**From Click to Boom: The Political Economy of E-Commerce in China**

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**Dissertation Abstract**

A central question in political economy asks: how do developing states build market-supporting institutions (e.g., secure property rights, contract enforcement, and the rule of law)? Too often, political obstacles prevent developing states from adopting strong formal institutions.

I propose that China has devised a novel solution to this political problem: *institutional outsourcing*. I argue that, with weak rule of law, the state has outsourced part of its institutional functions to key private actors, which I call, private regulatory intermediaries (PRIs). Using as the context China’s e-commerce market, where 514 million active users generate more than 70 million transactions per day, I show that online trading platforms (e.g., Alibaba’s Taobao.com and Tmall.com) have begun to serve as PRIs. More specifically, platforms privately supply market-supporting institutions to enforce contracts, prevent fraud, and settle disputes. In addition to legal functions, the state has effectively off-loaded a part of social and political functions to platforms. Not only do platforms enforce rules, they also assist the state in creating and reforming formal institutions through institutional experiments. I demonstrate that institutional outsourcing, as an alternative route to institutional development, stimulates growth by enabling large-scale impersonal exchange. And more importantly, institutional sourcing is a more politically viable solution to market failure and governance deficit than the direct reforming of formal institutions. I further show that, China's e-commerce boom carries profound effects on state-business relations, household welfare, and the stability of the authoritarian regime in general.

To my knowledge, my book manuscript presents the first systematic effort in political economy to study the institutional and political implications of e-commerce, an economic force that has revolutionized the way 1.61 billion users trade around the globe. To pursue this endeavor, I employ a mixed methods approach and draw on a variety of original or proprietary data. Qualitatively, I have conducted over 200 interviews during 14 months of fieldwork, supplemented by three years of online ethnographic research. Quantitatively, I analyze original datasets that include the web-scraped information of 1.76 million online stores, an original national survey, and a longitudinal survey on 2,800 households conducted with a large-scale field experiment. The field experiment randomizes first-time e-commerce connection across 100 villages in three Chinese provinces. It helps causally identify the effects of e-commerce on household welfare, rural entrepreneurship, migration, political beliefs, and trust.