Innovating China: governance and mobility in China's new economy

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Chapter Seven

Learning Not to Labor: Manufacturing Consent in the Innovation Economy

It may seem puzzling how, given that the Chinese state and dominant enterprises sustain flexible and informal employment through their intensifying practices of outsourcing, startup entrepreneurs still opt into these practices. Through which institutional intermediaries do the state and these enterprises "manufacture consent" (Burawoy 1979) in post-industrial working groups? I will show how startups, as tech-innovation institutions with cultural-spatial power, play important roles in conducting quasi-governance, manufacturing consent and shaping the conceptualization of entrepreneurial subjects.

Through tracing the technical, political, and ideological changes in the working procedures of young entrepreneurs-to-be, this chapter examines the new working patterns of the innovation economy. Specifically, this chapter aims to discuss why many young professionals are content with working conditions full of heavy work-loads and flexible changes. It aims to discuss how they conceptualize their working conditions, recreate the meaning of "work," and cultivate new space in the innovation industry. I argue that it is the new creation of shareholding value supported by new market institutions that galvanizes the ethic of hard work and flexibility, and eventually manufactures consent in innovative startups. Moreover, the active creation by these young professionals of entrepreneurial working spaces is actually sponsored by the local government urban renovation agenda. It is the agenda that has not only promoted the activity of mass-entrepreneurialism but also refashioned, and even revalued, the space that entrepreneurs-to-be have physically constructed. However, during the tide of mass entrepreneurialism in Shenzhen, more and more organizations have jumped at the chance to create the working space of the innovation economy and to turn it into a business of space-making. How informal entrepreneurial space is being formalized by the state-sponsored space developers and how entrepreneurs-to-be respond to this is also intriguing to examine.

The first part of this chapter details the working conditions and the creation of the meaning of work common in the innovation economy. The second part will analyze how entrepreneurs-to-be re-identify themselves by appropriating new organizational institutions and justify their working conditions in the outsourcing regime. The third part will further discuss how they develop, step-by-step, informal space for tech-entrepreneurship as an "informal job." However, during my period of returning

fieldwork, I discovered that these startup spaces, driven by emerging sub-cultural urban activities, were being gradually formalized by seemingly decentralized urban planning. Combined with the flexible working regime, the new spaces of the startup economy actually strengthen the discipline of new subjects in the innovation labor force.

7.1 "Doing Work For Others, At the Same Time, Building a Career (边打工，边创业 *Bian dagong, bian chuangye*)": The Rising Work Load in Shenzhen.

Most of my informants reported having to work more than two jobs: "the formal one" to earn higher salaries to cover basic living expenses and preparation money for entrepreneurship in Shenzhen, and the entrepreneurial "informal one" to "liberate" themselves to realize their dream of "success."

On a humid and sweaty afternoon in late July, I waited for my informant Yang in the Tencent building. Like me, he also rented and lived in a Hong Kong Garden gated community apartment because of the close proximity to his working space in the nearby technology and science park. He was an IT system engineer working in a Tencent project team. Based on his working contract, he was not a formal employee (正式员工 *zhengshi yuangong*) but an informal worker (外聘员工 *waipin yuangong*), even though he worked in the company building. In the current context of globalized IT outsourcing corporatism, IT giants like Tencent and Huawei in Shenzhen are organized to take advantage of both the formal labor force and informal labor force. Informal workers are given subcontracts from formal project teams in the company. Distinct from dispatch workers, who are well attended to by scholars studying working classes in late-capitalism (Inui 2005; Shin 2010), *waipin* workers are not hired by the intermediary labor agency but by the company's human resources department.

The binary categorization of formal and informal workers is contributed to by the economic reforms of the 1990s. The state-owned-enterprise (SOE) reforms in the late 1990s, launched by Chinese ex-premier Zhu Rongji, not only marketized SOE sectors, but also ended the welfare working regime supported by these sectors. After the socialist working regime declined in the 1990s, emerging market sectors—like companies, non-SOE sectors in SOEs, and private factories—acted as new organizations to utilize the rural and urban labor forces this decline left available (Lan and Pickles 2011). Jobs offered by these market sectors were conceived as informal work/employment by scholars (Huang 2009; Cooke 2011). Compared to the well-established welfare working regime offered by SOE sectors, informal working conditions are precarious. Informal workers are not fully protected by the revised Labor Law in China. They can be easily fired, while formal workers have more rights to advocate for their work unit through worker unions and even communist organizations in their companies.

Notably, both informal and formal workers sign a full-time working contract. This means the informal workers have similar obligations to the working project. However, even though informal and formal workers all work full-time (at least 40 hours/week) on the same project in the same company, the formal workers and informal workers have different remuneration packages based on their type of contract. A full-time informal contract is called a service contract (劳务合同 *laowu hetong*) and is signed between the employee and a labor service company. A full-time formal contract is called a labor contract (劳动合同 *laodong hetong*) and is signed between the employee and the HR department of the company. Only labor contracted employees can be protected by the revised Labor Law since 2008. Besides the basic *wuxian yijin* (五险一金 government-required social security and accommodation fund) that companies are required to pay into for all formal and informal workers, formal contracted workers receive higher salaries and welfare (e.g. employee stock options, paid maternity leave, financial subsidies for working overtime, etc.) from the company while informal subcontracted workers receive nothing. Furthermore, working-overtime is a normalized part of company culture. Yang told me that he and his colleagues in Tencent have flexible working times but they normally work overtime and sometimes work overnight. "Working overtime is necessary in the IT industry. Time is money. Especially if you are working on trans-national projects. The company must make sure that our overseas working partners can reach us at any time," Yang explained. At 6:30pm, I witnessed many young workers carrying their takeaway dinners in plastic bags, returning to their offices to continue working.

At 7:30pm, after leaving Yang's working place, we went to a nearby incubation center. Normally, after working for the company, he would meet up with his business partners in the incubation center to run their own business project. In *Global Body Shopping: An Indian Labor System in the Information Technology Industry*, anthropologist Xiang Biao found that in order to reduce risk and ensure the financial security of their families, would-be tech-entrepreneurs move back and forth between self-employment and full-time employment in the IT industry (Xiang 2007: pp55). The case of Yang shows how the would-be tech-entrepreneurs in Shenzhen are also struggling to make more money. They are employed at the same time as they are building their own enterprises. Yang and his business partners all have formal or informal "jobs" in companies, while being unified by running their own "startups" with the intention of registering their own companies with the Industry and Commerce Bureau of the district-level government.

Yang explained that there are two main reasons why he chose such a busy mode of life. One reason is that the booming startups are complementing the informal labor force for IT tycoons. Due to state-regulations on company-level management passed in 2014, the *waipin yuangong* (外聘员工 informal workers) are gradually being replaced by *waibao laowu* (外包劳务 outsourced labor force) from startups. In the current outsourcing-based mode of corporatism, increasingly big companies intend to buy

projects from the labor force market rather than cultivate their own projects within, with this being especially true for projects that do not require specialized IT skills. In line with outsourcing corporatism in IT labor management, as described in chapters two and three, the Chinese government carried out a top-down process of administrative transition, the so-called public service outsourcing (公共服务外包 *gonggong fuwu waibao*). This institutional transition arbitrarily changes public services into projects which can be taken on by commercial organizations (companies, startups, etc.) and social associations (the chamber of commerce and other NGOs). These two institutional movements create a huge market void for the startups. "We gained more opportunities to sell our startup project to those big IT tycoons. My project team manager in Tencent even supports what we are doing. She said until my own business project becomes a mature business, she would recommend our startup project to higher-level managers in Tencent," asserted Yang.

Another reason Yang chose this mode of life is that the salaries of the "jobs" in the big companies don't "let him live decently in big cities." He even spends more than he receives. Yang generously shared his receipt and disbursement statements to me (see Table 7.1):

Monthly Income

Jibengongsi (基本工资 before tax salary)	7400
Jixiao (绩效 evaluation of performance bonus)	2379
Shehui baoxian (社会保险 national social security fund)-**company pay**	-7400*16%=1184
Zhufang gongjijin (住房公积金 accommodation fund)-**company pay**	-7400*6%=444
Shehui baoxian gongjijin geren chengdan (社会保险公积金个人承担 **individual pay** for social security fund and accommodation fund)	-7400*11%-7400*6%=1258
Geren suodeshui (个人所得税 income tax)	-449.2
Zong shouru (总收入 monthly income in total)	**8071.8RMB≈1008.9 Euro**

Expenditure

Zhufang daikuan (住房贷款 accommodation loan) in Guizhou	3500
Fangzu (房租 rent)	1400
Chuangye qianti touru (创业前期投入 investment in his own startup)	≈2000
Other expenses (cloths, books, eating, etc.)	≈2000
Zongji xiaofei (总计消费 Monthly Expenditure)	**8900 RMB≈1112.5 Euro**

Table 7.1.

As is obvious from this chart, Yang's monthly expenses are higher than what he receives from his job. As an immigrant living in an expensive city, Yang can hardly buy accommodation in Shenzhen. Yet, in 2014 he bought a two-room apartment in his hometown of Guiyang, the capital city of Guizhou province in southwest China. As new immigrants in Shenzhen, most of the Chinese male would-be entrepreneurs I interviewed were burdened with loans, even though some of them were financially supported by their parents. However, buying a property in their own hometown does not mean that they will definitely move back. In the current context of China, affordability of accommodation is still an imaginative index by which men are judged as people who are "successful and living-well" or not. This can partly explain why Chinese men often accumulate more anxiety about financial poverty than women. Yang explained, "The subcontracted work is flexible, and I have just small deposits in my bank account. For this reason, I have to pay accommodation loans monthly." According to Yang, doing innovative tech-projects by himself can both release him from his dull work in the corporate apparatus, and help him find an alternative way to earn money.

As compensation, young people spend a lot of money on clothing, fancy tech-tools, cosmetics, or eating gourmet meals in restaurants. This compensating consumption is a widely accepted way to enjoy oneself despite heavy workloads. Yang's colleague Zhu told me that Yang had rewarded himself with a Swiss watch that he purchased with a small credit loan. In this sense, overload production and compensating consumption are mutually constructive. The newly emerging circulatory system of production-consumption triggers the mental and institutional creation of new labor. "If I want to consume more, I have to work and earn more!" Yang sighed.

Not only Chinese, but non-Chinese people, who have come to Shenzhen to find opportunities, are "working two jobs." For example, Patrick, an informant from Nepal who earned a master's degree in IT engineering management from Jilin University (one of the top 20 elite universities in mainland China), has worked as "global marketing staff," an "English teacher," and "chief technology officer" in different organizations

driven by diverse business projects. Trying not to affiliate too much with the loose Nepali network in South China, he is associates strongly with Chinese would-be-entrepreneurs by developing their own business projects together. He told me that most of his Nepali relatives come to China to conduct low-end wholesale business or open restaurants. He wants to overcome the cliché of this ethnic economy by doing business concerning "technology" in China.

7.2 The Creation of a New Economic Labor Force: Making Identity and Organizational Discipline

Most of the maker-entrepreneurs I interviewed attempted to highlight their differences to the "traditional boss." Yang pointed out three main differences to me: "Unlike traditional bosses in the sweatshops, we are the producers of our products. We design and modify them using production tools! We produce them based on customized demand, not on the standardized assembly chains."

The conceptualization of differences between "traditional boss" and "entrepreneurs" manifests maker-entrepreneur strategic empowerment and the performance of their new identity in the new economy. Performance is a strategy (Ferguson 1999). Only by performing the identity, can individuals show their agency in the tension between the stagnant class stratification and liberalized everyday life, between the direct oppression and soft domination in the industrialized society. As a result, individualism, combined with the desire for modernity, is the main target to chase. Showing agency is key representation in the maker-entrepreneur search for individuality on the track to modernity. Moreover, studies focusing on agency always distinguish "modernity" from "modernization." As is argued by Lisa Rofel, different countries may experience similar modes of development within the ideology of modernization promoted by the states. Yet, different social groups in these countries, such as "classes," "ethnicities," and "genders," may practice different "modernities" as part of nation-building. They may reform bureaucratic systems, form industrial organizations, and coalesce into social communities (Rofel 1999). In this sense, searching for modernity can be understood as a struggle to realize one's status in the dimension of society. Industrial modernity is marked by a series of agential struggles for recognition among individuals, who have to follow specific class cultures or other collective meanings, to unify together in a risky, market-oriented society. This leads to the following question: How should we understand the politics of maker-entrepreneur identity in the global coming of post-industrial society where catch-up industrialization is gradually ending and moralities reflecting the guilt of industrialization are forming, especially in China?

7.2.1 "We are creative entrepreneurs, not bosses!": Combining *Qinghuai* (情怀 emotion or affect) with Professionalism in Identity Making

It seems that Yang and his entrepreneur-to-be peers try hard to differentiate themselves from those who own their company in Shenzhen. He reacted strongly to my question regarding how he and his business partners started their own business and became *laoban* (老板 boss). "We are creative entrepreneurs, not bosses!" Yang answered me.

Laoban is widely used in Chinese modern economic history to define someone who owns a private company. Due to its leading role in hierarchical management, during the socialist revolution *laoban* was understood as "exploiting social class" and the people identified as members of this class were punished after 1949. In the late 1970s, *laoban* status re-emerged due to the state-led market reforms that were initially launched in the Pearl River Delta in the export-oriented manufacturing and service industries. Many people working in state-owned sectors chose to leave these sectors and register their own enterprises with the assistance and affirmation of their state-owned enterprise supervisors. I met several people referred to as *laoban* in Shenzhen, who had experienced this identity transition and were happy to discuss how they *xiahai* (下海 jump into the sea) and have a riskier life here. *Xiahai* was a dominant metaphor to define the activity of entrepreneurship building in the 1980s. *Hai*, sea in Chinese, indicates the overwhelming market economy. *Laoban* eventually became an enviable class under the shield of formulations such as "rang yibufenren xianfuqilai"[109] (让一部分人先富起来 let some groups rich first) from marketization reformers at the high tide of market economy in the 1990s. Until recently, the social image of *laoban* in traditional manufacturing industries has been in decline. Tech-entrepreneurs are considered as being the new economic force accelerating the Chinese development agenda in the innovation industry, rather than *laoban* in the manufacturing industry.

Yang's explanation confirmed this substitution. He attributed this transition to the outcome of market-driven "industrial upgrading." Yang explicated, "The new economy gives more chances to small-scale startups like us, rather than big tyrannic industrial tycoons, to answer the sophisticated call of the consumer market. If you just offer mediocre mass products, you will be quickly eliminated by the market. See those manufacturing companies moving out of Shenzhen! People not only need the goods, they also need the goods with '*tebie de sheji* '(特别的设计 special design) and the *qinghuai* (情怀 emotion)[110] of producers. Those mass-manufactures cannot do this."

I asked him to elaborate on *qinghuai*, which is also a term used frequently on social media to define a person's emotional involvement in the new economy. Except for in

[109] This is a popular official slogan attributed to Deng Xiaoping who said, "some regions and some people may prosper before others do, and then they can help other regions and people to gradually do the same." (Deng 1993: p. 149)

the fields of culture and technology, *qinghuai* is conceived as a characteristic that *laoban* lack in their entrepreneurial experience. *Qinghuai* is articulated into everything but the pure teleology of business; profit maximization and large-scale marketing. Yang even defined *qinghuai* as a merit that could correct the business and production of early industrialization: "We want to make money in a *timian* (体面 decent) way. We focus on the quality not the quantity of our design product." In Yang's eyes, combining *qinghuai* with highly professional production can increase the quality of commodities and services, and this echoes the increasing market for commodities manifesting "taste" and "design" in Shenzhen.

Sociologist Arlie Hochschild (2015) provides the first full definition of emotional labor in the service-based economy. She suggests that by displaying a publicly visible expression of emotion, service workers conduct emotional regulation between themselves and customers. By linking this conceptualization with a critical discussion of service work in institutionalized organizations, post-industrial sociologists and anthropologists have problematized the hierarchical working system in post-industrial organizations. They focus on: how specific subjects are shaped in personalized capitalist environments (Grandey, 2000; Grandey, Diefendorff and Rupp 2013), how emotional management foreshadows gender bias and occupational segregation in the service industry (Macdonald and Sirianni 1996), and, specifically, how emotion itself becomes a commodity in the commercial transactions of face-to-face marketing (Brook 2009).

Slightly different from "emotional labor," which was codified by sociologists and anthropologists to study service workers in European-American post-industrial conditions, the "producers with the *qinghuai*" I quoted here signify not only workers with regulative emotional states, but also the idea that startup workers should hold "sincerity in artisanal manual work." Yang explained, "Because we are focusing on small-scale design and production our 'emotion 'is to cherish our products just like what studio artisans do with their masterpieces. We, designers and engineers, should perform like a *jiang ren* (匠人 artisan), even though the masterpiece is software. If our customers can sense the sincerity that we show in our products, then we win the market."

Yang's discourse mentions the ongoing transformation of China's production processes which is strongly defined by the new industrial upgrading: a knowledgeable working class with professional skill and aesthetic taste is required in the urban high-tech service industry. As Yang mentioned, *qinghuai* becomes one of the most important skills that a professional worker can grasp. They can then be seen as smart professional workers with entrepreneurial spirit and sensitivity to more sophisticated consumer demands. This mindset was elaborated upon by Zou, "We cherish those talents with smart performance and rapid response capability in dealing with the changeable consumer market. Specifically, a good product should involve producers with *qinghuai*, because only an emotional story can move your potential customers and investors."

In Zou's discourse, *qinghuai* has extended the practical meaning that "emotion" or "affect theory" can illustrate. More than simply an emotional state that differentiates tech-entrepreneurs from *laoban* in the standardized manufacturing industry, *Qinghuai* is also a new selling-point which can add value to their services and products. "Production with Emotion" is also an increasing discourse bound up with the market morality of criticizing over-production and over-consumption. Song Maisi, a young American born Chinese man who returned to Shenzhen to run his startup told me, "We do not want to produce and sell too many products." His startup developed a single product, a pillow which can help people fall asleep quickly. On the back side of the pillow there is a sensor that collects an individual's sleeping data and logs it in a smart phone application. The smart phone can then tell people about the state of their health. For Song, careful consideration and sophistication of usage is *qinghuai* embedded in the product. It seems that the value of such commodities is *not* conceived as the homogeneous human labor congealed in them but valorized as the professional quality of their engineering design. This fits very well with Marx's definition of fetishism. The professional quality of their engineering design is simply articulated and fetishized through the institutions that extract and congeal labor.

The decreased scale of production ironically increases the price of such products compared to similar products without sensors in the wholesale supermarket. In their insightful book, which reformulated capitalism as primitive accumulation in terms of the contemporary world economy, Michael Hardt and Antonio Negri argue that "the nature of labor and wealth accumulated is changing. In postmodernity the social wealth accumulated is increasingly more immaterial; it involves social relations, communication systems, information, and affective networks" (Hardt and Negri 2001: p258). The "affective networks" that Yang and Song want to cultivate between the "producers with emotion" and "sophisticated customers" are defined by changes in the domestic consumer market. These changing production and consumption processes are mutually constitutive in the new domestic economy being shaped in the milieu of the "global city" where new subjects of production and consumption are coming and becoming.

The production of subject innovation is not only a process leading to economic calculation but also the performance of social status. One day in July 2016, I joined a round-table discussion organized by Qian, a Chinese 26-year-old who ran a startup for VR (virtual reality) electronic products with two non-Chinese makers in Huaqiangbei Electronic Worlds. They mobilized and invited maker-entrepreneurs active in an on-line WeChat group to join them in discussing how to do business and live decently in Shenzhen. "We are not *dagongzai* (打工仔 literally means 'workers working for others ' in Cantonese), dude! We are working and making money for ourselves. However, the cost of becoming a liberal maker is expensive. So we need to collaborate with each other to cultivate '*shengcun celüe* '(生存策略 life strategies) to live more decently,

more like a '*hehuoren* '(合伙人 business partner)." Qian's cordial declaration attracted almost 40 self-employed startup owners.

Beyond the marketing activities, diverse institutions are involved in the search by startup owners for a "creative entrepreneur" identity in the production of tech-commodities in urban China. First, the performance and the formation of "business partner" identity is based on local market transitions and specific moments of state-making. It echoes the political reformation of state-business relations in China. In the past decade, private entrepreneurs have been targeted as a "strategic group" in the state-business nexus (Schubert and Heberer 2017). The performance of "creative entrepreneurship" is actually led by the institutional reforms sponsoring and accelerating the registration of companies. In order to group and tax growing numbers of startups, which are always a form of "informal economy" in China's market economy, the National People's Congress (NPC) passed new items in Company Law to drastically reduce the cost of registering a company in China. "People can easily become entrepreneurs for their own interests, and can easily own their company license at almost zero *yuan* (Chinese currency)," Qian explained to me, "especially when you register your startup and name it with words like '*keji* '(科技 science and technology) or '*wenhua* '(文化 culture), the Bureau of Commerce and Industry will immediately give you a license! Because they want *keji* and *wenhua* to innovate the outdated industry!"

Additionally, to change stereotypes around "made in China," and to broaden the market for products "innovated in China" and to answer state governance in the new economy, tech-entrepreneurs and market intermediaries, such as consulting and investment companies, play important roles in forging the identity of "creative entrepreneurs" in Shenzhen. In general, maker-entrepreneurs have gained a strong sense that they are creators and craftsmen of their own products, not white-collar *dagongzai* (打工仔 workers work for other). This popular mindset reflects the overwhelming advertisement of the "*chuangke*" (创客 maker) on social media. Many famous social media personalities, both new communication agents and flagship agents of propaganda on Chinese online platforms, popularize this de-industrial subject and unify an imagined community. *Chuangke* is currently branded as a Chinese version of the maker in the global marketing of the startup economy. In China, the current domestic marketing of the "creative entrepreneur" subject in the production of tech-oriented goods has attracted young people, especially young men, with ambition and anxiety to join the social production of a maker-startup economy. Following their California Bay Area counterparts, these maker-entrepreneurs manifest de-centered management styles, strategically perform as "creators" rather than "bosses," and answer the calls of investors and industrial policymakers.

It is worth noting that the subject making of creative entrepreneurs is highly male-centered. Usually when I accompanied respondents to an entrepreneurial activity or training seminars in Shenzhen, over 90 percent of attendees were male. Whether or not

there is severe gender inequality along the path to becoming a tech-entrepreneur in Shenzhen is far from what this research can analyze, and it would require another thesis to fully consider gender in the technology innovation economy. However, from what I have seen and experienced in this male-dominant field, women are imagined and targeted as a large group of potential "consumers" rather than "producers," considered primarily concerned with beauty, domestic instruments, and the health industry.

In sum, *qinghuai* and the patriotic discourse underpinning it are the strategies of subject making and marketing in tech-entrepreneurship in Shenzhen. Entrepreneurs use these strategies to empower their positions and fix their agency in the flux of the new economic supply chain.

7.2.2 Enterprising or Laboring? — The Increasingly Flexibility and Reorganization of Work From *waipin* (外聘 informal employment) to *waibao* (外包 outsourcing)

Before going into the field, I assumed that the flexibilization of work in the new economy created by the informal employment system could lead to an extreme sense of inequality and preoccupations with not being exploited in one's work. I assumed that compared to workers on assembly lines, these young migrant professionals must have more social capital to bargain with their bosses, and more sensitivity to feeling "exploited" by the injustice of the formal-informal double-track employment system. I was wrong. I noticed that young people working in the new industries were adapting to the flexibility of work and reorganization of working patterns. It leads me to rethink my ideas about the working conditions in the context of the innovation economy.

In manufacturing industries, workers are driven and motivated by scale-oriented production, and the productivity of workers working in "high-profile" service industries is defined by the efficiency and quality of their service. "It is actually very hard to evaluate the cost of human resources in project-driven production," Yang explained. "Due to this production pattern in the IT service industry, from the perspective of management staff, it is risky for a company to hire and train large numbers of formal workers with formal labor contracts." This logic is shared by more and more companies who intend to invent a double track of positions; formal positions and informal positions.

Unlike I envisaged, Yang appeared to accept the reality of unequal employment predominant in the IT industry. For Yang, the solution to quickly get rid of *waipin* (外聘 informal employment), was to run a startup and register the company to accept outsourced projects from other organizations. Specifically for Yang and his colleagues, the most important institutional innovation for liberating people from dull office work is *waibao* (外包 outsourcing). He explained that through outsourcing, at least those

who work in a self-employed way gain more authority and flexibility to deal with work and life in Shenzhen. "It is better than working as informal workers in a company all day. Working for our startup is kind of like working part-time. I treat startup working as a *tiaoji* (调剂 alternative) to my full-time work."

I stayed with Yang and his startup colleagues for two weeks. The startup was registered in 2013. "We needed to present like a *gongsi* (公司 company or firm), because only legal people could sign outsourcing contracts. But actually, except for Jiwu, we are all 'part-time 'business partners," Yang told me. Usually, they take software projects from other companies who require IT services or marketing. Within those two weeks, their startup signed three outsourced service contracts with two companies.[111] Yang, Jiwu, and their business partners divided the projects, and completed them before they were due. After receiving the last round of transactions from their clients, Yang divided the revenue between all business partners according to their equity shares rather than according to their contributions. "We are not employees, we are business partners. When we decided to register our company, we set up the equity of shares and distributed the revenue based on our business contract, not employment contract." However, this outsourced work is a self-chosen way to extract their surplus labor and redefine their labor involvement as "doing entrepreneurship." Yang and his business partners are happy about this. Their identity as "business partners" rather than "employees," means that they do not need to pay state-required insurance and pension fees to the local government. "Most of us already had a job (as formal or informal workers in the company) which paid us the small amount of state-required insurance and pension."[112]

For these maker-entrepreneurs, the self-appointed privilege of "business partners" rather than "employees" is sponsored by the recent widespread appropriation of limited liability partnership (LLP) in the Chinese private sector. The institution of LLP is popular in high-end service enterprises including law firms, accountancy firms, and many financial companies. Starting in 2006, the Chinese government permitted LLP in order to promote professionals collaborating with investors to rejuvenate the private economy.[113] This form of business partnership sets flexible regulations among people who organize a startup together but with different requirements in their economic and non-economic investment. In theory, LLP offers protection and a chance for young professionals to cooperate with each other in an entrepreneurial way to receive outsourced business and service contracts from other organizations. The definition of responsibility in LLP gives a "sense of ownership" to those makers who want to organize their startup enterprises in China. Yang's CEO vividly explained to me, "We are all managers of our enterprise. But I have more money, Jiwu has more knowledge and skill, Yang has more marketing networks. We then name ourselves as CEO, CFO,

[111] The contract format will be given in the appendix of the thesis.
[112] Interview Yang, 07-06-2016.
[113] See the Description of the "Company's Partnership Enterprise Law (Revised Draft)": http://www.npc.gov.cn/wxzl/gongbao/2006-09/26/content_5354974.htm

and CTO when we introduce our startup program to our clients. We are responsible for the parts of our programs under the roof of our title, and we are responsible for ourselves." However, this form of organization is restricted to high-tech service enterprises and knowledge-based professions. The entrepreneurs-to-be are thus inclined to entitle their startups with words such as *keji* or *wenhua*.

Moreover, this organizational reformation gave rise to the establishment of record numbers of Chinese startups with foreign partners. For a foreigner who wants to register his or her enterprise in a way that avoids high taxes, partnering with a person who has Chinese citizenship is very much incentivized. This phenomenon echoes Aihwa Ong's notion of "flexible citizenship." She describes this notion as "the strategies and effects of mobile managers, technocrats, and professionals seeking to both circumvent and benefit from different nation-state regimes by selecting different sites for investments, work and family relocation" (Ong 1999: pp112). The description of transnational mobility helps us rethink the flexible market regime that the Chinese state creates for resilient governance via reforms regarding commercial organizations. In this case, through appropriating the LLP model, the Chinese government opened up the possibility of domestic and transnational human-capital mobility for further market development in the new economy.

The outlined massive transition in market organization shapes institutional culture and manufactures consent among young professionals who strive to find alternatives during their career. In this sense, an entrepreneurship adds more value to their search for the meaning of work. This organizational change is grounded in, and should be understood as part of, a larger historical transition of working space in which varied organizations join in creating market forces to develop the "tech-entrepreneur wave" in Shenzhen.

7.3. Manufacturing Consent in Space-Making

On the November 24th 2015, I visited a maker-space in Baishizhou, an urban village where many manufacturing factories were established in the 1980s. Urban villages in Shenzhen are totally different from the widely researched North American or South American slums or shantytowns in their metropolises. Urban villages in Shenzhen are similar to other naturally formed villages in South China. A memorial archway stands as the gate of the villages, and every man-made structure is incorporated into the residential communities and factories. As shown in chapter four, after the reform of Shenzhen Urban Administrative Divisions in 2004, village administrative systems no longer existed (Wang, Wu and Wang 2009). However, people still use the term village to describe these urban sectors.

In principle, the making of maker-spaces or "incubation centers" based on the Silicon Valley model is globally accepted as a way to empower young entrepreneurs, tiny tech startups, and local industries underpinning the innovation economy. Such

entrepreneurial spaces normally offer a critical infrastructure to help would-be-entrepreneurs turn their ideas into real products. In this conception, youth participation is a core component of civil society (Camino and Zeldin 2002). However, the practice of making entrepreneurial spaces such as "hacker-spaces," "maker-spaces," and "incubation centers," does more than economically empower youth entrepreneurship in China.

7.3.1 Building Informal Working Spaces

On a slightly cold afternoon, I waited for Lu outside Exit D of the Bashizhou railway station. He had arranged for us to meet there before walking about 15 minutes to the Shenzhen DIY (SZDIY) maker-space. "Thanks to the last cheap urban space that Baishizhou left for us, our small community can survive!" Lu said to me. As a techno-hobbyist, he felt bored when he worked as an electronic engineer in an IT company. He worked in a company in Guangzhou that survived by offering an outsource service to Hong Kong government sectors. The higher labor costs in the Chinese outsourcing industry (including the outsourcing IT industry), resulted in outsourcing companies receiving decreasing numbers of overseas commercial orders. The decline in salary was another reason for Lu to quit his job at the IT company. He co-founded a startup project, making an electronic bracelet with another geeky engineer, Gao Lei, who is also his business partner and holds a Ph.D. in electronic engineering from Japan.

The community Lu mentioned, is an online-to-offline community, SZDIY (Shenzhen DIY), [114] which was originally organized by the netizens Anders, Atommann, and Danfei (pseudo names) via an online bulletin in March 2009. They built a mailing list and organized monthly online discussions. It is one of the largest grass-roots, informal Chinese maker groups in Shenzhen. "Since we are an underground community, we do not have enough resources to operate our community. We move our community from online platform to offline space which was freely offered by Eric Pan.[115] We decided to run our own underground community in this obsolete factory zone." In the context of China, an underground informal organization means it was not registered in the local Industry and Commerce Bureau as a commercial organization (e.g. a limited liability company or stock limited corporation), or Civil Affairs Bureau as a non-commercial association (e.g. a foundation or private non-enterprise unit).

We walked into a 200m² room on the second floor of a bankrupt factory. The third-floor rooms accommodated a Kendo club, also an underground organization. "Some of them are also working in technology companies, you know *manong* (码农 coder) looking like exploited peasants in tech-companies." *Manong* (literally "digital

[114] Their online website was: https://szdiy.org/. However, this web address has changed since I conducted my research.
[115] I wrote about Eric Pan in chapter one. He played a significant role in linking grass-roots makers to local authorities

peasants") means coders. They normally are software engineers working as the oppressed "farmers" in the IT department of tech-companies. Lu laughed and welcomed me into the room with a large sofa-bed. Behind the sofa, a laser cutter and a small consumer-use 3D printer were on an old IKEA table that was held together by the plastic wires. According to Lu, the invention of the 3D printer signaled the beginning of a third industrial revolution. I was encouraged to read the work of iconic futurists, like Jeremy Rifkin,[116] to understand the new production power waiting in this "third industrial revolution." With ambitions to "change the world with tech-innovation," Lu established his startup making electronic products with his partner Gao. However, the project ended in 2014.

> "After my business-partner and I decided to stop the electronic bracelet project, I focused on running this freestyle underground maker community in this space. We are a non-profit community. We rent the space by using membership fees. Most of the second-hand stuff you see in this room is donated by our members, including the 3D printer and other big machines. Actually, the 3D printer is a sample product from a tech-producer. As far as I know, this tech company does not produce them anymore because the number of 3D printers is booming in the market in 2014. The situation is the same as the process when we designed our intelligent bracelet. Why didn't we continue the project? Because the similar products are suddenly overproduced in the market, and many bigger manufacturers are involved. We cannot compete with them!"

As bigger industrial companies intrude on bottom-up startup programs, increasingly startup runners have to end their modest projects or sell their startup projects to larger companies. However, the reshuffling of industrial and current market reforms has not suppressed the aspirations of these young grass-roots maker-entrepreneurs. "I do not give up! During the day, I have my job. I am joining in some maker projects to find new ideas and hope we can make an interesting product. We organize *real* maker-space!" Lu stated.

Figure 7.2
Lu and the maker-space in Baishizhou industrial zone. ©Author 2015

This grass-roots maker community ran informally, in that they did not register as an "association" in the Civil Affair Bureau or a "company" in the Industry and Commerce Bureau. Lu sent me a portfolio containing their daily operating expenses, the number of SZDIYers (500+ normal members, 20+ VIP members) and the programs/themes they were working on. The 200m² factory space costs approximately 3750 RMB (470 Euros) a month including water and electricity. The underground SZDIY community has its own rules of membership and registration: (1) anyone who wants to be a member of SZDIY should cherish the values "Freedom, Sharing, and Development"; (2) bookmark the mailing list of SZDIY to receive announcements of online/offline activities; and (3)fundraise for the maker-space, for the rent, the operation expenses, and the costs of infrastructure. VIP members should donate a monthly membership fee of 200 RMB (30Euros) and normal members can donate infrastructure such as sofas, bookshelves, tables, second-hand computers, and other machines. The organizers of SZDIY attempted cultivating a democratic management culture for the purpose of building a strongly networked community. Lu explained why the goals of the SZDIY hacker-space are different from other registered spaces. He thinks that building a democratic maker community may strengthen the network of members. They send the financial briefings to their members, and organize membership meetings to vote on important issues.

The night that I visited the SZDIY space was an Open Night for all members. There were 20 people at the meeting, including a couple working in an elementary school, training pupils to use computers. Other attendees were young graduates, IT engineers and electronic engineers working in local IT companies, and people with mechanical engineering backgrounds working in the local manufacturing industry. A newcomer, a Chilean guy, who was majoring in anthropology, shared his ideas on how the maker movement could become an anti-consumerist social movement in East Asia. Normally, Open Night is a platform to meet hobbyists and to make things for fun, in addition to being a platform to meet future partners and commercialize innovations. "Our organization should stay neutral and non-commercial. If our members want to make a real commercial project, they will establish start-ups in other spaces such as maker-spaces and incubation centers," Lu told me. "Those techno-hobbyists with such professional backgrounds constitute the professional producers in making smart electronics! It is convenient to find partners here!" The on-going projects they are making are hardware-based intelligent products. For example, a 20-year-old member, Keqing, made a face-phone for his grandmother to solve the problem of old people not recognizing the numbers on the telephone screen, by substituting photos for numbers on the keyboard. Two mechanical engineers even created a homemade CNC (Computer Numerical Control), which is considered as a machine that can only be constructed by hand in manufacturing facilities. "We just want to make something fun. If it is possible,

maybe we could make something profitable!" said the only female member of this organization.

The incentive for organizing hacker-spaces is a naturalized incentive for grass-root Chinese and non-Chinese would-be-entrepreneurs to cultivate their own networks, to make differences in the niche market, and to solve technological and financial problems. For these would-be-entrepreneurs, the strong, exclusive network building makes this maker-space a site to meet future business partners and produce prototypes with minimal time, cost, and space. However, as was acknowledged by these makers, if a young professional wants to turn the hobbyist-self into an entrepreneurial-self, he or she needs greater entrepreneurial service and infrastructural support. This requirement becomes a business incentive for many market players to establish incubation centers, infrastructure for tech-innovations.

7.3.2 Formalization: "Re-creating the Space for Creative Entrepreneurs!"

Making creative clusters is a big business, and the local government is one of the big players. In 2016, Shenzhen's government restarted its "urban renewal" agenda to gentrify abandoned manufacturing industrial zones and urban villages into creative clusters, high-end workspaces, and residential areas. Lu received the notification of Baishizhou's demolition from his landlord in June 2016. He was told that collaborating with leaders of the urban-village joint stock company and urban-street government, the new real estate developers would begin tearing down and rebuilding Baishizhou within several months.

Although such formalization and relocation are conducted through top-down policy incentives, the legitimacy of formalization is created in the re-conceptualization and mental support of modernity as achieved through the development of urban space. For young migrant professionals living in Shenzhen like Lu, urban villages are the first step on their road to an imagined, decent middle-class life. They have a shared feeling that the redevelopment of "uncivil, and messy urban spaces" such as urban villages is necessary because "the urban space should be beautified and ordered. The infrastructure constructed in early industrialization cannot fit current modernized living standards in Shenzhen."

Lu's expectations about the redevelopment of urban villages fit with the local government urbanization agenda which was introduced in chapter five. Baishizhou urban village is one of the last enclaves not gentrified in the mid-2000s. Urban planning in the name of "urban renew" mobilizes a binary discourse of the new and the old, the clear and the messy, and the high-end and the low-qualified. The disturbance aroused by the planned demolition of Baishizhou—the back and forth negotiations among long-term tenants, real estate developers, urban village joint-venture authorities, and urban villagers—are not matters of great concern for young migrant-professionals. They have little connection to the patron-client networks cultivated in the 1980s.

To some extent, the rapid making and remaking of informal economic forces and expectations about urban and IT-driven modernity in each developmental period have led to social oblivion for developmental participants defined as "the old," "the uncivil," or "the low-qualified." For young professional migrants who are struggling to actualize their entrepreneurial ambitions, urban villages are something to move beyond. "In our mind, we do not want to be relocated because of the cheap rental fees in Baishizhou. However, we understand that there is no chance to negotiate with our landlord." Said by Lu.

Packing up all their technological instruments, Lu and other community members moved to an apartment in the Science Garden gated community, which was recently built on the land of a former urban village called Dachong. Due to the newly executed policies on NGO regulations, their maker community has to register as a "maker space" in the Civil Affair Bureau, "otherwise there would be a lot of troubles if we try to economically corporate with other formal organizations," Lu told me peacefully.

The first time I was in Shenzhen, in 2014, to conduct pilot interviews with IT engineers working in the high-tech industrial zone, I did not notice the construction of maker-spaces as a form of space-making in Shenzhen. However, when I came in October 2015, I was amazed by the rising number of maker-spaces established to enable startup enterprises. As reported by two English researchers, conducting a British Council research program promoting the UK's science and innovation partnerships in developing countries in March 2016 in Shenzhen, the number of maker-spaces in 2014 in China was more than 100. According to the British survey, this number doubled in 2015.

Registering as Non-enterprise organizations (民营非企业 *minying feiqiye*), maker-spaces run by companies or universities can develop commercial strategies to produce prototypes using the existing infrastructure offered by local government. Supported by government funding, the spaces have to offer some projects required by the local district government to exhibit their capacity for technological innovation and to earn political performance credits (政治绩效 *zhengzhi jixiao*) in the district. Chaihuo maker-space, for instance, became a national example of maker-space development after Premier Li Keqiang visited. A female employee working in the marketing department of Chaihuo maker-space told me that she is tired of receiving local officials and cadres from other provinces "because everyone who wants to build a local maker-space in their own provinces will come to Chaihuo and learn from Shenzhen's experience."

The newly emerging incubation centers, like the maker spaces in Shenzhen, are actually a continuation of the existing urban entrepreneurial incubation system which was established in the 1990s. As I explained in chapter two, it is the local government that directly uses national resources to push local development agendas such as constructing infrastructure for developing hi-tech enterprises. At the beginning of the 2000s, even some limited liability companies organized by urban villages began investing in high-tech companies and became main shareholders in Shenzhen's high-

tech industry by attempting to maintain the role and patron-client network of urban villages in the new economy.

In the current situation, following the Chinese maker movement, which has already mobilized social incentives towards entrepreneurship, other market players try to build working spaces to offer professional entrepreneurial services under names like "maker-space" and "incubation training center." The new maker-spaces and incubation centers are constructed and designed in a stylish way.

Figure 7.3.
The inner space of an incubation center in Shenzhen. ©Author 2016

These newly established maker-spaces and incubation training centers are run by entrepreneurial service companies. Generally, young graduates from elite schools who majored in social sciences such as management and finance are responsible for operating these newly established incubation centers. These centers market themselves more as professional incubation centers than as grass-root communities with a discourse of elitism. A female manager of a maker-space, who recently graduated from an elite university with a management degree and had completed an exchange year at a UK university, told me:

> "Our team is good at offering professional services, such as business registration, management, and marketing training. Team members are at least bachelor degree holders from elite business school. They have experience working or studying in the USA or the UK. You know, this style of maker-space originated in the USA and the UK. We do need international horizons and team organization styles to run our service company."

Most of her colleagues had a similar background: young graduates with at least bachelor degrees from a domestic elite university or an overseas university, normally in the UK or the US. The international milieu they create is highly attractive for those wanting to start up their own "high-profile" business. The decentralized and

Westernized co-working space is also seen as an incentive to stay. “This makes me feel I am still in Silicon Valley!” a young Chinese returnee working in a maker-space told me. Before he returning to China, he worked in a small dotcom company in Silicon Valley. Unlike the standardized and hierarchical style of corporations, the American post-industrial tech-startups in an innovation-driven economy intend to build free and non-hierarchical co-working spaces for their staff (Malewitz 2014). The appropriation of this post-industrial “Silicon Valley style” or “European style” cultivates a transnational imagination of the Chinese innovation system (Lindtner, Anderson and Dourish, 2012).

Large enterprises involved in urban infrastructure building, such as real estate enterprises, are starting to renew their spatial construction plans to establish the “Silicon Valley in South China.” Profit margins are thin for real estate companies, as the price of leasing land ready for development is decided by the local government and tends to be extremely high. Thus, local real estate companies repurpose their existing space in the urban peripheral areas of Shenzhen and end up building many maker-spaces and incubation centers. On one hand, they can offer fancy infrastructure and low rent co-working space for small companies who want to save on operation costs; then the maker-space or incubation center can apply for government maker-space funding. On the other hand, the real estate company can add value to the building and sell it at a better price. This new set of strategies enacted by real estate companies, furthers the new informal economy by relocating startups under the local government’s urban scheme of “establishing Silicon Valley.” As I was told by an informant working in the marketing department of a large real estate company, the reinvention of spatial functions is a common-sense way to create new value within real estate industry. Conversely, by introducing real estate enterprises into the mega-scheme of “constructing Silicon Valley,” the local state has strengthened its legitimacy. By involving real estate enterprises in constructing techno-entrepreneurial infrastructure and offering low-rent working spaces to young makers locating and relocating their floating lives in this expensive city, the local government gains social credit in maker-entrepreneurial circles.

7.4 Conclusion

Influenced by Marx and Weber, in the history of sociological studies of industrial society, there is a strong trend: when researchers talk about manipulation and exploitation in a given working regime, they always talk about the conditions of the working-class (Thompson 1967). The implementation of new employment and management systems under Tylorization and Fordism in the manufacturing supply chain, the expansion of the welfare state, and the extension of consumption tamed the domestic working-class, turning them into the middle (income) class in developed

industrial countries (Zussman 1985). In the deindustrialization launched by neo-liberal reformers under the code of Reagan-Thatcherism in the 1980s (similar to the period during which China exercised Reform and Opening-up and initiated export-oriented industrialization), middle-income professionals and other working classes protected by post-war welfare states suddenly felt precarious and asked for social change through political appeals.

In the current context of Chinese industrial upgrading, although Marxists or critics of Fordism cannot fully help us to understand the rise of professional workers in the seemingly high-profile service industry, some anthropologists who have brought Marx into contemporary post-industrial contexts for class analysis can perhaps give us insight into production and social reproduction relations here. As these anthropologists argue, the production regime has expanded far beyond the walls of Fordist factories (Gill and Pratt, 2008; Lazzarato, 1996; McRobbie, 2002b) and transcends old boundaries among the domains of work and life, territories of nation-states, economy, and governance (Read, 2009; Rose, 1990). Furthermore, Marxist anthropologists call on researchers to analyze class through the lens of how people understand their class relations (Carrier and Kalb, 2015: 24). In my thesis, I also make a relational analysis of class, but I place more emphasis on the mutual construction of multiple identities and try to illustrate the state's intentions in constructing individualized identities. Here, I claim a relational as well as intersectional analysis of class-driven identities in the highly mobile socio-economic situation, and it should be noted that my informants, those professionals or semi-professionals, are created and encouraged to become producers as well as consumers in the new economy.

The discussion of cognitive capitalism in general has highlighted the issue of labor in the new economy, and scholars have defined labor in this economy as a kind of immaterial labor (Hardt and Negri, 2017). However, my thesis focuses on the drive of the new economy, mobilized by Leninism and authoritarian code, to produce a kind of enterprising-self, regardless of whether its labor is immaterial. I think this is perhaps the biggest difference between me and Hardt and Negri. Thus, my concern eventually dwells on the overall political form of production to see how a new type of consent has been manufactured (Burawoy, 1982). Young professionals gain the will to search for new identities and meanings of work through the appropriation of the new institution of startup. Consent is manufactured through the acceleration of company-making and through the support of youth-entrepreneurship programs. Hopes of overcoming the "middle income trap" drive them to work hard and extract their skill, social networks, and labor in the riskier commercial context of Shenzhen.

Although these factors and institutions define and strengthen the self-identification and performance of "creative business partners" in the rising innovation economy, the process of becoming entrepreneurs is not smooth. Informants show anxieties. The tension between working for artisanal innovation and working for money always exists in their search for strategies to live as "creative entrepreneurs" in this expensive metropolitan city. Their anxiety is the dynamism of their ambition for social mobility.

The exuberant activity of becoming a “creative entrepreneur”, in some sense, obscures the on-going division of labor in the urban IT-intensive creative industry under the reconstruction of entrepreneurial space in Shenzhen and in China.

Young, middle-income professional workers are not being treated as “working class” or “middle class.” They are treated and imagined as professionals and talents, candidates for entrance into the middle-upper classes. This ambitious social engineering of human resources has been analyzed in chapter four. Yet, the Chinese state, especially the local state, never retreated from the dis-embeddedness of “outdated” labor-intensive industrialization and the embeddedness of supply-side economy reforms. I hope this research offers some perspective in understanding how the new wave of “innovation fever” reproduces the new forms of mobility, modernity and the reset of economical developmental model in China, and, to what extent, this constructs new imagination and social stratification of contemporary China in de-industrial context.