



## Bargain hunting in the “small-commodity city” of Yiwu, China

Alison Hulme

*China’s rise in the global economy has been largely based on the manufacturing of both cheap and expensive goods. Focusing on the growth of “function spaces” of mass production in Yiwu, Alison Hulme explores this “other” city and its challenge to the rise of the spectacular “image spaces” provided by established world cities.*

Approximately three hours by train inland from Shanghai lies the “small-commodity city” of Yiwu—a promised land for the international wholesale buyer of low-end products. If you have ever bought a product from a dollar store, the chances it was made in Yiwu are pretty high. Held up by Chinese authorities as a shining example of the economic success of China’s free-market communism, Yiwu presents itself as embodying “the better life” national policies aim for—a place where market efficiency sits effortlessly alongside Confucian harmony. Yet despite huge economic success, its unusual combination of characteristics has defined Yiwu as an “other” city in contrast to well-known “world cities” such as Shanghai.

What was the *village* of Yiwu has expanded rapidly in the past three decades, increasing its city-center ground area to 90 square kilometers (35 square miles), and rebranding itself exclusively around its “fame” as the world’s “small-commodity city”—an official status granted by the Chinese government in 1982. Since then, it has used the small-commodity industry to transform itself from a traditional agricultural town to the key driver of a huge regional economy, not only in Zhejiang province, but in the Yangtze River Delta (YRD) economic area as a whole. Today, Yiwu boasts more than 800,000 private companies, most of them small family-owned enterprises that manufacture small, inexpensive commodities such as socks, toothbrushes, plastic cups and cheap ornaments. The city is organized around its immense commodity market buildings, each one containing within it smaller markets that specialize in specific product areas. The floors of each multistory warehouse are divided into perfectly straight aisles housing identical square stalls ordered in sections according to the type of commodity on display, and each one displaying the wares of one company. Yiwu is the ultimate mecca for wholesale buyers; a manufacturing and distribution leviathan, presenting itself as an immense ark of all the new, open, efficient China has to offer.

**Figure 1. One of Yiwu's small-commodity markets**



(cc) Richard Summers/Flickr/[www.richard-summers.com](http://www.richard-summers.com).

### **Yiwu and the Wenzhou model: the making, breaking and remaking of an economic paradigm**

Since the early years of the reform era Yiwu has become a poster city for the new economy of China, but its innovative way of working had existed for centuries prior to Deng Xiaoping's reforms. It is based on the now famous "Wenzhou model"—a mode of economic organization that is historically specific to Wenzhou city in the southeast of Zhejiang province. The model can be seen as characterized by four key features: (1) that it consists of numerous small-scale private enterprises; (2) that it specializes in wholesale petty commodity markets; (3) that it is built on tens of thousands of mobile traders who facilitate the flow of materials; (4) that it is made possible by various forms of nongovernmental financial arrangements. The nature of these operations means that the Wenzhou model works to maintain low costs in return for low profit margins; this in turn means scale is required in order for the low profit margin per unit to still deliver economic viability overall. These characteristics stem from the time of the Southern Song dynasty, when Yonjia county (in which Wenzhou is situated) started to drift from the main stream of Confucian thought and set up the Yonjia School, emphasizing business and arguing that not only farmers but traders, too, could be the backbone of society. Therefore, unlike other provinces, Wenzhou celebrated commercialism.

If the Wenzhou model was viewed with suspicion under Confucianism, it was positively controversial under Mao and indeed banned even before full collectivization began to take place. Under Maoist logic, it was deemed to be particularly capitalistic in nature as it was seen to rely upon individualism and small-scale entrepreneurship (i.e. at the level of the family unit). Despite these challenges, the model persisted, largely because of Wenzhou's geographic isolation and distance from Beijing—there is a saying in Wenzhou: "The mountains are high and the emperor is far away." However, following the accession to leadership of Deng Xiaoping in 1978, the reform and opening policies initiated saw Wenzhou become the first city to set up private enterprises and shareholder cooperatives. This economy was based on household industries and specialized

markets, and sat nicely alongside the new national rhetoric of making individual entrepreneurs of all Chinese citizens. Deng's reappropriation of Confucianism at the time encouraged intra-family lending in order to set up family businesses under the guise of familial loyalty and taking personal responsibility for one's well-being.

Over the course of the 1990s, changes to what was seen as acceptable economically and the further development of "market socialism" saw the Wenzhou model become the official economic paradigm for China. Contemporaneously, however, Deng recognized that when this paradigm was allowed its "unofficial" forms, it did not suit the new ordered, "civilized" look that China wanted to promote. The markets that Wenzhou migrants set up in certain quarters of large cities were cleared time and time again, and many migrants were forced to return to Wenzhou. The message was clear: we want the model, not you. If you want to be part of it, clean your act up. And with this, the all-important new economic paradigm was made to undergo various changes that centered around two key themes: "greening" and rationalizing. As the embodiment of the Wenzhou model *par excellence*, Yiwu was therefore put through a rigorous process of both (superficial) greening and legal tidying.

The environmental concern in Yiwu was a complicated mix of the necessity to portray the city as "responsible" and "green" to international corporations who were considering using it as a production base, subject to general "ethical" standards; and a popular reappropriation of Confucian principles of "harmony" and "balance," as most readily witnessed in ex-President Hu Jintao's policy of "harmonious society." What resulted from these twin desires was Xiuhu Park, an entirely human-made creation that accounts for most of the "11 square meters (120 square feet) of public garden per inhabitant" that the official websites triumphantly announce, and includes a concrete-bottomed lake complete with faux islands and bridges.

**Figure 2. Ancient pagoda in Xiuhu Park, Yiwu, alongside modern high-rise apartments**



© Alison Hulme.

Despite this greening, Yiwu's spaces are largely functional compared to those of world cities. "Production" in the world city is the production of spaces that provide the necessary images for the West; it is production in the sense furthest removed from actual labor. Yiwu does not pretend that it is anything but functional. Even its green spaces are framed within a rhetoric of *functional* balance—they are there to provide a balanced life for the (blue-collar) workers, rather than to suggest a different type of worker and indeed lifestyle. In contrast to Shanghai's image spaces, Yiwu's layout transparently reflects its manufacturing *raison d'être*. All main roads head towards a commodity market, supporting an interpretation of Yiwu as a Haussmannized city, promoting the "natural flow" of goods and people through urban space. Yet housing and production areas in Yiwu follow a different logic, one which appears unable to escape an older spatial repertoire, and which is bound up with past cultural movements and historical change in China.

Like many "new towns" in China, Yiwu was built based on the concept of *xiaoqu* or "small districts"—planned neighborhoods in which housing is integrated with communal amenities such as nurseries, clinics, restaurants, shops, and sports facilities. As David Bray (2005) argues, these *xiaoqu* bear a strong resemblance to the socialist *danwei* in their layout and provision of services. *Danwei* was the principal method of implementing party policy in Maoist China. Although the word is most commonly translated as "work unit," *danwei* were actually far more than that, binding workers to them for life, providing housing, food, clinics, childcare, schools, and therefore identity, social respectability and the all important "face" (*mianzi*).

Although a result of the necessity for the socialist collective at the beginning of the Mao era, the layout of *danwei* can also be traced back to the traditional courtyard house designed to complement the ethical codes of Confucianism. Thus, it reemployed a familiar spatial repertoire to the service of socialism (Bray 2005, p. 35). In Yiwu, the same repertoire is again reemployed, this time to serve the purposes of manufacturing; but this reemployment of course brings with it both Confucianism and Maoism, continuing them into the new *xiaoqu* spaces.

In addition to these changes to Yiwu's outward appearance, the city also attempted to put itself through a program of what could perhaps be termed ethico-legal cleansing. Informal market practices, such as unofficial loans or "back-alley banking," as Kellee Tsai (2002) calls it, were the subject of crackdowns, and manufacturers were given clear legal constraints and codes of conduct—the Wenzhou model was "rationalized." As China's most famous and most prolific city for small commodities, Yiwu is a testing ground and leading example in the building of new legal frameworks for intellectual property rights (IPR), and has strategic importance at the national level and in the establishment of cooperative international relations. In 2008, the Yiwu authorities released a white paper entitled "IPR Protection in Yiwu," which stressed how Yiwu has enabled, for example, booth owner's complaints of infringement to be handled immediately through information sharing and mutual supervision. Yiwu was the only county-level city in China to have an IPR protection service center, and was the first to create an international coordination structure in IPR.

However, this newly evolved legal framework was largely concerned with protecting higher-end "brand" products, in order to protect the types of commodities China as a whole makes, and guard against the loss of credibility counterfeit trading brings upon Chinese manufacturing. For the smaller manufacturers who remain ensconced in the low-end sector, new IPR legalities have little relevance, as "brand" and "fakes" are non-issues in the realm of mundane and ubiquitous objects. Furthermore, due to the short-termism and volatility of commodity chains for inexpensive commodities, and the simplicity of the products manufactured, companies often switch production very quickly, producing whatever is selling well at that time. For the great majority of small-business owners in Yiwu, making very basic products at low prices, the "risk" of a product being copied is a small price to pay for the ability to be able to spontaneously create what is demanded.

## The other city—a productive space

Yiwu's key characteristics sit in direct contrast to the characteristics of traditional world cities. While the world city is increasingly becoming defined by its ability to create nonproductive space, Yiwu sells itself as essentially "productive." As Neil Smith says in the foreword to Lefebvre's *Urban Revolution*, "the true global cities of the 21<sup>st</sup> century may well be those large metropolises that are simultaneously emerging as production motors not of national economies but of the global economy" (2003, p. xx). What this suggests is that, far from merely defining themselves in contrast to world cities, other cities may be developing a logic of their own, which will see them emerge as quintessential features of this century. While the rise of the image space in many Chinese cities has been fuelled by the arrival of global spectacles such as the Beijing Olympics and the Shanghai Expo—events that reinforce the need for shiny, glamorous world cities that exude visitability and attract foreign investment—as long as China's economy remains more reliant upon manufacturing than service industries (as it currently does), the existence of "other" cities that contain function spaces will be required. Indeed, it may well be the case that the more the image space takes hold in world cities, the more efficient the function spaces of other cities need to be.

### Bibliography

- Bray, David. 2005. *Social Space and Governance in Urban China*, Stanford: Stanford University Press.
- Dicks, Bella. 2003. *Culture on Display: The Production of Contemporary Visitability*, Maidenhead: Open University Press.
- Huang, Yasheng. 2008. *Capitalism with Chinese Characteristics: Entrepreneurship and the State*, New York: Cambridge University Press.
- Lefebvre, Henri. 2003. *The Urban Revolution*, Minneapolis: University of Minnesota Press.
- Tsai, Kellee S. 2002. *Back-Alley Banking: Private Entrepreneurs in China*, Ithaca: Cornell University Press.

**Alison Hulme** lectures at Royal Holloway, University of London, UK. She has previously worked at Goldsmiths, University of London, UK; University College Dublin, Ireland; Beijing Foreign Studies University, China; and the University of Iceland; and was the 2014 Ron Lister Fellow at the University of Otago, New Zealand. She is the author of *On the Commodity Trail* (London: Bloomsbury Academic, 2015) and various journal articles, and the editor of *The Changing Landscape of China's Consumerism* (Amsterdam: Elsevier, 2014) and *Consumerism on TV* (Farnham: Ashgate, 2015). She is currently working on two new monographs, one tracing the history of the concept of thrift and its application in the current Age-of-Austerity; the other exploring geographical imaginations of China. Prior to entering academia, Alison was a radio and TV presenter for many years.

### To quote this article:

Alison Hulme, "Bargain hunting in the 'small-commodity city' of Yiwu, China", *Metropolitiques*, 10 November 2015. URL: <http://www.metropolitiques.eu/Bargain-hunting-in-the-small.html>.