenda-setting power remains firmly state-held. Furthermore, the system is optimized for managing fixed "stock" vendors but reacts poorly to fluid, "incremental" ones, leaving governance gains vulnerable to new problems.

4.2 Medium-sized City Dimension

The "diversion and transformation" model reflects the pervasive "developmentalist" logic of local governance, where social management is subsumed into economic agendas.

For rapidly urbanizing cities like Ganxian, governance aims not merely for order but for a balance between order, development, and service. By recognizing the "consumer potential" of vendor clusters, the government strategically recasts enforcement as a "business project"—acting as a "urban venture capitalist" to incubate night markets. The cause lies in transforming a governance cost into a source of potential tax revenue, employment, and city branding.

This instrumental approach creates instability. The balance between "diversion" and "regulation" hinges heavily on individual officials' judgment and public opinion, making policies prone to "pendulum swings" with leadership changes, thus harming long-term vendor planning. Its "project-based" nature often merely displaces problems to less-managed areas rather than offering a city-wide spatial solution, resulting in a "whack-a-mole" cycle. Sustainability is also precarious: initial subsidies (rent waivers, coupons) can attract crowds, but their withdrawal may diminish a zone's appeal. Furthermore, standardized guidance risks business homogenization and internal competition, potentially leading to project failure and wasted public investment.

4.3 Small City Dimension

The persistence of the "local-rules-based" model is an outcome of the deep, everyday embedding of formal state power within grassroots society, exemplifying "simple governance."

In settings like Yiwangxi Town, vendor issues are less about modern municipal management and more about interpersonal fairness conflicts within close-knit communities. The effectiveness of "using a ruler" rests entirely on three informal pillars: the moral authority of long-serving cadres, a local consensus on tangible

fairness (the ruler as a fair symbol), and a reputation-based constraint system within the community. Under severe resource constraints, this is the most acceptable, lowest-cost method.

This model is fundamentally at odds with modernization. First, its reliance on the "personalization" of rules risks arbitrariness and loss of credibility if enforcers show bias. Second, it faces "systematic failure" when confronted with external shocks like migrant influxes or modern disputes over food safety or fraud, which rules cannot handle. Third, it results in the "low-level locking" of governance objectives, maintaining only basic visible order without providing essential modern public services (food safety, social security), thereby stagnating local development.

In summary, the dilemmas of the three models reveal the limits of their core rationales: large cities face a governance rigidity born of over-reliance on administrative-technological power; medium-sized cities suffer from institutional instability due to instrumental, short-term calculations; and small towns experience systemic fragility when traditional informality meets modern complexity. Recognizing these structural challenges is the prerequisite for designing more resilient and sustainable future paths.

5. Optimization Path: Building a Categorized, Flexible, and Collaborative Governance System

The future direction of governance should transcend simple repairs to existing models, instead striving to build a composite governance architecture characterized by "categorized guidance, flexible adaptation, and collaborative progress", guiding cities of different sizes to break through their own path dependencies and achieve systematic evolution in governance capacity.

5.1 Optimization Path for Large Cities: Deepening "Smart Governance + Ecological Co-governance"

The goal is to inject social flexibility and institutional inclusivity into the technocratic model. The logic must shift from "technological control" to "service and collaboration." Ethically calibrated technology should ensure equal vendor access via offline options and transparent appeal procedures to avoid a "digital Leviathan." Governance structures must enable substantive collaboration by empowering representative vendor organizations with co-governance rights in rule-setting, transforming the government into a platform builder and rule maintainer.

5.2 Optimization Path for Medium-sized Cities: Improving "Institutional Flexibility + Process Consultation"

The key is transforming personalized, short-term "governance art" into stable, rule-based "governance institutions." Effective flexible policies must be standardized and legalized to ensure predictable processes from access to exit. Institutionalized multi-stakeholder consultation platforms—permanent bodies with vendor, community, and business representation—should replace ad-hoc meetings, embedding deliberative democracy into policy-making to ensure stable, balanced outcomes.

5.3 Optimization Path for Small Cities: Strengthening "Basic Services + Endogenous Integration"

Optimization involves incremental modernization while leveraging local social capital. Effective informal rules should be formalized into community covenants through democratic deliberation. Hybrid models can inject procedural fairness into resource allocation. Higher-level governments must act as "enablers," providing basic tools, training, and micro-funding. A hybrid dispute mechanism should connect the affinity of local mediation with the authority of legal backing, ensuring minor issues are resolved locally while serious ones enter formal channels.

6. Conclusion

This study identifies three distinct street vendor governance models across city scales. Large cities employ "systematic empowerment," using high-level coordination and technology for comprehensive solutions.

Medium-sized cities practice “diversion and transformation,” repurposing challenges into economic opportunities. Small towns rely on “local-rules-based” governance, leveraging informal networks for low-cost order.

These differences stem from structural variances in resources, problem complexity, and objectives. Each model, however, faces inherent dilemmas: large cities risk high costs and superficial collaboration; medium-sized cities suffer policy instability and problem displacement; small towns struggle with modernization and service gaps.

Therefore, future optimization must be categorized and systematic. Following “scale adaptation,” large cities should evolve from “technological control” to “smart service”; medium-sized cities need to institutionalize flexible practices; and small towns require incremental modernization while preserving local social capital. This tailored approach can enhance the resilience, inclusivity, and sustainability of urban governance, allowing the street vendor economy to thrive as a vital component of the city’s organic ecosystem.

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