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# Hopes, Fears, and Dreams: A Comparison of the International Positions of the Shanghai and Taiwan Stock Exchanges

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# Hopes, Fears, and Dreams: A Comparison of the International Positions of the Shanghai and Taiwan Stock Exchanges

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Erik Larson

*T*he Shanghai Stock Exchange occupies a new building in Lujiazui Special Financial District in Pudong—the “new city” that in a decade erased any remnants of the former agricultural district across the Huangpu River from “old” Shanghai. The large stock exchange trading floor, though, may be quieter than the old agricultural fields, as most brokers work in offices away from the exchange, leaving a skeleton staff of reserve brokers to deal with rare contingencies. A glass-enclosed viewing area overlooks the trading floor. Behind the viewing area, the stock exchange shows off gifts given by companies on their listing and photographs of prominent visitors. Aside from the litany of Chinese government officials, Tony Blair, Kofi Annan, and Fidel Castro are among the featured international dignitaries in the pictures, attesting that the Shanghai Stock Exchange serves, at the very least, as a scheduled stop for such luminaries and as a visible symbol of the new international face of Shanghai.

Approximately 400 miles south, the Taiwan Stock Exchange does not display its international presence on the walls, despite its prestigious address. The stock exchange occupies three lower floors in Taipei 101, which (at least for now) is the tallest building in the world. Despite being less visible in its physical location, the Taiwan Stock Exchange has attracted international attention. With the exchange standing on the cusp of reclassification as a developed market, it has put forth its own international face.

The history of cross-Strait relations and the political economy of the region raise a question: Are these two neighboring stock exchanges worlds apart or a part of a similar world? Based on recent history, with the mainland's experience of the iterations of Chinese Communism and Taiwan's pro-capitalist orientation, one might anticipate that the exchanges are quite distinct. Yet, given the recent market-oriented reforms in China, the history of Chinese migration to and assimilation of Taiwan, and current regional dynamics, one might also predict that both exchanges are part of a "greater China." Indeed, a U.S.-based mutual fund that invests in the region noted in a recent report to shareholders: "Longer term, we expect to view our exposure to these three stock markets [Taiwan, Shanghai, and Hong Kong] not so much as separate countries but as forming our 'Greater China' exposure."<sup>1</sup>

To approach this question, I focus on one particular aspect of the exchanges' operation: the ways in which the Shanghai and Taiwan Stock Exchanges position themselves internationally. While such a focus does not capture the full range of exchange activity, both of these exchanges have undertaken significant efforts in recent years to internationalize their markets. Furthermore, the logic of internationalization and the exchanges' views of global finance provide insight into how these markets operate. To understand the logic of internationalization undertaken by both exchanges, I interviewed stock exchange officials and market participants in both Taipei and Shanghai, with particular attention to the ways in which the exchanges engage global financial markets, international investors, and other exchanges in the region. In doing so, I follow recent sociological research about financial markets that seeks to understand markets in their social contexts.<sup>2</sup> Starting from these social contexts, one can understand the combination of logics—social, political, and economic—that serve to shape the structure and operation of markets.

The relations between the Shanghai and Taiwan Stock Exchanges and the governments of China and Taiwan shape the international orientations of the exchanges. The particular concerns of the state work to define the types of concerns that underlie the exchanges' orientations. To present the argument, I offer a brief overview of the two stock exchanges before comparing the exchanges' international orientations. In both cases, the exchanges blend the hopeful expectation that international investors can help to control problems associated with domestic investors with a fearful worry that these same international investors may harm the national economy. Despite this mixed assess-

ment of international investors, both exchanges see these investors as important in securing their place in the regional and world economies. Finally, I conclude by reconsidering what to make of the differences found by the comparative analysis. Considering the Chinese and Taiwanese political economies, I postulate that these two countries may not be worlds apart.

## **I. Background on the Shanghai and Taiwan Stock Exchanges**

While Shanghai had historically been a financial center for China, with company shares issued and trading during the nineteenth century, securities trading ceased with the Communist victory in 1949. Deng Xiaoping's reforms from the 1980s, however, encouraged the redevelopment of capital markets. As part of these reforms, the Shanghai Stock Exchange (SSE) opened in late 1990, trading shares of eight partially privatized companies. By the end of 2005, over 800 companies had shares listed on the SSE, which also listed a variety of other financial instruments, including bonds, warrants, and convertibles. Notably, there are two different classes of shares that trade on the SSE: 834 companies have listed A shares (which are for trading by domestic investors) and 54 companies have listed B shares (which are for trading by all investors, although until 2001 they were open only to foreign investors).<sup>3</sup> At the end of 2005, total market value was approximately 290 billion U.S. dollars, or about 13% of China's gross domestic product.<sup>4</sup>

The Taiwan Stock Exchange (TSE) has a longer continuous history than the SSE. Many capitalists in China fled to Taiwan with the Kuomintang or to Hong Kong after the Communist take-over. In the late 1950s, the government in Taiwan began to research establishing a stock exchange, with its formal launch in 1962. By year-end 2005, the TSE had 691 listed companies, with a total market value of approximately 490 billion U.S. dollars, or about 140% of gross domestic product.<sup>5</sup>

Despite its nearly 45-year history as an operating exchange, the TSE's exposure to foreign investors is considerably shorter. When launched in 1962, the TSE was open only to domestic investors. The first opening to foreign investors for the Taiwan market came in 1983, with indirect investment: a domestic fund management company raised capital from abroad for investment in Taiwan and the investment fund was listed for trading in New York and London. In 1991, the government of Taiwan permitted Qualified Foreign Institutional Investors (QFII)—

those financial institutions with sufficient capitalization, experience, and commitment—to invest directly in the Taiwanese market, but only up to a certain quota. Since that time, the requirements and restrictions on investments have been relaxed, so that in 1996 foreign individuals were allowed to invest; in 2000, foreign ownership caps were lifted for all but a small number of strategic companies; and in 2003, the QFII system was abolished, allowing foreign institutions and individuals simply to register prior to investing in Taiwan.

In China, the B share market initially segregated foreign investors from domestic ones. In 2003, the China Securities Regulatory Commission announced regulations to decrease the separation between domestic and foreign investors. In addition to opening the B share market to all investors, China established QFII regulations, following Taiwan's model. Since this initial opening, the cap on aggregate foreign institutional investment has been increased from U.S. \$4 billion dollars to U.S. \$10 billion.

## II. Hope: Instrumental Orientation toward International Investors

While the Shanghai Stock Exchange remains less developed by standard market metrics than the Taiwan Stock Exchange, both exchanges share a remarkable feature: the relative dominance of individual investors and the absence of domestic institutional investors. In Taiwan, domestic individual investors hold approximately 50% of the shares listed on the TSE and engage in a disproportionate share of trading. In 2005, domestic individuals accounted for over two-thirds of the value of shares traded.<sup>6</sup> In Shanghai individuals play a similarly large role. Initially, the Class A shares were considered “individual” shares, with market participants distinguishing between *dahu* (big players, or individuals who earned their wealth without assistance from the state or their family) and *sanhu* (dispersed individuals or small investors).<sup>7</sup> The number of individual investor accounts has increased from 1.3 million in 1992 to over 37 million by year-end 2005.<sup>8</sup> While domestic mutual funds have grown substantially since the early days of the SSE and are the “dominant institutional player in China's stock market,”<sup>9</sup> they still account for less than 30% of the total market value.

Both exchanges view this large proportion of individual participation as problematic. As institutions with a public purpose, the exchanges' missions include educating and protecting the public, particularly individual investors. To the extent that these people comprise

the bulk of investors, the importance of this mission is magnified. A market official in Taiwan explained:

Individual investors are almost 75% of our investors. Lots of individual investors are retired people or housewives. They do not know much about the companies' situations, so we have to make a lot of effort to help them get the information.

These efforts are not limited to basic information about the companies. They also concern market trading information, particularly given the short-term orientation of many of the individuals. The Taiwan Stock Exchange will denote certain shares as "attention stocks," as explained by a market official:

[We will publish a stock as an attention stock] if a security has been trading during a certain period of time and we notice that the price movement, volume, or concentration rate is unusual. Then we will make that public: This security has been trading at unusually high volume. Maybe you should take notice. We let the retail investor know, 'There might be a risk if you trade this security.'

Public information dissemination is part of the operation of any stock exchange, but the types of activities to notify the public in Taiwan go beyond the basic level of information. More importantly, the market officials see these activities as "quite special" for Taiwan, a consequence of the high concentration of individual investors. The importance of protecting individual investors was highlighted by another market official:

I think that government would...prefer that [individuals] have a long-term investment, because many years ago in Taiwan, a lot of housewives when they went to [go to] the food market, they went to the stock brokerage firms instead of going to the food market and they stayed there for the whole morning. When the market became very volatile, most of them lost their money and some people committed suicide. It became a social problem.

The predominant position of individual investors also served as the explanation for a TSE rule that limits share price movement in any particular security to a seven percent change per day.

[I]f we don't have the price limit, then it means that the market will perhaps be more volatile and that's not something the individuals can accept. If our market structure has more institutional investors participating in the market, then those professional entities would just judge by themselves.

The rationale, however, does not ring true with the characterization of individual investors as short-term speculators, who would be able to realize greater investment gains if the price limits did not exist. It may be equally likely that the limitations on price movement exist as attempts to limit the attraction of speculation.

Market officials understand attracting international investment, in part, from this perspective of protecting individual investors. In response to the question of why it is important to attract foreign investors, a market official explained that foreign investors may act to curb market volatility:

I think the structure of the investment in Taiwan is that 70% is individuals and 30% is institutions, essentially foreign institutional investors. We would like to change the structure. [Attracting foreign investors] is the way to increase our institutional investors' percentage. Institutional investors have positive effects in the market. They hold the shares longer, [they are] more reasonable.

The positive effects extend beyond the trading effects of the foreign investors by creating change in the way that domestic individuals invest.

One way that government hopes that we can change the structure of the stock market is for those individuals to trust their money to a consulting company to manage and invest on behalf of them. That's why we encourage the foreign investors to participate in our market. Then they can change the structure of the stock market.

International investors in this sense are seen in instrumental terms. By creating a larger institutional base of shareholding, foreign investors can introduce "more reasonable" approaches to investing. Their ability to "judge" market developments "by themselves" presumably will lead to a long-term success that can convince individuals to trust their investments to intermediaries.

The Shanghai Stock Exchange shares a remarkably similar understanding of the problems of the predominance of individual investors as well as the perception of international investors as a means to help solve these problems. A market participant explained that the SSE plays an important regulatory role:

The exchange is the state. They are there to regulate what even the regulator says is the national casino... . The stock exchange is intended to regulate what is perceived to be anti-social economic activity, where I'm trying to make money off of your lack of information.

The vulnerability of individuals to the effects of the market figures prominently in decision-making about exchange policy. In her ethnography of the SSE, anthropologist Ellen Hertz noted that among individuals not involved in government, the concern was that individuals might commit suicide after losing money in the market.<sup>10</sup>

The close connection between the exchange and the state provides a means through which the market can be regulated. A market participant recalled:

There were periods in the '90s when there were two dollars of funds in trading accounts waiting to buy shares for every dollar of market cap[italization], so the market could not go down. Then [former Prime Minister] Zhu Rongji made some changes to that and drove the market down instantly because he just took away all the money out of the trading accounts.

More direct evidence of the state's involvement in regulating the market is offered by Hertz, who provided details about how the People's Bank intervened in the market on a regular basis. One official of the People's Bank interviewed by Hertz explained that:

[T]he stock market was now in a 'period of adjustment' (*tiozhen jieduan*). 'Investors' psychological ability to stand losses was very poor' (*gumin de xinli chengshou nengli tai cha*). It was their office's job to 'diminish as much as possible the shock to society' (*jinliang jianshao dui shehui de zhengdang*) and 'avoid social unrest' (*bimian shehui gaoluan*) by exercising control over the market.<sup>11</sup>

While the domestic attempts to limit the negative effects on society due to problems associated with individual investors in Shanghai differ



markedly from those in Taiwan (i.e., direct intervention into the market as opposed to education and notification), the underlying rationale for acting is similar.

Also similar is the sense that international investors may provide solutions to such problems. A market official of the SSE explained that the government may have added foreign investment to its toolkit to control the market:

The government attitude to foreign institutional investment is quite practical. They want to use it as a way to control the flow of funds into the stock market. When the domestic investors have a very bad view of the China stock market, they will encourage foreign investors to come to China by enlarging the trading in the [QFII] quota. But when the domestic market is bullish, they will impose stricter restrictions on foreign capital.

Despite the seemingly short-term perception of the usefulness of international investors, the regulators also value the potential of these investors to serve as a longer-term solution to the problems associated with domestic individual investors. The market official explained:

International investors are important because they bring capital to the market and they trade more with the international practices of trading...

*Q. What do you mean 'the international practices of trading'?*

Value investment. China's investment is very speculative due to the lack of institutional investors. It's dominated by the retails. QFII is regarded as a class of institutional investors with sound risk management skills. They were encouraged as part of the regulator's initiatives to encourage the growth of institutional investors... The portfolio investment, the investment philosophy from the mature securities markets sort of help to spread the knowledge... There is a lot of discussion about the QFIIs' shareholdings, their style of selection of stocks. It all helps to educate. [pause] But I'm not saying that they were superior to the Chinese. It's sort of an interaction between the domestic investors and the QFIIs. There was learning from it.

As with Taiwan, international investors in Shanghai are a means to develop a greater influence of institutional investors to offset—and redirect—the speculation of domestic investors. In Taiwan the hope is that individuals would move toward managed funds, while in Shang-

hai the design also includes individuals “learning” the foreign investors’ approaches to investing. While the precise nature of the change differs, in both cases foreign investors are seen as a means to transform the market by introducing new orientations toward the market.<sup>12</sup>

In both instances, international investors are seen in instrumental terms—as a means to increase institutional investing to control problematic market behavior. The hope underlying this orientation is that more “proper” market behavior will allow the exchanges to focus more successfully on raising capital, as the markets are more predictable and transparent to investors.

### **III. Fear: Political Orientations toward Foreign Investors**

Despite the hope expressed in the instrumental orientation toward international investors, both exchanges reflect some ambivalence toward such investment. This more cautious stance toward international investment reflects the political concerns dominant in both China and Taiwan. These fears seem largely to reflect the concerns of political leaders as distilled by the exchanges. Further, on balance, the actions of market regulators and the governments suggest that these fears do not drive policy, but remain as a source of caution in moving forward with policy reforms.

For mainland China, foreign investors pose the threat of gaining control over the national economy. As China’s economy moves increasingly toward capitalism, the concern has been that the size of international capital could overwhelm domestic capital in an uncontrollable fashion. As a market official noted:

The perception that the Chinese regulators had in the beginning of the stock market was that they [international investors] had huge capital and that they can easily manipulate the young Chinese market. That’s the perception—even now, they are still a little bit worried about the impact of the foreign investors.

The enduring nature of the concern about the impact of international capital on the domestic market reflects the worry that such capital is less subject to the control of the state, perhaps a bit ironic given the instrumental orientation toward this capital when it comes to helping to control domestic investors. This lack of control over foreign capital

also reflects concern about the *modus operandi* of international investors, as a market participant related:

I think it is safe to say that all Chinese regulators...believe that international capital is going to come in and ramp up their market and all sell on the same day and crash it, even though what that means is that they all lost money. People aren't that coordinated and, even if you were coordinated, you couldn't divide up the game fairly enough to make it work. But that's the secret fear of every Chinese regulator that I've listened to. That white guys are going to come in and introduce dislocations into our economy through our capital markets.

Despite the variety of motives and interpretation of opportunities of international investors, they are seen as operating out of similar, coordinated motives. The state, from this perspective, remains an important force to protect domestic investors from the threat posed by international investors.

Despite its moves to liberalize rules governing foreign investment, the Taiwan Stock Exchange maintains one strict regulation: inward foreign investment from mainland China is prohibited. Part of the process of registering as a foreign investor involves declaring that the money that one is investing is not from mainland China. The rationale underlying this regulation is demonstrated by a conversation I had with two exchange officials (identified as "A" and "B"):

Q. *Why is it important to...*

A. Watch the money from mainland China?

Q. *Yes.*

A. Because they will disturb our economy.

B. This is the consideration for national security.

A. Yeah, they may not directly violate Taiwan...

B. They cannot invade by the army, but they can invade with capital.

A. They can use the economy to invade Taiwan. Say that they invest huge [sums of] money and manipulate [the market]. Then they sold a lot of securities and our stock market just gets destroyed and they withdraw all the money back...They would destroy our stock market and influence our currency. We just watched the experience from Hong Kong, when hedge funds participated in the Hong Kong market; they also influenced

the currency and stock markets. That's what we worry about. Mainland China, we don't know if their attitude is positive or negative. Sometimes they are the enemy of us.

While the government policy that established the restriction is based on the premise that China poses an economic threat to Taiwan, the development of the conversation suggests that these fears are shared by the stock exchange officials (if not on an official basis, at least on a personal level). Particularly striking is that the officials saw the experience of Hong Kong during the 1997 Asian economic crisis in terms of China, rather than in terms of global capital managers with a shorter-term orientation, since the latter were widely perceived as precipitators of the crisis.

While the source of the threats varies between the two exchanges—international investors in Shanghai, Chinese investors in Taiwan—the nature of the threat is remarkably similar. In both exchanges, officials related concerns of regulators or the government that some external entity might gain control over the economy with the purpose of crashing the market to induce economic harm. The difference in the source of the threats reflects differences in how the two governments relate to international politics. China, tainted by its non-democratic governance and human rights record, sees the world as potentially hostile. Taiwan, living under the threat of forceful unification with the mainland, experiences international relations as part of a reflection of the cross-Strait dynamics.

#### **IV. Dreams: Envisioning the Future of the Exchanges in the Region and the World**

As organizations, both the Shanghai and Taiwan Stock Exchanges are guided by their visions for the future. These visions incorporate a relationship to global financial markets and a particular position within the region that is defined, to some extent, by the relation of the exchanges to other markets. These visions provide insight into how the exchanges might attempt to use economic means to achieve goals that are, at least presently, politically unfeasible.

The Shanghai Stock Exchange seeks minimally to develop into the leading capital market for East Asia, as related by a market observer:

Shanghai—the articulated goal is to be a global financial center, or certainly a center for regional fundraising, so that Malaysian companies would come to Shanghai to list in the same way that other companies now go to Hong Kong to list.

This development includes the idea of integrating Hong Kong by listing Chinese-based, Hong Kong-listed companies on the SSE. A market official explained:

China wants to build strongly the Shanghai Stock Market rather than just rely on the Hong Kong market for foreign capital from institutional investors...The goal is to have those big Chinese companies return to Shanghai. We think that the Shanghai stock market should be the main board of China, should represent China's economy. It should be the leading stock exchange in China.

China sees the development of the exchange as a means to reclaim control over the public representation of the national economy. To realize this vision, however, there are two main problems: lack of the rule of law and government domination of the market. Both problems relate to the continuing influence of the Communist Party over developments in the country.

The Taiwan Stock Exchange sees its future as connected with international investors. One market official noted, "We would like to be recognized as an advanced [developed] market...If we can upgrade our status to a developed market, the funds invested would be larger." The acknowledgement of advanced status serves as a means of attracting increased international capital, an important political and economic goal:

Internationalization is important because we are an island... . We like the global investors participating in our market, because as an island, you can not survive in isolation... . If more foreigners participate in the market or this country, I think it will improve our economy.

Beyond the economic effects, increased international investment has an important consequence: creating an international recognition of Taiwan as independent in a politically unfeasible manner. The institutions that effectively keep Taiwan formally a non-state member of the international community do not operate in so strict a fashion in the economic realm.<sup>13</sup> Attracting increased international investment builds

interest in maintaining the status quo in Taiwan—a stalemate in which a *de facto* independent Taiwan does not assert *de jure* independence in a manner that might cause Chinese aggression.

The cross-Strait relation plays out in fascinating ways with the two stock exchanges. In addition to limitations on Chinese investment in Taiwan, Taiwanese government policy restricts the amount of money Taiwanese companies can invest in the mainland. As a consequence, Taiwanese-listed companies are not permitted to invest more than 40% of shareholders' equity in the mainland. When clarifying the policy with two TSE officials whose responsibilities include monitoring the activities of listed companies, the officials simultaneously answered my question of whether restrictions apply to overseas investment in other countries with the answer that it only applied to mainland China, stating, "that's only a political issue." Unlike the concern with the potential threat of Chinese investment in Taiwan, the officials in this instance consider the policy as detrimental, as it provides an incentive for companies from Taiwan to domicile in Hong Kong or another jurisdiction to get around the government's restriction on their overseas investment activities.

In Shanghai, I tried to downplay my research in Taipei (which preceded my research in Shanghai) out of concern that mention of one of the "three Ts" (Taiwan, Tibet, and Tiananmen) might compromise the integrity of the interview. In one interview with an official from the SSE, when I was directly asked about my findings, I became involved in a conversation about Taiwan. The official explained that the SSE thought it was important to learn from the experiences of Taiwan. When I expressed surprise, given the nature of intergovernmental relations, the official explained:

In the financial market, we learned a lot from Taiwan's experience. It's not political. It's purely for the market...We attach a great importance to the experiences of Taiwan and Japan because we think they have a very similar background to the Chinese market. They are very highly regarded by the regulators.

The distinction between policy in Taiwan being "only a political issue" and policy in China being "not political" but "purely for the market" suggests that both exchanges have room for maneuver, but that some issues are decided by the governments.

## V. Conclusions

The comparative analysis of the international positioning of the Shanghai and Taiwan Stock Exchanges highlights a number of important similarities in international orientations, albeit for differing underlying motives. Both exchanges combine an instrumental view of international investors as a means to control domestic individual investors, but still harbor doubts about opening up the market, as doing so may leave the economy unprotected from external threats. Additionally, harnessing international investment is viewed as an important step for each exchange in order to fulfill their visions for the future in the world and region. The motives behind these international orientations, however, reflect the partially subordinate position of the exchanges to the political positions of their national governments.

Returning to the opening question: Are these exchanges worlds apart or a part of a similar world? The exchanges have a surface similarity but appear to be distinguished by differences in their governments' international concerns. My earlier research found that the position of stock exchanges in relation to the state is an important determinant of the operation and structure of markets.<sup>14</sup> From this perspective, the question becomes whether the nature of the Chinese and Taiwanese states are markedly different. While there are clearly differences in the two governments' approaches to democratic elections and freedoms,<sup>15</sup> the political economies of the two states may not be as distinct as casual observation suggests. Maurice Meisner's article argues that Communist rule in China served the functional effect of laying the foundation for Chinese capitalism by transforming social relations, leveling the power of traditional landlords, and freeing the population to pursue economic activity.<sup>16</sup> From another perspective, anthropologist Hill Gates argues that both countries share characteristics of tributary states.<sup>17</sup> The political-economic organization of a tributary state features a class of state officials who extract sizable surpluses from the productive classes, establishing an important class relation between the state and the populace, and leaving capitalist classes underdeveloped.

While these two accounts conflict with each other—Gates' suggestion that the tributary state limits the growth of all but petty capitalists is at odds with Meisner's account of the transformative nature of capitalism—both theories point to the nature of state-society relations in China and Taiwan. On one hand, the elements of the state attempting

to control individual investors in both countries, along with the relative lack of domestic institutions, seems to fit the model of the tributary state developed by Gates. If this interpretation is accurate, then it poses further questions about how societies organized around such a logic link with a global polity that focuses on nation-states organized around liberal individualist citizenship. On the other hand, the value placed on international investors as sources of socialization for domestic investors and the hope of increasing the influence of institutions operating by international standards suggest a vision of societal transformation along lines that are more similar to the global model. The direction of the development of state-society relations and the political economies in this region remain open questions. The answer depends on whether China and Taiwan will be driven more by their hopes or by their fears, determining if they see themselves as a part of or apart from the global political economy. ●

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## Notes

1. T. Rowe Price New Asia Fund 2006, p. 2.
2. See, for instance, Knorr Cetina and Preda 2005.
3. In addition to A and B class shares, companies have C shares (known as “legal person shares,” which are owned by other companies or government ministries, typically on the basis of organizational relationships that existed prior to converting the company to an organization owned by shareholders) and G shares (government-owned shares). Additional publicly owned shares trade in Hong Kong (as H shares and so-called Red Chips—Hong Kong domiciled companies with most operations in the mainland) and as depository receipts on overseas exchanges (such as the New York Stock Exchange).
4. Shanghai Stock Exchange 2005.
5. Taiwan Stock Exchange 2006.
6. *Ibid.*
7. Hertz 1998.
8. Shanghai Stock Exchange 2005.
9. Shanghai Stock Exchange 2004, p. 10.
10. Hertz 1998, p. 62.
11. *Ibid.*, p. 61.
12. Such means of transforming market operation reflect recent findings about the ways in which economic theories have performative characteristics that change the world as people adopt them. This view contrasts with the standard view that these theories simply describe the world (MacKenzie and Millo 2003).
13. Wang 2006.
14. Larson 2004. In this research, I also found that speculation did not derive from individuals. Indeed, in two of the exchanges, officials bemoaned how individuals did not speculate but would frame their stock certificates as mementos, and in the third



exchange speculative trading was undertaken by specialized traders at the largest brokerage firms.

15. While its repressions never reached the same level as those of the Chinese government, it is important to recall that Taiwan was under martial law for four decades, until 1987.

16. Meisner 2006.

17. Gates 1997. I was introduced to Gates' work by Ellen Hertz's book (1998).

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