SM+S
social media + society

Special Issue: Platform Economies in Digital Asia?

Social Media + Society
April-June 2025: 1–10

DOI: 10.1177/20563051251340147
journals.sagepub.com/home/sms
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Market in the Fragmented State: Alibaba and the Chinese Governance Regime of Big Tech

Lin Zhang[1]

Abstract

This article maps China's emerging governance regime of big tech firms in the 2020s through the case of Alibaba. Contesting dominant media narratives that frame the Chinese state as either clashing with or aligning with private platforms, it provides an alternative perspective rooted in Chinese political traditions, based on long-term ethnographic observations and industry analysis, and informed by changing global sociotechnical and geopolitical conditions. In this hybrid model, the pragmatic Leninist central state both leverages and controls private tech giants to balance economic growth, social stability, and national security amid geopolitical tensions and a slowing economy. Local governments, meanwhile, maintain a fragile symbiosis with platforms like Alibaba to advance their own political and economic goals. This "market in the fragmented state" contrasts with the current oligarchical U.S. model, where big tech firms often capture state power to serve corporate interests. Despite their monopolistic and infrastructural tendencies, Chinese platforms operate within a fragmented, state-dominated system that both enables and restrains their growth, depending on shifting political dynamics. Understanding this emerging governance regime diversifies the current conceptualization of state market relations globally and state governance of big techs beyond Silicon Valley. It also sheds light on China's ongoing techno-driven restructuring and global expansion and prompts questions about the influence of geopolitical competition on China's governance approach and its global implications.

Keywords

platform, governance, state-business relation, big tech, China, Alibaba

Can we identify distinct governance regimes emerging worldwide concerning Big Tech companies when we shift our focus away from Silicon Valley firms and delve into the evolutionary paths of non-U.S. and non-Western tech giants? It is imperative to consider their concrete integration into national/regional economic practices and traditions, acknowledging both their continuities and deviations from existing production systems and political economic structures. Such an inquiry promises valuable insights into how national governments are uniquely responding to the Big Tech surge, the challenges they confront, and the specific strategies they employ to regulate these tech behemoths (Athique, 2019; Davis & Xiao, 2021; Grohmann & Qiu, 2020; Mukherjee, 2019; Piletić, 2023; Steinberg, 2022; van Doorn et al., 2021; Yeşilbağ, 2022; Zhang, 2023). This commentary undertakes this endeavor by examining the Chinese governance framework for platform-based big tech companies, with a specific focus on the e-commerce giant Alibaba.

China, home to highly successful transnational tech firms like Alibaba, Bytedance, and Tencent, offers a compelling case study in the domain of big tech governance. However, prevailing Western narratives regarding China's management of its platform companies vacillate between portraying it as authoritarian or neoliberal. The former perspective underscores the authoritarian and anti-market nature of the Chinese government, but it falls short in explaining why the state adopted a relatively laissez-faire approach toward domestic tech firms until recently and why its recent regulatory initiatives selectively target specific companies while sparing others. The latter viewpoint characterizes China as a more statist variant of neoliberalism, yet it leaves unanswered questions about why the Chinese central government would compromise the global competitiveness of its native tech firms during a period of heightened geopolitical tensions that unfavorably impacted Chinese businesses. Sitting at the crossroad of the two discourses is an emerging narrative that projects American and Chinese platform Big

[1]University of New Hampshire, USA

Corresponding author:
Lin Zhang, University of New Hampshire, 20 Academic Way, Durham, NH 0320, USA.
Email: Lin.zhang@unh.edu

Techs as two rival state capitalist empires locked in geopolitical struggles (Bradford, 2023; Rolf & Schindler, 2023).

I contest the dichotomous and simplified interpretations of the Chinese state and its tech sector governance and complicate the new discourse of competing state platform capitalism. I offer a historically grounded conceptualization that centralizes China's reality (vis-à-vis Western geo-imaginaries) and political economic and governance traditions (vis-à-vis Western neoclassical theories). Through the case of Alibaba, I map out China's emerging governance regime of big techs in the 2020s. In this new regime, the hybrid Leninist-pragmatic central state both leverages and dominates over private big tech companies to strike a delicate balance between its multiple missions: fostering economic growth, maintaining social equity and stability, and strengthening national security amid geopolitical disruptions and slowing domestic economic growth. Meanwhile, local states attempt to navigate oscillating central state priorities and its relationship with Chinese big techs by maintaining a precarious symbiosis with monopoly digital platforms like Alibaba to maximize their political and economic interests.

This "market in the fragmented state" sets the condition for state-big tech relation in China at the current conjuncture and sets it apart from the oligarchical nature of American big tech governance under the Trump (and to a lesser extent, the Biden) administration in which big tech companies hijack state power to maximize their own interest. Despite their built-in technological and financial tendency toward monopolization and infrastructuralization (platin et al. 2018), Chinese big tech platforms must carefully navigate a constantly changing and highly fragmented state-dominated market, which both fosters and contains their power depending on the specific circumstances.

In the following pages, I first map out the Chinese governance regime of big tech, or what I call "market in the fragmented state," through a creative synthesis of recent works on Chinese platform governance and a rich set of existing research theorizing the Chinese political economic traditions from a locally situated and comparative perspective. I particularly draw from Zheng and Huang's (2018) concept of "market in state," and insights from Huang (2019, 2022) and Zhou (2017) who articulated the notion of "centralized minimalism." Collectively, these frameworks provide a solid foundation for comprehending the multifaceted and dynamically evolving relationships between big tech platforms and states in China, rooted in its imperial and socialist legacies, and their subsequent transformations in the post-Mao era.

Then, I deploy the framework to analyze the rapid rise and recent challenges faced by Alibaba to illustrate how the central party-state, in responding to the opportunities and unprecedented challenge posed by Chinese big techs, has oscillated between positions of laissez-faire and control, struggling to maintain an equilibrium state of "market-in-state" in which platform businesses can thrive without threatening the central state's dominance. After that, I delve into the fragmented Chinese bureaucracy to illustrate how the central party-state has leveraged big tech companies like Alibaba to restructure the centralized minimalist governance regime as well as the limitations of such a techno-centric approach to political reform.

In delineating China's emerging governance regime of big techs through the case of Alibaba's evolution, my intention is to establish a conversation with the expanding body of scholarly work that diversifies the understanding of various experiences and intricate configurations of digital platforms, extending beyond Euro-American contexts and the dominance of Silicon Valley's Big Tech companies. It is not my intention, however, to essentialize China (or the United States), nor to advocate for Chinese (American) exceptionalism. Instead, I strive to offer an alternative framework and an epistemological approach for examining technology firms and state governance, firmly grounded in historical and national specificities, while also fostering comparative thinking. What roles do Chinese technology companies play in China's current restructuring, and what implications do the Chinese experiences of governing its big techs have for the international community?

Market in the fragmented state: mapping the Chinese governance regime of big tech

In contrast to North America, where economic activities were primarily driven by "activities of merchants, colonial settlers, and other actors with varying degrees of state backing," Zheng and Huang (2018), in tracing the continuities of contemporary Chinese political economic governance, highlights a fundamental different logic underlying the Chinese economy in which it was always regarded as "an integral aspect of emperor's benevolent governance" and therefore inseparable from the state (p. 86). Despite China's post-Mao marketization and integration into the global capitalist division of labor, this concept of the "market in state" remains a defining feature of the Chinese political-economic system today, characterized by its dynamic nature rather than a static one. In the pursuit of an ideal "equilibrium" between the state and the market, wherein the state permits the market to exist and function while private actors acknowledge its dominance, Chinese society experiences cycles of state expansion and retreat (p. 111). The imperial legacy also left a lasting imprint on how domestic market was structured, which exhibits a three-layered hierarchy comprising the grassroots (encompassing petty capitalism and the rural marketplace), the national (dominated by state monopolies), and the middle (where state agents and private actors interact). By focusing on the concrete historical contexts of changing modes of state-market interaction during different periods, Zheng and Huang trace the mutual transformation of the state and the market as the Chinese economy undergoes cycles of disequilibrium and restoration of equilibrium (p. 127).

Among the numerous efforts to complicate the prevailing notion of a strong Chinese state (Ang, 2018; Oi, 1992 etc.), Huang's (2019) frame of "centralized minimalist" stands out for its attention to and sharp characterization of rural China and grassroots petty capitalism, which also makes it highly relevant to analyzing Chinese e-commerce. This framework entails a blend of highly concentrated central power with a vast small peasant economy, fostering a proclivity toward minimalist governance. Its purpose is twofold: to prevent the fragmentation of centralized imperial power and to maintain governance at minimal cost to the state (p. 357).

Building upon this concept, Zhou (2019) applies the centralized minimalist tradition to analyzing China's contemporary local state developmental model. He confronts the assumption made by Western market-centric theories, which presuppose the existence of a highly autonomous market and related institutions. In contrast, Zhou contends that the market was intricately intertwined with the government and did not exist as an external entity during China's post-Mao transition from a centrally commanded economy (Zhou, 2017). Consequently, the impetus for marketization came from within China's multifaceted state bureaucracy. Zhou attributes the rapid economic growth in post-Mao China to the model of "bureaucratic markets cum economic markets," wherein the mutual interdependence of bureaucratic markets (e.g., promotion tournaments among local officials) and economic markets (competition among firms across regions) incentivizes local cadres to instigate reforms from within (Zhou, 2019, p. 393).

More recent works on the politics and economy of Chinese digital platforms offer new insights into how digital technologies and the rise of platform monopolies are transforming state-business relations since the 2000s. Focusing on central-level bureaucracy, Zhang (2024) proposes the "dynamic pyramid model" to illustrate the dominance of top leaders and regulators over platform firms and participants, the volatile nature of the regulatory process, and the messiness of regulatory outcomes (p. 9). From an institutional economics perspective, Liu (2024) shows, through the concept of "institutional outsourcing," how the central state has relied on e-commerce platforms such as Alibaba to build a national market in China where formal market institutions, such as rule of law, are either weak or absent.

The model of "market in the fragmented state" emerges out of these conversations to historicize and conceptualize the evolving relation between Chinese big tech platforms and China's powerful, pragmatic, but highly fragmented polity. As an authoritarian state seeking to maintain legitimacy without the mechanisms of democratic electoral politics, Chinese governments continuously adapt to domestic and global market dynamics as well as shifting (geo)political conditions to fulfill its multipronged missions of economic growth, social equity and stability, and national security (Lin, 2006; Zhang, 2023). This pursuit, however, is always complicated by the highly fragmented nature of the Chinese polity (Ang, 2018; Oi, 1992; Zhang & Lan, 2023).

While the decentralization of power during the 1980s and 1990s facilitated China's reintegration into the American-led global capitalist system, its rejoining of the World Trade Organization (WTO) in 2001 further deepened its capitalist integration. However, this process also heightened concerns within the central party-state about the potential loss of political-economic control. The global financial crisis of 2008 served as a wake-up call for Chinese leadership, highlighting the risks associated with China's investment-led and export-oriented developmental model. Emerging in the early 2000s because of China's growing involvement in the global financial market, private internet companies like Alibaba presented both opportunities and challenges to the central party-state and its economic dominance.

On one hand, the state initially tolerated their growth and has more recently sought to leverage their infrastructural role to facilitate economic and political restructuring. This shift involves a transition away from GDP-centric approaches toward emphasizing domestic consumption, indigenous innovation, environmental sustainability, redistribution, and public service (Zhou, 2017). On the other hand, these technology firms' monopolistic size, infrastructural significance, and relative autonomy have disrupted the equilibrium of China's market-in-state system (Zheng & Huang, 2018, p. 319). Their integration into the global financial system and their expanding global reach present complex challenges for the Chinese party-state. It must navigate enhancing the global competitiveness of Chinese businesses and the country's global influence while safeguarding state power from the dominance of domestic and international financial interests.

Market in the state and its big tech challenge

The intermediary market, based on Zheng and Huang's (2018) account, historically existed in imperial China in various forms of state-private partnership, bridging the gap between the commanding heights of the state sector and the vast but loosely connected grassroots market in an agrarian economy. Following three decades of a socialist command economy, Post-Mao China gradually opened up its internal market to foreign investment and export production while also privatizing the operation, if not the ownership, of many state-owned enterprises. This resulted in a rapid expansion of private businesses. By the late 1990s, the private sector continued to expand, with a large segment of small export-oriented manufacturers whose origin could be traced to the previous decade's boom in village and township enterprises.

Alibaba found itself in a niche spot within the intermediary market. Like many other now-successful Chinese big tech companies, Alibaba was founded on the margin of a state-dominated economy, which was itself going through rapid privatization and restructuring. As a privately-owned player situated in the then still quite weak "middle market," Alibaba's primary strength in its early years lay in its ability to tap into foreign venture capital, facilitating transformations in the grassroots market of petty entrepreneurship (Zhang, 2023; Zheng & Huang, 2018). It played a crucial role in connecting these regionally segregated grassroots businesses to overseas markets eager to source low-cost made-in-China products (Alibaba, Ali Express), and later after the 2008 global crisis, to a rapidly growing domestic consumer market (Taobao, Tmall, 1688). The later has contributed to the creation of a common national market (Diagram 1) (Liu, 2024).

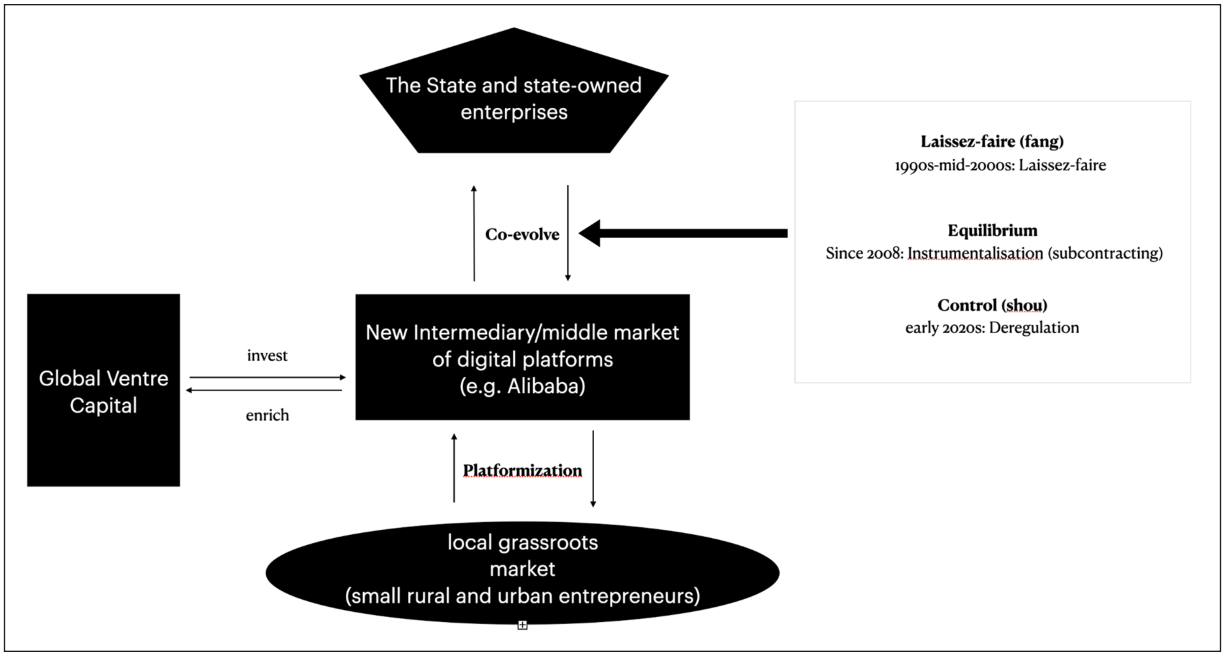

Diagram 1. Market in state and its big tech challenge.
Source. Author.

Relying on the support of a global venture capital network, Alibaba out-performed cumbersome government institutions (e.g., the Ministry of Foreign Trade and Economic Cooperation) and state-owned enterprises undergoing marketization (e.g., Zhejiang Telecom Company), proving itself more adept at constructing a national e-commerce infrastructure (Clark, 2016). The early success of these private internet companies prompted the central state to adopt a more laissez-faire approach toward their national expansion, adhering to the philosophy of "release the water to raise the fish" (fangshui yangyu) in governing private internet companies during their formative years (Fang, 2016; L. Zhang & Chen, 2022). Riding the prevailing trend of techno-nationalism, Alibaba also outperformed foreign competitors such as eBay and Amazon, expanding into finance, logistics, cloud services, entertainment, and more over the two decades of the 2000s and 2010s.

As Alibaba grew in size and impact, its relationships with central and local governments underwent two pivotal moments of shift. The first watershed moment came in the late 2000s. In the aftermath of the 2008 global financial crisis, Alibaba, especially its e-commerce branch, became a darling of the Chinese central state due to its indispensable role in easing unemployment pressure, absorbing overproduction, boosting domestic consumption, and spearheading innovation (Zhang, 2023). Subsequently, the central state took a more proactive role in governing these emerging big tech companies, increasingly treating them as private subcontractors assisting the state in building tangible and intangible national infrastructures and expanding China's overseas presence (Liu, 2024; Shen, 2021).

For instance, in China's relatively weak rule-of-law environment, Taobao pioneered a platform-based and cross-national private legal system to address issues typically encountered in the online market, such as contract enforcement, fraud prevention, and dispute resolution (Liu, 2024). Alibaba has also aligned its rural market expansion with recent state redistributive and developmental initiatives like Poverty Alleviation and Rural Rejuvenation (Zhang, 2024). The company's 2014 "One Thousand Counties and Ten Thousand Villages" campaign, for example, worked closely with local governments to develop rural e-commerce infrastructure, including village-based service and logistic stations (Zhang, 2023). Through this campaign, Alibaba not only trained rural entrepreneurs and service center operators but also provided courses for county cadres seeking to advance the digitalization of the local economy (AliResearch & Taobao University, 2016). More recently, driven by the popularity of online grocery shopping during the COVID-19 pandemic, Alibaba, along with several other e-commerce companies, invested in building cold chain logistics infrastructure to support the e-commerce of fresh produce. The company also exported its cold chain logistics technology to aid China's vaccine diplomacy efforts, facilitating the transportation of Chinese vaccines to developing countries like Ethiopia (R. Liu & Goh, 2020).

By the late 2010s, Alibaba's influence had expanded to such an extent that it began to rival state power, especially in key industries like finance and digital infrastructure that had until then been dominated by state-owned companies. Never in modern Chinese history had a private company grown so large and powerful, exerting such a cross-national scope and international influence, not to mention the growing public discontents toward their monopoly practices in exploiting consumers and driving out competitors (Liu, 2024; Zhang, 2024; Zhang & Chen, 2022). The unprecedented economic and political might of private big techs like Alibaba eventually led to a state re-regulation campaign in the late 2010s and early 2020s. This, combined with new geopolitical tensions resulting from the US-China decoupling, ushered in the second big shift and a new era for Chinese internet giants like Alibaba.

The rise and regulation of Alibaba's financial subsidiary, Ant Group, epitomize the evolving state-business relationship in China as the government responds to big tech's growing influence. Alibaba entered finance in 2003 with Alipay, an escrow payment system embedded in its e-commerce platform, Taobao. Alipay quickly became China's dominant third-party payment system, leveraging partnerships with state-owned banks. However, tensions arose after the 2013 launch of Yu'ebao, an investment product that encroached on traditional banking services. This coincided with China's leadership transition and state-led financialization, allowing private fintech firms to enter a historically state-monopolized industry (Pan et al., 2021; Petry, 2020; Wang, 2018). Seizing this opportunity, Alibaba consolidated Alipay and Yu'ebao into Ant Financial in 2014, expanding into consumer loans with Huabei and microloans via Jiebei. Ant's vast user base and deep economic integration gave it a competitive edge in fintech. Alibaba's 2014 NYSE IPO further solidified its power, as its platform connected millions of small businesses and consumers, challenging state dominance.

For the Chinese state and industry regulators, Alibaba's increasing clout as a private big tech company–combining the power of the Chinese grassroots market and transnational capital–was getting too threatening. And Alibaba's deep involvement in finance turned out to be the last straw. As Zheng and Huang (2018) observed: "In Chinese political philosophy, the economy and the state are not only regarded as inseparable. . .the economy, understood as "management of the world," is a tool for the state to achieve its economic as well as noneconomic goals." (p. 379). Although the state had opted to allow Alibaba to prosper as a private subcontractor of state political economic missions, when a private big tech became so powerful as to rival state institutions' domination in pillar industries like finance and risk destabilizing the country's financial security, the state had no choice but to step in and contain its power.

Regulatory concerns intensified after financial liberalization led to crises, such as the 2015 equity market crash and the collapse of peer-to-peer lending after 2016. In response, authorities increased scrutiny on Ant's lending business, prompting the company to rebrand itself as a technology firm rather than a financial entity, restructuring its loan division in 2018 (Zhang, 2020). Regulators remained unconvinced. The turning point came in October 2020 when Jack Ma publicly criticized state banks and financial regulators, likening them to a pawnshop system ill-suited for innovation (Zhang, 2020). Shortly after, Chinese authorities stunned investors by halting Ant Group's record-setting IPO, issuing new regulations on microlending and consumer lending caps. The abrupt intervention underscored the state's determination to reassert control over private finance and curb the growing power of big techs in China.

This symbolic event also marked the beginning of a 3-year-long national reregulation campaign targeting Chinese big techs. State agencies, such as the State Administration for Market Regulation (SAMR) and Cyber Administration of China (CAC), launched investigations into and levied multi-billion-dollar fines on Chinese Big Techs like Alibaba, Ant, Tencent, Meituan, and DiDi on a variety of grounds that ran the gamut from antitrust, data violation, to breaking rules of corporate governance and consumer protection. Eventually, the crackdown triggered a sharp decline in U.S.-listed Chinese stocks, hurt IPO ambitions, and rattled global investors. Between 2021 and 2023, the Nasdaq Golden Dragon China Index feel more than 50%, as global investor confidence in Chinese tech firms remained low.

Writing in the early 2025, after the dust had settled with the nationwide big tech re-regulation campaign, the "market in state" perspective proves to be a better framework to unpack China's still emerging governance regime of digital platforms than the dichotomous and reductionist framing of "private business and entrepreneurs vs. the central state." It is true that unlike in the American context in which commercial and private business interests predominate in the entanglement between politics and commerce, the Chinese market is often subordinated to the political demands of the central state. However, the central authority both enables and constrain the power of private businesses in China as the state has to constantly seek a balance between economic growth and political stability/control, leading to cycles of pendulum swing back and forth between the pro-business stance of "fang" and tightening of political grip through "shou" (Zhang, 2023; Zhang & Lan, 2023; Zheng & Huang, 2018).

As we have witnessed that since the beginning of 2022, the state began to soften its stance toward domestic internet companies amid a sluggish economy and growing public discontent with rising unemployment and stringent Zero-covid control policy. Premier Li Qiang, aiming to bolster economic growth and create job opportunities, openly announced the end of increased regulatory actions in July 2023. In February 2025, President Xi Jinping convened a symposium with prominent tech entrepreneurs, including Jack Ma, to showcase the state's continued support for Chinese big techs if they align their business goals with the state's political economic priorities, such as achieving technological self-reliance and maintaining social stability and equity.

In particular, Alibaba has strategically shifted its focus toward artificial intelligence and invested heavily in building advanced AI models like Qwen and Quark in the past few years (Olcott & Wu, 2025). The growing power of Chinese big techs, though have certainly challenged the state's domination in the political economy, is largely kept at bay by the central party-state through regulatory campaigns that are bureaucratically top down and rhetorically populist. As the Chinese state co-evolves with its big tech companies, the continuities in the state-business relations goes beyond the central bureaucracy, as I am going to demonstrate with Alibaba's precarious symbiosis with local governments and politicians.

Reforming centralized minimalism for the new economy

Alibaba e-commerce, as a platformized intermediary connecting China's localized grassroots market and creating a digitalized national marketplace, boasts deeper integration into local economies and governance than most tech companies. Alibaba has demonstrated remarkable adaptability in navigating China's intricate and multi-layered local governance system, not only surmounting barriers but also garnering local governmental support for its market expansion. As its significance as a private subcontractor for the Chinese central state grows in tandem with its size and business scope, the company has also played a pivotal role in reshaping China's centralized minimalist political system for the new economy. Simultaneously, it embodies the enduring tensions within the system (Diagram 2).

As I already elucidated, despite the central state's unparalleled authority in setting policy agendas and developmental plans, it is the sub-provincial governments and cadres at the prefecture, county, township, and village levels who are tasked with implementing these policies. According to Zhou (2017), the economic success of post-Mao China can be partly attributed to the relatively decentralized governance structure. In this framework, local cadres are granted considerable autonomy in driving local economic growth while engaging in a competitive environment focused primarily on GDP growth rates. However, the drawbacks of this GDP-centric centralized minimalist system, manifested in underinvestment in public services, environmental degradation, corruption, and escalating local government debts, have rendered it increasingly unsustainable as returns on the investment- driven developmental model diminish.

Since the transition of central state leadership in 2013, substantial efforts have been made to transform China's developmental model, emphasizing domestic consumption, innovation, "high-quality" growth, Green GDP, and redistributive initiatives such as rural rejuvenation and poverty reduction (Zhou, 2017). Furthermore, the evaluation criteria for local cadres have been shifting away from "GDP primacy" toward a more balanced composite that reflects the new priorities of the central state's political agenda (Bu & Di, 2018). Alibaba, like other Chinese big techs, has been riding and shaping this transformation.

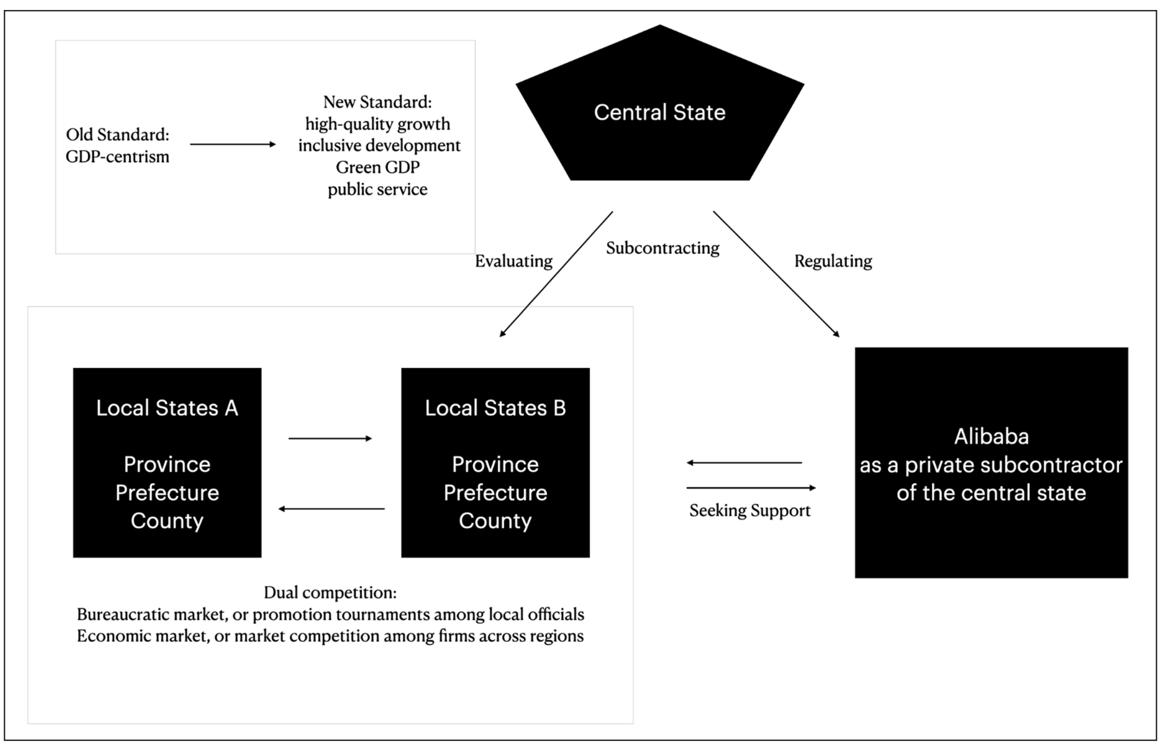

Diagram 2. Reforming centralized minimalism for the new economy.

Alibaba's contentious role in reconfiguring China's centralized minimalist governance regime is most evident on a national scale through the company's rural expansion and the "Taobao Villages" campaign. Coined by Alibaba's AliResearch in 2010, the concept gained traction in 2014 when former Premier Li Keqiang promoted rural e-commerce as part of China's innovation-driven policies. Aligning with the state's agenda, Alibaba declared rural e-commerce a corporate priority after its 2014 NYSE IPO, integrating its strategy with state-led urbanization and poverty alleviation efforts.

In my fieldwork in a Shandong Taobao Village, local officials initially viewed e-commerce with skepticism due to its limited tax benefits and disruption of export-oriented industries. This changed in 2013 when AliResearch organized a press conference, generating national attention and prompting an inspection tour by Governor Guo Shuqing. Guo, citing AliResearch reports, recognized e-commerce as a state-endorsed growth driver, shifting local officials from reluctant observers to active promoters. Across China, similar political endorsements led sub-provincial cadres to embrace Alibaba as a new collaborator in driving local economic restructuring, much like their past reliance on foreign investment and manufacturing.

Alibaba capitalized on this momentum, launching a ranking system for Taobao Villages and Counties in 2014, effectively turning e-commerce growth into a performance metric for local officials (Wang & Zuo, 2020). In addition, Taobao University and AliResearch training programs educated county leaders on state e-commerce policies, fostering partnerships between Alibaba and local governments. These highly sought-after courses served as a platform for county chiefs from across the country to convene in Hangzhou, where they could acquaint themselves with the latest state policies regarding e-commerce, gain insights from successful e-commerce villages, and explore the resources provided by Alibaba to bolster rural e-commerce (AliResearch & Taobao University, 2016). According to participants, the most significant benefit of the training program was the opportunity it afforded them to interact with Alibaba employees and establish collaborative relationships aimed at advancing local e-commerce.

The enthusiasm of local cadres to collaborate with Alibaba to keep pace with, if not surpass, the changing dynamics of the bureaucratic market competition is evident in the 2016 account of a deputy county chief from Guizhou province in Western China. Originating from a financially challenged county renowned for its organic sorghum, this deputy county chief revealed to a journalist from the magazine BlogWeekly that their county had previously failed in securing the nearly 30 million rural e-commerce special funds allocated by the central and provincial Ministry of Finance. Her participation in Taobao University's training program that year aimed to gain Alibaba's support in bringing local sorghum products onto the online marketplace, with hopes of transforming the county into an e-commerce exemplar within Guizhou (Wang, 2016).

Benefiting from the structural transformation of the Chinese economy and the associated adjustment of the centralized minimalist system, Alibaba expanded its presence in rural China at an accelerated pace. The number of Alibaba-certified Taobao Villages, for example, grew from 13 in 2013 to 7780 in 2023 (AliResearch, 2022). The previously mentioned Alibaba 2014 campaign, "One Thousand Counties and Ten Thousand Villages," quickly expanded nationwide, often through partnerships with local governments that utilized local state budgets to establish village and county-based rural Taobao service stations and logistic networks (Li & Hao, 2018).

However, Alibaba's emergence as a new private subcontractor for the central state in the new economy and its collaborations with local governments to expand China's e-commerce industry did not challenge the fundamental political-economic logic underlying China's centralized minimalist governance regime. One that is centered on interregional bureaucratic-cum-market competition whose performance is ultimately evaluated in a top-down manner by the central state (Ang, 2018; Oi, 1992; Zhou, 2017). Instead of addressing issues like corruption, lack of downward accountability, and GDP centrism, Alibaba adapted to the existing system and strategically positioned itself between the central and local governments to advance its corporate interests. While Alibaba significantly contributed to China's e-commerce growth and the digitalization of rural areas, it made less progress in addressing the underlying challenges in China's developmental model, occasionally even perpetuating these issues.

One illustrative example can be found in the above-mentioned e-commerce village in Shandong. Alibaba's certification of "Taobao Village" and the AliResearch-hosted press conference brought public visibility and political recognition to local cadres. Buoyed by these achievements, the village and county governments successfully secured a 500-million RMB special grant from the provincial government in 2013, shortly after a visit by the provincial governor. This grant was earmarked for the redevelopment of land owned collectively by the village into what they envisioned as a "Taobao City." The plan aimed to create a "Handicraft Culture Innovation Park" that would also enhance the area's e-commerce infrastructure. In the book "internet + County," a compilation of materials used in Alibaba's local cadre training courses, the construction of an e-commerce park was recommended as a public service that county governments could invest in to "upgrade" local e-commerce industries (AliResearch & Taobao University, 2016).

When asked about the project, most villagers appeared cynical and dismissed it as a typical "facelifting project" (mianzi gongcheng) for the county government, one that would only enrich the government and a few real estate developers. When I visited the completed park in 2025, I found myself in an exhibition center showcasing local handicraft products and hosting party-building activities. Most of the rental shop spaces attached to the impressive exhibition center sat empty. Village e-commerce entrepreneurs explained that it made no sense for them to relocate their businesses from their home workshops to the park due to the additional rental costs. Moreover, the rental shop spaces were too small to accommodate their handicraft stocks, which were typically stored in their backyards. Later, I learned that during the park's design stage, there were discussions about equipping each rental unit with storage space. However, this plan was abandoned to make way for additional residential buildings within the park, as it was believed that residential sales would yield greater profits for the real estate developers compared to business rentals.

During my extensive field research in e-commerce villages nationwide, I encountered many similar stories. These stories highlight the limitations and potential pitfalls of relying on technological solutions or big tech companies to drive political-economic reform. The tale of Taobao City underscores the persistent challenges faced by China's existing developmental model and the centralized minimalist system. These challenges include wasteful real estate investment, political corruption and rent-seeking, as well as a lack of grassroots participation and oversight in local decision-making. None of these issues can be adequately addressed through techno-solutionism or Alibaba's version of public-private partnership.

Conclusion

Two seemingly contradictory narratives about Chinese state-platform relations currently dominate Western public and scholarly discourses: (1) the portrayal of an authoritarian state pitted against the interests of private firms, and (2) the depiction of an alliance between a capitalist state and monopoly Chinese private platforms. This commentary challenges both narratives by presenting an alternative account of the emerging Chinese governance regime of big tech through the case of Alibaba. Going beyond the prevailing dichotomy of democracy and authoritarianism that often uses American yardstick to measure China and treats its governance regime as a deviance, I attempted to read state-platform co-evolution in China on its own terms and ground the emerging governance regime in the country's own political economic traditions as they adapt to and interact with changing global sociotechnical and geopolitical conditions.

I have mapped out an emerging model of market in the fragmented state to illustrate both the ruptures and continuities, and co-existence of successes and unresolved issues as China finds its own approach to position, nurture, and regulate its homegrown big techs in a rapidly changing world. Along with many other platform studies scholars, my commentary counters the prevailing tendency in existing digital platform literature that portrays private big tech companies as fundamentally at odds with states and characterizes state regulation of platforms as a zero-sum game (Athique & Kumar, 2022; Rolf & Schindler, 2023; Steinberg et al., 2024).

I reveal how, in the Chinese context, governments have co-evolved with private big tech firms through a combination of negotiation and coercion. The Chinese central state has been seeking a path to foster and leverage the strength of its homegrown tech firms while making sure that their commercial interests do not deviate from state agenda and their political power do not threaten the continued domination of the central state. Moreover, I extend beyond existing interventions in platform studies that primarily focus on the central or federal government to underscore the disparities between central and local governments and how private big tech giants (in this case Alibaba) exploit and reshape central-local relations.

My historical and context-based portrayal of platform-state relations in China adds complexity to a new, though more nuanced discourse. This discourse positions Chinese platforms as a dominant state-capitalist rival to the American state-supported platform empire but often overlooks China's specific logic of platform governance and the substantial power gap between globally dominant American platforms and primarily domestically-focused Chinese platforms (Rolf & Schindler, 2023; Van Dijck, 2021). While this discourse appropriately recognizes the role of states in the global platform economy and acknowledges the marginalization and challenges faced by non-U.S. and non-Chinese platforms in a shifting geopolitical landscape, it fails to fully grasp the residual traditional and state-socialist impulses within the Chinese party-state. These impulses revolve around championing social equity, promoting inclusive development, and maintaining social stability, and they cannot be solely attributed to state capitalist logic (Lin, 2006; Wen et al., 2012). This residual impulse both complements and contradicts the Chinese state's capitalist ambitions. It informs the state's instrumentalization of big tech companies as agents of economic and political reform, its seemingly counterproductive "crackdown" on globally competitive homegrown big tech firms, and its partnerships with private platforms in their expansion into the Global South.

Understanding the hybrid and conflicted nature of China's emerging governance regime of big techs helps us make sense of the logic, success, and limits of China's ongoing techno-driven economic and political restructuring and outward expansion. Although this article focuses more on explicating the former than the latter. Despite Alibaba and other Chinese big techs' contributions to boosting domestic economic growth and China's global competitiveness, the Chinese state did not hesitate to rein some of them in to respond to growing public discontent about monopoly, curb excessive financial and social risks, and prod them into its new priorities of innovation and inclusive development. The Chinese central party-state's toughened stance toward homegrown big techs diverges from the pure state capitalist logic underlying the US government's promotion of its technology firms both at home and abroad.

However, in its emerging governance regime of internet companies, the Chinese state has not yet found a solution to the country's age-old governance dilemma of "loosening control in chaos or tightening control in suffocation" (Yifang jiuluan, Yishou jiusi) (Zhang, 2024). The recent state interventions in the market to rein in big tech companies have led to diminished consumer and investor confidence in the sector. Furthermore, the reform of the centralized minimalist system faces challenges, particularly due to the prolonged zero-COVID policy and the collapse of the real estate bubble, which have left many local governments burdened with significant debt.

Meanwhile, this dilemma is only made more vexing and challenging now that China has become so integrated into the global capitalist market and mired so deep in the geopolitical tensions of an ongoing US-China decoupling. In the aftermath of the reregulation campaign, the Chinese state also must contend with the dire reality of a much smaller internet sector, massive layoffs in the industry, a lack of investor and consumer confidence, and compromised global competitiveness of some Chinese big tech in the international market (Zhang, 2023).

How does the conflicted regime of Big Techs governance shape the outward expansion of Chinese platforms? Whether the intensifying geopolitical competition between the US and China will force the Chinese government to rethink its governance approach to become more state capitalist? These questions offer fertile ground for future research endeavors.

ORCID iD

Lin Zhang https://orcid.org/0000-0002-6967-2759

Funding

The author(s) received no financial support for the research, authorship, and/or publication of this article.

Declaration of conflicting interests

The author(s) declared no potential conflicts of interest with respect to the research, authorship, and/or publication of this article.

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Author biography

Lin Zhang is an associate professor of Communication at the University of New Hampshire. She has a PhD from the University of Southern California and an MA from the New York University. Her research centers on critical innovation studies, focusing on China and ethnic Asian people in a global and comparative context. She is the author of *The Labor of Reinvention: Entrepreneurship in the New Chinese Digital Economy* (Columbia University Press, 2023). Currently, she is working on a new book about transnational biotech and pharmaceutical industry. Tracing the global flow of talent, labor, capital, and scientific knowledge, the book documents how China and Chinese firms and individuals are reshaping globalization. https://linzhangweb.org/. She was interviewed by major global media outlets like *The New York Times*, *Financial Times*, and CGTN.