

# Sejong Policy Brief



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## *Executive Summary*

**A Sudden suspension of Chinese Ant Group's stock market listing: restrictions on private conglomerates and the nature of China's economic politics**

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*This article is written based on the author's personal opinions and does not reflect the views of the Sejong Institute.*

## Executive Summary

- On November 3rd, 2020, the listing of Ant Group, a fintech subsidiary of Ma Yun(馬雲)'s Alibaba Group, on Shanghai and Hong Kong stock exchanges was suddenly canceled
- Initially, Ma Yun's criticism of the government was accounted for the suspension of the listing. However, over time, a power struggle within China was presented as the cause of the suspension; recently, the structural characteristics of the Chinese economic system are discussed as the reason for such a sudden decision
- In the 1980s and 1990s, when China was in the early stages of the Chinese economic reform, China set a specific relationship between a socialist plan and the market.
- The so-called birdcage theory (主補論), of which a central plan is the main and the market supplements the plan, of 1982, is a typical example
- The theory is called the birdcage economic reform theory (鳥籠經濟論) for comparing economic revitalization and management to a bird and a birdcage. The principle is that the size of a birdcage can be adjusted for economic revitalization, but that the bird will fly away without the cage; therefore, individuals' economic revitalization must be promoted under the great guidance of the birdcage plan
- Grasping the large, letting go of the small (抓大放小) that was finalized in 1994 is also a very important principle: large state-owned enterprises are under the centralized control of the nation, and the size expands to secure competitiveness. In short, this is the principle of the Communist Party of China's control of large companies
- Although there are various interpretations of the reasons for the suspension, China had established its principles for large companies and the market a long

time ago and has maintained them. Companies that can grow beyond the bird-cage can be subject to sanctions at all times, and therefore, similar cases like the suspension of Ant Group's listing may happen again

*※ Translator's note: This is a third party's unofficial translation of the original paper that was written in Korean. All references should be made to the original paper.*