

Brokered connections between South China and the world

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Chinese transnational engagements represent one of the most far-reaching socioeconomic developments of our times. Chinese global engagements have been studied mainly through features of their input (high labor supply, capital surplus, quest for international recognition, etc.) and output (foreign direct investments, trade, diplomatic achievements, etc.). Considerably less is known about the processes between these end-points – the distinct ways incentives translate into concrete transnational linkages. The ERC Starting Grant project **BROKEX: Brokering China's Extraversion**, launched this year, will fill specific gaps in knowledge concerning how China's international integration advances.¹ We use brokerage as an opening wedge for examining the diverse logics that produce informal and formal, licit and illicit transnational connections from China.

Corporate brokers as frontier workers

Corporate brokers, such as KPMG, Deloitte, and McKinsey, commonly present the following narrative about Africa and China: Westerners should hurry to exploit the opportunities on the continent before the Chinese get it all. "Africa is the world's last frontier market, and Western firms need to start taking advantage of its tremendous potential, as Chinese firms already are", Signé states.² The quote depicts the African continent as a frontier to be capitalized on by outsiders, void of indigenous actors, its internal diversity and long history of global integration neglected. Against this problematic geopolitical representation, the multinational consultancy firms offer Western companies guidance to operate in markets characterized by informality.

A quintessential broker

The interaction between China and African countries alluded to above commonly advances through the mediation by transnationally connected individuals. One such broker was a Chinese man who had taken the name Mike. He solicited customers among the many Africans who had moved to the Pearl River Delta for short or longer periods. Mike displayed none of the effortlessness in dealing with different groups commonly associate with brokers. Skillful brokers are often able to deflect tense situations by employing humor, display empathy with several parties in a transaction, and identify creative ways to resolve entrenched conflicts. Mike, by contrast, seemed ill at ease both when interacting with other Chinese people and with African clients. Short, balding, and dressed in the kind of dark clothes typically worn by middle-aged Chinese men, his looks were inconspicuous. Yet, his presence was easily noticed because he sweated profusely and seemed constantly flustered. Furthermore, he was prone to wantonly delivering provocative and inappropriate statements.

While socially awkward, Mike was an agile businessman. As he navigated between formal and informal institutions, he expected opportunities for profit to be fleeting. Upon getting to know African traders through his employment in a logistics company in 2001, he started to offer them surplus stocks of shoes from manufacturers in the Pearl River Delta. The factories produced for European

and North American markets, but deliberately manufactured surplus stocks for sales to other parts of the world. After the 2008 financial crisis, factories also saw European and North American companies default at greater rates than before. Mike helped them sell products these customers failed to pay for, bridging formal and informal economies.

The shuttling of surplus stocks was tiring and yielded dwindling profits. When I first met Mike in 2014, he had largely abandoned this trade. Instead, he brokered between undocumented immigrants in China, local landlords, and the Public Security Bureau. He assisted migrants with expired visas in leaving China, charging hefty fees. As China's immigration control tightened, the risks he faced increased and the work got more difficult. He explored a range of other options, including brokerage of marriages and escorts. In 2016, he told me he had found a brokerage opportunity that suited him perfectly: helping clients from Central Asia and Eastern Europe illegally export wealth via China. His workdays were spent in the airconditioned interiors of banks alongside a handful of foreigners who like him facilitated informal and illegal transactions. Knowing how slow the wheels of academic publishing turn, he comfortably imparted details about the currency export with me. He reckoned that the business would soon be cracked down upon, and he was already scouting for new brokerage opportunities in the interstices between the legal and illegal.

Dilettante brokers and social networks

As brokers, multinational consultancy firms and people like Mike have in common that they are professional brokers – their core business is to find and fill spaces between other actors. However, many brokers, if not most, connect others only occasionally and under particular circumstances. As Lindquist, Xiang, and Yeoh remark in relation to migration brokerage: "While some are professional brokers, others are dilettantes—amateurs who become involved in recruitment by accident or as an effect of their social position. As such, a broker is not a fixed identity and must be considered in relation to location, time and power".³

Social science research on brokerage commonly takes the shape of social networks

Above: Day laborers with trolleys help traders transport goods out of Guangzhou's wholesale markets (photo: Jørgen Carling).

as its starting point, and focuses on how actors positioned at the intersection between groups operate. This is the perspective adopted by the most cited scholar on brokers, Ronald Burt. Some people are 'bridges' in social networks, positioned to create connections between otherwise separate groups. Burt asserts that when there are few bridges across a gap between groups, actors in the middle have much to gain from taking on a brokering role.⁴ Effective brokers create new connections between groups and profit from trust within them. This analysis takes sets of social relations as its point of departure. Scholars who study social relations in China, by contrast, have focused as much on how relationships are forged as how they are utilized. This provides analytical tools for understanding brokerage as contingent events, as discussed next.

Relationships understood from China studies

Studies of *guanxi*, i.e., connections or interpersonal relations, place the formation of strategic connections at the center of analysis. *From the soil* by Fei Xiaotong (orig. 1947)⁵ – a classic text in the Chinese social sciences – analyzed how people work to achieve and maintain their desired amount of social connectivity. Descriptions of *guanxi* emphasize that flows of wealth and feelings in relationships are often mutually enabling: emotions entail material obligations, and material exchanges incite feelings.⁶ The commonly used expression 'pull *guanxi*' articulates the mediated nature of social influence, whereby a chain of relationships is activated until it reaches the person one intends to influence.⁷ As favors are extended, they induce debts that are repaid with future favors. Familiarity must be established before resources can be exchanged for mutual benefit. Such familiarity may be bred where no prior foundation exists, or it can be supported through shared characteristics, such as kinship, place of origin, and educational history. Irrespective of their bases, relationships can only subsist by being actively cultivated and maintained.⁸

The literature on *guanxi* has been focused on China and the Chinese diaspora, but the relevance of its methods and conceptual frameworks is potentially broader and extends to transnational brokerage across ethnic boundaries. The BROKEX project approaches *guanxi* practices as historical and cultural adaptations to broader contextual circumstances. Accounts from China in the post-reform era document how *guanxi* networks have proliferated in some domains, yet declined in others. The ways *guanxi* practices emerge, transform, and disappear suggest that they are historically specific – they are not some quintessentially Chinese phenomenon that can be pitted against detached individualized Western relations.

Upcoming explorations of China's extraversion

The analysis of transnational brokerage from China will use *guanxi* scholarship as a perspective from which to further develop analytical frameworks for understanding brokerage as a general social phenomenon. Through ethnographic case studies, BROKEX will generate data on how actors maneuver to attain positions from which they can engage in brokerage. The project was designed and inspired by studies of formal and/or illicit exchanges in Sino-Africa trade. During the ten-year period I conducted such research, I became increasingly aware of how informal export to Africa is intimately linked with formalized trade from China to other parts of the world.

In BROKEX, a group of postdocs and PhD students will study transnational connections that touch ground in China's Pearl River Delta in the medical industry, academia, and real estate. These industries are not associated with 'shadow exchanges'. However, just as informal exports from South China to African countries had close links to the formal sector, informality may be important in unexpected ways in other case studies. By directing attention towards transnational relationship formation, we will explore how light and shadow interact.

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Notes

- 1 ERC research project *Brokering China's Extraversion: An Ethnographic Analysis of Transnational Arbitration* (funding ID 802070).
- 2 Signé, L. 2018. 'Capturing Africa's high returns', Brookings Institution op-ed, originally published by 'Project Syndicate': <https://www.brookings.edu/opinions/capturing-africas-high-returns>.
- 3 Lindquist, J., et al. 2012. 'Opening the black box of migration: brokers, the organization of transnational mobility and the changing political economy in Asia', *Pacific Affairs* 85(1):7-19 (p.8).
- 4 Burt, R.S. 2005. *Brokerage and Closure: an Introduction to Social Capital*. Oxford University Press.
- 5 Fei, X., et al. 1992. *From the Soil. The Foundations of Chinese Society. A translation of Fei Xiaotong's Xiangtu Zhongguo*. Berkeley: University of California Press.
- 6 Kipnis, A.B. 1997. *Producing Guanxi: Sentiment, Self, and Subculture in a North China Village*. Durham: Duke University Press.
- 7 Yang, M.M.H. 1994. *Gifts, Favors, and Banquets: The Art of Social Relationships in China*. New York: Cornell University Press.
- 8 Yan, Y. 1996. 'The Culture of Guanxi in a North China Village', *The China Journal* 35:1-25.