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A Promise for China's Rural Development?

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# E-commerce and Taobao Villages

## A Promise for China's Rural Development?

ANTHONY H. F. LI

### Introduction

E-commerce in China has developed at extraordinary speed in recent years with the rise of a few e-commerce giants of global significance. Benefiting from e-commerce expansion, some clusters of e-commerce activity have also appeared in rural China since the mid-2000s, and have come to be known as "Taobao Villages" (*Taobao cun* 淘宝村) after the e-commerce platform Taobao owned by Alibaba. The spread of Taobao Villages across China has raised the expectations of Chinese and international observers that e-commerce could help boost the stagnant rural economy and alleviate poverty in rural China and beyond. This article aims to review the development of rural e-commerce in China with the example of Taobao Villages, and discusses various issues such as their transformative impact on rural society, their economic sustainability, the role of the party-state in their development, and the changes they have brought to the dynamics of rural governance, in order to evaluate the extent to which Taobao Villages can benefit rural residents in China. This article also attempts to show the intricate relationship between the party-state, the Chinese e-commerce giants, and e-tailers in the process of China's rural development with e-commerce.

### Internet giants and e-commerce in China

Unlike many other sectors of strategic value such as telecommunications, petroleum, electricity, and finance dominated by state-owned enterprises (Naughton 2015), the Internet sector in China is largely occupied by private Internet enterprises, although they maintain an intricate relationship with the government.<sup>(1)</sup> Chinese private Internet enterprises have grown rapidly over the past decades with the emergence of a few Internet giants enjoying near-monopolistic positions in their respective market, such as Baidu in online search engine services, Tencent in social media, and Alibaba in e-commerce. Their significance transcends the Chinese border as they are listed companies in foreign stock exchange markets and have cross-border business operations. In recent years, these Internet giants have made remarkable progress in providing e-commerce services in China. Broadly defined, e-commerce refers to commercial transactions through the Internet, involving the flow of information, money, and goods. With the expansion of the urban middle class and the increasing convenient access to the Internet enabled by mobile devices, China has become the biggest e-commerce market globally. Online retailing is also flourishing in China as sales on e-commerce platforms have dramatically increased in recent years, from RMB 1.2 trillion in 2012 to RMB 4.7 trillion in 2016.<sup>(2)</sup> As of 2016, Alibaba's Taobao has en-

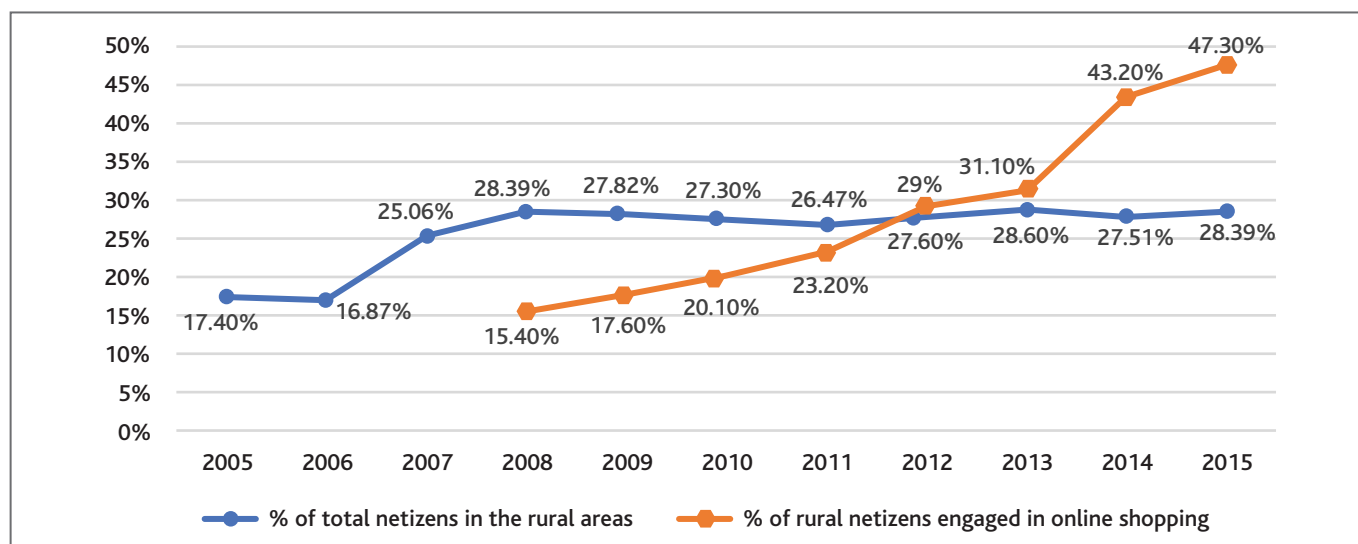
joyed the lion's share of China's online retailing market, with around 70% of the transactions made on this platform (Banjo and Fickling 2017).

### Expansion of rural e-commerce by the party-state and e-commerce giants

Since 2014, the central government has intensified the strategy of "Internet Plus" with many relevant policies to develop nationwide e-commerce as part of the new national economic policy to transform China's economy from export-led to domestic consumption-driven. In particular, the State Council in 2015 announced the "Opinion Regarding the Active Promotion of E-commerce Development and Accelerated Nurturing of a New Force of Economic Development" (*guanyu da li fazhan dianzi shangwu jiakuai peiyu jingji xindongli de yijian* 关于大力发展电子商务加快培育经济新动力的意见), in which the role of e-commerce is highlighted to facilitate "mass entrepreneurship and mass innovation" (*dazhong chuangye wanzhong chuangxin* 大众创业万众创新) and "the provision of public goods and services by the government" as the two new economic engines for industrial upgrading toward high-medium ends and the target of high-medium economic growth.

In recent years, the central government has encouraged the development of e-commerce in the rural areas, and has made it integral to the strategic policy of achieving a "moderately prosperous society" (*xiaokang shehui* 小康社会) by 2020 through "new-type urbanisation" (*xinxing chengzhenhua* 新型城镇化) (Fang 2016; You, Ren, and Zhang 2017), and "accurate poverty alleviation" (*jingzhun fupin* 精准扶贫) in rural areas, among other measures. These efforts are manifest in many documents, such as "Instruction Regarding How to Facilitate the Acceleration of Rural E-commerce Development" (*guanyu cujin nongcun dianzi shangwu jiakuai fazhan de zhidao yijian* 关于促进农村电子商务加快发展的指导意见), published by the Ministry of Commerce, and "Decision Regarding Winning the War on Poverty Alleviation" (*guanyu daying tuopin gongjianzhan de jueding* 关于打赢脱贫攻坚战的决定), published by the Chinese Communist Party (CCP) in 2015. However, such efforts have met challenges in rural China due to the rural-urban "digital divide" characterised by a lower degree of digital technology application and Internet penetration in the rural areas. Although the central government started the Village Informationisation Programme (VIP) to further "informatise" rural areas in 2006 (Xia 2010), Elisa Oreglia (2015) concludes with

1. For example, Forsythe (2014).
2. "China's Online Shopping GMV Approached 5 Trillion Yuan in 2016," *iResearch Global*, 14 February 2017, [http://www.iresearchchina.com/content/details/7\\_30708.html](http://www.iresearchchina.com/content/details/7_30708.html) (accessed on 25 June 2017).

**Table 1 – Percentage of total Chinese netizens in the rural areas and Chinese rural netizens engaged in online shopping**

Source: CNNIC Research Report on China's Rural Internet Development, various years.

a review of academic studies that central-driven informatisation policies are at best a partial success (Table 1).

Meanwhile, many private e-commerce enterprises have also been eager to strategically harness the potential of rural e-commerce to sustain market growth.<sup>(3)</sup> For example, Taobao announced in 2014 a multi-billion-RMB project to establish two-tier service centres at both the county and village levels in order to connect villages with its e-commerce platform, vowing to allow rural products to meet online consumers and online consumption goods to reach rural residents. The project led to the creation of "Rural Taobao," the content of which has evolved multiple times. In brief, Rural Taobao of 2016 hopes to establish both physical and virtual e-commerce platforms for online transactions, and to build multifunctional service centres that offer villagers a wide range of online services, including education, medical services, and travel, that organise various e-commerce training programs for interested rural e-tailers, and that provide cultural/social services to the socially disadvantaged in villages.<sup>(4)</sup> Alibaba subsequently signed strategic partnership agreements with various levels of government in different provinces to promote rural e-commerce as well as poverty alleviation programs. As of March 2017, Rural Taobao has established its presence in 29 provinces, covering more than 600 counties and 30,000 villages, according to Alibaba.<sup>(5)</sup> The number of rural online consumers has also made remarkable growth since 2014 (Table 1).

Wang Xiangdong observes that rural e-commerce development in the past decade is characterised by the emergence of a few rural entrepreneurs who have earned a fortune through online trading, creating a primitive market for rural e-commerce and witnessing the rise of Taobao Villages. He notes that rural e-commerce development has turned a new page since 2014 as the new rural e-commerce service system discussed above has rapidly developed in rural areas with the policy support of the party-state and considerable investment from various e-commerce giants.<sup>(6)</sup>

### *The blooming of Taobao Villages in rural China*

In parallel, the number of Taobao Villages experienced exponential growth from 2013 to 2016 (Table 2). In Alibaba's official documents, the term

"Taobao Village" refers to a village in which 1) villagers use Taobao as their primary e-commerce platform, 2) total annual e-commerce transactions exceed RMB 10 million, and 3) at least 10% of village households are engaged in e-commerce, or 100 online shops are opened by villagers.<sup>(7)</sup> According to Alibaba's research, some pioneer Taobao Villages such as the oft-cited Qingyanliu Village of Yiwu City in Zhejiang Province date back to 2009.

With the help of the existing literature and news reports with field data on Taobao Villages, we learn that Taobao Villages are largely concentrated in the relatively developed areas of South-eastern China. Using 2013-2015 data, Xu Zhibang et al. (2017) point out that more than 90% of the existing Taobao Villages are concentrated in the eastern coastal provinces, and more than 70% are found in southern China. Also, Taobao Villages have emerged adjacent to economically vibrant areas such as the Pearl River Delta and Yangzi River Delta. There are some Taobao Villages in the inland provinces, but the number remains small (Xu, Wang, and Zhou 2017). Also, many of the early-developed Taobao Villages are located near traditional hubs of specialised industry or manufactured goods exchange, where rural entrepreneurs can take advantage of the benefits of the agglomeration of existing industries. For example, Qingyanliu Village benefits from its prox-

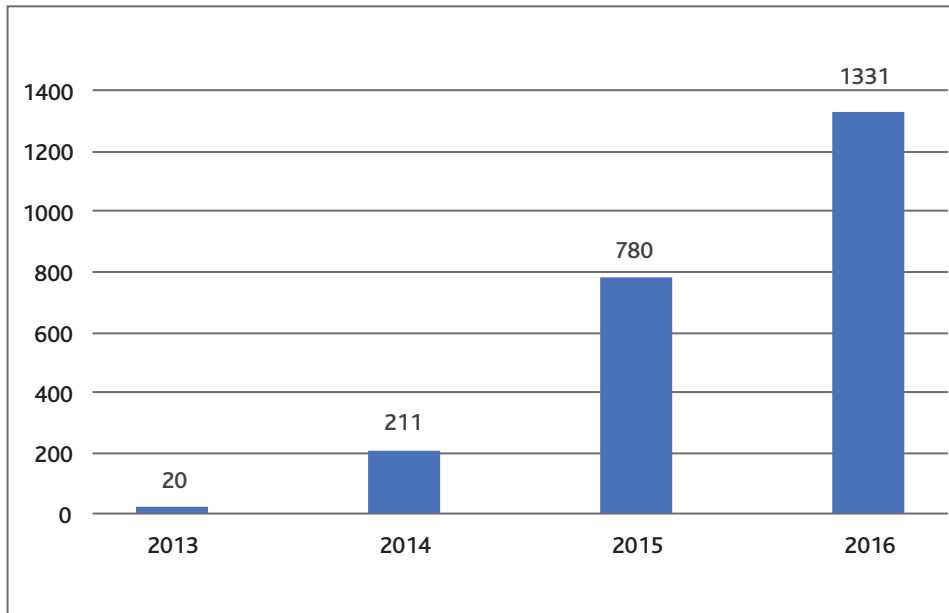
3. Taobao of Alibaba is not the only Internet enterprise to develop rural e-commerce; its competitors such as Jingdong of Tencent and Sunning as well as others are all rushing into the market of rural e-commerce. Since Taobao enjoys more than 70% of the e-retailing market, the following discussion will focus on Taobao's strategy toward rural e-commerce as a representative case.

4. Sun Liyun, Speech at the 4th Taobao Village Forum, *AliResearch*, 2 November 2016, [http://www.sohu.com/a/117977356\\_465343](http://www.sohu.com/a/117977356_465343) (accessed on 20 June 2017).

5. "Zhongguo nongcun dianshang pengbo fazhan nianqingren fanxiang chuangye cheng zhuli" (The boom in rural e-commerce in China attributed mainly to young entrepreneurs returning home to start up business), *China News*, 21 March 2017, <http://www.chinanews.com/it/2017/03-21/8179753.shtml> (accessed on 25 June 2017).

6. Wang Xiangdong, "Nongcun dianshang 20 nian xin bianju" (Rural E-commerce: New Changes after 20 Years), *Wang Xiangdong's Weibo Account*, 31 December 2017, [http://blog.sina.com.cn/s/blog\\_593adc6c0102w4xy.html](http://blog.sina.com.cn/s/blog_593adc6c0102w4xy.html) (accessed on 20 June 2017).

7. "An Introduction to Taobao Villages," *Alizila*, 17 January 2016, <http://www.alizila.com/an-introduction-to-taobao-villages/> (accessed on 20 June 2017).

**Table 2 – Number of Taobao Villages in China**

Source: Research Report on China's Taobao Villages, various years.

imity to Yiwu City, a place with numerous specialised markets for merchandise goods and famous for its global commercial network. Some other Taobao Villages have also developed due to their proximity to well-developed infrastructure for logistics (Zhou, Yang, and Gao 2017).

The initial success of some Taobao Villages has received much praise in the Chinese media, with hopes that they could solve the many problems of rural China. The following sections will discuss some issues related to the development of Taobao Villages, namely, their transformative impact on rural society, their economic sustainability, the role of the party-state in their development, and the changes they have brought to the dynamics of rural governance, with a focus on the extent to which rural residents can benefit from the process of rural e-commerce development.

### Transformation of rural society by e-commerce

Undoubtedly, the rise of rural e-tailers has changed the economic ecology of Taobao Villages. Rural e-tailers usually harness local resources and use the e-commerce platform to sell local agricultural products, traditional handicrafts, or manufactured goods obtained from nearby wholesale markets (Leong, Pan, Sue, and Cui 2016). Many started their e-commerce businesses at the household level and learned their way from clan members or relatives. Subsequently, they developed clusters of e-commerce business, forming a primitive ecology of e-commerce with ancillary industries such as express delivery services to support them. New job opportunities arose, including graphic design, photography, express delivery services, goods storage, IT technicians, etc. Unlike traditional agricultural jobs in the primary sector, many new jobs are in the tertiary sector, and some require advanced knowledge in information technology. Alongside these transformative changes, Geng Lin et al. (2016) and Fang Guanxin (2016) argue in two separate research studies that some rural cultural practices such as traditional festivals and intimate social ties were still retained in two early developed Taobao Villages. As with other criticisms of China's unsustainable development model,<sup>(8)</sup> they do not completely endorse the existing urbanisation

model in rural China, which downplays the value of history and culture regarded as "pre-modern." While their findings might provide some hope for a more people-oriented urbanisation process, given the bottom-up nature of the formation process of those Taobao Villages, the greater attention of local government to rural e-commerce might paradoxically subject future Taobao Villages to more coercive top-down implementation of central directives, similar to the "Building New Socialist Countryside" program, which eventually turned into controversial housing projects disrespectful of the needs of rural residents (Looney 2015). Wang Xiangdong (2017) notes that recently many local governments have been looking for various experimental models (*moshi* 模式) to best develop e-commerce in their own localities, but cautiously warns of the movement-style practices of some local governments,

which strive to catch up with others without due consideration of local constraints.

Moreover, as rural e-commerce has a tendency to penetrate the economic and social aspects of villagers' lives and thus to transform rural society to a great extent, the gradual dependency of rural e-tailers and their households on a single listed IT conglomerate for economic and social benefits legitimately warrants a greater degree of caution. If rural economic activities become more centred around network economy, Taobao could dominate the economic resources in Taobao Villages in the longer run and wield enormous power over these localities, transforming the ecology of Taobao Villages for the benefit of the company's shareholders across the globe and overshadowing the needs of the local community. Some media reports have already suggested that Taobao has altered some policies unilaterally at the expense of rural e-tailers.<sup>(9)</sup> After all, the e-commerce platform managed by Alibaba is by no means "neutral" but rather is embedded in the listed company's urge for profit maximisation.

### The economic sustainability of Taobao Villages

While some Taobao Villages have managed to succeed economically, there are a number of challenges for their economic sustainability. Most of the reviewed literature on Taobao Villages agree that the rapid development of e-commerce activities in Taobao Villages are now facing the urgent need for industrial upgrading, such as recruiting talent from outside to improve the e-commerce ecology. The rapid emulation of the rural peer business model has also led to a high degree of product homogenisation on e-commerce platforms, cut-throat competition amongst themselves, and a lack of innovation, all of which hamper the sustainability of their e-commerce businesses (Zeng, Qiu, Shen, and Guo 2015; Li and Zhang 2015). Some media reports have already revealed that rural e-tailers earn little

8. For example, Chan Wai-yin and Ma Shu-yun (2004).

9. For example, Yu Xueyi (2017).

profit despite the continued growth of sales volume on Taobao. Also, the continued inadequacy of road infrastructure and unreliability of public utilities dampens the prospects for Taobao Villages to flourish in less developed rural areas. In fact, as of 2016, only 3% (18 out of 592) of State-level Impoverished Counties (*guojiaji pinkun xian* 国家级贫困县) have Taobao Villages.<sup>(10)</sup> If the problems persist, they could hamper poverty reduction efforts in villages through e-commerce and lower the attractiveness of rural areas for migrant workers to return to their villages for career development as well as reunions with the elderly and children left behind in the countryside.

### Role of the party-state in rural e-commerce

Following its enthusiasm for e-commerce, the central government amassed financial resources for local governments to initiate relevant projects.<sup>(11)</sup> Many reports have found that local governments at both the county and township levels have been important in facilitating and coordinating the growth of Taobao Villages following the emergence of a few rural entrepreneurs. Based on two well-researched case studies, namely, Dongfeng Village of Shajia County in Jiangsu Province and Junpu Village of Xiyang County in Guangdong Province, observers argue that the growth in size and popularity of the two Taobao Villages are the result of government support in many forms, such as the construction of basic infrastructure, e-commerce industrial parks and service centres, low-interests loans, tax concessions, administrative convenience, liaison with universities for training provision, re-designing villages spatial planning to better accommodate the growth of e-commerce, etc. (Zeng et al. 2015; Li and Zhang 2015; Liang, Zou, Yang and Kong 2016). Some other studies on Taobao Villages located in less developed provinces also highlight the role of local governments in terms of policy support, but problems with financial availability and high transportation costs have been more pronounced than expected (Zhan, Liu, and Wu 2016). In some cases, the CCP has even become an active organiser of e-commerce with the establishment of grassroots-level party branches designated for the e-commerce sector to "guide" and "lead" e-commerce activities and encourage CCP members to open online shops on Taobao, with their CCP membership explicitly shown to customers as a mark of quality goods. This initiative has been dubbed "Red Taobao" and is said to echo the call for party-building with the economy (*weirao jingji zhua dang jian* 围绕经济抓党建) and the task of poverty alleviation in mind, as in the case of Wantou Village, Boxing County, Shandong Province, for its traditional industry of willow-made handicrafts.<sup>(12)</sup> The deep involvement of party cadres in the e-commerce business is not without social controversy, but a Xinhua commentary in February 2017 in support of party cadres who previously toed this line might indicate an official tolerance of such practices, so long as party cadres do not "profit" from e-commerce business operations.<sup>(13)</sup> Additionally, the Communist Youth League has rallied to collaborate with e-commerce giants to train troops of young entrepreneurs ready for rural e-commerce.<sup>(14)</sup>

The astonishing speed at which e-commerce has recently spread across rural China warrants attention to the extent to which central policy has been properly carried out by local implementers. While earmarked funding from the central government allows greater public goods provision for rural e-commerce, media reports reveal that some e-commerce facilities or websites built with government subsidies have turned out to be redundant or practically useless, posing the question of the effectiveness of huge expen-

diture on e-commerce without other kinds of support.<sup>(15)</sup> To some extent, local governments' strategic partnership with private e-commerce giants could redress the inability to meet actual e-commerce demand due to bureaucratic malpractices. For local governments, the partnership requires boosting Alibaba's sales targets among other terms unknown to the public,<sup>(16)</sup> but also secures the provision of public goods such as e-commerce training, information hardware, and social/cultural facilities sponsored and managed by Alibaba, and satisfies the political imperatives of its superiors for rural e-commerce development. For Alibaba, the partnership requires considerable investment commitment, but has also allowed the company to capture the source of agricultural production and quickly dominate the market of rural consumption, barring other competitors from market entry in the future. In a way, the development of Taobao Villages exhibits a distinctive state-business relationship where the party-state is arguably obsessed with e-commerce business for performance legitimacy, and private e-commerce enterprises are asked to provide some public goods in the economically poor and socially disadvantaged rural areas as part of the business deal.

### Reconfiguration of rural governance

Many scholars note that China's rural governance has previously been handicapped by insufficient funding to local governments (at both the county and township levels) for the provision of basic public goods (Zhou 2006; Kennedy 2014). The decapitation of formal state institution at the local level entails other informal modes of governance across different localities in rural China, in which the dwindled political authority of the party-state relies on either the personal economic power of government heads (Chen 2014) or the social power of religious/lineage groups to help provide public goods (Tsai 2007). In some cases, state power has simply been relinquished to the coercive power of local mafia groups (Hurst 2016). A recent study also points out that rural entrepreneurs have become favoured partners of local governments to bring about effective

10. Aliresearch, *Research Report on Taobao Village in China (2016)*, <http://i.aliresearch.com/file/20170125/20170125164026.pdf> (accessed on 30 June 2017).
11. For example, the central government set aside 2 billion RMB in 2015 to support the development of e-commerce in central and western areas. Each selected county would receive 10 million RMB for three particular items: 1) logistical system improvement, 2) construction of e-commerce public service centres, and 3) training expenditure for rural e-commerce (Zhao Jing 2015).
12. For example, "Hongse Taobao lianmeng qidong yishi" (Red Taobao Alliance launch ceremony), *Dazhong Wang*, 23 May 2017, [http://sd.dzwww.com/sdnews/201705/t20170523\\_15955070.htm](http://sd.dzwww.com/sdnews/201705/t20170523_15955070.htm) (accessed on 20 June 2017).
13. According to the Xinhua commentary, Party rules forbid Party cadres from conducting business activities for profit, but the commentary argues in favour of Party cadres' intention to promote local economic growth through e-commerce as long as they are doing it in a non-profit manner. "3 fenzhong huo 591 wan dianzan: zhexie difangguan daiyan le sha?" (5.91 million Likes in 3 minutes: what do these local officials speak on behalf of?), *Xinhua*, 14 February 2017, [http://news.xinhuanet.com/politics/2017-02/14/c\\_1120464791.htm](http://news.xinhuanet.com/politics/2017-02/14/c_1120464791.htm) (accessed on 20 June 2017).
14. "Gongqingtuan Zhongyang yu Alibaba xieshou peiyang nongcun qingnian dianshang" (Communist Youth League to nurture young rural e-tailers hand-in-hand with Alibaba), *China News*, 15 March 2016, <http://www.chinanews.com/df/2016/03-15/7798606.shtml> (accessed on 20 June 2017).
15. Su Xiaozhou and Ming Xing, "Zhengfu fuchi nongcun dianshang ying zou chu 'sa qian' mo shi" (Government should abandon the model of "throwing money" in supporting rural e-commerce), *Xinhua*, 15 December 2016, [http://news.xinhuanet.com/2016-12/15/c\\_1120120325.htm](http://news.xinhuanet.com/2016-12/15/c_1120120325.htm) (accessed on 20 June 2017).
16. "Nongcun zhengfu bi gongwuyuan Taobao?" (Rural government to force government officials to buy on Taobao?), *Apple Daily*, 27 September 2015, <http://hk.apple.nextmedia.com/realtime/china/20150927/54250226> (accessed on 20 June 2017).

implementation of policies, especially after the global financial crisis of 2008/9 (Ahlers, Heberer, and Schubert 2016). In Taobao Villages, it is worth noting that rural e-commerce has given rise to some new e-commerce associations with functions similar to trade unions for e-tailers. To what extent e-commerce associations that represent the new economic interests could lead to the re-configuration of local political coalitions as well as rural governance warrants discussion. Organisationally, they are semi-governmental as well as semi-public associations. Some of them are deliberately established by the county government and managed by the village committee under the CCP's party branch (Chen, Luo, and He 2016; Wu 2017). While Zeng Yiwu and Guo Hongdong (2016) contend that the e-commerce association in Junpu Village is able to enjoy a high degree of autonomy while receiving financial subsidy from the local government, Dong Yunsheng and Fu Yuanyuan argue that some e-commerce associations can also suffer from excessive control by their supervisory government, compromising their legitimacy for representing their members.

Functionally, they represent the collective interests of rural e-tailer members in helping to negotiate with business partners outside, and in lobbying for policy support from local governments. They also help promote business by attracting investment from outside or settling conflicts among rural e-tailer members, and serve as a conduit between rural e-tailers and local government (Leong et al. 2016; Zeng and Guo 2016).<sup>(17)</sup>

Observers generally point out that e-commerce provides greater incentives for rural e-tailers to participate in public affairs because they would like to make connections with government officials and other businessmen through e-commerce associations (Huang 2015), or reflect their opinions directly to relevant party cadres for e-commerce development in their Taobao Village. Also, since the social relations of lineage/kinship groups have played a vital role in spreading e-commerce activities in Taobao Villages, these groups are likely to see their economic power increase. E-commerce associations thus transform rural governance by allowing greater room for e-tailers' collective participation in public affairs, especially given the dependence of both Party cadres and rural e-tailers on the social network that rural e-commerce relies on at its initial stage. Yet, the CCP's vigilant supervision over these associations makes them a less likely advocate of political reform at this level, as in the case of Jonathan Unger and Anita Chan's study of national business associations through which the CCP managed to assume supremacy over private entrepreneurs (Unger and Chan 2015).

Encouraged by the recent central-level directive to resuscitate local governance,<sup>(18)</sup> and the central-level financial resources for e-commerce, the local party-state is likely to grow stronger in rural governance either through co-opting rural e-tailers into the formal governing institution as noted by Chen et al. (2016), or through greater collaboration with them through e-commerce associations, as suggested by Huang Jialiang (2015). The reconfiguration of local powers could result in a new party-state corporatist mode of rural governance, with a group of rural e-tailers and local representatives of e-commerce giants under CCP leadership in the future development of Taobao Villages. Although the symbiotic relationship between the local party-state and rural e-tailers suggests a greater degree of government responsiveness to e-tailers' demands for public or particularistic goods, the technological and financial power of the e-commerce giants in rural areas, and a political environment increasingly hostile to rural protestors who make collective demands under

the Xi Administration, might cast doubts on whether the interests of rural e-tailers can be adequately protected with or without the party-state in the longer term.

## Conclusion

With the full support of the party-state and Alibaba, the biggest e-commerce company in China, rural e-commerce has developed rapidly in recent years, as exemplified by the sharp increase in the number of Taobao Villages, mostly concentrated in relatively developed provinces with a track record of high-level private entrepreneurship. Development of rural e-commerce in the inland provinces could be challenging due to the greater constraining effects of inadequate basic infrastructure, remoteness from traditional industrial hubs, and inability to attract talent. Supplementing the pitfalls of the local party-state in developing rural e-commerce, Alibaba has opened a new way for bridging the urban-rural divide by rapidly developing e-commerce hardware (such as Internet facilities) and services (such as training) in the rural areas, which have undoubtedly brought economic prosperity to some Taobao Villages. However, beyond the exemplars, the unsustainability of rural e-tailers' business in other Taobao Villages could hamper efforts toward poverty reduction. Even for rural e-tailers who have initially benefited from Taobao Villages, to what extent the increasing dependence of many aspects of their livelihoods on Taobao might put them in a disadvantaged position vis-à-vis the multinational IT conglomerate in the longer run remains a concern. Attention is also warranted on the question of whether the transformation of rural society by e-commerce might undermine the culture of local community in Taobao Villages. Moreover, the emergence of e-commerce associations in Taobao Villages suggests a larger but contained space for rural e-tailers' participation in public affairs under strengthened CCP leadership, leading to a new party-state corporatist mode of rural governance. In sum, the evidence collected for this article suggests that it is only to a certain extent that rural e-commerce has allowed rural residents to become empowered economically, socially, and politically in a sustainable manner. The development of Taobao Villages indicates the complex state-business relationship in China, where capable e-commerce giants are required to provide public goods in return for business opportunities, while the party-state not only provides supervision, but also participates in organising e-commerce business at the grassroots level to achieve state objectives such as poverty reduction and economic growth in the rural areas, arguably for greater political legitimacy.

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17. AliResearch, *Research Report on Suichang Model*, 2013, <http://www.aliresearch.com/blog/article/detail/id/18391.html> (accessed on 20 June 2017).

18. According to the Ministry of Civil Affairs, the "Opinion Regarding the Strengthening and Improving of Community Governance in Urban and Rural Areas" (*guanyu jiqiang he wanshan cheng xiang shequ zhili de yijian* 关于加强和完善城乡社区治理的意见) is the first document ever promulgated by the State Council to strengthen sub-county-level governance by targeting mafia groups. See Wu Wei and Li Yukun (2017).

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