

## Introduction: Ways and means

### Ways

This is an anthropological study of the Shanghai stock market based on ten months of ethnographic fieldwork in Shanghai, People's Republic of China, during the year 1992. It documents a particular moment in the history of China's experiments with economic reforms, the moment when this symbolically charged "capitalist mechanism" was first officially promoted on a large scale in one of China's most important cities. It tells the "moral" of the stock market as it evolved over the course of that year, the ways in which its main characters and important events were constructed into a political-moral storyline by Shanghainese investors and government regulators alike.

Comparing notes with colleagues, orally and in print (Golde 1986 [1970], Rabinow 1977, van Maanen 1988), it seems to me that this project has been both unusually easy and unusually difficult. What made it easy was the tremendous interest the Shanghainese themselves showed in my topic. The months of my fieldwork, from February to December of 1992, coincided with the Chinese government's first unambiguous signals in favor of popular participation in the stock market. The result was a movement of "stock fever" (*gupiao re*) of an intensity which China had not experienced since the Republican era. For the majority of people I talked with during that time, it seemed normal, and even desirable, that this historic moment be documented by foreign scholars. From the moment I set foot in Shanghai until my last day there, people from all walks of life wanted to talk to me about the market. They also wanted to talk to each other, and I spent most of my time listening to these conversations and recording the terms in which they took place.

My host institution, the Shanghai Academy of Social Sciences (SASS),

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responding to this relatively relaxed political climate, encouraged my study and provided me with valuable contacts, including its own talented body of scholars and researchers.<sup>1</sup> Over the course of the year, I was able to interview officials at the principal government agencies responsible for the market in Shanghai – the Shanghai Branch of the People’s Bank of China, the Shanghai Bureaux of Taxation and Finance, the Shanghai State Assets Administration Bureau, the Shanghai Structural Reform Commission and the Shanghai Securities Exchange.<sup>2</sup> I also interviewed managers at the four largest securities brokerages in Shanghai at the time (Shenyin, Shanghai International, Haitong and Caizheng), and carried out a month of participant observation in the managing offices of one of these brokerages.<sup>3</sup> I was able to visit a number of the companies listed on the Shanghai Exchange and talk with their officers. Finally, and without too much difficulty, I was also granted interviews with economists and managers involved in stock market regulatory work in Beijing (at the Chinese Academy of Social Sciences, the Stock Exchange Executive Council and the National State Assets Administration Bureau) and in Shenzhen, China’s second official stock exchange (at the CDI Market System Institute and Futures and Options Center, and at the Shenzhen Securities Exchange). The difficulties I did encounter were rarely political in nature. Rather, officers and managers working in the new Chinese securities industry had begun to feel the time pressures associated with China’s program of economic reforms.<sup>4</sup>

This openness was due to the Communist Party’s shift in attitudes towards securities markets, a fact of enormous importance to my study. But, what made “stock fever” a historic moment – or, in the words of one

<sup>1</sup> Until very recently, all foreign researchers in China were required to work through an administrative “host,” either a research academy or a university. While many have had their research redirected, delayed or completely blocked by this administrative system of control (see, e.g., descriptions in M. Wolf 1985, Friedman, Pickowicz and Selden 1991, Pieke 1996), my relations with SASS were entirely positive. SASS provided me with convenient living quarters in its guest house, introduced me to my Chinese advisor, research assistant and others, and then left me entirely to my own devices. I take this opportunity to thank the Academy for all that it did and, more importantly, for all that it did not do.

<sup>2</sup> These interviews were carried out in Mandarin Chinese which I speak and read fluently.

<sup>3</sup> In order to preserve anonymity, I have altered certain identifying characteristics of key personalities and institutions in the ethnographic descriptions which make up the body of this book.

<sup>4</sup> The frenzied rhythm of something resembling competitive capitalism – a factor that would make comparable study of a Western stock market a far more arduous affair – had just begun to make itself felt in the urban Chinese context. When I returned to Shanghai for a brief restudy in March–April of 1995, the busy-ness of business had overtaken virtually all of my friends and contacts, and I had a great deal more difficulty getting an hour’s worth of conversation out of them.

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investor, a “social movement” comparable in scope to the Cultural Revolution – was the remarkable outpouring of enthusiasm for stock trading at the popular level. Thus, the bulk of my time was spent in interviews, meetings and dinners with dozens of investors, rich and poor.<sup>5</sup> These investors were even easier to meet than officials and managers. Throughout the city and throughout the year, the streets in front of brokerage offices were crowded with people, waiting in line to place buy and sell orders, craning to see the small television screens in brokerage lobbies which posted current prices, discussing the market with other investors, gathering information, spreading rumors, selling copies of the multitude of small newspapers and fact-sheets that had cropped up to report on market movements, or just enjoying the “heat and noise” (*re’nao*), the Chinese term for a good time.

During the initial period of my fieldwork, I mulled with these crowds, talking to whomever would talk to me, which was frequently everybody. The problem with these encounters was that most often the crowd turned the tables on me; rather than respond to my questions about their stock market, they wanted to ask me about “mine,” and I spent hours answering questions (with more or less accuracy) about how it is that people make money on the New York Stock Exchange. A short time into my stay, however, I had made enough friends and acquaintances to meet with individuals or groups of investors in other settings: at stock “salons” where stock market policies were discussed, at adult education classes on the stock market, and over dinners. To control for the representativeness of my data, I tried whenever possible to meet with people from different parts of the city, for though the class character of neighborhoods in Shanghai is not very marked, differences do exist. These meetings provided me with the occasion for the kind of prolonged discussion and observation which typifies the ethnographic method. To supplement interviews and discussion, I asked three of my friends to keep “connections diaries,” in which they jotted down notes about all of the people whom they asked for help or who asked them for help with their investing. I also set myself up as an observer in one of the “VIP investors’ rooms” that brokerages had opened throughout the city to provide special services to wealthy clients. I spent

<sup>5</sup> These discussions were most often carried out in Shanghainese, which I learned over the course of my fieldwork. By the end of that time, I could understand lectures and group discussions about the stock market, though I confess to difficulties when the conversation turned, for example, to vegetables. I could also begin, though rarely finish, a conversation in Shanghainese, but as virtually all Shanghainese also speak Mandarin, this was not a real hindrance to my research. Speaking Shanghainese was important mainly as a gesture of civility, a kind of deferential showing-off which helped to establish rapport.

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four months in full-time conversation with the regulars there, and visited VIP rooms at a number of other brokerages.<sup>6</sup>

Over the course of my research, I carried out two informal surveys, one at the VIP room I visited regularly, another among participants in an adult-education course on stock market investing. Return rates on these surveys were 50 percent and 30 percent respectively, and my research assistant, a graduate student in finance, felt that higher returns would be virtually impossible, as most investors were reluctant to put down in writing answers to questions such as “how much money have you made on your investments in the past six months?”. As with all qualitative research, however, the most reliable test of my impressions was saturation – the fact that after a certain amount of interviewing I began to be able to predict the tenor and direction our conversations would take.

What emerged from these conversations was a distinctly “native . . . point of view” (Malinowski 1961 [1922]:25), a set of observations, predictions and concerns that focused on the social and political implications of the new market in shares. Drawing on their analyses of the movements of the market and of the motives of its regulatory agencies and principal players, the Shanghainese – officials, investors and bystanders alike – elaborated interpretations of the nature of state and society, power and wealth, continuity and change, in Shanghai, China and abroad. In this study, I trace the development of one of these interpretations, one that I found central and compelling. I do not insist that only one such storyline exists, that the “native point of view” can be summed up as a single set of attitudes and beliefs. To the contrary, debates over the meaning of the market animated the conversations of literally millions of Shanghainese throughout the period of my fieldwork (see Gamble 1997). However, I do insist that interpreting the meaning of the stock market in socio-political terms was a distinctly Shanghainese preoccupation. It was my good fortune that this preoccupation coincided entirely with my own.

Unusually difficult has been the task of bringing what I observed and absorbed back to a Western audience. Since the beginnings of the discipline, anthropologists have been obliged to challenge Western preconceptions about the nature of social order to explain the societies they were observing. Malinowski (1926) showed that order is possible without law in

<sup>6</sup> I should note that the investors in the VIP room which I selected for long-term observation were relatively open to my presence there, as compared with investors in other VIP rooms I visited. This simply means that, as with most ethnography, the data I collected came from people willing to speak with me.

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Trobriland society, while anthropologists working in Africa demonstrated that acephalous societies are governed though they possess no institutions that we in the West would recognize as government (Fortes and Evans-Pritchard 1940). However, these anthropologists were describing social structures that had no immediate counterparts at home. What about an object as quintessentially Western as the stock market? What other terms exist to describe a complex financial institution created over four centuries of Western capitalism than those used by Western capitalism itself?

I was faced, in short, with resistance, my own and that in the literature, to the notion that stock markets can be organized along lines other than those laid down by the evolution of Western markets. This was made all the more complicated by China's incomplete but real insertion in the global economy. The Shanghai stock market exists alongside, and in reaction to, financial markets in Tokyo, Hong Kong, London, and New York. The Chinese government's decision to create stock markets was guided by its comparative study of American, western European, and east Asian economic systems. Foreign experts from government (the Chairman of the US Securities and Exchange Commission), from private industry (executives from international banks and brokerages in the US, Taiwan and Switzerland), and from international organizations (such as the International Finance Corporation) were frequent visitors to Shanghai during my year of fieldwork. Furthermore, Chinese investors in Shanghai – who were by no means all Shanghaiese – had none of the “stuck” qualities which, as Appadurai (1992) demonstrates, adhere to natives in traditional anthropological ideology: physically, they were frequently mobile, some of them internationally so; culturally, they moved easily between different, sometimes contradictory, social orders; and intellectually, they were well aware of their relative position in the world, that is, they had the self-consciousness necessary to imagine themselves in comparative perspective. I was thus forced to ask myself whether there was such an anthropological thing as a Shanghai stock market, whether this delimitation of my subject matter made any sense, or whether, to the contrary, it was not the creation of a nostalgic wish that some essence of Shanghai still existed for me to uncover. I had to ask myself, as Malinowski did not, what was “native” about the “native point of view”?<sup>7</sup>

<sup>7</sup> Following Appadurai's (1992) astute critique of the use of the term “native” in anthropological history, it might seem wrong-headed to rely on it here. If I do so nonetheless, it is because I am not convinced that the notion of the “local,” with which “native” has been replaced, carries the weight necessary to counterbalance the often ethnocentric presumptions about imminent “globalization” which are the “local”'s flipside, and this is particularly true in an area such as financial markets (see e.g. Fardon's [1995] frenzied position). Nor, finally, does the term “local” eliminate the ideological tendency to attribute more

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Cultural anthropology has traditionally addressed this concern by asserting that culture is not a collection of individual elements (beliefs, myths, behavior, mores) more or less traditional, but rather a coherent and self-sustaining system (Benedict 1934, Geertz 1973, 1983). What the anthropologist observes may be authentically native – in our case, part and parcel of the Shanghainese socio-cultural system of meaning and action – without being traditional, traditionally Shanghainese, traditionally Chinese, or even “Chinese.” In the case of Shanghai, China’s first modern, cosmopolitan city (Bergère 1986), traditional notions of tradition and Chineseness lose their clarity; in the context of the stock market, they become patently absurd. Obviously, many of the structures, concepts and practices found here are borrowed from the West; Shanghainese speak of bear markets (*xiong shi*) and bull markets (*niu shi*), of turnover rates (*chengjiaoliang*) and price–earnings ratios (*shiyinglu*). However, the argument runs, these structures, concepts and practices are immediately reconfigured to fit their new socio-cultural environment. Through nobody’s fault and to nobody’s credit, the result is completely and inevitably Shanghainese.

This set of assumptions provides only a partial solution to our problem, and a dangerous one at that, for it easily lends itself to the kind of orientalism which has dogged the discipline since its beginnings.<sup>8</sup> It finesses the question of cultural essence by simply shifting the debate to a higher level of abstraction. The distinctively native does not reside in particular customs or beliefs, we are told, but in the configuration of all customs and beliefs practiced or held within a determined territorial unit; the system secretes its own authenticity. But the question remains: how are we to fix the boundaries between borrowed and native, the boundaries of “the system,” both in time and in space? At what moment in twentieth-century Chinese history, for example, did (a certain reading of) Marxism become so incorporated within Chinese culture that it ceased to represent

fixedness to local culture than it might desire or deserve. Ethnographers increasingly find themselves positioned between this particular rock and hard place. For a cushion, though not a solution, see Dakhliia (1995).

<sup>8</sup> A classic example of orientalism in Chinese studies which succinctly illustrates the processes first identified by Said (1978) under this name can be found in Etienne Balazs: “[T]he comparative sociology [of Chinese bureaucracy] has an outstanding virtue: it can be used as a mirror image in reverse of everything that is unique in the history of the West. . . . [A] glance at the social structure of bureaucratic China will be enough to bring to notice a curious reciprocity. Everything convex on one side is concave on the other. One is almost tempted to speak of a European *Yang* and a corresponding Chinese *Yin*” (1964 [1957]:21–22). One is driven to ask the author, “Why not a European *Yin* and a Chinese *Yang*?”

a foreign element and started to function as part of the native system which in turn was to incorporate future foreign elements such as free market economic theory? How much regional difference between cultural configurations is sufficient to qualify them as distinct “systems”; is the Shenzhen stock market, for example, governed by a different “culture,” or can it be assimilated to the Shanghai market?<sup>9</sup> Finally, if cultural systems reconfigure all they encounter in native terms, how do we account for change in the overall function and tenor of a given system? In a carefully argued article, Barth raises a similar set of questions for the notion of society, concluding that “[w]hat we have called societies are disordered systems further characterized by an absence of closure” (1992:21).

Today, cultural anthropology can no longer maintain the comfortable assumption that there exists a “system” or, in George Marcus’ words, a “Whole” (1990), to which the production of difference can be relegated. Rather, as Marcus suggests, attention has turned to the “ethnography of complex connections,” ethnography which takes as its objects of analysis such untraditional matters as markets, social movements, the circulation of money and financial crises (1990:24). Clearly, my study is an offspring of this by now not-so-new movement in anthropology – indeed, I am studying markets, the circulation of money and financial crises understood as a social movement in contemporary Shanghai. However, in my view, if this new ethnography is to avoid a relationship to “complex connections” as reified and pernicious as that which traditional ethnography has entertained with “culture” and “society,” it must be particularly careful – even more than its traditional counterpart – to take as its starting point “the native point of view.” It is the native point of view which provides us with our only reliable entry into the question of how difference is produced and lived in an increasingly complex and connected world.

In short, we must avoid substituting one suspiciously mechanical vision – that of culture-as-system – for another – that of interconnectedness, as if “connections” exist objectively, independently of what “natives” think about and do with them. Alone, neither the culture-as-system nor the complex-connections paradigm helps us understand, for example, why the question of foreign influence in China seems to cause so much distress. A description of late Qing–early Republican China would hardly be complete without mention of the prolonged agony experienced by many of the period’s leaders and intellectuals – perhaps, indeed, as Mao Zedong would have insisted, by “the Whole People” – over the question of Chinese

<sup>9</sup> For hints at a response, see Hertz (1996a).

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culture and its place in the modern world. Neither the boundaries nor the essence of the Chinese “system” were apparent to these thinkers, who felt progressively overwhelmed by contact with Western institutions and ideas. One of the consequences of this distress, of course, was the Chinese Revolution itself, which seemed to provide a solution to the problem of boundaries by reasserting a new cultural system, a “New China,” in the face of domination and humiliation by foreign powers. The thirty years of relative isolation which followed were in part structured by this quest for cultural purity. Today, with China’s policy of “reform and opening” the question of China’s cultural essence – is it “good” or “bad”? – and of her connections with the outside world – are they beneficial or dangerous? – is more than ever a site of confrontation and concern (see Nathan 1993 reviewing Fei 1992, Pye 1992, Schwartz 1985; Tu 1991, Wang 1991 and Wilson 1992; see also *FEER* 1996).

If the systems paradigm – “native” or “global” – produces a flawed description of the way in which people-in-culture live their own particularity, this is because it overlooks a phenomenon of primary sociological importance: power. When the Shanghainese cultural system encounters the capitalist world system, they do not meet on an equal playing field. Rather, capitalism of Euro-American origins is in a position of material and ideological dominance which puts pressures on the Chinese system. The power discrepancy between Chinese and Western-centered cultural systems is a fact of such fundamental importance that it seems to go without saying; indeed, to many Western observers (and Chinese heads of state) there is something indecorous about drawing attention to it.

This point was brought home to me during an encounter which bears retelling here. One of the most frequent (and no doubt silly) questions I asked in my interviews with investors was: “Why are Shanghainese so interested in the stock market?” Virtually everyone I talked with answered this question in the same way: “Because we’re poor.”<sup>10</sup> Few things irritated me more than this response. At first I simply ignored it. True, I thought, Shanghainese frequently live in crowded, inconvenient and tiring conditions, but they are not poor. By national standards, Shanghainese lead relatively well-to-do lifestyles, lifestyles that compare very favorably to the hardship and deprivation experienced by significant portions of the peasant

<sup>10</sup> If this response appears natural, contrast it with the reactions of European friends to whom I told this story. A first answer to the question “why do you invest in the stock market” in France, Switzerland or Germany might well be “Because we’re rich.” This is just a fleeting illustration of Roy Dille’s point that “representations of exchange are predicted on the recognition of particular forms of personhood and types of social agency” which vary across cultures (1992:2).



population. Neither are they especially poor by world standards. My dismay became more intense when I heard this line from some of my “big player” friends, men and women who had accumulated millions of *yuan* (that is, hundreds of thousands of dollars) on the stock market and elsewhere. I stubbornly set myself the task of explaining to them that they were richer than I was, that if I could not play the market, it was because I simply did not have the extra thousand dollars it took to make a minimum non-laughable investment. Of course, I never succeeded in convincing a single “big player” that, relatively speaking, it was I who was poor.<sup>11</sup> It took a heated argument with a Shanghai friend to make me wonder whether the Shanghainese were not right after all. While I did not have their cash, I had social and cultural capital simply because I came from the part of the world I did. By insisting they were poor, my friends and acquaintances were requiring me to take seriously the power discrepancies in our respective positions.

The question of power in the field is, of course, eminently difficult: it is the site where anthropologists’ observations participate in creating the cultural imbalance which they seek to describe. (Indeed, this may be the strongest meaning of the anthropological oxymoron, “participant observation.”) Furthermore, power relations in the field are in no sense stable. At the time of my fieldwork I could say without too much hesitation that a sense of Euro-American hegemony structured my encounters with mainland Chinese. A far more complicated situation prevailed in my encounters with Hong Kongese, Taiwanese and Singaporeans whose wealth, education and influence had long since been felt in the international business community. A short five years later, ethnic Chinese throughout the world appear growingly confident that China is on the verge of becoming, if not the center, at least a center of world wealth and power (see Berger 1996). This confidence alters the ethnographic relation significantly; that foreigners should visit China to observe this historic moment can be taken as a tribute to and further sign of China’s rising international stature.<sup>12</sup>

<sup>11</sup> Indeed, a problem of credibility was posed by their conviction that I must have thousands of loose dollars at my disposal, for the question of why I did not invest them in their market became pressing. I finally realized that unless I offered them an alternative to my proposal that I was simply “poor,” I would be seen as irreparably rude and/or stupid. I therefore told them that I was playing the real estate market in Switzerland, which was “hot” these days (indeed, my husband and I were buying an apartment). This straightened things out; yes, it seemed reasonable that real estate in Switzerland might be a better bet than stocks in Shanghai.

<sup>12</sup> Thus, the notion, implicit or explicit in some contemporary writing in anthropology, that the observer occupies a position of dominance, or worse, that observing is itself somehow an act of dominance, is belied by my field experience. If ethnographic observation has frequently smelled of domination in indirect form, this has more to do with the anthropological tradition of “studying down” (Nader 1969) than with the act of observing *per se*.

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The question of power is present at every juncture of the ethnographic encounter; whether I liked it or not, framing my study in terms of “the native point of view” meant taking a position in a highly charged political debate. This is because, as Frederick Barth (1969) has demonstrated, issues of intercultural politics and boundaries precede and shape perceptions of intracultural traits and essences. The political contest over the Chineseness of China’s experiments with stock markets was visible from the outset. The central government’s first calls for experimentation were firmly placed under the banner of developing a “socialist commodity economy” using “stock markets with Chinese characteristics.” These statements were instantly dismissed as a foolish exercise in nationalist bravado by the Western mass media. The West had its own parable to tell about China’s experiment with financial markets, and with economic reform generally. Ideology must sooner or later give way to “practicality,” idealism to individual self-interest. Mao, we were told, forced a billion Chinese to repress their latent money-making tendencies for thirty years, and that pent-up energy burst forth with Deng’s “capitalist” reforms.

The Western press made frequent references to “capitalism” in China, with headlines such as “Stock market puts China under a capitalist spell” (*BS* 1992), “Coy capitalists” (*FEER* 1991b), “La Chine adopte le capitalisme rouge” (*Libération* 1992), “Deng’s pattern takes shape: Hybrid ‘capitalist totalitarianism’ for China” (*IHT* 1992b) and “Capitalist leap: China plays the market” (*TN* 1992). (One notes a certain nuancing in more recent headlines such as “The great Shanghai shakedown: ‘Capitalism with Chinese characteristics’” (*IHT* 1995u) or “Government edging towards capitalism” (*IHT* 1996c)). What “capitalism” meant in this context went entirely unexplained, signaling anything from the fact that rich individuals existed to the fact that Coca Cola was marketed, or that the pursuit of wealth had become an important social activity. This usage only made sense in the context of the on-going ideological struggle which mainstream Western ideology waged against “utopianism” and “Communism.”<sup>13</sup> That the Chinese state never referred to the reforms as “capitalist,” but rather as “socialist market reforms” which drew on certain “capitalist mechanisms,” thus counted for little.<sup>14</sup> Economic “reality” had led the Communist government to adopt the world’s only functional development model – that

<sup>13</sup> This was not new. Already in 1937, Thurman Arnold, in *The Folklore of Capitalism*, identified “capitalism” as an empty, though socially central, “polar word” (1937:167–184), that is, a word whose analytic relevance was held hostage to an ideological face-off.

<sup>14</sup> Chinese commentators often participated in, or appeared to participate in, this confused reading of the new “Chinese capitalism.” See for example Lee’s (1991) often complicit analysis of contemporary mainland economic journals.