

Risky Expertise in Chinese Financialisation

Haigui Returnee Migrants in the Shanghai Financial
Market.

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Statement of Authentication

The work presented in this thesis is, to the best of my knowledge and belief, original except as acknowledged in the text. I hereby declare that I have not submitted this material, either in full or in part, for a degree at this or any other institution. Sections of chapter 5 have been previously published in Dal Maso, Giulia. “The Financialisation Rush: Responding to Precarious Labor and Social Security by Investing in the Chinese Stock Market.” *South Atlantic Quarterly* 114, no. 1: 47-64.

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Abstract

By investigating the subjectivities of Chinese student-returnees (*haigui*) from Australia who pursue careers in the Shanghai financial market, this thesis explores the tensions resulting from the Chinese state's engagement in contemporary financial capitalism. The thesis approaches financial expertise as an empirical object of analysis to ask how subjectivity is produced within the process of Chinese financialisation and how this impacts upon the Chinese state in the current conjuncture of capitalism.

In the wake of the global economic crisis, the financial expert has often been portrayed as the faceless figure of a technocracy whose growing power has undermined and partially eclipsed the legitimacy of democratic representation and the state sovereignty, as happened in Greece in summer 2015. Yet, globally circulating narratives lack an analytic lens that can look beyond a western-centric view of capitalism. In China, despite the severe financial crackdown—which also began in the summer of 2015—the state still seems firmly in control. To investigate the distinctiveness of Chinese financialisation I adopt a genealogical method that traces the history of expertise—and the figure of the expert—since the first period of Chinese modernisation, in the mid-nineteenth century. I argue that the contemporary production of experts marks a discontinuity within Chinese modernity. While in the modern period experts trained abroad were always considered strategic for the state political project, now such figures (*haigui*), even if still fostered and encouraged to return to China by state policies of education and migration, are pushed aside and considered superfluous to this same project.

The findings in this thesis are based on ethnographic fieldwork in Shanghai, which included qualitative, semi-structured interviews with *haigui* from Australia as well as participant observation in brokerage rooms (branches of securities companies). These empirical investigations show that these returned financial experts are frequently unable to step into their preferred roles as consultants and mediators. They find themselves faced with a state securitised environment that they cannot penetrate, and a Chinese ecology of financial expertise dominated by *guanxi* (connections of influence within the party-state, often disguised). A common means by which *haigui* cope with this professional impasse is to turn to autonomous, self-managed investment

in the stock market, abandoning their claim on expert advisory roles. Such autonomous financial action is not a path they would have necessarily sought.

Since its inception in the wake of Deng Xiaoping's reforms, I argue that the Chinese state has used the stock market as a means of securing social legitimation by providing a prearranged space where the disaggregated and vulnerable subjects left behind by the dismantlement of the collective work units of the Maoist period (*danwei*) can congregate.

The two Chinese stock markets (Shanghai and Shenzhen) serve as devices from which some may derive a living or even wealth in the context of a dismantled welfare state. Once they enter the stock market arena, the *haigui* are assimilated into a pool of low-end, non-expert actors of Chinese mass financialisation, the so-called “scattered players” (*sanhu*) of the market. The investment strategies of *haigui* thus acquire the same characteristics of informal expertise and contingent practice associated with the *sanhu*. The thesis shows how the officially sponsored “Chinese dream” has taken the form of a “stock fever”—an irresistible tide which is sweeping these subjects towards a commitment to making money at all costs. Investing in the stock market gradually becomes, for the *haigui* as for the *sanhu*, a self-referential activity. The state gradually disappears from the horizon of their subjectivity, so that the stock game, the dream of enrichment, becomes absorbing and substitutes for other alternatives. As the language of money supplants and obliterates other loyalties among the *haigui*, the state risks losing its grasp on the subjectivity of these dethroned experts, who become first indifferent and alienated and then potential unruly subjects.

Introduction

After spending 2008 studying Chinese in Beijing on a scholarship I had received from the University of Bologna, I returned to China in 2010 to take up work with the *Istituto Italiano per l’Africa e l’Oriente* (IsIAO), a publicly funded Italian research institute, which had a newly opened section in Shanghai. It was affiliated with a Chinese university, and I was collaborating with Chinese colleagues in the management of different projects. It was an enjoyable atmosphere and experience, although I remember that during work breaks, I rarely had the company of colleagues for a stroll around the block. During lunch, my Chinese colleagues would remain in the office, bent over their desks, seemingly overloaded by work. Typically they ordered their lunch to the office and ate it in front of the screen. I felt guilty—my work did not seem to be as hard as theirs. One day, I noticed Miss Fang, the administrative executive who had been working with me on a cultural project report, was staring at some data on her screen. At first I was worried that I had forgotten that we had to finish some financial reporting, but when I asked Miss Fang what she was looking at, she replied she wasn’t in fact working—she was *mai gupiao* (“buying shares”) and investing some of her money on the stock market. Her answer was unexpected, as she seemed an unlikely candidate for such activity. She went on to explain that her father, back in Anhui (a slightly rural province in the Chinese hinterland) had encouraged her to invest in this way. He had apparently made quite a lot of money in the past, though this had not been the case for Miss Fang, who had had no luck and didn’t really know how to invest. Though repeatedly disappointed, she kept rolling the dice.

This and similar episodes had sparked my curiosity to explore some of the distinctive features of the Chinese stock market which would later form part of the object of this thesis. After the Global Financial Crisis (GFC) had struck, my Shanghai salary—which had been pegged at the Chinese standard of 500 Euros per month—was cut when the Italian research institute I was working with was shut down as a result of the new austerity measures implemented by the Monti government in Italy. After losing my income, despite the booming post-Expo Shanghai economy, my own financial situation had become precarious and the economic anxiety of finding a new job to

enable me to continue my studies in China weighed heavily upon me. Finally, after months of job seeking, I realised that the only jobs available were low-paid casual opportunities with foreign companies trying to set up business in China. Furthermore, competition was fierce—many young professionals in Shanghai like me had been driven from Europe by the collapse in employment opportunities there following the GFC. It was very common for foreign companies to entice young compatriot professionals with Chinese language skills into an internship or other precarious contract in the Shanghai job market, dangling the prospect of entry into lucrative careers.

To a certain extent this dynamic was re-producing the geography of Europe's own unemployment situation in Shanghai. Young professionals from the economically most disadvantaged European countries lacked the support of the scholarships and networks of their French, German or British colleagues, whose national governments were investing public funds in them in order to increase national cultural capital. Despite the emphasis on globalisation, the rise of transnational professionalism in a new global division of labour, and the subsequent emergence of Shanghai as a vibrant global city, I still found myself unhelpfully entrenched within the “provincial,” “parochial” mind-set of Italian companies abroad. In addition to this, following the financial crisis in Shanghai it wasn't just young European unemployed professionals like myself looking for new career prospects in China, but also laid-off traders and brokers from the most powerful and prestigious US financial institutions such as Meryl Lynch and Lehmann Brothers. Even for these, the Shanghai financial market didn't live up to its publicity as a new “promised land,” and they could not hope to match the salaries that they were previously used to in the USA.

In this thesis I argue that through the process of financialisation China is constructing a new mode or form of capitalism (Keith et al. 2014). I argue that the state is the primary mobiliser of a new Chinese economic life leading to financialisation. By the term “financialisation,” I refer to a shift in the economy which has seen an increase in the influence of financial intermediation—performed in China mainly by the state through its policies and its agencies—together with a rising tide of financial calculations and assumptions spilling into everyday life. My observations do not consist of a macro-economic or structural inquiry into Chinese market specificity in

order to argue for an exceptional economic model. Instead, in order to grapple with some of the distinctive features of Chinese financialisation, I look from an alternative angle, one which focuses on a particular subjectivity: that of the *haigui* (a Chinese term meaning “student returnees”) from Australia. The *haigui* in my study are Chinese students who have gone to study in Australia in order to acquire a measure of financial expertise and, at the encouragement of the Chinese state, have then returned to Shanghai to advance a career in the Chinese financial market. Through the empirical investigations outlined in this study, I will show how these returned aspiring financial experts are frequently unable to step into their preferred roles as consultants and advisors. Faced with this disappointment, more than half of my interviewees tend to cast off their “expert guise” and resort instead to autonomous, self-managed investment practices in the stock market.¹ I show that once they enter into the Chinese “stock market arena” (Hertz 1998), the *haigui* join the low-end, non-expert actors in Chinese mass financialisation known as the *sanhu* (“scattered players”).² The *sanhu* consist of a heterogeneous group of investors—mostly lay investors and financial self-learners—who resort to the stock market as a way to make “extra money” in the face of their precarious social and labour conditions. The investment strategies of the *haigui* then acquire the characteristics of informal expertise and contingent practices associated with the *sanhu*.

I suggest that an approach to Chinese financialisation, which takes as a premise the subjectivities generated by it, provides a critical method for the study of the particularities (specificity) of financialisation in China. This unique financialisation, I argue, provides a lens to grasp the heterogeneous and polychromic form of contemporary capitalism. Capitalism is rooted in its universal foundations and commonalities (Chibber 2013; Streeck 2010)—i.e. the role of capital accumulation, the constant tendency to profit growth, as well as capital’s tendency to “subsume traditional relations of social exchange under the money economy, and its subsequent critical instability, and continuous change” (Streeck 2012, 5). Yet, the emerging

¹ 23 *haigui* were interviewed for this research and 11 of them were investing or had done so at least once.

² My investigation of *sanhu* took place in brokerage rooms in both Shanghai and Shenzhen where I engaged in participant observation and I have interviewed 9 investors.

integration of territories and social orders under the over extending frontier of capital has not translated into a homogenous order but in a deeply fragmented, discontinuous and heterogeneous one. The way capitalism is constantly mutating and renovating its cartography seems to displace most attempts to categorise this transformation by definite patterns. The contemporary capitalist order has both surpassed the world system theory—according to which capitalism transformed hierarchically on centre-periphery model (Amin 1976, 1977; Wallerstein 1974, 1979; Frank 1967) and exceeded meta-narratives that attempt to portray capitalism through singular spatial, sectoral, and institutional diversity within and across national models (Schmidt 2000, 2009; Peck and Theodore 2007; Hall and Soskice 2001).

Wolfgang Streeck, drawing from Karl Polanyi points out that “If the economy is an ‘instituted process’ (Polanyi [1957]1992), it follows that capitalism, being a specific kind of economy, must be based in an institutionalised social order by and into which it is formed and organised. Social orders, however, “differ in space and change over time” (Streeck 2010, 5). Streeck reminds us that “private property, free markets, wage labour, joint stock companies, and modern finance emerged in or spread to different historical contexts and local traditions, institutions and power structures that could not but imprint themselves on the ways in which capitalism became ‘instituted’ in different societies” (5). Such an account successfully supplies evidence of capitalism’s historical and geographical diversity, yet when exploring the Chinese case—characterised by deep internal regional and local heterogeneity, the overlapping of multiple labour and production regimes (Rocca 2007), and strong interrelations with other forms of capitalism—the search for “an ‘essential’ form of institutional-cum-macroeconomic coherence” seems futile (Peck and Zhang 2013, 387).

Thus, I seek to conceive the Chinese capitalist configuration in a way that goes beyond simplistic taxonomies and accounts for the multiple forces and agents that characterise the Chinese capitalist galaxy. I recognise the strong role of state institutions and state owned enterprises (SOEs), the legacy of the Maoist era, and the role of state sovereignty as the leading force behind profound institutional economic and social transformations that unfolded from the time of the economic and opening reforms. These factors provide a basis for the subsequent rise and entrance of financial capital in colonising everyday life. I suggest that the Chinese variation of capitalism can be

understood, as suggested by Streeck, as an *e pluribus unum* (2010), one among the various different capitalisms which “became and remain different”, in spite of the cross-national commonalities. This specificity is ultimately denoted by a *contre-jour* presence of the state, which as a dark shadow—scarcely visible against the gleaming backdrop of its calls to enrichment, harmony and dreams— propels its population along prearranged trajectories, without flaunting its power.

I advance the thesis that Chinese financialisation has been directly mobilised by the state as a governmental device. I also contend that Chinese mass financialisation has been a state project directed primarily at financialising human capital (via higher education including study abroad) and encouraging financial acquisition via stock market trading as a reaction to an increasingly contractualised labour market and vanishing welfare state. Arguing for such distinctiveness, however, does not mean rehashing the mainstream view that posits China as an exceptional model in which the state exerts a strong visible hand in the economy. Indeed, mass financialisation in the West also involves an on-going role for the state in financial regulatory systems (Dardot and Laval 2014; Mirowski 2013), the active role of the state in the restructuring of the welfare state toward a reliance on global financial markets (Dixon 2014), and the simultaneous use of financial innovation, market-based practices and technologies to pursue statecraft objectives (Lagna 2015). Yet, as I will explain in the course of the thesis, in the Chinese case these processes cannot be explained as a gradual withdrawal of the state from its traditional function or as a response to declining productivity, such as that which characterised the transition from the Fordist era in most Western countries (Aglietta 1979, 2000; Boyer 2000), with a subsequent and gradual expansion of credit and people’s indebtedness (Lazzarato 2012; Graeber 2011; Martin 2002). Even more than elsewhere, financialisation in China cannot be cynically dismissed as “a convenient word for a bundle of more or less discrete structural changes in the economies of the industrialised world” (Dore 2008, 1097).

Yet, everywhere, financialisation as a device and product of global capital’s operations works boundlessly, colonising everyday life. It enacts pervasively through actions that capture conduct, emotions, and orientations that subsume everyday life in a process of valorisation, in the form of biopower (Fumagalli 2007; Martin 2002; Langley 2008; Lazzarato 2012; Marazzi 2010). Under financialisation, individuals are encouraged to

internalise new norms of risk-taking and develop new subjectivities as investors or owners of financial assets. It is indeed paramount to recognise the biopolitical dimension of financialisation and the way “finance has become, in Foucauldian terms, a technique ‘governmentality’” (Van der Wende 2014,102). However, while seeking to map the power of financial capital, it is important to be cautious in analysis of financialisation that considers governmentality exclusively from a decentralised perspective and a diffuse form of power. Foucauldian studies on governmentality have investigated the political technologies that have been invented to make the social governable in particular ways (Atkin 2010). However, despite the fact that technologies of government may be enacted beyond the state, Foucault also argued that such technologies are produced and are co-extensive with the state’s search for legitimisation. As I will argue in this thesis, such caution is particularly valid when examining the Chinese state.

As highlighted by Wang Yingyao, Chinese financialisation “presents an extreme statist case in which the state not only ‘directs’ but ‘owns’ the economy” (Wang Yingyao 2015, 604). In China the omnipresence of the state in the economic sphere “poses challenges to the central presuppositions of the existing literature on financialisation” (604). Indeed, when considering the form of capitalism emerging in China, the debate remains open. For example, when seeking to situate China within the variations of capitalism, Jamie Peck and Ju Zhang (2013) point out the following: “the meaning of the Chinese ‘model’ often lies in the eye of the beholder: while Arrighi (2007) was able to determine post- or alt-capitalist possibilities in China, the Economist (2011) was until recently dismissive of claims that the country’s development might represent an ‘object lesson in state capitalism’, in favour of an affirmation of its own worldview, that China’s remarkable success [is attributable to] an odd and often unappreciated experiment in *laissez-faire* capitalism” (358).

From such contrasting perspectives it is clear that the Chinese model cannot really fit any pre-determined analyses. I argue that in the complex assemblage of knowledge, power and practices that speaks of financialisation, China offers an additional context to observe how financial power is creating a new financial configuration within the heterogeneity of contemporary capitalism. In China the state has developed a specific

financial aim, which largely differs, for instance, from other Asian developmental or planner states, or European Union or Anglo-Saxon neoliberal states.

Yet, while discussing the Chinese state in this thesis, I also want to step back from a unitary and rigid conceptualisation of “the state.” I share Julia Elyachar’s concerns with the challenges of “how to write about the state.” In her “Mappings of Power” (2003), she writes of the Egyptian state. Although the context of her work was different, she felt it necessary to specify that “when writing of ‘the state’ some will surely find it unsatisfactory” and that “there is no doubt that the state is changing, and that our categories have benefited from deconstruction” (598). However, “rather than trying to definitively resolve ongoing debates about ‘the state,’” Elyachair suggests a different direction which calls for more research on the forms of power that are emerging at the interstices of the state, and other financial organisations, institutions, and—here I add—subjectivities. In particular, in this research I examine the specific configuration of Chinese financial capitalism by looking at the interplay between financial power and state sovereign power and at the subjectivities produced out of this relationship.

By following the route of both the *haigui* and *sanhu* in acquiring the financial expertise necessary for participation in Chinese financialisation, I show how the role of state power—the way it is transforming under financialisation, its “tensions,” “fragmentation” and inherent contradictions—is both reflected in, and appears a constituent part of the production of these subjectivities. Crucial to the thesis advanced in my work is the development of an understanding of the way the state has been equipped with a new financial apparatus and expertise—and how this is marked by multiple tensions that shape its distinctiveness. Thus, before I enter into the core argument of this thesis, it is first necessary to provide an overview of the different components constituting what I call the shaping of a “Chinese ecology of financial expertise.” As I will explain below and elsewhere in this thesis, a Chinese financial ecology of expertise has emerged from the state’s embrace of financialisation as a means of self-management. As Wang Yingyao writes, financial means have gradually substituted fiscal means to manage the Chinese state’s ownership of assets, and public investments (Wang Yingyao 2015). In this configuration, the basis of the Chinese financial apparatus remains firmly within the authority of the state, and the Chinese

stock market—with sites in both Shanghai and Shenzhen—can be defined as the “fund-raising tool of the government” (Hsu 2016).

The Chinese financial system is dominated by a large banking sector still mainly controlled by the four largest state-owned banks, the “Big Four,” all of which have become publicly listed and traded companies in recent years; the government is the largest shareholder and retains control of these institutions.³ The China Banking Regulatory Commission (CBRC), whose members are appointed by the State Council, the highest government body, regulates other banks. Furthermore, in contrast to Western economies where the stock market is typically smaller than the bond market, the Chinese stock market has a level of capitalisation that has achieved almost forty-four per cent of Gross Domestic Product (GDP).

Owing to its high annual turnover rate and volatility, global commentators describe some components of the Chinese stock market as a “crazy casino” (*The Economist* 2015). The way in which the stock market has been instituted and configured represents the distinctive way China has accommodated financial capital. Since its inception, the stock market has been organised into two different share classes (A and B shares), the former denominated in the local currency (the *renminbi*) and at the disposal of local investors (the *sanhu*); the latter denominated in foreign currency (US dollars in Shanghai and Hong Kong dollars in Shenzhen). This division has strategically enabled the government to be in the position of creating a Chinese *zona franca* where foreign investors can participate, observing and exchanging information within the Chinese stock market, while at the same time the government preserves an exclusive Chinese space for Chinese investors only, in a new form of domestic deposits. The stock market is regulated by the China Securities Regulatory Commission (CSRC)—another institution that depends on, and is appointed by, the State Council. The role of the CSRC is to oversee China's nationwide centralised securities supervisory system, regulating the trading, issuing, and settlement of stocks, fixed income securities, and securities funds, and supervising the conduct of shareholders and securities brokers. Ultimately, the Ministry of Finance (MOF) also

³ These are the Bank of China, the China Construction Bank, the Industrial and Commercial Bank of China and the Agricultural Bank of China.

touches on financial regulation through its share holdings in the Central Huijin Company, the main class of state asset management companies that are also the state-owned financial holding companies, enabling the state to perform as a main shareholder in the market (Wang Yingyao 2015).⁴

As suggested by Aihwa Ong (2015), taking the Chinese case as a major example, an ecology of expertise refers to a knowledge *milieu* in which the strategic deployment of financial funds and assets territorialise and code crisscrossing relations of convergence and competition to shape a financial state (55). In welcoming the logic of financial capital, I argue that a new Chinese ecology of financial expertise is created when the state looks to financial assets operations to sustain itself. Notably, this ecology suggests the making of a financial apparatus in which the expertise guiding decisions around financial costs and benefits follows an endogenous, centralised and centripetal rationale. However, I use the concept of a “financial ecology of expertise” to address more specifically the shaping of a Chinese financial state whose decision-making matures whilst fostering the rise of Chinese formal and informal financial experts. Throughout the thesis, I demonstrate how, in this financial ecology, the relationship between the state and the financial subjectivities it fosters is constantly intersected by unpredictable, contingent and ever-evolving financial capital flows.

Through a genealogical inquiry, I illustrate how the contemporary role of the state in fostering foreign experts, while necessary for the state project of financialisation, is marked by both discontinuities and continuities with its modern past. I suggest that, while the policies the government adopts to acquire financial expertise and foster new experts for its agenda mark a continuity with the traditional role of the Chinese state since the first period of modernisation, under financialisation a discontinuity is apparent in the recognition of the same experts educated abroad.

Under financial capitalism a new hierarchy of knowledge disrupts and complicates national state control over labour. I engage with theorists of cognitive capitalism to demonstrate how the haigui navigate a new regime of accumulation, where knowledge,

⁴ Huijin has grown its asset to nearly 23 times that of U.S.’s largest financial holding company—JPMorgan Chase & Co.

to be understood as human “know-how” (not only the technical but also cultural, linguistic, and relational skills), “becomes the basic source of value as well as the principal location of the process of valorisation” (Moulier-Boutang 2012, 57; see also Corsani et al. 1996, 2013; Morini 2007, 2010; Fumagalli 2007, 2011; Vercellone 2007). In this knowledge regime, the relation of capital to labour is marked through “the hegemony of knowledge and by a diffused intellectuality” (Vercellone 2007, 16). I will show how, if financial education appears as a device for the filtering, selection and return of labouring subjects such as financial experts, it is also the case that the making of these experts escapes, exceeds and resists any enclosed form of learning functional to the state project.

Through the notion of “circuit,” I provide an analytical framework for examining the social, economic and political forces that shape the *haigui*’s migration process in its different stages. This allows an investigation into the manner in which the Chinese state manages the dictates of global financial capitalism and the related transformation of education. State policies of migration and education, together with the *dispositif* of financialisation, are enacted at the departure points—spurring the students to invest in their (human) capital, and to add value to their knowledge by studying abroad, as a contribution to the country and their personal career. At the same time, students’ families are compelled to invest in them. This sort of investment promises alluring rewards to the returnees, for instance by being granted a *hukou* (a Chinese resident permit) for the city of Shanghai, the most globalised and financialised mainland Chinese city.

However, the discontinuity of the role of the state becomes even more evident once the notion of the circuit of capital valorisation is applied to the *haigui*’s foreign expertise, becoming “value in motion” (Harvey 2013, 37). In the circuit, “forces independent of the magnitude of value affect the degree of effectiveness of capital, its expansion and its contraction” (Marx 1978, 124). From my analyses of the China-Australia-Shanghai circuit, it emerges that the main independent force at work is the state. The role of the state, in deploying its policies of migration and education, is manifest at the departure, along the trajectory and at the terminus of the study abroad circuit.

However, the state emerges not only as a promoter but also as an obstructor of the circuit as it fails to welcome the *haigui* into its state controlled financial institutions. Marx (1978) explains that “circuits of capital proceed normally only as long as its various phases pass into each other without delay ... [unless] unsaleable stocks of commodity obstruct the flow of circulation” (133). Due to the obstruction of the state at the point of return, the investment of the *haigui* abroad is derailed and can no longer flow smoothly or continuously through the circuit, but rather stacks at the borders, idle, as “unsaleable stocks of commodity” (see above). I argue that these subjectivities reveal the contradictions and tensions inherent in the Chinese state’s embrace of financial capitalism and its attempt to foster financial labour.

Furthermore, when faced with this failure of welcome, the *haigui* discard their original ambition and commitment to work under state financial institutions, and instead adopt the practices of everyday investors, plunging in to the domestic stock market, and unifying with the multitude of scattered mass investors. The stock game, the dream of enrichment, becomes absorbing and substitutes for other alternatives. In particular, as the language of money supplants and obliterates other loyalties among the *haigui*, the state risks losing its control over the subjectivity of these rejected experts, who first become indifferent and alienated and then develop into potential political subjects.

Chapter outlines

Chapter 1 underlines that the present Chinese state’s attempt to make China one of the strongholds of contemporary capitalism suggests a [high] degree of continuity with the earliest years of China’s path to modernisation. I discuss how Chinese modernisation was shaped by the attempt of the government to foster foreign expertise while maintaining its grasp on the whole process of insertion. This attempt emerges as a constant paradigm. From the second half of the nineteenth century, the rationale that defined China’s early efforts at transition to modernisation sought to empower China while maintaining a regime of independence and forcefully protecting its autocracy. This approach can be best understood in the well-known slogan developed by one of the main intellectuals and reformers of the epoch, Zhang Zhidong (1837-1909): “Chinese culture/knowledge as a basis (*ti*) and foreign culture/knowledge as a tool (*yong*).”

I claim that, in similar ways, this dynamic can also be observed in the way the Chinese state has actively embraced and shaped the financial market, and in its use of foreign financial expertise. I investigate how the Chinese financial regime is shaped by the strenuous attempts of the state to enhance its global power within financial capitalism—seeking to acquire what is formally and universally considered financial expertise—while also using the financial market to exert a firm control over the population through a process of mass financialisation. Thus, I look at the state’s attempt to control formal and informal financial expertise, and focus on the cracks and fissures that emerge as a result of the irresolvable incompatibility of the two.

Through my findings, chapters 2 and 3 stress the contradictory nature of state policies that seek to lure the *haigui* back to China. I show how, once back in China, the *haigui* become frustrated, as they are unable to valorise the expertise they acquired abroad. The returnees become the holders of an expertise, which is, at the same time is encouraged and marginalised. Within the Chinese financial ecology of expertise, the state prefers to promote locally graduated peers with appropriate state-led *guanxi* (connections of influence within the party-state, often disguised). So I ask—is the Chinese state taking a risk by smoothing the way for the financial expertise learned abroad, and dealing with the returnees as a new subject acting in the Shanghai financescape? Indeed, the growth of financial expertise is certainly unavoidable and no country willing to position itself within the global circuits of capital can advance without financial experts with an international background. However, in China, the unwanted side effects are quickly neutralised within the traditional approach of what is referred to as to the Zhang Zhidong basis/tool (*ti/yong*) distinction of “Chineseness/foreign expertise.” Here, the domestic logic of the *guanxi* or personal relationships system prevails and the expertise becomes ancillary in order that the existing structure of power remains unaltered.⁵ This approach is also reminiscent of the “red and expert” policy implemented in the first decades of the People’s Republic in which experts were acknowledged primarily for their political commitments, and only afterwards for their technical expertise.

⁵ In Chinese, a *qiaomenzhuan* is “a brick picked up to knock on the door and thrown away when it has served one’s purpose,” i. e. “a stepping-stone to success.”

To trace the Chinese state's continuity within this tradition, chapter 2 in particular, explores Chinese policies of migration and education as analytical factors. These will enable an understanding of the distinctiveness of the Chinese state's role in shaping a new financialisation of everyday life. I investigate the kinds of subjectivities the Chinese state is producing through the interplay of these factors. As an example of one of these subjectivities, Chinese returnees embody some of the state's contradictory moves and therefore also demonstrate the impossibility of addressing the entire suite of measures taken by the state within a unitary logic. Once in the Shanghai financial market, the returnees find that their foreign acquired expertise is a risk for their appointment to the status of Chinese financial experts. This does not occur because their role as experts is contested in the regime of "risk societies" (Beck 1992, 2002, 2006; Giddens 1994, 1999), but rather as a result of Chinese "anti-modernity modernity" (Wang 2008), that is, how "Chineseness" has resisted and contaminated global modernity and how "Chineseness" has worked to reshuffle global modernity. Within the Chinese financial market, what makes expertise risky is the instability and uncertainty arising from social economic and political alliances with the state and those who participate in the market game (Lash and Arnoldi 2012). In Chinese "anti-modernity modernity" (Wang 2008) the state always selected and filtered foreign knowledge under its supervision and only then proclaimed itself as the main agent of the process of modernisation.

Without doubt, Shanghai is the best place to grasp the distinctiveness of Chinese financialisation. Chapter 4 concerns Shanghai, which I describe as the cradle of what I will describe as Chinese "multiple modernities" and site of the biggest Chinese stock market. Shanghai is at the same time both the Chinese global city and the financial city *par excellence* and it is also the city attracting the highest number of *haigui* across the whole country. Through financial expertise learned in countries such as Australia, these *haigui* are seeking to become the ones who will be in charge of representing China in a "premiere" position in the global capitalist order. However, as I have already stated, after arriving in Shanghai, their expectations are flustered. Instead of having the opportunity of establishing their careers as crucial intermediaries of the state, working as representatives of its global financial ambitions, their jobs consist of technical and administrative tasks that keep them "at a distance" from their desired managerial and executive roles. Once in Shanghai, they are frustrated by the lack of

job opportunities and find themselves embedded in a process of mass financialisation where the expertise they have attained abroad doesn't count. In the face of such an *impasse*, many *haigui* resort to the stock market to supplement their income and job precariousness. In this move their financial expertise merges with that of other actors—the so-called “scattered investors” or *sanhu*. These subjects are the holders of “informal expertise” who, living in precarious social and labour conditions, participate in Chinese financialisation as a substitute for a vanished welfare state.

Chapter 5 stresses how the subjectivities of the *sanhu* reveal further characteristics of the distinctive features of the Chinese financial state. Following the launch of China's opening and reform policy in 1979, the stock market was set up by the state as a dual function device structured to deal with domestic and foreign shares separately. In this system, the state sets aside the domestic shares (A shares) for the common people, who are encouraged to invest in shares as a substitute for the shrinking welfare state. By inducing what I call “mass financialisation” the Chinese state sought to control its citizens by regulating their participation in the financial markets and by inducing in them to a stock “fever,” a craving for stocks (Hertz 1998). Since Deng Xiaoping's opening reforms (*gaige kaifang*), a further distinct characteristic of Chinese financialisation was that the opening of the stock markets was conceived as a governmental project to seek state legitimation by encouraging people to invest, that is, as a “get rich” scheme. The state arranged for the opening of the stock market to ordinary people in order to guarantee a new source of economic order, as a substitution for the erosion of social and economic stability caused by a shrinking welfare state.

However, through mass participation in market practices and their associated irrational market behaviours, the scattered players (*sanhu*) have proven to be a disturbance to the state control over shares. Through their unpredictable behaviour and significant numbers, the *sanhu* have become an untameable force and have acquired a potentially subversive power in the face of state efforts control the market. Furthermore, when the *haigui* merge with the heterogeneous multitude of the *sanhu* they assume some of the characteristics of these lay investors. Once the *haigui* realise that their own international expertise is not being valued, many react by adopting the practices of everyday investors, plunging into the domestic stock market, where the expertise they learned abroad does not necessarily apply. Instead of wanting to advance their work

career, seeking to be employed by one of the state financial institutions, they use the stock market as a new means of social and financial mobility.

In chapter 6, the final chapter of the thesis, I argue that, in China, the stock market suggests the creation of a new redistributive model in which the category of financial labour is at stake. While the *haigui* seem constrained to reject their formal training as financial workers, the *sanhu*, through practices of self-learning and socialisation, respond to a new context in which the traditional concept of waged labour seems to evaporate. The Chinese financial market becomes a site in which to observe and trace the crisis of financially-skilled labour—as a form of productive labour in the classical wage relationship—within current global capitalism. As argued by the theorists of financial capitalism and financialisation the meaning of “financial labour” is becoming increasingly opaque. Not only have the categories of labour and life become increasingly blurred (Martin, Rafferty and Bryan 2008, Lazzarato 2012, Haiven 2014, Dasgupta 2013) as “communication ... [and] the transmission of information [have] become both a raw material and instrument of work” (Marazzi 2008, 50), but also the very category of financial labour seems to have become “reduced to the status of data” (Rossiter 2015), re-managed and re-arranged according to the specific time-space coordinates, risk factor and system of codification of a given financial environment. For some of the *haigui*, investing in the stock market in their free time becomes almost the first strategy to gain extra money. In doing this, they begin to act like the informal experts and metamorphose with the mass of scattered investors known as the *sanhu*. I show how in this configuration, the inter-subjectivity between these two subjects, becomes a mirror: while the *haigui* are influenced by the *sanhu*’s enthusiasm for their informal investing activities’ potential to make “fast and easy money,” conversely the *sanhu* view the *haigui* as successful, international self-made subjects who, while investing like them, further legitimate their activity.

This encounter equally reflects the subjection of the *haigui* and *sanhu* through the power of money—even if it occurs along a different path. Admittance to the social means of production, from which both appear deprived, is replaced with the hope of directly accessing money, which also carries a whole set of psychological, emotional, affective, and existential forces. Through their collective actions, the *haigui* and the *sanhu* have the capacity to shape market trends and to disturb the state control over

shares. The stock market becomes the site of an arm wrestle between the financialised state and these financialised subjects seeking to acquire financial profits. In particular I show and how this tension is exacerbated during moments of financial crisis (such as the one escalated in the summer of 2015).

Ultimately, I highlight how this situation presents us with complex political subjects whose discontent makes them potentially unruly, but whose subjection to the money relation ensures their energies will continue to be directed through the financial market rather than into solidarities with other social subjects who could potentially yield a genuinely revolutionary class. Through its analysis of the tensions experienced by the aforementioned financial subjects, this thesis aims to provide an indication of the potential frictions in the Chinese entry into global capitalism. Such frictions may arise, firstly, in the discontinuity between global financial expertise acquired abroad and its local implementation; and, secondly, through the blurring of identities among the agents of contemporary capitalism caused by the disruption of financial capital and financial labour.

Subjectivity, genealogy, ethnography

The first methodological question I had to ask when initiating this research was how to position myself as a foreign researcher, specifically from the West, while attempting to retain a “native point of view” over the stock market. Furthermore, how could I grasp the Chinese characteristics of the stock market and what are the terms I should use to describe a complex institution which, as put by Ellen Hertz, was created over four centuries of Western capitalism (1998, 5)? Keeping in mind Dipesh Chakrabarty’s discourse on the matter of “translation” in the social sciences (2007), but being careful to avoid an essentialising singular “Chinese” way of doing research, I engaged in a modest process of translation, avoiding fixed categories from the Western stock market, and engaging with specific differences in what constituted the Shanghai financial institutions. My first attempt at listing the elements and the subjects participating in what Hertz calls the “stock market arena” (1998) evidenced a deeply entangled social body, crossed with multi-layered tensions and contradictions: modernity and tradition, global and local, west and the rest, knowledge and expertise, central/local (Shanghai as a global city and postcolonial site, in conflict with the central state in Beijing), formal and informal practices, public and private, and regulated and

unregulated norms that characterise the Shanghai stock market. A key challenge was therefore how to keep taking into account these multiple layers that constituted Chinese financial capitalism within my particular field of research.

As I stated above, the subjectivities of the *haigui* and of the *sanhu* provide an excellent site to examine these tensions. Drawing from Foucault's notion of subjectivity, I maintain there is an oscillation between two sides of the subject: subjection as well as self-constitution (Foucault 1982, 212). That is to say, the shaping of the subject—both governed by others and at the same time governor of him/herself—always inheres within itself the terrain of struggle. The observation of the subjectivities of this study within the Shanghai financial market which, following Aihwa Ong (2008), I define as a “high-tension zone,” allows me to capture a dysphasia in the political economic discourse within which the subjectivities are embedded and constituted, along with instances of their resistance against these same discourses. I consider the production of subjectivity the result of “endless processes of construction of identities that are to a greater or lesser extent, but never completely, constrained by the contingencies of the particular historical moment in which these are inscribed” (Ball and Olmedo 2012, 87).

I argue that the subjectivities of both the *haigui* and the *sanhu* not only embody the process of making and unmaking local Chinese modernity and a system of knowledge production that is represented in the dialectic between Chinese knowledge and foreign expertise; they also embody novel forms of control that characterise contemporary financialisation, particularly its calculative, risk-taking rationale. In order to take account of all these forces, this research has relied on a diversity of sources. I found it necessary to go beyond the traditional ethnographic framework which often confines the researcher to a position of observer interviewer, and risks reducing the object of study through a merely “empiricist” approach (Comaroff and Comaroff 2003). For instance, Susan Greenhalgh has expressed frustration when faced with the tendency of anthropologists to focus on the disciplining of the individual while “the other side of biopower,” which represents a range of historically specific techniques of discipline, security control and management and regulation of the population that arise with modern politics languish in “disciplinary obscurity” (2003, 210). These latter techniques, in fact, do not allow a socially- and locally-based participant observation.

I adopt what Foucault has defined a “genealogical method.” In his terms, this is an “anti-method” or “effective history” which debunks the assumption underlying conventional historiography that there are “facts” to be interpreted, and which rather claims that facts are themselves constructed out of the researcher’s “will to truth” (Sembou 2015 quoting Foucault 1982, 79). For Foucault, a genealogy allows us to dig into past relationships of knowledge and power, to abandon the presumption of looking for “a truth” and transcending any “a priori” assumption about reality, whatever these are: sovereignty, the state, the market or subjects.⁶ These latter in particular are what Foucault (1977) refers to as being constituted through discourses.

In this thesis, a genealogical approach allows an inquiry into how Chinese financialisation took shape while “conditioned by certain forms of power and certain forms of knowledge and temporalised interactions between these powers and knowledge” (Koopman 2008). My account of the past will not consist of an informed and singular conception of temporality (discontinuity), but will develop a historical documentation through which an array of select memories from the past and multiple temporalities account for both continuities and discontinuities. Mainly in the first two chapters, but also through the frequent historical recalling in the rest of the thesis, I have engaged in this genealogical exercise through archival research and consultation of secondary sources. This provides a background to recognising how the institution of the Shanghai financial market, as well as the subjects who act in it—in this case the *haigui* and the *sanhu*—take shape alongside the repeated patterning of the dialectic between Chinese knowledge and foreign expertise. Beginning with the second chapter, I inquire into my main subjects, the Chinese returnees who have graduated from Australian universities and are now seeking a career in the Shanghai financial market. I do this through a process of interviewing, participant observation and informal

⁶ For Foucault, rationality and truth are elements with their own history, and not constant and universal values. As a tribute to Nietzsche, in his later life, Foucault abandoned a structural and holistic vision of history that was proper to Marxists and Hegelian philosophers. He believed that every aspect of our experience has a history: even the things we consider as solid and outside of time are crossings from a historicity that is neither linear nor progressive. The subject, the truth or rationality are not universal values that allow us to assess, from the outside, the progress of history, but elements that change over time, different in each subsequent configuration. The task of Foucault's genealogy is therefore to write a “genesis” capable of describing the almost sudden emergence of some phenomena which, like madness, is not constant or always accompanying human nature, but historic features and quotas, which can just as well dissolve as suddenly as they appeared (Cremonesi 2008, translation mine).

conversation, mostly conducted on occasions such as the series of networking events organised by the Australia China Alumni Association (ACAA) in Shanghai.

My status as an Australian PhD candidate was extremely useful for my research. I was able to become a member of the ACAA and access its network, participate in its social events, and become part of a community in which the returnees and I were almost like peers. All of us had lived in Australia as international students, and so shared a common experience: how it was a great opportunity, but also how expensive living costs were, the difficulties in finding accommodation, the strict visa regulations, and so on. This worked to create a bond, enabling me to become friends with some of the *haigui* and share with them some of my experiences in Shanghai, a place where none of us were native.

Furthermore and interestingly, in the eyes of *haigui*, my status as an Italian was considered closer, more familiar to them than if I had been an Australian. As I have been told several times, “both of our cultures are old” in opposition to the view held of Australia, which was considered a “young” country. The networking events were also great occasions to engage in informal conversations with *haigui* and to arrange further meetings for interviews, usually in restaurants and cafes close to their offices. In this sense, interviewing outside work places was also a precautionary measure to allow my interviewees to feel more comfortable to speak on issues, which would otherwise put them under pressure in the workplace, such as their relations with their superiors and colleagues (McDowell 1998). My interactions with subjects align with the observations of Kamala Visweswaran (1994, 51), who argues that researchers need to “begin to shape a notion of agency that, while it privileges speaking, is not reducible to it”, and to consider that “resistance can be framed in silence, a refusal to speak.” For Visweswaran, exploring and advocating for a feminist methodology, silence is often used interchangeably with “omission.” In the context of discussions of personal career aspirations, financial practices and Chinese government policies, subjects will inevitably hesitate to offer full disclosure. It is incumbent on the interviewer to take into account patterns of omissions and silences from an interviewee.

Yet, while my interviewee sample was composed of an almost an equal number of females and males (11 female and 12 males), I found the male subjects generally more reserved and aloof, with more incidents showing signs of impatience during our

conversations. In particular I noted that this tended to occur as soon as they were made aware that I was a student of cultural studies and therefore not useful to their networking ambitions. In this sense, these male returnees matched the description made by other scholars engaged with the ethnography of finance who have pointed out how elite subjects, such as financial bankers or brokers, are often too busy to dedicate time to the interviewer if they don't perceive any form of personal advantage (McDowell 1998, Zaloom 2006 et al.). By contrast, most of the female interviewees were more enthused to participate in a conversation and get to know me as a potential new friend in Shanghai. With the exception of chapter 1, accounts of interviewees and conversations with *haigui* are featured in every chapter of the thesis. Names of *haigui* have been changed.

Access and observation of the brokerage rooms and interviews with *sanhu* (featured in chapter 5 in particular) were made possible thanks to the support of Chinese friends and institutions. In particular, Professor Xiao Ming from the Shanghai University helped me to get in touch with the managers of several securities companies, while the Shanghai Academy of Social Sciences (SASS) provided me with a desk and resources for research. Furthermore, my friend Xu Daoheng assisted me with some of the interviews with *sanhu* in the brokerage rooms. His presence was particularly useful in making investors feel comfortable, and also aided in better codifying and understanding slang expressions that, without adequate explanation, would have remained incomprehensible to me. After my first interviewing experiences on my own, I found that many investors were suspicious of my role in a space that was already charged with an acute sensitivity, as feelings of anger and frustration over the loss of money were often arising.

Finally, in Chapter 5, I also use techniques of discourse analysis to explore what in Chinese is defined as “financial literature”: a range of “how to manuals” instructing on how to invest in the stock market, together with a number of blogs and microblogs that are typically written by non-professionals and used by the *sanhu* to build their informal financial expertise. Discourse analysis offers a way to identify the particular kind of language (general discourse) involved in the formation process of making informal financial expertise. This literature served me well, especially in exploring the world that dominates Chinese finance and what I have referred to as the

“financialisation of everyday life,” leading to the creation of the “stock fever” phenomenon, in which, soon after their arrival in Shanghai, the *haigui* participate. The existence of the *sanhu* as counterpart to the *haigui* reveals the multifarious levels of tension present between formal and informal expertise, and between expertise and institutions. Although the *haigui* do not consider the expertise and knowledge coming from these manuals and media discourses as valuable in the same sense as the *sanhu*, it remains clear that they were certainly influenced by them and were interested in drawing from them to test out some informal practices in order to compare them with their own expertise.

Developing a method to understand the precarious equilibrium and the contingency of the stock market has required a degree of flexibility in order to take into account unexpected factors such as the Chinese financial crisis in 2015. Thus, this research has avoided a false urgency in simplifying the complexity within both the fields of the economy and social science, a process of abstraction that, as demonstrated by Mitchell (2002), would have led to a general misinterpretation. The approach I developed in the course of my research works against the tendency to attribute infallibility to any pre-determined methodology and expertise. Instead, it privileges an analysis of what kinds of subjects and subjectivities are produced through the transformation of global financial capitalism, and how these subjects simultaneously evade, rework, and construct these same power structures.

Chapter 1

Governing modern Chinese experts

Introduction

Across the world, financial experts have been depicted as the architects of the global financial crisis. Nevertheless, their expertise, which is linked to market-based performance, has been called upon as part of the rescue option (Martin 2015). In the post-crisis “recovery” period, a financial rationale, based on “austerity” has been sold as the only economic strategy and long-term solution for a stable social order. Societies and “everyday people” have been financialised: calculative financial logic has penetrated every level of society, and behaviours purely motivated by economic calculations have come to dominate. As witnessed in Greece, a new financial rationale—in the form of the technocratic governance of the European Community (EC), European Central Bank (ECB) and International Monetary Fund (IMF) troika—has undermined and partially eclipsed the liberal democratic representativeness of Western states.⁷ In this configuration, an analysis of financial expertise has been an important element in discussion of the extent to which some of the fundamentals of the democratic state have changed in the West.

In this thesis I argue that an analysis of financial expertise, embodied in the subjectivity of the financial expert, provides a strategic point of entry for a critical engagement with Chinese financialisation. Since the summer of 2015 China has experienced one of the most severe financial crises since the adoption of a “socialist market economy” in 1978. Yet globally circulating narratives have failed to look beyond a Western-centric view of capitalism when critiquing the Chinese one-party system, its lack of a free market, and its lack of a neutral financial supervisory authority. These discourses do not account for the specificity and tensions which arise from Chinese financialisation, which, as I will argue, emerges instead from strong state intervention

⁷ “Financial capital is the bitter enemy of democracy” (Varoufakis 2016).

in both the economy and society and embodies a distinctive model within the heterogeneous configuration of capitalism.

In this chapter, I trace a Chinese genealogy of expertise as a means of gauging a Chinese capitalist paradigm. This developed along a different path from the Western capitalist paradigm (described as an “industrious revolution” instead of an “industrial revolution”) and diverges from the principles and rhetoric of Western *laissez-faire*, free market performance according to which the epistemic autonomy of financial discipline had to be detached from the political sphere. This genealogy highlights the most recent iteration of Chinese financial experts through a focus on Chinese students returning home after studying finance abroad. In particular I will show how the production of their subjectivity can be best explored along a spectrum of continuities and discontinuities with the production of the “expert” throughout the Chinese process of modernisation. Although the Chinese state has always fostered the training of experts abroad as a means of advancing its political project throughout the period of modernisation, in recent times—since the Chinese embrace of contemporary global capitalism—this state practice has started showing serious cracks and fissures.

By employing a genealogical method to explore the role of China’s financial experts I am able to highlight three main characteristics. Firstly, Chinese expertise was not shaped by purely Chinese domestic dynamics, but resulted from the dialectical relationship between Chinese knowledge (Chinese universality, “Chineseness”) and foreign expertise. In the quest for a local variety of modernity, expertise imported from abroad (scientific and technical methods originating in the industrial revolution) had to be accommodated to the domestic configuration in order to preserve the predominance of “Chineseness.” During the first period of Chinese modernisation (1861-1895), the relationship of these two categories was clearly fashioned by Zhang Zhidong (1837-1909, an eminent Chinese politician and entrepreneur) into a binary: *ti* (lit. “body,” i.e. Chineseness) and *yong* (“tool,” i.e. foreign expertise), with the “body” as the foundation and the “tool” taking an ancillary role at the service of the foundation. However, as soon as the modernisation process began to spread, the border between the two categories—knowledge (Chinese universality, “Chineseness”) and expertise (foreign, practical competences)—shifted and was increasingly contested.

Secondly, modern Chinese experts have always been implicated in the framework of Chinese political structures. In this sense, I demonstrate how their role can help in linking characteristics of contemporary complexities and conflicts with those that arose at the time Chinese knowledge first encountered foreign expertise. Even after the reforms launched by Deng Xiaoping, the gradual process of “depoliticisation” of the party-state (Wang 2008) and China’s embrace of global capitalist forces, a continuity with the Chinese “body” remains. Experts must still be first committed to Chineseness and then to their actual expertise, a situation in line with the inheritance of the Maoist ideal of being “red and expert.” This is particularly evident in the way new education reforms have sought to associate the figure of the expert, particularly the economic expert, with the state’s political agenda. As a consequence, experts educated under the new reforms are compelled to align with the dictates of a “neoliberal” rationality (characterised by internationalisation, competitiveness, entrepreneurship, and self-reliance), while at the same time they are urged to show a commitment to nationalism and patriotism (Hoffman 2010).

Thirdly, the Chinese education reform, in an attempt to shape new everyday perceptions linked to patriotic commitment, has emphasised the aesthetic values that “re-fashion” Chineseness. These see a shift from an attachment to communist ethics (which are emptied of meaning through the process of depoliticisation) and are anchored in a new conceptualisation of Chinese capitalist power. In this thesis, aesthetics is understood—using Michel Foucault’s terminology—as a technology of power that is adopted (in this case) by the state to deploy Deng Xiaoping’s idea for a new Chinese *homo oeconomicus* with Chinese ideals of beauty. Aesthetics transcends educational apparatuses and extends to the whole population, through the spreading of a “Chinese dream,” a national call for a bright and beautiful future of wealth and opulence safeguarded by the state. Chineseness is conveyed by what I call an “aesthetics of technocracy”: an exaltation of the state’s technical and managerial power visible in urban development, architecture, finance, technology—all powerful symbols of global capitalism. This aesthetics of technocracy is employed by the state to gain social legitimation from people from multiple classes, different geographical areas (rural, urban), and different labour regimes (rural, industrial, post-industrial), who are all encouraged to participate in, at least symbolically, an imposed modernisation. As a governmental device, the aesthetics of technocracy “dazzles” the

Chinese population. This applies to the very behaviours and ways of living of individuals who are encouraged to stress their uniqueness, creativeness, and private resourcefulness. The “beauty” of a crowd of efficient, smart and self-managing subjects, positioned in a neat environment of shiny steel and glass surfaces, is an image which celebrates opulence and enrichment to the point of producing “stock fever”—a craving for stocks that has lured the Chinese population and shaped the rise of everyday Chinese investors.

The shaping of Chinese expertise

An understanding of Chinese expertise initially relies on comprehending how such expertise is interwoven with uneven and hierarchical relationships that define knowledge production in the world at large (Said 1994). Indeed, “knowledge production is one of the major sites in which imperialism operates and exercises its power” (Chen 2010, 211) and in such a configuration the category of the West has a great responsibility. As suggested by Kuan Hsing Chen, the West “has been able to enter and generate real impacts in other geographical spaces without experiencing the same type of intensity of impacts from outside ... Western-centrism has constituted a solid structure of desire and knowledge, a structure that is indeed difficult to shake loose” (222). Yet Chen warns that while recognising that the West has entered the history of Asia, and China, and actually become a part of it, this has not led to a totalising project. “Rather than continuing to fear reproducing the West as the Other, and hence avoiding the question altogether, an alternative strategy posits the West as bits and fragments that intervene in local social formations in a systematic, but never totalising, way. The local formation of modernity carries important elements of the West, but is not fully enveloped by it. Once recognising the West as fragments internal to the local, we no longer consider it as an opposing entity but rather as one cultural resource among many others” (223).

Therefore, in proceeding with an exploration of the local formation of Chinese expertise, this work will consider Western as well as foreign influences (by that means accounting for the role of Japan in shaping Chinese modernisation), but will not credit such influences with a totalising universalist value. Rather, such foreign influences emerge as just one contribution among many in China’s historical formation. I will therefore describe the shaping of Chinese expertise as being the result of a negotiation

between Chinese knowledge and foreign expertise. Before outlining the Chinese genealogy of expertise, a brief explanation of expertise as it is conceptualised in the West will contribute to an understanding of what Chen defines as Western/foreign “fragments” and how they have contributed to the production of expertise in China.

In the West the notion of expertise is commonly related to, and yet different from, “knowledge” in its more holistic and tacit form (Polanyi 1966). Expertise emerges from a specific knowledge that only develops after theoretical knowledge has been experienced or put into practice in a particular situation (Polanyi 1966). Such knowledge can also be acquired through a process of certification and institutional legitimation. An expert is considered to be someone who has—and is recognised as having—a particular ability, skill or technique, based on study, research, training and also experience in a particular field (Collins and Evans 2008). With the emergence of social, political, and environmental crises, experts have come to be regularly present within governmental teams; they figure prominently as the promoters of particular measures and policies.

At the commencement of the nineteenth century, nation building and economic construction started to transcend the agency of the “state and its government.” Such development involved the assemblage of many actions, devices, and fields, and their production of governing techniques to manage the population while enabling individuals—including experts—to dominate and establish their power through social institutions, discourses, and practices. In particular, economic calculability and rationality became a resource which the state constantly drew on in order to undertake and experiment with new directions of governance. The figure of the expert emerged when expertise became embedded within new technocratic apparatuses that had to order, measure, manage, control and calculate resources and populations. In this sense the expert emerged at the moment when modern governance started operating and deploying fields of knowledge to the ends of power. As suggested by Timothy Mitchell, drawing from Simmel, it was within the project of modernisation, that expertise assumed a special “character of calculability” (Mitchell 2000).

A century later, the expert was still celebrated as a key figure for the legitimisation of projects of modernity. Although experts had started to be partially credited with the planning and design of the fatal weaponry of World Wars and with failing to foresee

the financial crisis of 1929, the faith in and the authority of expertise was still recognised. As stated by Philip Mirowski (echoing Karl Polanyi), “[there is a need] to buttress the role of experts, render the theory of the economy available to the populace....and have individuals subjectively acknowledge their allegiance to a system which they can see the point of, even if they don’t fully understand where it is headed” (Mirowski 2004, 83).

In contemporary societies, however, the former high opinion of experts on the part of the general populace is eroding. A number of bench tests have jeopardised such faith. Current conditions have left individuals feeling precarious and vulnerable in the face of natural and economic catastrophes. For example, the humanitarian crisis of, an earthquake and/or economic breakdown, can lead to a distrust in calculable analyses because they were unable to prevent, control and protect individuals from such risks. As a consequence institutions, professional bodies, private and/or public agencies, and international organisations, originally credited with being the holders of specific expertise, gradually lost their authority as they became more and more untrustworthy. As explored in the works of Ulrich Beck (1992, 1994, 2002, 2006) and Anthony Giddens (1998, 1999), we are living in “risk society” at a time when subjects are increasingly sceptical about the role of experts.

If, as Beck (2002) argues in the case of Europe, the state fails to maintain the role of citizens in decision-making at the same time as protecting them in terms of economic security, national culture, and political autonomy, I argue that a different perspective should be adopted in the case of China. In China, where the experts never enjoyed a status as high as their Western colleagues, the consequences of their professional failures did not affect the socio-political configuration in the same way. In China, expertise has been fashioned and still functions in a context where the state strongly promotes what Wang Hui (2008) calls an “anti-modernity modernity”—a term that describes how, Chinese knowledge was historically, characterised by a kind of intellectual, humanistic and holistic perspective that had constantly to negotiate and contest any particular foreign expertise.

In Wang Hui’s terms, Chinese modernity is a cohesive universality, and involves the ambition to cling to *tianli* (“heavenly principles,” that is, Chinese universal principles). Such modernity confined Western culture (or *gongli* “common principles,” or axioms)

to a specialised expertise which was in opposition to Chinese holistic and general knowledge; it was viewed as an excess as against Chinese self-sufficiency (Russo and Pozzana 2011).⁸ There has thus been an endless attempt to draw a distinction between *zhongxue* “Chinese knowledge” and *xixue* “Western knowledge” (in Zhang Zhidong’s words), the latter merely considered a transient expertise and one that had to be dispensed with as soon as the temporary job it was being used for was achieved. This was in order to prevent Chinese culture from transitioning from *tianli* to *gongli*. This tension forms the basis of Chinese “anti-modernity-modernity.” The dialectic between Chinese knowledge and foreign expertise has over time resulted in multiple outcomes and has meant the Chinese definition of modernity is constantly changing. Knowledge categories, initially self-sufficient and entirely Chinese—such as *tianxia* (lit. “everything under the heaven”), a Chinese cultural concept that denotes the known world as being associated with political sovereignty, or *tianming* (lit. “mandate of heaven”), a theocratic legitimation of autocracy—have therefore had to negotiate with Western and modern categories. Such dialectic has triggered a struggle for authority.

In the epoch of the first contact between China and the West (in the eighteenth century and first half of the nineteenth century), experts were not key figures, but played the ancillary role of consultants to merchants. As early as 1793 the first envoy to China of King George III, George McCartney, presented to the then Chinese emperor, Qianlong, a set of British state gifts (elaborate clocks, globes and porcelain). When he did so the Emperor replied to this effect: “Our Celestial Empire possesses all things in prolific abundance and lacks no product within its borders. There is therefore no need to import the manufactures of outside barbarians in exchange for our own produce” (Robbins et al., 2011).

In other words, Chinese interest in modern (Western) science and technology was minimal, as was the country’s interest in other foreign precepts such as liberty, nationalism, or freedom of commerce. In later times, as Chinese intelligentsia came to

⁸ *Tianli* (heavenly principles) can be related to Zhang Zhidong’s *ti* (“body, fundamentals”), and *gongli* (common principles) to Zhang Zhidong’s *yong* (“tools, practical devices”). Simply, Zhang Zhidong’s terms derive from the Buddhist and Neoconfucian tradition, Wang Hui’s *tianli* (heavenly principles) is a key word in the oldest native philosophical tradition, while *gongli* (common principles) was a neologism coined during the first period of modernisation (2008b).

prominence, scholars looked at what appeared to them as “the ugly face of the West” (imperialist expansion, social inequities of capitalism, social unrest) and advocated for a diverse form of modernity (Lin 2013). In the Chinese journey towards modernisation Western categories like economics, nation state, free-market capitalism, freedom, and universalistic science have had to be de-Eurocentrised and have come to be understood through a self-reflexive process which views Western principles through the lens of Chinese historical and philosophical specificities of modernity. Contemporary historians and scholars now advocate for the de-Eurocentrisation of a modern master narrative (Frank 1998, Pomeranz 2000, Arrighi 2007). As discussed by Timothy Brook and Gregory Blue (2002), such a de-Eurocentrised narrative is constructed using the history of China as well as the West (or any particular countries). “Chineseness,” they claim, is prominent; it is not just an “alternative” of the Western narrative. China has made a significant contribution to the world’s development into modernity and knowledge production. According to Kenneth Pomeranz, China’s history of economic development has progressed along a different path to European development but it has proven to be equally productive if not even more productive. He argues that: “The ‘skill-oriented production method’ used in East Asia was not inferior to the capital-oriented method of production used in Western Europe in generating economic growth, at least until the onset of the industrial revolution” (Pomeranz 2000 paraphrased by Wong 2013, 95).

Similarly, Kaoru Sugihara, in his study of Japan’s development path in the eighteenth century, argued that due to a scarcity of land, this was founded on labour-intensive technologies and labour-absorbing institutions and can be described as an “industrious revolution” (2003). Following this, Giovanni Arrighi highlights how China followed a similar path to Japan and how the Chinese state was the primary agent that successfully enabled the development of labour intensive technologies and maintain access to the land for the majority of peasants. Unlike the Western “industrial” path, the East Asian “industrious” path was characterised by a disposition to mobilise and advance human rather than non-human resources. For this reason, the Chinese model should be recognised as having generated a distributive process based on a labour-intensive development that did not generate the need for territorial expansion to create new resources (as instead through accumulation by dispossession, whereby cheap labour force is generated from colonial domination). Arrighi has argued that China’s

growth strategy, until the mid-1990s, followed the East Asian path of accumulation without dispossession, “resulting therefore in only a partial proletarianisation of the peasantry, in part the outcome of a dynamic agricultural sector” (Mohanthy 2012). Thus, one should remember that even if the industrial revolution overcame the industrious revolution, the Chinese state’s persistent capacity to negotiate the technical and social division of labour, advance the expansion of education, but also subordinate capitalist interests to the national interest, represents an important feature of the modern Chinese pattern of development. I argue that such a modern alternative path remains crucial to investigating the contemporary making of Chinese financialisation.

Foreign formal and informal expertise for a new Chinese state

For Zhang Zhidong—the author of the motto “Chinese culture as a basis, Western culture as a tool”—“Chinese culture” mimics a *renzhi* system, that is, a system of imperial paternalism in the hands of state officers, commonly called the “father-mother of the people” (*fumuguan*). *Renzhi* (lit. “government by men”) is a flexible government system which is able to respond to new contingencies and social/political configurations. This is possible because of the wisdom and common sense of the individual state officers. On the contrary, its opposite, *fazhi* (lit. “government by law”) (He 2001, 600-601), is a formal codified law which recalls the Western *Rechtsstaat* or *Etat de droit* (lit. State of Law). Although the latter has been accepted in China and considered by many reformers as an unavoidable step towards the formation of a modern Chinese state, it has never really supplanted *renzhi*.⁹

The first encounters between Chinese knowledge and foreign expertise were framed within the practices of *renzhi*. Lin Zexu (1785-1850), an envoy of the imperial Court, attempted to ban the British trade in opium within the borders of the empire, maintaining his own outlook and understanding in the face of an unprecedented situation. In order to gather information about the British aggressors, Lin Zexu questioned Chinese sailors, Christian converts, and a few translators active in Canton, all people that were now-and-then sporadically in contact with the Western aggressors.

⁹ Even during the Cultural Revolution *fazhi* was identified as the main incubator of a new bourgeoisie and therefore repudiated.

At that time these people were considered the first (informal) experts.¹⁰ Through these consultations Lin learned about British warships, weapons, military and navigational techniques, and how to prepare an adequate coastal defence. This expertise, though, remained largely unrefined, peripheral, and not further investigated. As a consequence it posed no challenge to the traditional, cultural and mental frame of the empire (Spence 2013). Besides a few unrefined interpreters, no other experts were called upon, even when Chinese officers dealt with the arrival of the British in Shanghai in 1842. Officers fluent in Mandarin applied a set of measures to “control the Barbarians” (*yiyi*), an activity they had engaged in for centuries, and one they fulfilled with no special expertise (Chesneaux, et al.1977, 96).

Once the powerful and superior British weaponry defeated the Chinese empire, however, a Chinese army was created to protect valuable assets. At this moment a new agent appeared, the mandarin-entrepreneur (resourceful high officers who later developed into state industry managers, like Zeng Guofan, Li Hongzhang and Zhang Zhidong) and their agents (mainly British and German engineers hired from abroad). Accordingly, the imperial magistrate, a office with two thousand years of history behind it, was unexpectedly called to negotiate with Western industrialists. With the imposition of the rationale of capitalistic profit onto traditional ideology of “the direction of the century” (*jingshi*), that is, state administration (Guo and He 1999, 164), Chinese knowledge was deeply compromised. Western managerial expertise, constrained as it was by state officers, was subsumed smoothly into state political goals; its potential threat to state power was thus defused but this did not come without the contamination of the traditional forms of governance and a mutation of its actors. At this initial stage, the predominant expertise, formally represented by Western engineers in spite of its growing importance, ended with the establishment of hybrid industrialisation carried on by “officers” (*guanban*). This was the first stage of experimentation with a state form of capitalism, albeit primeval, and prefigured the time when the Chinese empire was eclipsed.

¹⁰ Under orders issued by Lin Zexu Yuan Dehui translated passages of Emerich de Vattel’s *Le droit des gens* (“The Law of Nations”). See Hung Eva Tsoi Hung & Judy Wakabayashi 2005.

Soon after this period the first challenge to Chinese knowledge occurred when Chinese modernist intellectuals blamed such knowledge as the main cause of Chinese backwardness. This criticism led to the fall of imperial absolutism and its replacement with a constitutional monarchy (1898) (Kwong 2000). The emergence of new institutions from the West and reformed Japanese Meiji, such as free newspapers, public opinion, parliament, trade unions, political parties, forced the state to embrace a new administrative apparatus, which was borrowed from abroad but tailored domestically. In this configuration, the acquisition of Western knowledge became central. In Wang Hui's terms "from the controversy of Eastern and Western cultures" to "the debate on science and metaphysics," the affirmation of the autonomy, special status, and internal values of culture was incorporated into a rationalised classification of knowledge (Wang 2008a). Among many other measures, a radical change in Chinese knowledge production was initiated when the new parliament approved a radical education reform (1905). This system abolished the mandatory use of an out-dated classical Chinese (Hayohe 1984). A two-thousand years system of education, based on the memorisation of Confucian classics, vanished and Western science and technology and foreign languages took its place and an intellectual and productive *milieu* nurtured with foreign ideas took the place of the mandarins (Chinese officials of the empire). Of great importance was the need to produce subjects capable of mastering disciplines considered necessary for the state project of modernisation. Despite all these rapid developments a commitment to Chineseness was maintained; for example, the emperor was retained, even if seriously reduced in his prerogatives. In Zhang Zhidong's terms, the competition between body (*ti*) and tool (*yong*) reached its acme when the second seriously undermined the first, but with the first still retaining the capacity to resist. Overall the foundation of the fundamentals of Chinese politics and philosophy was eroded.

In what appeared to develop as a compromise, a foreign expertise emerged which was partially attributable to knowledge generated in the Far East; that is, Meiji Japan became the preferred site for the formation of Chinese experts. As a consequence some of the most outstanding intellectuals studied abroad: Luxun in Japan, for example, and Sun Yatsen in Honolulu (Chang 1980). Soon philosophical and political thought became preferential subjects, from Darwinism to parliamentarism. Binomial "mister science" (*sayensi xiansheng*) and "mister democracy" (*demokelaxi xiansheng*) became

the basis for a re-engineering of Chinese knowledge. The validity of Zhang Zhidong's motto was problematised when the foreign "tool" exceeded its sphere and intruded into the hegemonic Chinese "body." With the collapse of the Chinese empire (1911), "foreign things" became hegemonic and Chineseness deteriorated into a symbol of backwardness. In particular, during the May Fourth Movement (1919), professors and students put an end to the search for a peculiar Chinese modernity extracted from a negotiation between foreign things and Chineseness (Wang 2008b).¹¹ The "closing up of the Confucius shop" deprived the country of valuable traditions. In the eyes of the local intelligentsia, the Chinese people were described as "disunited as a bowl of loose sand" (Sun 1943), or a "blank sheet of paper" (Mao 1966).¹² For instance, Liang Qichao, one of the most important intellectuals and reformers of the late Qing dynasty, highlighted how China was inundated with a deluge of Western and Japanese modernised things from Jesus Christ to toothpaste, light bulbs to steamships (Rickett 2015). He denigrated China's traditional culture and its boasted centrality. At the same time Lu Xun, the leading figure of Chinese modern literature, defined traditional society as "a cannibalistic society" (see Lu 1960) and with his words robbed Chinese culture of any charm. In this vein an exposure to foreign things deprived of traditional identities harmed Chineseness to the point of it being difficult to reclaim traditional Chinese knowledge (Masi 1968).

This changed, however, during World War One when members of the Chinese intelligentsia found themselves shocked by the horrors of the event and the cracks and fissures in "Western civilization" it represented. This resulted in a more problematised and detached view of Western knowledge. At this time native intellectuals reformulated *ti/yong* in new terms: revolution in Western terms, *yong*, and the Chinese way of revolution, *ti*. In other words, foreign things provided the tool (modernity through revolution) but what counted most was their Chinese domestic translation and accommodation. Consequently, Mao identified the main revolutionary agent in the

¹¹ I refer here to a multitude of thinkers (Tan Sitong, Gong Zizhen, etc.), who conceived modernisation in spiritual and cultural terms, and not in terms of economic development and strength. In their reflections they sourced traditional Chinese values such as "non belligerency" and "community of property," in order to heal the "evil of the Chinese souls") See Zhou 2013.

¹² Through the label *kongjiadian* ("shop of Confucius school"), Lu Xun and other revolutionaries mocked the precepts put into circulation that had been preached by traditionalists.

peasantry (not in the urban working class) and converted the urban revolution into a rural uprising. In this way he channelled the Western revolution along an indigenous track. This re-indigenisation of the Chinese revolution relegated “foreign things” to a peripheral position. Despite a brief period during which the Soviet approach to modernity prevailed (1951-1958), the Chinese communist movement continued to reclaim its own formulas and ideologies, and proceeded to distance itself from the Russian experience as well as the European left (Wang 2009,4). In the first Maoist attempt to implement an alternative path to industrialisation (the Great Leap Forward, 1958-60) and modernisation (that is, one positioned in the countryside within the abodes of the People’s Communes), one key factor prevailed and this was a refusal of traditional Soviet-style expertise in favour of a new kind of indigenous expert. Here, the relation between knowledge and expertise shifted again. The “red and expert” (*you hong you zhuan*) directive (Ishiyama 1998) aimed at fostering new subjects who were technically competent, politically motivated, committed to the revolution and repudiated the ideal of a personal career. Expertise remained a public good and did not fall into private property; in fact the very idea of a personal position was discouraged (for instance, books were not signed by the authors but by institutions).

Soon after the death of Mao (1976), a wave of depoliticisation hit the party-state. This process originated from the failure of the Cultural Revolution to ensure the politics of the “mass line” and led the party to an increasing stratification and bureaucratisation.¹³ The CCP lost its legitimacy as the “people’s representative”. Its aim of achieving a reputation as an alternative political organisation among the population and outside the state remained unrealised. The revolutionary subject ceased to have a political

¹³ The mass line was a political, organisational and revolutionary method developed and advocated by Mao Tse-tung during the Chinese Revolution and predicated on the notion of “from the masses, to the masses”. It proposed a reiterative method, aimed at advancing the interests of the masses towards a proletarian revolution. Each phase comprised a three step process: 1) gathering the diverse ideas of the masses; 2) processing or concentrating these ideas from the perspective of revolutionary Marxism, in light of the long-term, ultimate interests of the masses (which the masses themselves may sometimes only dimly perceive), and in light of a scientific analysis of the objective situation; and 3) returning these concentrated ideas to the masses in the form of a political line which will actually advance the mass struggle toward revolution. Because the mass line starts with the diverse ideas of the masses, and returns the concentrated ideas to the masses.

definition as an anti-capitalistic core group (the workers) able to absorb other strata of the population: “[Politics was transformed] in factional struggles, whose binarism eliminated the possibilities for autonomous social spheres, and transformed political debate into a means of power struggle” (Wang 2006a, 686).

With Deng Xiaoping the party leadership “transformed itself” and emptied its ranks of proletarian elements. It reclaimed the developmentalist policies of the fifties, which were previously dismissed by Mao through the “revolutionary line of development.” The People’s Republic of China (PRC) allowed elements of a market society to emerge. China shifted from being a leader of socialist revolution to becoming a thriving centre of capitalist activity, and a Third World anti-imperialist nation to being one of imperialism’s strategic partners. Because the marketisation reform was actively promoted by the state, “multiple aspects of the state power, in the name of modernisation and reform, collapsed into the economic sphere” (Wang 2006a, 694).

The four modernisation principles Post-Mao (*sige xiandaihua*)—industry, agriculture, research and development, and the military (1978)—along with Deng Xiaoping’s concept of a well-off society (*xiaokang shehui*) (1979), started a new economic project to accommodate global capitalist accumulation. The Chinese state strategically started to foster a “new quality of population” *renkou suzhi* (a slogan that marked a social distinction and promoted the importance of urban citizens) to replace the old “committed,” “red and expert” man. The abandonment of the main revolutionary aim and alterations to the class base of the party led to a new governing rationale. Deng Xiaoping’s slogans, “let some people get rich first” and “to get rich is glorious,” encouraged people to enrich themselves but also incited a new biopolitical project of development. *Renkou suzhi* implied a mutation of the state’s interventions with different classes of the population. In this process, Chinese sovereign power became increasingly governmental, and involved the creation, fostering, and management of lives (see for instance Greenhalgh and Winckler 2005). The launch of economic reform (*jingji gaige*) and the “opening up” of the country (*duiwai kaifang*) initiated questions about the government as a rational power defined by self-discipline and self-entrepreneurship.

Among others, David Harvey (2005) and Wang Hui (2003) describe this juncture as the form of a Chinese neoliberal turn. Aihwa Ong theorises Chinese neoliberalism in

the form of a technique of governance enabled by “graduated sovereignty,” meaning that, for instance, in Special Economic Zones (SEZs), populations are governed by techniques and laws different from those used in non-special economic zones and their expanded areas (Ong 2006a, Ong and Zhang 2008). In this line of argument, which stresses the centrality of the Chinese state, I propose how, from Deng’s reforms onwards, the new population management system represented a key feature of the Chinese regime’s strategy for capitalist development and global ambition. The Chinese state’s “visible hand” in carrying this reform represents a partial denial of what is erroneously considered, according to a mainstream narrative, an embrace of a neoliberal turn (arguing for a new competitive subject as a result of economic liberalism and a resurgence of *laissez-faire* economic doctrine). I argue that the Chinese nurturing of a new self stands not only as a case for the re-reading of the role of the state in global contemporary capitalism but also as a re-examination of neoliberal doctrine. In this chapter I therefore suggest that the Chinese case illustrates what authors such as Philip Mirowski and Pierre Dardot and Christian Laval have argued—that, even in the West, neoliberalism does not involve a withdrawal of the state but rather involves state action that enforces and naturalises market imperatives. In China, the rise of a neoliberal economy and of a neoliberal subject (by the privatisation of public services like welfare and education, the rise of financialisation, depoliticisation, and so forth) appears to be deprived of the camouflage offered by concepts such as free market, free trade, or deregulation. Given this background, I argue that the Chinese capitalist configuration (characterised by strong state involvement and persistent authoritarianism together with the dismantling of the collective units and the attributes of a socialist market economy) is distinctive and embodies a particular kind of neoliberal rationale within the heterogeneous configuration of capitalism.

It is interesting to notice how, in the context of the opening reforms, some of the fundamentals that normally mark a “neoliberal turn” in an advanced society, acquire a different meaning in China. For example, privatisation generally implies individual decision-making and self-action, but in Chinese and in the Chinese context, “privatisation,” or *siyouhua*, as well as “liberalisation,” or *ziyouhua*, have substantially different meanings. *Siyouhua* is mainly linked to property, as in *siyou caichan* “private assets” and/or *siyouzhi* “private property,” while the concept of *ziyou*, which means

“freedom” (most likely because of the concurrence of a more appreciated counterpart: *jiefang* “liberation”), is constantly given a negative nuance in being linked to the idea of liberty as an arbitrary choice *ziyou fanlan* (“free hand”), egoism, indifference to others, and alien origin. These concepts mark egoistic, individualist assumptions that, as underlined by Aihwa Ong and Li Zhang, can act as “political dynamite” (Ong and Zhang 2008). In comparison “marketisation,” or *shichanghua*, is devoid of negative connotations. In China the market has never been the “bogeyman” of the state.

In this context a new subjectivity emerges from “the interplay between the power of the Chinese state and the power of [a new neoliberal] self” (Ong and Zhang 2008, 3). In addition to the efforts of the state to compete on a global scale through capital investment—of which a significant part is directed at fostering human capital through higher education and training opportunities—there is also an emphasis on boosting new talents through a call for self-discipline and self-choices. Gradually the Chinese population was charged to shift from being “passive savers” to being actively engaged in risk-taking activities, thus adapting to a new financialisation process. Leaving aside the debate on the term “neoliberal order,” this thesis will additionally investigate how the reforms in education undertaken by the state in the last century have impacted the Chinese process of financialisation.

Knowledge, economy, and education

As a prelude to what I later define as a Chinese “financial turn,” I now analyse the latest trends in Chinese education. I argue that an analysis of the educational reforms will show how a transformation of knowledge production acts as a device to foster and filter new Chinese subjects, in particular the new Chinese financial expert. As indicated in the genealogy outlined above, mapping knowledge transformations can be key to observing features of the Chinese state within global financial capitalism and the production of new subjects. In the discussion below I demonstrate how educational reforms again recall the dialectic of *ti* and *yong*, which consisted in the state’s partial adoption and partial rejection of some of the global dictates that have invested the internationalisation and homogenisation of universities in the face of globalising processes.

In the last two decades new initiatives were implemented by the Chinese state in order to introduce a new education system which complied with the dictates imposed by the

World Trade Organisation (WTO) and were supported by other powerful institutions such as the Organisation for Economic Cooperation and Development (OECD) and the World Bank. These dictates are evident in one of the major documents published by the World Bank a few months before China's entrance into the WTO. The document, *China and the Knowledge Economy, Seizing the 21st Century*, states how China should "build solid foundations for a knowledge-based economy by updating the economic and institutional regime, upgrading education and learning, and building information infrastructure ... (needs to) raise the technological level of the economy by diffusing new technologies actively throughout the economy, improving the research and development system, and exploiting global knowledge" (Dahlman and Aubert 2001).

Despite being a document about China, the term "knowledge economy" has until now been one rejected by the Chinese state. Although the Chinese government has actively worked to boost human capital, and its entrepreneurial and risk-taking abilities in order to engage in the information technology industry, the term rarely appeared in official Chinese documents. In fact the word "China" and term "knowledge economy" form two ends of a dualism that has been imposed on China by external stakeholders; the merging of the two elements has actually been identified as a challenge for the country. Although China openly received the World Bank document, it is worth noting that a search for the term "knowledge economy" (*zhishi jingji*) on the Chinese internet leads to very few results; in fact the term is almost absent and actually substituted with another term, "new economy" (*xin jingji*) (Baiké 2014b). I thus suggest that the concept of knowledge economy when applied to China actually acts as what Derrida terms a "constitutive outside" (Derrida 1988). It avails international actors to include the Chinese economy in their "developmentalist" superiority and to acknowledge the "Chinese economy," because the adoption of such a term means people will have had to change their opinions of China as the factory of the world.

The imposition of labels from outside sources emphasises the need to launch the country into a developed post-industrial, post-Fordist society, and to shape it in its advanced and cutting edge formation. It is important to note, however, that China has not gone through a gradual transition into the knowledge economy. On the contrary, in its contemporary capitalist order, its different labour regimes (manufacturing,

agriculture, industrial and post-industrial activities) still co-exist, as do its different ownership models (state-owned, public-private enterprises, private-foreign enterprises) (Rocca 2003). I also hypothesise that a reason the Chinese government does not openly refer to the knowledge economy is because it fears it will be perceived as a precocious measure. It would be disingenuous for the state to claim the country was in a knowledge-based stage when a large proportion of the population is still employed in industry and agriculture. Despite the Chinese government's reluctance to use this label, its strategic investment in human capital has improved the situation of a particular sub-group of the population, namely, people in the urban middle class. As I will demonstrate in following chapters, particularly chapter 4, Shanghai, as China's main global city and site of the research that has informed this study, has emerged as a pivotal example of the way the state has sought to foster and promote a new class of knowledge workers, in particular financial experts. One of the strategies the Chinese state adopted to encourage the emergence of new knowledge workers was to promote knowledge as a shortcut to the attainment of economic and social emancipation. As stated by Barry Naughton: "perhaps the most fundamental requirement of an aspiring, well-functioning market economy like the Chinese one is that an individual is able to feel secure that she/he will be able to reap the income created by her/his investment (in education), so long as that investment succeeds in creating new output and income" (Naughton 2007, 193).

According to Naughton, the Chinese state's investment in human capital—still depicted as one of the main factors leading to an increase in the productivity of China's economy—is triggering a positive transformation of people's subjectivities as it encourages individuals and households to invest a substantial part of their savings in education. Investments in higher education commenced in the mid-1990s and at that time benefited universities in upper class urban areas. This meant there was a shortage of education funding in the peripheral urban areas and rural areas which in turn contributed to a widening of the gap in the division of labour between urban knowledge workers and rural workers (Naughton 2007, 198). An examination of China's current division of labour shows that there has been a rapid shift away from a socialist system where labour allocations were centralised and higher wages were given to those with more experience. During the Deng reforms an income-reward was introduced, and functioned according to market competition; it promoted skills and facilitated the

emergence of the new expertise of those educated according to what the current knowledge economy dictated. These changes started to create an increasing income disparity in society, advantaging people of the urban classes. Through this process the Chinese state undertook what can be called a process of “differential inclusion,” a hierarchical system of differentiation that included and excluded segments of the population from certain rights and privileges (for instance, better access to more advanced educational or health services in the cities). This is so even though the term “differential inclusion” was initially coined and employed to define a set of policies and techniques enabled by the nation state to filter and control the skilled/unskilled migrant labour force and its access to citizenship (De Genova 2012, Mezzadra and Neilson 2010, Andrijasevic 2009). I suggest that, in China, differential inclusion is implemented not through the crossing of international borders but by segmenting the population according to valuations made of individuals, groups, and communities such that some are determined to be more worthy and deserving due to their entrepreneurial capacities. This will be examined in chapter 3, where I will study how the system of *hukou* works for an intra-national bordering process.

The existence of a hierarchy is evident when examining the Chinese ruling class and elite which have been able to take advantage of economic reform. A case in point is party members who, while their positions within public administration did not change, enjoyed a remarkable increase in their income, especially in urban contexts (Naughton 2007). The Chinese ruling class has been able to invest largely in education for itself, upgrading its technocratic apparatus with new experts, economic specialists, and so on, following a princeling lineage. The pinnacle of this hierarchical and class-based divisional development was when, in the mid-1990s, the Chinese Ministry of Education selected particular universities that mimicked those abroad that were influenced by neoliberal governments (in particular, Thatcher’s and Reagan’s). These universities fostered an entrepreneurial approach to education to foster a new Chinese elite. Gradually, at a national level, business and management schools within the universities became the most popular in China and the typical curricula included accounting, finance, and business studies (Li, Matlay and Zhang 2003). The most significant change was not just the addition of new courses and subjects into the formally traditional curricula but a shift away from the acquisition of specific professional skills towards a broader aim to develop students’ general personal

qualities. This meant the focus was to improve people's personal qualities in terms of their capacity to adapt, to communicate and engage in creativity, to take risks, and to demonstrate entrepreneurial behaviours (Li, Matlay and Zhang 2003, Warner 2009). In these ways China has moved towards internationalisation and a realignment with global dictates, something which has been made possible through the adoption of the mechanism of "differential inclusion" which restricts the development of knowledge workers to the urban middle class, and so confines self-managerial practices to a few segments of the population susceptible to, and better able to respond to, the appeal of a newly re-fashioned Chineseness.

A new education

The "new economy" of China is a representation of a country that has been able to respond to international wishes for it to align with a knowledge-based, internationalised, skilled labour regime. On the one hand, this has involved the fostering of new experts who have the necessary skills to operate in a new arena and to self-manage their activities. On the other hand, these experts have been able to demonstrate a commitment to Chineseness as a means of preserving a uniquely Chinese manifestation of a new knowledge economy. While the Chinese state manages the transition to a "new economy," it has had to deal with a lot of uncertainty and caution. As already mentioned, initially China saw internationalisation as an excess, and as a necessary evil. Since the Chinese entrance into global capitalism, however, the need for the state to have competent operators available to interface with similarly competent personnel abroad is seen as not only an inescapable obligation but also a potential source of internal instability. Consequently, even if, according to the guidelines of the Educational Reform Plan, Chinese higher education indubitably "has to go global" (2010), it is also characterised by doubts and fears. Issued by the Ministry of Chinese Education, Chapter 16 of the *Educational Reform Plan* claims Chinese education must open up to the world: "Efforts should be made to attract more world-class experts and scholars to teaching, research and managerial jobs in China, and invite high-level professionals and academic teams from overseas in a planned way. ... More outstanding Chinese students shall be attracted to serve the nation after they have finished their studies in other countries and regions" (Outline of China's National Plan for Medium and Long-term Education Reform and Development 2010, 34).

In order to perform on such a scale, a range of devices need to come into play, from recruiting foreign teachers to sending Chinese students abroad and developing courses taught only in English (Wang Xiaoming 2015, 245). In this process Chinese education needs to instigate joint research programs with foreign institutions (especially those in the Anglophone area), encourage the writing of academic papers in English, and aim to achieve a good position in global rankings. In terms of writing publications in English, academics also need to increase their percentage of quotations in the ISI Web of Knowledge, which evaluates a country's share of academic papers (China is actually second only to the USA in terms of the number of publications in English and the number of quotations in ISI; and its percentages in the latter are increasing).¹⁴ As stated by Wang Xiaoming: “two major factors combine to unwittingly make teaching in English—or Anglicisation of campus activities—the foremost component of internationalisation: the government's ignorance and misperception regarding the global education landscape and the root cause of the crisis of higher education, and the mechanism of bureaucracy that makes and promotes policies” (Wang Xiaoming 2015).

The emphasis placed on English education by the Chinese state and its enthusiastic adoption by students, professors, and administrative staff (in replacement of an outdated attitude towards Russian and Soviet culture) confirms the perception that English is viewed as the language of globalisation. Since the education reforms, some researchers' and professors' salaries have depended on their performance in terms of the number of English publications they produce and their capacity to be entrepreneurial and externalise their expertise in industries outside the university. These academics are beholden to the global dictate “publish or perish” as well as to the imperative to take on consultancy roles and conduct industry interface (Do 2013). China thus seems to be aligning with the global transformation of higher education and thus “not ... immune to the impact of economic globalisation [and is] now on the brink of channelling some of the most dynamic, and therefore destabilising, tendencies

¹⁴ This condition is particularly true when examining the emphasis on and government investment in economic outputs for scientific disciplines. It suggests that the Chinese government is pursuing a technocratic path which views science and technology as a way to boost the country's economic development.

of neoliberal marketisation” (Ross 2009, 189).

Indeed there is a clear correlation between the transformation of universities and the transformation of labour: universities are increasingly following a “knowledge-based” market where knowledge is not only a new means of production but also a new term for labour exploitation. Students are constrained in a “market-based” educational frame, whereas their “educational investment” is also meant to provide a “self-training attitude” that should later become a constitutive element of their living labour. In fact China is now producing one of the world’s largest pool of research and development workers and the number of graduates and doctorates in science, engineering, mathematics, information technology, and computer science is higher than in any other country (OBHE 2013). Universities are contributing to the production of an unusually large share of patents—although it must be emphasised that many of these are highly dubious (Kroll 2011)—and are receiving approximately half of their research and development (R&D) money from private enterprises. In this context, experts in these fields, mainly university professors, are increasingly orienting their activities towards profitable research topics in order to arrive at patents which produce income that can contribute both to the funding of their universities and their personal expenses. This is especially occurring in the fields of applied science such as IT, software production, audio-visual technology, chemistry, biomedicine, and engineering.

As I will highlight later in this thesis, such “self-making” dictates foreground an ongoing transformation of China towards a more financialised society. In only a few years these new principles have become an intrinsic part of students’ and young aspirant knowledge workers’ imaginaries. This raises a question: should these new workers’ attitudes be anchored to local configurations? Indeed the global dictate of education as tool (*yong*) has been embraced to advance Chinese knowledge as a body (*ti*). Although new Chinese subjects educated under these reforms share in the neoliberal ideologies defined above (self-management, competition, risk-taking attitudes), they do not necessarily embrace neoliberalism’s political project in universal terms. In order to address, coordinate, and finance their education, the Education Ministry has developed a widespread network of agents. The Deans of universities are in fact appointed by the state rather than by the staff of universities and thus these Deans channel state policies. Furthermore, student associations, which encourage student participation and act as

sites where students gather including *shalong* “saloons” (web forums for discussion), are led by young CCP leaders. As I will argue in the following chapters, Chinese students are actually being indoctrinated into a Chinese-specific configuration of neoliberalism that responds specifically to China’s particular political and cultural needs. The shift in education towards the development of personal qualities also facilitates state control over people’s independence and autonomy. This includes the promulgation of ideas about self-management and an emphasis on not compromising one’s loyalty to the regime. In other words, beside the cultivation of operative capacities, the development of a personality committed to Chineseness is required. In the rest of this chapter I will show how the state is actually intervening by routing the new Chinese knowledge workers’ training towards rules of good behaviour, good attitudes, and rules of morality that conform to the existing political and economic frame and enable its reproduction.

From aesthetics of education to aesthetics of technocracy

In order to understand the conduct of people under the new educational system, in their efforts to foster new self-entrepreneurial and competitive subjects, committed to political and patriotic values, it is important to examine another key influencing factor, which is aesthetics. *The National Guidelines for Medium- and Long-Term Educational Reform and Development 2010–2020* highlights the government’s effort to make use of education to create a new subject tuned in to state policies: “the fostering of young talents or professionals shall command a central position and no effort shall be spared to produce high-caliber professionals and top-notch innovators with steadfast faith, moral integrity, rich knowledge, and superb abilities. ... We will foster the sense of all-round development and make an effort to bring forth high-caliber professionals that are well developed morally, intellectually, physically and in aesthetics” (The National Guidelines for Medium- and Long-Term Educational Reform and Development 2010–2020, 2010, 11).

In this effort, the plan says, “we will strengthen aesthetic education and foster students’ interest in appreciating beauty and cultivate their spirits of humanity” (25). Education therefore should improve students’ personal qualities through an all-round, holistic development program, which instils in them “high-caliber” skills and “superb” expertise that can be applied within a wide range of situations. Moral commitment and

aesthetics should stand out. Lisa Hoffman clearly associates moral commitment with its patriotic meaning. In *Patriotic Professionalism in Urban China* (2010), Hoffman describes how the Chinese higher education system is fostering individuals with professional and entrepreneurial commitment, but at the same time a morally justified patriotic faith towards China. In making this argument Hoffman recalls the Maoist terminology of “red and expert” (that is, the promotion of technical skills alongside communist ethics), and claims that such a model is still active and does not clash with recent developments but is actually suitable for accommodating the dictates of neoliberalism: “professional subjecthood, in other words, exhibits neoliberal elements, Maoist era ideals and expressions of patriotism, and periodic authoritarian measures—a configuration and social formation that is not accounted for in many definitions of neoliberalism” (Hoffman 2006, 552).

Aesthetics is one of the means through which the state conveys such moral commitment, but it is questionable why an education in aesthetics promotes moral commitment.¹⁵ A study of the history and genealogy of aesthetics, a concept firmly grounded in the Chinese intellectual landscape, shows it has been emphasised by an array of Chinese *mâitres à penser* (or mentors such as Liang Qichao, Wang Guowei, Cai Yuanpei, and others) since the beginning of the twentieth century.¹⁶ All of these thinkers had hoped that the reclamation of local aesthetics would preserve the Chinese project of modernity against the slighting towards Chinese dignity in its confrontation with the West (Pohl 2009). When China was exposed to the influences of the West a new aesthetic education was initiated. This education involved a four-part manifesto which sought to merge traditional national elements, classical Chinese philosophies, Marxism, and Western theories.¹⁷ The aim was for a re-visitation of aesthetics that mimicked the Schillerian formulation of education with its philosophy of practical

¹⁵ A striking example is the simultaneous use and beauty of Chinese writing.

¹⁶ These were classical scholars with various degrees of knowledge of the West and the Modern World. They were considered the first generation of Chinese Modern Intellectuals.

¹⁷ This appears in a book entitled *Modern Aesthetics System*, published in the 1990s and edited by Ye Lang (1938-), a leading aesthetician at Beijing University. The book, written collectively by a group of young aestheticians with no individual author identified, was intended to work as a basic textbook for college students and readers nationwide introducing them to aesthetic theories using a new aesthetics model.

subjectivity that had been promoted by intellectuals from Cai Yuanpei to the more recent Li Zehou (1930-) (Liu 2000, XIII).

Aesthetics was possibly the only element of traditional education that went untouched by the doubts cast by the May Fourth movement (1919) when Chinese traditions were questioned. For example, Cai Yuanpei maintained that aesthetics was a theoretical support for Chinese “self-understanding” (Pohl 2009), and after his appointment as Minister of Education he added aesthetics to the Chinese state educational curricula (Cai 1988, 174). Aesthetic education, as a way to learn the culture of Chinese beauty as an “agnostic religion,” represented an element “in between” the emerging Chinese ruling class and the Western bourgeois elite, while allowing for a preservation of cultural belonging. Chinese communists also stressed a link between aesthetics and a Chinese path to revolution, because traditional aesthetics, familiar to the majority of people, can be used to embellish revolutionary contentment.¹⁸ As part of this project Liu Kang outlines a genealogy of aesthetics in order to distinguish the complex set of values and meanings of Chinese Marxism, otherwise seen as monolithic, from Western Marxism. Liu Kang (2000) also recognises the value of seeking “culturalism” through aesthetics and sees this as a way to construct modernity in non-Western countries. Culture must now bear the burden of not only solving the paradoxes of Western modernity but also reaffirming and empowering China’s own national identity (2000, 5).

After the establishment of the People’s Republic of China (PRC) (1949), the Chinese state, following the example of Mao during the time of guerrilla warfare, once again resorted to traditional aesthetics and not to the “vanguard” (like, for instance, the Soviet one), as a way of better preserving Chinese domestic content. As a component of Chineseness, aesthetics has always been at the disposal of politics, and has actually supplied a framework for the contingent political configuration and the safeguard of political power. This long history of exalting aesthetics explains why it is now used in the educational curricula as a strong means of advocating Chinese pride. The reformed

¹⁸ For example the “beauty” of revolution in Mao Tse-tung’s poems which are written in a traditional style.

educational system aims to meld students into experts who are competent, patriotic, and capable of promoting an aesthetic of excellence.

In current day China this development of experts seems a priority, and applies not only to developing students but the whole population as well. The use of aesthetics in this way can guard against people's disenchantment with and disengagement from the *status quo*. As I have already stressed, since a wave of depoliticisation swept post-Maoist China, the previous anchor of Chinese pride, the political and ideological supremacy of Chinese Marxism, was demolished. The Chinese state, "politically deprived of its nationalist self-glorification" (Zhang 2008, 29), became "increasingly dependent on a cynical pragmatism and opportunism as its sole force of legitimacy" (29). In comparison a developmentalist and technocratic state would have risked revealing a cultural meaninglessness and this would have resulted in a disengaged population lacking any kind of patriotism. In the political lineage from Deng Xiaoping to Jiang Zemin the forging of a *homo oeconomicus* as a new subject had to be integrated with aesthetics.

Aesthetics, therefore, started to assume the value of a technology of power to regulate people's conduct through the creation of a Chinese dream of opulence. In its more contemporary form this aesthetics of Chineseness has progressed into an "aesthetics of technocracy." I draw this term from Gartman (2000), who, following Pierre Bourdieu and the Frankfurt School in stressing a causal relationship between art and class interests, used the concept "aesthetics of technocracy" in a study on the establishment of modern architecture in Central Europe. The rationalist and functionalist style of architecture appealed to the tastes of an emerging professional and managerial bourgeoisie in order to acquire social legitimisation when it was clearly opposed to traditional aristocratic tastes. In a similar way, in China the aesthetics of technocracy has produced a fascination amongst the ruling class for hi-tech as a powerful symbol of global capitalism that is nevertheless associated with Chineseness, as conveyed in its presentation, utilisation, and reformulation.

The aesthetics of technocracy has been the winning choice among a range of possible aesthetics because of its ability to operate on a range of levels. It represents the most modernised side of Chinese society and is glorified for its excellence (smart cities, magnetic levitation trains, skyscrapers hundreds of meters high, the widest net of

business on line, and so forth). But technocracy also carries a mimetic value because it camouflages the ruling class and disguises them as experts (with “technical expertise,” *τέχνη* but not necessarily “power,” *κράτος* at their disposal). The aesthetics of technocracy spread smoothly across China and became the epitome of modernity. It has the capacity to transgress boundaries amongst the educated and to spread across society, including both urban and rural populations, rich and poor people, learned and ignorant. But aesthetics is actually a bivalent device because it promotes practices of both inclusion and exclusion. Indeed, the beauty of technology is the common ground for the whole population. Rural villages, with their houses ostentatiously bristling with TV and cell phone antennas, show that having technology is a symbol of status, even amongst the peasantry. At the same time, this common ground segments people into different groups. Urban middle class people, more familiar with technology, draw a distinction between themselves and the rest of the population, and this creates tensions in their efforts to distinguish themselves and to be noticed. For instance, the aesthetics of architecture and, for example, skyscrapers—new, modern, clean, and straight in their structure—keeps growing within Chinese cities, and they stand in sharp contrast to the old historical buildings, which are considered dirty and messy. As symbols of modernity, the new tower blocks, equipped with features such as lifts and centralised heating, displace people to a number of kilometres from their previous abodes in downtown areas; they are thus relegated to “ghost cities” that now dot the countryside.¹⁹

Furthermore, this new aesthetics requires that any signs of the past are condemned to demolition (besides a few very ancient and monumental structures). As I will examine in chapter 4, this can lead many contemporary Chinese subjects, including the returnees or *haigui* who provide a privileged focus of my study, towards an oblivion about the past. The dictates of aesthetics call for the constant and hectic activity of demolition and construction and the deporting of old inhabitants no matter how well they can embrace newer technologies and ways of being. They also create financial

¹⁹ Throughout the Chinese countryside the Ghost Cities in China have resulted from huge real estate development projects, with no public services, commercial networks and connections. These projects are often the result of speculative investments coming from the government and have been called as a blatant manifestation of the incoming housing bubble.

interests, a connection between local governments and an emergent and enriched entrepreneurial class, while nourishing the aspirations for a new quality of urban subjects, busy with social relationships and hi-tech ways of communicating and imagining (Visser 2010).

The ongoing mantra used during the Shanghai Expo of 2010, and translatable into English for a foreign audience as “Better city better life,” was in the Chinese version “city makes life more beautiful” (*chengshi rang shenghuo gen meihao*). In the Chinese version the urban is associated with “better,” with an improvement of aesthetics and an improvement of living conditions. Within this environment, at the subjective level, aesthetics becomes a technology of the self—that is, the spread of the Internet and the use of electronic devices from the mobile smart phones and palm screen. All these devices contribute to new knowledge production but they put the population able to afford them in a state of continuous stimulation and hedonistic excitement. Thus individuals are called to discipline themselves in order to take part in such an aesthetic space and in order to feel included and empowered by a sense of belonging. Upgrading new software, together with quick and efficient access to information, the immediate capacity to use data or transmit it as short messages and/or images, are the dominant requirements that have to be carried out at the highest speed possible. In this way aesthetics becomes technologically specialised, developing a culture of speed and an entertaining image of the self. This deeply characterises the new rhythms of Chinese professionals whose everyday activities are constantly dictated by these moves: downloading apps, checking the latest news, recording information, and making pictures. It is now common for workers to make a picture of the person they meet, instead of exchanging business cards at work meetings, so the contact is instantly digitalised. This has created aesthetically strenuous competition, a battlefield where empty spare time (while squeezed on the metro in rush hour or waiting for the bus, or during the lunch break) has to be optimised in order to capture everything in new or visually attractive ways, for instance by ensuring that every new product of the “self” (tag, picture, selfie, comments, video) becomes viral.

Yet in order to understand how Chineseness is deployed aesthetically, it is necessary to analyse the graphic characterisation of a number of Chinese websites. The preferred Chinese aesthetics on websites is excessive, overloaded and congested by obsessive

advertisements and pop ups that fringe the content. This aesthetics of opulence aims at pleasing the visitor and emphasising wealth and its associated enjoyment. The sites select colours which are highly symbolic in terms of Chinese traditions (most Chinese websites are lavishly red, the symbol of joy, and yellow, the symbol of wealth). The Chinese versions of facebook, twitter, msn, youtube—they remain obscured by a Chinese firewall—are named, respectively, *weibo*, *renren*, *qq*, and *youku*. It has to be noted a fever of social media was only allowed to be released if one condition was met: that foreign expertise embodied in these tools was converted and translated into a domesticated netscape. In this process, the tool, in coming from abroad, acquired an “informal” Chinese value. Through its “adaptation” by foreign experts it was filtered and divorced from its previously recognised global features. In this process “the tools” (*yong*) coming from abroad were, once in China, subsumed within a space where the border between formal and informal expertise was blurred. In chapter 5, I show how the desire for electronic devices has also been reproduced in the use of software to invest in the stock market. This software is available for free download on any smart-phone and has no restrictions. Everyone can thus, potentially, become an investor, an informal financial expert.

Conclusion

In this chapter I have employed a genealogical method to illustrate the shaping of Chinese expertise. I have highlighted how a recurrent theme characterises the rise of the modern expert: the dialectic *ti* and *yong* (Chinese knowledge as a “body,” and foreign expertise as a “tool”), and its inflection towards the categories formal and informal. In particular, I have shown how every time foreign expertise has threatened the maintenance of Chineseness, the expert emerged as a paradigmatic figure, bringing foreign expertise into China as an informal thing, and in turn being formalised according to the local contingent political project. One of the most emblematic cases recurs during Maoism, where the expert has to be first “red” (committed to political values) and only then “expert.” Thus, I have argued that despite the process of depoliticisation which has neutralised communist values in the wake of the Chinese embrace of global capitalism (from Deng’s reforms onwards), the Chinese state is still seeking to shape the “morally” committed expert in a continuity with the modern tradition. In place of revolutionary values, experts are now fostered within a new educational reform that, on one hand, aims to foster “neoliberal subjects”

(characterised by internationalisation, competitiveness, entrepreneurship, and self-reliance), while on the other, urges them to show a commitment to nationalism and patriotism (Hoffman 2010). I have shown how one of the preferred ways the state is shaping patriotically committed subjects is through “aesthetics.” The value of aesthetics appears in educational reform, reiterating a modern tradition of educating Chinese students to Chinese superiority in beauty. It also appears as a technology of power, addressing the whole population through a Chinese dream based on Chinese technocratic power as a symbol of a global capitalism, discernable in contemporary architecture—specifically, urban skyscrapers—and the display of high-tech and financial power.

Building upon this foundation, in the following chapters I show how student returnees (*haigui*)—holders of a formal body of expertise from abroad and hoping for a career in the Shanghai financial market—are called back to embrace and embody the state aesthetics of technocracy. However, once they return they find they are unable to become technocrats (that is, experts provided with decisional weight). In the context of increasing financialisation, the “Chinese dream” of beauty and opulence that is officially nurtured by the Chinese state intervenes as a glittering disguise, and appeases potential conflicts by providing a space for action and the embrace of modernisation (contemporary urban spaces, IT technology, and so forth).

In the following chapters I aim to show how *haigui*, fostered by the state to perform as financial subjects to strengthen the Chinese embracement of financial capitalism, emerge as dynamic and enterprising managers of themselves. The desire for independent enrichment, self-affirmation and social recognition as autonomous experts often outweighs their desire to pursue the kind of second-rate employment they can find in financial and/or state institutions. I observe how this very dynamic arises in the arena of the Shanghai financial market where, caught in a fever of enrichment and the potentials of the stock exchange, the *haigui* tend to put aside their desires to expend their capacities formally, that is, as consultants or project managers in precarious and lowly-respected positions, and alternatively aim to strengthen their expertise informally by becoming self-investors, or brokers of themselves. Yet, in plunging into the ocean of mass financialisation, these experts risk dismissing their qualifications by merging with a crowd of scattered informal investors (*sanhu*) who

invest in the Chinese stock market without having formally acquired any financial expertise.

Chapter 2

Fostering Chinese talent abroad: the paradox of the returnees (*haigui*)

Introduction

As outlined in the previous chapter, the dialectic between Chinese knowledge and foreign expertise that was a feature of Chinese modernisation mirrored the tensions between the state's conflicting needs to safeguard its domestic configuration (hinged on Chineseness) and to import alien expertise from abroad. In addition to the question of knowledge and expertise, this chapter traces a further genealogy through a focus on Chinese returnees. These are Chinese students who were encouraged by the state to become holders of foreign expertise abroad, and to bring it back as part of the state's modernisation project.

Firstly, I will show how the returnees are key figures in the making of modern China. Time spent abroad was seen to give returnees the skills to contribute to a modern China and to become politically influential. Starting with Republican China (1912), students were sent to Japan and Europe to learn the “secrets” of modern nationalist strength. Later, in the 1920s, the burgeoning CCP sent students to France in order to nurture Marxist intellectuals as elite party members. During Maoism, the returnees were exalted primarily for their political commitment and subsequently for their conformity to the Maoist principle of “the red and the expert.” Describing how the status and experiences of contemporary returnees break with this tradition, this chapter evaluates a program that fosters and educates talent abroad in order to shape loyal and committed experts in a China characterised by increasing depoliticisation.

Secondly, I discuss how contemporary state policies of migration and education that facilitate the return of Chinese students from abroad are interconnected to governmental discourses and practices that breed new subjectivities shaped by neoliberal notions of competition. The resulting subjects have flexible skills and knowledge, can self-manage, and are individuals with an understanding of the self as market actor. Here, the returnee no longer belongs to a state-sponsored elite, but is a

self-financed student who autonomously decides to study abroad in the hope of a better career upon return to China. In order to characterise this shift, I explore how contemporary returnees belong to a new Chinese middle class, and are held up by the state as the best representative of *ren suzhi*, a new “high quality subject.” This subject must display, on the one hand, self-managerial capacity, cultural capital, consumerism, and middle class lifestyle choices. On the other hand, she must be a responsible citizen who is loyal to the state. Yet, as I show, the meaning of “middle class” in China is ambiguous and discloses multiple contradictions. The reforms that have gradually decentralised the power of the CCP have given rise to new capitalist productive forces and complex relations of power in which the borders between public and private, state and market, professionalism and state protectionism are constantly contested. This is especially the case in the provinces, from where the majority of returnees I interview for this research hail.

Due to the ambiguous nature of the middle class to which they belong, the returnees are displaced, uncertain, and frustrated subjects, in search of personal and social success. They are therefore particularly vulnerable to government “at a distance” (Miller and Rose 1990). Peter Miller and Nikolas Rose define this concept as the emergence of discourses and practices that “employ the language of expertise to discipline and shape the economic or social conduct of diverse subjects without shattering their formally distinct or ‘autonomous’ character” (1990, 14). In the case of returnees who adhere to such conduct while they study abroad, the concept of “at a distance” also acquires the further meaning of its literal sense. These discourses have the effect of harnessing the returnees to China, even as they study abroad. One example of these discursive formations is the “how-to manual,” a widespread literature in China, which portrays the returnees as indispensable intermediaries in business relations between China and the world. While the professional success of the returnees varies according to the disciplines in which they are trained and the contingencies of their return, my fieldwork shows that those specialising in finance in Shanghai are among the most dissatisfied due to the low-scale jobs they obtain. Shanghai returnees expect to embody the role of high quality subjects (*ren suzhi*) who will lead the country’s economic development. In reality, their “operating range” is controlled through “differential inclusion,” a state approach designed to domesticate global capitalism. As an example of this strategy, in this chapter I observe the case of science

and technology parks in secluded areas. These special urban economic zones are crucial devices for situating and managing returnees and their foreign expertise in protected areas.

Thirdly, I highlight the contradiction between the state's urgent need to acquire financial expertise at the current juncture of capitalism and the low-scale employment that returnees with financial expertise are able to obtain. In little more than 20 years, the Chinese regime has, almost from scratch, built its own version of a market economy, complete with a new banking system, a credit system, a stock market, a security commission, and global financial representative organs. As I have pointed out in the introduction to this thesis, the financial expertise of the returnees contrasts with the ecology of financial expertise the party-state seeks to protect. In this sense, the conflict between the financial approaches that the returnees have learned abroad and local configuration of finance acts as a sequel to past conflicts between foreign expertise and Chinese knowledge. I therefore argue that the precarious labour conditions and frequent underemployment of the returnees is not due to a glut in the labour market but is instead the result of a deliberate structural marginalisation and exclusion from the state's ecology of financial expertise. Consequently, those state policies that appear to foster internationalised, competitive, and self-entrepreneurial labouring subjects emerge as a paradox. The entry to the selected elite promised to these subjects at the finish line of their circuit of migration does not await them.

I will show how the Chinese state resorts to a tradition of expertise, subjected to the political needs of the state, as an *extrema ratio* to protect its own ecology of financial expertise. Case studies in this chapter and throughout the thesis show how the production of the subjectivity of the returnee unchains an array of reactions, from resilience, to indifference, to feelings of rejection. The returnees I interviewed wished to go beyond a subordinate role in their workplaces to become organisers and managers of their own projects. In conclusion, I argue that through observation of returnees as contrasting, problematic, and disjointed agents, who are equipped with financial expertise, as well as an analysis of the broad historical and social changes in which these subjectivities appear, we can grasp the tensions and fissures emerging from the state project of fostering talents abroad and subsequently bringing them home. These subjectivities reveal the contradictions inherent in the Chinese state's

embrace of financial capitalism. On one hand, the state needs to produce subjects for financial capitalism who are entrepreneurial, inclined to risk-taking, and practices of self-management; on the other, the state sees these subjects as potential threats to its hegemony.

Fostering Chinese talent abroad the historical context

In this section I present a genealogy of the returnee. I trace how, historically, returnees have been key figures in the shaping of modern China. In particular, I highlight how returnees play the role of intermediary agents at times when China has been confronted by an external power. Since the first century AD, China has been compelled to deal with foreign influences. For instance, when Buddhism arrived in China around 50 AD, the Chinese Empire sought to maintain local creeds of Confucianism and Taoism through strict supervision of the new religion. In a visual domestication of foreignness, Buddhist temples were obligated to imitate Confucian and Taoist architectural structures.²⁰ At the same time, the Empire fostered the first study abroad program to form a limited number of experts, charged with grasping a better understanding of the exterior religion, to be inserted later into the culture “under supervision.” Chinese students who were sent to Central Asia and India to receive instruction in Buddhism and collect *sutra* (Buddhist texts) found, on their return, a pre-arranged space in which to pass on their learning; they enjoyed imperial acknowledgment but were segregated from the population (see Bokenkamp 2007). In this way, the destructive potential of Buddhist precepts (such as the chastity of monks which was totally in opposition to the Confucian desire for a large population) was confined and inhibited in order to preserve the benchmarks of Chinese rule and ensure the subservience of religion to political power.

Centuries later, during the Mongol domination of China (1271-1368), the supremacy of Chineseness was again at stake. The Mongol rulers spoke a range of other languages including Mongolian, Turkish, Persian, and Tibetan, but not Chinese. As these languages became official, they were inserted into the Chinese education framework,

²⁰ This occurred with some hybridisation. For instance, pagodas—tall structures with upward-curving roofs on each of several stores—were an architectural feature imported from Indian Buddhist architecture.

which (for a few) included a period of language study abroad. Consequently, the language in which Chineseness was expressed (classical Chinese, previously the only official language) risked being overshadowed. In order to preserve classical Chinese as a stronghold of Chineseness, the few Chinese students who ventured to the central Asian steppes or the Tibetan plateau to study the new official languages became *lettrés*, members of the Confucian intelligentsia who spontaneously confined the languages not related to Confucianism to a purely accessory role, thereby preserving the supremacy of Confucian knowledge (Brokaw 2007) even if not its original language.

During the long period of the Chinese Empire, from the Ming (1368-1644) to the Qing (1644-1911) dynasties, China's foreign interaction lay mainly within the East Asian region. Through the tributary system, the Chinese state created systemic stability through which to maintain its centripetal hegemony.²¹ The interchange and economic channels it fostered and maintained with neighbouring countries involved an appeasement model that allowed the "celestial Empire to adjust its foreign relations within diverse theatres of operation for two millennia" (Andornino 2006, 5).

After the fall of the Empire and the establishment of the Republic of China (1912-1949), the state regularly sent students to modern countries to study natural sciences, economics, politics, military science and medicine. The aim was to discover the "secret" of modern strength and apply it to China. In the nineteenth century, as a response to the rise of Western imperialism, the Chinese state was inevitably compelled towards social, technological and political transition. It turned towards the discursive apparatus of "the modern West" (Sakai 1998), which was proposing and imposing itself as the universal value for "the rest." At this time, Western missionary organisations, convinced of the superiority of Western civilisation based on Christian beliefs, organised most of the study abroad for Chinese students. Students who were educated within this framework were encouraged to acknowledge European

²¹ Contrary to other tribute systems around the world, the Imperial Chinese version consisted almost entirely of mutually-beneficial economic relationships. Member states of the system were politically autonomous and, in almost all cases, independent as well. The tribute system facilitated frequent economic and cultural exchange, and the various dynasties of Imperial China deeply influenced the culture of the peripheral countries and also drew them into a China-centered, or sino-centric, international order. The Imperial tributary system shaped foreign policy and trade for over 2,000 years of Imperial China's economic and cultural dominance of the region.

superiority. Sun Yatsen, the founder of the Chinese Republic, was one of these students “initiated into Western knowledge” (Roux and Bergère 1999) by attending the American Congregationalist Oahu College in Honolulu, Hawaii.

During the Republic, Chinese students were lured precisely by the possibility of mastering and importing “Europeanisation” into China (Luo 2015). Students were sent to the West as “well placed agents” to learn modern techniques and, once back in China, to transpose, translate and adapt them to Chinese ways. The process of extracting expertise from the European self-celebratory frame was considered an advantageous element for creating a “Chinese alternative modernity” (see chapter 1). This was not unprecedented in East Asia. In Meiji Japan, modern Western techniques had been locally adapted and integrated to the benefit of the country. For instance, the modern Japanese navy brought together Krupp canons with *bushido*, the samurai code of ethics.

A key document was *Kyōiku Chokugo* (Imperial Rescript on Education), which offered the best synthesis of the *kokutai* (the soul of the nation), a mix of Meiji principles and Confucian ethics (Horio, 1988). Consequently, most Chinese students went to Japan rather than to Europe. From a Chinese perspective, Japan was viewed as a new frontier in which to learn necessary techniques and expertise, but also as a concrete example of how another Asian country was transforming itself through adopting and re-engineering foreign expertise. At the beginning of the twentieth century, around 15,000 Chinese students were studying in Japanese universities (Samarani 2004, 11). There, they experienced a novel form of learning. Japanese schools were organised according to very different educational principles, such as the rejection of purely mnemonic teaching, which had been the dominant pedagogical model in China for centuries. At the same time, Chinese students were stunned by the huge gap between Japan and China. Japan, a country which in Chinese eyes had received everything from China, including philosophy, religion, and its writing system, had suddenly become richer, better respected and more feared than China. Grasping the secrets for building a rich and powerful modern country in Japan motivated many Chinese returnees to lead China down a similar path of development. The dismantling of the Chinese Empire, a political form unsuited to attaining these goals, appeared inevitable. The

wave of returnees from Japan can therefore be considered a paradigmatic case in the genealogy of Chinese returnees.

During the Republic, the Chinese also looked to outside expertise from the US. The Chinese educational system underwent a dramatic change due to a local fascination with the philosophies and writings of John Dewey (1859-1952), the American pedagogue whose approach to education was based on social reformism (Chomsky 1995) and the concept of the “humanism of work.” Dewey’s pedagogy was devised as a foil for Soviet Bolshevism and Japanese expansionism. He attempted to conjoin classical and professional studies through the insertion of classical knowledge into professional curricula. His aim was the development of attitudes and abilities in students over and above factual knowledge. He attracted hundreds of Chinese students to American universities and channelled many intellectual resources toward his pragmatic approaches. Some of Dewey’s students at the Centre for Chinese Education at Columbia became important personalities during the Republic and were pioneers or founders in many fields, holding important positions in government offices, universities or research institutions. A prominent example was Zhang Bolin who served as chairman of the National Advisory Council. These students constituted the first Chinese Students Returnees’ Association and were among the instigators of the New Culture and the May Fourth Movements.

Around the same time, French and Chinese communist and anarchist groups launched “work-study” programs for Chinese migrants who could fund their studies through work in French factories. The educational schedule addressed Western knowledge, with a concentration on politics. As Jonathan Spence describes them: “The work-study programs ... sought to mix advanced education with a morally rigorous, even ascetic, life-style” (2013, 310). The result was a complex melange of science, technology and political theory and praxis. Thousands of young Chinese, mostly belonging to the lower classes (peasants, workers, petty bourgeoisie), volunteered for the program in France where, besides working and studying, they became “active in local labour agitations” (310).²² These programs directly contributed to the revolutionary

²² During this wave of the study-abroad movement, the number of Chinese students in France increased from less than 200 before 1919 to more than 1,600 in 1920.

intellectual and socio-political reform movements that occurred in China in 1917–21, and which were directed toward national independence, emancipation of the individual, and rebuilding society and culture. From their stay abroad, students extracted knowledge and first-hand experience of Western capabilities and, at the same time, an understanding of the cracks and fissures opened up by political party and trade-union actions in the West, and the ensuing social unrest they caused. Among these young Chinese were some of the most prominent future Chinese revolutionary leaders including Zhou Enlai and Deng Xiaoping.

Following the May Fourth Movement in 1919, the foundation of the CCP in 1921, and initial CCP-Kuomintang (KMT) cooperation (1924-1927), a surge of students travelled to the Soviet Union to study revolutionary theory and military know-how. Many outstanding cadres for the CCP, including Liu Shaoqi, Qu Qiubai and Ren Bishi were trained at the Communist University of the Toilers of the East, which was founded in Moscow in 1921 as one of several universities, which accepted students from Asia (Li 2006). After the establishment of the People's Republic of China, the study-abroad system was directed at producing “red and expert” graduates; that is, skilled professionals loyal to the political system. The main destination of study became Moscow where students learned modern sciences and Soviet-style Marxism-Leninism. However, in the 1960s the split between China and the Soviet Union—which prevented Chinese citizens from travelling to Moscow—and the Cultural Revolution, which stigmatised and punished experts as a group harmful to society, undermined the “red and expert” project.

When the Cultural Revolution was abandoned, the project of a socialist egalitarian education was also abandoned. As I mentioned in chapter 1, the end of the Cultural Revolution should be taken as the inception of the party's depoliticisation. Claudia Pozzana and Alessandro Russo (2006) have linked the outcome of the Cultural Revolution to an impasse in the socialist foundations of the state. Their thesis is that, through the Cultural Revolution, the Chinese state underwent the same process that provoked the historical failure of the socialist model (as in the French Revolution), namely, the incapability of including the political claim of egalitarianism in the state's governmental power structures. Transposing it to China, the authors suggest reading the Cultural Revolution as the moment in which the Chinese state realised the

impossibility of conferring equal conditions on all citizens as a single community. The socialist state was not able to protect the rights of unbound subjects, and thus reactivated the old categories of the ancient regimes (classes, corporations, households). This entailed a rearrangement of the ideological apparatus—in which education, of course, played a central role—and a new political existence for the CCP, which began embracing technocratic and economic calculative practices as the basis of its political legitimation. From this moment, a small percentage of the population—a select elite with technical skills and expertise—came to be in charge of the development of the rest of the nation, selecting, in turn, segments of population to address specific tasks. The market-oriented reforms started by Deng Xiaoping in the late 1970s led to a new relationship between migration and education, knowledge, and expertise. However, the real increase and acclamation of returnees sprang up only a few decades later.

Contemporary returnees and the figure of the *haigui*

As I will explain later in this chapter, since Deng's reforms, state discourses on power and knowledge that emphasised "a new quality of population" (*renkou suzhi*), encouragements to get rich, be internationalised, and become entrepreneurial, accompanied previous state policies of mobility (such as the aforementioned work-study programs). These latter were deployed through laws aimed at directly ordering territory and the population, and therefore carried a sovereign form of power. However, along with China's conversion into "the most friendly capitalist country in the world" (Guthrie 2012), the context in which the returnees had to operate was marked by an historical caesura. A new governmental apparatus emerged to shape the subjectivity of a new student who expected to go abroad and then return to glory in China.

From the 1990s, student mobility was conceptualised as "student migration," as it was mostly driven by the students' own initiative, becoming "more open-ended, less predictable, and possibly exerting a more profound long-term impact on society" (Xiang and Shen 2009, 516). As Xiang Biao and Wei Shen conclude in their study on international student migration and social stratification in China, "student migration began as a state project and evolved to become a 'societal' phenomenon" (2009, 516). By the end of 2010, there were 1.27 million Chinese international students studying

overseas, including 946,400 people enrolled in higher education programs, from bachelor degrees to post-doctoral courses (Hao and Welch 2012, 245; Ministry of Education 2011). In order to deal effectively with the risk of a disastrous brain drain, and to encourage returnees back to their motherland, the state tightened policies to manage the return of these students from abroad.

At this juncture, the Chinese state plays several roles—lawmaker, planner and bestower of the all-important *hukou* (resident permit). State policies seeking to systematically attract Chinese students (both state- and self-funded) back from abroad started from the 10th Five-Year Plan in 2000-2005, when a significant part of the nationwide human resources policy was formulated in order to increase numbers of new global talents (including both Chinese returnees and foreigners). State measures were further intensified under the subsequent Five-Year Plan (2006-2011), which launched the slogan “studying abroad, encouraging return and securing free movement.” These policies—aimed at recruiting new returnees to strategic sectors like science, research, finance, and IT—were mostly expressed in the form of a national middle- and long-term development plan, for instance, in the National Plan for Medium and Long-term Scientific and Technological Development (2006-2020), the National Plan for Medium and Long-term Human Resources Development (2010-2020), and the National Plan for Medium and Long-term Education Reform and Development 2010-2020 (State Council, 2006, 2010a, 2010b). Additionally, the launching of the Thousand-Talent Program in 2010, was targeted at graduate returnees from provincial areas.²³ Since then, local governments, particularly in the major cities like Beijing and Shanghai, have been in competition to secure themselves the largest number of foreign-educated employees. To do this, they have made an urban *hukou* available to all returnees who have worked for at least two years in a major Chinese city upon return.

²³ The Thousand Talent Plan aimed to attract about 1,000 high-level foreign-educated skilled Chinese or foreigners to develop innovatives, mostly scientific projects, in China. The recruits were expected to work at national research centres or laboratories, central government and state-owned financial enterprises, top scientific foundations, and in leading innovative projects to boost China’s development. By July 2010, the Thousand-Talent programme had already recruited 622 high-skilled international professionals (1000 plan, 2010). Among those, only 20 people were foreign experts (non-Chinese), the rest comprised Chinese returnees, of whom 448 held foreign passports (Hao and Welch 2012).

The importance of the *hukou* cannot be underemphasised. The *hukou*, in all of its varieties (temporary, permanent, etc.) has always been an instrument to filter and differentiate a range of workers according to expertise. From the late 1950s, the *hukou* was employed by the Chinese state to control the allocation and the distribution of the labour force amongst various locations, regions, branches and professions. With the launch of the 1978 reforms, a new category was created, “the migrant worker.” Through allowing people a temporary permit to flow from the countryside to work in the cities, the state was able to supply and control a low cost urban labour force. In the cities, migrant workers are subjugated as series B citizens, with none of the rights to which urban residents have access—such as free compulsory education, urban employment guarantees, public housing, free medical services, and retirement benefits. Despite joining the World Trade Organisation (WTO) in 2001, China resisted the pressure of “conformity to international standards,” which called for the abolition of the *hukou* so as to create a more flexible labour market and reduce “population immobility, economic irrationality, market segmentation and retardation” (Wang 2004, 118). In fact, the *hukou* remains one of the main measures to control worker mobility according to the contingencies of domestic labour requirements and it remains a critical issue for anyone wanting to move from their birthplace. As Jie Hao and Anthony Welch underline, “[e]ven for domestic university graduates, it remains extremely difficult to transfer their *hukou* to Beijing or Shanghai for employment, regardless of where they were born or what kind of *hukou* they hold, even from provincial capital cities or wealthy cities such as Suzhou or Hangzhou. But overseas graduates with international qualifications have much better access to *hukou* transfer” (Hao and Welch 2012, 252).

In China, which has achieved the record of sending more students abroad than any other country, the decision to study abroad is often motivated by the hope of obtaining an urban *hukou* in Shanghai, Beijing, or another big city upon return. As I elaborate in this chapter and the next, most returnees do not come from big cities like Beijing or Shanghai, but from medium-sized and small provincial cities. For returnees, the promise of an opportunity to live in the most attractive globalised Chinese cities, together with the potential surplus value that their international education could offer, is a “return to the future” which is “driven by enterprise rather than by nostalgia” (Xiang 2013, 2).

By the mid-2000s 90 per cent of the almost 200,000 students studying abroad were “self-financing students” funded by their families and not by state scholarships (Constant et al. 2013, 113; Xiang and Shen 2009, 516). The biggest change occurred between 2001 and 2002, when returnee numbers grew by almost 100% (Zweig, Changgui and Rosen 2004 in Louie 2006, 3). At this time, a new word was coined to refer to “high skilled graduates from abroad,” the term *haigui* 海龟; it quickly became *liuxingyu* (a fashionable/colloquial term). Literally meaning *sea-turtle*, it is a word play on the homophone *haigui* 海归, meaning “returnees from overseas.”

A new middle class, governed “at a distance”

In order to understand the desires, dispositions and expectations that have shaped the subjectivities of the *haigui* in the last decades, I now investigate the social background of the *haigui*. As one of the key incentives to encourage *haigui* to return is a *hukou* in a big Chinese city, the *haigui* use their study abroad period to advance their social mobility, and to upgrade their social status or class from citizens of second- or third-tier cities to citizens of first-tier cities. Most of the *haigui* I encountered during my fieldwork were from industrialised small to medium-sized cities in developed provinces like Zhejiang and Jiangsu, provinces that are among the wealthiest in China. In fact, in my fieldwork I found no records of *haigui* with working class or peasant backgrounds. In these provinces, the new political administrative decentralisation and the restructuring of systems of production that came out of Deng’s reforms, favoured the rise of a market-based rationale and a partial privatisation of State Owned Enterprises (SOEs), which had been previously regulated through a centralised system. The benefit of public investment favoured the rise of infrastructure, as well of the location of numerous industries. Managers of these SOEs, as well as party cadres of provincial government agencies, were “faced with the imperative to commercialise their activities” (Goodman 1998, 42).

During this transition, China witnessed the emergence of a new class. The “middle class” started to be invoked in government discourses at the time when the party decided that, besides its economic role, a new class had to be created to address problems of social security. As a consequence of the increasing economic inequality brought about by reforms that left behind the peasant and worker majority of the population (formerly considered model citizens, they became “disadvantaged

groups”—*ruoshi qunti*), the party feared a threat to social stability (Hai 2010). Hai Ren argues that “government officials, policy experts, and scholars advocate for the growth of a middle class as necessary for balancing the contradictions between economic growth and social stability produced by the economic reforms” (115). Thus, this new class carried a performative function and power, which was to grant the CCP new types of social legitimacy.

This class was created top-down. It acquired the value of a normative category and was made intelligible through systematic uses of statistical surveys, or what Susan Greenhalgh calls “numerical inscriptions,” such as tables, figures, charts, and equations used by population scientists, state planners, and government bureaucrats (Greenhalgh 2003 quoted by Hai 2010, 115). The Chinese Academy of Social Science (CASS), with support from the central government, carried out a survey on Chinese social stratification in over 12 provinces and 72 cities, counties, and districts, and formally signed off on the introduction of the term *jieceng* (stratum). The more neutral sociological term “stratum” was a strategic substitution for the term *jieji* (class), a term deeply charged with political meaning. In the early 2000s, the middle class was officially declared as a stratum of “innovators” and “modernisers” in Jiang Zemin’s theory of “The Three Represents.”²⁴

The term “middle class,” *zhongchang jieji*, has not disappeared from the Chinese vocabulary. Besides governmental and official discourses, it is still commonly used in Chinese newspapers and is used by the population, especially by those who self-identify as middle class. However, the literal translation for *zhongchan jieji*, which is “class having middle property,” situates it in a political grey area. In Chinese, the word *zhongchan* originated at the intersection of *zichan* (“capital assets,” which also figures in *zichan jieji*, or “class with capital assets,” which is the Chinese iteration of the bourgeoisie) and *wuchan jieji* (“class with no property” or the proletariat). This political ambiguity is also reproduced in the definitions of property. In China, alongside *guoyou* (state/public) and *siyou* (private property), a hybrid *feigongyou*

²⁴ The Three Represents stipulated that the CCP had to be the representative of advanced social productive forces, advanced culture, and the interests of the overwhelming majority.

(“non-public”) form is present, which connotes private economic activities carried out with public funds.

I suggest that, on the one hand, the multiple and ambiguous nature of this definition averts the risk of homogenising this class with any pre-established categories. Even if the Chinese middle class resulted from a top-down approach in the form of a preemptive measure (Hai 2010), one should remember what Edward P. Thompson said, that “class is not a ‘structure’ or even a ‘category’ but something which in fact happens (and can be showed to have happened) in human relationships” (Thompson 1963 quoted in Zhang 2012, 4). On the other hand, I argue that the ambiguity, which surrounds the term middle class, or the middle “stratum,” is also its weakness, as it denies its members any official recognition in the form of professional associations and organisations, representative media, and political parties.²⁵ Due to its political “impasse,” the Chinese middle class is the one most targeted and therefore most likely to respond to the neoliberal governmental techniques that have characterised Deng Xiaoping’s quest for a *renkou suzhi* (new quality of citizens). Luigi Tomba argues that urban middle class citizens are the ones who better respond to the three governmental objectives to create “new quality citizens”: “(1) the making of new subjects who are autonomous enough to choose what to consume (and therefore stimulate economic growth and China’s integration in the global market) but also responsible enough to actively contribute to the maintenance of social order; (2) the creation of subjects who will govern themselves at the level of their residential communities without the need for government intervention; and (3) the benchmarking of social aspirations and behaviours, with the creation of models for individual self-improvement” (Tomba 2009, 593).

The three objectives respond to a new governmental rationale that promotes autonomous consumption behaviours that are inter-linked with social responsibility and political docility. The resulting middle class is therefore perfectly apt to “strengthen Chinese civilization as well as guarantee social and political stability in a

²⁵ The so-called Eight Democratic Parties, allied with the CCP since the foundation of the PRC as members of the Chinese People’s Political Consultative Conference (CPPCC), are supposedly representatives of the non-communist patriotic sectors of the Chinese society (entrepreneurs, medical doctors, Taiwan ‘compatriots’ etc.), but have never had any substantial role.

time of growing economic inequality and social complexity” (Tomba 2009, 593). In the absence of an autonomous political role “what is perhaps more crucial for understanding middle class formation in China, are the cultural aspects that characterise the acquisition of cultural capital, consumption, lifestyle choices” (Li 2008). In her studies on youth in Dalian, a mid-sized city in China’s third richest province, Liaoning, Vanessa Fong has noted that the rapid changes that characterise the class stratification system in urban China have opened up new spaces for younger generations “to imagine themselves sailing to the top of Chinese society on their own particular strengths” (Fong 2007, 89).

Accordingly Li Zhang describes the Chinese urban middle class as one *In Search of a Paradise* (2012). This is because, within new urban spaces, the “increasingly globalised nature of the media, language, and educational pilgrimages available to young Chinese citizens ... encourages them to aspire to belong to an imagined developed world community composed of mobile, wealthy, well-educated, and well-connected people worldwide” (Fong 2011, 6). *Haigui*, as urban citizens, grow up in a space congested with the semiotics of media, advertising, and real estate that influence their life choices and future ambitions towards the achievement of the Chinese dream. This recalls the “aesthetics of technocracy” that I discussed in chapter 1, and which I will discuss further below. Many *haigui* from Australia I encountered in my research sought their reward through privileged access to the propelled “Chinese dream.” Liu, who is from Wuxi, a medium city in the Jiangsu province, was one of the first *haigui* I interviewed in Shanghai. He told me that, “ever since I was young I have wanted to get into the government and to contribute to help China to improve its economy, to become richer.”²⁶

In such a context, an important role is played by the expansion of higher education learning opportunities provided by private and overseas educational institutions or educational agents, *minban* (literally “run by people,” which is a euphemism for “privately-run” and disguises that they are not state-run). Over the past two decades, these institutions have offered market-oriented courses, often in partnership with

²⁶ Interview with Liu, 4 March, 2013, Shanghai

countries and regions with developed economies and advanced technology, such as Australia or the US (Mok 2009). As I outlined in chapter 1, China's embrace of the "knowledge economy" and its adherence to WTO regulations requiring that it open up its higher education sector to private and overseas competitors in the for-profit sector has led to the emergence of a transnational education industry.²⁷ Despite this, the government still protects the state education sector through interventionist policies and local Chinese education remains a public system run by the Ministry of Education.

By overriding the meritocracy of a public exam-based educational structure, a myriad of private academic brokers and agencies provide opportunities to pursue a university degree abroad to failing or mediocre students who cannot enter Chinese universities, but have the money to pay for private programs. After obtaining a degree abroad, these students can return to China with university certification and re-present themselves as valuable candidates in the domestic job market. I will talk about how educational settings influence the choices of students who leave China to study in Australia in particular in the next chapter. Here, however, I am more interested in investigating the reasons for return rather than departure. The *haigui*'s ambition of being potential experts at their "return" is what makes them the main subjects of this thesis. Most of the *haigui* I met during my fieldwork in Shanghai told me that they had always wanted to return to China after their studies. As reported by other studies, China, in the eyes of the returnees, "is an attractive magnetic field" (Ye 2002, 10). It is a country "with great potential for development and one shouldn't miss the opportunities to be part of it" (Wong, Wang and Sun 2006, 298). Even for the sole *haigui* with whom I talked, who had thought to change their plans and remain abroad after graduation, the idea of "non return" was an uneasy one that conflicted with their sense and/or duty of belonging. As Chun, a *haigui* from Changzhou, in Jiangsu, who had studied in Melbourne told me: "After I finished my studying in accounting I had thought of remaining in Australia. I also got a job for a year, but then I was missing China too much. I want to try a career here in Shanghai. It is more important for me."²⁸ Wang, originally from Yangzhou, another medium city in Jiangsu province, was freshly back

²⁷ See "Regulations of the People's Republic of China on Chinese-Foreign Cooperation in Running Schools implemented by the State Council in 2003" (State Council 2003, Chapter 1, Article 3).

²⁸ Interview with Chun, 17 May, 2013, Shanghai.

from Brisbane where he studied economics. He told me that after he finished his study he felt a bit lost in Australia, not knowing what job to do or where to look. “After my study, I couldn’t really understand how things work in Australia, who to ask. I didn’t have any connections, no one was giving me any tips, supporting me. I thought it was tiring and confusing. So that is why I decided to return here in China. Here I feel more secure, protected and what I want is to find a job here in Shanghai. You know, I prefer Shanghai to Brisbane.”²⁹

Wang’s experience reveals that he did not consider his educational experience abroad an open door towards a new future abroad, but a strategic means, a fifth wheel, to advance his social mobility in China. In this sense, Wang was responding to the state’s call to go back and be committed to a pre-arranged and secure future. As I will outline later, Wang’s family and personal connections played a big role in this path. The “commitment” to return prevented him from even attempting to face some of the obstacles encountered in a foreign country, which he nevertheless still considered less interesting than China. As soon as Wang encountered a few obstacles he quickly retreated, and the option of staying in Australia was rationally dismissed. There were few incentives for him to endure the exhausting search for a full time job or resident’s permit in a foreign country, when multiple stimuli and pressures were calling him back.

Haigui like Wang respond to governmental techniques that address their citizens “at a distance.” In the words of Peter Miller and Nikolas Rose these are defined by discourses that employ the language of expertise to discipline, “shape the economic or social conduct of diverse and institutionally distinct persons and agencies without shattering their formally distinct or ‘autonomous’ character” (1990, 14). I will show the *haigui*’s return to China to follow such a call of “conduct” is nurtured by the allure of the state’s language, built around “expertise” and the “aesthetics of technocracy.” In that moment when the *haigui* respond to this call of “conduct” from another country, the concept of “at a distance” overlaps with a literal physical distance. In her studies on diasporas, Sara Kalm analyses how state authorities make an “effort in addressing

²⁹ Interview with Wang, 12 April, 2013, Shanghai.

territorially absent citizens as members of the national collective” (2013, 380). I would suggest that the promise to students of becoming “experts” when they return from abroad should also be read as a channel through which the state harnesses Chinese subjects outside its territorial borders. This recall is equally manifested through the influence on Chinese students wielded by Chinese national education institutions, families and Chinese media that do not diminish when the students are abroad.

Among the pressures to return, family plays an important factor. Most of the *haigui* I interviewed, female in particular, mentioned that they had to come back to China in order to stay close to their families. Even the few established professionals who had built solid alternatives abroad, and had successfully found a well-paid job and obtained a foreign residency, abandoned everything because of familial pressure. I repeatedly heard *haigui* saying that when their parents were getting older, it was their responsibility to assist them, at the cost of sacrificing their own plans. Li, a *haigui* from Zhejiang province, told me: “You know, in China we are not free to live wherever we want, it is our duty plan our future with our parents. This is because of the one child policy. If I had brothers and sisters it would have been different.”³⁰ The choice of the only child’s education assumes a strong relevance for the whole family and its future life. Mary Crabb (2010), in her study on the educational choices made by Chinese middle class families, found that in investing in their children’s education abroad, middle class families perform a “‘melodrama’ of mobility that acted out in a political economy of love where expenditures of time and money were not just rational investments but expressions of long-lasting affective bonds between parents and children” (398). In this way, middle class families also hope that the efforts put into “financial and affective investments made in the education of their only children will one day pay off” (398).

However, this family agreement, while seemingly reached autonomously from state intervention, cannot be framed outside official configurations. It is intimately tied to state policies and agendas that encourage subjects to invest in education as an instrument for self-determination and which will augment their future careers. The

³⁰ Interview with Li, 23 April, 2013. Shanghai.

rewards offered by special programs that attract students back to China function as a powerful and reassuring bulwark against improvised drift or unexpected opportunity while abroad. Paraphrasing Sara Kalm (2013), it is evident that government technologies that stretch beyond national borders are able to maintain an influence over rights and duties of their citizens, even when they are abroad. Furthermore, by providing an urban *hukou* in big and sought-after cities like Beijing or Shanghai, the state makes an even more explicit and specific deal with its citizens as it promises to upgrade them to urban citizens merely in exchange for their return. This is the way in which the “myth of return” is generated, strengthening nationalist loyalties even amongst those who have emigrated.

As Xiang Biao points out, “territory-bound sovereignty” and “flexible transnational mobility” work together instead of exclusively, where the Chinese state “regulates mobility through mobility not by blocking but by facilitating movements” (2013, 16). By enabling students’ mobility, the Chinese state nationalises their transnational moves. Thus, the emergence of the *haigui* is encouraged but, at the same time, constantly monitored and re-domesticated. The *return* is “a mobility of such a kind that it tames mobility, fitting in and out the framework of nation state” (Xiang 2013, 17). The *haigui* circuit of migration is pre-designed by the state to act strategically towards the creation of future labouring subjects and subjectivities. In this sense, the consolidated binomial student migration leads to the emergence of “designer migrants” which in turn supports skilled labour circulation in a burgeoning global knowledge economy (Robertson 2013). I suggest, however, that a better perspective to adopt in analysing the subjectivity of the *haigui* is the one of “flexible citizen” (Ong 1999). Aihwa Ong refers to flexible citizenship as a set of processes that respond to the “regime of flexible accumulation” (3) that is characteristic of global capitalism. She explains that mobile subjects “respond fluidly and opportunistically to changing political-economic conditions ... in their quest to accumulate capital and social prestige” (6). The “flexible citizen” is, then, strategic, opportunistic and seeks economic advantage and social mobility through their membership of multiple nation states (Robertson 2013, 80).

The idea of the flexible citizen not only interrogates how the bond between citizenship and nation state has shifted in contemporary capitalism, but also stresses how this shift

has been marked by a mobility that is fundamental to the “regime of flexible accumulation.” I suggest that mobility is a factor that enables “the fantasy of a just-in-time and to-the-point migration,” which aspires to follow the multifarious ways neoliberal capitalism shapes its daily workings (Mezzadra and Neilson 2013, 202). The fantasy points out the impossibility of an effective implementation of state policies, which are too slow and too rigid in responding to rapid and flexible transformations in global capitalism. Ultimately, however, the Chinese state is not invested in flexibility, and instead strategically and strictly controls an organised “supply” of competitive skilled subjects confined to their sphere of action. Looking at Chinese state policies directed towards *haigui*, one could easily observe how the latter have strategically evolved in response to a demand for new highly skilled labouring subjects.

From flexible citizens to flexible *haigui*

The *haigui* have been key figures in the Chinese urban landscape. As “high quality” citizens, the *haigui* have been promoted in official state campaigns, the media and in academic discourses. In 2002, just prior to the 16th National Congress of the CCP, a report employed the term *haigui* as an official category. The party’s intention was to mark the emergence of the *haigui* group as a key indicator of China’s major achievements over the preceding five years (Wong, Wang and Sun 2006, 294). Chinese government institutions, such as the Shanghai Academy of Social Sciences and other state-related research centres, have published numerous studies on *haigui* thereby acknowledging their fundamental role as valued and valuable committed talents supporting the country’s development (Li 2007). One of the most prominent exponents of the *haigui*’s key role in China’s development is Wang Huiyao, who is himself a successful *haigui* holding multiple business and economic degrees from some of the most prestigious universities in Canada, the UK and the US. Wang Huiyao holds a senior fellow position at the prestigious Harvard Kennedy School, yet his career take off was not abroad but in China. After his return to Beijing in the late 1990s, he built a new field of study that reflected on his personal experience as a *haigui*. His Wikipedia page, available in both English and Chinese, states that he has published over 30 books and 100 papers on *haigui* (Wang, n.d.).

It was his experience of overseas education rather than his actual business knowledge that positioned him as a top Chinese expert in talent recruitment and *haigui*. In Beijing he founded the Centre for China and Globalisation (CCG), a think-tank and research institute that serves as a consultant to the Chinese government on the implementation of *haigui* policies and as a research centre for global business media and international government agencies such as the OECD. Moreover, in 2015 Wang Huiyao was among the top Chinese scholars and experts receiving appointment certificates to the Counsellors Office of the State Council from the Chinese Premier Li Keqiang. As stated on the CCG website “Dr. Wang was the only representative from a Chinese think tank included in this select group” (Centre for China and Globalisation, 2015).

Wang’s success is connected to the “bridging function” *haigui* are expected to embody once back from abroad. This bridging function is central to the policies aimed at reversing the Chinese “brain drain,” in favour of “brain circulation,” where emigrants who acquire experience and expertise abroad can benefit their home country (Saxenian, 2006; Chen 2008). From a Chinese perspective, Wang is considered a strategic expert with solid connections and a reliable source of information coming from the most powerful political American centres. He is an adviser to the Chinese People's Political Consultative Conference in Beijing and the Director of China Overseas Friendship Association of the Ministry of United Front. He acts as a trusted intermediary. On his English-language Wikipedia page, Wang wears a suit, has a fashionable haircut, a calm self-confident expression, a smiling face, a relaxed posture and presents a globalised cosmopolitan image. On the think-tank website, he appears in a picture with premier Li Keqiang, where he conforms to the austere aesthetic tradition of CCP leaders. Together with the premier, Wang stands still and rigid, a red Chinese traditional painting in the background. In this image, Wang matches the attributes that define the Chinese aesthetics of technocracy that I described in chapter 1. He personifies both powerful and prestigious expertise within the Chinese political structure and the celebrated aesthetics of an influential state technocrat.

Of Wang’s astonishing number of publications, only two are in English: *Globalising China: The Influence, Strategies and Successes of Chinese Returnees* (2012) and *Entrepreneurial and Business Elites of China: The Chinese Returnees Who Have Shaped Modern China* (2011). These present an inventory of success stories from top

overseas returnees who have made noteworthy contributions to the Chinese economy and have been rewarded for choosing to return. One of his books consists of biographies of what he calls “the men and women elites who mattered” (Zhang, Wang and Alon 2011, xxv). In the list a few names, mostly from successful internet-based companies, are often mentioned. Robin Li, co-founder of China's most popular search engine, Baidu; Wang Zhidong, founder of the biggest Chinese online media company, Sina; Charles Zhang, chairman and current CEO of Sohu, the second most popular internet company in China; Deng Zhonghan, co-founder of China's largest multimedia semiconductor technology company, Vimicro Corporation; and Zhou Yunfan, co-founder of China's largest online alumni club, ChinaRen.

It is undeniable that in the last twenty years these *haigui* have been strategically encouraged to deploy the expertise they brought home to start their own innovative businesses. These “technopreneurs” (*gaokeji qiyejia*) represent a successful wave of *haigui* who seized the moment when China opened up to new emerging global economic models and a knowledge information economy, which it nevertheless adapted and domesticated. The much-celebrated success of these *haigui* is undeniably constituted by multiple factors including their experience of the global market, their entrepreneurial talent, and the support of the state. In addition, Chinese internet-based companies benefit not only from the large size of the Chinese domestic market, but also of the exemptions and protection they are granted from global competition—because of the Chinese language factor and national censorship regulations. Yet, I would argue, a key point in the success of this wave of returnees remains their function as “decant ponds.” These *haigui* rejected a mere “bridging” role and instead embodied a “filtering” role between the West and China. The *haigui* decant the foreign content they bear, exposing it to a filtering process which removes any elements unwanted by domestic configurations of knowledge and expertise. These *haigui* have consciously and unconsciously skimmed off and discard unsuitable parts of foreign elements in the process of conforming to the Chinese aesthetic of technocracy. Through this modality, this wave of *haigui*, in search of the state’s acknowledgment and the granting of a new social economic status, achieved the approval of the state because they strengthened national belonging, and supported the state’s attempts to preserve patriotic values congruent with the “dream of Chinese renaissance” (*zhongguo fuxing zhimeng*).

An uncomfortable “bridging function”

As explained by the examples above, the *haigui* emerge as highly relevant figures because they are specialists in the economic sectors that modern China is developing. Alongside their technical expertise, it is also their international experience and familiarity with foreign business environments that confer on them additional value as indispensable intermediaries and consultants. The *haigui* are perceived to be the best qualified to represent China in international forums, trade negotiations and scientific symposiums, or to introduce foreign business and technical innovation into the country. In addition, the same capacities required to smooth contacts within the professional *milieu* (self-management, mastery of foreign languages, familiarity with international customs and etiquette, personable manners) are promptly exported to business *tout court*, and even used to camouflage Chinese flaws and shortcomings. As evidence of this, and as Wang Huiyao’s writing from the depicts the *haigui* as the best intermediaries for developing Chinese business relationships and projects with the rest of the world. Titles from this seemingly limitless genre include *China Migration Tide: How China Can Keep its Talent Home, National Strategy–Talents Change World* (2012) and *Talent War–The Competition for the Most Scarce Resources in the World* (2009) (Wang Huiyao 2014).

Moreover, the *haigui* play further roles in additional fields. Most foreign companies and financial institutions seeking business in China are favourably disposed to relying on *haigui* because they studied in their countries of origin and can speak their foreign language, while still understanding local customs, which all serves to facilitate networking with Chinese contacts. Above all, the *haigui* can explain how to do business in China. Conversely, Chinese companies that expand their business out of China entrust *haigui* with various communication roles. International agencies like the World Bank or the OECD, as well as international media outlets, often report on the hunger for “reassuring” news on the Chinese economy. Such reports reflect anxieties and frustration emanating from official financial data released by the Chinese government—which is often depicted as unreliable—and the scepticism surrounding murky investment procedures in China. Despite the extension of business and cultural exchange, the establishment of joint-ventures and intensive merger and acquisition operations, reassurance is never sufficient.

The mantra coming from foreign media (see in particular *Forbes* 2009), international institutions such as the UN (see United Nations Chronicle 2013), multinational corporations operating in China, and from entrepreneurs seeking to establish their businesses has been distrust of Chinese ways of operating. This can be imputed to protectionist barriers against foreign investment—for instance, the peculiar structure of the Chinese stock market, as I will detail later, means foreigners are only allowed to buy a small percentage of Chinese stock shares. The distrust is also due to the persistence of insider trading, the lack of national supervisory authorities with impartial and transparent powers, the lack of protections in terms of intellectual property rights, the unreliability of national statistics, the pervasiveness of *guanxi*, and the prevalence of employee job-hopping. Against the backdrop of this lack of trust, the *haigui* acquire an increasingly prominent role.

At the time of China's entry into the WTO in 2001, international institutions also started celebrating the role of the *haigui*. Several reports and working papers from international organisations such as the UN and the International Institute for Management Development (IMD) stressed the importance of talent acquisition as a crucial competing factor for Shanghai's candidature as a global city (see IMD 2000): "Despite economic and trade liberalisation, one major critique for Shanghai and other Chinese cities is a lack of openness. This stems from the tight control under the ruling communist political system. Openness is not only reflected in economic terms, but also socially and culturally. However, the lack of human capital for Shanghai is in fact a national phenomenon" (Shen, 2010).

According to this discourse, the lack of human capital in Shanghai is a bottleneck for sustainable economic development in China (McKinsey 2005). Yet, as I will specify below, the Chinese job market is incapable of absorbing such an abundance of human capital. Especially in big cities like Beijing and Shanghai, there is an excess of *haigui* who cannot find suitable job positions (Zweig and Han 2011). Successful *haigui* in Wang Huiyao's book differ from the ones I interviewed in Shanghai. Most of the first wave were expatriated in the late 1980s, and returned to China in the late 1990s or early 2000s. At this time, China's participation in globalisation was still an emerging phenomenon. Consequently, *haigui* with novel expertise from abroad were still

considered a necessary asset for leading the pioneering projects of Chinese marketisation. Furthermore, during those years, the *haigui* were still few in number.

The scenario has drastically changed today. If we look at the numbers, China has sent 1.92 million students and scholars overseas since 1978, but, as of 2007, only 630,000, around one quarter, have returned to China, a figure that nevertheless represents a remarkable achievement for the government's "call to return" policies (*Xinhua* 2011). In contrast, from 2009 onwards, the current total number of *haigui* was over 600,000. This increase has been largely due to the financial crisis in developed countries, where Chinese students were hoping to undertake their careers but were forced to return to China because of rising unemployment rates in those countries. By the end of 2014, the number of Chinese students who had studied overseas and returned to China reached more than 1 million (*Global Times* 2015). During the local internet boom, the returnees were *haigui* "sea turtles riding waves ashore" because of their successful careers in startup companies (*China Daily* 2004). Now, they have been downgraded to *haidai* "seaweed," a word with the same pronunciation of "return from overseas and wait for a job" and which moreover "conveys the image of floating around without being able to settle" (Shen and Xiao 2009, 516). The prestige of the *haigui* has depreciated because of their increased numbers and increased competition, which results in fewer success stories. An article published in *China Daily* (2004) explained how in recent years "many employers are chagrined to find out that some of those put on a pedestal turned out to be high on rhetoric and low on performance. This is coupled with a new wave of students who basically gilded their resumes by attending less-than-reputable overseas schools or easy-to-get certificate programs. They have been blamed for the sudden drop of quality of sea turtles." The authors offer eight tips to the *haigui*:

1. Get rid of the sense of superiority and be prepared to compete on an equal footing;
2. Don't limit the choice of your job location to the few metropolises;
3. Don't calculate your salary request by the cost of your overseas education, but by the market rate of the position you're seeking;
4. Don't assume that the area of specialty that you majored in is still in high demand when you graduate;
5. Fluency in foreign languages alone does not usually constitute a full slate of job skills. One needs hands-on experience in a specific field;
6. Be ready to adapt

your Western way of thinking to the Chinese way of making things happen; 7. Knowing the market is not just window dressing. It is essential. Developing what you're best at regardless of market needs may land you in a dead end; 8. Be prepared to make a leap of confidence and settle down in China. Managing a business by 'remote control' from abroad is not practical. (China Daily 2004)

The “depreciation” of *haigui* is hardly surprisingly within the context of contemporary capitalism. One could say that China’s accelerated transition towards a knowledge economy and immaterial labour, at least in urban areas, has inevitably led to a precarious job market and unemployment, which many other countries are experiencing under late capitalism. Increasing numbers of young people are struggling to find and keep jobs, regardless of the qualifications they hold. Following Marx, one could say that there is nothing new in these circumstances, as they have accompanied every capitalist transition. As Marx writes, “the surplus-population becomes the lever of capitalistic accumulation,” a condition of existence of the capitalist mode of production (Marx 1967, 784).

Yet, I argue, in the case of the *haigui* we encounter a different condition to that of an army of surplus labour. It is certainly true that the surplus of *haigui* within the Chinese market has caused a devaluation of their earning potential in the labour market and in recent years they have been less sought after. However, this is not always the case. What at first glance might appear to be a labour surplus due to a surfeit of *haigui* can also be the result of a state-driven “exclusion” of *haigui* from certain job positions, particularly in state-controlled enterprises. Most *haigui* in the past have joined foreign-owned or private enterprises and universities, while only a few have been able to enter the CCP and government bodies. According to data compiled by the *Nangfang Zhoumo* (*Southern Weekly*) in 2014, only a tiny percentage of 169 officials at ministerial level or above have studied overseas. Furthermore, the *Global Times* reported: “Employers’ concerns over political orientation of and information breach by overseas returnees are allegedly among the factors that prevent the entry of these talents into the party or the government. Li Miao (pseudonym), a student from Renmin University of China, planned to join a master's course on national conflict overseas and work in a committee on minorities after returning to China. But his wish was

quenched when his dean told him that it was difficult for an overseas returnee to work in an organ concerning state security” (2015).

In this respect, I will argue that a hierarchy of factors (discipline in which expertise is attained, location of study, desired job positions, year of return) determine the success of the *haigui* once back in China. One of the findings of my research is that the *haigui* who have studied in Australia (which as I explain in chapter 3 is categorised as a Level C country for study abroad) and are seeking a job in the financial sector (a sector which is particularly susceptible and subject to government control) are located at the bottom of the *haigui* hierarchy.

In the next section, I will show how the jobs my interviewees expected to find upon their arrival in China had already been allocated to a locally-graduated elite. The inability to find their desired jobs represents a first rupture in the *haigui*'s recall from abroad, which reveals it to be a false enticement. The effects of this cannot be underestimated. In fact, I maintain that the state fostering of study abroad policies serves a political purpose far more than an economic purpose, and that is to preserve and enhance Chineseness during the absorption of foreign content. I will show how this strategy is implemented through the creation of laboratories for the domestication of foreign expertise such as science and technology parks.

From financial education to creative destruction

One of the main devices for the Chinese regime's selective governance of the oversupply of skilled human capital is the science and technology park. These institutions have been particularly active in attracting Chinese *haigui* in management and in research and development. The Chinese launch of the science park as a laboratory of hi-tech innovation and creativity explicitly referenced the Silicon Valley model (*Guigu*, the Chinese name for “Silicon Valley,” which also means “hi-tech area for the development of patents”). Gradually, these hubs appeared on the edges of all Chinese university campuses (Macdonald and Deng 2004). In the last decade, new government offices in charge of the management and administration of science and technology parks solely for *haigui* have developed *ex novo*. In this sense, the state has enlarged itself with additional functions to tailor a specific and cultivated returnee labour force from abroad. Chinese governments at various levels have established more than 110 returnee entrepreneurial parks throughout the country, and “by 2008,

over 8,000 start-up businesses had been established in these parks with over 20,000 Chinese *haigui* involved” (Wang 2014). Zhongguancun, a suburban area in Beijing that is known as China’s Silicon Valley, has more than 9,800 *haigui* and approximately 4,350 tech ventures (Zhao and Zhu, 2009; Chen, 2008). By adopting these parks as drivers for local economic growth and as an environment for the clustering of innovation and creativity, China has followed the example of public administrators and city planners worldwide. As defined by the International Association for Science Parks and Areas of Innovation (IASP), science parks are “an initiative for the establishment and growth of technology-based enterprise formally and operationally linked to at least one centre of technical expertise, an organisation which provides management support for its tenant companies” (IASP 2000).

The discourse of creativity has been equally promoted internationally as an engine for economic development and growth (UNESCO 2004). In these parks, innovation and creativity (in an impressive variety of Chinese equivalents: *chuangyi*, *chuangzao*, *chuangxin*, *chuangzuo*) are the theoretical keystones of technical and economic development. According to the Chinese *vulgate*— i.e. the Chinese version of Wikipedia, Baike (2014a) — the concept of “creativity” is deeply rooted in Chinese tradition. One of the first manifestations is in the works of the Chinese philosopher Wang Chong (27-97 BC) who, like Confucius, wrote his history “with creativity,” in order to accommodate old content for his contemporary context (Wang 1962). Contemporary use of the word “creative” in China is understood as part of the “cultural,” a term which is historically compromised, and easily strays into politics. “Creative,” instead, is unsullied by historical or political connotations and refers directly to the income-earning economy (O’Connor and Gu, 2006, 275). “Creative” could be used to refer to the huge state investment funds for industry, while culture seems to be condemned to a permanent scarcity of investments. The transition from “Made in China” to “Created in China” reveals the Chinese embrace of an abstract creation that nevertheless constitutes the contemporary economy in its financialised form.

As I will show, an increasing number of *haigui* are attracted by discourses of creativity and innovation, and are therefore drawn to the parks. The Zhangjiang High-Tech Park in Shanghai, one of the first of its kind, was established in 2000 within the Pudong

Special Economic Zone (SEZ), a zone set up to favour foreign investment, free market-oriented economic policies, and a flexible regulatory and administrative setting with financial incentives. (In chapter 4 I will explain how the Pudong zone has assumed a crucial role in the launch of Chinese financial capitalism.) Thanks to its status as an SEZ, Zhangjiang High-Tech Park has, since opening in 2000, been able to attract 2200 multinational and domestic companies and investments totalling 10 billion *yuan*. A proliferation of incubators, sponsored by Chinese government bodies, mix with numerous large Chinese and multinational companies (Walcott 2002). Among them are Revlon, GE, IBM, Novartis, AstraZeneca, QIAGEN, Linyang Electronics and, Lixiang Energy. Companies here are engaged in research and innovation in high-tech sectors such as Internet technology, software development, pharmaceuticals, and genetic testing. In contrast to earlier SEZs established along the coast, Zhangjiang entails a new and different regime of governance. This zone largely transcends the role of an investment site. As stated by Ong: “in contrast to the first Chinese SEZ, where the emphasis is on low-tech production and cheap labour, Shanghai and its surroundings are to become urban jewels in the Chinese capitalist crown, the sites of the stock market, high technology and urban glamour” (2009, 108).

The Zhangjiang park could be considered one of the most experimental, as well as most exclusive spaces, in Chinese finance, a jewel that shines in that “Chinese capitalist crown.” It represents an exclusive and glamorous oasis in which foreign and Chinese capital and labour are invested in cutting edge research for the future with few legal restrictions. But an oasis can also be a “golden cage.” Here, the logic of “graduated sovereignty” or “differential inclusion”—and therefore “exclusion from the rest”—guarantees a filtered and bordered pre-determined space for foreign agents and *haigui*. This is paradigmatically reflected in the subjectivity of the *haigui*, where the embrace of exclusivity is expressed as an idealised, existential dimension. On the community blog of the Chemistry Worldwide association, a Chinese *haigui* graduate from the University of Boston talks about his experience in the Zhangjiang park. With enthusiasm he encourages more *haigui* like him to join his workplace:

Not long ago, you could often see a scene like this in a Legend Square restaurant near the metro of Zhangjiang High Tech Park (Zhangjiang): A table of “sea turtle” (*haigui*) and “earth turtle” (natives) drug

discovery scientists arguing over the key mechanism of a specific G Protein Coupled Receptor (GPCR) while enjoying their beers. Someone in the group suggests asking a friend from across the street, who is an expert in that area, to comment on their discussion; when they realised the person they are looking for is seated in the same restaurant... However, lately it is becoming less likely to have these interesting chance encounters. Where did the people go? Is Zhangjiang suffering from a lack of talents? Absolutely not. Over the last six months, the French franchise supermarket Auchan, Chamtime Square, and Huizhi International Business Centre have all started to operate in the area. Zhangjiang scientists now have more dining choices so the chances for them to bump into each other have decreased. After ten years of high-speed, centralised development, Zhangjiang is now dense with global R&D centres, top Chinese Universities and research institutes, and thousands of start-ups. As you can see, even Zhangjiang's shopping malls kept up with the pace of development. So to the scientists and industry talents, even if you think you don't like Chinese food or fear that Chinese shoes won't fit your feet; please do not hesitate to come to Zhangjiang. You will witness the growth of the drug discovery and IT technology fields and you won't even have to give up your familiar comforts from home. (ACS 2015)

Multiple layers emerge from this comment: the friction between *haigui* and locally graduated experts and the enthusiasm of working and living in a technologically advanced, dynamic, non-place detached from the rest of the city. Ultimately, the perception is that such a heterotopia is an advantage, a space of oblivion from traditional notions and practices of belonging. After their return, the *haigui* are excluded from their former modes of belonging to the point of fearing them. After their experience abroad, their Chineseness is lived as an alien element to refuse, feeding a further psychological estrangement at odds with the enticements the state confers in order to attract them back. Therefore the park welcomes them, and ensures them the protection of a favourable and friendly environment. As proudly stated in the science and technology park introductory manifesto (in the introductory page of the park's website): "Talents are key to building Shanghai Science and Technology Innovation Centre. Among them, the overseas high-end technological talents are an important part ... With the improvement of development environment, the intention of overseas talents who return to China and apply for a job is also under transition at the same time. They previously considered foreign companies more and now turned to domestic

enterprises, and also changed from employment type talents into entrepreneurial type ones” (Zhangjiang 2015).

According to the park’s records, 4500 overseas students work in 550 enterprises. These students have been persuaded to return to Shanghai by a government program called the “Thousand Talents Program” which confers privileges like those of the urban *hukou*. (I talk more about this program in the next chapter.) The Zhangjiang high-tech park model has been reproduced in other Chinese cities such as Beijing, Guangzhou, Shenzhen, Suzhou, and foreign expertise is provided by the *haigui*. For some (Naughton 2007; Saxenian 2002) the state policy of brain circulation has been successful, as *haigui* can contribute to knowledge upgrades and best practice technological transfers. Referring to the Chinese context, Saxenian suggests that prior episodic knowledge from developed commercial markets can enable returning entrepreneurs to transfer the relationships and the processes of technological entrepreneurship to a new institutional context and build partnerships with distant customers (2006).

However, this is not always the case. Chen Yun-Chung argues that, while in other countries brain circulation might succeed, China poses multiple obstacles. His findings from an extended study of Zhongguancun Park in Beijing reveal a different scenario to the one described by Saxenian. He states that “only experienced *haigui*, who manage transnational networks and have local institutional connections have sizeable impact on technological development” (2008, 14). In my case study of *haigui* employed in the financial sector, I drew similar conclusions. In the following chapter, I highlight how it is local liaisons in the form of *guanxi* (connection of influence within the party-state), not technical competences, which play a determinant role in the capacity of *haigui* to situate themselves in the Shanghai financial market. At this particular juncture, which is characterised by financial capital accumulation, the Chinese state has had to quickly update itself with a new apparatus of expertise. Mainly coming from abroad, financial expertise is now considered the most prominent among the array of expertise in the science and technology parks. In less than 20 years, China had to furnish the Chinese market with a new banking system, a credit system, a stock market, a security commission and global financial representative organs, almost from scratch. Alongside the process of capitalisation the ascendancy of shareholder value

outweighed and gradually surpassed the potency generated through trade and commodity production. China is therefore in need of new financial instruments to increase its capital market.

The website for Zhangjiang announces that “financial development is key for the success of the park. Financial firms have to settle in the park, providing important support for Zhangjiang hi-tech park to become a science and technology venture investment centre and science and technology financial innovation centre” (Zhangjiang Park 2015). There, I met Qian and Jianguo, two *haigui* with degrees from the University of Queensland working in a Chinese venture capital firm. In contrast to their colleagues in other sectors, Qian and Jianguo were not thrilled by their jobs at Zhangjiang Park.³¹ They told me that their salaries were low, and that they wanted to move as they saw little opportunity for a career there. During our conversation, they expressed their frustration as they had expected a more exciting job than the one they presently held which consisted of statistical analysis and company evaluations. Furthermore, they told me that decisions regarding which firms they would fund or support were ultimately made by government officials. They told me that Chinese venture capitalists must carefully consider the government factor in every move they take. In contrast, they were eager to free themselves from such constraints, to experiment and do other things like building new financial tools for higher investment return and optimising the company for higher investment performance.

Like their peers employed in other sectors, they were equally aimed at self-entrepreneurship, and were thus willing to flow into the park and contribute to the grand projects pre-arranged by local administrations (at regional, provincial and municipal levels) to welcome them. The parks are indeed attractive to *haigui* as sites where they can converge. However, both Qian and Jianguo were unable to achieve their hopes to within the state pre-arranged projects (where political conditioning and profiteering largely contaminate the technical sides), so they could not find a challenging career. For them, the park was a dead-end from which they wanted to escape. Despite the promise of cutting edge, innovative and creative workplaces

³¹ Interview with Qian and Jianguo, 8 June 2013. Shanghai.

offering invaluable potential—Zhangjiang is one of the top science and technology parks in China—and being hired for their acquired expertise, recruits with a financial degree from abroad were overlooked, disregarded, and unhallowed in their desire to communicate or put into action their skills or creativity.

The failures the *haigui* encounter are manifold. They had to face their lack of awareness that development projects launched in the science and technology parks were primarily the result of local political alliances, and resource allocations that were developed accordingly. They also had to face the fact that technical solutions for driving financial development forward were matched with a “creativity” which amounted to a fetish worshipped by neoliberal discourse, but did not necessarily mean imaginative and inventive work. Finally, this lack of awareness was compounded by a sense of entitlement to innovative jobs, which turned out to be largely unattainable.

Finance, writes Max Haiven, is often depicted as an incredibly creative sector, offering and requiring “a staggering reactor of human creativity, a playground of the mind” (2014b, 113). Yet, he suggests, the hollowness of the term allows it to transmit and reinforce the implicit neoliberal orthodoxy (Haiven 2014a, 132). For this reason “[s]ome of the finest and most refined minds of each successive generation are cherry-picked by hedge funds, investment banks, and their institutional periphery to dream up ever more rapid, cunning, and diabolical ways to make money out of money” (Haiven 2014b, 113). Yet, in China, the *haigui* trained abroad in finance are the ones who suffer the most painful disillusionment. The training to which a new and expanded neoliberal education is predisposed, culminates in the rationality of “creative finance,” which is brutally undermined by the contradictions unfolding in that term “creative.” For Haiven, the contradiction lies between finance’s particular institutional creativity and its systemic anti-creativity. To be sure, the vast majority of work in the financial sector is profoundly uncreative (endless number crunching and paper pushing, meticulous research on economic sectors and investments, frenetic digital trading and power brokering (2014b, 113).

Instead, creativity, in addition to being, as outlined before, a channel of realignments and reallocations of political influence and a neoliberal fetish, also involves “the constant need to revolutionise renew and recast” (Haiven 2014a, 131). It is, therefore, the bitter enemy of the contemporary Chinese political configuration, which is ruled

by compromise, bargaining and collusion. In its refusal to be seriously applied, financial creativity unleashes an irredeemable contradiction. An example is the “creative destruction of wealth” that the sector keeps reproducing, and which financial turmoil in China in the summer of 2015 seems to confirm. I will discuss this issue further in chapter 5. Nevertheless, here this argument serves to anticipate how the Chinese state has tackled such a “contradictorily creative” paradigm in the drive for economic growth and financialisation. Such a “contradictory nature” is embodied in the subjectivities of the Chinese *haigui*.

Yet there is more to it than this contradiction. In the following chapters I will argue that the underemployment of *haigui* is more the result of the Chinese state’s concern to defuse and prevent *haigui* knowledge from weakening the grasp of the ruling class. In so doing, the state’s power over the financial market, which I define in the form of an ecology of financial expertise, is seeking to acquire financial expertise through a dialectic of inclusion and exclusion. Many the *haigui* with a financial degree are strategically included in the confined space of science and technology parks. However, if the *haigui*’s expertise is utilised through technical and subordinate tasks, it is also filtered and neutralised in its “creative” potential. In this sense the *haigui* remain excluded from taking the managerial and entrepreneurial positions they aspire and have been trained for. This highlights the contradictions in the production of *haigui* through policies that foster them aboard and bring them back. In the next chapter I will show in more detail how competition with the bearers of *guanxi*—those professionals who have privileged access as members of the ruling class—excludes *haigui* from a large segment of the job market.

Finally, in order to join the global capitalist order, the Chinese state has produced a way to learn from the existing and established rules, and re-engineer them, thereby orchestrating its operations gradually, differentially, and selectively. In continuity with the dialectic foreign expertise/Chinese knowledge, the creation of science and technology parks has been a powerful strategy to domesticate foreign expertise, to make Shanghai a “financial” global city and in turn to advance the Chinese position within financial capitalism. China has become a powerful global player. However, this is a game in which lesser players are not mere pawns. Players like the *haigui* are new subjectivities, living in between and across these new contingent configurations, while

adapting to and resisting the tensions of the Chinese state's engagement with global capitalism.

Conclusion

In this chapter I have investigated how the study abroad policy implemented by the Chinese state ends in the partial exclusion of the *haigui* with a degree in financial studies from a local and domesticated ecology of financial expertise, a *milieu* over which the state is seeking to preserve its control. First, through reference to a genealogy of Chinese student returnees, I highlighted the existence of continuity in the Chinese study abroad policies. Ever since the launching of the Chinese modernisation project in the nineteenth century, the shaping of experts has been functional to the satisfaction of state political needs. In the Maoist period, returnees were leveraged to the status of politically committed experts, necessary for accommodating foreign knowledge, but without posing a risk to the maintenance of Chineseness. Subsequently, I have also stressed how a caesura marks this genealogy. Since the depoliticisation following Deng's reforms wiped out old political commitments such as unconditional faith in the socialism and supremacy of Maoism, the formation of experts has been inspired by the self-entrepreneurial, self-management practices required of China's alignment with global capitalism.

Secondly, by sketching the political features of the middle class, to which most *haigui* belong, I have shown how this class is vulnerable to the power of the party-state, but also animated by an abiding loyalty to it, while nurtured by a Chinese dream of enrichment. As members of this class, the *haigui* represent the "high quality population" (*renkou suzhi*) that Deng Xiaoping wanted. I have highlighted how the state has adopted a contradictory strategy towards this "high quality population." Through governmental devices that govern the *haigui* at a distance, the state encourages the *haigui* to return by promising them access to the Chinese dream and to the aesthetic of technology. Through the strategy of "differential inclusion" the state contains *haigui* operations within exceptional and experimental areas like the hi-tech and science parks in order to domesticate foreign expertise.

Thirdly, by drawing from both the literature and from the interviews conducted during my fieldwork, I have also shown that for *haigui*, and those with financial degrees in

particular, expectations regarding their careers are often deluded—at least on the evidence of their first few years back in China. Against their expectations, they are unable to unleash their financial creativity as a motor of development either for their country or for their own personal success. Instead, the *haigui* are constrained within a domestic ecology of financial expertise, which denies them access to decision-making and managerial positions.

In this chapter, I have therefore maintained that while the state is seeking to foster expert subjects abroad for financial capitalism, once they are back it does not promote them to the status of technocrats. In the next chapter, I offer a specific observation of the subjectivities of the *haigui* who have studied financial-related subjects in Australia to demonstrate how jobs are reserved for the bearers of *guanxi*. As a response to this denial of jobs the *haigui* experience displacement, uncertainty, frustration, and ultimately renunciation of the domestic pre-arranged frame that allegedly welcomes them. I will argue that the tensions and frictions that develop for the *haigui* upon their return to China reflect the tensions and frictions that define the state's involvement with contemporary financial capitalism.

Chapter 3

Circuit of expertise

Introduction

Defined by creativeness, freedom, and fast money-making opportunities, nowadays a glamorous financial career has become part of the dream of an increasing number of Chinese students at home as well as abroad. Finance is one of the most sought-after disciplines to study abroad. In this thesis, from among the several possible choices available to *haigui* to shape their financial expertise abroad—in which the USA and the UK are the most sought after destinations—I examine the migratory regime between China and Australia. This chapter concerns Chinese returnees (*haigui*) who take a university degree in Australia (sometimes in economics or business administration, but mostly in accountancy, statistics and other applied financial disciplines) and return to Shanghai to look for a job in the financial sector. From this chapter onwards, when I refer to *haigui*, I will be referring to returnees from Australia. These are the subjects of my case study, whom I investigate in the final stage of their journey, when they return to Shanghai, the cornerstone of Chinese finance. I consider this stage of return not only to be the acme of the students' circuit (China-Australia-China/Shanghai), but also the most illuminating for shedding light on the inner conflicts of contemporary Chinese financialisation.

In this chapter, three analyses are executed. The first, through the notion of circuit, provides an analytical framework for examining the cultural, social, economic, and political forces that shape the *haigui*'s migration process in its different stages. I define these stages as: motivation to migrate abroad, selection of Australia for studying, selection of finance as a discipline of study, and selection of Shanghai as a city to which to return. The migratory regime between China and Australia is “produced” by a new hierarchy of knowledge and skills under financial capitalism, whereby financial education is leveraged as a device for the filtering and selection of new Chinese labouring subjects, namely, financial experts. I argue that the relationship between the two countries under this regime offers a method of investigating the manner in which the Chinese state interacts with the dictates of financial global capitalism and its

hegemonic modes of education—partially adopting and partially refusing those dictates.

Australia appears a convenient space for self-investment abroad because it provides an enticing allure: an English speaking education, an Anglophone business environment and a modernised and globalised setting. However, by examining the background of *haigui*, I demonstrate that migrating to Australia is not the result of a free and preferential choice but, rather, proceeds from an impasse, whereby a low score on the national university entrance exam (the so-called *gaokao*) prevents students from attending the top domestic universities in China, or prestigious universities in the US or UK. Furthermore, *haigui* study abroad is often financed through a creditor/debtor arrangement that is characteristically “Chinese,” that is to say, it is not only a monetary deal but a deal which carries many “non economical bonds,” such as pressure from the family, a need to show gratitude towards benefactors, and the necessity to return and repay the family as a patriotic duty.

The second line of analysis undertaken in this chapter, demonstrates how these factors set students up for disappointment in the Chinese labour market. Once they return to Shanghai, the financial expertise that the *haigui* acquired in Australia often tends to be a “blunt weapon” because it is ineffective in fostering social mobility and economic gains. I show how this tension at the end of the circuit is due to a domestic configuration of power that poses multiple obstacles to the arrival of *haigui* in Shanghai. Shanghai is China’s global city *par excellence* in terms of finance and the site of the Chinese stock exchange. It is thus the most coveted location for *haigui*. In this city, however, *haigui* are confronted with fierce competition and an established social network—with its accompanying social privileges—that defines China’s ecology of financial expertise and is hard to penetrate. Here, financial institutions are mostly backed by the state, and are similarly hard to penetrate. In these circumstances, the most important asset for *haigui* is not their expertise, but their ability to establish social and political connections (*guanxi*). I highlight how this impasse reveals an intrinsic and contradictory dimension in the unitary nature of the state. It shows a process of “fragmentation” among its various apparatuses: the state education-migration nexus which shapes the policies encouraging the *haigui* to migrate and return (ministry of education, local education offices, universities) conflicts with the

state finance nexus, which is a financial ecology that cannot easily accommodate expertise learnt abroad.

Ultimately, given that the fieldwork for this study was conducted in Shanghai in 2013, this chapter situates the circuit of migration and education in a post-financial crisis climate. I observe how, at that particular time, amidst the popular distrust arising from the failure of financial expertise to predict the crisis, representatives of Australian university finance departments and business schools in Shanghai were organising promotional events to prevent a decrease in the flux of Chinese students to Australia. At such occasions, the business schools deployed a rhetoric aimed at restoring the image of their educational product, and at re-establishing a morality within which to teach future business leaders. I show that even if the *haigui* actively participated in the events organised by their *almae matres*, they were not interested in confronting or rehabilitating their own expertise in the face of the crisis, but were there just for networking purposes. More significant than their frustration at not being able to advance their careers was their drive for self-realisation. At the end, the expertise they developed during their circuit to Australia and return to China was now unwanted and dismissed—not only for its incapacity to enhance a career, but also by a new rhetoric calling for a “moral restructuring.”

The ambiguity of the China-Australia relationship

In China’s quest for a prominent role in the global financial scene, Australia’s education system—as part of its Anglophone education environment—provides a destination in which to obtain a degree to ease access to a globally, competitive market. In particular, since China’s recent involvement in the global process of capitalist accumulation driven by financial valorisation³²—and in the wake of the GFC—Australia’s financial solidity and its offer of economics and finance courses taught in English has been highly sought after by Chinese students (Evans, Burrit and Guthrie 2014). From a Chinese perspective, Australia embodies the imaginary of Western

³² This defines the shift in capitalism in which “profits accrue primarily through financial channels rather than through trade and commodity production” (Krippner 2005, 174; Aglietta 2009).

education, which still reflects “the symbol of modernity” (Sakai, 1998; Lin 2012). In this section, I show that, despite these favourable conditions, the *haigui* selection of Australia as a country of destination for studying is not an ideal one; it is, rather, a makeshift, consolatory choice for their incapacity to enter one of the best Chinese universities, or the more prestigious universities in the US or UK. Later in the chapter, I show how vicissitudes shape the *haigui* circuit of migration to Australia. Here, however, I also show how the outlook of *haigui* towards Australia might also be a reflection of the ambiguous relationship between China and Australia at the national level.

Australia has long appeared to China as a land of opportunity. Chinese pioneers first migrated in large numbers to Australia during the nineteenth century gold rushes. In the early years after Australia’s 1901 Federation, Australia attempted to overcome its European marginality, sought to affirm its Western character or Britishness and, at the same time, wanted to assert its status as a nation state distinguishable from nearby colonised states (D’Cruz and Steele 2003; Williams 2003). Australia both transcended and reproduced an Occidental-Oriental binary, constantly shifting between two states of being, provoking hostility among neighbours by its past policy of “whiteness” while simultaneously reassuring them of their hybridity and situatedness in Asia, and of their policy of multiculturalism (Gibson 1992). In Chinese eyes, Australia achieved its modernity in the shadow of its colonial origins and on the margins of the West. Australia was considered an intermediary space where Chinese people could gain an appreciation of European ways. A brief but intriguing example of this attitude is the Chinese renaming of Canberra (officially transliterated in Chinese as *Kanpeila*) as *Kanjing*. The latter has the same ending, *-jing* (“capital city”), as Beijing and Nanjing. This appears to be a way of making a foreign place seem friendly, but also insinuates a metaphorical repossession (Sun 2002).

On the other hand, from an Australian perspective, China has always represented a counterpart by which to measure its lack of Asian-ness. As Ien Ang and Jon Stratton explain, if Australia had not opened its borders to the rest of Asia, and shifted from an alternative Western identity towards a new Asian one, it probably would have come to be defined in terms of what Singaporean Prime Minister Lee Kuan Yew, in the 1970s, called “the white trash of Asia” (Ang and Stratton 1996, 28). While Australia has

recognised “Asia (China) as inextricably linked to (Australia’s) critical and political objectives,” it has been “unable to secure sufficient distance from the racial stereotyping” of Chinese in Australia (Rizvi 1997, 19). Even the policy of multiculturalism was produced in an attempt to restore a triumphant representation of the national self and seeking to discard part of its shameful, racist past (Ang and Stratton 1998). Therefore, the relationship with China was revived in a new fashion, reinforced by new economic interests, but still carrying elements of ambiguity due to its conflicted past.

Nowadays, in the changing spatial form of contemporary capitalism (Samaddar 2015), I suggest both countries have tended to perceive one another as consolatory and relatively safe interlocutors, from which to accede, bring in, and use their reciprocal expertise within a regional scale. I maintain that the relationship between China and Australia shapes an “acclimated” region. By acclimatisation, I do not suggest a pacified and homogenous space where differences and conflicts are absent. Instead, I consider the shaping of a geographical and temporal configuration that has created its own processes within the parameters of a global division of labour. The China-Australia relationship is powered by an unbalanced and uneven capitalistic development of the two countries and seems to be endorsed by a complementary interest rather than a competitive valorisation. In very simplistic terms, Australia exports raw materials for China’s industrial expansion and China boosts Australian cultural hegemony (English language, a familiarity with globalisation) by encouraging Chinese students to enrol in its universities. Yet, as suggested by Prasenjit Duara, “while global capitalism encourages the flow of labour, nation states have sought both to regulate and curb this flow by responding to a set of other interests including domestic affected working class, and constituencies based on racial nationalist ideologies” (Duara 2010, 979).

Within financial capitalism, increasingly characterised by an immaterial and cognitive form of valorisation, I will show how a new hierarchy of knowledge and immaterial skills complicates and disrupts nation state control over labour. Circulating between China and Australia, the *haigui* embody the tensions produced by the involvement of nation states within financial capitalism. Here, if higher education emerges as a device for filtering the selection and return of new Chinese labouring subjects, namely, the

“financial experts,” these are not necessarily recognised as such. In this chapter, I outline the circuit of financial education, concerning Chinese students who attend Australian universities and return to Shanghai hoping to find a job in the Shanghai financial market. A circuit links the city of Shanghai—with its configuration as a special legislative and economic zone with an important role in boosting Chinese development—and Australia, as a nation state. A numerical congruence can assist our understanding: Shanghai has a population of 24 million; Australia a population of 23 million. This circuit is designed to shape new emerging experts, and thus future labouring subjects, in the form of financial experts.

Conceptualising circuits

Nigel Thrift, building on the work of Paul du Gay et al. (1997), argues that cultural circuits of capital are motivated by a “thirst for information technology, expertise, and all kinds of infrastructure that is self-reinforcing the logic of capitalism” (2005, 26). For Thrift, today’s capitalism is “conjured into existence by the discursive apparatus of the cultural circuit of capital which, through the continuous production of propositional and prescriptive knowledge, has the power to make its theories and descriptions of the world come alive in new built form, new machines and new bodies” (2005, 11).

The form of today’s knowledge economy, driving innovation, creativity and flexibility has, for Thrift, translated into the development of business schools, management consultants, management gurus and media that together constitute the “cultural circuit” of capitalism (Thrift 2005, 6), in which countries such as Australia and China participate. However, while China and Australia seek to navigate this sea of global capitalism—in part by strategically manipulating the *haigui* to match their own interests through the circuits they create—*haigui*, in their own way, divert from this ordained pattern, partly by pursuing their own autonomy and partly by submitting to a nationalist re-adaptation propagated by the Chinese state. As I will show, the movements of *haigui* are driven by a thirst for financial expertise that, on the one hand, leads them to form new subjectivities, but on the other, can lead to multiple tensions such as failed aspirations and a struggle with a self-entrepreneurial rationale that can be at odds with the propelled ideology of the Chinese state. Chinese students taught in Australia are viewed as strategic assets for positioning China in the global financial

environment. Once such students return to China they are recognised as worthy citizens deserving rights and privileges. As previously explained, the Chinese state encourages the students to return using specific national plans (see chapter 2), and the provision of an urban *hukou* (resident permit).

The *haigui*, leaving their country to study abroad, are subjected to a global level of competition, triggered by a capital drive for lower wage economies, which has in turn pushed many countries to redefine themselves as both knowledge- and finance-based. In their analysis of financial capitalism, Benjamin Lee and Edward LiPuma claim that circuits reveal how global financial capital expands to become “precisely the tool of integration of multiple different and heterogeneous cultural realities” (Lee and LiPuma 2002, 208). In order to circulate, financial capital needs infrastructure such as information technology, data sets, computer power and talents. Diverse sites, which are, or aspire to become, potential landing grounds for financial capital expansion, compete in a “global rush for technological training and education paralleling the expansion of global equity markets” (2002, 2008). The outcome of such a process, however, does not necessarily translate into an increasing homogenisation of knowledge in dealing with financial instruments. On the contrary, the multiple, cultural, economic and social disparity in accessing, processing and implementing the conditions capital expansion requires (information, education and technology), often tend to reinforce and reproduce knowledge asymmetries. Significant gaps in the distribution of this expertise often remains.

As potential experts involved in the circuits, the *haigui* are caught up in the asymmetrical forms of knowledge production and patterns of labour relations that define China and Australia. I therefore suggest that the production of *haigui* subjectivities—which involves the development of a new financial rationale and a new set of career ambitions and expectations—evolves in this gap. The circuit has emerged as a new socio-spatial connection, and categories like state, class, nation, race and ethnic divisions compete and complement within this new continuum to distinctively “situate” a subject. The circuit “forges translocal connections and creates translocalities that increasingly sustain new modes of being-in-the world” (Smith 2005, 236). Accordingly the ambitions, expectations and desires of the *haigui* are also reconfigured through the contingent “socio-economic opportunities, political

structures, or cultural practices found at some point in their circuit” (Smith 2001, 5). My focus will be on the final stage of the circuit.

As I have previously underlined, and as I will further discuss in the next chapter (which focuses on Shanghai), finding a job in Shanghai with an Australian degree is not easy. Competition among *haigui* has grown dramatically in the last ten years. Shanghai, as the most dynamic financial centre, has received most of them (*Global Times* 2012). In particular, in the financial sector, many *haigui* I met had to wait months before finding a position. They had to repeatedly circulate their CV, and attend job interviews, job fairs and, most importantly, networking events, the latter “to build connections.” As they explained, they faced tight competition. Again, the ones ahead in the queues, the ones “deserving” a good job position were their “smarter” peers: the ones who had studied at the best Chinese universities, were part of the Chinese elite or had graduated from the best American universities like Harvard or Stanford and returned to Shanghai in the wake of the unemployment wrought by the financial crisis. As Xue, a *haigui* who graduated from Melbourne University, told me: “So far I have spent 5 months sending my CV to financial companies, but I had little luck. You know, the competition is very high. There are many *haigui* who have studied in the USA in Shanghai: they are really smart. But also people from Fudan, the best University here in Shanghai. They are all very qualified and they have good *guanxi*.”³³

Xue’s search for a job in Shanghai was impeded by strenuous competition. However, in line with other literature on the topic (Xiang and Shen 2009; Hao and Welch 2012), my interviewees were deeply deluded by the lack of opportunities given their foreign acquired expertise. Instead they expected to be granted a position in a Chinese financial institution with privileged labour conditions. Furthermore, a common complaint which emerged in most of my conversations with the *haigui* concerned the difficulty of finding a good job in financial institutions without *guanxi*. Before examining my conversations with the *haigui*, it is important to recall and better elucidate the meaning of *guanxi*. The literal translation is “connection of influence,” that is, a personal relationship, often disguised, or even underhanded, aimed at personal gain. According

³³ Interview with Xue, 12 April 2013, Shanghai.

to Henry Yuhai He, *guanxi* “is commonplace in China, whether in the fields of economics, social activities, or one’s personal life, though this practice is condemned as a manifestation of ‘unhealthy tendencies’ ... the best *guanxi* is often provided by those from the so called ‘princes clique’, those children of high ranking officials who occupy key position[s] in state-operated industry and commerce, army enterprises, or private companies” (He 2001, 695-696).

A widespread rumour among common people, who paraphrase Deng Xiaoping, says that “*guanxi* is the ‘first important productive force’” (He, 696). Consequently, *guanxi* is not simple networking or public relations but is an authoritarian apparatus of co-optation used within the ruling class and based on an asymmetric *do ut des* (commutative contract), with the aim to preserve “the lion’s share” in any field for members of the ruling class and their affiliates. The pervasiveness of *guanxi* splits the population in two: those with *guanxi* and those without, or those with good *guanxi* and those with bad *guanxi*. And yet the contemporary definition of *guanxi* should not be essentialised or treated in an orientalist manner that is just considered an “orientalist gloss of networking” (Gold, Guthrie and Wank 2002). As put by Doug Guthrie, “there is nothing fundamentally Chinese about the concept of *guanxi*, as it is dependent on the structure of distributions systems, the structure of opportunities in the market, and the formality and stability of market institutions themselves” (Guthrie 2002, 38).

Indeed, the extent to which *guanxi* matters is dependent on social and historical factors. In China’s communist regime, the praxis of *guanxi* (that is, an underhanded affiliation with the leaders of the preferred party) was common. For instance, the key targets of the Cultural Revolution were the *zouzipai* (people in power within the party who were following a capitalist road), who ruled the country using a *guanxi* network in spite of the statute of the party which forbade such favouritism (Ahn 1976). After Mao’s death, his inner clique were labelled *sirenbang* (gang of four) by their enemies in the party in order to define them as operating by means of underhanded *guanxi*-based affiliations (Yan and Gao 1996).

In the transition to capitalism, with the CCP at the helm, a *guanxi* regime was utilised by business lobbies within the party to maintain moral allegiances and efficiencies. In this context, *guanxi* can even be appreciated for its capacity to establish complicity (that is, involvement in wrongdoing or conversely involvement in understanding). For

instance, Thomas Gold, Doug Guthrie and David Wank highlight how *guanxi* is “an element of humanity to otherwise cold transactions [which] comes to the rescue in the absence of consistent regulations or guidelines for social conduct” (2004, 3). Willy Wi-Lap Lam, in his *Chinese Politics in the Era of Xi Jinping: Renaissance or Regression*, provides an illuminating example of the *guanxi* system at its highest level: “The daughter of the premier [Xi Jinping] Qiaqiao has set up a large real-estate business in Beijing and Shenzhen. According to a mid-2012 report by the Bloomberg news agency, Xi’s siblings and other close relatives owned ‘investments in companies with total assets of \$376 million; an 18 per cent indirect stake in a rare earth company with \$1.73 billion in assets; and a \$20.2 million holding in a publicly traded technology company.’ Qiaqiao’s husband, Wu Long, is a wealthy telecommunication executive” (Lam 2015, 38).

The *guanxi* relationship, based on its members’ asymmetrical proximity to power, strong interpersonal links, insouciance for the law and exclusive control over big business, emerges clearly. In its contemporary manifestation, *guanxi* is a pervasive system affecting the whole of China and its societies. Therefore, even the *haigui* need good *guanxi* with “middle-persons,” as the Chinese graduated students maintain *guanxi* with their previous professors and schoolmates, and so forth. Power is constantly active in the relationship and its pervasiveness means critics of its undemocratic nature remain silent. The example of Xi Jinping (since 2013 the Secretary General of the CCP and President of the People’s Republic) represents the acme of the *guanxi* distributive system which lies at the base of Chinese financialisation.

As I will underline in chapter 5, since the late nineties, state owned enterprises (SOEs), previously responding to a centralised socialist economic system, were capitalised, restructured and re-engineered according to a new shareholding logic. This transition, formally narrated within a set of reforms to restructure, privatise and liberalise the market, were driven by “*guanxi* personalist ties within the new cadre-capitalist class that blurred the state/market boundary, leading to dispossession and the creation of conditions for accelerated capitalist growth” (Nonini 2008, 145). Accordingly, the process of financialisation was maintained whilst “preserving the position and legitimacy of the CCP, and, since the 1980s especially, consolidating the base of

economic accumulation of China's 'cadre-capitalist' class" (Nonini 2008, 156). As underlined by Bat Batjargal and Mannie Liu in their extended study on private equity in China, "the state often plays [the] role of shareholder investor, fund manager and auditor of venture capital firms simultaneously. Thus, the boundaries of legality, ownership, and governance of venture capital firms in China are blurred" (2004, 159). The authors suggest that considering that a large quota of the "cash" that goes into private equity funds comes from government sources, "*guanxi* relationships with government officials are often regarded as a defining factor for securing government investments in venture capital funds." They also add however that *guanxi* relationships are considered "more as a risk-mitigating device in venture capital investments rather than practices of nepotism in decision making" (160).

It is interesting to notice how the presence of *guanxi* intertwines with and distinguishes the concept of risk within the economic sphere. In the Chinese financial market, the role of *guanxi* clashes with the notion of risk as analysed in Western reflexive society (Beck 1992; Giddens 1995). If, in the latter, the failure to mitigate risk led to the questioning of the role of experts and their expertise, in China, by contrast, what puts expertise at risk is the uncertainty arising by a lack of *guanxi*—because *guanxi* dominates the market and dictates the "rules of the game." Instead of using their own expertise, actors within the Chinese financial sphere are forced to seek a social *guanxi* with the state or with state officials in order to be included "in the game." These relations, though, are unlikely to be stable (Arnoldi and Lash 2011). The outcome is that a lack of *guanxi* can have catastrophic effects.

The majority of the *haigui* interviewed in this research indicated very clearly that, in order to get the best positions, they believe they have to possess good *guanxi*: powerful parents and/or relatives (possibly with government connections), as well as acquaintances made through their *almae matres* during internships or during training experiences in influential Chinese financial institutions. The *haigui*'s main aspiration was to become agents for the expansion of Chinese capital abroad, the facilitators of the entrance of Chinese business into the global market. To succeed, they had a number of strategies and perspectives. Approximately half of the *haigui* I met wanted to get a managerial position in a state-owned financial institution. Obtaining such a position represented for them money, power, and security against financial market instability.

However, in such a quest, they unconsciously harked back to what was known in the past as the “iron rice bowl”—a state-assigned job in which one worked for one’s entire life—the anathema of neoliberalism.

As explained by Jin, a *haigui* from Monash University, “working for a state company means you are protected because this company is secure, so you will never be sacked or in danger.”³⁴ By contrast, the *haigui* already working in Chinese state-owned financial institutions displayed more complex feelings, many of them expressing considerable dissatisfaction with their present job conditions. Xiong, a graduate from Macquarie University, indicated that he had managed to get a job as a financial analyst in one of the main state-owned Chinese banks, yet he also stated he did not know whether he wanted to stay. He did not see any opportunities for career promotion.³⁵ Many *haigui* stated that they wished to commence an autonomous career. Li, another *haigui* from Monash University with a degree in economics, said that his aspiration was to build up his own business: “This is the only way to earn money, otherwise your employers will rip you off. If you work for someone else, she/he will leave you only the crumbs. The problem is that to be a successful financial advisor you need connections, otherwise you’ll just not be able to do anything, if you don’t get relevant information from the government, you can’t plan your moves.”³⁶

Overwhelmingly, *haigui* sentiments were ones of disenchantment and cynicism about the career rewards they expected. After a period in Shanghai, where many obstacles were encountered, their attitudes changed dramatically as their investment in Australia seemed counterproductive. Theoretically, these *haigui* had invested in a “tailored” financial education that should have reflected the current needs of the market and prepared them for a kind of occupation that the rhetoric of global education applauds. Certainly, they had learnt a set of tools and processes—expertise in risk calculation, econometrics, applied finance, accountancy, statistics; as well as a set of personal skills—self-determination, self-management, entrepreneurship. But these skills did not respond to the “current needs of the Chinese market” and seemed to bring them

³⁴ Interview with Jin, 23 July 2013, Shanghai.

³⁵ Interview with Xion, 6 June 2013, Shanghai.

³⁶ Interview with Li, 11 August 2013, Shanghai.

little personal reward. To use the words of Aihwa Ong, the way *haigui* apply their expertise in the Shanghai financial market has made it a “high tension zone” (2008, 338).

The education path followed by the *haigui* fits the paradigms of the new knowledge and financialised economy, in ways suggested by critical analysis that deploys the notion of cognitive capitalism (Corsani et al. 1996, 2013; Morini 2007, 2010; Moulier Boutang 2012; Fumagalli 2007, 2011; Vercellone 2007). According to the cognitive capitalism approach, “the object of accumulation” in contemporary capitalism “consists mainly of knowledge, which becomes the basic source of value, as well as the principal location of the process of valorisation” (Moulier Boutang 2012, 57). Knowledge defines the new conflictual relationship between capital and labour: “the production of knowledge by means of knowledge is connected to the increasingly immaterial and cognitive character of labour” (Vercellone 2007). As the nature of labour is immaterial, the worker is called to valorise her human capital, which needs to be capitalised. This occurs by acquiring and updating expertise, by risk taking, and by demonstrating behavioural and communication skills—thus subsuming her mental faculties, affect and life. This becomes a means of economic valorisation. The concept of financial labour and its cognitive features will be explored more fully in chapter 6. Mentioning it here, however, allows me to stress the tensions that arise not only by the self-forging of the *haigui* as labour subjects within cognitive capitalism, but also to consider how cognitive capitalism is deployed in the Chinese financial market. The point is that, even if, as I contend later in this chapter, the *haigui* had followed everything capital requires of them to develop their abstract labour, their type of labour still appears “superfluous,” unsolicited and unwanted in the Chinese ecology of financial expertise dominated by *guanxi*.

Study abroad is simultaneously fostered and nullified by the state and the *haigui* are both solicited and repelled by the competition and *guanxi* of the financial space at the heart of the Chinese configuration. The entire higher education-migration architecture, in which the *haigui* are subsumed, is fabricated using a “neoliberal” rationale (despite the inappropriateness of this word for the Chinese context, as discussed in chapter 1), which has been embraced since the reform, through internationalisation, new knowledge and Anglicisation. However, the same architecture is both contrasting and

complementary to the state's preservation of its ecology of financial expertise. In this ecology, almost every financial institution into which the *haigui* were seeking to position themselves was ruled by a financial system dominated by *guanxi*. The expertise learned abroad by the *haigui* could not, therefore, be applied. The *haigui* are trapped in an untenable position, between the state's attempts to preserve Chineseness against foreign expertise (in a financial ecology operated by high-ranking government officials) but also by a conflict of interests between the state's encouragement of education, reforms and regulatory policies and its efforts to preserve the financial ecology of expertise. Contradictions among state actions (policies of education and education versus financial regulatory policies) and state agencies (Ministries of Education versus Chinese Securities Regulatory Commission and other state financial institutions) should be underlined.³⁷ Indeed, the state is not unitary, but a polymorphous and sometimes even paradoxical entity. Much scholarship, often contrasting, has been written about the Chinese state's transition into a neoliberal market economy. As put by Jude Howell, "the proliferation of terms to capture the changing character of the state in post-Mao China (as developmental state, entrepreneurial and corporatist state, and so forth) masks a ... process of state fragmentation that fosters contradictory and complex patterns of state behaviour" (Howell 2006, 274).

Therefore, the nature of the Chinese state can be better grasped through a term like "fragmentation"—each fragment contributing in different ways but all reflecting the same reality. As I described in the Introduction to this thesis, the rise of "shareholding management bodies" of the state, which constitutes what I have called the Chinese ecology of financial expertise, clashes with and increasingly undermines the "fiscal" and more "administrative" functions of the state. However, within this "fragmentation," the CCP acts as a kind of "glue," which overpoweringly deploys ministries, state offices and agencies to promote its political priorities and ensure the control of the financial ecology of expertise. Differing functionality of CCP policies mean faults appear in state apparatuses and institutions positioned unequally in relation to decisions made about key strategies. By comparing the data published by the

³⁷ See thesis Introduction for the list.

Chinese statistical yearbook, it appears that the spending in sectors like finance, defence, real estate, and innovation prevails over agriculture, culture, education, justice, and health (China Statistical Yearbook 2014). It therefore transpires that there is a power imbalance among institutions that are equal in theory but very different in terms of spending. The CCP evaluates the relevance of each sector according to their place in the financial ecology.

Policies of migration and education (as analysed in chapters 1 and 2) in the eyes of the ruling class do not impede the CCP's control of money and power. These policies are therefore used instrumentally as a camouflage to show to the world (mostly, international institutions like the World Bank and the OECD) China's efforts in international cooperation. Education displays less initiative, being rather more a "policy recipient" than a policy maker. With these factors in mind, I will show how the multiple tensions the *haigui* encounter during their China-Australia-China circuit and search for valorisation result in this state of "fragmentation."

The precondition of circuits

The precondition for capital's reproduction is its valorisation. As both living capital and living labour, the *haigui* enter into the circuit with an expectation that they will be valorised. But how is the *haigui*'s living labour reproduced? In their analysis of financialisation in the West, Dick Bryan, Randy Martin and Mike Rafferty have observed how increasing financial calculations, indebtedness and risk impact peoples' daily lives and households in the form of a burden, and thus alter the way labour is reproduced: "the distribution of wages into interest and consumption is driven by the competitive calculation of what part of the wage is required for subsistence consumption and what part is available to accumulate and service debt" (Bryan, Martin and Rafferty 2009, 463).

Alternatively, I argue that in Chinese financialisation the precondition for labour reproduction is a credit relationship with the family or entourage. The main difference from the argument advanced by Bryan, Martin and Rafferty is that, in China, contrary to other countries, the wave of developing financialisation does not occur steadily, but in a feverish manner in which several generations of one family invest and often risk large sums of money. This is done in the hope of monetary accumulation in the future.

Later in this thesis (particularly chapter 5), I examine this “fever” more closely and how it is a distinctive element of financialisation in China. For now, it is enough to remark that most Chinese households consist of people who, previously, had carefully saved money but are now caught up in the fever of the financialisation process.

With this in mind, it is interesting to note that the *haigui*, as a labour force, are trapped in a parallel but indispensable circuit, enabled by a form of credit which most of the time is granted by the *haigui*’s household savings—expenditure on education accounts for approximately 11 per cent of household income (China Household Finance Survey 2013). The savings of the household are typically invested in the education of sons or daughters, as a form of capital investment that can be justified by the latter’s future potential in the labour market. The *haigui* decision to study abroad does not merely arise from their own personal interests, but by a decision made by the whole family—primarily the parents—who see their efforts as an opportunity for future credit. The economic relationship of creditor-debtor is one which initiates the circuit and the valorisation of “latent money” (Marx 1978, 132). But credit, to be granted, needs a fiduciary foundation, that is, the certainty of future refund. In China, where the economic creditor-debtor relationship overlaps with the relationship of parents-sons/daughters, this certainty, which apparently exists, is anchored in the first place to political and cultural elements ahead of economic ones.

The sense of collective responsibility originates from the “clan”—which is still active in Chinese society, and by which is meant the enlarged family, including distant relatives, in some cases even neighbours and country people (see for instance Fuligni and Zhang 2004). The obligation to come back from abroad accompanies an obligation to work in order to pay back the debt. For instance, referring to a widely held conception of the family in China, the ubiquitous concept of *qing* “favour” (in the sense of a special or preferential treatment, a partiality) and its many associated terms—*renqing*, “obligation, duty,” *qiuqing*, “asking for a favour,” *qianqing*, “owing a favour,” to name just a few—is producing an obligation among members of a number

of social groups which are sometimes stronger than monetary obligation.³⁸ The commencement of the circuit with the *haigui*'s move from China to Australia is possibly due to invested capital, which is called seed money. However, a contradiction characterises the commencement of the circuit. On the one hand, the *haigui* show independence and self-management but, on the other hand, there are the real conditions of the move, with its dependency on others. This reality is epitomised in the credit, which could be labelled "gluey." A whole range of moral and ethical obligations accompany the economic relationship of creditor/debtor and associate the credit with reputation, feelings of thankfulness, sense of duty, and so forth.

The family is more than a simple unit of reproduction; it acts as a creditor that puts its money capital in the life of daughters and sons to produce a surplus value from the expertise *haigui* acquire abroad and can later use in the Chinese job market. This is a system of guarantee for the family, a life-long insurance through daughters' and sons' profitable job positions. Further, families are not left alone to make this choice. As I will explain in chapter 4, a patriotic professional commitment (Hoffman 2010) further entices the *haigui* circuit. This is consciously fostered by the Chinese state's proclamation of the Chinese dream, and can be further seen as a guarantee of the desire (or at least the sense of duty) among the *haigui* to repatriate.

The state's education-migration nexus promotes this process. Encouraging students to come back means harnessing a new skilled labour force. The marriage between *hukou* state policies (that favour successful *haigui* on their return) and nationalistic, moralistic and family bonds is synergetic. If, for instance, a *haigui* obtains a *hukou* in Shanghai, she or he can then transfer the whole family in his/her place as well as extend certain rights (such as medicare and education) to the whole family, within certain limits. This investment in knowledge commences with the *gaokao*, or university entrance exam, and it is this which activates a *haigui*'s circuit and migration. In China, the *gaokao* is the most stringent national exam. Only once a student passes it, can she or he enter a Chinese university. However, an unsatisfactory *gaokao* result will block a student's

³⁸ In 2009 a movie by Liu Guoning, *Qianzhai huanqing* "Repay a debt with a favour," is used to describe the socially recognised exchanges of obligations that are not-purely-economic. In the movie they are portrayed as being extremely popular.

entrance into the “good” Chinese universities, and it is in this situation that students consider going to Australia as an alternative. The option of studying in Australia is ranked far below the most desired possibilities of an Ivy-US education (Harvard, Columbia, and others) or the UK equivalent (Oxford, Cambridge, and so forth). Australia is also placed behind a number of mid-ranked US and UK Universities (Huang 2013). Chinese students with a low *gaokao* have two options. If they belong to a middle class or wealthy background, as did the majority of the *haigui* I interviewed, they can self-fund their studies. If they successfully complete an English language exam after high school, they can be granted scholarships funded by either China or Australia.³⁹

Historically, the *gaokao* was introduced when modern universities began to spread throughout China and there was a need for a meritocratic selection. The modern foundation of the exam, however, needs to be understood in a larger historical context. As outlined in chapter 1, just before and immediately after the establishment of the People’s Republic (1949), Chinese revolutionary agents wavered between two conflicting approaches to education, either elitist or grassroots education. The dichotomy influenced the type of content, the recipients and the goals of the education. If the republicans aimed to develop an education based on “science and democracy,” that is, the use of technology and modern management practices to promote economic development and liberal political thought that was of relevance to emerging bourgeois elites; the communists alternatively aimed at the training of Leninist cadres, the involvement of mass numbers of workers in mass production, and the promulgation of the idea that workers and peasants can liberate themselves from poverty, subjection, and class polarisation. After 1949, the Soviet model was privileged and a component of the *gaokao* of 1955 involved a graphical representation of a pyramid with instructions on how to spread communist consciousness and technical expertise.

³⁹ Those scholarships funded by China, sponsor students to study in Australia and then return to China; those funded by the Australian government, have been initiated because of a lack of high-skilled labourers and are aim to attract students through the concession of field-specific scholarship. Both countries have knowledge policies that foster the acquisition and development of a competitive pool of knowledge workers on a global scale.

Students admitted to universities, therefore, had to demonstrate they had good cultural knowledge and understanding of a whole range of communist virtues. It was only with the outbreak of the Cultural Revolution that the *gaokao* was abolished in 1966. For a short period, the admittance of candidates to universities was determined using a new system of compulsory support to fellow workers.⁴⁰ Students not from worker or peasant families had first to work as farmers or soldiers; this was an essential prerequisite for acquiring a proletarian spirit of devotion to the people and to the socialist motherland. The new system was based on voluntary enrolment, mass recommendation, authorisation from superior officers, and ratification of the school, and successful students received the name of *gongnongbing xuesheng* “students from the ranks of workers, peasants, and soldiers.” The *gaokao* was revived in 1977 when, accompanying the rise of the Chinese NEP (New Economic Policy), the State Council announced a new law for the admittance of students to universities which was based on educational qualifications and the necessity to be prepared for instruction and training on how to become elite experts.

This system, although it has experienced multiple adjustments, is still at work today. Even though the *gaokao* application operates at a national level, it is actually different in different parts of the country in terms of level of difficulty and criteria for the attainment of full marks. For instance, in 1985 Shanghai was accredited as being an independent examination centre. This reflected a disproportionate allocation of resources into selective, wealthy, urban “key-point” schools. The more “advanced” and modernising education became available for Shanghai citizens, making them “more competitive” in the urban and national job markets. This system reinforces a wealthy urban elite and it penalises the wealthy classes of the provinces. A city-provincial hierarchy privileges the predominant economic one—even if very rich, a student from the provinces will have major difficulties in accessing Shanghai schools because of the *hukou*. Moreover, if a student from the provinces wishes to enter the best universities, located in Shanghai or Beijing, they must obtain far higher marks than a Shanghainese peer in the *gaokao*. The *gaokao* and the intra-province hierarchy

⁴⁰ In that period, all students after the high school leaving examination first had to compulsory work in factories or on farms for a couple of years before applying for university.

together, therefore, are obstacles and introduce tensions for the *haigui* that they have to face before leaving their country.

For Chinese students, taking the *gaokao* means sacrifice, sufferance, self-discipline and strict control—termed *chiku* (“eating bitterness”), meaning enduring hardship (Erwin quoted in Cockain 2012, 107). The *gaokao* is seen as a trial of strength, and it is the general criterion used to judge a person as a “good” or “bad” student, son or daughter, and even a good or bad future worker. Although this exam is just a part of a young student’s career, it does represent a crucial turning point. Chinese students say that if you have not taken the *gaokao*, your life is not complete (Cockain 2012, 107). In China, everyone knows how much pressure a student has to bear at this stage of her life. During the period before the exams, hysteria and panic spreads amongst Chinese students (it is very common to read about suicides as well as nervous breakdowns in Chinese media).⁴¹

Parents, grandparents and close relatives are all involved in supporting their student relatives to succeed in this life-making exam. Many invest a great deal in the student’s education, through the use of private tutors, private foreign language schools, and so forth. Of course, these “investor relatives” want see the results of their efforts. This is particularly pertinent because in the absence of an old-age pension or welfare funds, the wealthy career of a single daughter or son is the only way to ensure the parents a comfortable retirement. With the one child policy, the academic success or failure of an only child can often be a family’s “only hope” (Fong 2004). As pointed out by Crabb: “This fervency has been intensified by the demographic shift brought about by the one-child policy. Parents conjure their visions of the future—dreams and nightmares—around the academic success or failure of their only child” (2010, 390).

⁴¹ In the months before the *gaokao*, profits soar sky-high from supplements and vitamins like fish-oil, ginseng, and other types of foods that are claimed to improve memory and concentration. Furthermore, hospital and clinics offer “retreats” where students can get hooked up to an oxygen container in the hope of improving their concentration. Restaurants and hotels in close proximity of *gaokao* schools offer special menus, gyms, and study concentration rooms, and are fully booked years in advance by parents who do not wish to be stuck in traffic the morning of the exams. A few minutes’ delay could result in the student not being admitted into the exam and then the efforts of a whole year would be lost. Moreover, wealthy parents promise their children they will receive expensive rewards like an Audi, a trip to Europe, or a thousand-Euro Gucci bag to encourage them to study hard (see *China Daily*, 2013).

When living in Shanghai I remember the period of time when the *gaokao* was happening. It seemed that the whole city had to participate in the event. In streets near the schools where the *gaokao* was hosted, parents would go on to the streets to stop any traffic that could potentially disturb the examinees. Car drivers slowed down and even stopped their engines as a sign of solidarity during peak hours. This might seem to be an unusual sharing of solidarity in the hectic rhythm of Shanghai traffic, but the *gaokao* has acquired a national status that affects every Chinese student and every family. In this sense, Chinese education is increasingly perceived to lie at the intersection between public and private interests (Crabb 2010, 391).

The whole educational process does not have values *per se*, but it is conceived to be a tool necessary for obtaining a “winning post,” that is, a profitable and prestigious job. Unlike the small percentage of students who are incredibly smart and thus guaranteed a place in one of China’s most respected universities, most students who end up in mid-range universities are at risk of not obtaining a good job and the situation is worsening.⁴² Going abroad arises as an alternative pathway to success and, when considering this option, students can relax a little in preparing for the *gaokao*. Ling, who before returning to China obtained her accounting degree in Perth, told me: “After I finished high school I couldn’t wait to escape from China, you know. Chinese society is so strict, so severe, I should have studied so hard to pass the *gaokao*, I just felt I couldn’t have done that, and I knew I had the opportunity to study abroad.”⁴³ Since 2010, the number of students applying to take the *gaokao* has generally declined, as the number of students going abroad has increased (Huang 2012). However, although this pathway makes a student’s life a little easier, it is associated with cowardice and is seen as a character trait many *haigui* carry.

Most Chinese *haigui* I interviewed were not willing to talk about the *gaokao*. This might be because discussing it would mean admitting they left China on account of a failure. Significantly, when I asked them: “why Australia?,” I received rather ambiguous and evasive answers. For example, “it’s less competitive,” “less crowded,”

⁴² Research has for instance documented the living conditions and lack of opportunities for students who attend a second or third tier university in China. These have been described using the neologism the ANT tribe, that is students squeezed into dormitories in Chinese universities. See Si, 2009.

⁴³ Interview with Ling, 12 April 2013, Shanghai.

“there is a nice environment,” “I like nature and clean air.” Very seldom did they tell me they chose Australia for the quality of its education. Thus, the ambiguous relation of China-Australia I described in the first section seemed to be reflected in the unclear perceptions many *haigui* express of Australia.

Since the commencement of China’s opening and reforms, Australia has emerged as a popular country for students to enrol in higher education.⁴⁴ When the first TOEFL exam to recruit Chinese students to English-speaking universities was run in Beijing in 1981, just 285 students participated while, in 1987, the number had grown to 26,000 (Nyiri 2010, 36). By 1987, a study abroad “fever” had gained momentum but, interestingly, that same year also saw students in Shanghai demonstrating in front of the Japanese and Australian consulates because of new restrictions on student visas (Nyiri 2010, 37). By the early 2000s, student migration to Australia significantly outweighed other Chinese immigration channels. Between 1995 and 2004, Australia received just under 60,000 entrepreneurs, investors, and/or family based settlers and immigrants from China, while in the academic year of 2003-2004 alone 50,000 Chinese students came to Australia (Hugo 2010, Nyiri 2010, 36). According to official statistics in March 2014, over 223,000 Chinese students were enrolled in higher education degrees in Australia, and made up 31 per cent of foreign students (Australian Government 2014).

As the Australian government has cut funding for universities, it has simultaneously sought to market higher education as a business and thus a source of income. Enrolments of full-fee-paying international students rose from under 100,000 in 1994 to over 600,000 in 2010. Globally, Australia is the third-largest provider of international education services (after the United Kingdom and the United States) and has the highest proportion of international students across all OECD countries—one in every five post-secondary students enrolled in Australia is an international student (Australian Bureau of Statistics 2011). Overall, the export income for Australia from international education represents a significant part of its economy. In 2014, international education activity, arising from international students studying and living

⁴⁴ The peak of students travelling to Australia occurred after the Tiananmen Square protest in 1989 because the Australian government granted protection to Chinese students in Australia.

in Australia, contributed AUD 17.0 billion to the economy. The majority of this income came from Chinese students (Australian Government 2014).

Australia has sought economic integration with Asia by promoting itself as a multicultural nation (Ang 2010, 129), and encouraging “Asian literacy” within its education system (Ang and Stratton 1996, 34). This policy was undertaken to guarantee and preserve, through education, a cultural and national affiliation with the countries of origin of many Asian second-generation migrants, as well as to attract new Asian students. Nowadays there are many schools in Australia offering courses in Chinese, Thai and Malay, as well as business school MBAs offering specialties in international finance and management (Poole 2001). Beside the English language exams, most Australian universities do not have strict entrance requirements for foreign students. Capacity to pay mainly determines the selection.⁴⁵

However, the absence of an entrance test is perceived as a sign of a lower quality of Australian universities. As I will show, this might be counterproductive given that many students are afraid their education will not be sufficiently highly-valued and competitive. In 2011, in an attempt to increase its ranking and attract more elite students from China, the University of Sydney started accepting students for admission based directly on their scores for the *gaokao*—a tier-one result and an international English language testing score of seven or above. This approach was part of a “five-year strategic plan” on the part of the university to woo more students from Asia, and in particular China.⁴⁶

In addition, Australia presents itself as a country which offers “well-rounded personality” training, that is, the fostering of cognitive, presentation, communication, and social skills considered so necessary for embarking on a business career. Aside

⁴⁵ Foreign students in Australian universities typically need to spend at least 300,000 *yuan* per year (AUD 60,430) on tuition fees and living expenses.

⁴⁶ Unlike local students who can have their tuition subsidised or delayed through government funding, foreign students are usually required to pay full fees upfront, contributing a significant portion of the revenue of Australian universities every year with more than 4,000 Chinese students and 20,000 Chinese alumni. The University of Sydney, in particular, already has a close relationship with China. The University has established the China Studies Centre, which directs Chinese studies and interacts with business, government and activities in both China and Australia. While some have said the university is lowering its admission standards to attract more student fees from China, the university says this is not the case (University of Sydney 2012).

from the development of expertise appropriate for the financial sector, this educational approach trains people to speak publicly, to employ successful rhetoric, to be creative, to adopt a proactive attitude towards tasks, and to develop a familiarity with a set of semiotic codes involving behaviours, manners, dress codes, and so forth. In a global financial environment, these features are considered base requirements from which to start any career. One of the advertising slogans of the MBA course at Macquarie University states that “we develop leaders with a global mindset who create sustainable value and are good citizens” (Macquarie University, 2014). For Chinese *haigui*, the hope of acquiring professional skills that are globally translatable “equates to fitting in with a neoliberal model of globalisation and competitiveness” (Duara 2010, 979). Surprisingly, however, most of the students I met had chosen subjects like accounting, statistics and macro-economics—which are very specialised courses. These preferences seem to suggest Chinese students are not particularly interested in learning how to behave and make a career in a global market using Australian-style expertise.

Given the above-mentioned “ambiguous” perceptions of education in Australia, the education offered by Australian universities seems to lack kudos in the eyes of Chinese students studying in Australia. This attitude most likely results from the students failing to gain access to one of the top five Chinese Universities, or to prestigious American or British universities, all with higher selective entrance requirements. While these countries, hosting among the highest-ranked and best-considered universities in the world, can usually offer more guarantees for the future careers of their students once returned to China (because of their internationally acquired prestige), Australia is not able to confer such certainties. Thus, the investment of a student—and indeed her family—in the country as an overseas education destination, is riskier. An Australian equivalent does not equate with the rewards of an MBA from Harvard or Stanford. But in China, this sort of ranking means everything.

Interestingly, it is China which has most strongly embraced global university rankings and has thus contributed to the creation of what Van der Wende (2007) has defined as a “cemented” conceptualisation of a world university market, organised according to a single “league table.” The research rankings, published annually by Shanghai Jiaotong University, were first issued in 2003 and have been defined as the “most globally influential” (*Economist* 2005). When comparing it with the second-most

influential index, produced by *The Times*, clear differences are evident. While there is general agreement about the “World Super-League” (leading and well-known American universities, that is, Harvard, Stanford, Yale, Berkeley, MIT, and the two British universities, Cambridge and Oxford), results vary in relation to the top 20 universities. The ranking produced by Shanghai Jiaotong privileges the United States (the first 17 universities are all American). *The Times* index has a more holistic approach and includes a measure of both teaching and research, while the Shanghai Jiaotong index mostly considers the performance of the university in terms of the number of publications and citations, especially in journals on nature and science (Marginson and Van der Wende 2007; Economist 2005). In turn, the Shanghai Jiaotong index privileges universities from English-language speaking countries because English is considered the language of research (a non-English-language work is less published and cited). Indeed, this preference advantages universities from the United States because of a pattern of citation circulation, that is, Americans tend to cite Americans (Marginson and Van der Welt 2007, 311).

From a national perspective, while the Shanghai Jiaotong ranking does not include any Chinese university in its top 20 list (*The Times* has Beijing University at the 15th position), this omission could be seen as a tactic of the Chinese government to be a fair arbiter that—from an outside perspective—praises the delivery of education by countries such as the US and Europe. The ranking is produced to promote a new *façade*, by stimulating new global competitions for leading researchers and the best young talents. In dismissing the value of teaching and vocational education in their ranking, China mirrors the new policies that favour Chinese academic entrepreneurship and that the government has introduced with the most recent education reforms.⁴⁷

According to studies on *haigui* returning from Australia (see Hao and Welch 2012) and the interviewees for this project, it is clear that, once returned to China, these *haigui* consider themselves low-positioned and low-paid. When being evaluated for a

⁴⁷ As explored in the first Chapter, this is framed within the larger strategy of positioning universities as key economic drivers for business development. Such an approach weakens the humanist elements considered so important in traditional educational environments.

job they are disadvantaged as candidates with undergraduate or postgraduate degrees from second- or third-tier foreign universities, as having “gold-plated” (*dujin*) degrees rather than “real gold” (*chunjin*), which instead can be obtained from the top-ranking universities in the USA, the UK, mainland China or Hong Kong. Many of the *haigui* interviewed commented that they were taking their current positions as temporary ones and were waiting for a further step. This was generally expressed with both confidence, motivated by faith in their future development, and also a sense of resignation for their present circumstance. However, while feelings expressed about their general condition were not surprising, more surprising was the way the *haigui* expressed optimism and admiration, rather than suspicion or hostility, towards their successful and locally graduated peers. In fact, during our discussions, they kept telling me how much smarter and better these others were. It seems they considered their achievements “unreachable.” But personally, I was disturbed: amongst rivals it seems counterproductive to enhance your competitors’ strengths. I often found myself having feelings of sympathy with the *haigui* and anger at the injustice of their situation. I wanted to express solidarity, and let them know that I believed they deserved better treatment and respect. After all, they had studied abroad, experienced another country, and spoke a foreign language. But for them, Australia was considered a closed chapter. Though happy to have had the opportunity and luck to enjoy the country, they now believed their Australian education did not hold much value for their professional careers. Their discussions of the employment situation in the Shanghai financial market also negatively impacted on their feelings towards their time in Australia. Their views were significantly different when they discussed Australia, from the point of view of preparing them for a career, and Australia, from the point of view of personal experience. In regard to the latter, the *haigui* I interviewed expressed both happiness and difficulty but, overwhelmingly, they described the experience as valuable.

Most of the *haigui* had returned to China because they were unable to find work in Australia. Very often, they did not succeed in this pursuit because they were not competitive enough to get a job that would sponsor them with an Australian visa. Their return was expressed, though, in terms of a free choice, even when it was apparent that it was not the case. China was described as a more interesting country which could offer many more opportunities. As Xiu, a returnee from Macquarie, told me: “The Chinese market is bigger, more dynamic, more exciting. There are more things to do,

more work to do, here. The Australian market is very small, not so developed. There, you know, people leave their office at 5 o' clock. People in Australia are lazy, they all want to go to the pub. Here in China we all overwork, here it is normal to overwork.”⁴⁸

As further expressed by Lan, another Chinese returnee who, after having studied in Melbourne, had job experience in the UK, “the Australian financial market is not like London. There you can really feel a multicultural environment, people from all over the world, every race, every background and ages. Instead, Australia is closed, provincial and discriminatory in many ways. You have to be Australian, behave and understand Australian culture to work there, otherwise nobody is interested in you.”⁴⁹ The *haigui* knew that finding a job and residency in Australia would have meant a higher salary and, in most cases, better working conditions. Nevertheless, they told me, they favoured the choice of China, claiming it was “more stimulating” and “challenging.” Yet returning to China meant facing what they had sought to escape in a past in which their failure in the *gaokao* is ingrained. In reality, their return had been marred by loss of hope for finding work in Australia, and now a new cycle of hope and expectation was arising—echoing the last, and reproducing the mood first nurtured by their original departure from China for Australia. Many *haigui* I interviewed might have wanted to stay in Australia but they were unable to realise this ambition. At this point, returning to China and attempting to find employment, this was narrated as a “free choice” to bury feelings of failure and disappointment.

The bond and kinship with Australia nevertheless remained strong, through the membership of *haigui* in various alumni associations. These associations, through setting up various organisations abroad, have been able to link *haigui* with their *almae matres*, the universities where they studied. In China, there are many associations of this kind and, with the increasing numbers of *haigui*, some of them have reached membership numbers of 15,000. Some associations are organised informally by *haigui* who wish to share their experience with their fellows; some are set up by the universities in order to promote their courses abroad and recruit new students; while others are sponsored by foreign companies operating in China that contact the

⁴⁸ Interview with Xiu, 6 June 2013, Shanghai.

⁴⁹ Interview with Lan, 14 September 2013, Shanghai.

universities in their own countries to recruit Chinese students who have learnt to speak their language and thus, potentially, could come and work in them.

As I will further explain in chapter 4, the enthusiasm students expressed in taking part in their alumni associations revealed how important they are in helping them to negotiate the difficult environment they faced once back in China. It also showed how their identities were still strongly tied to the country in which they had received their financial education and where they had, often for the first time, experienced a period of their life abroad, far from their families. Being part of the associations allowed them to express their feelings of frustration generated by the fact that, once back in China, their internationalised “capital” was not really valued as they had wished and expected. In particular, soon after their return to China, many *haigui* frequently attended events and meetings organised by the various alumni associations as a means of sharing and relating their experiences, including the many social habits they had acquired abroad. During my fieldwork, I attended numerous meetings organised by the Australia China Alumni Association (ACAA). The association is formed by 34 Australian universities and is open to all China-based alumni of Australian universities. As stated by the website it was founded to both “promote Australian education via the success of alumni” while “supporting alumni in China through business and social networking” (ACAA).

Interestingly, I found that most of the events I attended while in Shanghai were organised to enhance Australia’s presence in the Chinese market, rather than to promote education in Australia. The biggest event I was invited to—made possible by virtue of my status as an Australian university postgraduate student—consisted of presentations given by successful Australian-Chinese entrepreneurs who, by creating their own companies, could claim they had successfully “made it” in the Chinese market. In particular, I was struck by the opening words of the first speaker, a charismatic business woman who was now the owner of one of the most popular restaurant/café chains in Shanghai which has more than 30 branches. She said: “Thanks very much for inviting me, even if, I have to confess, I don’t really have a university background, in fact I hardly finished high school.” The speech then went on to describe her adventurous landing in the Chinese market, which she described as a wild jungle with no rules, no justice. “If you have issues with any Chinese business

partners, even if you know you are right, you should renounce your claim! Arguing every time with Chinese will drive you nuts.”

In response to this woman’s presentation, reactions from the *haigui* were condescending and amused. The perception I had was that in such an environment everyone shared mutual understandings of their adventurous experiences of foreign universities and the Chinese market. They paraded a sense of self-confidence, which seemed to be based on their feelings of belonging to a professional and international elite. They were proud of their status and their foreign education, and yet within this pool of smart, graduated professionals, no one seemed satisfied with their job positions in China. Consequently, accounts depicting the Chinese market as “a far west” with no regulation and multiple imperfections and difficulties, seemed to make them smile and relieved them somewhat of their sense of frustration. Comforted by the *niche* of this meeting, *haigui* often spoke English to each other, and made jokes about Australian accents and food in recalling their time abroad.

For most of the *haigui*, the aim of participating in such meetings was for networking purposes. Social events, like “Aussie drinks,” were often held by associations in the Chinese cities where *haigui* were particularly numerous (Beijing, Shanghai, Nanjing, and Hangzhou). It was all about exchanging business cards, meeting colleagues in the same business, accessing clients, and so forth. In general, everyone wanted to know if and how everyone else was “placed” in the job market. Yet, it must be asked, what role does the past education that unified these *haigui* play in this context? The overstated qualifications, such as the international global expertise they had acquired during their studies, together with their claim that they were obliged to make available the knowledge they had acquired to their source university, seemed not to be useful once back in Shanghai. This was so, at least to the extent that the association itself did not promote particular universities by presenting their different course contents, such as the very popular MBA. Nor did it promise to reveal the ideal formula for creating an effective and successful global business. Rather, they openly declared how useless any business strategy was for dealing with the “wildness” of the Chinese financial market.

In opposition to prizing individual traits such as agency or well-rounded entrepreneurial personalities, it was suggested that, for the Chinese market, what was

necessary was *guanxi* and a clear understanding of the work hierarchy. It was paradoxical, but Australian business people—unschooled as far as university goes—were seeking to teach university-educated Chinese students how to do business in China, on the strength of their experience as foreigners in the Chinese market. The “Chinese way” of doing business, re-proposed to the *haigui*, represents an exemplary case when in the context of a neoliberal regime, “the questions of national economic survival and competition in the world economy have come increasingly to be seen as questions of cultural reconstruction. The task of reconstructing culture in terms of enterprise has involved remodelling public institutions along commercial lines as corporations and has encouraged the acquisition and use of so-called entrepreneurial qualities” (Besley and Peters 2007, 165).

Forged by a hegemonic global education narrative of knowledge acquisition followed by work in the finance sector, the *haigui* seemed to be unprepared to cope with and navigate the Chinese cultural terrain from which they escaped. There was an anxiety shared by many of the *haigui* looking for a job. They hoped to utilise the global expertise learned abroad to gain a competitive advantage, but seemed unable to take advantage of that surplus. Their practices of self-promotion and self-valorisation encountered resistances when they were rejected in the hostile terrain that was nevertheless their country of origin. The migration-education nexus which seeks to perpetuate a regime of labour governance in order to produce new skilled experts as preferential working subjects was, in the context of Shanghai’s financial market, ineffectual.

In this thesis, I will also argue that the common ground that enabled *haigui* to be fostered and attracted back, although often involuntarily, is a product of the mass financialisation of daily life. This means that, under the influence of financial logic and by participating in financial markets, individuals are encouraged to internalise new norms of risk-taking and develop new subjectivities as investors. Financialisation is therefore investigated in Foucauldian terms, in the form of a “governmentality” exercised through individuals’ own interactions with new financial technologies and systems of financial knowledge (Van der Zwan 2014, 102). I will explain how financialisation, as it rises within the context of contemporary financial capitalism, also produces heterogeneous and uneven spaces. In this particular case, Chinese

financialisation develops according to the knowledge-making of the Chinese state, which alongside new financialised self-entrepreneurial risk-taking subjects, is also seeking to foster patriotic committed experts. *Haigui*, as mobile subjects, embody the uneven distribution of expertise and differential labour division of contemporary financial capitalism, and so are caught up in an interstice of unevenness. They are displaced “in between” the two worlds they have experienced: their Australian education and the search for a job in the Shanghai financial market. At the end of the circuit, when back in China, supposedly with knowledge to utilise, they effectively become disqualified.

What financial expertise?

Exploring the financial workplace for *haigui* in Shanghai in 2013 also involved examining this environment post financial-crisis. I want to mention an event I attended which was aimed at promoting a “new financial culture.” Held in the shiny *Shangri-La* hotel in Shanghai, the event was organised by the ACAA and The Melbourne University Business School, in order to launch the new master course in financial management. The Dean of the faculty of business and economics was the main guest that night, and gave a talk entitled “A Little Financial Knowledge is a Dangerous Thing.” Many *haigui*, working and looking for a job in the Shanghai financial market, attended and for me this was a good opportunity to make more contacts with *haigui* involved in finance and thus gain further insight into the Australia-China education and financial circuit.

The talk delivered by the Dean concerned the need to develop a new financial literacy in response to the financial crisis. His solution was not to question the logic of financial capitalism. In his view, the logic and internal functioning of the finance machine were considered too obscure to understand. He said: “Even with a PhD in financial management, you won’t be able really to understand the cause of the crisis.” In order to cope with the volatile risky and impenetrable logic of the financial market, his proposed way out of the crisis was to encourage people to participate in finance through a process of mass literacy offered by Australian business schools. The idea was that the crisis was caused by the financial mismanagement of financially illiterate subjects. However, at what level this mismanagement was operating was not clear. Given the context of the lecture, the further recommendation was that Chinese students

become responsible and financially literate subjects for the development of the future financial market and its “sanity.” The way Australian financial education was portrayed was as offering a new moral and financial structure in the aftermath of the GFC. Post-crisis, business schools across the world worked to create a global façade which, as stated by Stefano Harney, had to be “rehabilitated to teach a new morality to future business leaders and to restore its imagined relationship with the profession understood as business leaders, not mobile phone outlet store managers” (Harney 2010, 54). At the moment of the Q & A, though, two *haigui* among the audience asked questions on the very specificity of the Chinese financial market. They wanted to make clear how, given the highly state-regulated financial apparatus in China, financial experts like themselves had little power to solve the problem or educate others about it. After the talk, I engaged in conversation with a group of *haigui* who had graduated from the business school at the University of Queensland. The reason they attended the event, they told me, was not to listen to the Dean, but to do some networking and to get to know other people with whom they could generate business in an international environment. Alternatively, they sought to find new clients to educate about their investments. Most of them were financial analysts and advisors for both Chinese and foreign financial companies, but technically they were at the “bottom of the scale.” Their salary and career depended on their ability to find new clients, hopefully ones with significant capital, that they could assist by providing various financial services that their companies offered.

At the time of my fieldwork in 2013, one of the booming activities undertaken by Chinese companies who had been hit by the crisis was trying to “recycle” their business in the secondary market, which in China endured long after the global downturn. With the boom of financial economies, many Chinese companies aspiring to make initial public offerings (IPOs) had to compete within a system of institutionalised corruption and speculation. An IPO could be obtained through the intervention of not only audit companies, but also legal firms and other accounting companies with good political connections such that they could ensure companies a “protected” way to “go public” (Yang 2013). Every company that wanted an IPO in China had to pass through the approval of the China Regulatory Security Commission, whose screening committee is often composed of auditors. Companies with the right local and political connections could benefit from the input of a government-related

audit company which could fabricate the corporate data necessary to be listed. The pre-connection phase with politically influential people or auditors, who were members of the committee, became a prerequisite for either acceptance or rejection of the company in its IPOs. The *haigui*, as aspiring financial agents, were caught up in this corruptive process.

Another strategy Chinese companies on the brink of collapse used before going public is to merge with a foreign company or institution in order to increase their share values. The foreign companies in this partnership were attracted to obtaining a position in the Chinese stock market after the crash of the Western one. Most of the time, the work of the *haigui* is to recruit foreign companies who are willing to merge with Chinese companies in order to undertake IPOs and then to assist them through the process. Their salaries were almost entirely dependent on their ability to get new clients and on their performance. Their positions, therefore, were extremely uncertain and precarious. Yet there was the other side of the coin, money in potentia, that is, if the company is successful and performs well post-IPO in attracting investors and making good profits, the employee can earn a lot of money.

As already stated, the *haigui* could not rely on the political connections provided by a solid network of *guanxi*. Moreover, while they were in charge of evaluating the assets of a company and undertook activities of due diligence, these formal financial services—for which their accountancy and financial education had prepared them—were not of importance, but considered secondary to the decisions and power of the higher political sphere. Consequently, they were in a vulnerable position and could be quickly dismissed. Typically, once a company is listed, its owner has to retain 40 per cent of the shares. The remaining 60 per cent goes to individual investors who in fact have little ability to evaluate the value of the shares they are buying, especially if these are corrupted. The *haigui* were professionally displaced, especially when confronted with the post-crisis moralising discourses produced by the institutions in which they had been educated. These institutions had offered them global, cutting edge, competitive expertise, which they claimed the *haigui* could use to build new careers. And yet *haigui* labour does not appear to be allocated; it is not negotiated, but often ignored and disregarded. Unless it produces appreciable results, it is self-managed and orientated to the product (which remains the only element that can be traded, whilst

the working time necessary to produce it can be expanded to infinity without any remuneration).

The new claim promulgated by the education institutions in the association meetings sought to re-manage and restructure a previous expertise which had been “polluted” by the episode of the global financial crisis. Such discourse clearly needed to be re-shaped in order to reflect the skills necessary for the ever-evolving and mutating form of financial capitalism. However, once amid the battlefield of the Shanghai financial market, *haigui* are not interested in questioning financial logic, or in protecting their financial reputation by recovering a compromised moral and/or financial authority. Rather, they seek to obtain a profitable and prestigious career position within a complex hierarchical system which operates through powerful alliances and personal local connections from which they are largely excluded.

The *haigui*'s studies in Australia were instrumental in valorising their labour power, and important for “selling themselves to capital.” And yet, at the time they finished their studies, the Shanghai job market turned out to be a disappointing place to find employment using the Australian expertise which had focused on the new ethical and austerity paradigm in its own financial sector. In contrast to the universal expertise of the global university tailored for the global market, the Chinese financial terrain promotes a system based on its own political cultural codes and networks. The rhetoric of contemporary global financial expertise, necessary for facing the problems emerging after the GFC, was employed by Australian universities to attract Chinese students. Yet, in the Chinese context, this logic reveals a weak foundation. The *haigui*'s subjectivities are characterised by resilience and a drive for self-realisation at all costs. They are pragmatic, and able to switch from one context to another. Further, they are able to silence their personal aspirations, ambitions and the expertise they had developed abroad in order to succeed in their current goal, which is, to cling to their Chineseness and cultivate their *guanxi* networks.

The circuit they had embarked on, initially designed to ensure future economic and social stability (for themselves and their families), was instead very precarious. As I will show in the following chapters, most of the *haigui*, despite their expectations of high-paid and managerial roles, were instead being slotted for more menial roles by their Chinese employers. Amid the challenging realities of return, elements of

resilience and adaptability were brought to the fore. The *haigui* seek to affirm themselves in a precarious ecology of financial expertise—and the stock market becomes a new proving ground, carrying hope of future financial success and security.

Conclusion

In this chapter, I used the concept of the circuit to explain how, within the parameters of financialisation—in which the primary object of value, and consequently valorisation, is knowledge—*haigui* migrate to Australia aspiring to obtain “cognitive capital,” which they can use to become knowledge workers, namely, financial experts. I have stressed how this move does not come about as the result of a free choice or a cost and benefit calculation. Instead, different loyalties (to one’s self, to the family, to society, to the state) as well as multiple obstacles intertwine with *haigui* motivations to undertake the circuit and risk deviating from the well-known and proven path of valorisation.

I demonstrated how Chinese students do not choose Australia for purely professional and technical reasons. Australia, supposedly a destination many students covet for an English-speaking education, an Anglo-Saxon business environment, and a modernised and globalised setting, is a “make-do” choice for many Chinese students compared to the US and the UK. The thing that sustains students’ motivation for attending university in Australia is not enthusiasm but necessity—that is they must study in Australia because they are unable to attend the top domestic and foreign universities due to their poor performance or failure of the Chinese National University Entrance Exam (*gaokao*).

This chapter has shown that it is during the final stage of the returnees’ circuit (Shanghai in my case study) that the trajectory falls into crisis. At this point the returnees—ready to draw a profit from their hard work as students and ready to be valorised as cognitive labourers—can discover that their financial expertise is a “blunt weapon.” The expertise they acquired from abroad is often disregarded when they seek to enter Chinese financial institutions. As detailed earlier in this chapter, the *haigui* often spoke of finding themselves in an unsatisfactory position—when their foreign expertise only allows them to find positions that involve subordinate tasks and is not valued as a function of their career. An established pattern of social networking

and social privileges, based on *guanxi*, dominates financial institutions which are mostly controlled by the state. These mechanisms, aimed at reproducing the domination of a party-led technocracy, appear insurmountable. In this Chinese ecology of financial expertise, where foreign expertise is often dismissed and contested, the *haigui* emerge as cynical and pragmatic subjects.

In the next chapter I will show how in Shanghai—a city where an overlapping of knowledge regimes is at play (the Chinese global and cosmopolitan city, the Chinese stock market, the site of global capitalism and Chinese financialisation)—all of the frictions that *haigui* experience during their circuit come to the surface. Shanghai, with its multiple identities and futuristic ideals, is a city that mirrors the subjectivity of the *haigui* and therefore becomes a site for self-realisation.

Chapter 4

Shanghai: the returning city

Introduction

Upon returning to China from abroad returnees become like moths to a flame, and gravitate irresistibly toward the shining lights of Shanghai. But why does the city hold such allure? For most of the *haigui*, Shanghai is not a hometown, and nor is it a familiar, comfortable place to which to return. It is instead a chosen space in which they intend to pursue a new career and expect to be valorised for the skills they learned abroad. But again, why Shanghai and not a competitor city in China? In this chapter, I will examine some potential answers to these questions through a unique line of inquiry. Looking at Shanghai from the *haigui*'s perspective allows us to linger over those foundational features of the city that are strictly intertwined with the production of the *haigui*'s subjectivities. Thus, I link both the city and its subjects in the same act of exploration. In this chapter, alongside the observation of the subjectivities of the *haigui*, my analysis also develops from the observation of the city of Shanghai, which emerges as an actor itself. Despite not being a direct object of this study, it nevertheless “emplaces” ethnography (Pink 2009) and resonates in my way of knowing, experiencing, and perceiving the *haigui* and vice versa. I propose that Shanghai, as the preferred destination of the *haigui* circuit, is the place where the taut ropes woven by the multiple factors that fostered and held together the identity of the *haigui* finally snap.

Firstly, I explore *haigui* attitudes towards the city. I will proceed by showing how the expectations the *haigui* nurture toward Shanghai as their favourite Chinese city emerge in parallel with a general view of Shanghai as the cradle of modern Chinese cosmopolitanism and contemporaneity. Shanghai, in *haigui* eyes, is a vibrant cornerstone of financial capitalism, contrasting sharply with their places of origin in the provinces. In this promised land, they expect an exciting life and the opportunities afforded by being part of a professional elite: clubbing, international brands, and with money to be made in the financial market. Interestingly, their fascination with this city,

its prominence as a financial site and image as a financial city *par excellence*, is nurtured through a process of oblivion with the city's past. This contrasts with the incumbent policy of the Chinese state to make Shanghai the home of contemporary Chinese capitalism. Such obliviousness to the past—a past which I briefly recall in this chapter—prevents the *haigui* from recognising that the flourishing of the city as a site of Chinese financial capitalism draws on historical cultural and social layers that have enabled the perpetuating of capital accumulation (Harvey 2001). It also derives from a history of conflicts and tensions within local and Western capitalism, as well as multiple knowledge regimes in which the forbearers of the *haigui* (previous returnees, Chinese translators and intermediary economic agents) played a crucial role. Accordingly, the results of my fieldwork show that the role the *haigui* want to perform is still that of a translator and facilitator between different business environments, methods and styles—namely those of Australia and China.

Secondly, I show how their preference for Shanghai is also shaped by a resemblance with another possible destination, Hong Kong. Interestingly, although the *haigui* view Hong Kong as an ideal and globalised financial city, they feel more secure in returning to Shanghai, and their motherland. Hong Kong is not “Chinese” enough and remains the site of an openly cut-throat type of competition, where the *haigui* fear they will be unable to play their international “trump card.” A crucial feature of the *haigui* is therefore revealed. Only in Shanghai they can answer the state's call for a national project and nurture a patriotic commitment. This is what ennobles their search for individual richness.

Thirdly, as a preferred site for the *haigui* to live and work, I introduce Pudong as an emblematic zone. As the most recently developed Shanghai precinct and home of its stock market, it is the place in which the tensions between futuristic and historical, as well as global and local features of the city, are condensed and revealed. Here, I show how the city's dark sides disrupt the *haigui*'s strategies for building careers. Shanghai's multifaceted fascinations dazzle the returnees, who are constantly distracted and become incapable of prioritising the aspects of ambition, career, social life and economic strategy they wish to pursue. In the end their goals seem all too often to take them to mirages, minefields, and dead-end streets. Their internationally fostered financial expertise cannot always be valorised. As their career attempts are often

obstructed and they increasingly feel marginalised in the Shanghai financial job market, many of them resort to self-funded investments in the stock market, mimicking the behaviours of another major subject acting in the Shanghai financescape: the local, scattered players (*sanhu*)—the everyday investors who play the market in the same search for riches, but equipped only with an informal expertise. Finally, a financescape crowded by a highly heterogeneous mass of investors, with contrasting investing strategies, cutting swathes liked massed schools of fish finds flaw with the state’s financial projects, which are in turn upset by growing instability.

A sympathetic view

In the eyes of the *haigui*, Shanghai is the global, cosmopolitan Chinese city *par excellence*. It is not only the place that hosts the headquarters of finance where they project themselves as successful financial intermediaries, but it is also an international hub and connection with the world they experienced outside China. Shanghai is a space for consumerism where they can reproduce habits and tastes developed abroad. Furthermore, Shanghai is a “status” city, a “status” to which these young professionals feel entitled.⁵⁰ Committed to careers in a financial environment, Shanghai appears to be the best Chinese destination to apply the expertise they learned abroad. Furthermore, as transnational subjectivities carrying both national and transnational feelings of belonging (Smith 2000), the *haigui* in Shanghai approach a city that reflects their complex, multifarious and contrasting ambitions and expectations. The experience of studying abroad positioned the *haigui* in a border area between China and the Rest, possessing a twofold belonging with one foot abroad and one foot at home. Shanghai too, known variously as the “Paris of the East” and “New York of the West,” sits astride China and the Rest and shares with the *haigui* a lack of clear national identity (Meng 2006, vii). In Shanghai, the *haigui* can hop between one identity and another; cling onto their Chineseness, develop domestic connections (*guanxi*) and share a Chinese national dream, while at the same time remaining plugged in to the community of “global experts” and cultivate foreign habits, eat Western food, buy foreign products, enjoy Western-style nightlife, and so on. As I will explain,

⁵⁰ As I have explained in chapter 2, the *haigui* are already privileged citizens because they have the right to obtain a Shanghai residency permit (*hukou*) once they succeed in finding a secure job.

Shanghai's attraction for them is its place as a "world financial centre." As Saskia Sassen describes this notion, a financial centre: "grounds and instantiates the global dimension of trading and its supervision. They are complex and thick environments containing systems of trust and cultures of interpretation. Financial centres enable local and global collaborations between firms that are key parts of many financial transactions and often evolve into cooperative inter-firm networks" (2008, 363).

Once landed in Shanghai the aspiration of *haigui* returning from Australia is to position themselves as the best subjects to enable an "interpretative" exchange between Australian and Chinese firms. Here they expect to find the concentration of capital, institutions and infrastructure as well as the circulation of both Chinese and foreign financial practices within which they expect to put to work the expertise they acquired abroad.

During my fieldwork in Shanghai, I got in touch with numerous returnees' associations in order to explore how the *haigui*, as bearers of financial expertise from Australia, maintain their links to Australia once back in China. As I have shown in the previous chapter, these associations are an important reference point once the *haigui* arrive in Shanghai. Apart from the Australia China Alumni Association (ACAA), I traced various other associations founded by previous returnees who, after their arrival in the city, shaped those institutions to establish and legitimise their role as foreign-educated experts. In modern Chinese history, such associations have often played a role as powerful professional lobbies, entrusted with political duties. The first one ever created, the Society of Chinese Students in the World, dates back to 1913 and grew under the patronage of important personalities. According to its website, the association opened with the encouragement of the president Sun Yatsen. Sun was himself a returnee, and urged Chinese students from abroad to use their cultural authority in order to rebuild the nation, assigning a patriotic value to the study abroad. Closed during the Maoist period for being a politically unacceptable link with capitalist countries, the association was re-opened in 1985 by Jiang Zemin, who at that time was the Mayor of Shanghai. The website highlights how, for Jiang, the association was important "to bring about a Chinese renaissance and make Shanghai flourish" (*ChinaSorsa* 2009). Returnee associations seemed to run deep in the veins of Shanghai

history and have helped shape the city's profile as a cradle of foreign knowledge and expertise with a key role to play in contemporary China's rebirth.

Nowadays, the majority of such associations are created through social media networks like *weibo* or *linkedin*, and by *haigui* seeking to create a community with which to share their experiences in the city. The most active is the Shanghai Fraternity and Harmony Returnees Group. I met Luo, the president, after I had contacted him via *linkedin* and explained to him the nature of my research and interest in meeting *haigui* who had studied in Australia. He was a *haigui* himself and had funded the association after coming back from France where he had studied. The association has its own profile on both *Linkedin* and *Sina* and can now boast of around 109,000 members. It organises social events almost fortnightly in various bars and clubs around the city. Luo invited me to attend one of the events of the association, at which, he assured me, I would certainly be able to encounter some *haigui* from Australia with a degree in finance. He was right. I attended the meeting, which was organised in one of the fancy clubs close to *Renmin Guangchang* (People's Square), in the city centre. After I said "hello" to Luo, who was welcoming everyone at the door, I grabbed a drink from the bar and introduced myself to a group of females, who were standing and chatting just behind me. They seemed very excited and they were all dressed up. I said I was from Italy and I was studying in Australia. One of them, Lanhua, hugged me with excitement, "Oh mate, hello, " she said, "I have studied in Australia too. Now I miss Australia so much."⁵¹ I then asked Lanhua, why and how she joined the association. She says that, through the association she could finally meet people who, like her, have a more international mind-set. "You know, with my Chinese colleagues, I can't go clubbing or drinking and properly experience Shanghai. They don't like it, they are not used to it. Through

⁵¹ Interview with Lanhua, July 24 2013, Shanghai.

the association I get to know people like me, who want to socialise, stay out at night, and have a more open perspective.”

We started talking about Shanghai nightlife. Indeed, I was quite knowledgeable on the topic, which helped us bond, so we became friends. We then spent the rest of the night talking about what they missed from abroad and how cool Shanghai was, as they could find everything they wanted here, not least—men. All of them were looking to find a partner, possibly with money and a good job, they underlined. Lanhua told me she had had an Australian boyfriend and she was very excited telling me all about it.⁵² But then they broke up. Now, in China, women like her have the double pressure of not only finding a “good” job but also find a future “good” husband. Two other females in the group started complaining to me that it is hard for them to fit into the Chinese market: not just into the job market but also into the marital one. They were feeling the social pressure of getting married and establishing themselves, but instead they were still floating around without a clear idea of how to get what they wanted.

In general, in China, urban-educated, wealthy internationalised women are often referred to as “A” women and “left-over women” (*shengnü*). This is because, per tradition in a Chinese marriage, a man should always be wealthier, more highly educated, in general better placed (he should also be taller) than a woman. So, usually, an “A” man would marry a “B” woman, a “B” man a “C” woman and so on. One of the females told me, tracing an imaginary diagonal with her finger, to imagine two alphabetic columns representing the two genders: the “A” women are left apart, leftovers, precisely because they are too good. Ideally, they would have preferred to have a foreign husband but then they knew it would have meant not so much security and commitment; on the other hand, Chinese men were “too close minded, too old school, too traditional for them.” Therefore, attending networking events was also a way to meet other single *haigui* like them, who seemed the perfect candidates.

Our conversation was interrupted by the voice of Luo, speaking from the microphone,

⁵² Generally, female interviewees were most willing to share with me their personal experiences, their narrative of their time in Australia was not limited to the experience of a University degree but it also encompassed an emotional side.

calling for our attention. Thanking everyone for taking part to the event, he announced that the association had reached 109,000 members. He went on to say how important the role of the *haigui* was to China, and stressed how proud he was to have gathered a powerful group of people, with such potential for the future, and for the development of a new China. I started talking with the Lanhua and her friends again, and asked whether they were feeling empowered to be there. One of them answered that yes, they knew that they were an asset because for the “first time” in history China could count on people with foreign experiences. “First time?” This answer struck me. I wondered if it were the case that this current crop of *haigui* was not aware of the history of China's returnees and their role in the Chinese process of modernisation, which throughout my studies has been at the crux of understanding their contemporary subjectivities. I was puzzled by this impulse to overlook the past, but at the same time sensed it was an ingrained trait.

The *haigui* vision of their role, as internationalised actors and future assets for their nation, comprised no over-the-shoulder glances to a road already travelled. Even if the *haigui* I encountered were conscious of their ability to claim an inherited role as key and essential subjects for the development of the country, no such claim was deployed. In Shanghai, the Chinese city that so visibly comprises cosmopolitan features from a past which includes foreign occupations (strikingly apparent in its architecture and multi-faceted culture), such past acknowledgment was discarded. The *haigui*'s view of Shanghai is future oriented. As I will show later in the chapter, the exaltation of Shanghai as a city of the future is a recurrent leitmotif common to other *haigui* I interviewed.

I consider this future exaltation of Shanghai as being part of the *haigui*'s sympathetic view of the city. The sympathy arises from an enthusiastic acclamation of Chinese entry into global capitalism. Shanghai's present appeal is founded on a contemporaneity which wipes the slate clean of its past. In the hegemonic view fostered by mainstream propaganda, Shanghai is a brand-new object, emerging from an uprooting of any previous configuration. Only its present nature of internationalised metropolis is acknowledged. Shanghai symbolises the launching of “a new China” in accordance with the *haigui*'s ambition to be the main actors in this potential *renaissance* (to recall the rallying cry of Xi Jinping's government). As a simple

example, the *haigui* embrace the fashionable and updated image of the city, and place it on a pedestal of globalised modernity, complete with English-speakers, fully equipped IT gadgets, and Starbucks coffee cups. As I will show in the next section, here the *haigui* sense the opportunity to play their roles as mediators in a highly internationalised environment. Yet their reasons are contrasting. Their attraction to Shanghai also stems from the fact that the city is a domestic and protected environment in which they can respond to their patriotic feeling.

Shanghai site of translation and historical configuration

At a gathering of the China Australia Alumni Association, I first met Xiong, a *haigui* from Australia, who agreed to meet with me for an interview at a Starbucks café in the Lujiazui interchange in Pudong. He had been in Shanghai for more than three years after having obtained an MBA in Melbourne. Xiong was working for an Australian pension fund that was looking for new investment in China. He spoke perfect English, and was dressed casually in a tight t-shirt. He told me that he had just gone to the gym, a habit he had acquired while living in Australia. He insisted on buying me coffee, while he ordered a smoothie. As soon as we sat down, he started sipping from his straw, waiting for my questions.

To begin with, I asked him if he liked his job. He said it was ok, but he had already started looking at other companies where he could gain more experience, in particular with big Chinese investment funds. He said that working for an Australian company in China was nice, and that the environment was really international and more relaxed than in most Chinese companies. However, he added, in some respects, it was also frustrating, as his boss could not really understand the Chinese way of doing business. He said such an understanding would have assured the company more opportunities in China: “the private insurance market is huge and booming, especially at this time when local governments are looking for new private partners to develop new pension plans. They need more flexible plans as the working population is changing.” Yet, he also underlines: “It is really hard. Australian companies are not well considered, not well connected and so it is very difficult for them to establish in the Chinese market. However, Australian funds are looking at China because they know here the potential is enormous. Here investments can be potentially more profitable than in Australia; they look for high returns investing in Chinese infrastructure. This can be ok, but forget

to participate in the new Chinese pension plans. Most Chinese companies do not merge or work with Australian ones. What they do with them is just to steal expertise and reproduce it on their own, on a bigger scale.”⁵³

He told me that the Chinese pension transition to the three pillars system model was very tortuous and that there have been many cases of money laundering by local administrations. This was particularly true in Shanghai where the project was piloted.⁵⁴ Xiong told me that as a legacy of the old “iron rice bowl” mentality, Chinese employees expect governments and employers to be responsible for not only their incomes, but for their retirements.⁵⁵ Yet with the dismantling of the old system, this expectation has been undermined, with Chinese workers now needing to seek other sources of security for retirement, mainly through investment of their own savings—what is termed the “third pillar.” Xiong said that, in the past, it was very common for family elders to live with their adult children during their retirement. Their retirement funds contributed to the family budgets, and grandparents took care of the child while parents worked. However, times have changed, and in Shanghai in particular, people have a mentality increasingly akin to the Western model, where offspring are not inclined to want to live with their elderly parents. Xiong added:

⁵³ Interview with Xiong, 17 July 2013, Shanghai.

⁵⁴ Following pilot projects in Shanghai and Guangzhou, the urban pension system was officially launched in 1997 with the announcement of a revised pension policy. Under the socialist system, pensions had been provided by state-owned enterprises, but in recent times a social insurance system has taken over. The public pension system consists now of three pillars: Pillar 1, a pay-as-you-go portion of enterprise contributions (20 per cent of total wages); Pillar 2, an employee’s individual account (11 per cent of wages, of which 4 per cent is to be contributed by the employee and 7 per cent by the employer); Pillar 3, voluntary contributions (China Economic Review 1999). The urban pension system has a coverage rate of 50%. Although it is fully funded in principle, pillar 2 has suffered because local governments took capital from these accounts to cover pension deficits in the pay-as-you-go pillar and to pay out benefits. This led to the problem of “empty accounts.” To remedy the situation, the Chinese authorities have taken steps to “refill” pillar 3 through fiscal transfers from the local and central government (Pension Funds Online 2015).

⁵⁵ According to Henry Yuhuan He: “Daguofan (big cauldron canteen food), a reference to the egalitarian practices of the Mao period, implies that there is not much difference in reward whether people work hard or not. Hence tiefanfan (iron rice bowl), which means that once one has a job, it will remain secure, and the person will enjoy pay similar to that of others regardless of whether or not the job is done well. These practices began to change in the Deng Xiaoping period and his policies of reform and the open door” (2001, 51).

“especially people like me, who had lived abroad alone, we want to be more independent; what we want is to buy a house for ourselves.”

In the process of such social transition, masses of funds have been unlocked from extended family coffers, and a reservoir of retirees’ savings helps feed domestic financial speculators, both public and private. For instance, at the time of my interview with Xiong, the Shanghai municipality had launched a house-for-pension plan: “As a possible means to ease the burden on elderly people in an ageing society where people are choosing to have fewer or no children. ... Under the program, an elderly person who owns a property could deed the house to an insurance company or bank, which would determine the value of the property and the applicant's life expectancy, and pay out a fixed amount of money every month” (*China Daily* 2013).

This plan gave the local financial agencies a chance to dip their hands into retirement funds. The significance of all this is that the reforms and their ripples have not been part of the experience of foreign investors. The way family relationships have been changing and, specifically, the exit of grandparents from nuclear family households and the pressures of the financialisation process, are not easily understood from the point of view of foreign insurance companies and thus an accessible profit-making target has escaped them. Xiong was aware of the way Chinese financialisation works, impinging on local social relationships and bringing vulnerable subjects into the financial arena. He also seems to be aware that this process was unevenly deployed in the differentiated space of financial capitalism and that a gap separates the way this uneven deployment was codified in China and in Australia—in legal, anthropological, and ethical terms.

Australian companies want to tap into the money flowing from China’s pension reforms, but lack the subtle knowledge and *guanxi* required. Given that such profitable areas of business remain the preserve of Chinese companies, Xiong revealed in the interview that he thought his duty was to translate between the two cultures, to put business opportunities within reach of his company and bridge the divide between Australian companies, unable to understand Chinese business culture, and Chinese clients, eager to acquire new expertise and develop more efficient ways of managing insurance. So I asked him what he wanted to do next. He replied that his dream was, first of all, to stay in Shanghai, earning enough money to buy a house in the city. He

would then be well positioned to live a good life and find profitable work opportunities as a translator of mutual business habits and ideas between Chinese and foreigners: “Foreigners who want to do business all start in Shanghai. This is the city of the Chinese future ... but they need Chinese people to guide them, otherwise they can’t go far. China is another world, another business environment. They do meetings and negotiation in another way here.”

What Xiong seemed to be suggesting was that Australian (and other foreign) companies were having difficulty grasping the way Chinese society works and therefore in foreseeing profitable financial investments. In Xiong's mind, this made his role indispensable to Shanghai’s future financial development. His role as an effective facilitator belongs to the vast area of the immaterial labour entrusted to facilitate the inter-cultural communication in the uneven and heterogenous space of financial capitalism. In Maurizio Lazzarato’s words, “the role of immaterial labour is to promote continual innovation in the forms and conditions of communication” and “to give form to and materialise needs, imaginary, consumer tastes, and so forth” (Lazzarato 2014). Indeed, as argued by Christian Marazzi, in contemporary capitalism, communication and language structurally shape the production of goods and services in the financial sphere (Marazzi 2008). In this condition, the task of “translating” remains crucial, as an act of mediation that transcends its linguistic meaning and brings into dialogue different levels of economy and society that financial capital subsumes.

Communication and translation between the two contractual business parties (China and Australia) appear to be the main features of this facilitation, assigned to expand the social spaces exposed to financialisation. Naoki Sakai defines this type of translation as “the rendering of all languages into a ‘homolingual address’, i.e. their conversion in the ubiquitous language of the valorisation of capital” (Sakai 1997, 4). This appears a fundamental concept as, “it is thanks to the language of valorisation that capital can be articulated among its radically heterogeneous geographic, political, legal, social, and cultural scales. ... Capital as translation is building up its own global dimension: the language of value (exchange value in its pure logical form) is the semantic structure” (Mezzadra 2010).

In respect of such analysis, a *haigui* like Xiong, an expert accustomed to the

international environment, is a suitable translator of an emerging Chinese market in terms that are understandable to Australian companies. Thanks to Xiong's role, the companies have access to information that can enable valorisation of their investments. For instance, Xiong described Chinese retirees as subjects "awakened by the reforms," "freed" from their memory of the previous egalitarian welfare system, which had no concern for profitability and financial calculations and only worried about social support to the weak. Through an act of translation, Xiong converts the figure of the retirees—expelled from the active life, marginalised and ousted—into subjects able to make individual financial choices and market analysis—and happy to be thus enabled.

Through such a translation, the mass of retirees are re-defined to be a group of mature investors, who have discarded their socialist-system-oriented "vital needs" outlook, in order to talk "the homolingual language of value" (Sakai 1997) in their transition to the role of profit seekers. *Haigui* like Xiong seem therefore to consider destitute old people as aware and informed brokers, translating a threat to formerly secure retirement funds into a business opportunity for Australian investment funds. In turn, as I will show in the next chapter, in some of the retirees' minds too, the memory of the Maoist welfare system, ruled by mutuality, solidarity, and subsidiarity has faded away to be replaced by an individualist approach to self-sustenance and, they hope, to riches. In this process, what is therefore at play is the production of a new financial subjectivity: one of the individual, informal, everyday scattered players I will discuss in the next chapter.

Coming back to Xiong's "translating role," I argue that his effort to mediate between China and Australia is deployed along two different trajectories. Firstly, outwards: he translates to the Australian employer the new spaces of investment offered by Chinese pension reform. At the beginning of such reform, in 1997, Shanghai served as a pilot city in which to carry this new social experiment. In this process, as I have explained in chapter 2, returnees like Xiong, with expertise on neoliberal structural reforms in the form of the privatisation of services, played an indispensable role. They in fact opened a Chinese social context, previously inaccessible (as the socialist pension system was), to the speculative operations of foreign capital investors. Similarly now, Xiong's "translating" work consists of signalling and recommending new realms of financialisation in "understandable" terms to foreign investors.

The second trajectory is towards himself: Xiong's prestige and career depend on the effectiveness of his tips. Besides wanting to qualify himself as a valuable consultant in the eyes of his Australian employers, Xiong's real challenge and intrinsic desire were to prove his nose for business and new profitable investments and thus his ability to perform as an independent broker. He wants to possess a level of autonomy in his role which allows experimentation, so he can be freed from merely belonging to the Australian team, and leverage himself as a facilitator of the foreign capital pouring in to Chinese domestic markets. Ultimately, Xiong knows that domestically graduated financial experts can achieve their career and raise investment funds thanks to their *guanxi* with the ruling class. In the absence of any such network, he seeks to resort to his role as foreign capital facilitator and translator, hoping this will play out as his trump card. Xiong had hoped to be employed at the service of the Chinese investment funds in order to interpret foreign financial standards and expertise. In fact, even though the reforms to the Chinese national pension had to be restructured under pressure from the international community, this did not simply fit into an exported model but was negotiated and applied according to the foreign expertise-Chinese knowledge dialectic.

Indeed, what the analysis of Xiong's translation work suggests is its embeddedness in the historical dialectic, foreign expertise-Chinese knowledge, which I have traced in the previous chapters. This might also point to the fact that although Xiong, like Lanhua, sees his role of translation as being enabled by the future-oriented nature of the city (see second extract of Xiong's interview) and dismisses the past, he, like other *haigui*, carries a heritage of exchange and confrontation between Chinese domestic markets and foreign knowledge/expertise, as well as foreign capital. This heritage has historically shaped and preserved Shanghai's multifarious identity. Consciously or inadvertently, contemporary *haigui* in Shanghai act in a space similar to the one which Meng Yue, in her *Shanghai and the Edges of Empires* (2006), refers to as a space for encounters of multiple knowledge production. Meng says, for instance, that since the very beginning of the twentieth century (at the dawn of the modern Chinese state), Shanghai was an incubator of a "semiotic of modernity," which signalled "massive semiotic exchanges" in fields ranging from finance to publishing as an index of modernity (in contrast to industrialisation and mechanical production). It became the site of an entire apparatus where new knowledge and expertise coming from abroad,

mainly from Japan and from Europe, were gradually metabolised (Meng 2006). Meng explains that, key to the emergence of this semiotic, for instance, was the translation of foreign books into Chinese, published through public and private institutions. This was a paramount project of translation undertaken by the predecessors of the present *haigui*, a multitude of agents with bilateral formation, domestic and foreign, that unconsciously performed as semiologists of Chinese modernity.

Among these predecessors of contemporary *haigui*, translation (this time to be understood in its literal sense) meant the transfer of knowledge from one language into another. Yet, even in this literal meaning, translation often manifests a “verticality” (when the languages involved are not considered of equal importance), that is, a trajectory towards authoritative and prestigious languages from languages devoid of such qualifications. In their translations of Western texts, Chinese sensed such a verticality. Actually, in imperial China, the foreign works translated into classical Chinese had to be pre-emptively considered respectable enough to fit the official language of the Chinese court. For instance, in translating into Chinese Adam Smith’s *An Inquiry into the Nature and Causes of the Wealth of Nations* (Chinese title *Yuanfu*, lit. “Origin of Wealth,” 1901), Yan Fu, one of the most celebrated Chinese translators of the nineteenth century, was confident that Smith’s work, as a potential contribution to the enrichment of the Chinese empire, suited such a requirement. He had no doubt that the Chinese language would perfectly perform the task of the difficult translation (perhaps, at only the cost of coining some new words). I maintain that Yan Fu’s attitude is but another case of the arm-wrestling between Chinese knowledge and foreign expertise. Translation into Chinese is the act by which foreign written works, deemed to be worthy of translation, are inserted into the local frame and subsumed to Chineseness.

In this last sense, the concept of translation, namely, introducing Western expertise into Chinese knowledge, had a profound effect on the Chinese local political and social context. As I have discussed in chapter 1, these works would become crucial for the redefinition of a new Chinese modernity that, in order to survive, could not but accept Western ideas and principles. In the dialectic relations of the *ti* (“body,” “foundation”) and *yong* (“tool”), this would have set the basis for a new redefinition of social relations, their accommodation and struggle, for the emergence of financial capitalism.

As I will explain in the following sentences, what links Xiong to his predecessors is precisely the inversion of what Yan Fu did: choosing apt Chinese contents and accommodating them to the needs and tastes of foreign companies.

Since their arrival in the city, Xiong and the other *haigui* have situated themselves in these overlapping imaginaries, resulting from the intersections of Chineseness with Western modernity and by an arm-wrestle aimed at establishing a new configuration of local contemporaneity. Even if unintentionally, the *haigui* confine the tensions arising from the process of transposition of foreign financial expertise within a domestic context: again the dialectic of “foreign tool” and “Chinese body.” The point is, however, that a description of Shanghai as a forerunner of a linear access to a unique modernity pushes the role of the *haigui* towards simplification and sugarcoating, towards an imaginary *ohne Eigenschaften* (without qualities), an incomplete representation of the changes that alter social forms and individual identities (Musil 1995). They would be seen, for instance, as unable to identify the “invariants and constant variants of the primary parameters” in finance upon which any “systematic forecasting of the future, especially from present trends in society” is based (Oxford Dictionary 2010). Their professional expediency as penetrating and perceptive financial advisors might be therefore reduced. As I will explain later in this chapter, this attitude towards a “flattened” future is also revealed by their admiration for Hong Kong, that exemplary yet inaccessible city created *ex nihilo* by the British at their arrival on the Chinese shore, without any cumbersome past to confront.

Despite the fact that Shanghai has often been described as a cradle of Chinese modernity, (in keeping with official rhetoric), it has been the site of an overlapping of multiple knowledge orders that have interacted and passed, but none of which have prevailed. Take, for instance, the Taiping revolution (1850-64): its egalitarianism only skimmed Shanghai.⁵⁶ Likewise, the “foreign things movement” did not see Shanghai

⁵⁶ The Taiping army, with a strength of half a million soldiers, descended the Yang-tse River pointing directly towards Nanking, the Empire’s second city (Reclus 1972, 68). In the absence of imperial power, the city fell under the control of the Small Sword Society, a secret society linked to the underworld (Fujian Shanghai *Xiaodaohui dang’an shiliao huibian* 1993). The Taiping Revolution was egalitarian, and acted according to the Christian dogma of the “brotherhood of Man” (for instance, land taken from the landlords was equally divided among all the followers of the revolution, both male and female).

as one of the strongholds of this first modernisation.⁵⁷ Understandably, a *damnatio memoriae* hit the Commune of Shanghai (1967), as a communist modernity.⁵⁸ Seen in this light, Shanghai appears not so much an incubator as an hotelier of modernities, both native and outer, and unconcerned as to who occupies its rooms. “Prior to the 1930s, Shanghai did not confirm the dominance of imperialist or colonialist or any order. Shanghai carried within its birth a peripheral element, a subversive, rebellious spirit that was ungovernable by either the Qing Empire or the imperialist regime. It turned the city into a haven for outlaws, as well as a cradle of anarchists, anti-Qing revolutionaries, early Chinese Communists, radical journalists, strikers and demonstrators against imperialism. ... In this regard, the modern development of the city was marked by a plurality of foreign presence and influence that deeply affected the urban culture and its urban subjectivities” (Lee 1999, 104). Shanghai also constituted “the political anomaly of extraterritoriality” (776). The multiplicity of foreign concessions: British, American, and French, and later Japanese (after 1933) “meant that internal control of the city always had to be negotiated” (776) by many different hands. Multiple presences and multiple perspectives saturated the city. Comparing this multiplicity with the present situation of a city consumed in the one-dimensional *pensée unique* of the “future-oriented,” “harmonious” and “dreamy,” the difference is striking. Meng Yue stages an imaginary dialogue with Micheal Hardt and Antonio Negri: “[they] would probably consider Shanghai as one of the nodes of the mesh of the ‘empire of capital,’ as well as ‘a global network of the ‘multitude,’ contesting capital from every site” (Meng 2006, vii). Meanwhile, authors like Andre Gunder Frank, Hamashita Takeshi and Kawakatsu Heita, Peter Perdue and (here I am adding) Giovanni Arrighi, would instead situate “Shanghai’s prominence not so much

⁵⁷ Also “Self-strengthening movement” (*zhiqiang*), animated by a series of big enterprises owned by the highest officers of the Empire, like the China Merchant Steamship Navigation Company, founded by Li Hongzhang in 1872 and stationed in Peking, the Kaiping Coal Mines opened in 1877 near Tianjin, the Kiangnan Arsenal in Fuzhou, a national telegraph system owned by Li Hongzhang which linked the international cables to Peking and Tianjin and terminated in Shanghai etc. Institutionally, the Zongli Yamen (Office for General Affairs, i.e. foreign affairs) and the *Tongwenguan* (Interpreters College) were based in Peking (Spence 1991, 217). Because in Shanghai (for its status as merely a district city) there were no high officers, the main actor of the *yangwu* reforms was lacking, and Shanghai had no chance to participate and orient the movement.

⁵⁸ For a short span of time, the city was administered by a city council directly elected by local assemblies of workers and protected by the *minbing* (people’s military forces), made by armed workers. The council implemented a radical communist program.

as a result of Western expansion but the outcome of the internal rotation of the Asian world system” (vii), originating with the flourishing of the region under the tributary system and a mature market development based on internal trading established by the Ming and Qing dynasty (fourteenth-nineteenth centuries).

What the *haigui* seem to ignore in particular is Shanghai's turbulent financial history, when it welcomed but also resisted Western capital's landing. For instance, in the nineteenth century (at the time of Western capital's entrance into China), the country was enlivened by a widespread network of local informal banks (*qianzhuang*, often translated “money-shop”), which assumed a major role in competing with the emergent foreign capital and were particularly active in Shanghai and along the Yangtze River.⁵⁹ Furthermore, the local modern banks, modelled on the Western lines, were locally reshaped, through a marriage with the Chinese state Sheng Xuanhuai (1844-1916).⁶⁰ The 1897 founder of the Imperial Bank of China perfectly mirrored this marriage, in his capacity as both high officer and private entrepreneur. Ultimately, domestic finance remained in a subaltern position and the first Shanghai stock exchange and the first Chinese stock exchange (1920) were only a flash in the pan (Bergère 2002, 163).

To sum up, what Shanghai's history suggests—and the *haigui* tend specifically to unconsciously remove—is the complexity, the conflicts and risks associated with welcoming global capital. In ignoring these sides of the equation, the *haigui* abandon the possibility of comparing past and present. As expressed by both Lanhua and Xiong only the “new” and the “future” catches their eyes. So how is this possible? Shanghai still offers a striking contrast on the two sides of the Huangpu River: eastwards, the colonial buildings of the Bund, with the first of Shanghai's banks and financial institutions and the first Chinese stock exchange; westwards, the booming new urban vanguard area of Pudong—the city's new financial centre. But only this latter seems positively valorised for the *haigui*. To them, Shanghai is the only Chinese city in possession of the financial and cultural practices which they crave. The futuristic shape

⁵⁹ *Qianzhuang*, lit. “money shops,” an old form of traditional banks which sprang from pawnshops. See for instance Bergère (2002, 66).

⁶⁰ About Sheng Xuanhuai, see for instance Bergère (2002, 61).

of Pudong obscures the past. Chronology is capsized and the past exists not as an experience to be meaningfully analysed, but only to glorify the city's grandiosity and to confer upon it a picturesque and historical touch. However, a chasm opens up between the *haigui*'s ideal imaginary and the expectations and opportunities truly on offer to them in the city.

Hua, a returnee from Australia working in a small Chinese fund management company, told me that the unsatisfying opportunities provided by the Shanghai job market were a real flop. When she arrived, she had been so excited. She expected to find a dynamic market full of opportunity. At the beginning, she looked at every financial job she could, she sent CVs everywhere, from hedge funds, to futures and capital investments, hoping to get a job in investment banking. Now that she has become specialised in her job (in charge of financial company reviews), even if she really wanted to, she could not easily change sector. "Every part of the market is so different to the other and it requires experience and specialisation." She says "there is not such a thing as the financial market. There are several industries and sectors and everyone is so different from the other."⁶¹

She was no doubt right. Yet, in saying all of this, she showed a certain disappointment. The reality of her regimented job as an analyst was in sharp contrast with the expectations she had about the multiple possibilities of the financial sector in Shanghai in her inexperience at the beginning of her job search. Hua's dashed expectations seem to arise from an idealised vision of finance as both an elusive and "amorphous entity" (Haiven 2014a, 86), which comprises a glamorous array of activities. Furthermore, "[i]n the last century finance has seeped well beyond the borders of a distinct field of accumulation and today saturates (and enables) a form of globalised hyper capitalism which resonates in its cultural and social registers" (87).

The pervasive and evasive power of financial capital has colonised many aspects of everyday life, nurturing new dreams associated with it. However, in practice, the case of Hua shows that once the financial sector is penetrated and a financial job "encountered," it reveals a job market that hosts very specialised, repetitive and tedious

⁶¹ Interview with Hua, 23 July 2013, Shanghai.

tasks. This situation contrasts with the *haigui*'s understanding of an ideal financial environment. At the same time, it also obfuscates their capacity to deal with the specificity and distinctive characteristics of the Chinese stock market. As I anticipated in the Introduction and I will further explain in the next chapter, part of the distinctiveness of the Chinese financial market is the fact that the stock market is organised into separated groups of shares (A shares for domestic investors; B shares for international investors). This division was established by the party-state soon after the opening of the Chinese stock market, with the rationale of preserving a Chinese domesticated space, protected from foreign currency participation and speculation. Such a market structure of the market that seems to disorient the *haigui*, uncertain as to whether the better option is trying to get a job with foreign financial institutions (for instance a foreign bank) or “entering” into the Chinese financial market with one of the much sought after state owned Chinese institutions—hoping to be “valorised” for their foreign expertise. Neither of these choices seems to be the winning one. Apart from a few exceptions—such as *haigui* working for bilateral China and Australia institutions like the Australian Chamber of Commerce, and Australian businesses—the *haigui* working in foreign financial companies and foreign banks from Australia and elsewhere, were usually operating at the margins, in a subsidiary role. Furthermore, as I stressed in previous chapters, the same happens with Chinese companies and state owned enterprises, where managerial positions are reserved for their locally graduated peers with good *guanxi*. In the following section I will show how, despite multiple disappointments, in the eyes of the *haigui* searching for an identity, Shanghai's representation matched up with the one formulated by the state for its hegemonic purposes, which tugs at their patriotic feelings in order to boost the nation's financial capitalism.

Shanghai as a site of social re-engineering

Almost none of the *haigui* I interviewed took into consideration the possibility of locating themselves in any Chinese city other than Shanghai—not even the capital Beijing or Shenzhen, the site of the other Chinese stock market. It was rather surprising to hear this. After all, it is in Beijing that the final political decisions are taken, and Shenzhen, with its stock market, boasts of a promising financial development. Among the reasons many *haigui* offered up when explaining to me “why Shanghai” was that Shanghai “is almost like Hong Kong.” Interestingly, for *haigui*, the supremacy of

Shanghai was therefore due to its “resemblance” with Hong Kong. So, my question was: “Why didn’t you choose Hong Kong?” I received multiple reasons. One of the shared feelings was their sense of intimidation at the prospect of facing “cut-throat” and “global” competition, rather than the less daunting “Chinese-like” competition of Shanghai. “In Hong Kong everyone comes from abroad, is able to speak English, and holds a degree in finance.” In Hong Kong, the *haigui* cannot play their “international card,” while in Shanghai it was their trump card. Ultimately, their status as *haigui* (in the sense of being holders of a resident permit in a status city) in Hong Kong would not count. Clearly, such disparity between their “status” in the two cities was also enforced by Chinese state policies, not inclined to channel Chinese students from abroad to Hong Kong instead of mainland China. Overall, for the *haigui*, Shanghai was a Hong Kong “under control”—a attainable Hong Kong, under the state’s direct supervision.

One should remember that Shanghai’s contemporary “allure” commenced only after China’s opening reforms in 1980s, when it regained its relevance as business and financial hub. This marked an historical *caesura* with the downfall of the previous communist model and the start of “competition” with Hong Kong. It was during Maoist communism that Hong Kong gained its economic and financial supremacy. At that time Shanghai, as a site of Chinese and foreign capital exchanges, closed down, foreign capital was withdrawn and Chinese entrepreneurs moved elsewhere—especially to Hong Kong—a secure site of capitalism within a British colony. Hong Kong, culturally speaking, was caught in the double bind of divided loyalties. It was politically ambivalent between Britain and China and two languages (English and Cantonese), and confident only about its role as a strategic economic site, a capital catalyst. The point where it began to rival the cultural vibrancy of Shanghai of the 1930s was during the 1980s and 1990s: that is, precisely the moment when Hong Kong felt most vulnerable and dependent.⁶² Hong Kong was “recovered to the motherland” in 1997 with an outburst of nationalistic spirit, when the state presented the re-entry as an act of redress over the West, but at the same time Hong Kong remained a “foreign body” in the mainland frame. This foreignness (at once a hindrance and a privilege)

⁶² After the Joint Declaration announcing the return of Hong Kong to China in 1997.

prevents Hong Kong from directly competing with other Chinese big cities. “The urban configuration offered by Hong Kong became the new criteria for governing the population and the new drive for the economic boom. This turn is well captured by Deng Xiaoping’s words in 1992, when, during his visit to Shenzhen, he called for the creation of ‘a few Hong Kongs’ (*jige Xianggang*) along the coast (Ong 2011).

A “development fever” animated the draconian urban neoliberal path implemented around Guangzhou (Canton), Shanghai, and Xiamen with the launch of the new economic zones. This urbanisation rush constituted a “learning process” from already established Chinese centres whereby “Shenzhen is Hong Kongized, Guangzhou is Shenzhenized, and the whole country is Guangdongized” (Cartier 2011, 242, quoted by Ong 2011, 24). Despite the reassuring insertion of Hong Kong in a wide region including Shenzhen, Guangzhou (Canton) and the SEZs along the coast, its cross-border collocation and its *décalage* in terms of capitalistic ripeness is still granting the city room to preserve its role as an exclusive zone. In spite of the authoritarianism of the Chinese government, Hong Kong still appears elusive, unattainable, and haughty, but also glamorously globalised, like an illegitimate son still carrying the stigma of an irredeemable sin. Even in the minds of the majority of Chinese, Hong Kong is still perceived as an external body, a land of toys where only the wealthy can afford to go and enjoy tax exemption and the advantages of a different currency.

Nonetheless, the Chinese government stubbornly refuses to admit any favouritism toward Hong Kong, and instead underlines its role as a “fair father” with no favourites. Will Shanghai replace a regained Hong Kong as the country’s main economic and financial centre? A Mayor of Shanghai, Xu Kuangdi (1995-2001), in a Hong Kong newspaper interview, addressed the issue of Shanghai and Hong Kong as follows: “You don’t have to worry about Shanghai replacing Hong Kong; or that because of Hong Kong, Shanghai is not going to become a financial centre. They play different roles. ... In the future, their relationship will be like two good forwards on a football team. They will pass the ball to each other and both will do their best to score more goals. But they are on the same team—China’s national team” (quoted in Abbas 2000, 778).

In the same interview, he conceded that Hong Kong is more international than Shanghai. It is a financial centre for Southeast Asia. Not only does it link China with

the world, it also serves as a trading market for Southeast Asian countries. Shanghai primarily serves as a link between the mainland and the rest of the world. Besides its financial and international potential, Shanghai is an outstanding case of a domesticated city, fitting “a visionary” urban configuration propelled by the state. In this resides its domestic preciousness, which exceeds any other value, including a leading position in the global capital circuit. Here the *haigui* feel they can enjoy a protected financial environment which ensures them a connection to the world. In particular, as I will explain later in the chapter, in Shanghai they can hang on to their patriotic feelings.

After I had contacted him through LinkedIn, I met Wen at one of the Costa cafés close to his office in Pudong. Wen had been in Shanghai for just 3 months after he graduated at Macquarie University in Sydney and was working as a business analysis for one of the biggest Chinese banks. I asked him if he liked his job. Sitting still in the chair, exhibiting a proud posture, he looked at me very attentively and told me: “It is a great opportunity and I hope to gain a lot of experience and training. So I can pursue my career. I am not interested in salary that much now. You know I had a job offer in Hong Kong before coming here. I would have got a much higher salary there, working for a British foreign wealth management fund. However, I refused it because the job was not what I wanted to pursue. I want to work for China, in Shanghai. Going for a Chinese bank is my choice and I want to work for the country anyway.”⁶³ Wen also told me that his aspiration was to help Chinese banking to grow. He wanted to realise Chinese potentials by attracting foreign funds to make the sector globally competitive. He was seeing himself as a conveyor of both economic and structural advancements within a domesticised and nationally protected banking industry. In this sense, his path towards a successful financial career also embraced a patriotic commitment. Wen was not the only one to express this patriotic feeling; throughout the research other *haigui* exhibited the same national commitment. As recounted by Lisa Hoffman in her *Patriotic Professionalism in Urban China* (2010), and as I have underlined in both chapters 1 and 2 of this thesis, in China, technologies of governing that involve self-subjected professionalisation do not exclude patriotism, instead they reflect a new neoliberal rationality in which the state is not only active in addressing new values but

⁶³ Interview with Wen, 5 August 2013, Shanghai.

also invoked as a guide to shape one's responsibility and conduct. I argue that in its confrontation with Hong Kong, the *haigui* attraction towards Shanghai is motivated by their call to respond to the state's call to a national project.

In the post-Mao transition, Shanghai was labelled as the best city to connect China to the World. Shanghai "was chosen by the Chinese state to be the 'snakehead' for the leading development of the country" (Ong 2006b, 166). In the wake of the economic reforms launched by Deng and under the pressure of the wider international community, Shanghai was encouraged to promote a new governance for a more "efficient" and "participatory" way of governing cities, neighbourhoods, and citizens (Ren 2005; Zhang 2002). As reported by Jos Gamble in his *Shanghai in Transition*, by the late nineties "Shanghai had embarked upon one of the most adventurous and frenetic" programs of urban renewal that "the world has ever known." As a result, at the turn of the new millennium, "there were 23,000 building sites and some 20 per cent of the world's cranes" (Gamble 2003, ix). Urban land started to be leased to developers or users through negotiation, tender, or public auction (Wu 2003, 60) and urban governance followed a process of decentralisation which resulted "in fragmented, ambiguous and constantly redefined power relationships among various levels and branches of government" (Wu 2000, 1366). This process of urban restructuring followed a political decentralisation of the previous socialist centralised urban governance that was previously characterised by the centrality of the *danwei*, the urban work unit. As I will explore in the next chapter, under Mao the *danwei* provided more than just employment to its members but also welfare benefits and social identity. "The *danwei* was thus the model par excellence of Chinese socialist governance" (Bray 2005) and it evolved from being a "device for the effective mobilisation of labour to one that sought to oversee and administer every other aspect of urban life in a comprehensive and all-encompassing way" (Nguyen 2013, 215).

In order to treat the bruises left by the dismantling of the *danwei*, a new moral order had to be built from scratch. Shanghai became the laboratory for a new biopolitical project to foster a new neoliberal self-governed subject. The population was literally mobilised in order to *huan naozi* "change the brain," that is, change the way of thinking. One of the goals of the new reform was to create new community citizens and to transform grass-roots organisations, which in the socialist period were

traditionally tasked with the administration and surveillance of citizens, into self-helping and self-servicing communities of governance (Lin and Kuo 2013, 1261). Shanghai was one of the first pilot cities to participate in this experiment. In 1996, the “urban community” (*shequ*) substituted the *danwei* (Xu 2007). The *shequ* became the basic unit for *community* building, in which services like health, environment, education, morality, and policing had to be self-managed at a community level. The *shequ* celebrated a new “good community” governance which carried a substantial ethical element, as this was seen as being dependent on raising the moral “quality” of urban citizens (Bray 2006, 533). These communities, expressing a new governmental strategy, are designated to foster a new “quality of the population” (*renkou suzhi*) which, as I explained in chapter 2, stands as a crucial term in the present Chinese political lexicon. It summarises the features of a contemporary urban middle class, including a clear-cut political disinterest and a high propensity to consume. In this sense, Shanghai, more so than Hong Kong, was recommended as an “exemplary” pilot model to be replicated around China, with “exemplary citizens” in a diversified complex from political, ethnical, religious, and anthropological points of view. In performing this ideal, a self-governed subject was also carrying ideals of patriotism, socialist morality, or the party’s ruling principle (Bray 2006).

As suggested by Gary Sigley, in the process of the reforms, one should not think of any “retreat of the party-state” but rather a regrouping of different authorities, sectors and social organisations through the “new” party-led leadership and governmentality (Sigley 2006, 498). Furthermore, such regrouping should be seen as an attempt to institute better “relations between the party and the masses” (*dangqun guanxi*).⁶⁴ The embrace of a market economy is also aimed at strengthening the social contract with the masses. The party sought to favour “mechanisms of competition and individual autonomy and initiative, in order to produce an environment conducive to forging superior citizens and enterprises” (498).

⁶⁴ Commencing in the 1980s, the reformist side of the party had started criticising “the socialist system arguing that administrative intervention was overly heavy-handed and had a detrimental effect on ...the masses’ trust of the party, as the target subject of the planned economy was seen as a passive, de-humanised object of instrumental reasoning” (Sigley 2006, 499).

Thus, as I have highlighted in chapter 1, the master narrative that conceives the rise of a new neoliberal competitive subject resulting from the biopolitical management of life in China appears to be tightly substantiated within a long-term totalising project, led by the state (see Greenhalgh 2003). The Chinese state has explicitly attempted to reformulate a social contract between the party and the masses. Despite invoking ideals of self-entrepreneurship and competition, the party was able to address the masses. In this sense, the concept of “totalisation” marks an important *distinguo*. As Foucault argued, “liberalism acquired its modern shape precisely with the formulation of the essential incompatibility between the non-totalisable multiplicity of economics subjects of interests and the totalising unity of the juridical sovereignty” (Foucault 2008, 282). Later he stressed how “state modern power has always been characterised—even in old Chinese society—by a combination in the same political structures of individualisation techniques and of totalising procedures” (Foucault 1982, 77). Along this line, throughout the opening reforms, the Chinese population was at once *omnes and singulatum*, totalised and individualised. As explained by Sigley: “On the one hand, the nation is represented within discourse as the conglomeration of the entire population. ... Levels of economic growth and standards of living are represented in forms that are readily comparable to those of other nations. On the other hand, the overall strength of the nation is intimately tied to the attributes and capacities of individual citizen-subjects” (Sigley 2004, 565).

With its power to redefine the lives of the population, I take Chinese financialisation as among the phenomena that perhaps best express the “political bind” that coerces the “simultaneous individualisation and totalisation” (Foucault 1982, 785) of Chinese biopower. As I will analyse in more detail in the next chapter, the opening of the first stock market in Shanghai in 1992, suddenly called a previously “financially passive” population to invest their savings in stocks. Thus, the rise of a new financially capable citizen-subject who started to participate as an individual investor in the country’s financial wealth. I will argue that the Chinese process of financialisation is tightly prescribed by “the logic of biopower” which, as Stefano Lucarelli put it, “is the production of wealth through the daily use of the population” (2010, 121). Shanghai was the city appointed, together with the special economic zones, to boost the reform process and “nourish the aspirations of the *laobaixing* (the common people)” (Gamble 2003, 11). As expressed by Deng Xiaoping, Shanghai had to “seize the opportunity,”

“show more courage,” and “take faster steps” (Deng, quoted in Gamble 2003, 11). As reported by the ethnographer Jos Gamble when he returned to Shanghai in 1992 after his previous visit in 1989, an improvement in “morale” was visible among Shanghai citizens; a new excitement had imbued the population. All of a sudden, the main topic of conversation was stocks and shares. “Many people had become busier, and all around me there was evidence of increased business and busy-ness” (Gamble 2003, 11). The inception of Chinese financialisation was then characterised around the involvement of the population, in particular the mass of the so called “scattered players” *sanhu* within the rhetoric of national financial power, and personal enrichment.

In the next section, I will show how, in joining the Shanghai financescape, the *haigui* have to confront the *sanhu*, a mass of scattered and informal subjectivities gripped by a “stock fever” (a term I explain in the next chapter). The relationship between *haigui* and mass financialisation is a critical one. As subjects responding to different, occasionally conflicting social and existential needs, their conceptions of enrichment and self-affirmation experience a dual orientation. However, like all the other *sanhu*, the *haigui* too, returning to Shanghai and seeking to compete to upgrade their social and professional position, embody the attributes of new citizen-subjects (individualisation) while also seeking and expecting rewards for their contribution to the national upsurge or *jueqi* (a recently popular term the party rhetoric is embracing to celebrate Chinese success) and the country’s financial development (totalisation). In particular, the *haigui*, as I explained in chapter 2, are fostered by the state to become successful individuals in the form of experts. Once returned, they expect to affirm themselves in the Shanghai financial market with the dream of positioning themselves among a wealthy, globally connected, empowered national elite, proud to serve the nation. Yet, very often, they end up marginalised at the edge of a protected financial ecology of expertise—mere subsidiaries intermediating financial funds, companies, and Chinese state-controlled institutions. Many *haigui* then plunge among the myriad of *sanhu*, the backbone of mass financialisation. In this vast arena, I will show how some of them resort to the stock market as a way to make money in the same way as other *sanhu*.

Pudong as a Zone

The growing esteem Shanghai enjoys all over the world started roughly with the establishment of the Pudong New Area in 1993. Indeed, global capital has drawn a red circle around Pudong as a major business and financial centre, in the need to identify a convenient landmark and to create an emplacement for its further expansion. As stated before, some of the prominent features of Shanghai are here exalted to the utmost, and the city is described in terms of contemporaneousness, urban smartness, and as an international business and financial hub. Pudong is seen as a stronghold of Chinese openness to the outside world, perfectly equipped to respond to a frantic development of infrastructure and services, from suspended highways to the magnetic train, internationalised by a gigantic logistics apparatus and a growing expat community. Pudong is the *quintessence* of such urban development fever.

It is no accident that Pudong is the site of the stock market. As suggested by Brian Hook (1998), Pudong's booming development responded to Deng's regret at not having included Shanghai as one of the original Special Economic Zones established in 1979. Precisely due to this regret, the opening of the Pudong financial district acquired the condition that defines the zone. By the term zone, I suggest not only a development pattern for territorial optimisation in which the Chinese state articulates its territory, but a Chinese state strategy of governing new urban spaces that has characterised the last forty years. The zone has to be identified as a new space of production, which encompasses an assemblage of forces playing behind its development.

The development of a physical zone, in Henri Lefebvre's view, could also emerge as an abstract space (the space of bureaucratic politics) that produces, imposes and reinforces a spreading of new social ordering among the population (1991). In this sense, by understanding Pudong as a financial zone, I wish to underline how finance implements a social re-ordering. In such a re-ordering, the Chinese state was on one hand called to accommodate a new process of capital accumulation driven by financial means, on the other called to foster, filter and control its labouring subjects, according to the logic of "graduated sovereignty" (Ong 2006a). I argue that the fostering of the *haigui*, as well as their withering, is one of the most remarkable manifestations of this attempt.

In Pudong, the Shanghai stock exchange opened in 1992 by the same method the party-state applied to develop the SEZs. After Deng Xiaoping's visit in 1992, and within the lapse of a few years, the Pudong area of Shanghai across the Huangpu (Whampoa) River in front of the Bund was developed into a mini-Manhattan, "following Deng's agenda for it: 'A new look each year, a transformation in three years'" (Abbas 2000, 779). Before the establishment of the new Pudong Area, Pudong and the hinterland were respectively a suburban area of houses and harbour facilities, and a rural strip of scattered villages, and even occasional Christian churches opened by missionaries. Pudong suddenly lost its marginality and became the symbol of the Chinese insertion into the global economy.⁶⁵

Here the violence of primitive accumulation quickly transformed a few agricultural fields into a hub of high-tertiary sectors. The very physical transition to a zone with a broad multiple services complex encouraged the attraction of capital investment and the recruitment of new specialised expertise into this hub. Finance occupies the zone, reproducing the logic of the global financial infrastructure. In the zone, "finance allows capital to play the nation state and its populations against one another" (Harvey 2006, 254-257, quoted by Haiven 2012, 88). Here the *haigui* have to perform: on one hand operating within a global capital "business friendly" environment, on the other responding to the logic through which the Chinese state enabled the financial infrastructure to operate while protecting its own financial ecology of expertise.

The stock market building stands as an exception: not so tall and futuristic, it is a glass and steel structure, built in the shape of the Chinese symbol for rice. This reflects its commitment—as rice has been the basic life sustenance for the Chinese people, so the financial market is the contemporary transposition of this relationship in sustaining the Chinese economy (Satyananda 2006), for the rich as much as the commoners. In contrast, the rest of Pudong embodies the imaginary power manifested by such high-tech and towering skyscrapers as the Pearl Tower, the Jinmao Tower and the Shanghai World Financial Centre (to which very soon one of the highest buildings in the world

⁶⁵ Lit. the "East [bank] of [Huang]pu [River]," is located on a strip of land along the river called Lujiazui, lit. the "Beak—i.e. the strip—of the Lu Family."

will be added).⁶⁶ Their vanguard aspects as landmarks of the zone make Pudong a window of the global and, as Micheal Keith et al. have noted (2014), have become the icon of a global generic urbanism captured in the advertising shorthand of *The Financial Times* (2014, 97), where pictures of Pudong appear among images iconic business buildings in cities like new York, London, Tokyo, Paris and Kuala Lumpur. In Pudong, I suggest the concept of zone does not only allude to a physical space but also represents the *haigui*'s psychological condition. In this vein, Mark Banks describes the status of "being in the zone" as one which has the power to bewitch workers into becoming self-disciplined and self-productive subjects. In the zone, under neoliberal rule, "workers are willingly seduced and entrained to self-produce, uphold and refine the productive interplays of power and knowledge that ensure their subjection to the prevailing logic" (Banks 2014, 242).

The majority of *haigui* working in finance whom I interviewed in Shanghai were gazing at Pudong as a preferential site in which to live, work and overwork. In fact all the *haigui* were telling me how, compared with Sydney, working in Shanghai was more challenging, more compelling, more involving and required much more time, effort and dedication, where they often end up staying in the office till midnight. As underlined by Banks, it is exactly in the zone "that a gratuitous and exalted pleasure—not to mention elevated status—can be extracted by those workers who revel in the narcotic pull of working harder, faster and longer, or glory in their exaggerated and excessive labour" (Banks 2014, 250).

Most of the *haigui* wanted to live and work in Pudong and would go to Puxi (Shanghai city's historical centre) only rarely. On my side, coming from Puxi, it was a struggle to arrange an appointment in Pudong as often it would be when the interviewees had finished work, at the peak time, and often in one of the Starbucks cafés above the metro line of Lujiazui or Century Avenue, two of the busiest inter-changes in the city. And, although we were often meeting at dinnertime, we just had a snack, as often they had to go back to the office. Their time was mostly spent in the office, and in the metro to commute from the office to their apartment and vice versa. With the time they had left

⁶⁶ The Shanghai Tower or Shanghai Zhongxin Dasha, m. 632.

in their apartments, they would just sleep. Even if most of the units they lived in were situated in alienating blocks, the *haigui* still seemed to prefer Pudong's periphery to Puxi. I was often told how they thought that Puxi was too crowded and too dirty and that they could not live there. Some of them in fact had hardly ever been to Puxi and were surprised to hear that, for me, it was exactly the opposite.

But if Pudong is now the icon of the contemporary Chinese capitalistic configuration and the most favoured location for the *haigui*, this has entailed one more aspect of forgetting: beside the forgetting of history, the forgetting, too, of the dark sides of this contemporary configuration. If Pudong embodies the values and the practices of the state and the middle class, at the same time, it expels most of the rest of the population, to whom Pudong appears fake and negative. To most Chinese, Shanghai does not necessarily appear as an international hub, but rather as a 99 per cent Chinese city, a walled city of apartheid and segregation, a space of exclusion, modern only in regard to its hardware.

Of 25 million inhabitants, only 20,000 are foreigners (a very small percentage of whom can be considered real immigrants, that is, people who move to the city of their own accord, as opposed to those sent by foreign institutions or companies). Foreign culture and media are confined to sites such as the Starbucks and Costa cafes—segregated blocks usually isolate the foreign minorities from the rest of the city. In Shanghai, the luxurious compounds and the huge shopping malls split and exclude larger and larger portions of the city from the attendance of most citizens; parking lots for BMWs, Jaguars, and Ferraris usurp the pedestrian ways and the cycle tracks; working class houses are converted into fashion shops or costly restaurants—“something beautiful” is often written on boards hanging on the walls of old houses emptied of their previous tenants, to explain to the passer-by the purpose of a refurbishment.

Thus, far from nourishing the desires and aspirations of the *laobaixing* (the common people), as envisaged by Deng Xiaoping's wishful thinking, what has instead happened is their exclusion from modernity, implemented through a “financially induced” and aesthetic discrimination, whereby only people conforming to a certain fashion and having financial means, with no peasant or migrant features, have access to Pudong's exclusive spaces. In parallel, old people crossing the urban highways out of the pedestrian areas, or the porters striving to peddle their overloaded bicycles

ignoring the traffic lights, show their extraneousness to the urban configuration of contemporary Shanghai. Is it the reality or the perception of the city that attracts the *haigui*? The melting of Chineseness and openness, which is often quoted as a feature of the city, is by no means shared across the whole metropolis but, rather, the city is divided: most are excluded from this cosmopolitan space.

For Shanghai, as with Pudong, a *décalage* between perception and accurate description occurs. Pudong could easily be described as a successful transposition from Fritz Lang's *Metropolis*. Here, the arrangement of spaces is functional to the neo-capitalistic logics and aesthetics of work: the predominance of the straight line, both horizontal and vertical, is absolute, both in terms of highways or skyscrapers; the territory is impassable on foot; the main human activities allowed are company work and shopping; everything happens in the interiors, nothing in the outside spaces. By contrast, in what remains of old Puxi and the west bank of Shanghai are small merchants and shops still visible among the huge buildings, and the daily activities of ordinary Chinese are on display—people hanging out their washing above crowded footpaths, or playing cards in the parks. But in Pudong on the east bank, white-collar workers like the *haigui* seem to spend their spare time only inside costly malls or international chains of bars and shops. The scale of the layout and architecture glorify only one human activity: that of making money. Such a one-dimensional existence creates barriers to human contact. Only two social relationships seem to prevail: that of colleague and that of buyer. At the same time, this condition is favourable to inculcating that sense of comfort and safety, which derives from the disappearance from view of the diverse and the marginal. Instead, securitised blocks are watched by a *Grande Armée* of tens of thousands of *bao'an* (security guards) and doormen—spread across the cityscape, watching night and day.

If deprived of that seemingly “safe” dimension, the *haigui* felt dispossessed. They never wanted to go elsewhere and, as Xue expressed it to me (see chapter 3), they were spending time in shopping malls in Pudong even during the weekends because that was their “safety zone,” a “comfort zone,” and a zone of assurance they could not find elsewhere. Around them a dimension of uncertainty, of losing ground, was gradually interiorised once they experienced the first difficulties, the lack of opportunities, and the “hostile” environment of the job market. In fact, the attempt to elbow their

competitors was not limited to their jobs. In a conversation I had with Ling (see chapter 3), besides shopping, going to restaurants and meeting friends in shopping malls, a further activity came up: investing in the stock market. Ling told me that whenever she has free time, either in the office or at home, she follows closely the market trends as she has invested some of her savings in the market, seeking to make some extra money. I knew investing in the stock market was a very common activity in China, so I started asking other *haigui* if they too were investing in the stock market. Remarkably, it turns out to be a quite common activity, as almost half of my interviewees had either bought stocks in the past or were currently “playing” stocks.

Yet not everyone was open to talking about it like Ling. For other *haigui*, this activity was usually narrated with a certain embarrassment. Most of them were laughing, telling me that it was just an entertainment, that they were not taking it seriously. As Ling said, “the stock market is a joke in China, the government controls everything.”⁶⁷ Why, then, were they doing it? And why that hesitation when I asked them to talk about it? The issue did not seem to be about “talking of money” in general. In China there is not much reserve in regard to talking money. During the years I worked in Beijing and Shanghai I was asked a thousand times: how much was I earning or how much was the rent on my flat? Complaining about the rising cost of living in the cities was a constant.

Fei, a *haigui* MBA graduate from Melbourne University, was working as a financial research director in a Chinese company which specialised in mutual funds. In fact, she was among the few *haigui* who were successful and satisfied with their jobs. She had that position thanks to a friend she met during their undergraduate studies in Shanghai. She says many of the friends she met at the university in Shanghai have good financial jobs, mainly in government. In fact, before going to Australia, she attended an undergraduate degree in economics at Fudan University in Shanghai, one of the top Chinese universities. Fei asked me where I was investing my money. I answered that I had never thought about it, adding that this was probably because I never had enough money to be “invested.” She looked at me with surprise and said: “Oh right, you

⁶⁷ Interview with Ling, 12 April 2013, Shanghai.

Europeans, you care about culture and art, you are dreamers, and you don't care about money like most of us Chinese." Fei says that for most Chinese people what counts is cash. As soon as they have some savings Chinese people invest their money in order to make a profit, some financial return; they do not just simply keep money in the bank. So when I tested her and asked: where? Was it in the stock market? She laughed and said "yes, playing the market is very very common." Yet, she says "you have to know how and where, otherwise you will just be part of the crowd, like old people with no knowledge of the market." For her, and for people with good jobs and connections in finance, it is easy to know where to invest, where it is safe. "I can phone my friends, who have information from the government."⁶⁸

But what about other *haigui*, who do not have the same connections? Zheng, a Queensland University graduate working for an American company as a junior financial advisor, told me that in China, "unfortunately," investing in the stock market is not an activity for financially skilled traders but is "for everyone," being an investor means "being part of the."⁶⁹ He was laughing sarcastically when telling me that *laobaixing* (common people) keep investing even if they do not understand anything. He told me that this is how things work in China and the government has to keep the market open to make everyone happy. He also said, however, that now China is becoming richer and the sector more powerful internationally, things are changing. He was sure that the market would advance and develop very fast and that Shanghai would catch up very quickly with, or even surpass, New York or Hong Kong. He was confident, that the state, sooner or later, would solve the problem and remove such people. Yet, despite the effects of their disturbance, even Zheng was not renouncing the market, which represented an opportunity to make an extra profit out of the financial techniques learned abroad (for instance resorting to investment techniques, price schemes, and market predictions). Thus, because of "the masses" competing with them, *the haigui* considered "making money through investing" a sort of a taboo.

The way the *haigui* talked about stock investing was conflicted. I understood that their hesitation was due firstly to the fact that they knew quite well that investment traders,

⁶⁸ Interview with Fei, 7 June 2013, Shanghai.

⁶⁹ Interview with Zheng, 22 June 2013, Shanghai.

bankers, financial analysts, and other financially-related positions to which they were aspiring, were formally barred from playing in the market by insider trading regulations. Secondly, as financial experts, “playing the market” put them at risk of “losing face” (*diu mianzi*): debasing themselves to play like “the others” in order to gain money and success that should have otherwise been guaranteed by their career achievements. Investing was therefore considered almost a “downgrading” activity, not a really “challenging,” “audacious,” or “confident” move, but a *diminutio capitis*.

Yet, by adopting the practice, the *haigui* were seeking to affirm their unwanted skills and expertise directly by themselves. The Chinese stock market, which, as I will explain in Chapter 5, figures as an open arena (Hertz 1998) in which everyone can prove her/his ability, seems to be the best opportunity to get their “revenge” as *haigui*. Parading detachment and superiority, they were appealing to the same institution as everyone else, secretly proving the efficacy of expertise by their wins. In the stock market arena, the levelling of the *haigui* (potential experts) with the mass of *sanhu* (informal players) reveals the potential fissures produced at the core of Chinese contemporary finance. The *haigui*, originally fostered as strategic figures expecting to become experts, and thus included within the state financial ecology, were cast adrift, downgraded to a status of individual investors like the *sanhu*. I argue that such a landing place for the *haigui* results from and reveals the basic contradictions between the politics of the Chinese state and its own financial expertise.

Conclusion

In this chapter, I have focused my analysis on Shanghai, the final stop in the circuit of valorisation of returnees. A list of features makes this particular city an irresistible destination for the *haigui*. In fact, the city is, indeed, in the eyes of *haigui*, the best place to pursue a career which can valorise foreign expertise. The city substantially contributes to the *haigui*'s reproduction: at once alluring, modelling, welcoming and rejecting them, in a thick bundle of tensions. I maintain that Shanghai is a crucial site where the multiple factors fostering the identities of the *haigui* are finally disclosed.

Firstly, *haigui* have a sympathetic view of the city as the cradle of Chinese modernity and the site of the most mature Chinese contemporaneity. Secondly, as a vibrant cornerstone of global capitalism, Shanghai is a place to continue the life style learned

abroad and to affirm a role as mediator between local and global financial actors. Thirdly, in Shanghai the *haigui* respond to the state's call to enrichment, acting in an environment which is globalised but also nationally protected. I observe that the tensions experienced by the *haigui* are largely based on a multiple processes of oblivion. They are oblivious to the episodes in the history of the city not corresponding to the contemporary hegemonic vision (for instance, Shanghai as a cradle of the proletarian revolution), but they are also oblivious of the dark sides of its contemporary configuration (for instance, the expulsion of the population not in line with neoliberal dictates, that is, immigrants and the poor). They are isolated in a "special zone" of the city, Pudong, the site of the stock market, and an emblematic area in which all these alluring elements converge and interact. This multiple matrix of fascinations unexpectedly dazzles the *haigui* who seem incapable of recognising the priorities they want to pursue—ambition, career, social life, strategies to make money—and leave them unable to admit that their aspirations now seem to be illusory and risky.

Ultimately, I have shown how this very displacement becomes another point of departure for the *haigui*. Rejecting pre-arranged state placements, the *haigui* still reach for their unreachable role as financial consultants of the Chinese expansion. Many of them adopt the informal behaviours of the crowd of local scattered stock players (*sanhu*) who invest in the stock market in search of further enrichment. The chapter which follows therefore seeks to define the features and the origin of what I call the Chinese financialisation rush, through my observation of the subjectivities of the *sanhu* in brokerage rooms around Shanghai.

Chapter 5

The financialisation rush: Responding to precarious labour and social security by investing in the Chinese stock market

Introduction

As described in the previous chapter, the skyline of Pudong embodies the icon of a new and captivating façade that China has paraded to the world. Such a “spectacular” façade is meant to celebrate the great leap forward that has seen the country open up to the world and gain a leading position in the capitalist order. But, in this new order, China also faces new social and political risks such as social discontent, worker upheaval, layers of corruption, and environmental scandal. The country has been engaged in a “rush”: adopting a new process of financialisation in the form of an explosive leap, which has eroded the foundations of the previous social and economic order. In this chapter, I advance the thesis that, through the stock market, China is “constructing a new capitalism” (Keith et al. 2014); I also argue that the state emerges as the primary mobiliser of a new Chinese economic life that has led to this financialisation. In addition to providing financial functions, the opening of the Chinese stock market was conceived as a policy response to cope with the displacement and disruption of Chinese society flowing from Deng’s economic and opening reforms (*gaige kaifang*).

Firstly, drawing from my ethnographic observations conducted in brokerage rooms across Shanghai in 2013, I provide an account of the current phase of Chinese mass financialisation. I show how a “stock fever” (*gupiaore*)—a popular excitement motivated by the new opportunity to make money—has produced new kinds of subjectivities. Among these we find the *sanhu*, the scattered investors with little financial knowledge. What knowledge they possess is largely gained through informal practices of self-learning. They tend to have access to only small amounts of money—usually less than 10,000 dollars from savings or banks loans—with which to seek profit in the stock market. The term *sanhu* denotes a heterogeneous mass of individual investors who play the stock market as a means of coping with precarious social and labour conditions. However, many of the *haigui* who become disillusioned by their career opportunities and fail in their attempt to achieve recognition and status as

“financial experts” they resort to the stock market in search of an individualised source of wealth. In this move their subjectivities begin to meld with those of the *sanhu*.

Secondly, I trace the origin of the stock fever from the gradual dismantling of the collective urban work units (*danwei*) through the mid-1990s. Since the opening of stock markets in Shanghai and Shenzhen in 1993, state policy—using a rhetoric that aims to imbue the population with a desire of becoming rich through converting their savings into stock investments—has stirred up a craving for money, conferring on individuals a way of reproducing the connection between labour and social life that suddenly that had been displaced with the reforms. Through the process of financialisation the Chinese state was able to strengthen the “myths of origin” of the contemporary Chinese regime; financialisation acted as the ground upon which government slogans such as “To enrich is glorious,” “Wealth is within range,” and “Dream a Chinese dream” were formulated. I claim that what is emerging at the surface is a neoliberal/financialised subjectivity that is a direct result of the state’s visible hand. An analysis of these subjectivities shows that Chinese financialisation has been directly mobilised by the state as a governmental device, contrary to financialisation elsewhere, which, despite the on-going role of regulatory systems, is often understood as a response to the gradual withdrawing of the state (Dore 2000; Martin 2002). I argue that the concept of “fever” is a powerful device to address the population and should be understood as a distinctive quality of Chinese financialisation. I will show how this distinctiveness is crucial to current efforts to rethink China’s post-crisis condition in particular.

Thirdly, by observing the events that led to the last Chinese financial crisis (summer 2015) and the state management of the crisis aftermath, it appears that a continuous arm-wrestle between the *sanhu* and the state places Chinese financialisation on precarious ground. On one hand, the individual investors are reliant on the state’s ability to maintain *gupiaore* or “stock fever” in order to continue their investments in the market; on the other hand, their irrational moves and behavioural exuberance represent a reclaiming of their own performative and autonomous power. I argue that this multitude of investors not only impacts on the state’s efforts to direct the market but, in triggering high financial volatility, they also impact upon the state’s social legitimacy. In the eyes of these financialised subjectivities, the position of the Chinese

state since the *gaige kaifang* reforms has been legitimised through *a conubium*—between a functioning financial complex and a satiation of people’s desires. I demonstrate that in this cluster of conflicts, financial expertise is denigrated, by social and economic transitions and instabilities. The mass of individual investors, made up of formal and informal experts—a crowd of informal *sanhu* financial experts, among who figure some of the *haigui* interviewed in this study—though fostered by state policies, could well turn unruly. In conclusion, I suggest this is an ultimate illustration of the precarious equilibrium of Chinese financialisation: the state asks individuals to participate en masse in its policies; but the disorganised mass of individual investors, among who figure many *haigui*, through their irrational and mimetic behaviours, ultimately jeopardise the state’s policies. Their involvement is far from “tameable” and, as they start losing, their outlook toward state financial expertise becomes increasingly questioned.

The Fever

“The bedrock of financial capitalism is not the spectacular system of speculation but something more mundane” (Leyshon and Thrift 2007, 98).

Just beside a huge construction site alongside Jiangsu Road, the main street that defines the edge of Changning district in north-west Shanghai, a group of old women are chatting loudly out of a dusty lobby door with their shopping bags on their arms. In an animated fashion, they complain about money and their savings—but their conversation does not refer to the increased prices of fruit or vegetables at the market as the factor that is threatening their financial resources. They instead talk about the fall in the stock exchange prices. Indeed, they are not outside a supermarket or a grocery shop but outside a brokerage room where, in China, people go to invest in the stock market. In Shanghai, there are thousands of brokerage branches of this kind, spread all over the city. These companies offer a space where individual investors, the *sanhu* (scattered investors), can buy and sell stocks.

A popular scene of this kind might appear quite surprising within the pervasive volatility of contemporary financial capitalism. The scene becomes even more puzzling when considering the characteristics that define the latter—computerised algorithms and abstract financial products such as futures and derivatives carrying the

value of trillions of dollars. We have already arrived at the point in which the concrete image of Wall Street crowded by frenzied brokers is now out of date, and is superseded by images of computer screens displaying fragmented graphics and numbers. A more encompassing image could perhaps be represented by the “black-box,” where only the input and output of code are visible, and there is no knowledge of its internal workings. As manifested in the global post-crisis context, the obscured functions of financial markets are now being questioned and are under attack. Nevertheless, if the utopian vision of a financial boom promising easy money is declining everywhere, in China it seems to remain an enduring order.

Since the opening of the stock exchanges in Shenzhen (1990) and in Shanghai (1992), what the Chinese have termed *gupiaore* (stock fever) has spread throughout the population, like a heat wave sweeping the country. This was stated by Mr Feng, an early informal investor, now with a long career, who I interviewed in Shanghai. We began by talking about the official goal of opening the exchanges, to give Chinese people faith in the market and in its capacity to generate wealth. Mr Feng told me that people did not know what the effect of the opening of the stock exchange would be: “We were excited and scared.”⁷⁰ After all, small investors only echoed the message that Deng Xiaoping gave to the people when, in his southern tour of China in 1992, he made this speech during his stopover in Shenzhen: “Securities, stock markets, are they good or evil? Are they dangerous or safe? Are they unique to capitalism or also applicable to socialism? Let’s try and see. Let’s try for one or two years; if it goes well, we can relax controls; if it goes badly, we can correct or close it. Even if we have to close it, we may do it quickly, or slowly, or partly. What are we afraid of? If we maintain this attitude, then we will not make big mistakes” (Deng, 1994).

Thus, the entire opening up of the stock and securities market, pushed by the global rise of financial capitalism, brought with it an aura of the unknown; participating in it was certainly, and authoritatively confirmed as, risky. Mr Feng and the investors of his generation were among the first nationals (rather than Western investors and the semi-colonial Western presence in Shanghai) who bravely and blindly tried out an

⁷⁰ Interview with Mr Feng, 12 August 2013, Shanghai.

institution embodying the quintessence of Western capitalism in a post-socialist China (Hertz 1998, 5). Mr Feng invested half of his savings, 500 *yuan* (his salary was about forty *yuan* per month, or five USD). After a few months, he earned ten times its original value. He later gradually earned more and more money till he became a *dahu* (a big informal, individual investor who usually invests more than one hundred thousand RMB). Thanks to the stock market, he became rich and gained social prestige from his status as *dahu*: now he manages around 300 billion *yuan*, both for himself and for other individual savers. He told me that, because of his long experience, people trust him and his clients leave all their money in his hands without even checking what he is doing. Mr Feng made a profession out of his experience as an investor; he got a VIP private room in one of the securities brokerage houses in Shanghai, where, since his retirement, he goes every day from 9:00 a.m. to 6:00 p.m.

I was really surprised that despite Feng's VIP status, his room was small, dusty and chaotic, a quite uncomfortable place for an investor of his rank. He told me, however, that this is what he likes to do: getting up in the morning, walking to "his office" to study the market and planning his next moves. He enjoys this lifestyle, and he does not really spend a lot of money, he told me. The only other things he really needs in his life are drinking fragrant Chinese tea and smoking good-quality cigarettes. The fact that he became rich thanks to his stock market investments did not change his habits. On the contrary, his activity as an investor was a way of reproducing the connection between labour and social life that suddenly vanished after his work unit dismissed him as its public officer.

After the opening reforms, for people who were unemployed, retired or forced into early retirement (with generally low public pensions), the grip of stock fever was particularly strong, as it offered a new way to get back into the crowd. This fever was and still is accessible: it offers the dream of getting richer, the space for a new social interaction, and also keeps people socially and mentally active. An old *sanhu* who I interviewed told me that for a man of his age "investing in the stock market is healthier than playing *mah-jong*."⁷¹ The stock market offered another way to be part of a social

⁷¹ *Mah-jong* is a famous traditional Chinese gambling game that involves superstitious beliefs and is exclusively played by men. It has a strong role in Chinese history and culture and is often mentioned to

life which was quickly becoming redefined by the imposing and pressing rhythm in the high-growth urban spaces of Shanghai and Shenzhen after the opening and reforms policy.

I argue that the decision to start investment activities in response to precarious social labour conditions unites the informal, individual investors: whether small scale (*sanhu*) or large scale (*dahu*), or financial experts like the *haigui* who, equally displaced from the lack of opportunities in their workplaces, turn to the stock market as a “compensating” alternative to make extra money. In particular, for younger generations of investors, a “new” fever was triggered in recent years to “comfort” and “regain” people’s trust, which had been negatively impacted by the on-going real estate bubble and China’s economic slowdown. Arthur R. Kroeber defines the Chinese stock market as “a sideshow: an accidental beneficiary of easier money, and the fortuitous recipient of funds from investors fleeing the weak property market and seeking higher returns in equities” (2015, n.p.). This is also fed by the practice of massive “lending from public sector banks in the form of ‘shadow banking’ activities winked at by regulators” (Gosh 2015, n.p.). Individual investors can easily access such loans as the “A” shares market lacks the barriers which distinguish between individual and institutional investors. Thus, for people in search of high profit, financialisation proves to be a widely accessible way to respond to income reduction and salary stagnation.

Among my interviewees is Mei, a *haigui* graduate from Macquarie University who was working in Shanghai as an accountant for a Chinese firm. She told me her salary

explain the contradictory nature of the Chinese entrepreneurial ethic: while the Chinese have always been keen to scrimp and save money for the long-term sustenance and security of their families, often they suddenly risk it all by playing *mah-jong*. Since the Ming-Qing period gambling, with its possibility of bringing financial ruin to entire families, always scared people to death (Basu, 1991). It seems that for some *sanhu*, investing in the stock market has somehow replaced *mah-jong*, a by now denigrated, past form of gambling, substituting for it the authoritative modern power that the stock market evokes. Furthermore, here the consequences of losing are less visible: winning or losing money is lived individually. In *mah-jong*, on the other hand, when someone loses, he owes money to his *tongzhi* (comrade) and if he is unable to repay, he will certainly lose face among the community. Losing face, *diu mianzi*, could lead the family into isolation and the man will carry the burden of taking the whole family into ruin. Instead, the stock market is open to women (from professionals to housewives) and men of all ages.

was not high enough, despite having worked the job for almost 4 years. She still was not able to make up for the fund her family spent to pay for her living and education in Australia, saying it was extremely frustrating: “I have invested so much in education, making sacrifice, this is not fair. I feel bad. I wish I could be able to earn a better family, and so help my family.”⁷² Mei was not the only one at such an impasse. In Shanghai the average salary of an accountant is 5600 *yuan* a month (the equivalent of almost AUD 1,200). With such a salary it is hard to save the money required to invest in education. In the case of Mei, university fees in Australia amounted to more than AUD 40,000—the total cost of a three-year Bachelor degree in Commerce with a Major in Accounting. This doesn’t include the cost of living, first in Sydney and now in Shanghai, where rental prices are skyrocketing. Mei told me her parents were still looking for a secure investment property, although they still didn’t know where. Whilst Shanghai prices were too high and unaffordable for Mei’s family, meanwhile in her hometown in the Anhui province, houses prices were decreasing so much that real estate investments were losing their profitability. But what Mei really wanted to do was “to be here, in Shanghai, I don’t want to go back to Anhui. One day I’d like to have my own house here.” In order to pursue this dream, Mei, told me that together with her parents she decided to invest a part of the family savings in the stock market and “See what happens; maybe with the money I make investing I will be able to buy a house in Shanghai.” Despite the multiple disappointments and the failure of their previous investments (in education) to guarantee future profit, Mei and her family remained unswervingly committed to looking for other opportunities to make money. Thus, the stock market appears for them as a further immediate option as it could guarantee flexibility, and they could diversify their investments. Furthermore, Mei described the stock market as relatively secure, as she could start with just a small amount of money and then invest more.

During the time of my fieldwork in 2013, the craving for stocks escalated due to a commensurate rise in house market prices. Unable to access the property markets, people began looking for alternative ways to invest their money and make a return. At the beginning of 2013 “millions of working-class and middle class Chinese families

⁷² Interview with Mei, 7 June 2013, Shanghai

bet heavily on stocks, often borrowing money to do so and further spurring the rise” (Bradsher 2015). Interestingly, more than twelve million new accounts were opened on the stock exchange that year. A new generation of investors, like Mei, started accessing the market. As reported by the *Financial Times*, “since 2014 equity market fever has spread to China’s universities, where 31 per cent of the country’s college students have invested in stock and three quarters of them used money provided by their parents” (Noble 2015, n.p.). Kevin Lin suggests that despite the fact only a small number of Chinese individual investors have a high-school diploma, which Lin remarks is “cynically implying that investors lack of education caused the bubble,” it’s China’s new middle class that is “heavily involved in the stock market, acting rationally in an irrational system” (Lin 2015, n.p.). In 2015, 37 per cent of the new investors were middle-school graduates and the funds students invest come mostly from parents eager to invest in their children’s future; often this money comes from internships and red envelopes, or *lai see* (Cantonese for “profitable affairs”)—packets of cash that people give as gifts during Chinese New Year (Xie, Stapczynski and Cao 2015). In some Chinese universities, there are now student associations specifically for students who invest in the stock market. As reported by *Reuters* “Pan Cheng, 21, of Shanghai University of Finance and Economics, is president of his school’s Stock Study Society. It has about 800 members, roughly half of whom trade shares. The society organizes mock stock trading competitions and students offer investing lectures. ‘Most of the students have invested less than 50,000 *yuan*. A few have over 100,000,’ said Pan” (Yang 2015, n.p.).

Throughout the previous chapters I have discussed the extent to which Chinese financialisation has shaped students’ education choices, leading them to invest in their study abroad, generating new hopes and expectations, while at the same time reinforcing state policies that attract and harness the return of *haigui* to China. In this context, both the *haigui* and their families expect that through the means provided by financialisation, they can build up a future financial career and realise the Chinese dream of making money. In this sense, by unleashing financialisation, the state exercises a powerful governmental device: sustaining the Chinese dream of enrichment which, in the case of the *haigui*, corresponds to a financial career. Notably, since 2013, in order to encourage a new rush, the Chinese authorities have purposely sustained China’s Shanghai Composite index to increase by 150 per cent in a year,

despite the risk of really high volatility.⁷³ As highlighted by the *Economist* (2015a), it was not surprising that, soon after hitting a peak in June 2015, the index suddenly plummeted by well over twenty per cent, wiping out more than three trillion dollars. The point here is that investors like Mei, and the millions of new account owners like her, seemed to have had little memory of what other *sanhu* witnessed in 2007, just prior to the great financial crisis of 2008 in the United States. “During 2007, the Shanghai Composite Index more than tripled in value and it was the greatest stock market surge in Chinese history. But after hitting a peak, it began to fall dramatically. From October 2007 to October 2008, the Shanghai Composite Index absolutely crashed. In the end, more than two-thirds of all wealth in the market was completely wiped out” (n.p.).

Despite the precedent of the 2007-8 Chinese stock market bubble and crash that temporarily redirected people’s money from the stock market to the house market, in 2013, during the first year of Xi Jinping’s rule, a renewed stock fever excited millions of people to trade stocks once again, showing little or no direct memory of the preceding crash. As reported by several analysts, this represented an important and “disturbing” precedent in recent stock market history, and an additional element in the analysis of Chinese investor psychology. As discussed in chapter 4, here too a form of oblivion—which also characterises the *haigui* approach to Shanghai’s history—intervenes to overcome the negative consequences of the most recent financial crisis. In the clamour and urgency to make money, it seems that only the most mature *sanhu* or *dahu* had been cautious. In contrast, newer investors like Mei persisted in believing in the almost deistic power of the stock market as a magic wand leading to a prosperous future.

Investing as a substitute for an occupation

Most of the trading rooms I visited both in Shanghai and Shenzhen are organised in similar ways: usually *sanhu* of a diverse age and social background crowd the entrance to large open trading rooms equipped with several big screens that display the stock

⁷³ The Composite Index is a way of measuring market performance over a period of time. It is calculated grouping equities, indexes or other factors combined in a standardised way.

exchange figures. This is almost a public space: everyone chats loudly, some might have a smoke, others take a nap, some play cards, and women usually knit while watching the trend of the stocks on the screen. At the back, there are the private VIP rooms of the *dahu*, like those of Mr Feng. The *dahu* go in and out of the open room and are distinguishable from the rest of crowd because they often wear slippers and go to the bathroom to water the plants they keep on their desks. In general, these brokerage houses provide a space for the daily occupation of both small- and large-scale investors.

Despite the unpretentious aesthetic, the services provided are considerably advanced. Investors can access an electronic trading platform: efficient software that offers metrics such as indices, disclosure, real-time price dissemination, and corporate notices (Walter and Howie 2007, 147). Furthermore, in the last few years, China has enabled the dissemination of the most updated new financial software (previously possessed only by wealthy players) to smaller investors, who can now invest from the most remote part of China using their smart phones. Yet, practical issues notwithstanding, the effect of this seems to confer on even the most unassuming *sanhu*, a suit of “advanced” financial professionalism. This spreading of new software appears to be a decisive move to encourage as many people as possible to adhere to the stream, and adopt an outwardly financialised appearance. As Walter and Howie (2007) emphasise: “Despite this infrastructure, the data and money raised, China’s stock market is the triumph of form over substance” (147).

At the root of the first “stock fever” it is possible to identify a strong link between the establishment of a “socialist market economy” and the reduced interest of the state in labour management and social security. The opening of the financial market has coincided with the state’s gradual withdrawal from its role as guarantor and administrator of labour-relations, beginning with the 1983 suppression of the *renmin gongshe* (people’s communes) in the Chinese countryside. Prior to the Deng Xiaoping era, social and individual life in China was played out within “collective units” (*danwei*). Through them, production was organised and, furthermore, each and every kind of collective and personal activity was arranged from housing, canteens, medical care, kindergarten, leisure trips, and even marriage. *Danwei* were, for many decades,

the key reference for Chinese people in nearly all life events, acting as both a resource and a constraint.

In the gradual process of dismantling the *danwei*, all these traditional social safety nets—such as state work allotment, fixed salaries, medical assistance, retirement funds, council houses, social security, and funeral fees—were also eroded. Furthermore, the process that attempted to provide an alternative space to the now dismantled *danwei* was tortuous. In the first instance, the opening of the stock market served as a motor for the entire process of transforming state owned enterprises (SOEs). The stock market was conceived as a way of providing funds to the SOEs undergoing privatisation, and concomitantly to “re-activate” workers’ enthusiasm by allowing them to invest in their own enterprises. After the dismantling of the *danwei*, the new labour management that was implemented—with the intention of streamlining the previous arrangement—represented a final withdrawal of government intervention from the everyday work of enterprises.

The attempt was successful—huge amounts of private savings were converted into stock.⁷⁴ This process of absorption of household savings recalls the process of “privatised Keynesianism” (Crouch 2009, 382) as well as the privatisation of welfare (Marazzi 2011), which have been recognised as the basis of “mass financialisation.” Similar to what has occurred in the West, ordinary people started using financial means to react to social insecurity by individualising risk. Gradually, savings were turned into financial “products” and working people became shareholders investing their insurance and pension funds. Even indebted workers with small share portfolios accede to consumer choice as the main criterion of success. The dominant ideology supported the dream that every desire could become true: “every ‘I want X’ and ‘I have a right to X’” became the order of the day (Douzinas 2013, n.p.).

⁷⁴ After the reform, the central government’s revenues declined steadily relative to GDP (falling from 31.1% in 1978 to 15.7% in 1989), while private household savings surged, with deposits in state-owned banks increasing from 21.06 billion *yuan* in 1978 to 519.64 billion *yuan* in 1989. Shareholdings from these large amounts of household savings provided the government with a lucrative opportunity to collect taxes from the banking sector to finance investment in SOEs (see Wong Man Lai and Yang 2009, 412).

In China, the economic transition that started in the late 1970s was guided by the state that, while heading towards decollectivisation and gradually withdrawing from the satisfaction of common needs, started to encourage people's desire for self-enrichment. As a result, new sets of social practices were insinuated into the previous socialist order. In the context of the general dismantling of the *danwei*, subjectivities that had previously been constructed within the previous social and political fabric were extracted and transformed into new subjects. In the brokerage rooms, the way financialisation violently imposes the social relations of capital over existing social practices became explicit. The brokerage rooms soon represented new spaces in which people looked to fulfill social and economic needs, tasks which the *danwei* were previously entrusted. In this way, the state created a sort of "promised land" or "defenceless people," but also a "clearing house" for individual and social resentments. Thus, the foundations of the new Chinese financial markets were laid in a new social era of particularly vulnerable individuals—people who are looking for a new life substitution, new forms of social guarantee, and further enrichment. For parts of the population (retirees, laid-off workers and precarious workers preferring to buy shares rather than hold bank accounts) investment in the stock market became a possible escape from the minimum wage and a social welfare system that was looking increasingly untenable. Suddenly, finance affected everyday life and, for Chinese citizens looking for fast money, it gained the "power of romance," of "wish fulfilment" by "transforming ordinary reality" (Jameson 1981, 110).

By evoking this visionary and utopian scenario, I mean to suggest here that speaking of financialisation in China prefigured the framework of the "Chinese dream" (*zhongguo meng*): a crystallised formulation propagandistically created by the state in 2013 in order to deliver and sustain belief in a Chinese renaissance—an ideal made possible by the union of capitalistic satisfaction with a nationalistic revival of China's past imperial splendour. Many investors who I interviewed for this study witnessed such a radical turn. For example, Mr Xu, like many other *sanhu* I talked with, started investing after a career as a skilled worker in his *danwei* (a machinery plant). Forced into early retirement when the factory shut down during the general reform of SOEs, he decided to move to Shenzhen from his less economically-developed province of Hubei. Mr Xu explained that, after a long period of depression during which he felt he was "a non-entity," an outcast from society, and experienced nostalgia for his past

occupation in the *danwei*, he started investing in the stock market. This provided him with a new reason for getting up in the morning. He had a new occupation, and started to feel actively part of society again. It gave him a new purpose for engaging with culture, stating that whilst watching the news on the TV or reading the newspaper, he considers the possible effects of the new government policies on the stock market trend. He stated that, even if he never earned a significant amount of money, the process would always afford him hope.⁷⁵

Mr Xu's testimony suggests that the activity of investing in the stock market acquires a value that not only replaces previous work, but also transcends it. For him, investing became an activity that occupied his life. It encompasses private and social spheres, affective function, and is a defining determinant in the formation of his current subjectivity. In this sense, the activity of investing appears to have overcome the traditional condition of the alienated worker and therefore offers a form of release. The process of investing became the perfect occupation; conferring a social role and legitimate space of socialisation, as well as being—at least from his perspective—dedicated to his personal gain rather than a contribution to public funds.

This was a feeling shared by others I interviewed. Zheng, a *haigui* graduate from Queensland University (see chapter 4), had just arrived home from Australia, and while waiting for a better job in Shanghai he decided to invest around 10,000 *yuan* (the equivalent of AUD 1,200) in the financial market. For him investing in the stock market represented an opportunity both to “get more money” and “to gain expertise, knowledge, a better understanding of how the market works.”⁷⁶ In Australia he would have never been able to “play” the market with so little money. Now he was so excited he could have first-hand experience of the market, he told me with his eyes wide open and a dreaming gaze. His “dream job” was to work for an investment company in order to keep his eyes on the stock market. As a result, he moved to Shanghai.

⁷⁵ Interview with Mr Xu, 17 August 2013, Shenzhen.

⁷⁶ Interview with Zheng, 22 June 2013, Shanghai.

Organising the Chinese stock market

As demonstrated in chapter 4, a historical analysis of the Shanghai financial market and its popularity—defined by the spread of the *qianzhuang*—could provide further insights for analysing the foundations of the current stock market in China. It is probable that this popular dimension was one of the reference points in the mind of the Chinese technocrats of Deng’s administration who, in order to accommodate the potential social risk left by the reforms, conceived the stock market not just as an instrument of the economy but also as an *instrumentum regni*. The Shanghai and Shenzhen stock markets, since their opening, have been organised in two distinct markets for company shares, one for domestic investors denominated in *yuan* (“A” shares) and one for the foreigner denominated in USD (“B” shares). If the latter aimed to attract indirect foreign investments, the “A” shares market has instead always constituted a very distinctive market, operating according to purely domestic rules and a different ideological approach. This division strategically put the government in the position of creating a Chinese “zona franca” where foreign investors could have a role in participating, observing and exchanging information within the Chinese stock market, while at the same time the government still preserved an exclusive Chinese space, only for Chinese investors, and for a new form of domestic deposits. At the same time, this division had also prevented outflows of domestic capital abroad.

Evidence of this pro-state ownership circuit can also be confirmed by the additional division into untradeable and tradeable shares that characterised the Chinese stock market until 2008 and which is still active. This categorisation was implemented in order to allow previous state-owned enterprises to become joint-stock companies in 1994. That year, the on-going SOEs reconversion envisaged a tripartite allocation: one-third owned by the state, one-third owned by the legal representatives of the reconverted company, and one-third available for trading. This led to the situation where fully two-thirds of the shares in the Chinese stock market were non-traded (Rooker 2008, 4).

Later, with the “non-tradeable share reform” in 2005, non-tradeable shareholders (such as SOEs) commenced moving towards privatisation by way of a process that staged a bargain with tradeable shareholders in order to gain liquidity: non-tradeable shareholders had to pay tradeable shareholders a price defined as “compensation.” This process led

to a huge imbalance and a lack of liquidity in the market. The largest non-tradable shares previously owned by the state basically remained as such. Clearly, these represented the key large SOEs the state wanted to keep control of by preserving its ownership. The transfer of large numbers of non-tradable shares was to occur without the flow of information on enterprises that would allow individual investors to make their offers. This resulted in a general stagnation of the market because these sales were blocked and this subsequently created a fall in prices, which in turn led to a lack of liquidity. In general, the whole process remained under state control, as there were no market regulations granting individual investors the right to vote on and receive compensation.

These reforms signalled the rise and fall of the market over the last few years, with constant arm-wrestling between the individual investors and the state occurring all the while. As demonstrated by the cycle of events that led to the 2015 financial turmoil, Chinese domestic investors have enthusiastically traded in a two-year bull market since 2013 spurred on by fresh injections of government capital. The first sign of “adjustments” (the interest rate cut by the PBC, People’s Bank of China, at the end of June 2015) produced a wave of *sanhu* sell-offs that could not be contained anymore. After that, “any other relaxations in margin trading and other ‘stability measures’ have done little to calm investors” (Duggan 2015a, n.p.).

Both historical and recent overviews show that the Chinese financial machine operates according to a set of distinctive structural and functional features. In-depth analysis by many economists has abundantly and consistently highlighted this “Chineseness” (Green 2003, 2004; Walter and Howie, 2011; Thomas 2001). However, what I want to further insist on here is the way this distinct structure (shares divided into foreign and domestic, state ownership of the majority of the stock, and state control over the financial regulatory commission) is influencing, while also being influenced by, the Chinese social and political context. This is not a new claim; important insights from Ellen Hertz’s ethnographic work *The Trading Crowd* (1998) have already described the Chinese stock market as a “social arena” where individual investors ultimately appear to have the main influence on the market. Moving irrationally and unpredictably, with their large numbers, they seemed to always be the real protagonists, with the power to disturb the state’s attempts to control the market. Here

and elsewhere I have suggested framing this relationship as a form of arm-wrestling between the state and individual investors: while the former retains the largest percentage of ownership and the power to regulate and release vertical information through its controlled channels, the latter receive nothing but the crumbs of information overheard by a few with access to backroom politics. Within the conditions in which Chinese financialisation first emerged and continues to develop, the small investors are topical subjects, which do not just “respond to” or “bear” market regulations; but through their movement and behaviours are actively shaping its distinctive assets. The state, which may have preferred to consider the small investors as a mere reinforcement or ballast to jettison at any moment, is currently in a situation that will reveal—contrary to predictions—that limiting information to individual investors and allowing only a small space to help stocks to flow is not sufficient. By restricting the presence of individual investors, China’s ability to conform to market forces would shift from the social space of mass financialisation to a more limited financial space, and thereby risk depriving a significant portion of the population of the positive narratives necessary for “getting rich” and being part of the “Chinese dream.”

The Chinese government’s attempt to “derail” or “divert” the people’s potential discontent through the stock market in a series of multiple episodes—after Deng Xiaoping’s reforms, the 2006 rural protests and mass “incidents,” and also after the housing market crisis—have acted as a powerful governmental instrument, a technology of control to which individual subjects, through their participation, have responded in a both performative and resistant way. As I will explain below, the presence of the Chinese “dream” and the state’s capacity to maintain the stock fever are just two of the features defining the distinctiveness of Chinese financialisation.

Distinctive financialisation: the West and China facing financial crisis

In China as elsewhere, the question to be asked is how financialisation acquired the power of promising to deliver of a better future (Arrighi and Zhang 2011). This section first follows the multiple facets of the concept of financialisation in the West, and then contrasts them with Chinese logics in order to clarify the distinctiveness of the latter. In the West, the term “financialisation” first came to attention in Marxist political

economics in the mid-1980s (Magdoff and Sweezy 1987). Its initial scope was to denounce the general problem of the absorption of surplus and the consequent rise of monopolies that was, at the time, affecting the American economy. In this sense, emerging financial activities were seen as a way to substitute production activities that were no longer profitable (Arrighi 1994), or as a way to support them in a more integrated system with no further clear-cut distinction between production and financial sectors (Harvey 1999; Leyshon and Thrift 2007).⁷⁷ Later, the term was used to refer to the general process wherein world financial institutions (banks and financial intermediaries both in Europe and in the USA) started turning their financial assets (including housing, pensions, education loans, and health insurance) over to households and everyday workers (Aglietta 1995; Lapavistas 2011, 613). This trend has also been explored through a Foucauldian perspective on governmentality, by way of the identification of a process of financial subjectification (Martin 2002; Marazzi 2010; Lazzarato 2012). Finance, previously the reign of an elitist group with shared exclusive expertise, was gradually made more accessible on a popular level and insinuated into everyday practices.

In the introduction to Randy Martin's book *Financialisation of Daily Life* (2002), this change is described as "fun" entertainment: "suddenly finance is fun" (1). However, this positive outlook altered as the change culminated in the financial crisis. Ordinary people went from being called on to master their own finances (including mortgages and educational loans) to having debts and being unable to pay them. Christian Marazzi (2010) identifies the crisis as "the capitalist way of transferring to the economic order the social and potentially political dimension," where the dimension of the resistances "ripened during the phase leading up to the cycle" (85). Undoubtedly, the GFC was unprecedented in generating popular distrust of financial markets, in terms of the accountability of their institutions and expertise. Tragically, the financial markets failed to control the drift towards economic crisis and its consequent risk to the population. From 2008, protests developed (from Occupy Wall Street to Occupy Frankfurt), questioning the state's role in controlling the financial markets and the policies produced by states within this scenario. As major weekly

⁷⁷ For a further analysis of the rise of finance and financialisation, see Krippner 2011, 4.

newsmagazine *Der Spiegel* declared: “There is widespread support from politicians in Germany and Europe, who are currently wrestling with banks to increase the participation of private creditors in the debt bailout currently being planned for states like Greece, together with the frustration of the same politicians by their inability in recent years to push through tougher regulations for financial institutions” (Lindsey 2011, n.p.).

This “frustration” within the political versus the financial sphere was also manifest in a reciprocal estrangement of the two spheres. For instance, George Monbiot, writing in the *Guardian* (2011), refers to the financial core, “the City” in London in these perpetual terms: “Over and over again we have seen that there is in this country another power than that which has its seat at Westminster.” He goes on to describe the city as a form of offshore and autonomous state within England’s borders in the position of “laundering the ill-gotten cash of oligarchs, kleptocrats, gangsters and drug barons.” This triggered a shift of responsibilities over the crisis that opened up an “in between” space to be filled by a new post-crisis rhetoric. I argue, in this interstice, it is possible to witness the complicity of the market and the state—recalling the one between the Cat and the Fox in Collodi’s *Pinocchio*—in maintaining the current order (in the form of state bailouts) and at the same time experimenting with a new rhetoric of the post-crisis period.

Since the financial crisis of 2008, both states and financial institutions are embedded in a system that, shaken in its foundations, is being sustained through what Marazzi (2008, 2014) has defined as a financial turn toward the “linguistic performative.” Particularly in the post-crisis period, the powerful use of the word “recovery” has emerged in the form of a new weapon. Janet Yellen, the head of the US Federal Reserve, has declared a strategy that pushes for forward guidance (Marazzi 2014). Mario Draghi, the head of the European Central Bank, offered a similar approach when he identified an aim to nurture future expectations for recovery through financial rhetoric (Marazzi 2014). Concomitant with bland social investments (expressed, moreover, in decreasing interest rates and labour costs, rather than effective policy-focused welfare), this communicative weapon acts as a strategy to sustain an unaltered financial post-crisis environment, while feigning an intervention to rescue the population. This is in sharp contrast to what mass financialisation and its materiality

are actually demonstrating: the increasing impoverishment of people that exposes “the limits of financialisation itself as a self-sustaining strategy” (Mezzadra and Neilson 2013a, 4). Despite this evidence, on-going financial post-crisis rhetoric is preventing governments from making any decisions, while normalising the post-crisis situation as indefinite.

Moreover, the austerity measures deployed by the European Union with Germany at the helm have prevailed over formal political processes to the point of overriding Greece’s electoral voice and thus compromising the political principle of representation. Embodying the exclusive role of financial creditors (as just one vertex of the troika) the European Commission has terrorised and driven fear (in the words of the previous Greek finance minister, Yanis Varoufakis) through a population already strangled by the extensive, failed monetary policies produced by the same establishment (2012). Yet the authority of political organs has been imposed through the financial dictate of repaying “their” (national) debt.

In China, the situation is very different. There is no manifest dichotomy between political and financial agents. Therefore, it is not possible to appeal to two separate entities by “passing the buck” between them. The state is strongly preserving its monopolistic financial intervention and therefore can’t appear as a neutral arbiter that re-establishes the order after a speculative wave is generated in a “separated financial sphere.” Furthermore, the state is also able to modulate once more the leitmotif of “richness at hand” in order to muffle resentment from the population. The powerful weapon, in the Chinese instance, has been a *variatio* rhetoric: “getting rich is glorious” (during the 1980s), the “three Represents” (during the 1990s), the “harmonious society” (in the early 2000s), and the current rhetoric of the “Chinese dream.” After the global financial crisis, the explosion of a Chinese consumer culture and its spectacularisation (the ostentation of wealth by the middle class and the new rich) further promoted faith in the stock market among the ordinary people looking for rapid enrichment.

Despite the brutal effects of China’s financial crisis, culminating in the 2015 “Black Monday” that spread fear all over the world, fears and anger from the *sanhu* were controversial. While the days subsequent to the crash saw many protesting in the brokerage rooms, claiming their money back, the majority of the *sanhu* and *dahu*

seemed unwilling to give up any sense of “romance,” “fun,” or “dream.” Instead, they considered the inability of the stock market to maintain the promise of a privileged channel to wealth to be solely attributable to the state’s mismanagement in its attempt to establish a more “competitive market.”

In July 2015, as the first hit of the market was felt, and panicking at the prospect of further losses, the Chinese government took their first action. The government-controlled China Securities Commission called “the national team” (the twenty-one largest state-owned brokerage firms) to “set up a fund worth at least 120 billion *yuan*, or USD \$19.4 billion, to buy shares in the largest, most stable state-owned companies (two thirds of the total), and to stop selling shares from their own portfolios” (Bradsher and Buckley 2015, n.p.). At the same time, the central bank lent money to brokerage companies to buy shares totalling USD \$365 billion. Meanwhile, on the other side, the Xi Jinping government hurriedly attempted to represent this purely monetary move as a reform measure towards building a “more competitive,” “more global” market by lowering the interest rates, relaxing restrictions on buying stocks with borrowed money, and imposing a moratorium on initial public offerings. However, even if, initially, the Chinese government devaluated the *yuan*—leaving it to fluctuate with the market and in compliance with the International Monetary Fund—soon after, afraid of a rapid rate of currency depreciation, it decided to push it up again (Pascucci 2015, n.p.).

Such transparent and modernising measures seemed not to have had any “reassuring” effect on Chinese investors, but rather a counter effect.⁷⁸ After the announcement of these measures, the “panicky” behaviour of investors worsened, as they suddenly apprehended the changing of skin of a government that had formerly encouraged them to behave as looters. One should in fact recall how the Chinese stock market “rationale” is at odds with the liberal and competitive accountable logic of expertise, which justifies the “market faith” of Western and liberal enthusiasts. As I have shown

⁷⁸ Historically, this kind of move could recall the wages reform (launched by the Chinese state at the beginning of the eighties with the aim to liberalise the job market), which triggered mass protests all over China and culminated in the Spring 1989 Tiananmen sit-in. This could be taken as an eloquent example of how opening policies, pushed by a market rationale, often displace the population instead, in an elusive search for the state as guarantor.

above, since its opening, China's economic engineers have frequently engaged in heavy-handed interventions in trading, resulting in both wins and losses for participants in the market. Joe Zhang, chairman of China Smartpay Co. and author of *Party Man, Company Man: Is China's State Capitalism doomed?* (2014), in an article, describes the relationship between the state and the market context in the form of a "saga." "The government blatantly encouraged a stock market rally and then when a spectacular collapse took place, it immediately came to the rescue. This saga can appear confusing and even shocking, but only to the outside observer. Believe it or not, most Chinese are either supportive of the government's actions or are understanding. Only a small minority is overtly against them" (Zhang 2015, n.p.).

One could argue that the government's steps to reform the market are beholden to the reactions of the *sanhu*. This binding highlights how the government communicates a series of *ballons d'essai* to the public, in order to gauge the potential for market intervention. As a consequence, the financial attitude in China remains one of "rush" and "fever" as this maintains a people-driven momentum. From the perspective of these "investing" subjects, Chinese financialisation must survive, even if that means retaining the belief that its destructive and fraudulent aspects are due to the state. Multiple sources of data indicate growing numbers of investors are not simply withdrawing their money from the market, but are instead diversifying their investments and buying new wealth management products (WMPs), principal-protected funds, and gold (Shen and Takada, 2016). In their most recent measure, the government has opened the bond market to individual investors (*Shanghai Daily*, 2016).

That the country has relied on propaganda as well as government economic stimulus to encourage the public to hold onto their shares for patriotic reasons is not recent news (Wertime 2015). In 2008, as falling exports threatened trade amidst a growing climate of distrust of international finance, the state promptly intervened to maintain eight per cent growth, and boosted the economy through an extensive economic stimulus package based on public finance and borrowing. The massive stimulus of 4 trillion *yuan* (USD \$586 billion) formed part of the official rhetoric that promised support for major industrial sectors, investment in infrastructural projects, consumer spending,

education and housing (Naughton 2008). However, in later practice it was clear how this package produced very socially and locally uneven impacts (Sum 2011).

The largest fraction of this spending went into investments in SOEs and their capital assets (land development and infrastructure). The package was also organised to reinforce a previously consolidated economic model and political *status quo*, in which (taking into consideration how the other strong Asian economies responded to the crisis) China could have better shifted these benefits towards services and domestic demand. However, this didn't necessarily benefit the workers. The power of SOEs was evident when they "made use of the crisis for a suspension of the New Labour Contract Law to defend their interest in the manufacturers' sector hit by the crisis" (Hung 2012, 229).

In 2009 and 2010, a wave of labour unrest and resistance, including strikes and collective suicides, swept through China's industrial Sunbelt in the most industrialised part of the country (Friedman and Kwan Lee 2010; Hung 2012, 229). Well-known foreign companies (such as Honda and Foxconn) were profiting from their foreign capital, taking advantage of low Chinese labour costs and the lack of regulation. Protests in the countryside grew and discontent from large numbers of migrant workers exploded in many parts of China. Instead of undertaking effective measures in response to the workers (Sum 2011, 199), state reactions were concentrated in other directions. The state elected to strengthen their cultural hegemony, choosing to demonstrate a "growing China," with new shopping malls springing up almost overnight, promising an extensive choice of new Western leisure products. Since the economic reform, this has been a strategy of the ruling class to perform and retain power "Using the back door to gain access to official circles, it directly occupies the front stage of a political economical and spectacular power, directing mass desires and constructing the public imagination, numbing and postponing a social awareness of crisis" (Wang 2003, 604).

The stock market was thus one of the means for strengthening hegemony and in this setting the *sanhu* occupied an interesting position. On one hand, they could share the feelings of general discontent expressed in the protests because of the impoverishment of their social condition; on the other hand, they still related to the stock market as an alternative space for gaining their individual redemption. The individual investors who

continued to invest during the crisis benefited after the stimulus because state support for the main listed companies caused the market to rise again.⁷⁹

Through the state's continuing intervention—both through the regulatory commission and financial injections—there has always been a prompt rescue of the market. The Chinese market continued to experience exceptional swings during its 2007 boom, 2008 bust, 2009-2010 resurgence and then ultimately in the 2015 crash (Irwin 2015). However, even if such big swings were damaging for Chinese investors, it did not prevent financialisation from being used to recall a powerful myth of positive change. In China, distrust of finance capitalism cannot be traced to an offshore kleptocratic reign alternate to the state, nor to any separate entity that the state was called upon to rescue with a bailout. Financial subjectification in China remains one of “rush” and “fever.” The rise in investor protests after the crisis has generated an undeniable distrust towards the state (as the main financial manager), and is certainly widespread. However, while nurturing such distrust, at a subjective level people still seek to preserve the promises financialisation provides in their everyday life: a future valorisation of money by means of money.

The state, the *dahu* and the scattering power of the *sanhu*

During my conversations with Yimou and Jiang, two financial analysts at one of China's biggest capital fund companies, it emerged that the presence of the *sanhu* in the stock market is seldom welcomed.⁸⁰ These holders of what would be considered formal financial knowledge, supposedly in line with that of the state, all expressed negative feelings towards the *sanhu*. My impression was that this was not just because the *sanhu* were considered to be a hindrance to the process of conventional negotiations, but also because the presence of the *sanhu* was considered an abnormality in the global financial landscape, one which rendered the Chinese stock market backward in appearance. Such was their disdain that when I asked them about the general condition of the market, the presence of the *sanhu* was something they did not even want to mention. Instead, they repeated firmly how China would soon be

⁷⁹ Both the SSEC and SZSC indexes suffered a 70 per cent drop from their historical high during the period from October 2007 to October 2008.

⁸⁰ Interview with Yimou and Jiang, 24 August 2013, Shanghai.

required to increase investors' fair information and knowledge of financial ethics. By doing so, they implied, the *sanhu*'s presence was contingent on on-going corrupt practices in the marketplace. They told me that their hope for the development of a mature market was inevitably to remove the *sanhu*. Thus, it appears the *sanhu* are considered to be a threat both by state officials and by their competitors, the *dahu* (large-scale individual investors).

The *sanhu* are considered to be the largest and most active community of individual investors in the world, amounting to ninety million members. According to the official statistics registered by the Chinese Securities Regulatory Commission (CSRC 2014), in late 2013, ninety-seven per cent of the capital market was represented by the *sanhu*, of whom eighty-five per cent were investing less than one hundred thousand *yuan* (approx. USD \$80,000). The *dahu*'s profile is ambiguous. Most *dahu* are longstanding investors. They all come from the first generation of investors, and it appears the way they access the market is directly correlated with their previous position: they could become rich because of their personal connections (friends, relatives, or acquaintances in the CCP). In some cases, they have access to classified information and can therefore act as insider traders. Their role is particularly evident within securities companies whose employees provide services to clients on the basis of orders from the CSRC, and therefore cannot play the stock market. Chinese securities companies—60 per cent of which are still controlled by the state—continue to receive regular information from the CSRC, which is also a state organ and provides updates on new regulations. Often a loyal client, a *dahu* invests on behalf of the companies' employees, while taking advantage of special information (insider trading) from the latest government updating.

As Hertz (1998, 129) has pointed out, the *dahu* are both despised and admired by the general population. In a way, the *dahu* have developed unique rules, professional standards, codes of conduct, and perseverance. They follow a rigorous schedule and are confident in their role and authority within the market. Among the *dahu* I interviewed, a 76-year-old woman who had worked for the local educational ministry described her daily activity as marked by the very disciplined schedule of many *dahu*. This involved research, constant news updates, and deep insight into government legislation in order to perform her role and cultivate her *guanxi*. This disciplined and

regular schedule was quite different from the one practised by younger *sanhu*, like the *haigui* I interviewed. Both Mei and Zheng told that they invest when they have time. Mei invests mostly during her lunch break or whenever she has time in the office. Zheng invests from home while browsing the computer searching for employment opportunities and updating his resume.

In contrast to the *sanhu*, the *dahu* have attitudes that resemble what ethnographic studies in Western market have described as typical trader and broker behaviours—an unquestionable attachment to and faith in the market and its authority is consistently evident (Zaloom 2006, 2009; Marazzi 2008; Callon 1998). Caitlin Zaloom (2008) in her ethnography of the Chicago stock exchange notes that “the movements of the market represent financial truth. It is not surprising that traders’ attitude to the market takes on a quasi-religious aura. Discipline is, therefore, both a technique of the self and a technique of the sacred. Practicing discipline allows traders to attain a proper state to engage the overwhelming force of the market. Traders speak about the market in religious ways that make this analogy appropriate” (265).

Dahu in Shanghai demonstrate the same attitudes towards the market and sustain the same discipline. Nevertheless, in China, this apparently solid behaviour is actually triggered by faith in the party and not in the market. It is, in fact, through their respect for the status quo and their *guanxi* (personal connections) that the *dahu* have gained sufficient authority to be successful in the market. In addition to this, their personal, private, and detached private rooms in the brokerage houses attest to their status as well represented. They have to be authoritative and command respect from the *sanhu*.

As others have demonstrated (Gamble 1997, Hertz 1998, Rooker 2008), and as I observed during my fieldwork in the brokerage rooms, most Chinese individual investors are lay people: they do not know how the stock market works and are incapable of obtaining or putting to use any substantial financial news or reports. Furthermore, the stock market—which is the main ground in which both experts and common people are called by the Chinese state to operate—is characterised by an extreme volatility and quick turnover, allowing little time for informed decision making. In the face of this information deficit, formal and informal expertise collapses into the same pit of uncertainty. In this void, the main *modus operandi* that emerges is *mimesis*, an imitation of others. “Imitation begins where information ends”, as it is

precisely the end of information which points to the “lack of pre-established order” (Vähämäki 2005). In this sense both *dahu* and *sanhu* seek to navigate the market condition of uncertainty, by undertaking mimetic action, with this being theorised as a key driver of investor behaviour by some proponents of behavioural finance. Christian Marazzi (2002) and Andre Orléan (1999) argue that financial markets function on the herding behaviours of investors, which are often predicated on a deficit of information (Marazzi, 2002). If the *dahu* rely on those information sources unanimously considered trustworthy, the *sanhu* invest keeping an eye on the choices of friends and foe, viral tv programs or “how to” manual suggestions. Indeed, the herd mentality and primal fight or flight adrenalin rushes appear to overwhelm neoclassical assumptions of human beings as perfectly rational animals.

The terms commonly used by Chinese investors when playing the market are revealing in this context. For example, *chao* (literally “stir fry”) refers to playing the market when it is in a “bull phase,” so it means playing and winning. *Tao* (“being stuck”) expresses the impossibility of re-selling a stock after it falls (Rooker 2008, 13). These are popular terms that are especially used by *sanhu*—who play fast, instinctively, and with no long-term substantial information. The terms almost assume a value per se, making it unnecessary to have any rational explanations that determine what they indicate. In general, the interviewees expressed that they were waiting for the market to enter a bull phase again so they could *chao*.

During the 2007 bear market, a significant number of individual investors closed their accounts (3.59 million). However, at the same time, the number of new accounts opened by new investors rose from 2.92 million to 23.66 million between June 2007 and June 2012. Moreover, from 2009 to 2011 the number of accounts holding stocks worth less than 10,000 *yuan* and between 10,000 *yuan* (USD \$1,580) and 100,000 *yuan* (USD \$15,800) grew, while the number of accounts holding stocks worth more than 100,000 *yuan* (USD \$15,800) in market value declined; those holding more than 10 million *yuan* (USD \$1.58 million) were the smallest in number (WantChinaTimes 2012). The *dahu* investors have been decreasing in number, while the *sanhu* have been growing. In this way, despite their subaltern position and the increasing awareness of their tendency to lose, the *sanhu* continue to flourish in numbers if not in stock-holdings.

If many gave up during the crisis because of their losses, for many others the worsening economic conditions and the threat to their jobs worked as an incentive to give the market a try—although most knew what little chance they had of winning. (Statistics for the last few years in Shanghai show that the 80 per cent of the *sanhu* are unsuccessful in the market.) When asked why they continued to invest, their answer was invariably along the lines of: “You know Chinese people, we all believe in being smarter than others.” In general, they were certainly open and waiting for a bull market.

***Sanhu* financial expertise**

On first impressions, the *sanhu* I met (both young investors like Zheng and Mei but also older *dahu* like Feng and Xu) appeared uncertain, self-effacing, suspicious, troubled, and cynical. They were very aware of the government-party role and control of the market, connections, and insider trading. Sometimes they seemed scared, other times I could glimpse they were excited by the idea of experimenting with a new technique or some new secret expertise they could apply to the market. The *sanhu* seem to behave like a multitude that remained powerless—unable to elect a “convention.”⁸¹ One of the reasons for their attitude can be retraced through the multiplicity of sources from which they gain their information. It is enough to enter a Chinese bookshop and discover piles of works, specifically “how to” manuals on millionaires, how to becoming a millionaire, and the so-called *jinrong wenxue* “financial literature”: an entire body of literature characterised by its overzealous praise and “encomiastic tone” that nurture the dream of many *sanhu*. These sources are not just paper books but also blogs, magazines, and television channels addressed to a public made up of investors eager to learn winning techniques in the stock exchange.

Such a multiplicity of literature reflects the heterogeneity of the *sanhu* and, accordingly, these players develop techniques that often contradict each other. In my analysis I found it was very difficult to recognise a pattern as everyone was

⁸¹ In a linguistic financial regime, a universally accepted convention is a process in which a multitude of economic actors becomes a community by selecting/electing a supra-individual convention in order to turn it into an interpretative model valid for all players in the game of the market. By electing the convention, the multitude makes itself into a community (Marazzi 2008).

simultaneously using varied and multiple sources. The older *sanhu* were mostly following popular beliefs, while younger *sanhu* were more likely to look for their information on the Internet, in particular blogs. To give an example, one of the financial manuals most in vogue when I was in Shanghai contained mostly suggestions based on popular “common sense” such as: “You should always swim against the tide,” “It is never wrong to listen to your wife when buying stocks,” and “Pay attention to the potential when your stocks go up, while paying attention to the quality when they go down” (Hu 2009, 49; my translation). Moreover, for many investors, including *dahu*, it was considered good practice to consult the *Tung Sing* annual almanac for indications of the good or bad days to invest. At the same time, they also followed the numerology beliefs of the *Fengshui*, according to which every number in Chinese has a meaning. This is based on the homophony of number pronunciations with Chinese words. The number 8, for instance, is a homophone (in Cantonese pronunciation) with the Chinese word meaning “wealth,” and good luck, while the number 4 is the homophone for the word “death,” thus representing very bad luck. The combination of the numbers could also give shape to entire sentences with different meaning: 158, for instance, means “I want richness” (Arduino 2008, 66).

Among the most popular and followed bloggers is Ye Rongtian. At the time of writing, his blog in *weibo* had attracted 309,743,654 visits. His real name is Hu Bin but he goes by the pseudonym Ye Rongtian which literally means egoist and egocentric, and is also the name of the successful main character of a Hong Kong based detective television serial from the late 90s, who is well known for his audacity and ego. In fact, his way of commenting on the market resembles the tone of a gangster movie: “Violent June! The A’s share masters ready their guns” or “The stock exchange list is going to kill the victims.” Hu Bin was a student enrolled at the Yunnan University of Finance and Economics who abandoned his study. His father was a low ranking officer in the army and his mother was a shop assistant in a department store who invested in stocks in the early 1990s. Bin also wanted to become an investor. Initially he borrowed 80,000 *yuan* from his family as a start-up fund; half a year later, only 8,000 *yuan* remained. So he started working at the Chinese Bank of Communication, first in Guangzhou and then later in Shanghai. Meanwhile he kept monitoring the stock market and writing his opinions on his blog. He achieved fame in 2008 when he predicted the fall of Chinese

stock market, and the Chinese stock market undoubtedly hit a real bottom; so in the last crisis he regained popularity.

Of equal popularity, a short video circulating on *weibo* portrays the stock market through a “fighting mode.” As reported by Emma Yang, “the stock market appears an army under siege, being attacked by short sellers and foreign forces.” The video ends with a picture of China’s flag and a statement that says: “A victorious red flag will definitely hang above the A-share battleground.” Then, during the 2015 market crisis, a LED screen was placed above the entrance at Changsha Railway Station flashing a sign that read: “Safeguard the A-share market, those who can join in the fight, fight, those who have no ammunition also scream” (Yang 2015).

Those popular representations of a complex, figuring skein of beliefs and information provide an idea of the kind of chaotic environment and unpredictable behaviours that drive the sphere of the *sanhu*. On the one hand this represents the strength of the *sanhu*—as an irrational and ungovernable and disturbing mass, which the state cannot tame. At the same time, it also represents their weakness, as they seem incapable of forming a united position. They gather in common trading rooms where everyone is noisy, chatting and arguing. However, despite the fact that one of the motives for investment is sharing space and time with others for socialising, when it comes to money and earnings, everyone goes into business for themselves, and is very cautious to avoid sharing important secrets with potential competitors. This attitude was even more evident in younger *sanhu* such as students or aspirant financial workers. For them, investing in the market almost becomes an opportunity for experimentation, to put their “financial skills” on trial. In their view, stock value falls are often temporary, and don’t jeopardise their faith in the market—as both a source of monetary gain and a school in which to become more qualified in the financial job market. Interviewed by Emma Yang, Zheng Qi, 21, of Northeast Normal University in Jilin province states: “No matter how the overall market is, in the long run there will always be some rising stocks. So I will keep following the market.” The family also supports such an attitude: “My parents don’t care how much I’ve lost,” said Zheng. “Every time I lose money, they send me *WeChat* messages saying ‘don’t be sad’ and ‘just count it as the learning fee’” (2015, n.p.).

Driven by similar expectations, even Hong, one of the *haigui* I spoke with, who worked as a financial analyst with a Chinese American consulting company, told me that he was sure that sooner or later the market would reward him. “China needs to take measures to become more competitive” and “I am here to help. I hope I can help to reform the market; I think there are many things we can do to make the Chinese market one of the biggest markets in the world.”⁸² Hong was investing himself; at the time of the interview in 2013 he had made a small loss, but now his shares were rising. His unshakable faith in the market was supported by the formal financial expertise he acquired abroad, and inspired by the neoliberal mantra that hoped to see the future China in a “reformed” market.

Investors’ feelings towards the market are far from being “pacified.” Since the last plunge of the Shanghai stock market, many protests have taken place. In 2015, hundreds of investors gathered outside the headquarters of the China Securities Regulatory Commission in Beijing, shouting slogans: “hundred of thousand assets evaporate within a few hours,” “years of work in vain” and “return my blood and sweat money” (Reuters 2015, p.n.). In the eyes of Chinese stock investors, “market manipulations, rumour mongering, foreign meddling, and frauds” (to quote the words of official Xinhua News Agency) and a malicious shorting of stocks, have produced a contentious landscape. Yet, even if we consider the attitudes of protesters to have been “patient,” as one blogger puts it, “the government should not trust this patience will hold out indefinitely” (Minter 2015, p.n.). The spread of rumours about suicides related to the stock plunge are evidence of a growing discontent, and some commentators have ventured to say that even “sell orders are a form of protest” (p.n.). Thus, the prevailing attitude of investors seems still to cling to belief in the security provided by a state’s interventionist hand, and a lack of appetite for the risks associated with the invisible hand of the market.

So far the *sanhu* have been considering the state’s massive investments in stocks as a secure pathway to earnings, understanding the stock market mechanism as a state pledge and promise. Consequently, the refusal to tackle state responsibility and to

⁸² Interview with Hong, 9 July 2013, Shanghai.

invalidate its authority can be easily discerned. Ultimately, the “financescape” occupied by the *sanhu* appears to be a tempestuous sea, in which many contrasting waves clash and interact: the individual’s fervent desires for further enrichment, the need to be part of a social space, the satisfaction derived from contributing to the development of the Chinese nation. Thus, current Chinese financialisation appears to be particularly relevant for exploring financialised subjectivities through post-crisis attitudes: despite the *sanhu*’s stubborn refusal to question their social bond with the state, the performance of state authority is at risk precisely due to its appeal to increasingly insubstantial and evanescent elements. The “Pandora’s box” that is Chinese financialisation—where the scattered investors deploy their financial expertise (whether formal or informal) seeking their own interests—could lead to more strenuous conflicts between state representatives and small investors. Whereas Deng Xiaoping’s comforting rhetoric (“richness is at hand”) offered tangible outcomes, subsequent approaches have been characterised by their intangible qualities: “harmony” in Wen Jiabao’s era and “dream” and “renaissance” in Xi Jinping’s. In the previous three decades, the leakage of political and economic content has led towards increasing disenchantment. The process of emptying out political meanings that have defined the post Mao era onwards, seems to have reached an impasse—presumably due to the impossibility of formulating any substantial assurances to the people given the uncertainty of financial capitalism in constant crisis. So, what can come after this “dream”? Nothing but delirium, marasmus, or inebriation: all terms that offer no hand to political utility.

Conclusion

The mass presence of the *sanhu* as “scattered player” individual investors in the stock market is a distinctive feature of Chinese financialisation. Since the opening of stock markets in Shanghai and Shenzhen in 1993, the Chinese state has directly encouraged mass participation in the stock market so that people can convert their savings into stocks. This “mass financialisation” has been strategically deployed by the state to produce new financial subjectivities such as the one embodying “stock fever” (*gupiaore*). In this chapter, I have suggested that the state deploys mass financialisation as a mode of governmentality that compensates for social outcomes resulting from the dismantling of the collective urban work units (*danwei*). During the transition from

public welfare to individual self-management, the state provided the mass of disoriented and distressed citizens with an opportunity to make money through investing in stock—a strategy that quickly altered the city landscape, studding it with brokerage rooms. This strategy was aimed at preventing the rise of individual and collective resentments, potentially unleashed by the Chinese state’s redirection. However, despite being reliant on the state’s ability to maintain “stock fever,” Chinese investors have gained a performative and autonomous power that has affected the state’s control of the market; ultimately this has compromised the people’s trust of the Chinese state over its financial complex.

In the next chapter, I will identify in this distrust—and in the modified relationship between the Chinese state and its population—a threat to the sustainability of the “Chinese dream.” The dream of individual enrichment, as a pillar of contemporary Chinese hegemonic power over its population, appears undermined by the vipers in the very bosom of mass financialisation. Multiple tensions reveal inherent contradictions in the Chinese state’s attempt to govern through financialisation and to foster new financialised subjectivities. Firstly, the state’s effort to raise financial experts abroad—which arises in a relation of continuity with the modern tradition of the sovereign Chinese state—collapses the moment the *haigui*’s financial expertise fails to yield the coveted status of “formal expert” within the Shanghai financial market upon which its whole appeal is based. Secondly, when the *haigui* plunge into the ocean of mass financialisation, the borders between formal and informal expertise fade. As bearers of formal expertise, the *haigui* become disappointed and disillusioned by their exclusion from financial institutions, and merge into the crowd of informal stock gamblers. Thirdly, the tension between *sanhu* scattered players and *dahu* insider traders jeopardises the people’s trust in the state’s competence to maintain a functioning stock market. This weakens the loyalty of the population. They see the party-state no longer as their defender but as a privileged player in connivance with the richer segment of stock players, the *dahu*. This in turn makes not only the *haigui* increasingly sceptical towards the value of their financial expertise but also undermines their patriotic commitment and their willingness to be employed at lower-end positions within state financial institutions.

Once they reach this stage of disillusionment, many *haigui* opt to partly discard their foreign acquired expertise and experiment in the market as *sanhu*, or independent brokers. In the following chapter, I will highlight how their initial wish to be employed by state financial institutions gradually dissipates. Even waged-labour is losing its grip over an increasingly financialised population, despite the fact that such labour has been a bedrock of the People's Republic's social agreement between the state and the population, and the primary means of providing guaranteed money. I move to discuss specifically how money obliterates and supplants other loyalties, in particular the loyalty to the state as a labour dispenser. Thus, I stress how, in this relationship, money acquires a subjective self-fulfilment, which—by levelling off the differences between financially skilled and unskilled labour—places the state in the midst of complex political subjects. The discontent of these subjects makes them potentially unruly but their subjection to the money relation ensures that their energies continue to be directed through the financial market rather than into solidarities with other social subjects that could yield a genuinely revolutionary class.

Chapter 6

The precarious ecology of Chinese financial expertise

Introduction

From the moment the Chinese state opened up and welcomed financial capital into its social and economic *milieu*, it has not only globally re-positioned itself but also shifted its relationship with its population. In this chapter, I highlight firstly how China has developed an “ecology of financial expertise.” This indicates the emergence of a financial technocratic governance that is increasingly changing the Chinese economy, reducing the state's administrative and fiscal functions and increasing state assets according to a new shareholder logic. In this shift, the creation of the stock market acts as the main fulcrum. Secondly, I show how, by reorganising its economy via the channels of financialisation, the state is also changing the terms of its social and political legitimacy. While withdrawing from its role as the primary labour dispenser and labour guarantor, the state has encouraged the population to participate in a

financial “rush.” Thus, the stock market is conceived not only as a new redistributor of wealth but also as a “clearing house” for social discontent (see chapter 5). However, in view of the multitude of “scattered players” (*sanhu*) who rely on earnings generated from stocks to compensate for the precarity of their positions, both socially and in the job market, the stock market may prove to operate less as a social security buffer and more as a focus for cynicism and disaffection toward state policies. A contradiction develops between the state’s unleashing of mass financialisation—as it urges *sanhu* to take part in the “stock fever”—and the emergence of the *sanhu* as potentially uncontrollable subjects. I discuss the drivers of this latter potential and identify likely obstacles to it.

As the 2015 financial crisis has shown, investors’ sources of dissatisfaction with the market proliferate; while the *haigui*, as professionally trained financial experts, complain of the lack of market transparency, other lay investors lament the lack of market protections. Nevertheless, this heterogeneous mass of investors agrees on the necessity for the state to “intervene” to safeguard their actions in the marketplace. This desire for the state to *jiushi* (a popular term for “rescuing the market”) emerges as a crucial characteristic of the way China is constructing financial capitalism (Lin 2015). The financialised masses’ reliance on the state playing this role is not only motivated by their acknowledgement that their investing in “A” domestic shares is exclusively due to the state’s hold over the market. Their expectation that the state will intervene to rescue them when the market goes wrong is also motivated by the state’s on-going invocation of the traditional symbols of communist prestige—the state as the people’s saviour and builder of the republic, its old signifiers—as the cornerstones of its continued legitimation. At the same time I stress that, while seeking to foster finance capital operations within its borders, the Chinese state has inevitably undergone a transition from being the “state for all the people” (the communism period) to become a champion of economic efficiency.⁸³ In this shift, the once supposed “masters of the

⁸³ *Quanmin guojia* is a label attached to Soviet Communism by the Cultural Revolutionaries to stress the obfuscation of the class criterion, which nevertheless officially remained a definition of the Chinese state (He 2001).

state,” the peasants and workers, have lost their defender.⁸⁴ I illustrate how this path the Chinese state has embarked on is risky, and results in a reconfiguration of the relations between capital and labour marked by uncertainty and instability.

I argue that new subjectivities emerge out of this relationship. This is particularly visible when observing the financial practices of the *haigui* deployed in the ecology of Chinese financial expertise. Though the hegemonic global culture of finance demands accountable, reliable, entrepreneurial and transparent skills as necessary assets for undertaking any form of financial career, I will show that, once the *haigui* find that the expertise they acquired abroad cannot be leveraged to deliver status as a technocrat, many of them sound out other options in the “social arena” of the Chinese stock market (Hertz 1998). Their expectations “soften” and they seek social prestige and wealth through active involvement in the stock market. This trend is also influenced by the presence of a mass of lay investors who play the market. In this move, the *haigui* tend to merge into the mass of *sanhu*.

Ultimately, I discuss how China’s opening of the stock market is shaping a new “redistributive model,” where financially skilled labour—such as that of the *haigui*—ceases to be productive labour in the classical waged sense. In the current moment, the state appears unable to maintain its standing with the people through labour guarantees or by simply raising salaries. Where once there was typically a contractual dependency with the state acting as labour dispenser, the new financialised subjectivities are gaining increasing autonomy. The “stock game,” the dream of making money above all else, has come to occupy that space and monopolises the imaginary of these subjects as it obliterates and supplants people’s loyalty to the state as the ultimate workers’ representative. In this relationship, money acquires the power to even out the differences between financially skilled and unskilled labour, placing the state at the head of a mass of potentially unruly subjects.

⁸⁴ *Guojia zhuren* (“master of the state”) is a much-used expression in the Chinese political lexicon, referring to the role of the “mass of the people” as “the creators of history” and holders of ultimate authority (He 2001).

Ecology of financial expertise

The financial rationality of the Chinese state mirrors what Aihwa Ong has defined as an “ecology of expertise”—taking China as a major example in referring to the East Asian states’ involvement in financial markets. For Ong an “ecology of expertise” is built when “strategic interactions among flows of capital and technology (re)territorialise and (re)code complex interrelationships between governments and companies, venture capital and research institutions, economic growth and social good” (Ong 2013, 55). The creation of this ecology defines the relationship between global financial flows and state policy through the lens of a specific knowledge and expertise. Under financial logic—and its associated goals, ideas, and practices—states have been compelled to negotiate their role vis-à-vis financial institutions, agencies, protocols, financial algorithms, and monetary regulations in order to pursue the growth of their new global financial power (Mezzadra and Neilson 2014). However, in China, such pressures have resulted in the proliferation of a new set of agents in the form of state asset “supervisory agencies, state holding corporations or state asset management and investment companies, to represent state ownership as well as manage and appreciate the value of state assets” (Wang Yingyao 2015, 604).

The omnipresence of the state as the major stakeholder in the Chinese financial market has shaped a financial apparatus in which “state-controlled reserves have become critical players in shifting global financial flows and markets” (Ong 2013, 55). The Chinese “ecology of financial expertise” has determined the insertion of Chinese investments and markets into the global capital market. Some prominent examples include the sovereign wealth fund, CIC (China Investment Corporation), constituted in 2007, which shortly afterwards became the world’s fourth largest sovereign wealth fund; and one of its subsidiaries, the Central Huijin, an investment company owned and created by the Chinese state to capitalise and become the major shareholder in China’s state-owned commercial banks.⁸⁵ “Central Huijin has now “snowballed” its assets to nearly twenty three times that of USA’s largest financial holding companies, like JPMorgan Chase & CO” (Wang Yingyao 2015, 603). Yet another is the China

⁸⁵ Through its initiatives and entanglement in the global circuit of capital, China has become the holder of the largest foreign exchange reserves in world history and has now gained the power to heavily condition US debt.

International Trust and Investment Corporation (CITIC), a financial organisation established in 1995 to stimulate the inflow of foreign funds into the country, and which has now become a fully-fledged banking institution. As suggested by Wang Yingyao, the configuration of this state asset management system not only confers new and additional abilities on the state, but it has “fundamentally altered the state structure and orientation, resetting the ways in which it has managed the economy” (604).

As a state “alters” and “resets” the economy, a recalibration of its role relative to its own population and of the terms of its legitimacy will follow; as stressed by Michel Foucault, “the economy produces legitimacy for the state which in turn guarantees the economy” (Foucault 2008, 84).⁸⁶ By increasingly transforming its economy via the channels of financialisation, the state is changing the terms of its legitimacy. As I have already underlined in this thesis, and as the ecological metaphor suggests, amid interconnected though unpredictable, contingent and ever-evolving financial capital flows, the state is in retreat as the main labour dispenser and labour guarantor.

In its place it is instead encouraging the population to participate in a financial rush, in which the stock market not only acts as a new financial redistributor but also as a “clearing house” for social discontent. On one hand, Chinese state vehicles for financial investment are multiplying and expanding, requiring financial market reforms and capital account liberalisation; on the other, China’s GDP is declining, producers’ prices continue to fall, and various other indicators of economic activity have weakened, including growth in industrial production (Prasad 2015). This reshuffling translates into a risky trade-off for the state, with each step towards reform requiring gradual and selective procedures. As I will show, amidst the subjectivities fostered by this trade-off, we find both formal and informal experts.

In the words of Jing, a *haigui* working as a financial analyst in a security company: “You know, it is unclear if the state wants financial reforms; one day you read that they want to implement new measures, the other they make a step back. This is not good—investors get confused.”⁸⁷ As indicated in chapter 5, when the Chinese state is

⁸⁶ See my analysis in chapter 1.

⁸⁷ Interview with Jing, 8 November 2013, Shanghai.

compelled to respond to the dictates of a global financial environment, it proceeds by fits and starts. For instance, the state's initial announcement of an opening campaign aimed at fostering a more competitive and internationally integrated market—which included the inclusion of the *yuan* in the IMF Special Drawing Rights basket—triggered panic among individual investors, which escalated into the Chinese financial crisis of summer 2015. Such a move was initially celebrated in Beijing as one of the first steps to “fulfil China’s ambition to crown the *yuan* as a global reserve currency” (Hui 2015). But the panic this declaration generated among the *sanhu* shows that if Chinese financial monetary policy is to align with the global market, Chinese financial policymakers must take a measured approach in matters that provoke the eccentric logic of the mass investors.

Since 2010, the Chinese Security Regulation Commission has sought to equal the US market, finally releasing index futures in 2012 and, during the same year, approving the development of high frequency trading (HFT) as another measure to advance and internationalise the market. However, while such “advanced measures” nowadays account for almost seventy per cent of the global stock trading volume and have, in the words of Michael Lewis in the book *Flash Boys* (2014), rigged the US market, the same “rigging” could never occur in the Chinese market. HFT has been conceived to serve institutional investors and not individual investors in the capital market and is therefore less decisive in a Chinese market that is dominated by the latter (the *sanhu*).

Despite the risk of volatility due to the distinctiveness of the Chinese market, the state initially undertook the adoption of HFT indirectly, through one of its agencies. The state-owned CITIC Security Company, the largest broker in the market, bought algorithmic trading technology from StreamSoftware, an American Nasdaq-based company. The acquisition of the same foreign technology and expertise used in the United States served as a scapegoat for an about-face: with the first signs of destabilisation in 2015, the Chinese regulators stepped back and started “[targeting] high-frequency traders as part of an attack on price manipulation, which they blame for the turmoil that has seen the Shanghai composite index fall by nearly 40 per cent, since hitting a seven-year high on June 12” (Waldmeir 2015, n.p.).

Soon after, the arrest of CITIC Security’s main executive functioned as an act of public shaming that allowed the state to face the multitude of individual investors and

disavow all responsibility for the financial turmoil. To some extent, the dedicated space the state had guaranteed for individual financial investors appears to be at odds with the state's attempts to advance financial reform according to global standards. In early 2015, the final year of the five year plan, Bloomberg reported that the “premier was pledged to press on with “wrist slashing” reforms” (Bloomberg News 2015). In this tangled array of financial measures and financial market “restructuring,” abandoning a mass of investors would threaten not only the domestic market but also social stability. The reforms had been intended to create more competitive, global, market-oriented standards. The state's initial approach was to run it up the flagpole in order to check the reactions of mass investors. In response, the investors appeared to perceive such hesitancy as a deficiency in the state's performance. The Chinese state's moves to align to global standards seem to represent a dangerous and precarious ground for investors.

While seeking to shape its own endogenous financial ecology, the state's behaviour in swallowing up financial assets to its own advantage—borrowing, investing, and risking new capital—has “inexorably introduced chained financial risks to political entities” (Wang Yingyao 2015, 605). Notably, within the ecology of financial expertise, the fostering and role of state asset managers has been based more on their political ability to leverage their state or para-state status than on their financial expertise, harking back to the “red and expert” debate of earlier decades that I described in chapter 2. In particular, at the provincial level, these state-affiliated financial managers have been involved in the creation of new funds, whereby capital borrowing and lending was under the umbrella of the state. In the following section, I will show how the result of such a configuration of power opens up ground to investigate “the collusion between the power of the state and the magic of finance” (Wang Yingyao 2015, 605) where the mass of financial investors are parked in the middle.

A common denominator in the discontent of investors that preceded the crisis and continued beyond it was the government's inability to ensure a profit from shares the *sanhu* had invested in. Among the most indignant investors were those who had invested in state-backed companies, feeling they had been duped by what they were led to believe was a safe investment. For instance, in Henan, the *Tengfei* Investment

Wealth Management fund collapsed in 2014. Since then, protesters demanding a refund have regularly gathered outside the local government building. As expressed by one Mr. Yang, interviewed by the *Wall Street Journal*, “without the government’s assurance, no one would have dared to believe *Tengfei*” (Yap 2016, n.p.). Another case erupted in Guangzhou in May 2015 when *Fanya* Metal Exchange, a rare metals trading platform, was exposed as a fraud after being caught up in a giant Ponzi scheme. Investors first protested in Guangzhou, then, feeling ignored by the local government, they organised rallies in Hong Kong hoping to gain the attention of the Western media. Investors were particularly angry as the company had been launched and had grown thanks to direct government support. Not only the Guangzhou provincial administration approved the setup of *Fanya*, but also “state banks aggressively sold its flagship products, which promised ‘zero risks’ and high returns, to their clients; China’s national broadcaster regularly endorsed the exchange” (Huang 2015, n.p.).

It is clear that official recognition of the company by the government blinded investors to the possibility that things could go wrong. When the market collapsed in August, a wave of protests spread from Kunming to Xi’an to Beijing. After equity markets collapsed, crowds gathered in the capital outside the offices of the securities regulators. “These indignant investors add to unrest among a broader swath of Chinese who are openly challenging authorities, including migrant workers, coal miners and demobilised soldiers angered by job losses. A common thread: protesters are convinced government officials and the ruling CCP encouraged their investment of money and labour in ways that helped build modern China, and now they feel betrayed” (Yap 2016).

Anger and growing disappointment towards the state’s expectation in managing the market increased even among the *haigui*, who initially seemed the most willing to place their hope in the state’s capacity. In the eyes of Jun, a graduate from Macquarie University who returned home with a strong desire to be part of the state’s technocratic power, the hope and promise of the new “Chinese dream” which had hitherto driven him forward, is now evaporating: “China sooner or later will have to change; it cannot keep going this way. This financial market is too provincial, underdeveloped and too volatile. It needs reforms and transparency, there are too many people jumping [into]

it with the hope of making money, speculating. ... The government has to sort this out. Most of Chinese investors cannot understand the market, how it works.”⁸⁸

Jun, after facing multiple disappointments, defines the “distinctive” characteristics of the Chinese financial market as inefficiency and backwardness. His disillusionment led him to downgrade expectations of the potential for success there. His reasons though were different, even in opposition, to those of others who were angry at the lack of state “protection” of the market. Jun’s perspective, as an educated-abroad aspiring financial expert, was instead that the state had to intervene to regulate and reform the market in order to dampen the volatility caused by the irrational moves of the *sanhu*.⁸⁹ Furthermore, in contrast to the mass of investors, Jun was expressing his criticism using “the jargon of money.” Talking about adjustments, indexes, multipliers, rates, and so forth, he was employing the jargon of his financial discipline, which the average *sanhu* would struggle to understand. In deploying this jargon he was wielding a potentially powerful tool, which he hoped would help him to scale the ladder of success.

As aspiring financial experts, the *haigui* feel competent to debate the matter of government regulation of the market. In *How to Speak Money* (2014), John Lanchester describes the qualities of financial jargon as both “exclusive and excluding” and underlines how these “qualities are intimately linked up” (8). Jun was feeling part of an exclusive group of financial experts who could claim a voice because they understood the market. However, his frustration was double: he was unable to gain a position and provide technical advice on policy matters due to his low status within the ecology of Chinese financial expertise; and his exclusive belonging to both the world and words of finance was also excluding him from a Chinese financial market that was dominated by informal scattered investors.

The informal experts, as improvised investors, lean on the state’s paternalistic measures over the market; the *haigui*, confident in their formal expertise, consider the state a hindrance to the free exercise of their abilities, though they still call for state

⁸⁸ Interview with Jun, 28 November 2013, Shanghai.

⁸⁹ As I explain in chapter 5, if China aligns with global international standards and regulation, it will need to eliminate “A” shares, the ones the *sanhu* can invest in.

intervention to reform the market. If the former are aware of their weakness and recognise their need for a defender, the latter, eager to valorise their technical skills, are in need of a neutral arbiter, and believe they might be employed and valorised within a system of mature and developed market rules. The *haigui* criticise the government for its lack of reform and control over speculative activity. They also find the state unable or unwilling to ensure “healthy,” transparent, and fair competition among investors, through reforms that would prevent conflicts of interests, institute supervisory authorities, and get rid of speculators. But, as bearers of formal expertise, the *haigui* expect their professional skills to be put freely to work in optimal conditions. On the other side, the older and financially uneducated *sanhu* expect state protectionism to shield them from the harshness of free competition. Broadly dissatisfied with the state’s mismanagement of the market, they have escalated protests against the market after the crash. But due to their heterogeneity, their different ambitions, aspirations, backgrounds and their pervasive competitiveness, the *sanhu* have been unable to build an organised and unified protest against the government.

Nonetheless, many Chinese investors applauded the state’s adoption of a “circuit breaker” measure to halt the risk of further market turmoil. As some of them stated, they could see “the government’s good intentions” (Duggan 2015b, n.p.). In their many protests and laments, their expectation that the state should be prompt in “rescuing the market (*jiushi*) figures as a crucial component of the Chinese way of constructing financial capitalism” (Lin 2015, n.p.). I argue that the shaping of a Chinese ecology of financial expertise struggles to be effective where the state has secured a domestic *milieu* that retains its ownership over capital and control of labour. Although financialisation has been deployed to sustain a mass “stock fever” allowing people to engage in state-supervised financial operations, the creation of a domesticated mass financialisation, which has encouraged, *inter alia*, the rise of both formal and informal financial experts (the *haigui* and the *sanhu*), might ultimately prove self-defeating.

From the fall of the people’s state to the rise of a financialised state

“China’s ‘open door’ at the beginning of the twenty-first century was so utterly different from that of a century earlier because this time global capital entered by invitation” (Panitch and Gindin 2013, 151). One could say that through this opening China participated in the historical turn that accompanied the global rise of

financialisation elsewhere, as the door-opening reforms meant the gradual dismantling of state welfare guarantees to workers. As theorised by Greta Krippner, on the basis of studies by Marxists and world systems theorists from Harry Magdoff and Paul Sweezy to Giovanni Arrighi, financialisation should be placed “on a firm historical foundation where the state is no longer treated as exogenous, but as fully internal to the analysis” (Krippner 2011, 13). However, while Krippner argues that state policies created the conditions for financialisation, this very same process allowed the state to avoid a series of economic, social, and political dilemmas after industrial profit started to decline in the late 1960s (14). The “dilemma” faced by the Chinese state was of a different nature: the booming profits of industrial capital flowing from an export-led economy based on a sizable reserve army of labour required investment in a new system of accumulation while also maintaining social order.

The Chinese process of financialisation was not initiated, as in the West, by capital’s drive to find new pathways for growth after the industrial crisis of accumulation.⁹⁰ Rather it was a process of profit capitalisation from the industrial sector that carried China to integration with financial capitalism. As indicated in my analysis in chapter 5, this situation was enhanced by the flow of foreign investments in search of cheap labour to be exploited, and by the restructuring of the SOEs into joint stock companies. China became involved in wide-scale restructuring, and the state was the prime mover in that transition. Among other measures, it guaranteed an efficient division of labour, converting China into the “factory of the world.” While this gave rise to a frantic urbanisation (and land speculation) the state embraced financialisation as the key driver of “capitalism with Chinese characteristics.” In China, it was the political structure, the party-state, and not the formal re-structuring of laws, which guaranteed a safe environment for foreign investment.

Relying on the reserve army of labour, China’s central and local governments have controlled and skilfully manipulated investment, employment, tax, labour, pollution

⁹⁰ This pathway was generated as Fordist capitalism was no longer able to suck surplus value from living working labour (Marazzi 2010, 32). This initiated a process of massive delocalisation of production to countries with cheaper labour costs, the casualisation of labour, precarity, de-unionisation and in turn a process of financialisation through which capital’s search for profit was carried out of productive processes by means of a new shareholding value.

controls, and land use policies to attract industry and to nurture it. For instance, Andrew Ross has shown how American managers, who he defines as the addled minds of the free market, seem not to realise that the triumph of free market capitalism in China they expect (fomented by Chinese success in building a highly competitive environment) comes in fact from effective government planning that was promoted and guaranteed by the party-state (Ross 2006). Moreover, the state's ability to embrace foreign investments and import new technology also ensured the influx of management and expertise from abroad, resulting in the emergence of a new professional labour force.

Marking continuity with its “anti-modernity modernity” (Wang 2008a, 114), the state shaped foreign expertise to its agenda, including and excluding knowledge, skilled and unskilled labour, pursuing in this way a new process of valorisation. On the strength of a legacy and economy of self-reliance (*zili gengsheng*, literally meaning “reborn through their own power”), China has often preferred a cautious gradualism. In this way, China equipped itself to engage in transnational capitalism, whilst experimenting with its autonomous role by performing what Wang Hui has defined as a “dialectic of opening and autonomy” (2011, 237) (see chapter 1). Thus, through a process of entangling and disentangling, accepting, and refusing global capital's dictates, the Chinese state presents a domestic dream. While embarking on the path of a neoliberal rationale, the state preserves its old political signifiers, and exerts control through symbolic and cultural production.

As I previously underlined in chapters 1 and 2, it is undeniable that the Chinese communist party has eroded its value system through a process of “depoliticisation” (Wang 2006a). However, one should note a striking contradiction in this process: the success of the Chinese transition is precisely due to the ability of the state to strategically maintain its old signifiers—the CCP and the recurrent call for socialism and Marxist doctrines. One of the strongholds of the state's symbolic and cultural production is public education. Xi Jinping's call for Chinese universities to implement stronger “ideological guidance” could be considered evidence of this. In 2013 the government issued guidance that Chinese students should “shoulder the burden of learning and researching the dissemination of Marxism,” and Chinese universities should “cultivate and practice the core values of socialism in their teaching, as well as

strengthen and improve the ideological and political work” (Associated Press Beijing 2014, n.p.). While in China, I heard on many occasions that the majority of the Chinese professors of Marxism—who account for most of the scholars providing social and economic analysis—comment using the rhetoric of the establishment, offering opinions along the lines: since the start of the opening and the reforms, the relationship between labour and capital has reached a balance thanks to the state party intervention. In other words, they claim the state is playing a virtuous role, limiting the power of the private capitalist to exploit the labour force.⁹¹

The state boasts of being the heir to a glorious past of national liberation and of a “developmentalist” version of communism, which strongly rejects the egalitarian “socialism of the poor” that Mao Tse-tung took from the former Soviet Union. Rather, the state acts “virtuously” to limit the private capitalist’s power to exploit the labour force, and the merits of a balanced relationship between labour and capital are attributed to intervention by the party-state. What counts here is the state’s claim to centrality in crucial moments of social life. For instance, by order of the central government the state intervenes to force all enterprises to increase salaries and new job contracts—the symbolic value of this move is far more important than its real content, which is often disregarded. One should remember that ninety per cent of all migrant workers in the construction sector work without any formal contracts (Chan et al. 2010) and often suffer industrial accidents and injuries and are left with no compensation (Pun and Lu 2009).

This recalls the plans of the Russian Mensheviks that were introduced to China by Chen Duxiu, the first Secretary General of the CCP. Their program envisaged a two-step development as essential to progress: entrepreneurs, the urban bourgeoisie, and so forth, would be enriched first in order to drive development for the rest of the country.⁹² In the Menshevik model, a free hand is bestowed upon the rich who, burdened by a moral commitment, promise the impending flourishing of the economy

⁹¹ These conversations were heard when attending conferences and talks while studying for my Masters dissertation in both Qinghua University in Beijing and at the Shanghai Academy of Social Science.

⁹² *Mutatis mutandis*, in the eyes of Chinese reformers this doctrine seems to perform in a similar pattern to one of the pillars of neoliberal doctrine, the “trickle down” economic effect.

will eventually translate into an advantage for “everybody.” Consequently, workers and peasants should wait for the general enrichment of society before expecting their personal status to improve.⁹³ This imaginary basically rests on an “unspoken agreement” between the Chinese state and its population: the first guarantees social order, national unity and development; the second swallows the propaganda in exchange for an eventual rise in individual incomes. Undoubtedly, the past communist track record of “serving the people” helps to prevent a breach in the covenant. In this frame, the imaginary is never required to become a reality: the elite abhors the past as a hindrance to consumption and social polarisation, while the masses look back with nostalgia, seeing communism as defender and equaliser. In any case it remains latent in the background, with no one wanting to resurrect it.⁹⁴

For thirty years—from its foundation in 1949 to the Opening and Reform Policies of 1979—the Chinese state had represented itself to the people as both employer and as dispenser of work, wages, and consumer goods. In a system far removed from any legal rights and obligations between employers and employees, a division of tasks between the state and its people was activated, based on moral obligations and common political aims such as the construction of a better society. The state was required to provide the people with the means of living, and the people had to provide the state with their labour. In what perhaps sounds astonishing nowadays, Maoist China never considered money a crucial factor. In order to obtain the desired goods and services, what counted more than money were the coupons of the planned trade, distributed by state offices; money was an accessory and seldom gave direct access to consumption. Moreover, it could never be openly displayed. Communism was

⁹³ For instance, the policy of the first secretary of the CCP, Chen Duxiu (1879-1942) was based on an alliance with the bourgeoisie as the driver of the economic development. See Feigon 2014.

⁹⁴ Pun Ngai speaks about the “denial” of communism: in China, through the negation of the collectivist model of the past, subjectivities enthusiastically reposition themselves within an exalting competition and individual skills in a “free” market, with the belief that such a market could guarantee individual freedom (Pun et al. 2010). In a different approach, the unreality of communism is linked to the absence (for the moment) of a proletariat as a class per se. For instance: “Among the new workers, it hardly seems to be an awareness of being a subject. When it comes to their identity, just a few of the new workers identify themselves as such, most of them seem to identify with who oppress and exploit them. As an Opium, the developmentalist ideology has imposed a dominant position and it makes even more difficult to free the subjects it oppress with new values to free themselves” (Guo 2015).

attractive precisely because it offered an undifferentiated and egalitarian means of subsistence, regardless of perceived standards of quality of production.

The introduction of a contractual system into the relationship between state and workers with the *gaige kaifang* was indubitably a cultural shock of unparalleled magnitude. As suggested by Chris King-Chi Chan et al., “the paradox is that this state-driven process of economic globalisation has been accompanied by a state withdrawal process in the areas of social reproduction and social protection” (2010, 213). In other words, the socialist principle “each according to his craft” was thrust into a neoliberal frame: the call for a fair wage was inculcated in the people’s minds as a push to work hard and make money as individuals. In parallel with the party process of depoliticisation, which strategically emptied out the political weight of class categories, the party-state became even more empowered to exploit a population no longer able to recognise the “signified” expressed by the “signifiers”—the values and the meanings of the previous foundational social order of communism. As suggested by Wang Xiaoying, these subjects became trapped in “a mismatch between the official moral code, which continues to invoke communist and collectivistic values such as ‘serving the people’” whilst, at the same time, they were encouraged to pursue individual interests and competition in an increasingly capitalistic economic order (2002, 3).

This dichotomy presents a clash between forces in a contest for the minds of the population, and thus points to the rise of a schizophrenic subject. However, referring to a “mismatch” or a “disjunction” should not imply in any way the existence of a linear and unique correspondence between ideological values and capitalism such as the association with a single and unique liberal ideology. On the contrary, the global hegemonic expansion of the order of capital demonstrates its capacity to colonise a wide array of territorial and political settings, and impinges on heterogeneous forms of social relations. Thus, when looking at the power of China “constructing a new capitalism” (Keith et al. 2013), what is at stake is capital’s devious capacity to match rather than clash with the old political and ideological façade of the CCP and its old—although perhaps never fully achieved—declared identity as the vanguard of the working class.

The Chinese version of financial capital is empowered by the party-state and by its symbolic communist prestige: the people saver, the builder of the republic. In his latest work, *China's Twentieth Century: Revolution, Retreat and the Road to Equality* (2016), Wang Hui suggests that with the shift toward financialisation, what was formerly functioning as a workers' state began to play the role of dual representative of both labour and capital. "The increasingly close alliance between capital and power has made the state's representation of the rights and interests of labour increasingly hollow, but its formal role as the representative of labour has not undergone a fundamental change" (396).

Called to respond to the logic of capital, the state drifts from its role as people's representative, losing the consistency of its communist and republican values, yet evoking them at the same time. Wang notes that, in comparison to the communist period, the number of workers has effectively increased in today's China. Wang defines the Chinese "new workers" as a category which far exceeds China's twentieth-century working class in number and scale and which encompasses the vast majority of labouring people in China—those who are "neither industrial workers in the traditional sense nor farmers in the traditional sense, but half-worker half-farmers, people with rural residence permits who are both workers and farmers" (357).⁹⁵ In addition, Wang also discusses the existence of a further category, which, as I will explain in the next section, he calls the Chinese "new poor"—people like the *haigui*, who are involved in immaterial and financial labour. The point is that, overall, despite their scale and numbers, and because of their casualisation and diversification and in part because of their heterogeneity, these workers have lost their capacity to be

⁹⁵ In Chinese *xin gongren*, a recently proposed substitute for the outdated term *nongmingong* "workers of peasant origin," indicating migrant workers of rural origin. The Chinese language clearly distinguishes between *gongren* (manual workers in the industry, blue collars) and *laodongzhe* (workers in any field, paid with some kind of wage), as French and Italian also do (respectively *ouvriers/travailleurs*; *operai/lavoratori*), though not English. Besides, *xin* "new" here is *xin-*, a prefix like "neo-," deprived of any temporary connotation, as a link to contemporaneity or to "modernisation" of the job market could be. Perhaps a better translation could be "neoworkers." As it sounds in Chinese, this term clearly stresses the distance between this new form of migrant with their precarious condition and the old workers (in industry, mines, etc.) with a secure job for life, normally in the same company or unit. See for instance Lü 2013.

structurally organised. The process leading to this impasse has been far from smooth—the discomfort of tens of millions of workers has resulted in China becoming “an emerging epicentre of world labour unrest” (Silver and Zhang 2009). “Suddenly subject to layoffs, increased precariousness, reduced wages and benefits, and ‘subsistence crises’ (Chen 2000), workers in the state-owned sector began actively and explicitly drawing on the concepts and ideology of Maoism in defence of their suddenly impinged upon livelihoods (Lee 2000, 2002). ... Even if worker protests may have had the effect of slowing down the process of privatisation and convincing the state to hold on to a significant number of large enterprises (Cai 2002), none of these episodes have been effective in arresting the processes of commodification and casualization” (Lee and Friedman 2010, 518).

What Eli Friedman has defined as an “insurgency trap” (2014) shows that real instances of autonomous political activity are difficult to develop under the strong paternalistic and police powers of the state. As explained by Chan et al., we are faced with a process of “proletarianisation of Chinese labour, driven by the state but at the same time crippled by it” (2010, 136). For instance, the introduction of new legal rights through the 2008 labour law succeeded in empowering workers with individual legal rights without granting the collective right of freedom of association. Claims for higher wages are satisfied through state decrees and not through negotiations. As put by Wang Hui (2016): “Unlike the class struggles of the nineteenth and twentieth centuries, the direct conflict between the workers and the state is not developing toward the formation of a workers’ state, but toward the formation of a nineteenth-or early twentieth-century economic system—that is, utterly abandoning its character as a workers’ state, and instituting legal rights based on the right to own property” (396).

These new generations of workers are indeed radically different from previous ones. However, one should note that even the articulation of “legal rights” is to be understood within a specific Chinese political discourse in which the state acts as both a coherent and a fragmented entity. The new “rights” are framed as economic, social, and cultural “concessions” that the state offers to its citizens. Therefore, these rights stem from the state programmatic idea of nation-building and cultural development, which is linked with the idea of a “new quality” of population that I discussed in chapter 2.

Furthermore, as I argued in chapter 4, in this new state rationale, the creation of a self-governed, calculating individual can be viewed in a Foucauldian sense as emerging through a “technique of the self” that exists at the intersection between “public morality” and “individual interest” (Foucault, 1997). The characteristics of this new generation of workers include greater disaggregation, casualisation, individualism, and attraction to urban consumer culture (Davis 2000; Pun 2003, 2005; Chan et al. 2010). The entry of foreign capital and subsequent “contamination” by foreign investors have introduced new desires and new ways of living to a population exposed to more frequent contact with the rest of the world. These new workers employed in both the material and immaterial sectors—involved in the education-migration circuit are a major example of the latter—are driven by competition, personal interest and freedom, and are accustomed to higher job turnover rates and less loyalty to their work (Lee 2007; Ross 2006).

Financialisation of the new (poor) discontents

As I have underlined several times in this thesis, the rise of a new entrepreneurial Chinese rationale has been encouraged by the state: subjects have been left to become increasingly competitive, entrepreneurial and risk-taking, and to respond to the excitement of entrepreneurialism and hedonism. On one hand the state has remorselessly delivered its skilled manpower to ruthless foreign and domestic capitalist exploitation; on the other hand, it expects to control its population firstly through mass financialisation, and secondly by a jumble of disparate measures: urbanisation, making China the “factory of the world,” nationalism, and finally with recourse to the corpse of the values of communism. But the emerging subjectivities—delivered to a non-guaranteed work environment by the same state that portrays itself as a champion of the working people—are questioning its legitimacy. In this hodgepodge—which characterises the contemporary Chinese configuration—a functional system of exchanges among different knowledge, codes, entities and disparate ingredients impact and collide with each other like bumper cars in a dodgem arena.

As discussed in chapter 5, both the state and the population now refer to the stock market as a golden goose, and everyone is excited to *xiahai* (“put out to sea”) and

metaphorically “jump into the sea (of business).”⁹⁶ However, under such a new rationale, the strategies of the new mass of investors have taken really different directions and no solidarity or organisational capacity has so far emerged. On one hand, the old generation of *sanhu*—whose livelihoods were previously protected by the old “iron rice bowl”—feels particularly threatened because of the withdrawal of the state from its role as labour guarantor (see the discussion in chapter 5). Through the opening of the domestic stock market, the state was able to ensure a process of capital conversion (from private savings to financial securities), and to mitigate the risk of popular social unrest. On the other, new *haigui* investors like Jun, driven by the myth of further individual enrichment, instead see the government as provincial and backward.

In order to defend his position as a financial expert, Jun aligns with the main foreign and domestic media interpretations of the crisis (it escalated in the summer of 2015), which attributed responsibility to “financially illiterate and uneducated” investors who, by acting irrationally, had triggered volatility and chaos. Despite the potential for the financial crisis to generate a widely shared distrust, the heterogeneity of the mass of investors I have described so far appears incapable of being united in a common cause. The *haigui*, as a new generation of workers produced by financialisation, resemble the features of what Wang Hui (2016) defines as “the Chinese new poor:”

A separate group, different from both the traditional working class and the new workers, is far more active within the realm of politics and culture: those who can be called the “new poor.” This group, too, is the product of the industrialisation, urbanisation and spread of information technology brought about by globalisation, but unlike the rural migrant workers, they are victims of a consumer society lacking in “internal demand.” They have often received higher education, work in various fields and live on the outskirts of the large cities. Their income, though similar to that of blue-collar workers, is insufficient to meet the

⁹⁶ This term came into use especially after Deng Xiaoping’s early 1992 tour of China’s southern provinces, after which a business fever erupted. This business fever was often described with the saying: “One billion people, 900 million businessmen, and another 100 million waiting in line.” “Jump into the sea” (from a word used in imperial China to mean “turn professional,” said of an actor or actress who starts a career as a prostitute), was re-interpreted in the sense of “bravely sail offshore,” as a call to those in every profession (from researchers and academics to civil servants) to discard the security of public sector employment and adventurously try to make money.

consumptive demands stimulated by consumer culture. Aside from their material poverty, scholars often describe this group as “spiritually impoverished” and having “lost their social values” (even though those using these concepts have spiritual lives no more rich than those they describe). ...They are discontented and restless. ... the composition of these new workers implies a “political potential” which has yet to be explored (360-363).

Like these “new poor,” the *haigui* in Shanghai, who are shaped by the process of financialisation, and living on the periphery of Pudong, aspire to unachievable consumer practices and spaces (see chapter 4). Even if in many cases the *haigui* didn’t directly express their un-satisfaction and frustration regarding their job positions, they felt excluded by the domestic financial elite. In our conversations often evasions, detours, moments of omission “interluded” their answers. Initial attempts of lamenting their present life and job conditions were often interrupted by hesitations that then turned in an aporetic silence. As stated in the introduction, drawing from a feminist methodology, I take it as my responsibility to read these silences as resistance (Visweswaran 1994). The act of not saying or unsaying reflects their unwillingness to be subjected to power relations in which they were subaltern, as excluded from the inner sanctum of technocrats that characterised the Chinese ecology of financial expertise. It is thus credible to suggest that the *haigui* are among the social groups, which, as hypothesised by Wang, are forging a new and markedly unstable configuration of relationships between capital and labour. They are “discontented and restless” and, in this sense, may harbour a political potential. By infiltrating the direct relationship between the state and the people, finance as a substitute for previous state guarantees of social welfare has increasingly blurred other channels of communication, as heterogeneous pressures are directed along more nationalistic, anti-corruption lines. As a result, the state is losing its grasp on these subjects. Furthermore, like the “new poor,” the *haigui*, a generation born under the wave of “depoliticisation”, can be described in Wang Hui’s terms as “spiritually impoverished” and unmoored from any political and social commitments. Instead, investing in the infiltrating the direct relationship between the state and the people, finance as a substitute for previous state guarantees of financial education abroad, they commit to a financial career in which promissory, speculative, manipulative practices will reign supreme and a

wavering, cynical, mocking attitude is both applauded and considered necessary to survive.”

I had to contact Xun several times before he agreed to be interviewed. Xun can be considered a model Chinese professional, with his clean aesthetic and smart, clean-cut image. He holds a PhD in applied finance from Macquarie University (Sydney) and is a member of the government’s “10,000 talents program” that encourages high-achieving students to return home after study abroad. Xun was also the winner of the Australian China Alumni Association (ACAA) Award, which I described in chapter 3, and was named the second most successful returnee of the year. Soon after he arrived in Shanghai, he got a job as a senior analyst within the Chinese hedge fund industry, a nascent industry in China, with a company backed by the government. He told me that the industry is performing really well, and he knows a lot of foreigners trying to get valuable information from him as they seek new avenues for profit: “You know, foreigners like you. They always ask me how managers and funds perform here in China. They want to know our strategies, the way we operate, but this is just something you can’t get if you are not Chinese.”⁹⁷ In this regard, not “being Chinese” for him equated to not being a possible interlocutor with whom to share the Chinese market “culture.”

Xun’s job was deeply speculative. He was aware his industry was depicted as the culprit of the Chinese financial market. From insider trading to Ponzi schemes and shadow banking practices, hedge funds are among the primary tools used for speculation. One particular case of speculation had recently been denounced in Ningbo just a few weeks before our interview, and attracted both Chinese and international media focus. The practice, described as *zhangting gansidui* (limit-up kamikaze), consists of the following: “managers would get a small group of friends to buy into a stock then talk up its prospects to a wider group of friends. The second group, who were in fact being duped, would rush to buy the stock and the manager would reap his

⁹⁷ Interview with Xun, 15 August 2013, Shanghai.

profits by offloading his holdings when the stock hit its ‘limit up’—the maximum it could rise in a single day” (Davis and Rabinovitch 2014).⁹⁸

When I brought up *zhangting gansidui* in conversation, Xun stopped being so defensive, though he kept exhibiting a certain sense of superiority, holding that there is no form of investment that is safe in China: “Strategies like these are just part of the agenda; they are pervasive and it’s just the way it works.” In general, he was aware that the common practice of insider trading was making the job of analysts like him opaque in the eyes of foreign investors who ask him for advice. But, in China, while everyone was blinded by the desperate desire for a high return, the practice of shadow banking and high-risk investing somehow became a *de facto* payment, with everyone expecting to “make yields irrespective of drought and flood.”⁹⁹ However, what struck me about Xun was that he was extremely elusive and cynical about the environment in which he has been able to “re-adapt.” It was precisely this cynical attitude (and his inclination to get his hands dirty) that helped him to climb the career ladder. His role was tailored to play within that ecology of financial expertise established by the state. In fact, when it came to talk about his expertise, he expressed a kind of faith in it as a form of “applied science,” a scientific truth. He explained to me that the concrete knowledge with which he operates comprises both fundamental analysis—values measured by market performance, balance sheets, cash flow, and so forth—and technical analysis—predictions on market and stock price patterns for a broad range of companies and industries, irrespective of their current state of financial health. Through his ability to produce graphs, indices, and charts, he could affirm his distinctive position as technically superior within the local environment, and put this to work when undertaking negotiations with foreign clients. When talking in technical terms, he was performing the hermeneutic discourse of his discipline, without questioning the possibility of its misapplication.

⁹⁸ Literally *zhangting* (stop the growth), an abbreviation for *zhangdie tingban* (limit-growth-and drop lists), a system to stop the explosive growths and drops and limit the speculations on the share markets.

⁹⁹ The term is used to cover all financial intermediaries that perform bank-like activity but are not regulated as one. These include mobile payment systems, pawnshops, peer-to-peer lending websites, and mostly hedge funds, the industry Xun was working for.

Xun seemed nonetheless unable to directly use his expertise as a main tool for his career. His expertise, instead of providing a sound financial knowledge basis to legitimate and justify his actions, was too often restricted to providing a mere *façade*, or “cover,” for speculative activities and arbitrary/unregulated interventions by the state, and in particular state-owned enterprises, when dealing with international clients/observers. This “cover” was aimed to justify the very language of money, which insinuated a direct relationship between the state and its subjects, and which formed a common ground for a rough “predatory” psychology to emerge. In other words, faced with the opportunity for making money, some of the *haigui* were happy to abandon the implementation of the knowledge they learned abroad on market commitments—not in playing a fair game and guaranteeing a fair competitive environment, nor in advancing their career profiles—and instead to cement their role as a necessary intermediary in practices like insider trading and shadow banking. They were not masters of their own work; even if just employees, they were the servant of a pattern based on “shadow” money creation. Xun, working for a hedge fund, had to hone his skills to generate, cover up, participate in, and even legitimise forms of speculation that in turn generated income for him. As Melinda Cooper (2015) notes, the emergence of shadow money creation represents an on-going response to the evolving risk profile of financial labour which, by engaging in contingent, nonstandard, and uninsured forms of labour, has offered a solution of sorts to social insecurity.

Cai is a graduate from an MBA course in Brisbane and works in a mutual fund company that pools money from individual investors to purchase securities. Mutual funds are in fact a form of investment companies acting as intermediaries between individual investors and the stock market. These companies offer the client a set of products with different rates of return according to their risk. In China mutual companies like the one employing Cai, along with many other securities companies, operate under the supervision of the state and the restrictions it imposes, which are issued regularly, almost monthly, by the China Securities Regulatory Commission (CSRC). The service this company provides to its clients is often based not on its own market research and analysis (the job Cai is supposed to do), but mainly on CSRC company listing supervision and prospects. This latter in fact, while being centrally managed, establishes market parameters that financial institutions have to follow.

Cai's job was thus to interpret this data and report to his clients. In his mind, this was ensuring his clients were more "protected" than other investors. Expressing some frustration, however, he told me that ultimately the clients (such as the *sanhu*) always want to make their own choices. He remarked angrily that the general behaviour of Chinese investors is crazy. As with many other *haigui* he explained to me how the market in China is not like in other countries, such as Australia or the United States, where people like him actually play a crucial role as intermediaries and proper brokers, and seek the best deal for their clients. He told me that in China the clients all think they "know" what they are doing. In addition, there are no filters; anyone possessing the equivalent of 20 dollars can actually buy stocks. He said: "Of course it's very dangerous; people actually do not see the risk and they could actually lose a lot of money. The problem is that investors here are just financially illiterate, they don't understand the market, plus they are constantly fuelled by false information."¹⁰⁰

He was discounting Chinese popular enthusiasm for the market in order to defend his professionalism and upgrade his role. He was supposed to provide clients with guidelines for investment and prevent them from making unduly risky and irresponsible decisions. However, it was hard to say precisely what kind of advice and service his company was providing to individual investors. In the end, after showing me his portfolio and the different options from which an investor could choose (from low risk 5 percent profit, to very volatile up to 20 per cent profit), he told me that the best and safest investment a Chinese person could make, if they had the credentials, was on the Australian stock exchange or the US-based Dow Jones. He was investing there himself. But what about his special access to the information from the CSRC? His expertise? His capacity to forecast the Chinese stock market? After all, I had heard many times that in China investors who want to avoid risk are advised to invest in state-owned banks or other state-owned companies, as there is a guarantee they'll never go bankrupt. But even this was not so straightforward; accessing reliable information, such as which are the "right" state-owned companies and when is the "right" time to invest, was something reserved for the secret rooms. Certainly, regular anti-corruption intervention from the CRSC served to maintain or restore public

¹⁰⁰ Interview with Cai, 12 May 2013, Shanghai.

confidence in the state as *super partes*. But, ultimately, even with this intervention the state was acting rather arbitrarily. If, on one hand, the CSRC was denouncing and threatening to prosecute local banks and provincial companies under its own control, on the other it was also bailing out institutions involved in shadow banking practices in a bid to guarantee more liquidity in the market.

In the Shanghai financescape, it is often assumed that *haigui* bring expertise in accounting or financial analysis to tasks such as auditing, data disclosure, or tax returns for private and foreign corporations, for the purpose of making both Chinese and foreign companies “accountable” to be listed in the domestic or international market. However, upon investigating the nature of *haigui* expertise, it is clear that the technical skills that make someone “qualified” are insufficient. Besides econometrics, statistics, accounting and management, a financial worker should also be acquainted with local relational rules. In order to achieve this, she must simultaneously deploy two different skill sets: a formal one covering knowledge of the market regulations; and a more substantial one, bridging the gap between multiple “financial cultures,” and facilitating and responding to the brazen improprieties of her employers, up to and including the covering up of illegal practices.¹⁰¹ However, the *haigui*, even if not formally educated to perform this second task, seem at ease. After all, their ultimate aim, like that of their employers, is to present as a *chenggong renshi* (winning personality), a key anthropological figure in Chinese reforms. They have to play the game, however remote that is from the environment in which they had been trained to succeed.

In the pursuit of these trajectories, the *haigui* seem bound to discover the quicksand of the Chinese ecology of financial expertise. In most cases, the “winning personality” turns out to be an empty fetish, out of their reach. At the same time, the need to set aside their professional skills for the sake of the job market appears in their eyes to be not so much evidence of personal deficiency as a waste of resources caused by the state—a squandered opportunity for them to aid China’s entry into global capitalism. In some ways, they seem to unconsciously re-embodiment the “silent soul” of the main

¹⁰¹ These practices are indeed not to be referred to as just “Chinese.” Investigations on financial experts acting in Western markets have shown how embracing a cynical attitude towards and distance from formal financial training, is a crucial part of the development of the financial system and financial policy making (Holst and Moodie, 2015, 44).

character of the Lu Xun's novel *The true story of Ah Q*. Ah Q is a nobody who pretends to be somebody. To maintain his precarious pretence, he elaborates on the “art of psychologically winning unfair games” whose pillars are self-deception and forgetfulness, the only weapons left to the common people under a *yuminde zhuanzhi* (“autocracy and numb people”), living in an era of *bingtai guominxing* (“rotten quality of the people”).¹⁰² Yet, in the case of the *haigui*, such self-deception acts as a mask of the moment to test the ground of a Chinese ecology in which they were initially keen to work and to learn the rules of the environment.

The *haigui* were called on to deploy the capital of their prestige on behalf of the local agencies and companies for which they were working, qualities including their international visibility, their apparent high-class demeanour and perceived familiarity with high-ranking foreigners (company staff, state officers, and so forth). Not only are *haigui* such as Xun or Cai asked to connive, whether legitimately or not, in deals from which they may not even receive a financial cut; in these deals their financial expertise is made redundant and devalued. Instead, their contribution is reduced to *cosmetics*, the sole purpose of which is to make speculative practices “respectable” at the very moment these are offered to the other party. However, cosmetics—something intended to embellish what cannot be substantially changed in order to mask it (rather than deny or ignore it)—are only skin deep, and thus a metaphor for the non-acceptance, and disengagement, of the *haigui* in the control room. The result is that once they realise that their skills and expertise are going to be undervalued, the *haigui* begin conforming to the new rules of the game in force in the Chinese ecology of financial expertise. Here “finance” goes beyond the rigid and technical regime of the “economic discipline,” and becomes an abstract, indefinable, and malleable means to a “dream of self-enrichment.” The dream reflects the *haigui*'s hopes and desires for a better future. As stated by Max Haiven (2011), “finance is ... always a volatile and fundamentally inaccurate reflection of (and projection onto) the real world—one clouded by narcissism, desire, fear, and power” (96).

¹⁰² Information about this text is taken from an online review by Wang Xiaoming “Sick soul and deformity Revolution— Lu Xun's ‘Story of Ah Q’” (n.d., <http://www.eywedu.com/luxun/pl005.htm>).

This volatility recalls the characteristics of financial labour. Because of its biopolitical management and its tendency to follow a mimetic rationality (Marazzi 2008), financial labour is particularly adept at reconfiguring to the historical and local environments that constitute the heterogeneous and uneven space of finance capitalism. Moving from China to Australia and then back to China, the *haigui* are contingently moulding and remoulding their skills, attitudes, and behaviours according to the context in which they are acting. The potential of living labour is that it can deploy itself not just as the container of financial expertise and financial practices—where these are embodied in immaterial practices that also concern subjects’ consciousness, resistance, coordination and communication—but also as the container of different cultures of finance.

In line with Anna Tsing’s observation that “circulating finance reveals itself as both empowered and limited by its cultural specificity” (Tsing 2011), I argue that living labour does the same: while circulating among multiple financescapes, labour emerges both empowered and disadvantaged. Thus, the *haigui* appear as enigmatic figures. They navigate between the lateral forms of knowledge production in the uneven spaces of multiple financial capital configurations. Their enigmatic feature also lies in the *décalage* they could potentially exploit as subjects “in between” different financial ecologies.

Overall the Chinese ecology of expertise proves to be a “high tension zone,” where conflicts among formal and informal financial experts, state institutions, local authorities, provincial banks, and individual investors, once unleashed, become engrained and difficult to tame. However, in this indefiniteness, the multitude of financialised subjects are flattened into a single role, that of “money hunter,” in a *reductio ad unum* that sweeps up the *haigui* as well. The financial language gradually gains prominence and becomes the preferred language these subjects are willing to hear, undermining the grip of any political or ethical code.

Money: a social intruder

According to the conversations I had with Fei and Zheng (see end of chapter 4), together with the one which follows with Wei (a *haigui* working as an advisor in a mutual trust fund), investing in the stock market was considered a playful activity,

something not to be taken too seriously: “Why not? It is always worth risking and trying ... even if people think this market is just a farce, you never know, you might win and get rich.”¹⁰³ Yet, despite being financial experts and viewing the Chinese stock market as a playground in which money could just gush out, some of the *haigui* were investing in their free time, like any other everyday lay investor. Even if apparently conceived as a side activity—something that the *haigui* were doing as a gesture of defiance to challenge the anomalous market which they have been trained to criticise from the perspective of formally fostered financial expertise—gradually their involvement in such a market anomaly seemed to produce a powerful attraction. In contrast to Jun’s attitude at the beginning of this chapter, a *haigui* like Wei ended up seeking whatever financial expertise he could garner—like lay investors, who act mimetically and rely on informal sources such as blogs, television programs, and magazines. How was it possible for him to put aside elitist and high-flying career expectations fostered through a foreign-acquired expertise? The attitude he had been compelled to adopt in the Shanghai financial market is that this was a playground at his service. Given the preference in contemporary China for making money regardless of the means, he was consequently able to adapt without a problem.

The common drive for “money at all costs” is the ground that unifies both financialised subjectivities observed so far—the *haigui* and the lay investors—flattening out their differences. Accordingly, the option to invest in the stock market appears as an easy solution to the precariousness of both labour and social conditions. Despite not necessarily physically encountering each other, a mutual knowing and recognition of the operation of the others was shaping a powerful inter-subjective ground between them, and resulted in a displacement of both subjects from their original positions. This shared ground was made even more productive through the use of similar technical devices, such as the freely and easily downloadable software on the investors’ computers or smartphones that enable any operator to directly buy and sell stocks. On one hand, the *haigui*, like the young *sanhu*—frustrated and disappointed by a salary and duties below their expectations—were seeing other financially untrained *sanhu* having luck and making easy money. In turn, these mostly unemployed or

¹⁰³ Interview with Wei, 12 August 2013, Shanghai.

retired lay investors, operating at the margins of society and thus in search of a social space and social recognition, were seeing in the *haigui* a structured and socially recognised group of experts, worthy of emulation. In this instance, the gap in financial expertise did not factor significantly. Gui, a Chinese returnee working as financial advisor in a security company, told me that some of the *sanhu* are better than him at understanding the market, as they have more experience.¹⁰⁴ He seemed to have a great respect for them and he wanted to learn their techniques. Consequently, the expertise he acquired in an Australian university appears diluted and no more than on a par with the informal expertise of the *sanhu*, to the point where its value risks becoming downgraded. In this sense, the proximity between these two financialised subjectivities, despite the differences in environment, specialist language, existential needs, and aesthetics (encapsulated in the contrast between the *sanhu*'s messy brokerage rooms and the *haigui*'s shiny offices) was made even closer given their common drive for money.

In China's financialised society, "make money at all costs" is facilitated by the state as a powerful device to control the finance experts. In addition, it is also internalised by the *haigui* as a drive—in the sense of the German *Trieb* (Freud 1915), an unconscious motivation, or *pulsion*—to justify and take pleasure in their status. The fact is that, as I already emphasised in chapter 4, "enrichment" and "making money" are stripped of any pejorative meaning that might hint at greed or dishonesty. As observed by Cai Xiang, attitudes towards personal enrichment in Chinese contemporary society mean it is no longer condemned but rather emulated; the Chinese ignore the *choufu* or "hatred against the rich" (Cai 2014, n.p.).

I argue that the language of finance, perceived by the mass as "money fallen from the sky on everybody (who is active and entrepreneurial enough)," a biblical manna courtesy of the state rather than god, acts to blur and iron out the gap between rich and poor, preventing the latter from becoming aware of their condition and feeding their delusion of omnipotence. We might observe, paradoxically, that within such a perspective each investor feels close to the real rich as part of the Menshevik project

¹⁰⁴ Interview with Gui, 25 May 2013, Shanghai.

of the enrichment of few as the driver of the development of all. This “closeness,” indeed, remains *in potentia*; however, it opens a further dimension of money, overpassing its role as “medium of exchange” as theorised by Marx. The wealth produced from financial transactions requires particular attention, because it does not involve productive labour, yet represents a novel site for the extraction of surplus from society as a whole, with no determined structure based on labour and the hierarchy of skills specialisation it encompasses (such as dividing *haigui* and *sanhu*). This money in fact originates from totally immaterial elements. It is created by behavioural conventions and by common relational activities that are consequently commodified and subsumed by the functioning of the financial markets (Fumagalli and Lucarelli 2011).

As analysts of contemporary capitalism have observed, the process of financialisation has increasingly implied a gradual appropriation/privatisation of the commons, that is to say, the social conditions for production and welfare state services, and their transformation to produce financial returns to the advantage of private corporations (Vercellone 2007). However, while elsewhere this process has been gradually deployed in line with a neoliberal rationale, under the justification of a free market ideology predicated on the withdrawal of the public in favour of the private, in China the same process was arranged through an appropriation of the social inheritance by red political families. Through an analysis of the concept of “rent” in financial capitalism, I will show how this process adds a further element of instability to the Chinese financial ecology of expertise.

One of the characteristics of financial capitalism is the return and spread of the form of “rent” as a primary locus of value. As put by Vercellone “since its historical inception during the process of enclosure, capitalist rent has been the other face of the common, as it has started through a process of expropriation” (Vercellone 2010). As the *enclosures*, caging the land, allowed the rise of ground rent on the base of an artificial scarcity of land, even in cognitive capitalism the rent to be produced requires an artificial rarefaction, a political and administrative process of enclosure of knowledge and information that otherwise will remain uncontrollably abundant. “Rent presents itself as a credit title or a right to the ownership of some material and immaterial resource that grants a right to drawing value from a position of exteriority

in respect to production” (Vercellone 2010, 95-96). Finally, the condition for rent to be produced is an artificial scarcity of a resource “a logic of rarefaction of such resource, as in the case of monopolies” (2008).

Along the thirty-year journey commenced by Deng Xiaoping’s economic reforms, the luggage of the travellers (the national wealth), which at the outset was in the hands “of all people” (as the Chinese state described socialist public property), appears at journey’s end to have been surreptitiously passed into the grasp of a minority of tycoons. The surplus value extracted from the labour force, which was once re-invested in public projects by state five-year plans during the socialist economy, became a private, monopolised form of rent. At the beginning of the nineties an epochal turning point occurred in China. “A feeling that excessive decentralisation had caused the centre to lose control over key macroeconomic levers of the economy” called for a ‘a prudent recentralisation’” (Saich 2011, 285). The role of the People’s Bank of China as the ultimate decision-maker in matter of loans together with the turning of small- and medium-sized enterprises (SMEs) into “a variety of non-state forms through the expansion of a shareholding system” (285) were the main devices. What counts here are two points: first, this transition, a mammoth transfer of public wealth into private hands, happened with no bloodbath but quietly, in the notary offices, through signatures on the transfer of the possession of state enterprises by communist party-state officials into the hands of their friends or family members. These successor-owners could boast no aptitude for ownership other than unshakable loyalty to the *status quo*. The result is that, in today’s China, the top one per cent of Chinese families—the red aristocracy (*taizidang*)—control 41.4 per cent of the country’s wealth, and are making money with no obligation at all to work, and no need to demonstrate merit or competence (Lam 2015, 24).

Public ownership was silently expropriated, leading to a logic of scarcity/rarefaction, a monopoly on public wealth by the CCP which, as underlined above, provided a *sine qua non* condition for the rise of rent. At the same time, a series of measures ensured a marked increase of rent, privatising not only the past or existing wealth, but also that of the future. The introduction of per capita taxation with the 1991-1994 fiscal reforms opened a new way of centralising resources in the hands of the state and was coupled with the opening of the stock market and a new distributive process based on a new

shareholding value. Via the dispositifs of financialisation, the party state was able to systematically increase the value of this rent, extracting profits from outside the production process like an insatiable sponge —absorbing the savings and profit of hundreds of thousands people in order to put them at rent for the future.

As I have underlined in the previous chapter, in China everyday people were interpellated, asked to invest in stocks. In the form of a governmental project, the shareholding function of interests over bonds, securities and promissory notes that are issued from firms, extended across a vast web of credit and interest. In this process, as personal savings and labour profits were invested into shares to assure welfare and security “capital production and reproduction as well as that of labour, no longer operates into separate schemes” (Martin 2008, n.p.).

Here, the valorisation process is “no longer confined to the place dedicated to the production of goods and services, but extends beyond the factory gates, so to speak” (Marazzi 2011, 48). It enters directly into the sphere of the circulation of capital through financial means, whereby the search for ever-higher shareholder earnings generates the increase in profits in the “autonomisation” of financial capital. This is not to say that capitalism has substituted a new productive base. It is in fact still relying on machines and the bodies of the workers for the transformation of raw materials and the generation of surplus value. This is especially true in China, which remains the factory of the world. However, in addition to this the country increasingly resorts to the biopolitical dimension of the social body of society as a whole, seeking to generate surplus value while capitalising on the diffused desires of sociality, expression, and relation (Terranova 2015). What occurs is a “biopolitical production of social life” whereby subjectivities not only generate new value in the service of capital accumulation, but also end up “empowered with,” so to speak, “the whole complex of social relations” as a new means of production.

The subjects of Chinese financialisation respond to a logic that surpasses their individual skill; together with knowledge and expertise, the subject valorises her/his beliefs, motivation, interpersonal aesthetic, and informational expertise. Transposed to Marxist terms—as Marx elaborates in the *Grundrisse*—these functions become “the epicentre of social production and preordain all areas of life: ‘general intellect’” (Marx

1973, 706).¹⁰⁵ Thus, while in Marx’s industrial mode of production, general intellect was incorporated into fixed capital, the machine, within the financial mode of accumulation, and functions previously fulfilled by fixed capital are now transposed into the body of labour power.¹⁰⁶ In particular, the characteristic of financial capital is to extract value from social cooperation and from the social relations in which it is enacted. As pointed out by Stefano Harney, “general Intellect is about itself” (2013) precisely because it incarnates the knowledge in which it is performed. It is, *in primis*, generated by the subjectivities of the historical and local environment in which these are shaped.

In this sense, the *haigui* gain “autonomy” at the very moment in which their “social life [no longer depends] only on the disciplinary regulation imposed by economic power, but also depends on the internal displacement, shiftings, settlings and dissolutions that are the process of the self-composition of living society” (Berardi 2003, n.p.). Finance itself becomes a code of self, disciplining everyday life. Thinking about this relationship from a governmental perspective also leads to a rethinking of the way state power has shifted and generated new forms of conduct to produce new financialised subjects. In China, the *sanhu*, through investing their own savings and free time as well as applying their own knowledge and aspirations to financial “shares”—including those of state owned enterprises—remove themselves from a relation of production previously organised along the lines of a “productive outcome” (either material or immaterial) and based mainly on profit (labour exploitation as a generative form of surplus value). Given such dynamics, the role of wages is reduced, labour is made precarious and investments in capital stagnate. The problematic realisation of profits (that is, selling the surplus-value product) is “forcibly entrusted to a consumption by means of non-wage incomes” (Marazzi 2011, 37). This routing is

¹⁰⁵ “The development of fixed capital indicates to what degree general social knowledge has become a direct force of production, and to what degree, hence, the conditions of the process of social life itself have come under the control of the general intellect and been transformed in accordance with it” (Marx 1973, 706).

¹⁰⁶ Once again, the emergence of financialisation and the shift of capitalist accumulation from material towards more immaterial forms of production does not mean that what went before has ceased to exist; on the contrary, it signals the rise of a mutual existence—as the surplus gained by the labour cost in the production labour regime is invested and valorised in the latter, which in turn corresponds to another labour regime.

largely through the stock market, which acts as a financial redistributor and, “although in a strongly unequal and precarious way” (37), transforms retirement savings, or a part of the still precariously earned wages, into rent. Unhitched by contractual relations, the money of this rent disrupts any relation of dependence, transforms its capacity to emerge “not simply as a mediator, medium or means of exchange, as it was through wages, for instance, but as a pervasive object of exchange in its own right” (Amato et al. 2010, iii). Within financialisation, an iconoclastic process transformed money, as a physical economic emblem made of paper or metal into a ubiquitous idol that can have much larger applications. In this case, money can more easily become an ersatz of any other language, and a common ground for a rough “predatory” psychology to emerge. As stated by Luciano Gallino, within financial capitalism money gained the upper hand over the criteria that lead to economic action. Money is any item or verifiable record, a handful of bits (Gallino, 2011). What follows is that under financialisation, making money by financial means also presumes “a disconnection between the wages paid and the labour performed” (Adkins 2015, 331). In this new path “earning more money” doesn’t follow “working more” and disrupts the “structural complicity” that binds the worker to capital via waged labour (Gorz 2008, 133).

As a result, for both the *haigui* and the informally trained *sanhu*, playing the stock market also entails increasing their labour autonomy from their contractual position with the state as it was conceived during the socialist period. By resorting to the stock market and to its redistributive function, investors vacate the wage labour position. These subjects, who are cut off from a satisfying wage labour relationship, seek money outside the workplace—whether this be the *haigui* employed in financial companies, or the retirees and the precarious workers I have described in chapter 5. In this way, a weakening of the direct relations of “dependence” occurs between the workers and the owners of the means of production.

Faced with such a renewed dynamic, the increasing marginalisation of waged labour in China’s financialised society means that the state might potentially realise that “employment is no cure for other kinds of social ills” (Adkins 2012, 638). It may no longer be open to the state to retain popular support just by increasing salaries and labour guarantees. In chapter 5 I have argued that while risking, investing, borrowing,

winning or losing their money on the stock market—in particular when buying and selling shares in state-owned enterprises—the *sanhu* also engage in a form of resistance, reclaiming a sphere of social wealth, their share of total wealth. These subjects desire for money is for money liberated from its associated functions, employment, class, and contracts. As I have already underlined, under the pervasive “stock fever,” while formally trained investors such as the *haigui* become influenced by the enthusiasm of informal players for their investment activity and its potential to make “fast and easy money,” these other players see in the *haigui* “successful, internationalised and self-made subjects” who lend further legitimacy to their own activity by participating in the same financial rush. Thus, despite their differences, their inter-subjectivity becomes a mirror, which ruthlessly reflects their subjection through the power of money, even though each takes a different path. Despite the *sanhu* sharing the same search for money through financialisation, in a common stock rush, competition and a growing discontent with the state’s inability to maintain—and possibly increase the profitability of the rush—the segmentation among them greatly reduces any potential for collective solidarity. In this crowd of Mammon’s worshippers, the *haigui* need to affirm their identity and distinguish their status as formally-trained experts. As I have shown at the beginning of the chapter, in its adjustment to the will of capital, the state repeatedly finds it difficult to respond adequately to the needs of the very subjects it has fostered—the mass of investors gripped by stock fever, among who are a significant proportion of the *haigui*.

New analytical approaches are required in order to grapple with such political and social configurations. Most of the discourse on contemporary Chinese capitalism focuses on the omnipresence of the Chinese state in both the resistance to and adoption of financialisation as part of the so-called neoliberal dogma. It is not the case, for example, that the concept of “Chinese revolution” as a model of emancipation still receives much attention from those in search of an alternative to neoliberalism, the “Chinese new left.”¹⁰⁷ Some of the distinctively Chinese features appear in the attempt

¹⁰⁷ A school of intellectual thought that is critical of capitalism and aspects of the Chinese economic reforms and in favour of elements of Maoist-style socialism, which includes significant role for state planning, the preservation of state-owned enterprises, and a renewed spirit of collectivism

to involve the so-called “large mass of the people” at every step of each socio-economic transition.¹⁰⁸ In other words, what has traditionally been constantly rejected in China appears to be the idea that both the imperial as well as the republican state represents only a segment of the population: ecumenically, the Empire has always included the whole people “living under Heaven,” whilst in Mao Tse-tung’s thought the concept of people embraced the “vast majority” and the exploiting classes were only “a very small minority.” At every stage of the so-called “Chinese road,” in both success and failure, huge masses of people were in play—from guerrilla warfare to the Great Leap Forward, the Cultural Revolution, and the de-collectivisation of the eighties.

This leads me to argue that even nowadays the turn towards financialisation has involved a huge mobilisation of people. Thus, the question is: how to reconcile the neoliberal appeal to individualistic self-management and autonomy with the omnipresent mass scale of Chinese participants. The answer could be oxymoronic: a “socialist market” and a “mass autonomy,” that is, the autonomy of a mass of self-managing individuals. Chinese political subjects still respond to the mass mobilisation appeal of the state to get rich through means of financialisation but, in doing so, they develop opportunistic and cynical attitudes that have the potential to obfuscate their dependency on the state. Within this perspective, the subject of Chinese financialisation is produced at the intersection between a crisis of the social and work-contract system—with the state emptied of its political and moral values—and a new system of valorisation where the subject is compelled to behave autonomously from the state, despite being unable to escape from its grip.¹⁰⁹

108 For instance, Wang Xiaoming returned to the examination of the works of Chinese thinkers of the first wave of modernity who were engaged in defining an anti-capitalistic modernity for China based on the spiritual values of “great unity,” “universal peace” etc.

109 It has to be remembered that the redefinition of the social contract between the state and the people was already a key theme in China in the sixties, when the CCP formulated the theory of “modern revisionism” whilst accusing the Soviet Union of having changed its political colours. Two themes, the “peaceful transition from capitalism to socialism” and “a state of the entire people,” were considered the core of this criticism. Regarding the latter, according to Khrushchev, the dictatorship of the proletariat “had ceased to be indispensable in the USSR” and “the state, which arose as a state of the dictatorship of the proletariat, had, in the new, contemporary stage, become a state of the entire people.” The Chinese considered this a betrayal of Marxist-Leninism, in other words, as a shift from a contract

In Chinese financialisation, access to the social means of production, apparently withheld from the subjects I analyse, is replaced by the hope for direct access to money, which carries with it a whole set of psychological, emotional, affective, and existential forces. Both the formal and informal financial experts, despite being fostered by the state to advance its financial project—through education, or through the promise of enrichment—coexist in the common desire for autonomy through money. The search for stock money, acting as an implicit bond between them, provides an autonomous self-reproducing pattern that substitutes, exceeds, and resists the one of the state. In such a unified tension, these financialised subjectivities might emerge as potentially unruly subjects.

Conclusion

Starting from an exploration of the ecology of Chinese financial expertise, this chapter has explored the recent transformation of the Chinese state under financialisation. In this transformation, I have underlined not only the proliferation of new state financial assets that serve the financial interests of the state, but also a new knowledge regime in which the production of new subjectivities, those of both formal (fostered abroad, the *haigui*) and informal experts, is at stake. Observation of these experts in the stock market has revealed that they are in equal measure dissatisfied with their investing activities and dissatisfied with the state, holding it responsible for the financial turmoil that manifested in the 2015 financial crisis. What the investors want is a state that will guarantee the “stock fever” continues.

Thus, I have indicated how, by embracing financialisation, the state is undermining the contract at the base of its legitimacy. Despite still adorning itself with communist symbols and invoking its old signifiers—the state as the “people’s saviour,” the “builder of the republic”—as the basis of its legitimacy, its social agreement with the people—once based on the bedrock of waged labour—is clearly undermined under financialisation. Under this new Chinese financial regime of accumulation, the stock

signed by the state with one part of its people, i.e. the working class, to another contract in which the contractor is much wider and subsumes its working class and its combativeness.

market acts as a financial distributor, providing the population with new financial tools to supplant work casualisation, wage repression and a lack of social welfare.

The Chinese population faces a new way to access money. Money becomes liberated, untethered from its social function and unbound from its wage dimension. This dimension opens a new potential for the aspiring financial experts such as the *haigui* who, disillusioned by their career failure in state financial institutions, cynically resort to autonomous stock market practices to make up for their “dream” of enrichment, undermining their loyalty towards the state and subjection to its technocratic power. Finally, I have observed how, given that it still largely owns and controls the Chinese stock market, the state has also become the primary representative of capital, and therefore the site of the struggle between capital and labour. By accessing that market, the mass of investors fiercely claims their share of the national wealth. In this relationship, the state faces an inherent contradiction and risks losing its grip over the very same financialised subjectivities it fosters as inexorable agents in the rush towards financial capitalism.

Conclusion

Four years have passed since I decided to undertake this PhD project. My interest in investigating the way Chinese financialisation works began while working and living in Shanghai from 2010 to 2012. I was struck then by the way everyday people were playing the stock market with such nonchalance and normality. For me it was quite a novelty. However, when asking my Chinese colleagues and friends about such “stock fever,” they just shrugged, often seeking to diffuse my curiosity with a dose of cynicism: “This is just China.” Indeed, for them, there was nothing strange in this. Some of them had grown up in a house in which the Caijin TV channel (the main Chinese financial TV channel) was always on, typically in the background, hosting Chinese financial commentators discussing the trends of the stock market—even while they were preparing for school or work or eating dinner. A running discourse on the stock market formed a part of people’s everyday life. As an outsider, this phenomenon of financialised life as a routine condition and experience was remarkable.

Despite my anxiety about the risk of being naïve and, worse, of “orientalising” a Chinese “phenomenon” from my foreign perspective, I began the research for this PhD thesis. In 2013, the time of my fieldwork, China was in the spotlight for many other reasons. Xi Jinping was appointed to power. A cycle of scandals unfolded: from the “shadow banking” sector, to municipal debt, to the housing bubble. An anti-corruption campaign followed. Yet, at that time, not much attention was placed on the Chinese stock market and its mass popularity. In the academic context, I could only rely on a limited number of publications that looked at Chinese financialisation from an interdisciplinary and anthropological perspective and which had stressed the *sanhu*’s (“scattered investors”) participation (Hertz 1998, Gamble 2003 and Rooker 2008). For the majority of scholars (both Chinese and international), studies on individual investors are mostly conducted within the disciplines of economic management or cognitive behaviour economics. In their view, individual stock market participation is taken as an indicator for either a “healthy” or “unhealthy” market (Gao 2002; Ma 2004; Valukonis 2014; Ng and Wu 2010). Microeconomic models, universally accepted, are often applied to the Chinese case with little or no analysis of the socio-political dimension of financialisation. According to these models, financial knowledge is not only unquestioned in its applicability, but there is little or no attention to its

ontological, historical and local foundations. Investors are portrayed as simple profit seekers, pursuing their choices made on the basis of the supply and demand equation, along with full and homogenous access to information, usually generated by other shareholder-actors in the market.

However, if the mobility of financial capital has led to the rise of a new financial economic order across nation states—the rise of financial technologies such as HFT and the new financial interest they have generated have enabled a vast influence over the political process and have in turn produced “the financialisation of everything” (Martin 2002)—the modalities in which these processes were generated, the role of market actors and the responses of “everyday” people did not necessarily follow homogenised, market-driven principles. The critical perspective I adopt in this thesis to examine the Chinese case, characterised by “stock fever,” stems from the understanding that financial expertise is exploitable, disciplined and determined by systems of power and information within a specific production system (Thrift 2005; Mitchell 2007). As such, financialisation is a non-linear, porous and hybrid concept that can be generated, applied, assimilated, embodied and performed in different ways and by different actors across the uneven spaces of global capitalism (Pike and Pollard 2010; Riles 2011; Miyazaki 2013; Hertz 1998). In this thesis I seek to investigate Chinese financialisation by observing one of those actors and their particular ways, namely Chinese *haigui* (“returnees”) who, holding acquired financial expertise from an Australian university, seek to position themselves in the Shanghai financial market, and consequently experience its everyday frictions and tensions. My initial idea of investigating issues of financial expertise within the Shanghai financial market developed while observing its “everyday” actors. However, considering that the everyday is not necessarily “identical with itself” and can be “the source and the target of change” (Tsianos and Papadopoulos 2006, n.p.), I was eager to narrate the mundane practices of Chinese finance and the potential “changes” arising from within its operations.

In recent years, critical and interesting discussion concerning the political and social sides of finance and the financialisation of society has developed alongside and in the wake of the experience of the “Occupy Wall Street” movement. However, the Chinese financial world has often been portrayed only via the formal operations of finance:

from the management of sovereign wealth funds, to capital investment in infrastructure and currency reserves. The core of Chinese finance appeared impenetrable and inaccessible. Then, in June 2015, while drafting the fifth chapter of this thesis, which concerns my 2013 interviews and observations of *sanhu* activities in brokerage rooms, the crisis struck. Suddenly, the Chinese stock market became an object of discussion. Media coverage around the world started portraying images of a Chinese stock market in free fall. These differed from images seen during the 2008 Wall Street and Frankfurt crashes. The pictures from China were remarkable because they revealed the mundane face of Chinese finance, which had until then been little known around the world. These weren't investors wearing suits or frenzied brokers in despair and panic. Instead, these were ordinary people—retirees, housewives, and young workers without job security—who were handling mostly personal and private savings, as a way to add some extra money to their family budgets. These were the subjects who suffered losses. People around the world suddenly came to know of the existence of the *sanhu*, the mass of Chinese lay investors who amount to hundreds of millions, the most numerous class of investors in the world. Soon after, these investors became the culprits of the crisis. They were blamed for triggering market volatility due to their lack of financial expertise and market “mis-information.” Whether this was true or false, global commentators promptly started speculatively employing the tired old doctrines on the Chinese market's lack of “openness” and “transparency” (Rapoza 2016; Trivedi 2016). Once more, the reproduction of the dominant economic narratives failed, in the first place, to recognise the “political” dimension of the crisis and, second, to provide analysis beyond a Western-centric view of capitalism. This commentary continued to rely on the universal claim of a “market-bound financial expertise” able to postulate “market-based measures of risk” that the *sanhu* lacked. In turn, further speculations circulated regarding the Chinese one-party system and the absence of a “neutral” financial supervisory authority.

In the preceding chapters I have sought to provide a description and analysis of some of the distinctive features of Chinese financialisation, which I argue emerge in parallel with the production of two key figures in the making of modern China: respectively the Chinese graduate returnees and the mass of stock market investors and day traders. However, while detailing these distinctive features, I have aimed to transcend corollary narratives that take “culture” and “economy” as separate domains that rehash, for

instance, a debate about culture as a variable of economic growth (in view of the growing literature on “Asian values” in manuals of corporate governance). Rather, drawing from my ethnographic observations in Shanghai, the main site of the Chinese financial market, I have focused on those subjects that are simultaneously acting in and shaping the singular milieu of the Chinese financial market.

On the other hand, while claiming these distinctive features, my observation also converges with the argument made by existing research on financialisation elsewhere, which has seen financialisation as a process of risk shifting from the state to citizens and from employers to workers whereby the subjectivity this risk shifting has produced is normalized within the risk management requirements this new model entails. Particularly in the wake of the GFC, I have observed how in China—as elsewhere—the building up and the effects of global finance cannot be simply explained by a “new regime of financial accumulation” characterised by chronic instability and speculative bubbles. Rather it has relied on a system that has heavily depended upon, and impacted upon not the savings of the wealthy but the mundane payments and activities of the masses. Still I argue that while, particularly in the West, this has been described as a relatively recent phenomenon, originating in growing household debt and a subsequent wave of mortgage foreclosures debt, which amounts to a form of extraction (primitive accumulation) or akin to a (one-off) process of expropriation. In China this is a longer-term process, occurring with on-going historical momentum, which does not rely only debt relations and where the GFC certainly does not represent a terminal point.

Thus, the genealogy of the shaping of Chinese expertise—as a key factor for the making of modern China—as well as the observation of subjectivities of the returnees with an expertise acquired in Australia provide a privileged lens through which to look at the multiple forces shaping Chinese financialisation within the contemporary capitalist juncture. From my analysis of the conflicting and ambivalent practices, desires and ambitions experienced by the *haigui*, financial expertise emerges as a disputed object between the formal and informal financial experts (*haigui* and *sanhu*, respectively) and the state. Financial expertise is initially sought by the state in ways that encourage students to study abroad and then return, but once financial expertise becomes embodied in the *haigui* as they seek to pursue their careers, it is confined to a subsidiary and marginal role. I have made the case that an analysis of the figure of

the *haigui*, as holders of expertise “fostered abroad” which is then disputed, reveals the tensions characterising the role of the Chinese state within global financial capitalism.

The obstacles the *haigui* encounter in looking for a job once back in China define a “high tension zone” for these subjects: instead of being promoted and valued, the *haigui*’s expertise is viewed as “alien” and “external” to the state financial ecology of expertise. Once returned, the *haigui*’s expertise clashes against a predominant domestic system based on state-led interpersonal connection (*guanxi*). The *haigui* are subjected to a combination of both marginalisation and suspicion. Financial expertise becomes the trigger of a power struggle between the returnees, who turn into outsiders, and the *dahu*, the players with the right connections, the ultimate insiders. The *haigui*’s position in the financial market is reduced to a façade: they have to perform the role of the “expert” but cannot exert any executive or managerial power. Throughout this thesis, I show that in many cases their positions are relinquished to tasks that consist of either “covering up” bankrupt Chinese companies whilst seeking to perform IPOs—as their attempt to go “public” is nothing but a drive to make profits through the speculative nature of the financial market—or performing an accountable *façade* to help, again, Chinese companies on the brink of the abyss looking to resuscitate themselves through merging with and acquiring foreign companies.

The Chinese financial market emerges as a space of redemption for companies with good connections and alliances in a protected domesticated area. However, if the Chinese financial market figures in the form of a *zona franca* or even an ivory tower, to preserve state power over the economy, for the *haigui* this is not an assurance but a motif of anxiety. Their role as experts, at the same time both fostered and jeopardised by the state, springs from the financial education they received at the university they attended in Australia, which in turn bestows them with both technical skills and a drive to become global managers. The *haigui* experience an on-going internal struggle. On one hand, encouraged by their discipline of study, they seek to recast their expertise in the attempt to upscale their positions, thus proving their value as globally-trained experts. On the other hand, when their expertise cannot be valorised and their attempts are failing, they are ready to discard the same expertise to refurbish motivations, interpersonal behaviours and aesthetic values that instead constitute the Chinese

financial market *milieu*. Under financialisation, the signifiers they experience are disconnected, discontinuous and contrasting. Often the *haigui* are caught up in a form of schizophrenic confusion. However, it is precisely from the diversity and contrasting points within the prevailing conditions—which are in tension as breaks and “frictions” in the circuit of capital (Tsing 2005)—that their subjectivities develop in novel ways.

I have therefore suggested that the points of tension embodied by the returnees trying to affirm themselves in the Chinese financial market mirror the pressures pulsing in the veins of the Chinese ecology of financial expertise. I draw the conclusion that by navigating through and producing new scales of financialisation, the returnees complicate and disrupt the state’s control and fostering of financial labour. The way the Chinese state has accommodated the entrance of global financial capital is marked by an unresolved relationship of continuity and discontinuity with the process of modernisation.

In chapter 1, through a historical excursus, I show how the figures of the returnees have always been strategic for the Chinese state process of modernisation. Fostering Chinese talents abroad and bringing them back has become a key technique for the state to empower itself in a transnational scene. To support this claim I draw from a historical narrative that informs the making of the modern Chinese state: here the dialectic of foreign and domestic expertise is what constituted the ontological standpoint for the birth of the modern Chinese state. At every stage of the process of modernisation, the motto of one of the most prominent modern reformers, Zhang Zhidong (1837-1909), is re-purposed: Chinese culture/knowledge as a basis, Western culture/knowledge as a tool. This is exactly what happened fifty years later with Mao Tse-tung’s *you hong you zhuan* (“red and expert theory”), communist knowledge in the service of the state’s political goals.

On the basis of this historical narrative, chapter 2 and chapter 3 explore how current state policies of migration and education, deployed by the state to control and generate new financial labour for its agenda, suggests a continuity with the way experts were fostered in the past. However, after the Chinese state’s accommodation to financial capital, the rise of an increasingly self-entrepreneurial, rational subject within the process of financialisation marked a definite change. Programs of education and migration started to be re-shuffled within a new configuration of sovereignty and

governmentality. What initially was conceived as a state project, in which the population had to be regimented and controlled mainly through specific laws and orders, was under financialisation recast and intersected with a new way of governing “at a distance.” This encompassed new forms of conduct and discourses that emerged as a way of governing the self.

Under the pressure of a newly financialised society in which profit making shifts increasingly toward cognitive and immaterial skills, Chinese students see education as a “tool” of the entrepreneurial self which makes them responsible for welfare choices based on an actuarial rationality as a form of social security (Peters 2005, 124). In order to position themselves within the competitive financial market context, the *haigui* are pushed to invest their savings, and their families’ savings, into education in Australia and other countries. Under financialisation, knowledge, which also encompasses a set of communicational skills and interpersonal behaviours, defines the new conflicting relationship between capital and labour. In this regime of accumulation the worker is called to valorise her human capital, which must be capitalised. Thus, the *haigui*’s labour power figures as a form of capital which needs to be valorised under the same regime. As financialisation demands, any work, product or service has to become a flexible and exchangeable financial asset.

This process is investigated by recalling Marx’s theorisation of the circuit of capital: in order to acquire their expertise the returnees undertake a metamorphosis through their migration and education circuit in Australia. Through this circuit—which is similar to processes of production—their knowledge is transformed into a more valuable mode of expertise. In order to explore the constituency of such a circuit in chapter 3 I provide empirical evidence from Chinese returnees who have studied in Australia and returned to Shanghai in search of a financial career. A regional circuit connects Shanghai (both the “Chinese global city” and the city which receives the highest number of returnees) and Australia and offers a contemporary perspective to explore how a new cartography of knowledge and skills, linking China and Australia, has developed in parallel to a new division of labour under financial capitalism. Here, higher education becomes a device in the filtering, selection, and return of the population according to national and transnational borders based on knowledge. In this configuration, Australia, supposedly a destination for many students yearning for an

English-speaking education, an Anglophone business environment and a modernised and globalised setting, is a “make-do” choice for many Chinese students. Here financial education consists of a system of coding, composed of language, relational and aesthetic practices that constitute the hegemonic culture of a newly financialised globalised world. In addition, after the 2007-2008 global financial crisis, there arose the moral and ethical claim that, under the name of “financial literacy,” such educational exchange would teach best practices to students wishing to become responsible financial traders.

I argue that, once back in China, the *haigui* cannot utilise their increased “capital.” The China-Australia-Shanghai circuit of economic, social, and cultural capital valorisation in which the *haigui* are embedded is clogged by the specificity of the Chinese ecology of financial expertise, dominated by the domestic network of *guanxi*. An established pattern of social networking and social privileges, based on *guanxi*, dominates financial institutions, which are mostly controlled by the state. These mechanisms, aimed at reproducing the domination of a party-led technocracy, appear insurmountable. I highlight how this impasse reveals an intrinsic and contradictory split of the unitary nature of the state. Rather, “fragmentation” defines the relationship among the state’s various apparatuses: the state education-migration nexus which shapes the policies encouraging the *haigui* to migrate and return—policies made by ministry of education, local education offices, and universities—conflicts with the state-finance nexus, which is a financial ecology that cannot easily accommodate expertise learnt abroad.

Chapter 4 explores the *haigui*’s experiences of the Shanghai financescape. In this initially coveted space, the *haigui* cannot fully enjoy a favourable atmosphere to pursue what their career and aesthetic aspirations suggest to them: a global, ordered, cutting edge, sanitised environment of the elite. Here, I show how the city’s dark sides buffet the *haigui* and their strategies for building careers. Shanghai’s multifaceted fascinations often dazzle the returnees, who become constantly distracted and incapable of prioritising which aspects of ambition, career, social life and economic strategy they wish to pursue. The *haigui*’s goals often dissolve into mirages, minefields and projections. As their career attempts are obstructed and they increasingly feel marginalised in the Shanghai financial job market, many of them resort to self-funded

investments in the stock market. In this Chinese financial ecology of expertise, where foreign expertise is dismissed and contested, the *haigui* emerge as cynical and pragmatic subjects. They seek to extricate themselves from the forces that obstruct their career promotions, to re-translate their social skills, and to shift from one identity to another, in order to fit into a local Chinese context overwhelmed by stock fever and mass financialisation. It is through this move that they mimic the behaviours of the *sanhu*—the everyday investors who play the market equipped only with an informal expertise in order to counter precarious conditions in both social and labour contexts. Once the *haigui* plunge into the ocean of mass financialisation, the borders between formal and informal expertise begin to fade.

Chapter 5 describes the features of a Chinese financescape crowded by a highly heterogeneous mass of investors, with contrasting investing strategies, who are in turn upset by growing instability. Thus, the thesis develops a theoretical framework that I draw from the existing literature on the “financialisation of everyday life” (Martin 2002; Aitken 2007; Lucarelli 2010), which has emphasised the way financial markets are increasingly emerging as devices for the provision of people’s basic needs. In turn, I make the claim that Chinese mass financialisation began as a governmental device, adopted by the state in its attempt to direct/redirect a society deeply shaken by earlier economic reforms. I show how the opening of the Chinese state to global capital erased not just the guarantees that were disciplining the population within the socialist order, but also compromised the bond of the state with its population, previously embodied in a political commitment to emancipation and liberation of the masses of common people. Through a description of this mass financialisation and the subjectivities involved, I argue that the state has sought to arrange financialisation as a substitute for its role as a social labour guarantor.

Historically, the opening of the stock market in 1994 generated a stock fever that gave the Chinese state the opportunity to extend the impact of financialisation in a crescendo over the whole society: by re-engineering financialisation as an ersatz of state welfare, and creating the condition for financial values to become hegemonic at the subjective level, but stressing in the meantime its Chineseness and insulation. Even in the case of the *sanhu*, the notion of financial expertise appears to be a powerful analytical tool to grasp the conflicting relationship between their subjectivities and the state. Through

the use of vignettes resulting from my fieldwork observations, and the examination of a widespread “financial literature” found in “how to” financial manuals and blogs, as well as national TV channels broadcasting economics analysis and market predictions, I examine how this mass of investors developed practices of self-learning and digitalisation that the state encourages but also seeks to tame. The *sanhu*’s condition of success depends on their ability to perform within a system of accumulation characterised by debt, risk, uncertainty and speculative practices. For these investors, the coding and decoding of information and financial expertise is constantly lived and informed by the “bio productive” regime in which they are “embedded,” to use Polanyi’s term (1944). The notion of financial expertise seems to fade when embodied by the mass of investors who contingently transform their practices in a heterogeneous and often irrational way. The complexity, diversification and unpredictability of their practices of investing elude measurement and exceed the state’s attempt to tame them.

In this sense, the *haigui* gain “autonomy” by codifying and generating new trends of investment that, added to and contrasting with the multiple trends generated by the *sanhu*, quite regularly displace government strategies and predictions of their behaviours. My observation of these investors in the stock market has revealed that, at the very moment they become dissatisfied with their investing activities, they also become dissatisfied with the state, charging it with the responsibility for financial turmoil, as happened in the 2015 financial crisis. However, what investors want is a state guaranteeing that the “stock fever” can continue. I have stressed the risky nature of this governmental regime. The state’s reliance on financial capital, which is volatile and risky *per se*, to rearrange its position of labour guarantor and preserve its political and social legitimisation, can only result in a precarious equilibrium.

Through investing their own savings and free time in “shares”—including those of state-owned enterprises—as well as applying their own knowledge and aspirations of achieving financial wealth, the scattered players remove themselves from a relation of production previously organised along the lines of a “productive outcome” (either material or immaterial) and mainly based on profit (labour exploitation as a generative form of surplus value). Given such dynamics, the role of wages is reduced, labour is made precarious and investments in capital stagnate. The problematic realisation of

profits (that is, selling the surplus-value product) is “forcibly entrusted to a consumption by means of non-wage incomes” (Marazzi 2011, 37).

Specifically, the subjectivities explored in this thesis are faced with a shift that has encompassed what Marazzi defines as “a perverse process of autonomisation of financial capital from any collective interest”. This involves, for instance, wage and occupational stability, and the collapse of retirement savings into stock (43), where money overpasses its role as means of exchange (in exchange of labour) and becomes a pervasive commodity or a product (Lash 2007, quoted in Adkins 2015). Thus, the resort to the stock market by *haigui* and *sanhu* harbours the potential to unhitch them from a relation of dependency with the state, borne of a collective contractual disciplinary model based on waged labour.

Their access to money opens a new possibility for the *haigui* as aspiring financial experts who cynically engage in autonomous stock market practices to make up for their “dream” of enrichment, softening their loyalty towards the state and lessening their subjection to its technocratic power. The Chinese stock market, which directly and explicitly originated as a state device to control and discipline its citizens, has become a potential source of social disorder. In saying so, however, and in line with what scholars of financial markets and financialisation have underlined (Ho 2009; Leyshon and Thrift 2007; Zaloom 2006), my empirical observations confirm that subjectivity does not necessarily conform or “follow ideological lines of a political project” (Hoffman 2010, 147), and financial globalisation has not led to the de-personalisation of financial activity. Rather, by experiencing a lack of access to power and information, micro-oppressions, exploitation, and precarity within the Chinese financial ecology of expertise, these emergent financial subjectivities exceed the conditions of production of financial wage labour and become “potential political subjects” (Wang 2016, 360).

In conclusion, the rise of a new Chinese financialised subject, through the dismantling of public services like welfare and education, is of particular interest for analyses of contemporary global capitalism and its manifestation within China. The Chinese case lacks the camouflage offered by concepts such as free market, free trade or deregulation that have haunted narratives of financialisation on a global scale. Instead, Chinese financialisation problematises the boundary between state and market as well

as the forces at play in the shaping of a new financial self. This research has shown that the shaping of the subjectivity of the *haigui* does not mirror the process of national and transnational forging of financial labour under financialisation. On the contrary, it is within the fractures that emerge from this process that new subjectivities develop. Indeed, in this case, “subjectivity is not a facticity, it is a departure” (Tsianos and Papadopoulos 2006, n.p.). Such a departure represents fertile ground for the critique of financial capitalism at the current conjuncture.

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