

# Development of Urban Street Vendors and Social Urbanization Process

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## Abstract

With the development of the urbanization process, more and more people choose informal employment, not only because of the low operating costs, but also because this employment mode has brought unprecedented development to the society. Just like the "ground stall economy" in countries that have just accepted the challenge of the epidemic, this is because the economic recovery has recovered as quickly as possible and the society has developed.

## Keywords

Street Vendor Economy; Informal Employment; Urbanization; Urbanization Process; Social Development.

## 1. Informal Employment Theory and its Embodiment in the City Vendors

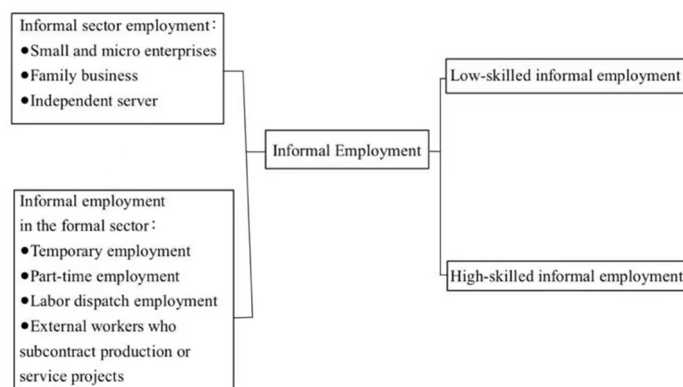
### 1.1. Theoretical Knowledge of Informal Employment

#### 1. Informal employment definition

Informal employment, refers to the laid-off workers organized, by participating in the community convenience, benefit services, such as housekeeping, distribution, home appliance maintenance, vehicle management, all kinds of agency services, etc., the public welfare labor in the city environment, such as cleaning, green, etc., to provide a variety of temporary, assault services and cottage industry, craft workshop production self-help, and cannot establish or temporarily no conditions to establish stable labor relations of a form of employment.

There are three theories of informal employment: the ILO's theory of poverty employment, Lewis-Todalaro's binary economic theory, and Hart-Fayger's institutional edge theory. Informal employment is the employment of marginal people on the edge of the system. It is the product of high unemployment and informal demand in developing countries, and it is the buffer layer between employment and unemployment. Since the 1990s, China's unemployment problem has been becoming increasingly serious. As a measure to promote employment, Shanghai took the lead in introducing the concept of informal employment in China, and many regions have subsequently responded. The informal employment transplanted in China has formed its own characteristics: formal informal employment, employment for employment, for the community employment. The future development of informal employment in China should adhere to the goal of regularization, broaden the scope of business permits, reduce excessive government protection, curb policy speculation, from the long-term consideration should also adapt to the reform of the hukou system.

Chinese informal employment mainly refers to widely exist in the informal and formal departments, is different from the traditional typical form of employment. Including: various categories of employment in the informal sector; short-term temporary employment in the formal sector, part-time employment, labor dispatch employment, external workers subcontracting production or service projects, etc., namely "informal employment in the formal sector". the classification of informal employment is shown in Figure 1:



**Figure 1.** Informal employment classification

## 2. Non-formal employment labor organization form

There are two main forms of informal employment labor organizations, organized in the form of independent employment, voluntary labor organization, self-raised funds, self-management; the other is the labor organizations established by the local government, such as the community public welfare labor organization and labor export base, which are non-profit social labor organizations.

## 3. Basic information of informal employment development in China

The emergence and development of informal employment in China has a special era and policy background, which has a lot to do with China's population management and economic system reform. It has mainly gone through the following stages in China:

### (1) Initial stage of the founding of New China (1949-1958)

At the beginning of the founding of the People's Republic of China, the domestic unemployment rate was relatively high for various reasons. In order to solve the employment problem, the central government proposed to "change the practice of urban employment contracted by the state, and instead implement the government's policy of combining employment with self-employment to encourage the unemployed people to earn their own livelihood". Many jobs have not been hired by the labor department, marking the first upsurge of informal employment in China.

### (2) Pre-marketization stage (1958-1978)

In the planned economy period, there is no form of informal employment, but only the formal employment of formal workers. During this period, the state-owned economy has given full play to its extreme. China has established a highly centralized planned economy system, formed the principle of "integration and distribution", and informal employment opportunities have disappeared.

### (3) Establishment stage of Market Economy (1978-1990)

The concept of informal employment was originally introduced to China in the early 1980s, mainly to solve the problem in 1980, the state put forward the "three combination" policy, encourage young people to establish companies, establish individual economy, the so-called self-employment, the essence of this self-employment is informal employment. In 1981 on the resolution since the founding of the party on the certain range of laborer individual economy is a necessary to supplement to the public economy, in 1988, clear the legal status of the private economy, private economy and rapid development, at the same time, the country relax the strict control of urban and rural household registration, xu farmers white rations into the city to make a living. The largest rural surplus labor force into the urban work, has become an important part of informal employment.

#### (4) Progressive maturity of Market Economy (1990-2007)

After entering 90 years, the management system and economic contradiction of state-owned enterprises has become more and more acute. Finally, state-owned enterprises have adopted the reform, and some employees were forced to make a living and enter the informal employment team due to being dismissed, laid off and buyout.

Especially since 1998, in the process of China's economic system reform and industrial structure upgrading, there are millions of state-owned enterprise workers laid off and reemployment every year, this part of the labor force was laid off after life pressure, must continue to work, in the case of insufficient employment opportunities, and because this part of the people itself is older, low skills, engaged in informal employment, informal employment team grew rapidly.

Moreover, since the mid-1990s, transferred rural surplus labor has become the main source of increased informal employment. Due to the deepening system reform, the adjustment of industrial structure, the promotion and implementation of national employment policy, based on the expectations of higher income, part of the rural surplus labor force to work, this part of the people due to various institutional factors and their own education limitations, mainly in the city in low income, high labor intensity work, mainly concentrated on construction industry, retail, textile, catering, etc., constitute the main body of informal employment.

### **1.2. The Embodiment of Informal Employment in the Street Vendor Economy**

#### 1. The concept of street vendor economy

As self-employed small commodity operators with strong liquidity, listed in urban management and banned according to law, the vendors have the characteristics of "three no", that is, no business license, no business place and no fixed business time. Out of the informal sector of the street vendor economy, relying on the high degree of freedom of personal labor trafficking.

#### 2. The existence significance of the street vendor economy

(1) Economic benefits level. As an indispensable part of the field of social reproduction and social circulation, the street vendor economy has the role of revitalizing resources to boost the balance of supply and demand and promoting the integrity of the supply chain, thus forming a closed loop of the upstream and downstream organic structure of the whole industry. Vallor economy, as an informal sector category, provides a flexible way and means of capital accumulation, absorb leisure labor and reduce the proportion of unemployment, balance the employment-unemployment relationship, and inject new vitality into the market economy, improve economic controllability and reduce and reduce the risk and inducement of economic crisis.

(2) Social benefit level. The street vendor economy can widely absorb social employment, promote the decline of the social unemployment rate, maintain stability while promoting the flattening of the social structure, and enhance the practical feasibility of sustainable social development. At the same time, the urban street stall economy brings the flow of street vendors in a short time and high frequency zone within a certain range, which has become an important link of urban economic growth. Stalker economy has spawned a wide range, numerous contents, different style of urban culture and market culture, promote the spread of popular, popular literature and art, is an indispensable link of modern and contemporary urban culture, become the medium of urban culture, is a beautiful scenery line and the name card of foreign investment. Vallholder economy is the cultivation cradle of small and micro enterprises, but also the training dish for small and micro enterprises, to promote the incubation, growth and development of small and micro enterprises. Promote informal workers to pay attention to the management of personal brand and reputation, and form an entrepreneurial spirit.

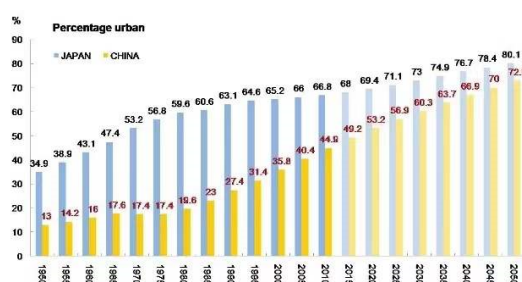
## 2. The Relevant Theory of Urbanization Process

### 2.1. Definition of the Urbanization Process

The meaning of urbanization is divided into narrow sense and broad sense.

(1) In a narrow sense: urbanization refers to the process of constantly transforming the agricultural population into a non-agricultural population.

(2) Broadly: Urbanization is a process of social and economic changes, including the decentralization of agricultural population, the continuous expansion of urban population scale, the continuous expansion of urban land to the suburbs, the increasing number of cities and the process of urban social, economic and technological changes entering the countryside. (Take Figure 2, Japan and China as an example to show the development and prediction of the urbanization process in 1950-2050)



**Figure 2.** Development and prediction of the urbanization process in 1950-2050 in Japan and China

### 2.2. China's Urbanization Process Development

China's urbanization process is still in the concentrated stage of urbanization. Since the founding of the People's Republic of China, urbanization can be divided into the following stages:

(1) 1949-1957, is the initial period of development of urbanization;

In 1949, there were only 132 cities in China, with an urban non-agricultural population of 27.4 million, and the urbanization level (calculated by the proportion of the urban non-agricultural population in the total population) was 5.1%. during the period of national economic recovery and the "1st Five-Year Plan" construction, with the development of 156 key projects, a number of emerging industrial and mining cities appeared. At the same time, a number of old cities have also been expanded and renovated, such as Wuhan, Chengdu, Taiyuan, Xi'an, Luoyang, Lanzhou and other old industrial cities. We have strengthened the development of Anshan, Benxi, Harbin, Qiqihar and other large and medium-sized cities in Changchun. A large number of new and expanded industrial projects have been built in cities across the country, playing a strong role in promoting the demand for land, labor, urban construction, economic development, and the rise of the service industry.

By the end of 1957, China's cities had grown to 176, and the proportion of the urban non-agricultural population had increased to 8.4% of the total population. With the stability of national politics and the steady development of economic construction, from 1953 to 1957, the average annual output rate of industrial and agricultural output was 18.3%, and the annual growth rate of urban population was 16%. This shows that the urban development and urban population growth during the 11 Five-Year Plan period are basically adapted to the development of national economy.

(2) The year 1958-1965 was a period of unstable development of urbanization;

-During 1965, the "Great Leap Forward" movement was experienced. Urban development presents a change from expansion to austerity. After three years of "Great Leap Forward", the

number of cities increased from 176 in 1957 to 208 in 1961; the urban population increased from 54.12 million to 69.06 million by 28%; the proportion of urban non-agricultural population increased from 8.4% to 10.5%.

From 1962, a large number of cities were removed, and by the end of 1965, only 168 cities remained. It was 40 fewer from 1961. During this period, some of the newly established cities were restored to the county-level system, such as Yuci, Houma, Yueyang; the other prefecture-level cities were downgraded to become county-level cities. Such as Shijiazhuang, Baoding, etc. at the same time, due to the shrinking of the urban social economy, the urban population showed negative growth, and the urbanization level also decreased from 10.5% in 1961 to 9.2% in 1965.

(3) 1966-1978, is a period of stagnant urbanization development;

The period from 1966-1978 was a sluggish and wandering period of urbanization. In the whole 13 years, the number of cities has only increased by 25. The urban non-agricultural population has stagnated for a long time, with around 60-70 million people, and the urbanization level is hovering around 8.5%.

(4) Since 1978, it is a period of stable and rapid development of urbanization.

-During 1997, urbanization developed steadily in the reform and opening up, and entered a channel of stable and rapid development. The implementation of the reform and opening up policy, whether in urban or rural areas, various social and economic undertakings have gained new vitality. "Rural industrialization" and the unprecedented expansion of urban industry have played a role in promoting the urbanization process. During this period, China has experienced a period of rapid development of urbanization. By 1997, the number of cities in China had grown to 668, and compared with 1979, 452 new cities, equivalent to more than twice the increase in the first 30 years. The urban population also increased rapidly, with the level of urbanization growing to 18%. There is no doubt that this rapid development is brought about by economic reform, especially the first rural economic reform.

### **3. The Impact of Informal Employment on Urbanization and Social Development**

(1) The importance of informal employment for social and urban development

Among many developing countries, informal employment plays an important role in ensuring employment and promoting social stability and development. The current reality of our country is, on the one hand, jobs are the most scarce resources in social and economic activities, in rural surplus labor transfer and state-owned enterprises out under double pressure, where to go has become one of the biggest problems of regional development strategy, more sharp contradiction is due to industrial structure upgrading, technological progress and universal labor supply phenomenon, relying on the process of growth of employment increase to relieve urban employment pressure is difficult to do. On the other hand, structural unemployment and regional problems are becoming increasingly prominent, which have sharply increased the employment pressure. Li Peilin, deputy director of the Institute of Social Sciences at the Chinese Academy of Social Sciences, said in analyzing and predicting China's social and economic situation that China's unemployment problem has entered its fifth peak since the founding of the People's Republic of China. Although the statistical urban unemployment rate is only 3% to 4%, the actual unemployment rate is about 8% to 9%. Such a high unemployment rate is lurking in many social contradictions and conflicts, which has become the top priority related to politics, economy, social stability and development. How to solve the problem of unemployment has become one of the most urgent tasks before us. Because of this, the importance of informal employment to social and economic development is highlighted.

## (2) The Role of informal employment in social development

### 1. Informal employment has eased the employment pressure and provided a large number of jobs

In recent years, with the deepening of enterprise reform, a large number of workers laid off, at the same time, a large number of rural surpluses. The transfer of labor force to cities and the development and expansion of informal departments provides a large employment space, which is of great significance to relieve the heavy employment pressure in China.

### 2. Informal employment will help promote economic growth and reduce poverty

Because the informal sector has the advantages of less investment, less barriers to access and flexible mechanisms, the development and employment of the informal sector can not only save national investment and greatly promote economic growth. According to the World Bank survey data, the contribution of informal sector development and employment to the GDP of most West African countries is from 1 / 3 to 1 / 2. In China, by the end of 1998, the vast majority of the total industrial output value of urban and rural individuals belonging to the informal employment sector had reached 2,037.2 billion yuan, accounting for 1,711% of the total domestic industrial output value, from which we can see the huge role of informal employment in economic growth. In recent years, China's economic growth momentum has slowed down, coupled with structural adjustment and institutional transformation, a large number of employees in the formal sector, unemployment and insufficient employment have become one of the main reasons for poverty among urban and rural residents in China, especially the poor urban population. In addition to controlling the rapid rise in prices and improving the old-age insurance and social relief system, the fundamental way out is to promote the reemployment of the unemployed and laid-off workers. In both urban and rural areas, informal sector employment not only plays a positive role in poverty alleviation in the short term, but also is a long-term means of poverty alleviation.

### 3. Informal employment makes up for the institutional deficiencies and meets the needs of both employers and workers

Since the reform and opening up, major progress has been made in the reform of the labor system of state-owned enterprises and other employers. The labor contract system has been established and the labor market system has been shape. However, the task of the reform of the employment system is still heavy, and quite a few large and medium-sized state-owned enterprises and employers are still difficult to increase or decrease their labor force in time according to the needs of production and operation. On the one hand, when enterprises do not need a lot of labor force, it is difficult to reduce the labor force, which increases the labor costs of enterprises, and also causes a huge waste of human resources: on the other hand, when enterprises need a large amount of labor force, the labor force cannot be supplemented in time, which restricts the vitality of enterprises. The development of flexible employment methods has made up for the shortcomings of the system. Employers and workers have got rid of the fetters of the old system, according to the needs of both sides, in a variety of ways, the flexible use of employment and employment. For employers, they can timely increase or decrease the labor force according to the changes of production and operation, so as to effectively reduce the employment costs, reduce management costs, and improve the efficiency of employment. for workers, flexible employment expands their opportunities to choose careers, employers and work environment. Some flexible employment methods can make workers take into account the needs of work, personal study and taking care of the family. For those who cannot or do not want to do full-day work, part-time work provides them with the opportunity to participate in social labor to increase family income.

### 4. Informal employment is conducive to the establishment and improvement of the market mechanism

Establishing and improving the market mechanism is one of the important goals of China's economic reform. Non-formal ministry employment is a natural transition mode inevitable in the process of development from a single public ownership to multiple economic components, which provides an important mechanism for the generation of market entities, the breeding of market forces and the cultivation of market mechanism. In the employment of informal departments, workers have full ownership and decision-making power, and to occupy their own labor results, workers' economic activities no longer rely on the orders of the superior, but around the market and consumers to decide independently, so as to become the real market subject. at the same time, its business activities, product structure, service mode is completely in accordance with the market mechanism. Irformal sector employment worker wages and goods or service price is the first to fully open, take market prices, market economy law such as value, law of supply and demand and competition law in informal employment department, and informal employment department under the role of the market economy, more use of applicability technology, market in the capital, labor resource allocation played a key role, improve the efficiency of resource allocation. At present, the informal sector employment is an important part of our country's economy, flexible management mechanism, high quality service level, accompanying the market price make it face greater competitive advantage, forcing the traditional system to accelerate the pace of market reform, become unreasonable price scale under the traditional system, competition system and supply and demand system, the market-oriented economic system reform lubrication and promotion.

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