



## **ARC Centre of Excellence in Policing and Security**

**WORKING PAPER: FEBRUARY 2009**

### **‘The Changing Role of the State in the Private Security Industry in China: From Rowing to Steering’**

**DO NOT CITE WITHOUT AUTHOR’S PERMISSION**

Correspondence to: [Peter.Grabosky@anu.edu.au](mailto:Peter.Grabosky@anu.edu.au).

This working paper can be downloaded without charge from  
<http://ceps.anu.edu.au/publications/>

#### **Lena Yueying Zhong**

Assistant Professor, Department of Applied Social Studies,  
City University of Hong Kong,  
Kowloon  
HONG KONG

#### **Peter Grabosky**

Deputy Director, ARC Centre of Excellence in Policing and Security,  
Regulatory Institutions Network,  
College of Asia and the Pacific,  
Australian National University,  
Canberra, ACT, 0200  
AUSTRALIA

**DO NOT CITE WITHOUT AUTHOR'S PERMISSION** – correspondence to:

[Peter.Grabosky@anu.edu.au](mailto:Peter.Grabosky@anu.edu.au).

This working paper can be downloaded without charge from

<http://ceps.anu.edu.au/publications/>

---

## **The Changing Role of the State in the Private Security Industry in China: From Rowing to Steering**

Lena Y. Zhong  
City University of Hong Kong

Peter N. Grabosky  
The Australian National University

### **Abstract**

This article discusses the changing role of the state in the development of the private security industry in China by drawing on the literature on the role of the state in policing and security governance in the West. During the 25-year history of the Chinese private security industry, the state, through the public security police, has shifted its role from that of monopolistic service provider to one of regulator. We discuss the shift from rowing to steering against the background of economic development and the potential difficulties in fully implementing the role of steering in practice.

### **Keywords**

**China; policing; private security; governance; regulation**

## **The Changing Role of the State in the Private Security Industry in China: From Rowing to Steering**

The year 2008 marked the 30<sup>th</sup> anniversary of the launch of economic reform and open-door policies in China. These economic reforms have entailed a transition from a command economy to a market economy. It is simultaneously a process of privatizing the economy, reforming the State-Owned Enterprises (SOE), and relaxing direct control of economic life, *inter alia*. In essence it is accompanied by significant changes in the role of the state in managing the economy. The changing role of the state is also manifested in social and political life in China. In this article, we aim to examine the role of the state in managing the security service industry (*bao'an fuwu ye*), the counterpart of the private security industry in the West, by drawing on the western literature on the role of the state in policing and security.

The security service industry in China emerged as a bold reform measure to provide commercial security services in the early 1980s, a time of rapid and destabilizing social changes. While the industry has evolved into multiple components over the years, only the state, as represented by the public security police, can officially establish security service companies. Several other components have been referred to disparagingly as “black market security guards.” The industry was under the tight control of the state until the release of the Ordinance on the Management of Security Service (Draft) in February 2008, which signifies a shifting role of the state from “doing security service” to “supervising security service.” We argue that this represents, using the popular metaphor of Osborne and Gaebler (1992), a shift of the role of the state from “rowing” to “steering” in managing the security service industry.

This article is organized into four sections. First, it outlines the economic and social background of the emergence of the security service industry in China. Next, it investigates in detail how the state plays the role of “rowing” in the security service industry. Third, by discussing the problems of rowing and prospects for steering in the security service industry most recently, it outlines the shifting role of the state in private policing from rowing to steering. Finally, it examines the changing role of the state in the security service industry by taking into account China's unprecedented economic development, and speculates on the potential difficulties in implementing the role of steering in practice.

### **Economic Privatization, Mass Private Property, and the Birth of Private Policing in China**

The three decades of economic reform since 1978 have witnessed a gradual transformation of China's economy from a command mode to a market mode and an increasing shrinkage of state-owned economic elements as a proportion of the overall economy. Prior to 1978 the economy was dominated by state-owned economic elements. In other words, private property was nonexistent. The economic reform period saw massive privatization of state-owned sectors and rapid establishment of foreign-owned enterprises and of joint ventures through foreign investment. By 2007,

state-owned and state-holding industrial enterprises accounted for only 29.5% of the gross industrial output value nationwide (National Bureau of Statistics of China 2008).

China's economic reform and massive privatization has not been smooth sailing. There is constant "soul searching" on the part of the CCP to examine the relationship between the state and market. Wang (1995) documented the changing role of the state in China's economy and economic theories. In the pre-reform era, the market was conceived as "the embodiment of capitalism and the antithesis of socialism." It was not until October 1992 at the 14<sup>th</sup> National Congress of the CCP that a "socialist market economic system" was formally endorsed as the goal of economic reform. Wang (1995) argued that since then, the official discourse in the political arena shifted from justification of the market to justification of the role of the state; that is, the extent of state intervention in the economy. This chronology of the role of the state during the reform years will help us understand the role of the state in the development of the security service industry in China.

The extensive privatization of the economy has given rise to "mass private property" (Shearing & Stenning 1981) in China as in Western industrial societies. Foreign-owned firms and joint ventures of all sizes have mushroomed in China. New shopping malls, leisure parks and other large commercial facilities have sprouted in urban areas. Previously housing was assigned to workers by work units, and quite often was guarded by work unit personnel. No commercial housing was available on the market. In the reform era work units began selling housing units to their workers, and commercial housing has gradually become available on the market. Hence, "gated communities" comprised of high-rise buildings have started to occupy the urban landscape. The rise of mass private property, coupled with the profound societal changes in economic reform, stretched the under-staffed and under-resourced public security police and have challenged traditional policing strategies.

Prior to the economic reforms, policing in China was provided by a series of public policing institutions including the public security police, People's Armed Police, social order joint protection teams, economic police, internal safety and protection divisions, and neighborhood committees (see Zhong & Grabosky 2008 for details). Simply put, the public security police are equivalent to the public police in Western countries. The People's Armed Police are an armed paramilitary force and perform a wide range of tasks, including guarding key state installations and prisons, riot suppression, disaster relief, border defense, fire-fighting, and even gold prospecting (see Tanner 2002:610). The social order joint protection teams were initially a community-based crime prevention force and later mutated into a sort of auxiliary police force under the control of public security police. But the teams' funding source varied across time and space, and their powers and functions differed in practice from that specified "on the books." Internal safety and protection divisions and economic police were both equivalent to in-house corporate internal security units and the latter could be armed. Neighborhood communities are dedicated to managing local affairs and social order at the grassroots level. On paper they are voluntary organizations, but in reality they were government organized and controlled entities. The public security police provided professional guidance to the other policing institutions, and at certain

times were directly involved in operating the internal safety and protection divisions of corporations. To a large extent, these public policing institutions were a legacy of public ownership, the command economy, and the revolutionary tradition.

Economic reform in China has created enormous strains on the social infrastructure and has stretched the traditional policing structure (Zhong and Grabosky 2008). First, there is growing tension between soaring crime and limited police resources. The rate of recorded criminal offences in 2006 was more than six times that in 1978, and there emerged a huge population of internal migrants. Second, there is growing incompatibility of the mass prevention and mass management mechanisms (such as neighborhood committees and social order joint protection teams) with the changing social realities in the reform era. For example, the neighborhood committees have lost favor among the residents of private gated communities who resort to their property management offices for assistance. The ambiguous legal status of the social order joint protection teams, coupled with frequent media coverage of their members' abuse of power (e.g. Guangzhou Daily 2005), runs counter to the awakened legal consciousness among the public and the social movement for strengthening the rule of law. Third, there is a growing disjuncture between the corporate policing style used in state-owned enterprises and the rising security needs in the newly established foreign-owned firms or joint ventures. In the enterprises with foreign investment, it became more and more controversial for the police to be directly involved in corporate internal security management. These tensions and gaps created the demand for a private security force. The year 1984 saw the debut of the first security service company (*bao'an fuwu gongsi*) in Shenzhen, a city at the forefront of the economic reform. Zhong and Grabosky (2008) suggest that the emergence of the security service industry represents a transition from a monopoly of public policing to an integration of public/private policing.

The burgeoning security service industry has since embarked on a road of expansion into Chinese economic and social life. The Ministry of Public Security (MPS) estimated the workforce as 2.3 million by the end of 2006 and it was expected to grow to 5 million by 2010 (see Li et al. 2007). As in the West, it is difficult to describe the structure of the industry. Basically, security personnel work for four different types of security organization (Li et al. 2007). The first category is comprised of the security service companies, officially recognized "regular" private providers of security services. They are what is described in the West as "contract security." The second category consists of the "self-established security organizations", security forces established by individual enterprises or work units for internal security only. The third category is property management security guards, security forces established by property management companies to maintain law and order inside the premises of the property. The second and third categories constitute "in-house security" as in the West. The in-house security forces have gradually gained recognition in society, although they are often regarded with contempt. The fourth category is the *de facto* "black market security guards" from companies that do not observe proper procedures. Some of these are legitimate companies, but provide security services without the approval of the police. Others are illegitimate unscrupulous providers which do not even register with the local industry and commerce bureaus. There is also a less well-

known category often overlooked by commentators: security technology companies (*bao'an jishu gongsi*). In 2007 there were 504 security technology companies specializing in developing, manufacturing and marketing security equipment in Shanghai (Zhang 2007a). In principle, these companies only provide security equipment without engaging in manned security. But in reality they do so on the basis that security technology should be manned, which is controversial, according to Wang (2005). Unlike security service companies, they are beyond the control of the public security police. All sorts of security technology companies exist in the market, including foreign-owned companies, joint ventures, and private companies (see Wang 2005). During most of the years since 1984, the security service industry referred only to the security service companies. Only recently have the second and the third categories been integrated into the industry.

Table 1 lists the distribution of security service organizations in Beijing in 2006. Among 205,000 security service personnel in 2006, 35,000 (17.1%) are *de facto* black market security guards. Security service personnel from security service companies, self-established security organizations and property management companies account for 39%, 19.5%, and 24.4% respectively. As shown in Table 2, there was no mention of black market security guards in Shanghai at the end of 2005. Two-thirds of total turnover at the Shanghai security service market is produced by 467 security technology companies, which are beyond the regulatory control of the police. According to Wei (2006), the security service companies account for only 10% of the total turnover and allegations of monopoly by security service companies in the security service market constitute a grave distortion.

Tables 1 and 2 about here

### **The Role of the State in Private Policing in China: Rowing**

Since the founding of the PRC, public security has always been accorded a top priority and solely managed by the state. Mao Zedong once made the following remarks on public security, "Protection work must especially stress the role of Party leadership and in real terms they (sic) must get direct leadership from the Party committees; otherwise things could become very dangerous" (cited in Dutton 2005: 212). This tradition of emphasizing the role of the party-state in policing and security largely explains why the security service industry has been under the tight control of the public security police since its birth. Officially the public security police are designated as the authority to provide leadership and professional management to the security service industry. In this section we will investigate how the state controls the security service industry through the public security police by specifying a) its nature, b) its business scope, c) public security police as the only authority to establish security service companies, d) its functions and powers, uniforms and use of weapons, and e) its training, licensing and certificating. We draw on official documents, journal articles and news articles in Chinese. The official documents are in the form of ordinances, notices, opinions, regulations and work plans released by the CCP, the

State Council, and the MPS (together with other central ministries occasionally), and sometimes the speeches made by MPS officials.

### *Nature of the Security Service Industry*

The security service industry is classified as a component of “mass prevention and mass management” (see Zhong 2009b). The importance of the security service industry has long been recognized since its birth. In the officially released documents, the industry is classified as a service industry to provide professional security service on a fee-for- service basis.

In 1985 at the CCP National Meeting on Legal and Political Work it was resolved to draw on overseas experience to establish security service companies in large and medium-sized cities to undertake security tasks for large for-profit exhibitions, shows, fairs, cultural and sports activities, and foreign-owned enterprises or joint ventures. The meeting also addressed the role of security service companies as “helping to strengthen the maintenance of social order and helping to alleviate the difficulties imposed by an understaffed public security police force.” In the first official document specifically on security service companies endorsed by the State Council and promulgated by the MPS in 1988, the Report of Establishing Security Service Companies (hereafter the 1988 Report), the nature of security service companies is prescribed as “service enterprises to undertake security service for clients and provide consultation services on safety and prevention.” Similar expressions were used in three successive documents released by the MPS: Notice on Strengthening the Management of Security Service Companies in January 1989 (hereafter the 1989 Strengthening Notice), the Notice on Further Improving the Work of the Security Service Industry in May 1992 (hereafter the 1992 Further Improving Notice), and the MPS Resolutions on Clearing and Consolidating the Security Service Industry released in November 1997 (hereafter the 1997 Clearing and Consolidating Resolutions). In the first formal and detailed guideline on the security service industry released by the MPS in March 2000, the Regulations on the Management of Security Service Companies (hereafter the 2000 regulations), security service companies were defined as “special enterprises providing society with professional and commercial security services. They are an important force to assist the public security organs in maintaining social order and to prevent and reduce social disorder and crime.” The same sentence appeared in November 2002 in the Work Plan of the Special Consolidation on Clearing Illegitimate Security Service Organizations in order to Regulate the Security Service Market (hereafter the 2002 Work Plan).

The security service companies are classified as state owned assets. The 2000 Regulations spell out the rules on finance and accounting in the companies and call on the companies to strengthen the management of enterprise property and to ensure the value of state owned assets are retained and even increased. To help security service companies grow, tax rebates or tax reduction were granted to companies in some circumstances (see Zhang 2007a). The security service companies are supposed to play two roles: to make *social profits* by maintaining social order and preventing crime, and to make *economic profits* by creating avenue for the government. But the

security companies are guided under the slogan of “social profits first and economic profits second” (see e.g. the 1992 Further Improving Notice). In the 1994 MPS Notice on Banning Security Service Companies from Selling Firearms (hereafter the 1994 Firearms Banning Notice), the MPS admonished security service companies to pursue social profits instead of economic profits only, and to ensure that their scope of business is consistent with the MPS rules and regulations.

To pursue social profits, to a large extent, means security service companies should serve the public security organs. For example, Xiamen Security Service Company was portrayed in the following way for their service to the local public security police (Wang 2007a: 12):

In order to assist the Social Order Maintenance Regiment of Xiamen Public Security Bureau and Jiangtou police station in special crack downs and anti-vic raids, the Xiamen Security Service Company dispatches 20 quality security guards for their use free of charge perennially. Disregarding their own personal safety, the security guards follow and investigate the market of second-hand handsets and people engaging in selling fake certificates, and actively provide leads of crime information. Altogether they assisted in three “underground gaming” cases and 15 cases of trafficking fake cigarettes. In particular they assisted the police officers in destroying extra lethal chemicals in a deep forest for three days continuously without regard to their own life.

#### *Business Scope of the Security Service Industry*

As shown in Table 3, in China the officially sanctioned scope of security services shifts over time. The 1988 Report listed five categories of services. The last category is a catch-all category to show flexibility and to accommodate market change. The 1992 Further Improving Notice resolved to expand the security service market in order to better serve the goal of economic reform and economic construction. The expansion targets both manned security and technological security. The notice proposed that when conditions are ripe, security service companies could take charge of guarding large-scale factories, mines, oil fields, warehouses, museums, markets, bourses, business streets, subways, and civil aviation airports or escorting in transportation of cash, high-value goods and dangerous materials. Those areas were previously the preserve of the public security police or the economic police. The expansion into the areas with a heavy public police involvement signals the growing acceptability of the security service industry and increasing demand for services in those areas. In the 2000 Regulations the business scope of the security service companies were prescribed as five categories. Compared with the 1988 Report, the 2000 Regulations deleted the catch-all category. Below we mainly describe three contentious types of service in China: personal protection through bodyguards, transportation services, and private detectives.

Personal protection through bodyguards was explicitly listed as a category of service in the 1988 Report. However, the 1989 Strengthening Notice called on security service companies “not to encourage individuals to employ bodyguards”, and “only

provide services to those *bona fide* entrepreneurs and those who do legitimate business.” In November 1989, the MPS promulgated the Notice on Banning Enterprise Leaders from Being Equipped with Police Apparatus or Personal Bodyguards (hereafter the 1989 Banning Personal Bodyguards Notice). The Notice also named and shamed several enterprise leaders in Chongqing who were equipped with police apparatus, such as batons, or who employed personal bodyguards. The 1992 Further Improving Notice explicitly banned the employment of security service personnel as personal bodyguards, and it also banned the involvement of security service personnel in their customers’ financial disputes or debt collection. This is reminiscent of the hearings and legislation made by the Congress in the early decades of the twentieth century in the United States in the aftermath of the infamous involvement of private security guards (e.g. Pinkerton's) in situations of labor unrest (see Shearing & Stenning 1981). The 2000 Regulations again prescribed explicitly that security service companies should not be involved in the provision of personal bodyguard services. The several notices on clearing and consolidating the security service industry also explicitly banned the service of personal bodyguards.

Table 3 about here

Transportation services as provided by security service companies seem to have emerged relatively recently. The first company specializing in transportation services was established in 1996 in Beijing (see Zhang 2007b). As referred to earlier, the 1992 Further Improving Notice proposed that the business scope of security service companies be expanded to banks, important warehouses or escort in transportation of cash or high-value goods. In July 2005 the MPS promulgated a notice specifically on transportation companies: Provisional Regulations on the Management of Security Transportation Companies. In January 2006 the MPS released the Notice on Launching a Campaign on the Internal Management of Security Transportation Companies and on Training and Clearing the Guarding and Transportation Forces. At the National Forum on Security Service held in Dalian in September 2006 (hereafter the 2006 Dalian Forum), Mr. Liu Jinguo, Vice Minister of Public Security, pointed out that transportation services basically concentrate in the financial industry, at a low coverage rate of 50% (Fan 2006).

Investigatory services such as private detectives are officially outlawed in China, despite the huge demand. Nevertheless, the number of private detective agencies is estimated to be over 30,000, employing over 300,000 private detectives (see Miao, Liu & Qin 2008). It is a lucrative business and the annual income of private detectives usually reaches half a million yuan (see Xinhua Net 2008b). But the regulations on the security service industry seldom cover private detectives, except the catch-all category of service in the 1988 Report. The legal prescriptions on private detectives are chaotic and contradictory, according to Miao et al. (2008). Consequently, some private detective agencies are registered under the category of “consultation service”, some are affiliated to legal firms as an investigation arm, and some others do not even register. The law on the use of evidence collected by private detectives is rather

ambiguous (see Miao et al. 2008). The huge demand in the market, coupled with the ambiguous legal provisions, has led to the rapid expansion of private detective agencies of questionable legality.

*Public Security Police as the Only Authority to Establish Security Service Companies*

Mr. Zhang, founder of the first security service company, recounted that at the time of establishing the company, there was some question whether it should be “unhooked” from the public security organs to do business independently. After fierce debate, it was finally decided that the company, as an enterprise, should be put under the leadership of public security organs to do business autonomously and independently (see Gao 2004). The 1988 Report expressly stipulates that public security organs be the authority in charge of security service companies and that public security organs provide them with professional guidance and supervision. The portfolio of the public security organs includes the prescription that only public security organs can establish security service companies. For example this prescription is stated in a series of official documents, including the 2000 Regulations.

Not all public security organs can establish security service companies. The level of such authority shifts in the various official documents. Normally the authority rests in the public security organs at the county or city level, as shown in the 1988 Report. But in reality this rule seemed to be unheeded at the local levels. The 1989 Strengthening Notice pointed out that in some areas security service companies spread to such an unchecked degree that local police stations, street offices, township governments and public service work units had established security service companies. Some areas even converted public security sub-committees and social order joint protection teams into security service companies. At certain times the establishment of security service companies was associated with the economic development of the areas. For example the 1990 MPS Opinions on Further Clearing and Consolidating Security Service Companies (hereafter the 1990 Further Clearing and Consolidating Opinions) stipulated that in principle security service companies could only be established in developed large and medium-sized cities, with one company for one city (exceptions were made for large cities, Special Economic Zones, counties in opened areas of the coastal regions, and counties in developed areas of inland regions). When a campaign was launched to consolidate the industry, the establishment of a security service company required approval from the provincial public security organs (see the 1997 Clearing and Consolidating Resolutions). The 2000 Regulations became less restrictive by removing the precondition of economic development in a certain area, mainly in response to increasing demand of security service nationwide.

Over the course of the development of the security service industry, there were two potential turning points in which the public security police could have been stripped of the monopoly over security service industry. But on both occasions their control was reaffirmed.

The first was from 1998 to 1999 when the CCP launched a campaign to disengage the People's Liberation Army, People's Armed Police, and law-enforcement agencies

**DO NOT CITE WITHOUT AUTHOR'S PERMISSION** – correspondence to:

[Peter.Grabosky@anu.edu.au](mailto:Peter.Grabosky@anu.edu.au).

This working paper can be downloaded without charge from

<http://ceps.anu.edu.au/publications/>

---

from commercial business. They were ordered to turn over their businesses by mid-December 1998, and all the businesses were to be transferred to the control of State Economic and Trade Commission's enterprise reform division (see *The Standard* 1998).

But the security service industry was exempted from such disengagement. Implementation Measures on Disengaging Law-enforcement Agencies from Commercial Business released by the CCP in October 1998 prescribed:

Security service companies should be led and managed by public security organs. The establishment of security service companies and the appointment of their legal representatives should be approved by the public security organs above the county (city) level. Illegally established security service companies should be outlawed.

The MPS Notice on Implementing the Spirit of the Meeting on Disengaging the PLA, People's Armed Police, and Law-enforcement Agencies from Commercial Business released in 1998 made similar prescriptions. The exemption was reinforced in 1999 in a CCP document: Regulations on the Standard Management of Retained Enterprises under Law-Enforcement Agencies. The Regulations prescribed that "security service companies could only be established by public security organs through sole proprietorships." That means the public security organs are *not* disengaged from security service companies in the wake of the divestiture campaign. But security service companies should refrain from including any public security organs in their company names, as reflected in the 2000 Regulations.

The second turning point occurred when the Administrative License Law of the PRC took effect on July 1, 2004. Basically it aims to regulate governmental behavior and reduce official red tape. But the Notice of the State Council General Office on Retaining Some Non-Administrative Licensing Items released in August 2004 listed the security service industry among the 211 retained items. The Notice explained that those items fall into the internal management matters of the government, and are not administrative licensing. Item No. 40 states the approval authority of establishing security service companies rests in the provincial public security organs.

The control of the security service companies is also illustrated by the appointment of security service company leaders and the employment of seconded public security officers in security service companies. As referred to earlier, the founder of the first security service company was a seconded public security police officer. Later he resumed his post in the police and in 2004 he was deputy commander of the special police regiment of the Shenzhen Public Security Bureau (see Gao 2004). Several MPS notices stipulate explicitly the details on the filling of key posts by public security officers. For example, according to the 2000 Regulations,

Candidates for legal representatives of security service companies should be examined and assessed by public security organs. Current leaders of public security organs should not hold concurrent posts at security service companies.

**DO NOT CITE WITHOUT AUTHOR'S PERMISSION** – correspondence to:

[Peter.Grabosky@anu.edu.au](mailto:Peter.Grabosky@anu.edu.au).

This working paper can be downloaded without charge from

<http://ceps.anu.edu.au/publications/>

---

Police officers seconded to security service companies can keep their police membership, but they should not wear police uniforms. While they work in the security service companies, seconded police officers' promotion matches that of their police colleagues and they could only choose salaries and benefits offered by either the company or the police.

The 26-province survey of the security service industry in 2007 showed a substantial number of police officers seconded to security service companies but still paid by their original public security organs (see Wang 2007a; Wang 2007b; Wu 2007; Zhang 2007a; Zhang 2007b; Zhang 2007c; Zhang 2007d; Zhang 2007e). The number of seconded police officers varies in different provinces, as low as 61 in Chongqing and as high as 460 in Liaoning.

The public security organs' role in controlling the security service industry is also manifested in establishing professional associations for the security service industry. The China Security Association was established in Beijing in 1994. At the time of the 26-province survey in 2007 the majority of provinces have established provincial security associations. But interestingly, all the senior posts were taken by leaders from the provincial public security departments.

#### *Powers and Functions, Uniforms, and Use of Weapons of the Security Service Industry*

The 1988 Report stipulates that when on duty, security guards have the responsibility of seizing those who are committing a crime and delivering them to the local public security organs, but they have no powers of arrest, detention, search, interrogation, seizure of property, or imposing a fine. For a criminal offence or public security offense in progress, they have no power of investigation, but they have the responsibilities of cooperating with the police by protecting the crime scene, maintaining social order and providing information. The 2000 Regulations set out detailed responsibilities for security personnel when confronted with crime, public security cases or emergencies in their duty areas, and stressed the importance of surveillance and prevention.

Security service personnel are entitled to citizens' power of arrest. Article 63 of PRC Criminal Procedure Law gives citizens the power of "seize and deliver (*niu song*)" any criminal suspects:

Any citizen may seize and deliver to a public security organ, a people's procuratorate or a people's court for handling the persons below: 1) any person who is committing a crime or is discovered immediately after committing a crime; 2) an person who is wanted for arrest; 3) any person who has escaped from prison; and 4) any person who is being pursued for arrest.

This is not dissimilar to the situation in the US and UK. Johnston (1992) described the legal boundaries of different policing bodies in the UK in terms of arrest, detection, entry and search of premises, use of force, and uniforms. Joh (2004) described the

“rigid legal distinction” between public and private policing in the US, attributed to two presumptions: superficiality of state involvement and centrality of arrest.

During her fieldwork in Shenzhen around 2000, Zhong (2008a) found that some residents could not distinguish security guards from police officers, because the two groups wore the same uniforms and they behaved in a similar manner. A survey in Urumqi, Xinjiang showed that 70% of citizens could not distinguish irregular security guards from regular security guards (presumably by judging their outfit) (see Wang 2005). The earlier MPS directives only stipulated that the uniform and regalia of security service personnel should be distinguished from those of the police, the army, People’s Armed Police, personnel of other government agencies, and even personnel of corporate internal safety and protection divisions. The 2000 Regulations started prescribing the national standardization of uniforms and regalia. The uniform of security guards has thus become a central symbol to distinguish police from security guards and to distinguish lawful from and unlawful elements of the security service industry. In June 2001 a national meeting on uniform standardization was held in Chongqing, where the 2000-style Security Uniform as designed by China Security Association was showcased. It was resolved at the meeting that security guards nationwide should start changing uniforms from June 2001 to the end of 2002. Delegates from different provinces even reached a consensus that designated uniform manufacturers in one province should not promote business in another province (see Wu 2001), as a vivid example of balkanization. Delegates from Fujian and Guangdong urged that security personnel of internal safety and protection divisions of work units should also be allowed to switch to the new uniforms. But the 26-province survey in 2007 showed a different picture. A substantial number of provinces did not adopt the nationally standardized uniform.

The 1988 Report stipulates, “with approval from public security organs, security service companies can equip security guards with non-lethal defense weapons and facilities for communication and reporting crime, but not guns, electronic police batons, handcuffs or restraining cords.” The 1989 Strengthening Notice prescribes that security service companies should not be equipped with police vehicles or even use police vehicles, and their security personnel should not be equipped with weapons or police apparatus. The 2000 Regulations permit security service personnel to use plastic police batons and other non-lethal defense weapons when on duty, and allow them to be equipped with arms if on transportation duty. The repeated regulations to ban the use of weapons might suggest that some security service companies in fact used weapons, thereby contravening official policy. Indeed, according to the 1994 Firearms Banning Notice, some security service companies engaged in sale of guns or even promoted guns through public advertisements, reportedly creating hugely negative effects in society (in China private citizens are not allowed to own firearms or ammunition).

### *Training, Licensing and Certifying*

In earlier years, official documents only vaguely touched on the issue of training and minimal entry standards of security service personnel. The 1988 Report states that

newly recruited personnel should undergo three months' professional pre-employment training and should also undergo regular on-duty training by rotation. The 1990 Further Clearing and Consolidating Opinions and the 1992 Further Improving Notice also have similar stipulations. The problem is how to ensure compliance.

Over the years there have been frequent calls for strengthening the training of security guards, especially when crimes committed by security guards were exposed by the media. But the high turnover and low status of security service personnel impeded the efforts. The turnover rate of security service companies is at least 30% (see Southern Daily 2004). In some places the turnover rate reaches 50% (see Zhang 2007c). A survey conducted by a university in 1997 showed that among the 100 listed occupations, security service was listed the 99th<sup>1</sup>. In 2002 a university in Shandong employed security guards to be invigilators at exams, which ignited heated debates nationwide (see Jue 2002). The survey of 26 provinces in 2007 showed that security service personnel are mainly rural migrants; urban residents seldom take up a job in the industry, except in transportation services that require urban residents. In Beijing, for example, it was reported that security guards were often despised by urban residents as “doorkeeper dogs” and often physically and verbally abused. Worse still, they usually could only go home every six months (see Li et al. 2007). According to Vice-Minister Mr. Liu Jinguo at the 2006 Dalian Forum, nearly half of all security guards have no work insurance, medical insurance, unemployment insurance or retirement insurance (see Fan 2006). This, to some extent, is consistent with the situation in Europe and North America: low status, largely unskilled, tedious, and unrewarding work (see Shearing & Stenning 1981; Johnston 1992).

Only in 2004 was security service officially listed as one of the hundreds of occupations in Shenzhen, launching the so-called “professionalization” of security service personnel. The Shenzhen Labor and Social Security Bureau, in conjunction with the Shenzhen Public Security Bureau, published Shenzhen Security Service Personnel Professional Standards. The move was lauded as unprecedented (see Southern Daily 2004). At the national level, a series of regulations and standards have been published since 2006<sup>2</sup>.

---

<sup>1</sup> See the details at <http://www.people.com.cn/GB/guandian/182/6684/>.

<sup>2</sup> The Operational Procedures and Quality Control for the Security Service Industry promulgated by the MPS took effect on June 1, 2006. The Management Measures of Security Service Training Institutions published by the MPS took effect on March 1, 2006. The Syllabus for Security Service Personnel Training (Provisional) was published by the MPS in December 2006. It stipulates training contents and training hours for each of the five categories (15 levels) of security service personnel. The National Professional Standards of Security Service Personnel (Provisional) approved by the Ministry of Labor and Social Security and MPS took effect on January 1, 2007.

## **Problems of Rowing and Prospects for Steering in Private Policing**

As we have noted, security service companies are defined as state-owned enterprises. In general, state-owned enterprises have a series of problems from the perspective of economics (see e.g. Qian 1996, 2000). Apart from the general problems associated with state-owned enterprises, the security service companies also have other problems when the state engages in rowing. We characterize those problems as four pairs of conflicts: central-local conflict; conflict between public security police and security service companies; conflict between localities as marked by balkanized service provision; and demand-supply conflict as marked by black market security guards. But the most recent years saw a changing role of the state from rowing to steering. We will discuss these new signs of steering.

### *Problems of Rowing in Private Policing*

#### a. Central-local Conflict.

As we have observed, the MPS repeatedly promulgated notices to consolidate the security service industry at the local level. Most notably, while officially only public security organs can establish security service companies, in reality there seemed to be a different picture. The state in China is not monolithic. A substantial number of localities have made their own laws on the security service industry through the local legislative body, the People's Congress. Some of these local ordinances, such as those in Guangdong, Fujian and Hunan, did not stipulate that only public security organs could establish security service companies. So this points to a gap between regulations by the central authorities and ordinances by the local authorities. This discrepancy will complicate the concept of black market security guards and impede crack-downs advocated by the MPS against such forces.

#### b. Conflict between Public Security Police and Security Service Companies.

At the local level there is also potential competition between the security service industry and the public security organs. Zhang (1999) attributed the struggling of a security service company in Hubei mainly to the enormous squeeze from the public security organs because the latter wanted to share the commercial security market. This phenomenon might be very common in areas where the police are under-resourced, and might seek to compensate for this through occasional fee-for-service policing.

Public security police in some places withdrew money from security service companies. Most official documents, starting from the 1988 Report to the 2000 Regulations, explicitly stipulate the separation of the security service companies from the public security police in terms of an independent finance and accounting system. But there is a glaring disjuncture between regulations and practice. As late as in 2006 at the Dalian Forum, Vice-Minister Mr. Liu Jinguo was still admonishing local public security organs not to take money away from security service companies (see Fan 2006). In a 26-province survey of the security service industry in 2007 Zhang (2007b) noted that in some places 10% of the turnover of security service companies and 70% of their profits were taken away by public security organs. In Kunming, Yunnan, the

fees turned over to the county public security organ kept rising: 1.23 million in 2004, 1.41 million in 2005, and 1.65 million in 2006 (see Zhang 2007c).

c. Conflict between Localities as Marked by Balkanized Service Provision.

The balkanization of security service provision was characterized by limiting the business of a security service company to a special geographic area. This is largely due to the fact that security service companies are established by individual public security organs. For example in Chongqing there are 45 security service companies: The Chongqing Security Service Company and its 14 subsidiaries, and 31 independent security service companies. Chongqing Security Service Company has no power over the personnel, finance, and resources of its subsidiaries which are under the public security sub-bureaus to which they are affiliated. Only Chongqing Security Service Company can do business across different geographical areas within Chongqing (Zhang 2007d). This balkanization even applies to security service training institutions. The 1997 Clearing and Consolidating Resolutions prescribe that security service training institutions should ensure locally trained recruits be employed locally, and provide no training beyond provincial boundaries.

The rule of balkanization is vividly illustrated by a highly publicised case in 2008. On February 29, 2008 an armored cash transport van of Shenzhen Lion Security Service Company was intercepted and besieged by the police (8 police cars and over 20 police officers) in a neighboring city of Yangjiang within Guangdong. For about 11 hours both sides refused to budge. Afterwards a representative from Shenzhen Lion Security Service Company alleged that the underlying reason was local protectionism and monopoly of service by the Yangjiang police. The allegation attracted considerable media attention, and sparked a counterattack from the Yangjiang police that the Shenzhen Lion Security Service broke the relevant laws when conducting business in Yangjiang, e.g. they did not file any records with the Yangjiang police (see Xinhua Net 2008a).

d. Demand-supply Conflict as Marked by Black Market Security Guards.

The media frequently report crimes committed by security guards, ranging from petty theft, burglary, robbery, rape, and even homicide. Sometimes security guards act as hired thugs, bullies, organized crime members and engage in gang fights (see Li, Wang & Sun 2007). According to Zang and Zhang (2007), the 24 cases involving security guards tried at a Beijing district court over a 14 month period is only tip of the iceberg. There was even a saying to depict the scenario: “If security guards did not commit crime, the total crime rate would reduce to half” (Southern Daily, 2004).

In the mass media, crimes and abuses are largely attributed to black market security guards (*hei bao'an*). In the official documents ‘irregular security forces or guards’ were used instead to refer to the security service organizations or their employees who do not follow proper registration procedures. As noted earlier, in the current market security guards are from five different organizations: security service companies, “self-established security organizations”, property management companies, *de facto* “black market security guards”, and security technology companies. The third and fourth categories are usually out of police control and supervision, and thus become

the source of problems. In 2006 such forces accounted for 1.5 million of 2.3 million security personnel nationwide (Li, et al. 2007). “Black market security guards” in its broad sense refer to the second, third, and fourth categories. The second and third categories are under suspicion due to the ambiguous status given in the official documents. It is not until 1997 that the self-established security organizations were mentioned in the Clearing and Consolidating Resolutions. After closer scrutiny, we argue that the problem of “black” security markets is mainly attributed to a demand-supply conflict. In essence, the limited supply of legitimate services has intensified the demand for illicit services.

Security personnel of self-established security organizations usually lack adequate training. They tend to obey only the orders of their bosses, often becoming hired thugs and bullies (Li, et al. 2007). Wang (2005) attributed the problems of self-established security organizations to two reasons. First, regular security service companies cannot provide adequate service or cannot provide enough personnel. Second, there is no special agency to supervise self-established security service organizations. The 26-province survey in 2007 showed that in the wake of the Dalian Forum a number of provinces tried to bring those self-established security organizations under police control. For example 2,000 and 1,649 such organizations were put under police control in Liaoning and Jining respectively (Wu 2007).

Security guards in property management companies also have their share of problems. A survey by Chinese People's University of about 100 residential communities from 2001 to 2005 revealed that serious disputes between property management companies and property owners occurred in 80% of communities, and property management personnel and security guards had disputes involving physical violence (excluding threats and intimidation) with property owners in 37% of communities (see Li et al. 2007). The police could not exercise adequate control of the entry, supervision and punishment of such security guards, due to the contradictions between two statutes. The 2000 Regulations stipulated that security service companies can only be established by public security organs. But the 2003 Ordinance of Property Management allows property management companies to organize their own security forces. In Hehui, Anhui, nearly 90% of property management companies have established their own teams of security guards, but over 50% have not sought approval from the public security organs. In Urumqi, Xinjiang, a survey showed that 95% of security guards in residential communities and property management companies were irregular forces (see Wang 2005). Usually there are no adequate background checks of security guards. For example only 50,000 out of 200,000 security guards employed in Shanghai had been vigorously checked and trained (see Li et al. 2007). Property management companies only consider physical strength while recruiting security guards. The “regular” and “official” security service companies seldom engage in property management business because they are not qualified (see Wang 2005), demonstrating a demand-supply conflict.

The *de facto* black market security guards are widely regarded as the bad apples in the security service industry, although often they take the blame for the shortcomings of the second and third categories of security guards. As explained earlier, the *de facto*

black market security guards could be from either of two types of companies: legitimate companies which do not have police approval to do security service business but register with the industry and commerce bureaus; and illegitimate companies which do not go through either procedure. The latter are rather rare. The former become “black market” in nature due to the lack of the pre-requisite police approval. They usually register the companies under security consultation or labor services, without explicit usage of “security service”, thus putting themselves out of police control and supervision. According to Li et al. (2007), those companies usually conduct no background checks of security personnel, provide no training, and provide no supervision. Sometimes illegal elements enter the security industry to form syndicates. Zhang (1999) reported that in a county in Hubei, part of the commercial security market was seized by ex-prison inmates and even organized crime members. They forced small businesses, catering outlets, entertainment venues and retail stores to accept their protection service at a high fee.

The Beijing Public Security Bureau introduced franchising to bring the irregular security service forces into police control in 2006. Irregular security service companies, when meeting certain conditions, were allowed to join Beijing Security Service General Company by paying a franchising fee of 3% of their turnover. Franchising in Beijing was touted as an important channel for putting some irregular security service companies under police control, so as to ensure the quality of security service. For example, in the first quarter of 2007 the number of cases involving irregular security guards decreased 43.8%, compared with the same period of 2006 (see Li et al. 2007). But franchising is contentious, especially given the levy of a franchising fee. The owner of a small-scale security service company in Beijing complained that franchising was not market-driven behavior and was forced upon him by the government (see Li et al. 2007).

### *Prospects for Steering*

The uniform status of security service companies as state-owned enterprises has been changing. During most recent years, some places have experimented in reforming the companies. For example, limited liability companies have been established in Hunan; Wuhan Group in Hubei is the first security service group, and Xi'an Transportation Company became a joint venture (see Wang 2005). In Yunnan, some security service companies were totally detached from the public security organs (see Zhang 2007c).

As formally announced by Vice-Minister Mr. Liu Jinguo at the 2006 Dalian Forum, the public security police have tried to expand the security service industry through two means: a) transforming some of the policing bodies in the intricate policing network (such as economic police and social order joint protection teams) into security guards and b) urging entertainment venues and schools to employ properly trained security guards. At the same time, the public security police encourage the security guards to take over security work traditionally done by the public security police. For example, the Public Security Department of Inner Mongolia promulgated notices to educate local public security leaders that security of large scale commercial sporting and entertainment events should be undertaken by security guards in order to

reduce and even eliminate police involvement in non-policing activities (Zhang 2007d).

The balkanization of service provision has been relaxed gradually. In 2006 at the Dalian Forum, Vice-Minister Mr. Liu Jinguo called on local public security organs to break the “regional blockades” (see Fan 2006). For example service provision beyond geographical boundaries has been allowed in Shanghai (Zhang 2007a), Liaoning (Wu 2007), Guizhou (Zhang 2007c), and for transportation service in Hubei (Zhang 2007d) and Hefei, Anhui (Zhang 2007a).

To ensure compliance through administrative orders has increasingly lost favor among the public and even some government officials. For example, in 2006 the Beijing City Government promulgated a notice to compel prior approval by public security organs before registering a security service company with the Industry and Commerce Bureau. But an official from the Beijing Industry and Commerce Bureau conceded that strictly speaking such a policy contravenes the Administrative License Law of the People’s Republic of China (see Li et al. 2007).

Most notably, the Ordinance on the Management of Security Service (Draft) released in Feb 2008 signals a shift of public security organs from “doing security service” to “supervising security service” (Legislative Affairs Office of the State Council, 2008). The 2008 Draft Ordinance completely removed the pre-condition that only public security organs could establish security service companies. It shifts the pre-conditions of establishing a security service company to an applicant’s registered capital, qualification of his personnel, suitable venues and equipment, among other things. It stipulates that to establish a security service company an applicant shall obtain a license for security service from the public security organs before registering with the industry and commerce bureaus. To obtain a license for security service, the applicant shall first file an application to a city public security organ which will further send a provisional approval to the provincial public security organ. If deemed qualified, the provincial public security organ will issue the applicant a license for security service. This shift shows that the police are switching from a hands-on approach to a hands-off approach. It amounts to the shifting role of the state from rowing to steering in private policing. Originally the sole provider of security services, the state is now playing a significant regulatory role.

## **Discussions and Conclusion**

The birth and growth of private policing in China are a logical consequence of economic reform. The diversification of the state-owned economy in the early 1980s gave impetus for the first transition from a monopoly of public policing to an integration of public/private policing. The continuous deepening of economic reform creates momentum for the second transition of the role of the state from rowing to steering. Given the particular historical background, both transitions are equally remarkable. To a large extent, the 25-year history of private policing in China well illustrates the entrenched communist ideology that economic base determines

superstructure. Perhaps those who have lamented the slower political reform compared with economic reform in China should take this point into account and thus be more patient.

During the period of rowing, the state tightly controlled the private security industry through the public security police. Most importantly, rowing is exemplified by the official stance that only public security police could establish security service companies – the contract component of the industry. Primarily because of this official stance, for a considerable period of time, the security service industry was conflated with the “regular” force of security service companies and several other components were despised as “black market security guards.” The suppression of market forces in the growth of the industry created a series of problems, especially given the country’s geographic vastness and economic disparity. Most notably, the problem of “black market security guards”, either in its broad or narrow sense, is fundamentally a demand-supply conflict. Given the ideology that “stability prevails over anything else” in the economic reform period, the state, especially the public security police, should learn how to maintain stability and control crime through market forces, instead of relying solely on administrative directives and political maneuver.

Chinese scholars have depicted the public security police’s identity in the private security market figuratively as “both referee and players” (see Trevaskes 2007) during the rowing period. This conflicting identity will change with the introduction of the Ordinance on the Management of Security Service (Draft) in 2008 which signifies the transition of the role of the state from rowing to steering.

We should bear in mind that the signs of steering in the development of the private security industry in China as outlined earlier are only piecemeal, albeit significant. The Ordinance on the Management of Security Service (Draft) is only a draft, and it is under review in the State Council since its public consultation closed in March 2008. Although we are confident that the course of shifting from rowing to steering is irreversible, the challenge ahead is how to implement the shifted policies on the ground. In China, just like most third-world countries, the largest difficulties lie in the full enforcement of laws in practice. China’s performance to date in regulating some domains within the socialist market economy such as food safety, mine safety, and environmental quality, has been disappointing (Parry 2008; Andrews-Speed and Ma 2008, Kahn and Yardley 2007).

Because their starting points have differed, both China and western states face different challenges as they seek to regulate private providers of security services. How will China deal with the security service companies which are state-owned assets when the public security police’s role shifts from “doing security service” to “supervising security service”? Will the state sell those assets to individual citizens or appoint professional managers or government officials to run them just like those remaining state-owned enterprises? How to characterize the relationship between the public security police and the new private police after the shift? Will the professional security associations be given a larger role to play in the steering period, instead of being window dressing only in the rowing period? How will the re-organized security

**DO NOT CITE WITHOUT AUTHOR'S PERMISSION** – correspondence to:

[Peter.Grabosky@anu.edu.au](mailto:Peter.Grabosky@anu.edu.au).

This working paper can be downloaded without charge from

<http://ceps.anu.edu.au/publications/>

---

service companies compete with foreign companies when the market is opened to international competitions in accordance with WTO stipulations? The list of questions extends afar.

## References

- Andrews-Speed, Philip and Xin Ma (2008) "Energy Production and Social Marginalisation in China," 17 *Journal of Contemporary China*, 247–272.
- Braithwaite, John (2000) "The New Regulatory State and the Transformation of Criminology," 40 *British Journal of Criminology*, 222-238.
- Dutton, Michael (2005) "Toward a Government of the Contract: Policing in the Era of Reform," in B. Bakken ed., *Crime, Punishment and Policing in China*. New York: Rowman & Littlefield.
- Dutton, Michael, & Tianfu Lee (1993) "Missing the Target? Policing Strategies in the Period of Economic Reform," 39 *Crime and Delinquency*, 316-36.
- Fan, Xiaohui (2006) "Security Service Industry Stepped into Rapid Development through Forceful Impetus," 7 *China Security Service* 5-27.
- Gao, Yaorong (2004) "The 20<sup>th</sup> Anniversary of Shekou Security Service Company," 1 *China Security Service* 14-20.
- Guangzhou Daily (2005) "Crime by Social Order Maintenance Members has Grown," June 21,  
<http://www.southcn.com/news/gdnews/yingxiang/shishi/200506210467.htm>  
(accessed December 22, 2008).
- Joh, Elizabeth E. (2004) "The Paradox of Private Policing," 95 *Journal of Criminal Law and Criminology* 49-131.
- Johnston, Les (1992) *The Rebirth of Private Policing*. London and New York: Routledge.
- Jue, Xi (2002) "Why cannot Security Guards be Invigilators" 3 *China Security Service* 15.
- Kahn, Joseph and Jim Yardley (2007) "As China Roars, Pollution Reaches Deadly Extremes," *The New York Times*, 27 August  
<http://www.nytimes.com/2007/08/26/world/asia/26china.html?scp=2&sq=china%20pollution&st=cse> (accessed 22 December 2008).
- Legislative Affairs Office of the State Council (2008) "Notice of the Legislative Affairs Office of the State Council on Seeking Public Consultation on 'Ordinance of Security Service management (Draft)'," 25 February,  
<http://www.chinalaw.gov.cn/jsp/contentpub/browser/contentpro.jsp?contentid=co1336222556&Language=CN> (accessed July 28, 2008).
- Li, Shu, Mian Wang, & Yingwei Sun (2007) "The Difficulties of Regulating the Security Service Industry," *Outlook* 10-12 (July 23)
- Miao, Wei, Yinxiang Liu, & Wei Qin "A Study on the Status of the Non-Official Investigatory Service," 7 *Public Security Research*, 36-41.
- National Bureau of Statistics of China (2008) *China Statistical Yearbook*. Beijing: China Statistics Press.

- Osborne, David & Ted Gaebler (1993) *Reinventing Government*. New York: Addison-Wesley.
- Parry, Jane (2008) “China’s Tainted Infant Formula Sickens Nearly 13 000 Babies,” 337 *British Medical Journal*, a1802,
- Qian, Yingyi (1996) “Enterprise Reform in China: Agency Problems and Political Control,” 4 *Economics of Transition*, 427-447.
- Qian, Yingyi (2000) “The Process of China's Market Transition (1978-1998): The Evolutionary, Historical, and Comparative Perspectives,” 156 *Journal of Institutional and Theoretical Economics*, 151-171.
- Shearing, Clifford D., & Philip C. Stenning (1981) “Modern Private Security: Its Growth and Implications,” 3 *Crime and Justice*, 193-245.
- Southern Daily (2004) “One Hundred and Forty Thousand Security Guards Became Professionalized,” 15 September, <http://big5.southcn.com/gate/big5/www.southcn.com/news/dishi/shenzhen/szgc/200409150614.htm> (accessed October 12, 2008).
- The Standard (1998) “Business as Usual for Many Companies Backed by the Army,” 23 November, pB21.
- Tanner, Murray Scot (2002) “The Institutional Lessons of Disaster: Reorganizing China’s People’s Armed Police after Tiananmen,” in J. Mulvenon & A. N. D. Yang, eds., *The People’s Liberation Army as Organization*. Santa Monica, CA: Rand
- Trevaskes, Susan (2007) “The Private/Public Security Nexus in China,” 34 *Social Justice*, 3/4, 38-55.
- Wang, Shaoguang (2005) “Learning by Debating: The Changing Role of the State in China’s Economy and Economics Theories,” 23 *Police Studies Journal*, 11-25.
- Wang, Tao (2005) “The ‘Dazzling’ Security Service Market: A Survey of Current Situation,” 1 *China Security Service*, 19-23.
- Wang, Xi (2007a) “A Survey of Security Service Industry in Fujian, Jiangxi and Guangdong,” 2 *China Security Service* 10-19.
- Wang, Xi (2007b) “A Survey of Security Service Industry in Shanxi, Gansu, and Ningxia,” 4 *China Security Service* 10-16.
- Wei, Zhongyi (2006) “How to Enhance the Development of Shanghai Security Service Industry under the New Situation,” 23 *China Security Service* 9-11.
- Wu, Changbo (2001) “China Security Guards Change their Uniforms,” 7 *China Security Service* 4-6.
- Wu, Qian (2007) “A Survey of Security Service Industry in Heilongjiang, Jining and Liaoning,” 7 *China Security Service* 14-21.
- Xinhua Net (2008a) “Intercepting and Besieging the Armored Cash Transport Van Demonstrates the Urgency of Law-making for the Security Service Industry,”

**DO NOT CITE WITHOUT AUTHOR'S PERMISSION** – correspondence to:

[Peter.Grabosky@anu.edu.au](mailto:Peter.Grabosky@anu.edu.au).

This working paper can be downloaded without charge from

<http://ceps.anu.edu.au/publications/>

---

March 1, [http://news.xinhuanet.com/newscenter/2008-03/01/content\\_7695110.htm](http://news.xinhuanet.com/newscenter/2008-03/01/content_7695110.htm) (accessed July 22, 2008).

Xinhua Net (2008b) “Revealing the Secret of the Chinese Private Detectives,” 18 June, <http://society.northeast.cn/system/2008/06/18/051324979.shtml> (accessed 28 July, 2008).

Zang, Desheng, & Jikun Zhang (2007) “The Characteristics of, Reasons for and Prevention of Crime by Security Guards,” 9 *China Security Service* 53-57.

Zhang, Xu (2007a) “A Survey of Security Service Industry in Anhui, Henan and Shanghai,” 12 *China Security Service* 40-48.

Zhang, Xu (2007b) “A Survey of Security Service Industry in Beijing, Tianjin and Hebei,” 1 *China Security Service* 12-20.

Zhang, Xu (2007c) “A Survey of Security Service Industry in Guizhou, Guangxi and Yunnan,” 8 *China Security Service* 10-21.

Zhang, Xu (2007d) “A Survey of Security Service Industry in Inner Mongolia, Hubei, Hunan and Chongqing,” 9 *China Security Service* 14-27.

Zhang, Xu (2007e) “A Survey of Security Service Industry in Zhejiang, Hainan, Qinhai, and Xinjiang,” 11 *China Security Service* 12-23.

Zhang, Yuanxiang (1999) “The reasons and countermeasures for a shrinking security service market,” 1 *China Security Service* 26-27.

Zhong, Lena Y. & Peter Grabosky (2008) “Pluralization of Policing and the Rise of Private Policing in China,” manuscript under review.

Zhong, Lena Y. (2009a) *Communities, Crime and Social Capital in Contemporary China*. Devon, UK: Willan.

Zhong, Lena Y. (2009b) “Community Policing in China: Old Wine in New Bottles?” *x Police Practice and Research* xx-xx.

**DO NOT CITE WITHOUT AUTHOR'S PERMISSION** – correspondence to:

[Peter.Grabosky@anu.edu.au](mailto:Peter.Grabosky@anu.edu.au).

This working paper can be downloaded without charge from

<http://ceps.anu.edu.au/publications/>

---

## Laws and Regulations Cited in Chronological Order

---

|         | <b>Laws and regulations</b>  | <b>Abbreviation</b>                                  | <b>Issuing Authority</b>                      |
|---------|--|--|---|
| 1.1985  | Minutes of the National Meeting on Legal and Political Work of the CCP   |  | CCP General Office Document [1985]-13         |
| 7.1988  | Report of Establishing Security Service Companies  | The 1988 Report                                      | MPS Document [1988]-4.                        |
| 1. 1989 | Notice on Strengthening the Management of Security Service Companies   | The 1989 Strengthening Notice                        | MPS   |
| 11.1989 | Notice on Banning Enterprise Leaders from Being Equipped with Police Apparatus or Personal Bodyguards  | The 1989 Banning Personal Bodyguards Notice          | MPS   |
| 5.1990  | Opinions on Further Clearing and Consolidating Security Service Companies  | The 1990 Further Clearing and Consolidating Opinions | MPS   |
| 5.1992  | Notice on Further Improving the Work of Security Service Industry  | The 1992 Further Improving Notice                    | MPS   |
| 4.1994  | Notice on Banning Security Service Companies from Selling Firearms   | The 1994 Firearms Banning Notice                     | MPS   |
| 3.1996  | PRC Criminal Procedure Law   |  | National People's Congress                    |
| 11.1997 | Resolutions on Clearing and Consolidating the Security Service Industry  | The 1997 Clearing and Consolidating Resolutions      | MPS   |
| 10.1998 | Implementation Measures on disengaging law-enforcement agencies from commercial business   |  | Office of CCP Central Committee No. [1998]25  |
| 1998    | The MPS Notice on Implementing the Spirit of the Meeting on Disengaging the PLA, Armed Police, and Law-enforcement Bodies from Commercial Business |  | MPS No. [1998]70                              |
| 5.1999  | Regulations on the Standard Management of Retained Enterprises under Law-Enforcement Bodies  |  | Office of CCP Central Committee No. [1999]17. |
| 3. 2000 | Regulations on the Management of Security Service Companies  | The 2000 Regulations                                 | MPS   |

**DO NOT CITE WITHOUT AUTHOR'S PERMISSION** – correspondence to:

[Peter.Grabosky@anu.edu.au](mailto:Peter.Grabosky@anu.edu.au).

This working paper can be downloaded without charge from

<http://ceps.anu.edu.au/publications/>

---

|         |  |                    |   |
|---------|--|--------------------|---|
| 11.2002 | Work Plan of the Special Consolidation on Clearing Illegitimate Security Service Organizations in order to Regulate the Security Service Market                    | The 2002 Work Plan | MPS and other five ministerial units (MPS Document No. [2002]-20) |
| 9.2003  | Ordinance of Property Management   |                    | State Council No. 379   |
| 7.2004  | Administrative License Law of the People's Republic of China   |                    | National People's Congress  |
| 8.2004  | Notice of the State Council General Office on Retaining Some Non-Administrative Licensing Items  |                    | State Council General Office Document No. [2004]-62               |
| 7. 2005 | Provisional Regulations on the Management of Security Transportation Companies   |                    | MPS Document No. [2005]-41  |
| 1. 2006 | Notice on Launching a Campaign on the Internal Management of Security Transportation Companies and on Training and Clearing the Guarding and Transportation Forces |                    | MPS Document No. [2006]-6   |
| 3.2006  | Management Measures of Security Service Training Institutions  |                    | MPS   |
| 6.2006  | Operational Procedures and Quality Control for the Security Service Industry   |                    | MPS   |
| 12.2006 | The Syllabus for Security Service Personnel Training (Provisional)   |                    | MPS   |
| 1.2007  | The National Professional Standards of Security Service Personnel (Provisional)  |                    | The Ministry of Labor and Social Security and MPS                 |
| 2.2008  | Ordinance on the Management of Security Service (draft)  |                    | State Council   |

---

---

**Table 1 Distribution of Security Organizations in Beijing**

| Security Service Organizations               | Personnel (%)          |
|--|------------------------|
| Security Service Companies                   | 80,000 persons (39.0%) |
| Self-established security organizations      | 40,000 persons (19.5%) |
| Property management companies                | 50,000 persons (24.4%) |
| <i>De facto</i> black market security guards | 35,000 persons (17.1%) |
| Total  | 205,000 persons (100%) |

---

Source: Li, Wang & Sun (2007).

**Table 2 Turnover of Security Organizations in Shanghai**

|   | Turnover in yuan (%) |
|---|----------------------|
| Security Service Companies  | 1.5 billion (10.1%)  |
| Self-established security organizations and property management companies | 2.5 billion (16.7%)  |
| 467 Technological security  | 10.0 billion (66.7%) |
| Armored transportation  | 0.3 billion (2.0%)   |
| Total   | 15.0 billion (100%)  |

---

Source: Wei (2006).

---

**Table 3 Business Scope of the Security Service Industry in China**

---

| The 1988 Report  | The 1992 Further Improving Notice  | The 2000 Regulations  |
|--|--|---|
| <ul style="list-style-type: none"><li>• Guarding, door-manning, internal patrolling, escort in transportation of high-value goods or dangerous materials</li><li>• Personal protection and property safety</li><li>• Security services for exhibitions, fairs, entertainment activities, sports games and tourist activities</li><li>• Sell anti-theft, anti-fire or alarming equipment, and provide services on designing and installing security equipment and related consultation and maintenance service, as stipulated by the laws and regulations</li><li>• Other security services as requested by the customers</li></ul> | <ul style="list-style-type: none"><li>• To expand the security service market, including both manned security and technological security</li><li>• Proposed that when conditions are suitable, security service companies could take charge of guarding important premises and transportation which used to be the preserve of public security police</li><li>• Emphasized the importance of guards being morally, professionally and physically strong.</li><li>• Places with appropriate conditions may establish special units for guarding and transportation and may even be equipped with a certain number of guns</li></ul> | <ul style="list-style-type: none"><li>• Security guarding of enterprises and public service units, government buildings, residential neighborhoods, and public places</li><li>• Transportation of cash, negotiable securities, valuables, cultural relics, artistic crafts, and other high-value goods and materials, and dangerous materials such as explosive and chemical materials</li><li>• Security service for exhibitions, shows, entertainment activities, and business activities</li><li>• Research, develop and promote security technologies and products, engage in projects on security technologies and products, and provide related after-sale services</li><li>• Security consultation services.</li></ul> |

---