

**The Power of Mirage:  
State, Capital, and Politics in the Grounding of ‘Belt and Road’ in Laos**

by

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## ABSTRACT

This dissertation investigates the “Belt and Road Initiative” (hereafter BRI), an ambitious plan to reconfigure the global political economy for the accumulation of Chinese capital through mega infrastructure projects. First proposed by Chinese leader Xi Jinping in 2013, the initiative has reified the popular imagination of the contemporary offshoring of Chinese capital as a monolithic and centralized process commanded by Beijing. As a country targeted for major BRI investments, Laos has been widely perceived as the prototypical victim China’s ascendance, particularly due to the significant debts that the government has subsequently incurred from Chinese banks. In this dissertation, I draw on ethnographic data collected over 14 months’ fieldwork from 2016 to 2018 to complicate this polarized portrayal of globalizing Chinese capital. I contend that BRI is not a set of concrete state policies that define the outward trajectory of Chinese capital, but an abstract vision projected by Beijing to mobilize the offshoring of Chinese capital from afar. At once vague and enticing, the imaginative geographies of BRI invite speculation by a vast range of Chinese investors from both the public and private sectors, encouraging them to strive for advantageous positions within the unfolding project. Their discrete, improvisational practices in situated locales collectively work to materialize BRI in partial, halting ways. By analyzing state-capital relations in “global China” through the lens of governmentality rather than top-down governance, I reveal its important parallels with the neoliberal reforms introduced in China since the 1980s.

This dissertation dissects the productivity of BRI as a state-invoked vision that sparked responses from a diverse range of Chinese investors. I unpack how their efforts to cash in on BRI generate variegated implications on the ground through three inter-connected case studies that capture different facets in the ongoing making of Chinese capitalism in Laos. The *first* case focuses on the

politics of infrastructure finance that underpin a Lao railway, which was featured in the official discourse of BRI. Beijing's financial support for the project unraveled soon after implementation in 2016, leaving Chinese contractors and suppliers on the project scrambling to mobilize their own capital to continue construction. These dynamics highlight how, even at the core of BRI, centralized state orchestration is simply overstated. It also crystalizes the distributed agencies of mundane actors that brings the vision of BRI into reality. The *second* case examines the brokerage processes through which Chinese capital – mobilized by BRI – is directed into specific investment outlets in Laos. I document how opportunistic local Chinese businessmen hustle inexperienced outgoing Chinese investors into making investments that create opportunities for themselves to also amass wealth through bribes and kickbacks. These self-interested brokers derail and strand investors' original agendas when they embark on the outward journey. Detailing the everyday politics and processes through which Chinese capital is grounded into Laos, I highlight the mismatch between the capitalist future mapped out in BRI discourse and the messy realities that have been produced. The *third* and the final case explores the ways in which a group of peasants who dwell on the urban fringe of Laos' capital city Vientiane are navigating the influx of Chinese capital in the context of BRI. By playing different circuits of Chinese capital against one another, some of these farmers have managed to escape the worst consequences of dispossession that have been threatening their livelihood. Yet, their cumulative activities simultaneously facilitate Chinese land grabs in the agrarian frontier of Vientiane. The nuanced local responses to Chinese capital, as detailed in this case, destabilize the polarized perception of global China as a contestation between colluding Chinese investors and domestic elites on one side and marginalized local communities on the other.

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## **Introduction: Making Chinese Capitalism in Laos**

### **I. Beijing Calls, Capital Responds?**

On September 7, 2013, Chinese President Xi Jinping delivered a speech at Kazakhstan's Nazarbayev University during a state visit to the central Asian country (Ministry of Foreign Affairs of PRC 2013). In the talk, he proposed to jointly build a 'Silk Road Economic Belt' that would deepen overland collaborations and exchanges between China and the region through enhanced infrastructural connectivity. A month later, during a speech at the Indonesian Parliament, Xi introduced the '21st Century Maritime Silk Road', an equally vague concept related to a broader infrastructure-based transnational developmental agenda <sup>ibid</sup>. This initiative, as crystalized in the naming of the agenda, was crafted specifically to woo partners along shipping routes. The Chinese state media swiftly combined the two proposals into one succinct, poetic phrase: 'One Belt, One Road' (一带一路).

At the time, much of the English-speaking world treated 'One Belt, One Road', or 'Belt and Road Initiative' (hereafter BRI) as it came to be known, as little more than a public relations gimmick; communist propaganda to celebrate Xi's rapid ascendance within the Party-State's power hierarchy. Today, however, the catchy phrase has become publicly portrayed as an ambitious political attempt by Beijing to realign the global economy in its favor through a transnational web of infrastructure and debt obligations (see Fig. 1 for the vision of BRI). Chinese state actors have spared no efforts in honing and enshrining BRI as a signature foreign policy of the Xi administration over the past few years. Yet, upon closer inspection, it still stands for an empty dream without clear roadmap for realization. Manifesto-style policy documents issued by Beijing

did not provide much concrete in terms of details about how the state plans to mobilize capital and labor to bring this vision into reality. And, as many scholars who were drawn to dissect the discursive construction of BRI pointed out, many of its explicit constituencies actually predated the birth of the phrase (eg. Sidaway and Woon 2017). It appears that the Xi administration's rhetoric was really aimed at regrouping and rebranding some pre-existing, sporadic and disconnected policies and projects into a new, singular vision.

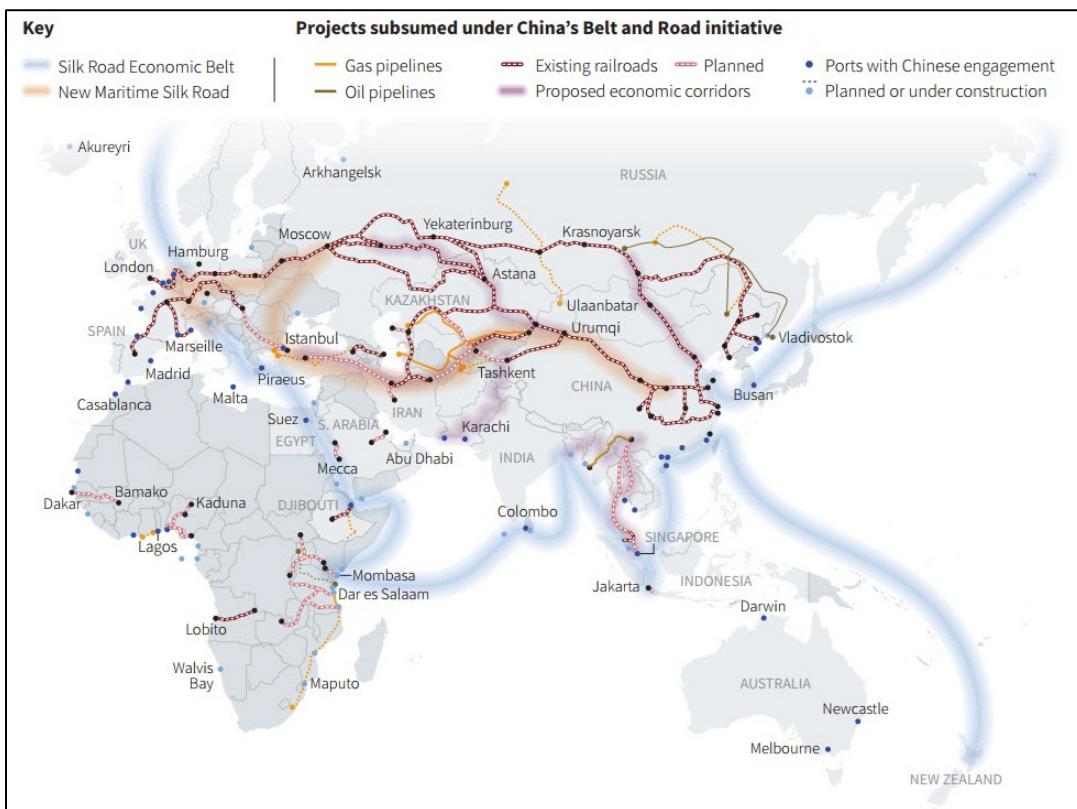


Fig. 1 The Vision of Belt and Road Initiative<sup>1</sup>

Though lacking step-by-step implementation strategies, Beijing's vision of BRI seems to have been rapidly materializing on the ground. An abundance of media coverage shows that there has been an astonishing increase in Chinese presence across many of the southern countries

<sup>1</sup> Source from Mercator Institute for China Studies (<https://www.onthemosway.eu/maritime-polar-silk-way/?cn-reloaded=1>)

highlighted in the BRI discourse (eg. Janssen 2018; Doig 2018). Though these accounts are tainted by a pervasive tendency to single out and exaggerate China-related dynamics in particular locales, they also convey varying degrees of reality. Troops of investors and laborers have been parachuting into BRI-targeted destinations like Sri Lanka, Djibouti, Pakistan, Serbia, and Laos to make Chinese capitalism. Accompanying the visible implementation of some explicitly BRI-branded, mammoth infrastructure projects in these contexts, are burgeoning Chinese businesses of all kinds, ranging from hotels, pig farms, and restaurants, to karaoke bars and brothels. It appears that when Beijing calls, capital follows.

In the context of neoliberal hegemony, the mythical power that the Chinese state seems to wield over capital, seemingly making it flow at its will, is precisely the ‘unnatural’ dimension of Chinese capitalism that fuels imaginative geographies about ‘China’s predation and threat on a global scale’ (Lee 2017). As Beijing itself becomes much more vocal about its outward ambitions, the ongoing globalization of Chinese capital looks today, more than ever, like an overarching, state-orchestrated project of colonization. Puzzled by precisely how the state is turning the vision of BRI into reality, many observers have started speculating that the regime in Beijing must have some secret power playbook for this agenda, one that is kept away from the public. This sparks further conspiracy theories that firmly graft onto people’s mind including allegations that the Chinese state is plotting to ensnare some fiscally unstable southern countries into “debt traps” via predatory over-lending, which will make them more submissive to their demands (Brautigam 2019).

To grapple with the essence of state-capital relations in the making of Chinese capitalism overseas, I argue that it is necessary to look beyond these overheated popular debates, which are based more on speculation rather than evidence. In the following section I outline the most influential narrative frames that have emerged in recent critical scholarship on global China.

## **II. Making Chinese Capitalism Overseas: The State-Capital Relation Revisited**

Whether or not outbound Chinese capital embodies the state's interest has long been a focal point of debate among an interdisciplinary group of scholars who examine the ongoing globalization of Chinese capitalism. Surveying these studies, I map out three common routes they take to address this question. The *first* widely adopted approach can be succinctly summed up as 'de-victimizing the local'. It refers to efforts to identify a range of forces from host contexts that enable the actualization of Chinese capitalism. For instance, a stream of works grounded in sites across the global South highlight how Chinese capital has been domesticated by local states to facilitate their own agenda of internal colonization (Tan 2013; Armony and Strauss 2012; Nyiri 2012; Baird and Shoemaker 2007). By directing investments toward marginal spaces where state power is historically weaker, such as borderlands and mountainous hinterlands, host states extend the territorial reach of their power and tighten control over anarchist groups that often dwell in these spaces. Additionally, the rampant informal rent-seeking activities of local elites are another commonly identified force that lubricates the wheels of Chinese capitalism in extra-territorial locations (eg. Baird 2010; Stuart-Fox 2009).

Works that deploy the 'de-victimizing the local' approach make a strong case that Chinese capital cannot willfully expand outward by itself. Rather, it is made possible and subjected to negotiations,

appropriations and complications, by powerful local agencies. This insight conveys the important message that sometimes, perhaps most of the time, outbound Chinese investments do not end up neatly serving the agendas they uphold from the onset. However, it circumvents the question of whether and how Chinese state intentionally governs capital flows in the first place.

I term the *second* common approach that addresses the interplay between state and capital encapsulated in global China as ‘naturalized state capital’. This narrative is built into the body of literature that follows the outward trajectories of capital that is explicitly state-owned. Earlier works in this vein, which expanded following the turn of the 2000s in response to Beijing’s ‘Going out’ strategy, were largely descriptive (eg. Salidjanova 2011; Ciccantell 2009). They contain a problematic analytical disposition toward exclusively spotlighting the ways in which giant state-owned enterprises (hereafter SOEs) and policy banks work in the Chinese state’s interests through their economic activities abroad.

The underlying assumption in these works that the intentions of Chinese outbound capital are determined by their ownership structure have recently been called into question. Through a compelling ethnography on SOEs in Zambia’s copper mine sector, Lee (2017) appeals for more contextualized understandings of what exactly is ‘state’ about Chinese state capital. The abstract state interest, in this case, is materialized into concrete business strategies that place more emphasis on the extraction of ores than global private capital in the same sector<sup>ibid</sup>. Endeavors to denaturalize state capital have generated important insights and reinvigorated related debates. Nevertheless, the analytical scope of this scholarship leads most to conclude that Beijing wields direct influence over a significant portion of elite Chinese capital overseas.

The *third* approach that conveys important insights into state-capital relations in the ongoing globalization of Chinese capitalism developed as a critique of the disproportionate analytical attention that the second approach gives to outbound *state* capital. I label it as the “multiplicity and diversity” approach (Lee 2009; Mohan and Tan-Mullins 2009). Related works center on the incredible diversity of interests and motivations among the many Chinese actors involved in foreign economies. In particular, many bring to light practices of self-interested individuals who do not explicitly embody the state’s interests in their adventures abroad, like the troops of Chinese petty traders across Africa and Southeast Asia (e.g. Xiao 2015; Schmitz, 2014).

The varieties of capital, especially private capital, involved in Chinese investments abroad serves as an effective counterpoint to the popular imaginary of “global China” as a singular and totalizing entity. However, the self-interested activities that co-constitute the contours and content of Chinese capitalism overseas do not necessarily work against or complicate the interests of state. This needs to be evaluated not by the varied intentions of capital but by the grounded implications they collectively generate. After all, an important lesson learned from the making of Chinese capitalism at home following the economic reform since the 1980s is that authoritarian rules are precisely sustained through myriad self-interested actors and practices (Zhang and Ong 2008). Self-interested corruption and rent seeking have been important engines of China’s great transformation over the past four decades (Ang 2020; Hsing 2010; Hsing 1998). These informal spheres in the Chinese economy are certainly not orchestrated through some top-down policy enforcement, yet they give much-needed life to the Party-State’s various domestic development agendas in the past. The question of whether or not, as well as how such a dynamic plays out again in extra-territorial space remains unanswered.

In sum, studies that chart different routes to directly or indirectly address the interplay between state and capital in the making of Chinese capitalism overseas have yet to yield conclusive insights. What is needed is a theoretical framework that can assess the ramifications of all the discrete, incoherent, and even contradictory processes encapsulated in the phenomenon together in relation to one another. Only then can one provide a solid answer to one long-standing puzzle that underpins much of the fears and anxieties sparked by China's global ascendance, namely, does extra-territorial Chinese capitalism ultimately fulfill an agenda set in Beijing?

### **III. Theoretical Framework and Research Questions**

Set against the contemporary context, in which Beijing's call for BRI are unleashing visible changes on the ground, I am well positioned to conduct a comprehensive assessment of state-capital relations in the ongoing making of Chinese capitalism outside of China. Therefore, this dissertation is animated by the following overarching research question: *how does the Chinese state mobilize capital and labor to bring its vision of BRI into fulfillment?* To gain a fine-grained understanding of Beijing's intricate power mechanisms, I attempt to answer this broad question step-by-step through three sub-questions, each of which examines an important facet of BRI. In the following section, I situate each of these sub questions within a particular theoretical literature.

#### **Question 1: *How does the Chinese state mobilize capital to finance BRI-branded infrastructure?***

This question seeks to comprehend Chinese state's influence over the contingent and contentious processes through which debt is created to finance infrastructure projects explicitly laid out in BRI discourse. I situate this question in the subfield of economic geography, specifically work on finance and public debt. A body of literature inspired by Marxian thought has emerged in recent

years, which is devoted to unpacking the ways in which established debt relations expose indebted states to creditor power and exploring the implications this has for social inequalities (Furlong 2019; Peck and Whiteside 2016; Peet and Hartwick 2015). These studies provide nuanced analyses of the diverse and uneven ramifications of public debt as it intersects with other situated social, political, and economic relations (Ashton et al 2014; Torrance 2008; Reno 2002). I find some endeavors in this realm, in particular those that center on the politics involved in the fallout from debt relations, highly relevant to my inquiry (Pan et al. 2017; Roitman 2003). In answering my first question, I engage with and extend these debates. Rather than taking debt relations at face value, I focus on the politics surrounding the ongoing making of sovereign debt relations to finance BRI infrastructure (Peeble 2010; Vidal 2018).

**Question 2:** *How does the Chinese state enlist overseas Chinese to actualize BRI on the ground?*

This question attempts to understand the outcomes of Chinese state's escalated diaspora outreach strategies in the BRI era. Pertinent theory to this question is work by political geographers on migration and diasporic politics. This literature is motivated by the recent 'diaspora turn' (Ragazzi 2014) in the global policy arena, which has seen an intensification in efforts by nation states to identify, claim and harness resources from emigrants and sojourners overseas (Ho and Boyle 2015; Délano and Gamlen 2014). Building upon the post-structuralist tradition, a number of scholars have dissected the discursive constructions and social-technical regimes that constitute "diaspora" as a new governmental category (Raj 2015; Kunz 2012; Gamlen 2008; Larner 2007). These works have shed light on state-led transnationalism, as well as the rescaling of state space in conjunction with neoliberal globalization (Collyer and King 2015; Caglar 2006; Agnew 1994). However, work in political geography on diaspora strategies also tends to confine the analytical scope of inquiry

to political agencies from the above, such as the state and other elite policy making institutions. My second question seeks to make sense of the nuanced ways in which the Chinese state's diaspora strategies are received by targeted populations. I therefore draw from and enrich this literature with a feminist approach that bridges the small "p" political of the embodied and every day with the large "P" Politics of the formal, institutions and policies (Hyndman 2004).

**Question 3:** *How is Chinese capital contested/entrenched on the ground by vulnerable local actors?*

This question seeks to understand whether the making of Chinese capitalism abroad is a polarized process that pits colluding local elites and state officials against marginalized communities on the other. The focus of this question are vulnerable communities in cities where land speculation has been greatly exacerbated by BRI infrastructure proposals. I draw on insights from urban geography, particularly scholarship on speculative urbanism and agrarian urbanism, to dissect this question. This work represents a burgeoning endeavor from post-colonial urban scholars to comprehend the divergent experiences of urban peasantry living at the fringes of rapidly urbanizing cities in the global South (Upadhyay 2020; Balakrishnan 2019; Gururani 2019; Gururani and Dasgupta, 2018). In particular, some of these studies have been challenging the default story of 'accumulation by dispossession' by shifting analytical attention toward inquiring about agrarian communities' uneven integration into frontier real estate markets (Cowen 2018; Leitner and Sheppard 2018). These illuminating insights, when integrated with a focus on global China in urban settings, open up possibilities to transcend polarized, two-tone explanations that previously dominated the debate.

#### **IV. A View of BRI From Laos**

I seek for answers to the questions outlined above in the context of Laos, a small country of 7 million population bordering China to the southwest (World Bank 2018). It has been frequently making international headlines in recent years as a prototype ‘victim’ of China’s global ascendancy (Janssen 2017). Given the country’s entangled history with China in the past, and its important position within the BRI vision, Laos has been experiencing an unparalleled explosion of Chinese investments over the past decade. These unique features rendered the country an ideal site to observe the complicated interplay between Chinese state and capital in extraterritorial spaces.

The land that is known as Laos today was occupied by indigenous mandala city-state that rose and fell throughout pre-modern time (Evans 2002). It was first mapped as a nation state at the end of 19<sup>th</sup> century by imperial France. Due to its land-locked and mountainous geography, Laos remained on the margin of the colonial economy. The French never conducted any major infrastructural uplifts in the country as it did in Cambodia and Vietnam (Collins 2017; Pholsena 2015). Therefore, by the end of the French colonization in the late 1940s, Laos maintained an agrarian society with the vast majority of the population practicing semi-subsistence agricultural livelihoods. Though adjacent to China, the country then hosted one of the smallest Chinese communities across the region of Southeast Asia (Tan 2013). Only in major urban centers of Laos, like the capital city Vientiane, did there exist visible mandarin business groups. Like merchant Chinese elsewhere in the region, they were traders who sustained the economic bloodline of the colonial statecraft (Godley 2002).

Laos, over the course of decolonization, quickly became a battle ground between communism and capitalism during the Cold War. After gradual power transition with France, the country attained nominal full sovereignty under the Royal Lao regime in 1947, an indigenous government constituted by a small group of French-trained elites (Evans 2002). As the regime struggled to generate revenue to run the poverty-stricken country on its own, the U.S., looking to check the spread of communism on mainland Southeast Asia, weighed in. The Royal Lao survived through US aid throughout the 1950s and 1960s. Without an effective supervisory system to overlook the distribution of the aid, dollars and food from America became the basis for pervasive corruption within the Lao government (Evans 2002). The regime's dependence on the US also rendered it powerless to resist being pulled into the Vietnam war. In order to stop Ho Chi Minh's guerrilla armies from using Laos as a route to transit military supplies, the US air force dropped over two million tons of ordnance on Lao territory between 1964 to 1973 (Khamvongsa and Russell 2009; Parker 1997). Given the absolute control that the US possessed over the royal Lao regime, Laos went through two decades of *de facto* American colonization after the French left.

The corruption and incapacity of the Royal Lao government sparked heightened domestic discontent and made room for an opposition political power based in the north of the country, the communist Pathet Lao. Many of its founding members were trained by the Vietnamese communist party, among which was Kaysone Phomvihan, who later emerged to be the first supreme leader of Pathet Lao (Evans 2002). In the early 1970s, as the US retreated from Indochina and cut back financial and military support to the Royal Lao government, Pathet Lao's power base in the country quickly expanded. It eventually led to an all-out civil war between Royal Lao and Pathet Lao, and

the communist takeover of Laos in 1975 <sup>ibid</sup>. The harsh authoritarian regime that came into power has reigned Laos since.

The civil war and the eventual collapse of the Royal Lao regime further reduced Chinese presence in the country. The vast majority of the urban-based Chinese business groups, who were in alliance with the regime, fled the country at the dawn of the communist take-over (Evans 2002). At the turn of 1980s, as the Pathet Lao broke away from China to side with Vietnam and the Soviet Union during the great split within the global communist camp, the remaining Chinese population in Laos suffered from further persecution (Baird 2018). Under heightened surveillance from the state, basic infrastructure that sustained the traditional community lives of overseas Chinese, such as Chinese language schools, voluntary associations, and newspapers, were shut down. There was, therefore, hardly a visible Chinese presence in the country throughout the 1980s.

In 1986, the Lao state introduced the ‘New Economic Mechanism’ (hereafter NEM), which marked its transition from socialist planned economy to market economy (Stuart-Fox 1989). While the initial launch of NEM was more or less a political gesture without concrete follow-up policies, the Pathet Lao became more eager to integrate into global capitalism in the new global context after the collapse of the Soviet Union and the end of the Cold War. As nation states moved away from geopolitical confrontation to economic collaboration across the world, Laos also sought to mend relations with its estranged neighbor to the north. The then Chinese state, in the middle of its own experimental neoliberal economic reform, showed similar interest. In 1989, Kaysone Phomvihane led a delegation to visit Beijing. His historic trip and dialogue with Deng Xiaoping signaled a new chapter in the history of China-Laos relations. As bilateral hostility receded, a new

wave of Chinese capital began making inroads into Laos (Baird 2018). Besides a few state-owned enterprises, a significant number of Chinese venturing into Laos in the 1990s and early 2000s were petty traders who looked to escape from their impoverished lives back home. Even so, Chinese economic and political influence in Laos still remained dwarfed by other foreign powers, especially Vietnam, at the turn of 2000s.

The flow of Chinese capital into Laos picked up in tandem with the Beijing's growing interest to strengthen ties with the Pathet Lao. In the Fall of 2000, Jiang Zeming became the first Chinese leader to set foot in Vientiane (Kurtlantzick 2007). Arriving with enticing aid packages and a renewed vow of friendship, his state visit signaled Beijing's strong inclination to repair and upgrade ties with its neighbor to the south <sup>ibid</sup>. This disposition was underscored by the Chinese state's geo-economic intention of exploring Laos as a resource frontier for its domestic economy, as part of the new 'Going Out' policy (Barney 2009). In the years to come, Beijing also increasingly looked to Laos for support on territorial disputes, especially those around the South China Sea (Stuart-Fox 2009).

Parallel with these inter-statal affairs, large-scale Chinese investments began transforming Lao's landscape at an alarming speed. Vast stretches of monoculture rubber and Eucalyptus tree plantations completely remade the country's organic terrain across remote rural hinterlands (Özdoğan et al. 2018; Dywer 2013). Urban development projects cemented Vientiane's Mekong river front and redefined the city's skyline (Sims 2015). Hydropower stations built by Beijing's prestigious state-owned enterprises sprung up in the country's mountainous hinterland (Kirchherr et al. 2017). Most notorious of all these developments was an enclaved casino town bordering

China called the Golden Boten city. Filled with Chinese language signboards and operated on Beijing time, it appeared as if part of Lao territory had readily been taken over by China (Nyiri 2012).

Given the simultaneous growth of Beijing's charm offensive in the political realm and Chinese capitalism on the ground, many who witnessed these dynamics in Laos inferred some causal relations between the two trends. Anti-Chinese sentiments began brewing in the country, peaking in moments when the public believed they had found solid evidence of the Chinese state commanding capital for its own questionable ambitions. A prime example was the heightened controversies surrounding *Beung That Luang*, a strip of wetland on the eastern fringe of Vientiane (see Chapter 3). In 2007, the Beijing-backed China Development Bank entered an initial agreement with Lao's government to provide USD100 million loan for financing a sports stadium in Vientiane that would be used to host the Southeast Asian Games. In exchange, it would obtain 1600 hectares of land from *Beung That Luang* to develop it into an edge city. Rumor had it that the project would be used to house 50,000 Chinese workers brought in for stadium construction. It was also alleged that the proposed edge city was exclusively for Chinese investors, who would be granted Lao 'green cards' for purchasing properties there. This abundant gossip, depicting a vivid, modern-day story of settler colonialism, instigated the first major outbreak of Sinophobia in Laos. At the climax of the controversy, a key Lao politician backing the deal, the then deputy Prime Minister, Somsavat Lengsavat, was forced into a defensive press conference to dispel the misinformation. In the authoritarian Lao polity, this was an unparalleled scene.

The hand-in-hand escalation of Beijing's courtship of Laos and the influx of Chinese capital continued on into the BRI era. The country has been disproportionately targeted by BRI propaganda in recent years for hosting a section of its flagship project on mainland Southeast Asia, a highspeed railway linking China's land locked southwest to Singapore. In addition to regular news coverage, there have been books, documentaries, and most recently, a full-length movie called *Champa Flower*, all trying to re-write the story of Chinese-Lao relations in the past and set a new tone for bilateral brotherhood. Inter-statal exchanges also evidently intensified—as well as top Chinese politicians like Xi Jinping and Le Keqiang, delegations of provincial and municipal officials also became a constant presence in Vientiane's major conference hotels that host elite foreign guests.



Fig. 2. Laos in the Vision of BRI

Just as the state has scaled up its efforts to battle for political influence in Laos, the influx of Chinese capital into the country has also continued to accelerate. Back in 2010, Chinese investment in Laos amounted to 846 million USD in total (Ministry of Commerce of the People's Republic of China 2011). Yet, that figure had reached 6.65 billion USD in 2017, placing Laos 6<sup>th</sup> in Asia and the 16<sup>th</sup> worldwide in terms of the size of Chinese FDI (Ministry of Commerce of the People's Republic of China 2018). Given the opacity of some foreign capital flows, the actual size of Chinese investment in Laos is undoubtedly much larger.

The hysteria generated by this rapid influx of Chinese capital is palpable in the country's capital and economic hub, Vientiane, today. Flocks of investors fresh out of the airport are actively seeking business opportunities in Laos. Many of them only heard of the country recently through media coverage of BRI and they are very vocal in justifying their foreign adventures using this official narrative. Across northern Laos, where the BRI-branded railway is now under implementation, Chinese capital constitutes an even more visible and daunting presence. Development worker and journalist Will Doig offered a vivid portrait of the situation based on his first-hand observation in 2018: '*Everything related to the railway, from cement plants to workers' jumpsuits, is branded with the same blue and white (Chinese) color scheme and emblazoned with Mandarin characters.*'

Today, the appeal of Chinese capitalism in Laos has led many inside and outside of the country to believe that it is being overshadowed by its powerful neighbor from the north. Taking a distant look, the political, economic, social, and cultural integrity of Laos does indeed seem to have been deeply impacted by a coordinated and coherent force of 'China', which embodies Beijing's

interests. It is the task of this dissertation to provide compelling, alternative explanations as to why and how the contours and content of Chinese capitalism in Laos acquire such neocolonial look.

## V. Methodology

In order to unpack the grounded politics and processes encapsulated in the making of Chinese capitalism in Laos in the context of BRI, I conducted a total of 14 months' fieldwork based mainly in Vientiane, Laos (July 2016 to August 2016, June 2017 to June 2018; field site see Fig. 3). I deployed a range of mixed qualitative methods which include participant observation, interviews, focus groups, and archival analysis. In what follows, I detail the specifics of each method and how I worked with the data I collected.



Fig. 3. Field Site for Research

### *Participant Observation*

I joined a Chinese chamber of commerce in Vientiane as secretary to key members of the institution from June 2017 to November 2017. It is one of the major quasi-official platforms designated to facilitate investment through networking within and beyond Chinese private sector in Laos. My position in the chamber of commerce allowed me to observe the everyday dynamics involved in grounding various circuits of Chinese capital into local investment outlets. It also allowed me to become deeply embedded in the Chinese private sector in Laos, as well as a loose network of local actors (mostly government officials and Lao business elites) who actively participated in making Chinese capitalism in Laos. For instance, it opened up access for me to visit and observe dynamics unfolding on labor camps along the trans-Laos railway that was under construction then. From December 2017 to June 2018, I left the chamber of commerce and became informally affiliated with two other pro-business Chinese institutions in Vientiane. One was an overseas Chinese association similar to the chamber of commerce, the other was a Chinese language media outlet oriented towards serving Laos' Chinese business communities. Participant observations in these two institutions and the networks they were embedded in, which, albeit had much overlap with the chamber of commerce, allowed me the gain a comprehensive and comparative understanding of how investments related to Chinese capital in Laos were made. Data collected from participant observation constitute the core of chapter 1 and 2.

### *Interviews*

From July 2016 to August 2016, I conducted a total of 56 explorative interviews with development workers, government officials, and Chinese investors in Vientiane during 2-months of preliminary fieldwork. These interviews helped me understand the general situation of Chinese capitalism in

Laos, as well as major controversies related to it. It was through these exchanges that I pinned down the research questions of this dissertation. These interviews also enabled me to obtain my first group of contacts in the field, which led to my position at the Chinese chamber of commerce when I started the year-long dissertation fieldwork in June 2017.

In February, April, and May 2018, I conducted an additional 42 qualitative interviews in three peri-urban villages along the east fringe of Vientiane with the help of a Lao research assistant. I engaged with Lao peasants through an ethnographic approach in these exchanges, letting the research assistant, who understood local situation well, drive the conversations, and encouraging interviewees to express their issues of concern. Data collected through these interviews constitutes the core of chapter 3.

### *Focus Groups*

I complimented data collected from village-level interviews with 4 focus group discussions. Peri-urban peasants whose livelihood had been severely affected by speculative land grabs initiated by Chinese capital came together in groups with sizes ranging from 3 to 15 participants. They articulated their nuanced everyday struggles over land with my research assistant as major facilitator. The information they supplied was built into chapter 3.

### *Archival Analysis*

I enriched data collected from participant observations, interviews, and focus group discussions with archival materials collected along the way, ranging from policy documents and news reports, to company archives and advertisement materials. These archives were sourced through three main

channels. For one, LaoFAB document repository<sup>2</sup>, an online library for English speaking development workers and scholars interested in Laos, has been a major site through which I obtained documents related to my research. Additionally, I purchased archival materials from *Vientiane Times* from 2005 to 2018 through its headquarter in Vientiane. The media is the English language mouthpiece of Lao state that provides important insights into the twist and turns of Lao state policies. It also contains important longitudinal reports on major Chinese investment projects in Laos, like the trans-Laos railway. Last but not least, I was also able to source a wide range of important archival materials through contacts in the field. For instance, policy documents provided by village headmen during my community-based fieldwork in peri-urban Vientiane shed important light into the history of land grabs in the area, which is presented in chapter 3.

## **VI. Politics in the Field: An Ethnographic Adventure Recounted**

I must admit that I had never been to Laos or the region of Southeast Asia when I decided to embark on the ethnographic adventure that flourished into this dissertation. While I had a persistent interest in exploring global China since my early years in the PhD program, I was never certain where to ground such a tentative research project. In my mind, I had rehearsed many options, including India, Bangladesh, and Myanmar, before Laos was finally suggested to me by one of my committee members, Ian Baird. With his generous support, I managed to obtain some funding to undertake preliminary fieldwork in Vientiane in the summer of 2016. Besides an iNGO that agreed to host me via Ian's coordination, I had no other contacts or networks in the country back then. Nor did I speak any local language.

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<sup>2</sup> LaoFab document repository: <http://www.laofab.org/>

On reflection, I continuously doubted my own ability to pull off ethnographic fieldwork in Laos, even when I was sitting on the plane from Kunming to Vientiane. However, the invaluable two-month period that I spent doing preliminary fieldwork dispelled all my concerns on this front. When I was not based at the iNGO, I roamed around Vientiane on motorbike, trying to forge connections with people in different Chinese communities. The slow and laidback rhythm of life in Laos guaranteed that there was always abundant time when people were working but without any actual work to do. Most of the bored businessmen and their staff enjoyed gossiping about their encounters in Laos with a curious young Chinese female researcher.

A year later, in the summer of 2017, I was ready to go back to Laos to conduct my planned year-long dissertation fieldwork. With a clear goal this time to study the politics and processes encapsulated in the making of Chinese capitalism in Laos, I anticipated that the biggest challenge lay in gaining an inside perspective on the intricate business world. Yet, a major breakthrough came unexpectedly early. Two weeks before I moved to Vientiane, I came across a post from a contact on Wechat that a Chinese Chamber of Commerce in Vientiane was looking for a secretary. Without much effort for negotiation, the person in charge of the institution offered to host me and help out with my research, in exchange for my free labor for secretarial works. The access granted me opportunities to conduct participant observation in the chamber of commerce, where vibrant investment making activities were taking place on daily basis. It also enabled me to quickly establish and expand my networks with Chinese working in the private sector in Laos.

Ultimately, I did not feel that I had successfully entered “the field” in the early days of my participant observation in the business world. I began conducting some semi-structured interviews

but many of my research participants were certainly cautious of my data collection and, to varying degrees, they tried to hide the dark side of business from me. Some were also suspicious about my identity as a US-based Chinese researcher. Fortunately, such unease gradually ebbed away as time went by. I was finally assured that I had opened up some important doors when many of my interlocutors became used to my presence and felt comfortable discussing and performing their informal business practices in front of me.

The bulk of data that forms the basis of this dissertation was collected through long-term participant observation in Vientiane-based Chinese business community between June 2017 and June 2018. Extending from this foothold, I further established connections with other groups of actors involved in making Chinese capitalism in Laos, such as Lao elites and other urban residents who had, for different reasons, been folded into pertinent processes related to BRI resources. I collected data through exploratory interviews and focus group discussions. Given my lack of Lao language skill, I sometimes hired a local research assistant to help with translation during interviews. Given the sensitivity of some of the topics discussed, I usually took written notes during the interviews and then used these notes to type-up as full an account as possible of the event later that same day.

Fieldwork certainly contains both highlights and lowlights. As feminist scholars have long argued, there are always power relations that researchers have to navigate and ethical issues that required careful consideration (Faria and Mollett 2016; England 1994). While I enjoyed learning about the inside dynamics of capital, I often struggled throughout to cope with the masculine and sexist culture that prevails in the Chinese business community. Every now and then, this included verbal

sexual harassment from my research participants. Some qualitative research methodology guidelines recommend that female researchers wear a ring in the field, in order to reduce these annoying and sometimes dangerous circumstances (eg. Crang and Cook 2007). However, in my experience, such practical tactics did not work well in my particular field. The group of men I engaged with were used to extensive informalities and demonstrated little concerns for my marital status. They were also accustomed to establishing their masculinity through the exploitation of female bodies. A ring could barely keep some of them off as long as I was physically alone in the field. Thus, the main struggle of my fieldwork was not about gaining access but rather managing my relationship with key interlocutors. To this day, I am still in search of nuanced strategies that can at once foster trust but also maintain a comfortable distance with male research participants, especially those working in the private business sector.

Additionally, as an ethnographer examining various forms of informality built into transnational capital flows across global South, I constantly struggled to navigate the ethical challenges of conducting research in legal grey zones in the field. While I obtained approval from Institutional Review Board (hereafter IRB) to conduct fieldwork for the project from the onset, the complex nature of participant observation on the specific topics of my interest quickly exceeded the range of IRB. As many of my research participants adopted deceptive and fraudulent tactics in highly improvised ways to extract income from everyday business dealing, I often found myself co-opted, implicitly or explicitly, into their dubious schemes. Although I tried my best to stay away from facilitating such dynamics, my presence at some scenes inevitably placed me as an integral part of it. Part of my research activities, therefore, certainly stretched the ‘iron cage’ of IRB to the maximum (Bledsoe et al. 2007). Even so, as a scholar, I eventually decided to live with these

ethical struggles and persisted with my fieldwork, as I believe the myriad of informal practices that I witnessed and experienced are the key to decipher the vibrant lives of Chinese capitalism in southern contexts.

In retrospect, though my relations with many of the research participants in Laos were often filled with frictions, tensions and, occasionally, contestations, I am still enormously thankful for how open they were to welcoming me into their community and sharing insider experiences about their role in the making of Chinese capitalism in Laos. As I was following an inductive research strategy, I did not have a fixed set of research questions when I started my fieldwork (Cahill 2007; Kindon et al. 2007; Pain 2004). Rather, particular themes and issues emerged unexpectedly through my many conversations with people in Vientiane. As such, these individuals are actually unnamed co-authors of the dissertation.

## **VII. Structure of Dissertation**

The rest of the dissertation is organized as follows. *Chapter 1* brings the reader to labor camps along a BRI-branded railway that is under construction in northern Laos. There, a group of Chinese contractors, supplies, and construction workers were struggling to cope with chronic funding deficiencies haunting the project. The problems emerged when the formal financial arrangement set up by Beijing and Vientiane to bankroll the railway unraveled. The situation left the range of Chinese enterprises initially lured into the project for its perceived financial stability scrambling to mobilize their own capital for construction. It further led to exacerbated labor exploitations on the ground, prompting construction workers to engage in various forms of protest for wage. This

chapter highlights the unequal power relations between Chinese state capital, private capital, and laborers that are the key to bringing the BRI railway into reality.

*Chapter 2* invites readers into the many voluntary Chinese diaspora associations based in Vientiane, Laos. At first glance, these institutions, which often play host to groups of Chinese businessmen, appear to be very pro-Beijing and extremely enthusiastic to participate in BRI. However, their everyday performance of diaspority is underscored by their interest in appropriating and reworking Chinese state resources for diaspora outreach to scale-up their own symbolic status. By presenting themselves as state-legitimized diaspora leaders, these individuals who run these institutions are able to quickly win trust from newly arrived, inexperienced Chinese investors. In doing so, they seize the power to mediate Chinese capital flowing into Laos and extract windfalls in forms of commissions and kickbacks. Tainted with pervasive frauds and deceptions, their brokerage practices ultimately stranded and derailed many Chinese investment projects.

*Chapter 3* once again switches sites. This time the reader is introduced to a group of Lao peasants living on the peri-urban plain of Vientiane. Since the arrival of a Chinese edge city development project in this area at the turn of 2010, their farmland had been targeted by speculators who rushed in to try and capture the lucrative rent gap. The construction of the project also transformed the ecological conditions in the area, making it extremely difficult to put their paddies into productive use like before. In light of these changes, and the subsequent rumors about BRI investments, many of the local peasants felt that dispossession seemed inevitable and began to actively look for ways to cash out the remaining land at hand. In these chaotic processes, solo Chinese investors who were ignorant about land dealing in Laos emerged as an easy target for them to hustle, so as to

maximize gains on the property market. The story reveals that southern peasantry, who are often seen as the prototype victim of Chinese capitalism, sometimes possess nuanced agencies to facilitate its making in some situated scenarios.

In the final chapter, I summarize the dissertation and highlight the key theoretical contributions. I also advance my central argument that the productivity of BRI lies precisely in its enticing vagueness. By invoking a grand vision for the future of global capitalism, Chinese state invites speculation and then leaves it to those who are lured in to work out the quotidian details about how to bring it into reality. In the end, what has materialized on the ground matches neither the state's original design, nor self-interested investors great aspirations. BRI is, therefore, a mirage.

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## **Chapter 1. Sovereign Debt in the Making: Financial Entanglements and Labor Politics along ‘Belt and Road’ in Laos<sup>3</sup>**

**Abstract:** This paper examines the contingent and contentious processes through which debt is created to finance major infrastructure projects. I contend that practices aimed at structuring credit relations into debt-financed projects often have important, unexpected, and under recognized implications on the ground. My argument is illustrated through an analysis of the cascading impacts resulting from the making of a China–Lao sovereign debt agreement to fund the trans-Laos railway, an infrastructure project that is part of the broader Belt and Road Initiative (BRI). The failure of the government to deliver the promised credit on time had multi-scalar financial ramifications. Chinese enterprises that had been contracted to implement the railway were coerced into funding construction themselves and the ensuing financial turmoil exacerbated the exploitative conditions experienced by construction laborers. As Lao laborers sought to resist exploitation in the form of delayed and denied wage payments, they were gradually substituted by their more vulnerable Chinese counterparts. Dynamics in the making of BRI-induced Lao sovereign debt therefore rendered some perceived beneficiaries of the inter-state financial arrangement, such as Chinese enterprises and workers, its victims. I argue that the contradictory realities of this high-profile financial deal demonstrate the need for more grounded inquiries into the politics of sovereign debt-making.

**Keywords:** Infrastructure finance, public debt, labor politics, global China, Southeast Asia

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<sup>3</sup> Manuscript forthcoming on *Economic Geography*.

## I Introduction

In early February 2018, some Chinese workers gathered in front of a main camp coordinating the ongoing construction of the trans-Laos railway, an infrastructure project featured in the Chinese state's much publicized Belt and Road Initiative (hereafter BRI). The rather extravagant camp, featuring a few full-size basketball courts and a row of ping pong tables, housed staff from a Chinese state-owned enterprise (hereafter SOEs) that had invested in the railway. The protesting crowd that day, however, was not directly employed by the SOE. They were brought into Laos by a ground-level contractor undertaking work on the section of the railway managed by the SOE. Having barely received any of their promised wages since joining the project months earlier, these workers were desperate to secure their overdue paychecks before going home for the Spring Festival and chose to target the SOE, rather than the small contractor that hired them, in their struggle. At first glance, one may read the scene as just another incident of labor organizing against highly exploitative conditions in the construction sector. However, behind these dynamics was a story that links the peculiar form of labor politics with the ongoing making of a controversial sovereign debt.

In 2015, roughly three years before the eruption of the labor protest, the Lao state sealed a deal with China Exim Bank<sup>4</sup> to take out a 465-million-USD loan for financing the trans-Laos railway (YIDAIYILU.GOV.CN 2018; Janssen 2017). The country joined the list of southern states that have entered formalized agreements to borrow from Chinese policy banks for BRI infrastructure

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<sup>4</sup> China Exim Bank is one of the major Chinese state-owned banks chartered to provide financial services for implementing state policies in industry, trade, economy, and foreign aid to other developing countries. (website: <http://english.eximbank.gov.cn/>)

(Fernholz 2018). Yet, much of the arranged credit had not been injected into the project as planned by the time it rolled into implementation at the end of 2016. To sustain construction progress amidst a funding deficiency, all enterprises involved found themselves committing much more of their own capital for the project than expected. The financial ramifications trickled down to the ground, leading to exacerbated labor exploitations in the form of delayed and denied wage payments. It was these entangled financial dynamics that prompted some workers to take their grievances out directly at the SOE at the dawn of the 2018 Chinese New Year. As the contractor who recruited them had been driven to the verge of bankruptcy by the railway's chronic credit problem then, they believed that their last chance to secure their paycheck lay with the SOE.

By elucidating the cascading impacts of sovereign debt-making under BRI along the trans-Laos railway in this paper, I seek to extend debates on public debt within economic geography. Much of the scholarship in this vein is devoted to unpacking how established debt relations expose indebted states to creditor power and the implications this has for social inequalities (Furlong 2019; Pan et al. 2017; Peck and Whiteside 2016; Peet and Hartwick 2015). However, dynamics encapsulated in the intricate processes of public debt-making, such as back-and-forth negotiations and abrupt shifts in terms and conditions, usually fade into the background. The implications of established debtor-creditor relations usually command attention and occupy the central position in theorization (Hendrikse and Sidaway 2014; Allen and Pryke 2013; Krikpatrick and Smith 2011). This tendency is well reflected in the way BRI-related debt relations have been discussed. Conversations are dominated by speculation about how these debt relations could affect the rebalancing of geopolitical power in the future (Lai et al. 2020). Conspiracy theories that imagine BRI as Beijing's scheme to ensnare borrowing states into a "debt trap" for its own interests are the

prototype product of such discussion (Kratz et al. 2019; Shah 2019; Abi-Habib 2018). The ramifications generated by the muddy processes in the making of these sovereign debt deals, however, draws little attention.

By re-directing attention toward these ignored dynamics, I argue for the need to center the constitution of debt relations as an ongoing and contingent processes in critical debates around public debt. This involves exploring the assemblage of disparate resources and expertise needed to ‘ground’ credit in specific debt-financed projects (Oliveira 2019; Pan et al. 2017; Li 2007). I primarily utilize insights generated from southern contexts to highlight the analytical value of a process-based approach to public debt-making. In doing so, I also respond to recurring calls to de-colonize economic geography (Aoyama et al. 2010; Pollard and Samers 2013). De-colonization, in this sense, means building a new culture of theory, which does not treat ‘the west’ as the site of theory making and ‘the non-west’ as a space to harvest empirical cases (Pollard et al. 2009; Roy 2016).

My analysis draws on data collected from a total of 14 months’ qualitative fieldwork based mainly in Laos’ capital city Vientiane. I deployed mixed methods of participant observation, interviews, and archival analysis to explore how frictions in the making of a Lao sovereign debt for BRI infrastructure brought about multi-scalar financial entanglements. My informants included a wide range of actors involved in the railway project, from government officials and SOE managers, to technicians and construction workers on the ground. The rest of the paper is divided into 5 parts. Section II reviews the relevant economic geography literature on public debt. Section III introduces the China–Laos sovereign debt and explains the methodology and data deployed in the

paper. Section IV explores how the delayed injection of credit into the railway construction forced Chinese contractors and suppliers to commit their own capital for the project. Section V examines Lao and Chinese laborers differentiated strategies for resisting their exploitation. In the conclusion, I reflect on the importance of grappling with the complex and contradictory processes through which public debt is continually made and remade.

## **II Economic Geographies of Public Debt**

Monetary debt constitutes one of the most salient power relations shaping the history of capitalism (Di Muzio and Robbins 2016; Lazzarato 2012). In light of the pervasive indebtedness perpetuated by neoliberal conditions, there have been thriving interdisciplinary efforts to comprehend the complicated implications of debt (Rosenman 2019; Harker and Kirwan 2019; James 2015; Aalbers 2009). However, compared to other forms of debt, such as microcredit and mortgage debt, the arcane realm of public debt remains less studied.

Since the early 2000s, economic geographers have begun to explore issues around public debt in greater detail (O'Neill 2019; Furlong 2016; March and Saurí 2013). Often influenced by Marxism, these studies have significantly furthered our understanding of the intricate processes through which public debtors are disciplined by creditor power. Implicitly or explicitly, much of this literature is focused on sub-sovereign and sovereign debt accumulation for infrastructure finance (Furlong 2019; Peck and Whiteside 2016). This pattern reflects the persistent importance of public debt in modern infrastructure development (Bear 2015; White 2011).

More recently, a rich literature on public debt has emerged, which is centered around the phenomenon that is variously termed as infrastructure/urban entrepreneurialism (Furlong 2016; O'Neill 2010; Torrance 2008;). This refers to the increasing reliance of local governments on financial instruments to mediate a central dilemma produced by concurrent neoliberal fiscal austerity and political decentralization— heavy responsibility for infrastructure provision alongside steep revenue reductions. High leverage operations that constitute a growing proportion of contemporary municipal finances in advanced and emerging economies speed up a vicious cycle, in which debt servicing becomes increasingly reliant on continuous borrowing (Hall and Jonas 2014; Kirkpatrick and Smith 2011). Debtor states are thus not only disciplined by contractual obligations to any specific creditors. They also feel constant pressure to perform in line with the aspirations of capital markets. The situation leads to an amplified influence of financial logics and technocrats on urban governance (Dimitar et al. 2018; Peck and Whiteside 2016). It gives rise to, for instance, the formidable power of financial gatekeepers like private credit-rating agencies in (re)structuring cities (Hackworth 2002).

The systematic financialization of cities generates profound consequences on the ground. As municipal governments strive to keep a beautified balance sheet while sustaining debt-financed growth, a murky world of off-budgetary debt is rapidly expanding (Tsui 2011; Webber 2010). It is not only in itself crisis-prone but also exacerbates the exposure of city-regions to unpredictable risks in the global economy. Needless to say, in extreme moments of municipal debt crisis, the everyday lives of the public are seriously disrupted (Hendrikse and Sidaway 2014). Accompanying these sharp and sudden pains is the gradual urban restructuring that paves the way for further accumulation of financial capital (March and Saurí 2013). Allen and Pryke (2013), for instance,

elucidated this point by demonstrating how debt-refinancing based on the securitization of household water bills in the UK leaves local communities with little say over the price and volume of water supplies over time.

Across southern contexts, sub-sovereign debt accumulations through infrastructure/urban entrepreneurship are less common. Rather, public debt remains accrued mainly at sovereign level with a heavy presence of foreign creditors (Mawdsley 2017). Some questions regarding southern states' indebtedness and/or over-indebtedness have been comprehensively surveyed. For example, there have been a number of post-colonial critiques of the conditional debt relief programs crafted by International Monetary Foundation and World Bank since 1980s (Peet and Hartwick 2015; Elyachar 2013; Babb 2009). By contrast, much less is known about how non-traditional donors like China and India are rapidly reconfiguring the global aid regime (Mawdsley 2012; Chin and Quadir 2012). While the question of how these ascending creditors would leverage debt remains a riddle to be solved, their financial innovations are wrapping more resources and populations from debtor states into the wheel of global capitalism. The point can be well illustrated by Chinese policy bank's 'resource for infrastructure' scheme, or the commonly known 'Angola model' (Sanderson and Forsythe 2012; Tan-Mullins et al. 2010). By providing bundled loans for multiple projects at a time and using earnings from the more profitable ones (resource extraction projects) to cover losses on the less profitable ones (infrastructure projects), the un-bankable are made bankable (Chen 2018).

To summarize, financially based creditor-debtor power relations are the point of entry for geographical inquiries into different strands of public debt. They pay nuanced attention to how this

relation plays out as it intersects with other situated social, political, and economic relations (Ashton et al 2014; Torrance 2008; Reno 2002). Yet this tendency of treating debt relations as already given leaves out intricate dynamics in the making of public debt. To this end, I contend that economic geographies of public debt have always been ‘future-oriented’. Debt, of any kind, has a temporal dimension that forms the basis of an unequal power relation between creditor and debtor: it is through claims on debtor’s future labor for repayment that creditor derives its power (Peeble 2010; Vidal 2018). While critical research on public debt takes this line of reasoning as the central axis along which their analysis unfolds, they disproportionately focus on the implications of the creditor’s ‘claim on future’ rather than its present practices of lending.

As many economic anthropologists argue, the making of debt - even at the inter-personal level - is filled with politics when broader spheres of obligation, mutuality, and entrustment come into play (Mauss 1954; Peebles 2010; Gregory 2012). The making of public debt, which involves public debtors and, sometimes, public creditors, is therefore undoubtedly constituted by a series of complicated processes. Literatures that delves into the ‘infrastructure of finance’ underpinning cases of public debt shed some light into this murky world (O’Neill 2019; Dimitar et al. 2018; March and Saurí 2013). From collateralization, asset injection, and credit enhancement, to arrangements for future debt servicing, the technocratic making of public debt encapsulates the mobilization and assemblage of a wide range of resources and expertise. What is generally missing in these accounts, however, is the primacy of politics in (re)shaping these processes and their ramifications.

It is here that I find Roitman's (2003) thesis on the 'productivity of debt' illuminating. It addresses the agencies of corrupt politicians who amassed wealth by channeling public debt into private offshore accounts, thus contributing to the pervasive sovereign over-indebtedness across African contexts (Roitman 2005; 2003). Such a phenomenon serves as a strong reminder that the negative consequences of public debt are generated by constitutive practices involved in its making. Similarly, in contemporary China, local cadres who pursue debt-financed urban growth to showcase their governing capacities for the sake of their career play a crucial role in seeding fiscal instability at the sub-sovereign level (Pan et al. 2017).

While the politics of debt-making are rarely centered in critical inquiries around public debt, scholarship on other forms of debt have taken up the challenge more readily (Green 2019; Yrigoy and Cañada 2019; Young 2010; Shipton 2010). For instance, by following young men on motorbikes who actively organize women in rural India into microfinance groups, Young's (2010) work shows how the agents facilitating lending processes can turn a social finance program designed to empower women into a vehicle for reproducing gender inequalities. Similarly, Green (2019) highlights the critical role of microcredit fieldworkers in Cambodia in turning land into an asset that can be used as collateral for loans. The ecological transformation in rural Cambodia could not be explained without elucidating the agencies of these actors <sup>ibid</sup>. Such an account once again reveals blind spots that are likely to be left out if we treat debt as a ready-made financial agreement, or an apolitical technocratic machinery. More often than not, answers to the question of why certain credit flow propels some while marginalizes others at a given point of time can only be concretely answered by following the 'middling actors' who are vested in the constituting processes (Oliveira 2019; Roy 2012).

Drawing on these insights, I argue for the need to develop a politicized understanding of public debt as an always emergent process. In other words, my proposal is to center the multiplicities of agencies and contingencies involved in grounding credit into certain debt-financed projects. In what follows, I take a processual approach to dissect the implications of a sovereign debt making for BRI infrastructure in Laos. Theorizing ‘from below’, my work highlights how frictions and disruptions in actualizing the credit flow lead to ongoing financial entanglements at multiple scales. As these dynamics ripple out, many conventionally perceived beneficiaries of the financial arrangement become its *de facto* victims. Conversely, some widely perceived ‘victims’ find some, albeit limited, room to resist their exploitation.

### **III Making Southern Sovereign Debt under BRI**

First publicized in 2013, Chinese state’s Belt and Road Initiative (BRI) aims to establish a transnational infrastructure network that spans across 68 countries in Africa, Asia and Europe (Hurley et al. 2018). An estimated 8 trillion USD needed to bankroll the colossal initiative will be supplied by a few Chinese unilateral or multi-lateral financial institutions, including China Exim Bank, China Development Bank, Silk Road Fund, and Asian Infrastructure Investment Bank<sup>5</sup> *ibid*. Loans will be distributed to a range of borrowers, including sovereign states that enter bilateral agreements with Beijing to jointly finance BRI infrastructures within their territory. As many of

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<sup>5</sup> All four financial institutions are key Chinese state-led institutions providing financial services for BRI. China Exim Bank and China Development Bank have long been major policy banks chartered to implement state policies regarding foreign developmental agendas. Silk Road Fund is a state-owned investment fund established in 2014 to foster investment in BRI-related regions. Asian Infrastructure Investment Bank is a multi-lateral development bank established by Chinese state to pool financial resources for BRI. (China Exim Bank: <http://english.eximbank.gov.cn/>; China Development Bank: <http://www.cdb.com.cn/English/>; Silk Road Fund: <http://www.silkroadfund.com.cn/enweb/>; Asian Infrastructure Development Bank: <https://www.aiib.org/en/index.html>)

the states that are borrowing, or may borrow, from China are southern states with dubious debt servicing capacity, BRI's financial impacts have triggered worldwide concerns. Conspiracy theories portraying it as a 'debt trap' strategically curated by Beijing to hold borrowing states '*captive to its wishes and demands*' have found firm foothold in public imaginaries (Brautigam 2019).

The case of Lao PDR is often used to illustrate BRI's debt trapping effects (Shah 2019; Abi-Habib 2018). As a country bordering China to the southwest, it is amongst the first few states to have hosted BRI-branded projects in the implementation stage. An important component of BRI on mainland Southeast Asia, a railway linking Kunming to Singapore, passes through the hinterland of country. The Lao section of the railway--known as the 'trans-Laos railway'—runs from its northern border town, Boten, to its capital city, Vientiane. The 414-kilometer railway is the hitherto largest and most expensive infrastructure project in Laos (Jenson 2017). Due to the mountainous terrain of northern Laos, which presents enormous engineering difficulties, the railway is priced at 6 billion USD in total <sup>ibid</sup>. The Lao state, holding a 30 percent share of the project, needs to provide asset or capital equivalent to 715 million USD, much of which is arranged to be borrowed from China <sup>ibid</sup>.

Since China-Lao bilateral negotiations over the trans-Laos railway were initiated at the turn of 2010, its financial mechanisms have been the foci of much conversation. In November 2015, an inter-state deal was sealed for the Lao government to take out a loan of 465 million USD from China Exim Bank to help cover its share of the railway (YIDAIYILU.GOV.CN. 2018). The figure seems to provide an explicit answer to a question that had long been of public concern--how much

sovereign debt Laos would accrue for the BRI railway. Based on this figure, global financial watchdogs began highlighting the country's alarming over-indebtedness (International Monetary Fund 2018). Statistical tables and graphs, setting its mounting external debt against its meager GDP, make the vision of a looming Lao sovereign debt crisis more real than ever.

Such speculation takes state proclamations at face value and assumes that sovereign debt relations have already been established. The reality is often much more complex. Much of the credit promised in the deal had not been delivered by mid-2018, three years after the financial arrangement was formally set up. In the meantime, construction of the railway had been rolling forward. Frictions and disruptions in the ongoing processes of debt making thus trickled down and affected the troop of contractors, suppliers, and laborers constructing the railway on the ground. Their experience, however, has largely been ignored in the overheated discussions preoccupied with the future impacts of a sovereign debt that is still in the making.

In order to capture the impacts generated by these economic processes, I conducted a total of 14 months' ethnographic fieldwork in Lao PDR (July 2016 to August 2016, June 2017 to June 2018). My participant observation was mainly based in three institutions: a Chinese business association and a Chinese language media in Vientiane Laos, and a railway labor camp operated by ground-level contractor. The first two institutions have been heavily involved in coordinating and propagating for the trans-Laos railway due to their informal connections with Chinese state organs and SOEs in Laos. Working essentially as an assistant to these actors in the day-to-day operations of the institutions, I was able to embed myself into a network of Chinese and Lao contacts involved in the governance of the project, from government officials, SOE managers, to private investors

undertaking contracted works from the railway. Interpersonal exchanges with these individuals provided me with valuable knowledge about the railway's history and ongoing progresses.

In addition to this, I also forged a close relationship with a Chinese construction company building a tunnel for the railway. My connection with the company, especially its main shareholders, allowed me to visit its railway labor camp on four occasions in order to better comprehend the everyday operations and politics of the project on the ground. My positionality as a young Chinese female researcher limited my ability to conduct long-term participant observation on the camp, which is a highly masculine space situated in a remote area without cellular network. However, I was able to complement the ethnographic data through interviews with the company's managers, translators, technicians, and construction workers. Some of these actors shared notes that they had taken during company meetings and daily work reports with me, which enabled me to follow major events on the camp. Through these different forms of data, I was able to forge a longitudinal understanding of the dynamics unfolding in the company's labor camp since construction began. My research activities were conducted with the consent of the informants involved. To maintain their confidentiality, all identifiers are anonymized, including the location of the labor camp.

The following section takes the formalization of Chinese Exim Bank's loan to Laos for the railway as an entry point of analysis. I then unpack how the delayed arrival of credit into the railway project resulted in multi-scalar financial expropriations, in which contractors and suppliers were compelled to use their own capital to finance construction.

## **IV Railroading without Credit: State Coercion and Multi-scalar Financial Entanglements**

### **4.1 The Chronic Financial Turmoil**

In May 2018, I met with Cao, a contractor on the Laos railway project, in downtown Vientiane. Over dinner, he recalled his excitement upon securing a contract from the railway two years earlier. A *laoban* (in Chinese: a major shareholder and operator of a business) from Sichuan who ran a construction company, he perceived the project as the safest possible way to get out of China's crowded domestic construction sector. His evaluation was very much related to the railway's formalized financial set-up in 2015. As he stated:

*'My primary principle in undertaking overseas construction work is that the project has to be financially stable. I pay specific attention to any project's financial mechanism and double check information about loans with my friends in policy bank before making decision. I want to make sure I can definitely get paid. To this end, trans-Laos railway is attractive, as it is a BRI project with clear funding source and strong state support.'*

Cao's perspective reflected that of the many ground level contractors and suppliers upon joining a BRI project hosted in an unfamiliar neighboring country. They entered the project through tendering/bidding processes coordinated by a project company set up specifically for the railway following the bilateral loan agreement. It is a joint venture with 30 percent share held by Lao Ministry of Public Works and Transport (hereafter MPWT), and 70 percent share under a consortium of 5 Chinese SOEs. The project company allocated components of the railway construction to different Chinese *laoban* who actively placed in bids. Their enthusiastic response

to the call for bidding facilitated the institutionalization of the railway. By the late 2016, the shape of a hierarchical railway institution had been consolidated. Underneath the joint-venture, 6 positions of EPC (Engineering-Procurement-Construction) contractors are filled by branch companies of Chinese SOEs that hold shares in the railway. They are each assigned to coordinate and supervise construction within their designated railway sections. Below this managerial stratum is a troop of Chinese suppliers and contractors who undertake *de facto* construction on the ground.

The contracts that *laoban* secured from the railway were not actually that lucrative—a point flagged by many who I had conversations with. Though the content of these documents varied, they generally required contractors and suppliers to turn in assets that were worth 3%-5% of their value to the railway joint-venture as a security deposit from the onset. In addition, they obliged *laoban* to kick start construction with their own capital and then receive reimbursements from their upstream EPC contractors on a monthly basis. Even if all the assigned tasks were carried out smoothly and completed on time, *laoban* were promised an overall thin profit margin of between 5% to 10% of the total contract value. Given these financial arrangements and the timeframe for railway construction, they were getting into an investment that promised a low and slow return (3-5 years), a fact many were well aware of before placing bids. Even so, the railways seeming stability convinced them to join. ‘*It is a safe springboard to enter foreign market*’, was a refrain I heard from many *laoban* encountered. They believed that they could use the BRI project to overcome steep learning curves and access more profitable business opportunities on mainland Southeast Asia in the future.

At the turn of 2017, a railway team had been assembled through a set of interlocking contractual relations between the joint-venture project company, EPC contractors, and ground-level contractors/suppliers. It not only clarified the division of labor for railway construction but also established a complex system through which credit would flow through. The joint-venture serves as the entity that receives credit from all shareholding parties of the railway and China Exim Bank, which it then distributes to downstream EPC contractors and *laoban*. Clearly, had the project's financial arrangement followed through, these Chinese enterprises would have emerged to be the immediate beneficiaries, harvesting a steady profit through implementing construction that upset the lives of many local communities. The polarized implications in such a scenario readily confirm the power imbalance built into debt relation in Marxist deduction, in which some actors fall into the bracket of "creditors", who always win out at the cost of marginalized groups represented by an indebted public (e.g. Hendrikse and Sidaway 2014; Bear 2015).

The reality then took a twist that brought about ramifications unexpected in this theoretical equation. While the hierarchically organized railway institution has been making visible construction progress on the ground since, the arranged credit failed to arrive on time. When several monthly payment cycles to *laoban* were missed, these Chinese investors gradually realized that the railway's financial situation would be rather different from their earlier optimistic visions. '*Have you been paid?*', '*Any update about the loan from the joint-venture?*', '*What did the SOEs (EPC contractors) tell you...?*' The delayed credit provision that had beset the trans-Laos railway soon became the foci of everyday gossip between *laoban* whenever they gathered.

The railway's financial turmoil was kept largely outside of the public radar. Only a seemingly unimportant news story released by the Lao state media *Vientiane Times* on March 13<sup>th</sup>, 2018 dropped a hint about its severity. The short article spotlighted the Lao Deputy Minister of Public Works and Transport requesting that a lump sum of 500-billion-kip's (approximately 57.5 million USD) of the state budget be allocated for railway financing. For any railway insiders, the budget mentioned pointed directly to the root of the project's financial difficulties.

The lump sum of capital requested by the minister was intended to be used as equity to channel a loan from China Exim Bank. Holding a 30 percent share of the project, the Lao state is responsible for contributing a total of 715 million USD to the railway. While the policy bank has agreed to lend out 465 million USD, the loan posits on the condition that the borrowing party could provide the remaining 250 million USD as equity. It is set to be made up of a combination of capital and fixed assets, i.e. land needed for railway construction. The requirement of equity provision, which was designed to uphold banking prudence, became the major obstacle in the elongated processes to ground credit into the railway.

The Lao state's difficulty in scrambling together equity is foregrounded in the country's poor fiscal and administrative capacities. Its decentered polity further exacerbated the challenge. Unlike the strong-man politics that characterize authoritarian regimes reigning in its neighboring countries like China, Vietnam, and Cambodia, political power in Laos has always been more de-centered (Evans 2002). Commands from top politicians cannot be effectively forced down in a hierarchical manner. Rather, bureaucrats occupying each stratum of the state all possess considerable room to negotiate and rework an agenda initiated from above <sup>ibid</sup>. The country's late-socialist transition

since mid-1980s has exacerbated this muddy political culture. As state officials improvise with power at hand to amass personal wealth from the influx of foreign capital, a set of often overlaying, inconsistent, and even contradictory regulatory regimes are churned out (Stuart-Fox 2006). This complex governing structure, termed as ‘fragmented sovereignty’ by Lu and Schönweger (2019), has frustrated many foreign investors who parachuted into the country with great aspirations for wealth (Baird 2019). The slow progress of railway equity provision on the Lao end is yet another story of an inexperienced foreign investor (in this case the Chinese state and the SOEs representing it) stranded by Lao polity.

Given the prospect that the Lao state might never be able to fulfill the equity requirement as originally designed, China Exim Bank has softened its loan conditionality. An insider from the railway joint venture told me in May 2018 that it was re-adjusting the ratio between cash capital and land assets in equity composition, agreeing to accept more of the latter from Laos. The project company was tasked to select additional valuable land parcels along the railway and propose them to the Lao state to hold as equity for the loan. The question of when the lion’s share of the Chinese loan to Laos would arrive still remained unclear.

The obviously mismatched timelines between financial and construction progress produced a foreseeable outcome: *laoban* running suppliers/contractors on the ground found themselves continuously denied monthly payments that were formalized in contracts. Politics in the processes of structuring credit relations for the railway turned these supposed beneficiaries of the controversial BRI loan into *de facto* victims, who struggled as their own capital was quickly drained to fuel construction.

#### ***4.2 An Emergency Remedy from Beijing***

Amidst the railway's chronic financial difficulty, an increasing number of *laoban* began losing patience and urging their upstream EPC contractors to settle the debt. Tensions between private capital and state capital on the railway grew, threatening to bring construction work to a complete halt. In light of the possibility of this unwanted outcome, Beijing weighed in to offer an emergency remedy in mid-2017, catching many *laoban* by surprise.

Zhang was one of the *laoban* who found out about the Chinese state's response to the railway's unravelling formal financial mechanism as they continued bargaining with EPC contractors for missed payments. Running a cement factory that supplies the railway, he began to feel the pressure of the unsettled debt on his own capital chain four months into construction. However, the bargain he rehearsed prior to visiting EPC contractor's labor camp, which centered around contractual obligations, did not happen. Instead, he was greeted by SOE managers with an unexpected document issued from the railway joint venture. It simply stated that the project was weathering '*severe but temporary financial difficulties*', and mandated that these EPC contractors fund the construction with their own capital to ensure smooth progress on the ground.

The document presented to Zhang precisely encapsulated Beijing's emergency remedy. Prior to the issuance of the document, the state commanded the railway's shareholding SOEs to prioritize this project in their overall distribution of financial resources. The order meant that these colossal enterprises were required to fill in the railway's funding gap with financial resources originally allocated for myriad other uses. Chinese central state's sudden intervention to reset the project's financial mechanism conforms to its power playbook historically. It tends to set up high-profile

developmental schemes without resolving the quotidian processes needed to bring these visions into reality from the onset (Kurlantzick 2007). The authoritarian party state then steps in at critical moments when actors responding to the calls put its core interests at risk as they fumble through messy realities.

In the exact same manner as Beijing coerced them, the railway's shareholding SOEs forced EPC contractors, i.e. their financially independent branch companies, to inject more of their own capital into the project. As financial exploitations trickled down, EPC contractors also maneuvered to trap ground level contractors and suppliers into further committing their financial resources for the railway. Unlike different strata of state capital that could be explicitly commanded by Beijing, private capital from the *laoban* experienced financial coercion in a much more implicit manner. It was well reflected in Zhang's unpleasant encounter with the Maoist style document at the EPC contractor's camp. Managers there greeted him with an irrefutable narrative derived from this newly arrived order. They first pointed out that the EPC contractors were in the exact same boat with him, being farmed for capital to support the state agenda. The 'fellow sufferer' discourse effectively took blame off themselves. They then pleaded with Zhang to show his loyalty to Beijing by maintaining grounded construction momentum at any cost. To be politically correct in that circumstance, Zhang had little choice but surrender. The EPC contractors, he told me, '*force you to swallow your own bitterness!*'

Eventually, most *laoban* put up with the elongated financial exploitation. What forced them to continuously pour their own capital into the railway was not just a set of skillful maneuvers from SOE managers. Rather, the dynamic is underpinned by the fundamental power relation between

Chinese state and private capital (Hung 2009; He 1998). In the micro-context of the railway, the structural inequality had been built into detailed financial arrangements in railway contracts<sup>6</sup>. With a lump sum of security deposit and several months' construction cost put in already, *laoban* risked losing all the initial investment if they pulled out. EPC contractors, who were conferred with the right to inspect the progress and quality of their work/supply on the railway, could easily have denied payment by accusing *laoban* of not meeting targets on these fronts if they quit halfway. It is this nuanced power relation that coerced many *laoban* to maintain a minimum construction progress to satisfy contract provisions and linger on till the upper-level financial struggles could be sorted out. After all, this appeared to be the most practical strategy to reduce their loss in the end.

The wide range of mechanisms and agencies involved in actualizing Beijing's emergency financial remedy, as detailed above, reflects the mode of governance vividly termed as 'socialism from afar' by Zhang and Ong (2008). In the context of late-socialist China, self-governing subjects and self-interested activities have been crucial in sustaining and perpetuating authoritarian rules. The cumulative outcome as situated SOE managers and *laoban*'s responded to commands from central state precisely exemplified this logic of power.

As enterprises wrapped in the hierarchical railway institution were all farmed with their own capital to fuel construction, the extent to which *laoban* at the bottom layer of the institution were able to secure payment became largely determined by their *guanxi* with decision-makers within EPC contractors. Cao, the Sichuan *laoban* whose quote opened this section, was an unfortunate

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<sup>6</sup> Details of the railway contracts were conveyed to me during exploratory interviews. Additionally, one informant showed a sample copy of a contract to me, which confirmed the information from the interviews.

one. On the verge of bankruptcy, he had completely pulled out from the railway by the time I interviewed him in mid-2018. The once ambitious businessman felt fully defeated during his gold rush into Laos at that point. Yet, as a relatively resourceful group of actors, *laoban* were not among those who suffered the most from ramifications generated by the frictional processes to ground credit from China Development Bank into the project. The worst hit victims in railway's top-down financial turmoil were the laborers who put the nuts and bolts of the railway together in everyday digging, piling, and drilling.

## **V. Variegated Labor Politics Along Trans-Laos Railway**

Situated against a mountain on the verge of a large relocation village, X was amongst one of the many small labor camps operated by ground level contractors on the railway. Nothing like those extravagant camps of EPC contractors, X was about the size of one of the basketball courts they were typically equipped with. Its main structure was a crude three-storey blue and white prefab house that was used as dormitory and office. I first visited Camp X in early September 2017 to attend its groundbreaking ceremony. It had just gone into full operation with a team stationed to perform the task of tunnel boring. Du, the Chinese *laoban* running the camp, happily invited me over to witness this monumental moment in the life of his railway. Like most other *laoban*, he was lured into the railway by its BRI guaranteed financial security yet became trapped to fuel construction with his own capital after rounds of bargaining with the EPC contractor. As it turned out, it was not until eight months later, in May 2018, that he received the first batch of extensively delayed payments since construction began.

To cope with severe financial exploitations, Du, like all other *laoban*, tightened up his belt to sustain construction momentum with limited capital at hand. He adopted draconian measures to minimize immediate expenditure, which included delaying and reducing payments to laborers. Struggles over wages thus soon emerged to be the foci of everyday politics on camp X. The situation eventually led to a regeneration of his railway workforce, in which relatively more vulnerable Chinese construction workers were brought in to replace local counterparts. The longitudinal dynamics I observed on camp X reflect how cascading impacts from high-level scrambles to assemble funding for the debt-financed infrastructure project were experienced and contested by workers on the ground.

### ***5.1 Quitting the Railway, Battling for Wages***

December 13<sup>th</sup>, 2017 marked an unusual day on camp X. Early that morning, Du found his office besieged by a crowd of angry Lao villagers. The leaders of the protest were a dozen young Lao men who had been recruited by Du to work on the tunnel construction. Ever since he found out that the village next to his camp was comprised of 700 households relocated for a hydropower project two years ago, Du had decided to source cheap low-skill labor locally. The Lao workers had been performing assigned tasks well on the construction site, with a translator giving clear instructions, as I witnessed before. However, Du realized that his labor sourcing strategy had significant downsides when the Lao workers enrolled their extended families and friends in their wage battle with him.

What triggered the scene that morning was a missed wage payment on December 1<sup>st</sup>, 2017. On camp X, payday was initially set at the first day of every month. While in previous months, workers

received their salaries on time, the positive momentum did not last into December, as Du began combating the railway's financial exploitation through cutting immediate expenditures. This was well reflected in the meeting minutes taken down by his translators--they were not only told that their own paychecks would not arrive on time from then on, but also instructed to lie to the construction workers with a variety of excuses to postpone wage payment. It did not take long for laborers from the local community, who counted on their wage to sustain basic livelihoods more than anyone else in the team, to resist such exploitation.

As Du recalled later to me, rather than making a loud protest, the soft-spoken Lao crowd put pressure on him by making a visible and indispensable presence. Inexperienced in handling Lao labor politics, and anxious about the social and political resources these villagers could further mobilize to strengthen their leverage, Du gave in quickly. He had his financial manager make an emergency run to the town nearby and borrowed some cash back to settle the dispute before noon.

Only a couple weeks later, an incident erupted in Du's office that proved that Lao laborers were able to effectively resist wage exploitation through other tactics besides collective organization. This time the employee confronting Du was a dump truck driver he had recruited from a nearby city. The man, who had previous experience working on other Chinese construction projects, mastered the art of disciplining a naïve foreign boss. He rushed into Du's office, pointed a gun directly at his nose, and threatened to kill him if his wages were not paid by the end of that day, adding: '*This is Laos, not China! I can kill you with a shot now and toss your dead body into the river. Do you want to try that now?*' The dump truck driver's words, translated into Chinese for him by his Lao assistant, still sent a shiver down his spine as Du recalled the scene to me. For

someone with little intimate knowledge about Laos, it was hard to grapple with the degree of credibility contained in such message. Of course, he swiftly sent the driver away with cash.

The diverse strategies of Lao laborers and their relatively successful outcomes in contesting Du's deliberate wage payment delay challenge a stereotypical assumption of left politics, which holds that marginal local communities in southern contexts are persistent victims of global capitalism. They are habitually imagined to lose out when encountering characters like Du, a resourceful foreign investor. However, as the aforementioned dynamics on camp X show, the outcomes of such encounters are often contingent, and conditioned upon the investor's own ability to navigate a foreign context (Kenney-Lazar 2018).

One after another, Lao laborers secured their paycheck and quit, leaving Du with many vacancies to fill in his workforce. By January 2018, Du had reassembled a team dominated by Chinese workers. His adjusted labor sourcing strategy was in part due to the difficulty involved in recruiting local laborers. Lao villagers, for one, refused to go back to work for what many of them now deemed, "*the untrustworthy Chinese railway laoban who does not pay*". His pivot towards Chinese imported laborers was also underpinned by the realization that they were easier to control and discipline in highly exploitative conditions than their Lao counterparts.

## **5.2 (Dis)illusions: Chinese Laborers in the Railway's Financial Turmoil**

*Zhao: Did you get paid yet?*

*Li: No. How about you?*

*Zhao: I don't think any Chinese on the camp here got paid since you left.*

The above conversation excerpt, which was shared with me by one of the men, took place virtually through *Wechat* between a previous and a present member of Du's railway workforce in April 2018. Li, an engineer leaving the camp in February that year with roughly 6,000 USD salary unpaid, was buzzed by his peer Zhao, who was precisely brought in to fill the vacancy he left behind. The two forged a connection over their brief work transition, during which Li not only handed over the tunnel's technical details, but also dropped a hint about the railway's financial difficulty. At that point, he had become disillusioned. The money he earned through performing the highly risky task of tunnel blasting was not paid for three consecutive months. He packed up and left the camp, with an empty promise from Du that the remaining salary would arrive in his Chinese bank account within days.

Zhao had hoped that he could be luckier than his predecessor. He was on a different payday timeline from Du's first batch of employees on the railway, set to receive salary in a lump sum every three months. In fact, all members brought into Du's team after the original team fell apart were on similar contractual arrangements. They would variously be paid every three, six, or even twelve months. This form of salary system is rather common in China's domestic construction sector (Pun and Lu 2010). For Du, it temporarily reduced the heightened pressure on his capital supply and ensured relatively smooth construction progress. For the workers, however, it was a gamble to accept such a wage arrangement. If the railway's upper level financial situation improves before the payday, they could likely secure more income than salary based on the regular monthly system. If not, they risked earning nothing for their accumulated labor on the railway over an extended period of time. As his first payday was around the corner in April 2018, Zhao increasingly felt he would become just another disillusioned Chinese employee who left the camp

without getting paid. The frustration led him to reach out to Li through *Wechat* for the brief exchange quoted above. During my last visit to the camp, he showed me the messages on his phone while complaining about his problems, as he knew I was an acquaintance of Li and had followed his previous struggles.

In contrast to the Lao labors, who were mostly capable of securing their unpaid salary before quitting the railway, Chinese workers had proven to be much more vulnerable to exploitation in the form of delayed and reduced wage payments. Their heavy reliance on Du to navigate work and life in an alien context was a key factor limiting their abilities to confront Du like their Lao counterpart. Even on their last departure trip from the remote labor camp, these workers had to depend on Du for a ride. Moreover, as Du owned individual workers varying amounts of unpaid salary given their differentiated position and time on the project, it was difficult to forge collective resistance. Many Chinese workers who joined the camp later, after Lao laborers had quit, only spent a couple months on the project. Pervasive anxieties over the possibility of never getting paid, as well as the hardships at the construction site quickly wore them out. When they decided to pull out before suffering further losses, some did not even try to bargain for their wage with Du. After all, he could easily refuse their requests by accusing them of not fulfilling the pre-agreed work length in the first place. The perceived impossibility of getting paid stopped many from even trying to initiate the difficult conversation with Du.

As is the case on the railway, Chinese workers constitute a constant element across Beijing-sponsored infrastructure projects overseas. Their heavy presence is often interpreted as the manifestation of state-orchestrated surplus labor outsourcing. These individuals are thus blamed

for taking away job opportunities from the locals, and further excluding host societies from sharing in the benefits generated by developmental projects (Doig 2018; Corkin 2012). The longitudinal dynamics that occurred on the railway clearly complicate this singular perception. From the onset, Chinese workers were brought in not through centralized schemes, but by the distributed actions of *laoban* like Du, who struggled to cope with the financial turmoil of the project. They were targeted as substitutes for their Lao counterpart in large because of their precarious status as migrant workers parachuted into a foreign context. The extreme vulnerability of such a labor force to workplace exploitation has been a long-recognized reality. From the coolies taken to run colonial plantations in Southeast Asia, to illegal immigrants who sustain some of the most advanced economies today, capitalism progresses forward on the bodies of workers who are stuck in all kinds of limbo due to migration (see Miranda 2017; Tagliacozzo and Chang 2011). It is time to incorporate this crucial insight into thinking through the question of why the contemporary production of Chinese capitalism overseas is particularly dependent on exported Chinese labor.

In the end, not all Chinese workers left Du's labor camp without staging a confrontation for their unpaid wages. For individuals who had worked on the railway for several consecutive months, it was particularly unsettling when they were not able to claim back at least part of their accumulated salary. It was such mounting grievances that sparked a protest against EPC contractors at the dawn of the 2018 Chinese New Year, as presented in the opening vignette of this paper. A few desperate workers at the event had worked on the railway for almost a year without getting paid. Well informed about the railway's top-down financial exploitations, they chose to target EPC contractors, rather than their direct *laoban* who were themselves on the verge of bankruptcy by

that point. In order to enlist public support for themselves, they held a large white banner saying ‘*Pay Me Wage*’ by the gate of the EPC contractors’ camps in Chinese, English and Thai.

The protestors also reached out to the Chinese media in Laos, hoping to secure further coverage for their wage struggles. It was their real-time updates to the public on *Wechat* that enabled me to follow the event thoroughly. Yet their efforts in this realm were soon thwarted: only hours after the protest erupted, the Chinese embassy in Vientiane contacted all local Chinese-language media, explicitly requesting no reports on ‘*any distorted and unconfirmed news about the railway labor dispute*’. Protestors were later gagged and packed into planes and buses back to China, so they would not tarnish the image of BRI. After all, the Chinese state is known to relegate its citizens abroad to national non-status when they fail to embody its ideal self-representation (Schmitz 2014). Just as the disillusioned laborers were sent home, new batches of Chinese workers, kept in complete darkness about the railway’s funding situation, were soon recruited to fill their positions. The endless supply of imported labor was the key to force through the BRI project while its debt-based financial scheme failed to actualize as planned.

## **VI. Conclusion**

This paper seeks to foreground the issue of temporality in conversations about the economic geographies of public debt. Much of this Marxist inspired scholarship tackles the question of how debt relations expose indebted states to the exploitation of creditor powers and the subsequent implications (Furlong 2019; Pan et al. 2017; Peck and Whiteside 2016; Peet and Hartwick 2015; Allen and Pryke 2013). While bearing important insights, they have been disproportionately ‘future-oriented’ by taking pre-established debt relations as an entry point of inquiry. The

disposition ignores that debt of any kind is a temporal concept, as creditors claim debtors' future labor of repayment through present practices of lending (Vidal 2018; Peebles 2010). The intricate processes through which public debts are being made thus warrants more analytical attention. Contingencies occur over the course of mobilizing and assembling resources to actualize debt relations that often yield important yet under-recognized consequences.

To illustrate the value of a process-based approach that centers the ongoing making of public debt in analysis, this paper has examined the politics encapsulated in grounding credit into a debt-financed BRI railway in Laos. The sovereign debtor, in this case the Lao state, failed to put together the equity required for credit provision from China on time. As the planned financial arrangement for the project did not follow through, all Chinese enterprises involved in implementing the railway were coerced by Beijing to commit their own capital into sustaining the construction momentum. This top-down financial exploitation further exacerbated labor exploitation in the form of delayed or denied wage payments. The situation led to the regeneration of the railway workforce, in which imported Chinese laborers who were more vulnerable to these exploitative conditions were brought in as a substitute to their Lao counterparts. The twists and turns in actualizing the Lao-China sovereign debt deal for railway finance eventually strengthened Chinese presence on the project.

The financial entanglements and labor politics along trans-Laos railway crystallize the blind spot of the deductive Marxist approach that lies at the core of the economic geography literatures on public debt. Chinese enterprises and workers were presumed beneficiaries who seized a lion's share of jobs and contracts on the railway and were set to be paid with seemingly secured loans

guaranteed by the Lao state. These creditor-side actors, however, became immediate victims when the arranged financial resources were delayed. Their fleeting, and largely invisible struggles on the railway highlight that ramifications of public debt are often contingent upon dynamics in the opaque processes that establish debt relations. Thus, grounded efforts that dissect the politics of public debt-making and trace their cascading implications are much needed to enrich our understanding of the economic geographies of public debt.

Additionally, the paper also makes a timely contribution to the emerging interdisciplinary field of global China (Lee 2017). By presenting an account of how a multitude of agencies and activities come to co-constitute a BRI project in Laos, it effectively contests simplistic imaginaries that see the contemporary globalization of Chinese capitalism as a totalizing project orchestrated by Beijing. As captured in my ethnographic details, the exploitations between the range of Chinese actors involved are particularly important in the production of the trans-Laos railway. The unequal relations between state capital, private capital, and labor that play out at this specific extra-territorial site demonstrate remarkable resemblances to the power structure that has been giving life to Chinese capitalism at home. Global China therefore, is not only an extension from, but also a mirror image of China's domestic economy in its ongoing late-socialist transformation.

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## **Chapter 2. Performing Diaspority, Brokering Investment: Overseas Chinese *Hui-zhang* and the Politics of Making Chinese Capitalism in Laos<sup>7</sup>**

### **Abstract**

As a form of state-led transnationalism that has proliferated in the context of neoliberal globalization, diaspora strategies have been an important topic of inquiry for political geographers. Collectively, their work sheds light on the political rationalities and social-technical regimes that constitute “diaspora” as a new governmental category. However, this scholarship tends to focus on political agencies from the above, especially the nation state, which often reduces transnational communities to passive actors ready to be co-opted into self-serving government schemes. Echoing feminist calls for the broadening of the subjects of ‘the political’ in political geography, this paper examines the moment where the nation state’s diaspora engagement meets with its targeted extra-territorial population. I follow a group of Chinese business elites in Laos, who have been increasingly subject to courtship from Beijing in the context of China’s Belt and Road Initiative. I present an ethnographic account that spotlights their improvised tactics to appropriate and rework resources from the state’s diaspora engagement to enhance their own symbolic capital and amass more wealth by brokering transnational investment. In doing so, the paper advances an understanding of the uneven and nuanced ramifications of diaspora strategies on the ground. Additionally, by highlighting ways in which the transnational business elites complicate and derail the state’s agendas in their everyday performance of diaspority, the paper also unearths important, yet under-recognized complexities built into contemporary state-diaspora relations.

**Keywords:** Diaspora strategy, business diaspora, brokerage, global China, Southeast Asia

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## I. Introduction

From November 13<sup>th</sup> to 15<sup>th</sup>, 2017, Chinese state media CCTV devoted three days to broadcasting a series of short documentaries featuring Chinese communities in Laos. A lion's share of the spotlight was devoted to leaders from various local Chinese associations. The documentaries presented them as representative of a sizable group of Chinese whose migration paths into Laos post-1990s and eventual careers in commerce were achieved in relative autonomy. These association leaders, explicitly labelled with their *hui-zhang* ('association leader' in Chinese) titles on screen, articulated strong support for Beijing's recent agenda to further integrate Laos into China's economy as part of the Belt and Road Initiative. In their publicized appearances, they fully embodied the Chinese state's ideal image of a diasporic subject.

The extensive mediation of overseas Chinese in Laos served as direct propaganda material for Chinese president Xi Jinping's concurrent diplomatic visit to the country. It is also integral to the Chinese state's long-term initiative to name, claim, and harness resources from its diaspora for political allegiance and economic modernization since the late-socialist reform at the turn of 1980 (To 2014; Nyíri 2001). Such political strategies are nothing exceptional in the neoliberal global context: over the past few decades, an increasing number of nation states across the global North and South have developed similar agendas that are commonly dubbed as 'diaspora strategies' (Délano 2014; Pellerin, and Mullings 2013; Larner 2007). A shared component across the diverse range of diaspora strategies is a discursive schema that recasts extra-territorial populations as integral to a de-territorialized nation (Ragazzi 2014). The production and distribution of the CCTV documentaries precisely exemplifies the Chinese state's constitutive practices on this front.

At first glance, the *hui-zhang* who appeared in the videos seemed to be elite overseas Chinese who have been successfully co-opted into sending state's diaspora strategies. However, a closer look into how these particular individuals came under the spotlight reveals a set of dynamics that complicate the one-directional story of the state co-opting its diaspora. A week before the documentaries were aired, many Chinese businessmen who held *hui-zhang* title from Chinese associations clustered in Laos' capital city Vientiane reached out to a local media company I was based in, which happened to be commissioned by the CCTV to collect related footage. In a fierce competition to secure a chance to be filmed, some went out of their way to turn themselves into great news materials by conducting eye-catching voluntary acts, such as making political dedications to Xi Jinping in local newspapers. The chaotic situation was driven by these individuals' strong desire to seize state power in their own self-interest. It would create symbolic capital that could facilitate material accumulation in the niche business realm they recently ventured into as Chinese capital began flooding into Laos: brokering local deals for newly arrived Chinese investors and extracting profit in the form of commissions and kick-backs. In their self-interested search for wealth in the shifting terrain of global capitalism, appropriating and reworking Chinese state resources for diaspora engagement has become a widely adopted strategy.

In this paper, I examine the everyday politics of diaspora strategies within the Chinese business communities in Laos. In doing so, I provide a feminist intervention in the political geography scholarship on this theme (Hyndman 2012; Hyndman 2004; Silvey 2004). Building on the post-structuralist tradition, this literature has generated valuable insights into the political rationalities and social-technical regimes that constitute "diaspora" as an important governmental category in the era of neoliberal globalization (Raj 2015; Gamlen 2008; Larner 2007). However, the question

of how these policy initiatives unfold on the ground remain scarcely inquired. I argue that it is important to bring disembodied political agencies from above, like the nation state, into conversation with embodied, mundane political agencies from below, like the targeted transnational communities, to address this question comprehensively (Hyndman 2004). I follow through on this approach and showcase through my analysis of its importance for comprehending nuances in contemporary state-diaspora relations.

In addition, the paper crystallizes the role of overseas Chinese in making Chinese capitalism abroad. Banking on their intermediate position between China and Laos, the individuals who come under my analytical spotlight have been reaping fortunes by grounding mobile Chinese capital into local outlets. Their intricate brokerage practices simultaneously leave significant imprints on the trajectories and outcomes of Chinese investments in the country. Detailing these dynamics, I contribute to a nascent body of literature that provides actor-centered perspectives to the localization of transnational capital (Ley 2011; Zhou and Tseng 2001). My analysis also advances our understanding of the emergent geographies of Chinese capitalism overseas (Chen 2020; Lee 2017).

This paper is built upon data collected from a total of 14 months' qualitative fieldwork based mainly in Vientiane, Laos between 2016 and 2018. I deployed mixed methods of participant observation, interviews, and archival analysis to explore how China's diaspora strategy in Laos became entangled with personal accumulation schemes within local Chinese business communities. The rest of the paper is structured into five parts. Section II provides a succinct review of the literature on diaspora strategies. Section III maps out key forces that set the stage for

the emergence of the particular overseas Chinese subject of inquiry in this paper. It also explains the methodology and data deployed. Section IV elucidates the production of Chinese diasporic space in Laos by showing how a group of Chinese businessmen in Vientiane forge diasporic space in Laos through their efforts to enlist Chinese state power for wealth amassment in brokerage sector. Their activities complicate and contradict the state's agenda to instrumentalize overseas Chinese as brokers. In the conclusion, I reflect on the importance of re-centering the autonomous sphere of diaspora in debates around contemporary state-diaspora relation.

## **II. Political Geography of Diaspora Strategies**

In recent years, there has been a ‘diaspora turn’ (Ragazzi 2014) in the global policy arena. This trend refers to intensifying efforts by the governments around the world to identify, claim and harness resources from their diasporas (Ho and Boyle 2015). This phenomenon is underscored by a renewed policy rationality towards population mobility in the context of neoliberal globalization. In the past, outward migrations were generally viewed negatively by the ruling elites (Chan 2018). Under historical regimes that restricted and criminalized departure, emigrants and sojourners had rarely been considered as valuable subjects and objects for governance (Zahra 2017; McKeown 2008). The intensified exchanges fostered by neoliberal conditions have steered policy makers towards reading population mobility through a different lens. With an explicit recognition of the transnationality of migrant lives, regulatory restrictions on departure have been significantly loosened, and some forms of outward mobilities are even further encouraged. A prime example is the exportation of low-skilled labor sponsored by the Philippine state to harvest remittances for development (Pratt 2012). Another segment of the population that is often targeted for enhanced mobility are knowledge workers. Governments in emerging economies like China have been

aiming for human capital gain and technology transfer by facilitating scholars and students spending time working and studying in the global North (Leung 2015; Saxenian 2005). In pro-departure regulatory contexts, the rapidly expanding extra-territorial population provokes policy makers to explore strategies for diaspora governance.

This policy dynamic has been the subject of inquiry for an interdisciplinary group of scholars. Collectively, their work traces the trajectories of emergent diaspora strategies across situated contexts and highlights the important parallels between them (Weinar 2017; Dufoix 2011 Pellerin and Mullings 2013; Délano and Gamlen 2014; Boyle and Kitchin 2014). Political geographers have made crucial contributions in this realm by dissecting the evolving discursive constructions and social-technical regimes that constitute “diaspora” as a governmental category (Raj 2015; Ragazzi 2014; Kunz 2012; Gamlen 2008; Larner 2007). An important intervention from their scholarship brings to light the selective inclusion and exclusion built into the state’s mapping of diaspora. For instance, Fischer (2015) points out that the Malaysian government’s diaspora outreach strategy involves utilizing halal food to invoke and strengthen ties with extra-territorial populations, thereby elevating Muslims as the ideal diasporic subject above others. Read through this lens, contemporary strategies for diaspora governance often reproduce existing power relations along lines of class, gender, race, and ethnicity (Gamlen 2013; Ho 2011; Nyíri 2001).

Another recurring theme in political geography work on diaspora strategies centers on the concrete mechanisms and processes through which diaspora governance has been institutionalized in the state apparatus (Gamlen et al. 2019; Délano and Mylonas 2019). From the issuance of documents that grant latitudes of citizenship to migrants (Raj 2015; Brand 2014), to the construction of online

databases that solicit expatriates for self-enrollment (Larner 2007), these new ‘emigrant infrastructures’ formalize and strengthen many previously implicit connections between state and extra-territorial population (Raj 2015). These dynamics provide fertile empirical ground from which to theorize the transnational rescaling of state space in the context of neoliberal globalization (Liu and Van Dongen 2016; Collyer and King 2015; Caglar 2006; Agnew 1994).

Built largely upon the post-structuralist tradition, relevant work in political geography brings a much-needed critical edge into debates about diaspora strategies. Even so, this literature tends to prioritize the nation-state as the key unit of analysis, which has been criticized in some more recent works. As Dickinson (2017) points out, the looming assumption of the state as a ‘unified and centralized operating entity’ directs attention away from the often contingent and inconsistent formulation of diaspora policies. Efforts to combat this analytical closure have sparked a reconceptualization of the state as both decentered and networked (Dickinson 2015). Leung (2015), for example, has elucidated the ways in which the Chinese state, working across different scales and localities, often crafts incoherent strategies for tapping knowledge from and about its diaspora. Cohen (2016), Koh (2015), Delano (2011) and Larner (2015) have all extended our understanding of the political agencies involved in diaspora governance by unpacking the negotiations and contestations between the state and other elite actors (e.g. international organizations, universities, think tanks, and other sovereign regimes) in this arena.

Despite these attempts to transcend state-centrism, inquiries into diaspora strategies still tend to confine their analytical scope to political agencies from above. Targeted transnational communities tend to be reduced to the background. Even in the sporadic accounts that are devoted

to dissecting their responses to top-down schemes of cooptation, there is a clear disposition to look solely into where the policies have worked. For instance, in his work on the Israeli government's homeland tourism program, Abramson (2017) details how it 'diasporizes' young student participants through micro-practices like ritual performance and storytelling, which invoke their affinity with an imaginary homeland. Similarly, Xiang's (2011) telling ethnography on the Chinese state's diaspora conventions highlights the ways in which it uses cultural and economic rhetoric to successfully reconcile and forge alliances with overseas Chinese who often possess progressive political attitudes that are opposed to the authoritarian regime. Though conveying important insights, the underlying inclination to examine examples of successful diaspora strategies reinforces imaginaries of transnational communities as passive and ready to be pulled into top-down policy schemes (Ho 2011).

Portrayals of emigrants and sojourners lacking agency are hardly echoed in the literature that documents the everyday lives of mobile populations, especially their fluid homeland politics. The literature on Migration Studies, for instance, presents a plethora of counterevidence (Hyndman 2012; King 2012; Blunt 2007; Nagel 2005). From Sudanese refugee mothers teaching about Sudan to their children during intimate parental activities (Faria 2014), to elite Sri Lanka emigrants' fashion and charity works that enact a specific form of diaspority along class lines (Jazeel 2006), transnational subjects are known to engage in myriad practices that invoke, sustain, and rework ties with their homeland from afar (Mavroudi 2008).

Bearing these insights in mind, studies of diaspora strategies could be enriched by devoting more attention to migrant lives on the ground. It is here that Hyndman's (2004) call to bridge the small

“p” political of the embodied and the large “P” political of the institutions resonates. Feminists have long been urging the field of political geography, which originated from questions around international relation and conventional geopolitics, to broaden the political agencies it is concerned with so as to incorporate the practices of mundane actors on the ground (Faria 2014; Silvey 2004). Implicitly or explicitly, some emergent conversations around diaspora strategies have incorporated this important critique. They zoom into dynamics of ‘disjunctive spaces’ where the homeland state’s interests do not neatly align with those of the diasporic populations (Ashutosh 2019). What is often captured are various forms of resistance and contestation, in which the latter refuse to be incorporated into a de-territorialized nation (Ho 2011). This ranges from rather aggressive pivots toward localization to avoid racist ostracism (Ong 2003), to more subtle, elective responses to stay distant from homeland recruitment schemes (Jöns et al. 2015).

This paper builds upon and extends promising feminist interventions in the political geography of diaspora strategies. It follows the responses of a transnational business community in Laos that has been intensively courted by the Chinese state’s diaspora outreach scheme. Central to the story are the improvised tactics that these individuals developed to appropriate and rework resources distributed from state’s outreach schemes for their own self-interested accumulation of social and economic capital. I show that the stances and attitudes of diasporic subjects can become a convenient mask to adopt in order to facilitate profit extraction in the globalized business arena today. In doing so, I make the case that there needs to be a stronger emphasis on unpacking the unevenness and complexities that occur when diaspora strategies touch the ground in order to advance a more nuanced understanding of contemporary state-diaspora relation.

### **III. From Middlemen of Goods to Middlemen of Capital: Lao Chinese Communities in the Globalizing Chinese Political Economy**

From adventurous south China traders who dominated the region's commercial sector, to the *coolies* who built colonial infrastructure, the region of Southeast Asia is known to be home to the largest and most diverse overseas Chinese population as constituted through multiple waves of historical migration (Kuhn 2008; Godley 2002). Laos, a country bordering China to the southwest however, stood as a rather exceptional case. Due to its land-locked geography and relatively unintegrated status in colonial capitalism, the country historically hosted one of the smallest Chinese communities across the region (Tan 2012). In the mid-1970s, the majority of mandarin capitalists dwelling in the urban areas of Laos fled the country as it experienced a communist takeover during the turbulent decolonization process (Evans 2002). At the turn of 1980s, as the Pathet Lao regime's diplomatic relations with China deteriorated, state surveillance and persecution of Chinese communities increased (Baird 2018). The tense situation further fueled the exodus of existing Chinese populations from the country. Therefore, by the time the Laos-China bilateral relationship was normalized during both countries' late-socialist transitions in the 1990s, the remaining Chinese settlers in Laos hardly formed vibrant communities.

The end of the geopolitical confrontation between the two countries paved the way for the revitalization of Laos' Chinese communities. A new wave of emigrants and sojourners subsequently began arriving into Laos (Tan 2012). Mostly coming from lower to middle class background in China, these driven individuals embarked on their cross-border adventure with a strong desire to escape impoverished livelihoods back home (Hansen 1999). Thanks to Laos' porous border and informal regulatory environment, many were able to make the journey without

legal documents like passports, the issuance of which was still strictly controlled by the Chinese state throughout the 90s. They engaged in mundane business practices, especially trading petty commodities, which enabled their gradual ascendance within Laos society (Baird and Shoemaker 2008). Within the two decades after 1990s, vibrant Chinese communities, dominated by small merchants, had gradually re-emerged in urban Laos.

Towards the end of 2000s, Chinese in Laos were presented with exciting new business opportunities as Beijing looked to strengthen political alliances and further economic integration with its neighbor. Central to the Chinese state's pivot towards Laos was the proposal of a railway linking China's southwest to Singapore via the northern hinterland of the country, which was regrouped later into the high-profile "Belt and Road Initiative". The prospect of the infrastructure realigning Laos' political economic landscape, in combination with China's domestic economic downturn, drove unprecedented amount of Chinese capital into the country. Chinese foreign direct investment in Laos grew from a mere 846 million USD in 2010 to an astonishing 6.65 billion USD in 2017, placing it the 6<sup>th</sup> in Asia and the 16<sup>th</sup> worldwide as a recipient of Chinese investment (Ministry of Commerce of the People's Republic of China 2018). The speed of the capital influx from China and the hysteria surrounding it can be tangibly felt in the country's economic hub Vientiane. From expatriates of state-owned enterprises looking for infrastructure contracts, to private investors interested in testing out business ideas like casinos and plantations, Chinese investors are swamping the city today, eager to find profitable outlets for investment despite possessing little knowledge about Laos (Lu and Schönweger 2017).

In light of this trend, local Chinese have flexibly repositioned themselves from middlemen of flows of goods to middlemen of flows of capital. This pattern of transition is rather common in the history of capitalism. Small ethnic business based in situated locales often provide formal and informal brokerage services for more elite transnational capital flows that arrive later (Ley 2011; Zhou and Tseng 2001). Through the processes of actualizing investments, which encapsulates myriad '*practices of assembling*' that bring together disparate elements of capital, labor, resources, and market, local Chinese brokers are well positioned to seize a fortune (Oliveira 2019; Li 2007).

For individuals who crossed into this niche brokerage sector in Laos, the extent to which they can amass wealth is largely dependent upon their ability to appeal to investors as resourceful and trustworthy intermediaries. In striving to construct an ideal self-representation for potential clients, many began exploring Chinese state's diaspora strategies, which have been increasingly allocating resources to Laos as integral to the state's overall policy pivot towards the country. The vast range of banquets, galas, conventions, and forums orchestrated by state to court leaders from overseas Chinese communities, coupled with mediation, have become a convenient short cut for them to accumulate symbolic capital that could be swiftly converted into economic gains in the brokerage sector.

The improvisational ways in which local Chinese in Laos manipulate Chinese state's diaspora strategies for their own self-interest and the ramifications of their activities are the focus of this paper. To capture these nuanced dynamics, I conducted a total of 14 months' qualitative fieldwork based mainly in Vientiane, Laos (July 2016 to August 2016, June 2017 to June 2018). The core of the data presented in the paper was collected from long-term participant observation in two local

Chinese associations and one local Chinese media company involved in producing Chinese state's diaspora discourse. As a young Chinese female, I gained consent to access these institutions as an informal secretary/assistant to their key actors. They all hold multiple *hui-zhang* titles from local Chinese associations, thus are targeted in Chinese state's intensifying diaspora outreach efforts in Laos. Following their day-to-day money-making practices in the brokerage sector, I gained a fine-grained understanding of how these individuals co-opted homeland state power to facilitate material accumulation. Through their networks, I also became deeply embedded in the intricate world of local Chinese associations. It granted me opportunities to conduct explorative interviews with the sizable group of *hui-zhang* behind these institutions, as well as other long-term members in local Chinese communities and expatriate Chinese state officials. I supplemented the data with archival materials from local Chinese associations<sup>8</sup> to piece together a longitudinal account on diaspora politics within Lao Chinese communities since the mid-2000. Collectively, the information assembled helps me to make visible the contingent processes through which local Chinese discovered and consolidated the state's diaspora strategies as a realm from which to harvest symbolic capital.

In the following section, I take an ethnographic snapshot as entry point of analysis to elucidate how primary resources from the Chinese state's diaspora outreach initiatives are leveraged to lubricate profit extraction in brokerage practices. The route to wealth gave rise to opportunistic individuals, who seize upon the mismatch between the state's rigid diaspora strategy and the reality of Laos' Chinese communities to hijack these resources. Their activities propelled the rise of voluntary diaspora associations and their *hui-zhang* who master the art of performing diaspority.

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<sup>8</sup> Archival materials from local Chinese associations mainly include official brochures they issued, which contain formal discursive of these institutions.

## **IV. Manufacturing Credentials: The Making of *Hui-zhang* in Voluntary Institutionalization**

### **4.1 Send in the *Hui-zhang***

It was a typical weekday morning in October 2017. I had been working in my office inside a Chinese association in Vientiane. The institution, housed in a rather roomy villa with multiple fully furnished offices and meeting rooms, was generally run alone by me, the secretary, unless some newly arrived Chinese investors wandered in. That day, a pair did show up at around lunch time. As the bell at the front door of the association rang, I walked out and saw two strangers, whose curious look and hesitant body language were clear giveaways as to their identity—the association's real business began from that moment onward.

I seated them around a Chinese tea tray in the association's reception room. Pu'er was served and routine conversation began. Being a young female secretary, they did not bother me with serious questions about doing business in Laos. Instead, the visitors primarily made inquiries about the history of the institution. Gradually, their casual questions became more oriented toward the association's *hui-zhang*, as they noticed the dozens of framed photos hanging on the wall. These photos were all clearly captioned with a line saying, XX *hui-zhang* and XX Chinese and/or Lao government officials with prominent titles at occasions like policy forums and diplomatic banquets. Certain photos were deliberately hung at the most noticeable locations, all of which are highly recognizable to Chinese: they are the faces belonging to the top ruling politicians in China. The visitors' fascination over *hui-zhang* escalated to a new level when I told them they had been on Chinese state media before. One immediately pulled out his phone and Baidu-ed (the equivalent of Google in China) each *hui-zhang*. They made the surprising discovery that the life story of one particular *hui-zhang* had been featured in two recent Chinese documentaries. The videos,

portraying him as a self-made man with a fairy-tale marriage to a Lao lady and an endless passion to promote the Belt and Road Initiative, truly impressed the visitors. They started making genuine requests to meet with the *hui-zhang* of the association during their short stay in Laos, if possible.

What the investors saw after they walked into the association was a carefully orchestrated frame that cued them towards particular ideas of the absent *hui-zhang* (Miller 2010). From the photos and the locatable media coverage online, to me, a US-educated Chinese woman working as secretary, all these details hinted that *hui-zhang* were successful, resourceful, patriotic, and community-serving businessmen. Certainly not all visitors who wandered in bought into this constructed vision, but the two who showed up that day seemed to be rather convinced up until that point. The time had come to send in the *hui-zhang*.

I went back to my office for a quick phone call to Zhou, one of the *hui-zhang* in the association who lived just two blocks away. He and three other *hui-zhang* of different nominal ranks (vice, executive, honorary) were the only active members of this institution. They formed a closely knit group with certain divisions of labor. Together, the team hustled capital from inexperienced Chinese investors into local opportunities to extract profit. Precisely how the job was done is well illustrated by Zhou's interaction with the two visitors after he arrived 20 minutes later.

Conversations in the meeting room took a turn as soon as the *hui-zhang* walked in. After a brief greeting, the investors began consulting Zhou about the sketchy business ideas they had in mind: '*Hui-zhang, any recommendations for farmland to experiment with a noni project?*'; '*Hui-zhang, what are the regulatory procedures one needs to walk through to mine alluvial gold from rivers?*';

*‘Hui-zhang, are there any reliable channels to move a lump sum of capital from China into Laos?.*

A while into such discussions, Zhou seized an opportunity to redirect the flow of the conversation.

*I know you are keen to invest in Laos but, remember, this will be a really risky process. My advice is to take things slow—don’t jump into a big project that you cannot pull out of immediately if you want to quit. Move money out from China first, buy a piece of land in a place like Vientiane to reserve its value. And when you decide on some other projects, sell the land or take out a loan on it. Remember, always make the safest move when you are just testing out business in a foreign country. ’*

Zhou’s seemingly sincere advice enlightened the investors—it dawned on them that they could use the urban property market as a risk-free springboard into Laos. After all, what could go wrong by putting money into the property sector of a city like Vientiane, which had not only been experiencing over 7% growth rate since 2005 but was also expecting a game-changing transnational railway from China? The visitors were so hooked on Zhou’s advice that one of them ended up putting in a 30% down payment for a parcel of land referred to him by Zhou just 3 days before he left Laos.

*‘The Lao owner of this land is in debt. She is selling it at a discounted price. So, it is a really good buy. You are lucky!’* This was how Zhou marketed the land to the investors as he drove me and them down to check on its condition the day after the first meeting in the association. It was a 40/40 m<sup>2</sup> parcel near an industrial park at the outskirts of the city. The ‘lucky’ investor agreed on

a unit price of 115 USD/m<sup>2</sup>, whereas a local could easily have negotiated it down to 800 to 1,000 baht/m<sup>2</sup> (26 to 32 USD/ m<sup>2</sup>). He also had no idea that the ‘desperately indebted Lao lady’ who had her name on the land title was actually Zhou’s wife. It was a piece of land Zhou scooped up cheaply a couple years ago—and look at the windfall profit he had just harvested from it!

The fraudulent component in this scheme was not limited to outrageous price inflation that was incongruent with market trends. The narrative of the Lao urban property market as the safest investment arena for foreigners was itself a cloak full of holes. As the country forbids non-citizen to own property, the investor who bought land that day arranged to transfer the land title to Zhou, who had held a Lao passport since late 2000s. The two parties then signed another contract to clarify Zhou’s rights and obligations as the nominal holder of the land, which was legally questionable as it breached the fundamentals of Lao land law. It would take a while for the investor to figure out how little *de facto* control he had over the property he had invested in, even with the actual land title document and the contract at hand.

#### **4.2 The Symbol Manipulator**

Zhou is just one of the many local Chinese who seek to amass wealth by brokering deals for flocks of newly arrived Chinese investors in Laos today. Yet, the vast majority are not able to pull off the ‘urban property scam’ he masters. In contrast, they are often struggling to collect just a few dollars in kick-backs at a time through mundane practices like arranging taxi rides or pimping commercial sex. Needless to say, Zhou’s identity as a *hui-zhang* consecrated by the Chinese state is a salient factor underpinning his successful brokerage career. Just as the snapshot above illustrates, his symbolic status, manifested in the physical existence of the association, his eminent title, and the

concrete materials showcasing the Chinese state's legitimation made Zhou easily seen, heard, and recognized by potential clients. Without the halo, incoming Chinese investors, who had years of experience navigating the opaque domestic economy, would hardly place their trust in him for major investment decisions so easily (Osburg 2018).

How then, did Zhou ascend to the ranks of *hui-zhang* consecrated by Chinese state in Laos? In other contexts that host sizable Chinese populations, historically, those who stand below such a halo are often the most successful and respected individuals in the community. They first emerge organically as leaders in voluntary, local Chinese associations, which are often organized along lines of shared territorial origin, dialect, surname etc. (Kuhn 2008). In such renowned associations that have sometimes been in operation for over a century, leaders are elected through somewhat democratic processes regulated by explicit rules regarding nominations and voting rights (Visscher 2007). They are paternalistic authorities who govern their communities, though the precise ways in which they exercise their power have experienced dramatic shifts over the course of history <sup>ibid.</sup>.

These pre-existing community leaders have always been the primary target of Chinese government's diaspora outreach strategies. From a corporeal lens, many of the state's diaspora strategies are constituted by practices designed to cultivate and strengthen the state's ties with these individuals (Nyiri 1999; Liu 1998). They are the guests invited to attend banquets and galas organized by the Chinese consular and embassies, distinguished visitors welcomed back by municipal and provincial authorities from Southern China for homeland tourism, as well as representatives of overseas Chinese brought together to be wooed by Chinese politicians in overseas Chinese conventions (To 2014; Li 2012). In its escalated attempts to govern overseas

Chinese over the past four decades, the state has been making further attempts on this front by strategically sponsoring pro-Beijing diaspora associations and leaders among overseas Chinese. Coupled with mediation, its practices of liaising with diaspora community leaders become *de facto* projects of ‘star making’. The processes transform individuals who are often merely recognized members within situated communities into parastatal celebrities adored by extended Chinese language audiences. They scale symbolic heights, particularly within Chinese domestic society, where propaganda and censorship ensure that the state’s representation is the only accessible narrative.

Zhou’s rise to prominence in diaspora politics, however, does not follow this conventional trajectory. In 2011, when he first became a *hui-zhang* of a Chinese association and entered the list of candidates to be engaged by the Chinese state, he was making a living by distributing cheap electronic appliances from China to the market in Lao. In a country that was known as “the land of small businessmen” due to the size of its economy, Zhou was no more than an average member in a large cohort of Chinese petty traders. Of course, income brought in through hustling inexperienced investors over the years has elevated him to a distinguished category above the rest. By the time we met in 2017, Zhou was driving a black Mercedes SUV, managing two condominium projects in Vientiane in which he was the main shareholder, and buying new properties in Udon Thani for retirement.

Individuals like Zhou resemble the ‘symbol manipulator’ in Ong’s (1999) depiction: they deliberately obtain prestigious credentials to meet Chinese investors’ criteria of symbolic power. What lies at the core of this phenomenon is a group of overseas Chinese who appropriate and

rework state resources for diaspora outreach that are not intended for them by design. Delving into the question of how they managed to succeed in this realm, I located a crucial moment in December 2008, when an association named Lao-Hunan Chamber of Commerce (hereafter LHCC) was founded in Vientiane. Today, the institution appears to be nothing exceptional amongst numerous Chinese associations that have emerged in Laos over the past decade. Yet, its creation was underpinned by a story that features a few opportunistic individuals who first improvised a way to making money through brokerage amidst Beijing's escalating diaspora engagement efforts. The particular stream of state resources that these actors managed to hijack for the accumulation of symbolic capital came from China's State Council of Overseas Chinese Affairs Office (hereafter OCAO), the primary state institution for diaspora strategizing.

#### ***4.3 Tapping the Rigid Diaspora Strategies***

The ebbs and flows of diaspora politics that led to the birth of LHCC was first revealed to me by Liao. Once a businessman from Yunnan, he now enjoys retirement life writing non-fiction about his encounter with Laos since 1991. We wandered into the topic over tea one afternoon in November 2017, during a meeting in one of Vientiane's most popular malls to discuss his new book. Just as I randomly started gossiping about the apparent frenzy over diaspora institutions and *huizhang* credentials today, Liao interrupted me with a somewhat sarcastic and bitter smile, '*It was nothing like this two decades ago*'. He then walked me through a story that was later confirmed and enriched by many other informants I encountered during fieldwork.

Liao's story began in early 2000s, when Chinese state's general interest in organizing *xin yimin* (new migrants who left China following neoliberal reforms in late 1970s) was growing. It

prompted an attempt from expatriate officials in Vientiane's Chinese embassy to institutionalize local Chinese communities. They navigated the complicated regulatory system in Laos to set up a membership based civil association named the Lao-China General Chamber of Commerce (hereafter LCGCC). The mandarin speaking, business-oriented association was explicitly produced for Chinese who came to Laos after the 1990s, who had not institutionalized themselves by that point. However, the association ended up being an empty shell as few local Chinese joined.

Liao himself played a unique role in the LCGCC project's initial failure—he turned down the embassy's offer to chair the association. From his perspective, the Chinese migrants of his generation had already formed well-networked informal social groups. The move to formalize the community into a membership-based institution that required a fee from whoever wanted to join was therefore not only redundant but also economically unsound. Unsurprisingly, LCGCC ended up with just a handful of members. '*I really couldn't see what was in it for me to chair a chamber of commerce that had neither members nor funding*', Liao added. He was further turned off by the fact that the embassy was counting on whoever was Chairing the chamber to provide office space to host it. The additional request turned the chamber's Chair position into a burdensome honor. Eventually, it was a businessman who ran a Chinese hotel in Vientiane who took up the position: he converted a small room in his chronically under occupied, dilapidated hotel into the chamber's headquarter.

When moneyed Chinese investors began setting foot in Laos in the late 2000s, local Chinese learned of the renewed value of LCGCC that they had failed to envision before. Clueless about the politics behind the making of the institution, investors were lured by its name and took it to be an

official outlet for investment information, as well as a platform for business networking. The phenomenon predictably led to the revitalization of a dying hotel: these guests preferred to stay in a place that housed the LCGCC rather than exploring other accommodation options with much better conditions. They also disproportionately courted LCGCC *hui-zhang* over others as their gatekeepers for launching businesses in Laos. When Liao told me the story, he complained bitterly:

*'He (the LCGCC hui-zhang) lived just across the street and hung around all the time with us. It was ridiculous that those ignorant newcomers called him hui-zhang and took his words much more seriously than the rest of us. They all went to him for help – for making visas, renting houses, sourcing connections with Lao officials – but not us.'*

When local Chinese learned how the symbolic capital embedded in the *hui-zhang* title could be flexibly converted into economic gains, many began plotting ways to secure equivalent credentials for themselves. Among them was a small group of Hunan traders, whose initiative received concrete support from officials at the embassy. These state actors, stationed on the front line of diaspora engagement, were increasingly struggling to reconcile Beijing's rigid diaspora strategies with Lao reality at the time. For instance, when the OCAO wanted to extend an invitation to Chinese in Laos for diaspora conventions, it relied on these officials to refer appropriate candidates. This seemingly straightforward task, however, was tricky in reality given the local Chinese community's lack of institutional structure. It was challenging for officials to justify to the OCAO why certain small businessman were selected over others. Individuals who were keen to become

*hui-zhang* themselves by forming their own diaspora institutions, thus, offered a handy solution to the problem at hand.

It was the conjuncture of self-interested local Chinese traders and expatriate state actors that created and nurtured the Lao-Hunan Chamber of Commerce. The institution was first registered as a ‘social enterprise’ (a business with social objectives) in the Lao regulatory system by the founding Hunan traders. They formalized the institution in this specific legal-judicial category due to the authoritarian Lao state’s tight control on civil society organizations. Then, the founders applied to the Chinese embassy to make the LHCC an official secondary branch of the LCGCC. With approval from this front, the LHCC successfully inserted itself into the Beijing-sanctioned world of diaspora institutions. The Hunan traders that pushed through these tedious formalization procedures, thus, became newly recognized *hui-zhang*, entitled to access resources from state’s diaspora outreaches.

When the commercial counselor from the embassy and LCGCC *hui-zhang* both attended LHCC’s grand opening ceremony in 2008 and made public congratulatory speeches, it sent an explicit message to the local Chinese community: a solid action plan to hijack Beijing’s diaspora strategies for the accumulation of symbolic capital had been carved out. In the years that followed, many charted a similar path to obtain state-sanctioned *hui-zhang* credentials for themselves. Zhou, the *hui-zhang* featured in the urban property scam that kickstarted this section, was among them. The endless demands of local Chinese for symbolic capital resulted in an ever expanding ‘chamber of commerce’ clan headed by LCGCC. Secondary branches organized along lines of shared provincial origin in China (e.g. Fujian, Guangdong, Jiangxi, Sichuan) or settlement region in Laos

(e.g. Xieng Khouang, Pakse, Luang Prabang) also sprung up. The tertiary level of the system was also being quickly filled up with the emergence of associations like Xieng Khouang Hunan Chamber of Commerce. By the time I left the field in June 2018, there were even individuals who were mobilizing to establish a chamber of commerce by shared municipal origin in China.

In this section, I have shown that diaspora outreach strategies from the Chinese government are constituted by a vast range of de-centered processes that are by no means neatly orchestrated by OCAO. Since the late 2000s, many state bureaus across different scales (central, provincial, municipal) have been crafting new schemes to woo Chinese communities in Laos in response to Beijing's strategic pivot towards the country. The resources poured in through these other channels have been similarly harvested by an array of local Chinese actors to boost their symbolic status. In the following section, I unpack some of the most important tactics and skills required to excel in everyday performance of diaspority.

#### ***4.4 The Art of Performing Diaspority***

For those who attempt to appropriate and rework diaspora strategies to boost their prestige in the eyes of inexperienced investors, obtaining a *hui-zhang* title is just the first step in a long march. The ultimate symbolic heights one can reach is dependent upon his or her ability to seize resources that are distributed through rather opaque channels. Some of the resources, like festival banquets hosted by the Chinese embassy, are easily accessible as their invitations typically come with unlimited quotas to all the associations it recognizes. However, rare resources like seats in seminars with Communist Party leaders during a diplomatic tour, or roles in widely distributed propaganda films, often stir up fierce competitions among the expanding group of *hui-zhang*.

Ultimately, the allocation of these enticing opportunities is certainly shaped to some extent by micro-politics within situated networks of power. Yet, given that many of these occasions expect participating *hui-zhang* to present themselves as the state's ideal diasporic leader, it is the few who are more gifted at delivering such performance that gradually emerge to become the face of the Lao Chinese diaspora.

The best venues to observe the *hui-zhang*'s art of performing diaspority are the special occasions staged for Chinese state's diaspora outreach efforts. I once gained a fine-grained understanding of the tactics and skills encapsulated in this realm when attending a roundtable meeting for dialogues between a visiting state delegation and local diaspora leaders. During the occasion, a star *hui-zhang*, Liu, who I had come to know through fieldwork, brought his 'A' game as the *de facto* organizer and chair of the meeting. What initially caught my attention was his acculturation to Chinese bureaucracy. He spoke in languages that set the tone for the power relations between participants that day. '*Let's welcome XX lingdao (a respectful reference to government official in Chinese) to provide guidance for our work.*' '*Let's welcome XX hui-zhang to report on the works of his association.*' From 'provide guidance' to 'report works', the simple change of expressions placed visiting government officials at a superior position to community representatives. Liu's sensitivity to hierarchies was also reflected in the meticulous order he seated, greeted, and took photos with officials. He carefully gauged the positions of all members in the delegation ahead and went through them from high to low ranking. It was not as straightforward a task as it sounded because the delegation comprised a mixture of municipal and provincial cadres whose hierarchy was not self-evident in some cases, like that between a mayor and a chief director of a provincial

bureau. Other *hui-zhang* who had difficulty navigating these power dynamics all looked to follow Liu at the scene.

What secured Liu a seat in the league of star *hui-zhang* was essentially his capacity to comprehend and reproduce the ritualistic manners through which Chinese statecraft engaged with overseas Chinese (Xiang 2011). From the onset, he was able to envision the precise tone and style a formal dialogue between a state delegation and diaspora leaders typically takes and plan the event accordingly. Liu arranged one attending *hui-zhang* to talk about his association's work in servicing and governing local Chinese, and another to speak on progress and difficulties in improving China's image in Laos. These reports, with their designated themes, ended up addressing the interests of the visiting officials very well.

Admittedly, many *hui-zhang* in Vientiane's Chinese community have learned the tacit knowledge of how to be a proper *hui-zhang* to varying degrees after years of immersion in diaspora politics. Few however, had the talent to enact them with the precision and delicacy of someone like Liu. Consequently, some of the most valuable resources from the state's diaspora outreach efforts were allocated to him. The dynamic was manifested in an impressive exhibition Liu proudly displayed in his office. It comprised dazzling items ranging from a trophy awarded by the OCAO, and exclusive interviews on state media, to a golf ball signed by politicians. '*He is a Chinese red capitalist in Laos*', an investor once said to me with obvious awe and adoration as he was leaving his exhibition. Needless to say, the stock of symbolic capital Liu managed to accumulate had paved the way for his successful career as investment broker. As one of the top players in the game, he had recently assembled together a few high-profile urban development projects for some

prominent Chinese state-owned enterprises seeking business opportunities in Laos. The amount of wealth he extracted from brokering each of these deals was easily close to a couple million RMB (1 USD equals 7 RMB), according to estimations from insiders. It dwarfed what an average *hui-zhang* like Zhou, was able to gain through small schemes like speculating on discrete land parcels on Vientiane's fringe.

The complicated motivations underpinning the everyday performances of *hui-zhang* in Vientiane's social arena were certainly difficult for officials and investors who had just parachuted into Laos to grapple with. However, the Chinese state actors stationed in Laos, especially embassy officials, knew only too well what was going on behind the scenes. However, instead of stepping in to check their proliferated economic hustles lubricated by the halo of state recognition, they were more often than not complicit in these processes. Positioned with the power to sign voluntary local Chinese institutions into the state-sanctioned diaspora apparatus, some had found lucrative opportunities for rent seeking themselves in the underground business of credential-making. For instance, by the time I was doing fieldwork, they sometimes charged up to 20,000 USD to approve documents that legitimized new associations into the extended LCGCC family. Moreover, even though they are banned by Beijing from engaging in any income generation activates other than their designated jobs, many expatriate officials have dived into the business world in Laos. The country, marked by extensive informalities, is arguably one of the best places to hoard and hide illicit wealth from the supervision of the state back home. In their hunt for a fortune at the frontier of global capitalism, the local Chinese businessmen have emerged to be natural allies.

With implicit consent and support from expatriate officials, diaspora institutions that house an expanding group of *hui-zhang* have mushroomed in Vientiane over the past decade. Along the city's transportation arteries like Souphanouvong Avenue, and within major Chinese business districts like Talat Leng and Talat Sanjiang, eye-catching mandarin signboards of overseas Chinese associations are everywhere. Stories of a star *hui-zhang*'s rapid class ascendance continue to encourage local Chinese to pursue the symbolic route to wealth in brokerage sector. These activities have left indelible marks on the geographies of Chinese capitalism in Laos, many of which convey ramifications that contradict some of Beijing's overarching interests, as detailed in the next section.

#### **4.5 The Broker vs. the broker**

*The over 40 million Huaqiao and Huaren (overseas Chinese) in countries and regions along the Belt and Road are important bridges for local communities to understand China.* President Xi Jinping, 2017

I first came across this now widely circulated quote extracted from Chinese president Xi Jinping's speech through some lecture slides Zhou passed along via *Wechat* while he was attending an OCAO workshop in Beijing in July 2017. As I skimmed through the materials, the sentence caught my attention for its metaphorical rendering of overseas Chinese as bridges. A 'bridge' sits at the margin between two realms and forges a connection. The metaphor reflects Chinese state's interest in instrumentalizing the diaspora as a broker. Given the transnationality of extra-territorial populations, diaspora strategies targeting their abilities to mediate cross-border flows are common

across the world. It has been a persistent element in Chinese state's diaspora outreach strategy since the economic reform of the late-1970s. In the past, when the state was keen to expand capitalism in China, overseas Chinese were constructed as bridges that could channel much needed foreign capital and technology back to their homeland (Ong 1999; Hsing 1998). Today, this old metaphor has been re-invented with new meanings along with Beijing's shifting priority towards finding a spatial fix for the crisis laden domestic economy. Propaganda works for Belt and Road Initiative pervasively portray overseas Chinese as patriotic beings who utilize their resources to not only actualize Chinese investment in host contexts, but also pacify local concerns and criticism of China's global ascendance (Hsu and Ku 2015). As the 'Broker' in the state's imaginary, they are the embodiment of the "China Dream", who work diligently for the 'great rejuvenation of the Chinese nation' (Ferdinand 2016).

On the ground, however, overseas Chinese subjects like *hui-zhang*, who mediate the outward flow of Chinese capital in their day-to-day practices, hardly resemble the state's discursive construction. Their brokerage practices often end up derailing state initiatives. After all, these are actors whose ultimate loyalty lies with capital rather than their homeland state. In striving to maximize gains, their brokerage activities are fraught with fraud and deception. These reckless practices are further emboldened by the informal regulatory environment typical of southern contexts like Laos.

From Beijing's crown jewel state-owned enterprises to wealthy private investors, I have come across numerous victims whose adventures into Laos ended with them being left stranded by cunning local Chinese brokers. Left without formal mechanisms to hold the latter accountable, they often end up recouping some of their losses by extending the schemes that swindled them in

the first place. Take Zhou's urban property scheme detailed in 4.1, for example. Those who fell for his trick usually sought to quickly sell off the properties they bought to successive waves of inexperienced Chinese investors. While finding themselves a way out of an investment debacle, they created new victims and turned a one-time fraud into an unfolding Ponzi scheme. Clearly, individuals like Zhou play a key role in seeding the culture of corruption haunting the ongoing making of Chinese capitalism overseas. They turned the state's dream of a smooth spatial fix into proliferating nightmare of investment failures.

*Hui-zhang*'s acts of performing diaspority to enable accumulation in the brokerage sector has ramifications beyond the narrow economic realm. Their high-profile display of ties with the homeland risks further fueling worldwide anti-China sentiments. For instance, the dense presence of overseas Chinese associations in Vientiane alone, had already instigated anxieties and suspicions from geopolitical rivals. They bubbled up in an interview I had with a Japanese diplomat managing the Lao branch of the Japan International Corporation Agency. Upon learning about my liaison with the world of local Chinese associations, he immediately uttered, '*Why are there so many (Chinese associations) in town?!*' Indeed, there is only one Japanese/American/Australia Chamber of Commerce in town. When none of the other states that are battling for influence in Laos wield the mysterious force of seemingly well-organized diaspora community, China indeed appears to be a threatening superpower winning out from the contest.

The omnipresence of diaspora institutions was less of a concern for most of the local people though, as they could not comprehend the meanings behind the mandarin signboards. However, at occasions like Xi Jinping's state visit, the Chinese business community's outright exhibition of

loyalty to Beijing stung their eyes. Witnessing the city engulfed overnight by red banners carrying welcome slogans, many Vientiane residents made the bitter joke that small Laos had been encroached by its powerful neighbor to the north. While there was a genuine outpouring of patriotism among local Chinese during this specific event, the diasporic decorations were mostly deliberately distributed at the most visible spots of the city by *hui-zhang*. They hoped that the banners, featuring the name of their associations, could be captured by CCTV cameras and, therefore, bring in more publicity. In *hui-zhangs'* relentless quest for symbolic capital, they augmented rather than dispelled the ‘specter of global China’. Seen from the ground, these individuals clearly do not embody the diasporic cultural broker that Beijing desires.

## V. Conclusion

Diaspora engagement strategies, as a form of state-led transnationalism in an era of neoliberal globalization, have garnered attention from an expanding, interdisciplinary group of scholars. Political geographers have made unique contributions on this front by reading the policy dynamic through a Foucauldian lens. Collectively, their work brings to light the political rationalities and social-technical regimes that constitute diaspora as a new governmental category. Despite these insights, the analytical priority given to political agencies from above, risks reducing transnational communities to passive groups ready to be recruited into schemes that subordinate them.

Echoing feminist calls to broaden the subjects of ‘the political’ in political geography, this paper has zoomed into the junctures where the nation state’s diaspora outreach agenda meet with the targeted extra-territorial population (Faria 2014; Hyndman 2012; Nagel 2005). I followed a group of Chinese businessmen in Laos, who have been increasingly courted by Beijing as it shifts towards

engendering a smooth spatial fix for the crisis-laden Chinese economy as policy priority. In the regime's discursive rendering, these individuals are naturally homeland-oriented actors who leverage their resources to help actualize Chinese investment and alleviate anti-Chinese sentiments in host contexts.

As my ethnographic account reveals, the transnational business elites instead improvised tactics to appropriate and rework resources from state's diaspora engagement efforts so as to scale up their own symbolic power. The dynamics were motivated by their accumulation interests in the opaque arena of transnational investment brokerage. The paper demonstrates how these practices give rise to an expanding group of *hui-zhang* in Vientiane, who perform diaspority in their day-to-day professional lives in order to try and extract windfalls. In doing so, it further highlights the uneven and nuanced ramifications of diaspora strategies on the ground. These complexities point to the need for more careful readings of contemporary state-diaspora relations. In particular, deductive conclusions that equate exhibitions of diasporic stances and attitudes among certain extra-territorial groups with the success of diaspora strategies and, hence, the control of the state over its transnationalities, should not be hastily drawn. As the stories presented in this paper readily show, underneath these appearances may well be some willful subjects who co-opt the power of the sending state for self-interested purposes.

Additionally, the paper also provides an actor-centered analysis of the ongoing making of Chinese capitalism overseas. It traces how the conjuncture of a homeland state eager to enlist elite diasporic subjects for development agendas, expatriate officials scrambling to find local fixes for rigid policies imposed from above, and opportunistic local businessmen in a relentless search for wealth

in the shifting terrain of global capitalism, co-produced the geography of Chinese investments in Laos. It is one marked by a constant derailing from intended business trajectories and pervasive busts of the ‘great expectations’ of investors who venture into the unfamiliar territory (Lu and Schönweger 2019). With the rich empirics presented, I drive home the argument that the contours and content of Chinese capitalism on a global scale are always defined by the contingent coming together of diverse interests across situated locales and moments.

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### **Chapter 3. In the Shadows of *Meuang Chin* (*Chinatown*): Speculative Peasantry and the Politics of Value Grabbing on the Rural Fringe of Vientiane, Laos<sup>9</sup>**

#### **Abstract**

Contemporary urbanization in the global South increasingly involves dismantling the rural hinterlands of cities. This planetary pattern, fueled by speculative capital, disproportionately disrupts the livelihoods of peri-urban agrarian communities. Responding to an emergent endeavor to relocate the peasantry at the center of urban studies, this paper examines the diverse experience of farming groups on the rapidly de-agrarianizing fringe of Vientiane, the national capital of Laos. I trace how intertwined processes of capital influx and ecological transformation have reworked the subjectivities of local populations over the past decade, nurturing market dispositions among individuals who were previously heavily oriented toward agricultural and subsistence livelihoods. In doing so, I argue for the need to shift from dispossession-centered analysis to instead query the uneven integration of peri-urban peasantry into the frontiers of the real estate sectors and its ramifications. Moreover, this paper brings to light myriads of deceptive tactics that peasants adopted to lure in Chinese investors who are poorly equipped with knowledge for investment-making in Laos, so as to maximize gains in land dealings. This account unearths the hidden agencies of southern peasantry in facilitating the ongoing globalization of Chinese capitalism.

**Keywords:** Agrarian urbanism, speculative peasantry, materiality of dispossession, global China, Southeast Asia

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<sup>9</sup> Manuscript prepared to be submitted to *International Journal of Urban and Regional Research* after incorporating contribution from co-author, Dr. Miles Kenney-Lazar (email: geokmr@nus.edu.sg).

## I. Introduction

It was a morning in late May 2018 when I finally met Mae<sup>10</sup> Manithong in front of her house on the eastern edge of Laos' capital city Vientiane. Her name had often come up during interviews with local villagers as a major land broker in this area known as *Beung That Luang*. Once home to a vibrant agrarian community, the area has been targeted by speculative capital in recent years, like the rural hinterland of many other cities across the global South. In particular, the land rush momentum accelerated after the arrival of a mega urban development project fueled by Chinese capital at the turn of 2010 (Vientiane Times 2011). Stories of the edge city, locally known as *Meuang Chin* in Lao language (literally translated as 'Chinatown'), that devastated the lives of the peasantry in *Beung That Luang* have hit multiple international headlines over the years (Doig 2018). Amidst contemporary backlashes against the global ascendance of China, what took place in peri-urban Vientiane has emerged to be one of the most circulated examples of its supposedly neo-colonial presence in Laos. In the words of dispossessed local villagers, middlemen like Mae Manithong were equally vicious as the predatory investors. She knocked on their doors to trick and pressure them into selling off their land.

An elderly woman in a casual shirt and a pair of mud-covered slippers, Mae Manithong was surprisingly open to talk about her controversial career as a land broker with me. As it turned out, she was among the first batch of villagers who fell victim to the land grab in *Beung That Luang* back in the early 2010s. In her struggles to cope with the sudden loss of a semi-subsistence livelihood, Mae Manithong improvised tactics to derive income by extracting kickbacks through mediating land deals. The fickle cash earned through these practices were crucial for her family to

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<sup>10</sup> Mae means mother in Lao language. It is a respectful way to refer to elderly woman.

get by in the aftermath of dispossession. Besides the twists and turns of her brokerage business, she also expressed a strong desire to exploit my network of Chinese investors in Vientiane to access more potential clients, especially the inexperienced ones who had just parachuted into the city's overheated real estate sector.

Individuals like Mae Manithong embody a form of in-between subjectivity that is common among residents today in *Beung That Luang*. At once victims of speculative urbanization, they now reinforce and perpetuate the very processes that underlay their grievances in the first place. At the core of these dynamics lies an important, yet under-recognized survival strategy that peri-urban peasants deploy to navigate rapid de-agrarianization. When dispossession becomes a seemingly inevitable fate, many begin actively inserting themselves into the real estate market to extract income to live in their landless future.

This paper articulates how the intertwined processes of speculative capital influx and ecological transformation in *Beung That Luang* has nurtured a more market-oriented peasantry over the past decade. It brings to light fluid and improvised tactics these individuals deployed in their everyday struggles to appropriate value from the booming property sector and its ramifications. In doing so, I seek to advance understandings of agrarian urbanism, a burgeoning endeavor from post-colonial urban scholars to comprehend the divergent experiences of peasantry at the receding rural fringes of southern cities (Upadhyay 2020; Balakrishnan 2019; Gururani 2019; Gururani and Dasgupta, 2018). In particular, the paper speaks to an emergent call in this scholarship to move away from dispossession-centered stories by shifting analytical attention towards inquiring into agrarian

communities' uneven integrations into frontier real estate market (Cowen 2018; Leitner and Sheppard 2018).

In addition, the account presented in this paper also contributes to debates on the politics and processes encapsulated in the contemporary globalization of Chinese capitalism, especially given its increasingly mediated presence in the urbanization of *Beung That Luang* (Chen 2020; Lee 2017). By unpacking the *ad hoc* strategies villagers deployed to bank on the ignorance of many Chinese investors for maximizing gains in land dealings, I crystallize some hitherto under-recognized agencies facilitating the territorialization of Chinese capitalism overseas. In contrast to pervasive imaginaries of southern peasantry as victims in the outward expansion of Chinese capital, the individuals I encountered leveraged it to circumvent other predatory land grabbing schemes, and sometimes extracted windfalls through these activities.

This paper is built upon data collected from 14 months' qualitative fieldwork conducted between 2016 and 2018 in Vientiane, Laos. I adopted mixed methods of interviews, focus groups, and archival analysis to capture peasants' variegated experiences in the swirl of urbanization in *Beung That Luang*. The rest of the paper is structured into four parts. Section II provides a succinct review of literature on agrarian urbanism. Section III maps out the context that set the stage for speculative enclosure on Vientiane's rural fringe. It also provides the methodology and data deployed for the research. Section IV elucidates how market conditions and ecological transformations over the course of de-agrarianization in *Beung That Luang* reworked the nuanced subjectivities of local peasants. Section V concludes the paper with reflections on the importance to relocate peasantry to the center of urban studies.

## **II Relocating the Peasantry in Urban Studies**

Contemporary urbanization in much of the global South does not follow the Rostowian trajectory charted by conventional western cities. Across today's urban frontiers marked by steep poverty, property-centric development has been producing skyscrapers and enclaved new towns that are not correlated to local demand (Nam 2017; Watson 2014; Percival and Waley 2012; Shatkin 2008). The proliferation of unused and underused high-end real estate, or 'skeleton cityscape' in Goodfellow's (2017) metaphorical rendering, is underscored primarily by speculative interest. Myriad of initiatives from transnational investors, domestic elites, and state actors are all working to capture rent gap amidst surging land and property values that have become the fundamental force driving urban transformations in southern contexts (Shatkin 2016; Goldman 2011; Roy and Ong 2011; Hsing 2010). Their agendas disproportionately target spaces inhabited by marginalized communities.

Informal settlements occupied by low-income proletariat, in places such as slums and shanty towns, have thus far drawn much analytical attention as one of the spaces particularly amenable to being incorporated into speculative urbanization schemes (Doshi 2013; Harms 2012). The pervasive pattern of demolition and reconstruction unfolding in these sites to make way for the accumulation of real estate capital are often legitimized through state-sanctioned, criminalizing narratives. This includes unaesthetic spaces that do not fit in the modern conception of ideal cities, and hotbeds of violence that threaten social orders, to encroachments that exacerbate the risk of urban environmental hazards like flooding (Doshi 2019; Gertner 2015; Auyero 1999). Such rhetoric, by blaming both the spaces and the people inhabiting them for problems rooted in broader historical-structural conditions, set them up for extremely punitive measures like forced evictions.

Critical scholars have been devoted to pointing out violence against vulnerable proletariat communities amidst urbanization fueled by accumulation interests. Their works highlight the crucial role these groups play in sustaining regular flows of cities, such as supplying labor to essential informal sectors like waste picking (Gidwani 2015). Despite the critical importance of this work, they are often left alone to find their own to fumbling strategies to make home in areas that lack access to basic necessities for social reproduction. Writing on informal residential areas in Bangalore, Ranganathan (2014), for instance, brought to light how the communities sourced clean water through ‘mafia’ practices that broke into state-run pipes and redistributed resources through tanks. The chaos and disorder that feature in the everyday politics among these individuals are, therefore, a manifestation of indispensable survival skills in southern metropolises plagued by uneven resource deficiencies (Simone 2018). Interested observers have reported the pervasive reproduction and exacerbation of inequalities in scenarios when such improvised ways of life are attacked for preventing the realization of spectacular urban dreams. They have also documented highly fluid and creative forms of negotiation and contestation from below, like organized moves to rework trajectories of development by paying to become small shareholders (Gillespie 2017; Ranganathan 2014; Harms 2011). The bulk of literature on the subaltern lives of urban proletariat have unpacked their nuanced experiences and sophisticated agencies in navigating speculative urbanization (Roy 2011).

Parallel to low-income proletariat, the agrarian classes who reside at the extended urban fringes of global South cities are known to be another category of common prey targeted by predatory capital. Today’s peri-urbanization across cities in late-development contexts in particular, is almost equivalent to the social-spatial reconfigurations of the rural hinterland they inhabit (Balakrishnan

2019; Levien 2012). However, while politics and processes encapsulated in the great transformations that have taken place on the edges of cities have been a persistent focus of inquiry in urban studies, the experiences of peasantry involved have hitherto received limited scholarly attention. What occupies the central stage in related accounts tends to be state actors striving to extract revenue from escalating land prices by assuming the dual role of both regulator and player in the property sector (Herlambang et al. 2019; Shatkin 2016), corrupt elites who abuse power at hand to facilitate the accumulation of real estate capital, a multitude of investors who swiftly mutate and adjust their strategies to reap fortunes in the boom and bust of property market (Fauveaud 2014; Weinstein 2014; Pauling 2012), and even mundane brokers like young men on motorbikes who drop by for land talks with farmers (Anwar 2018; Goldman 2011). The question of how agrarian communities on the ground navigate these dynamics tends to be reductively addressed with the theory of accumulation by dispossession (Leitner and Sheppard 2018).

The pervasive portrayal of peasantry as passive victims stands in stark contrast to the rich agencies that marginalized proletariat display when they are similarly confronted by speculative urbanization. This distinction reflects the extent to which urban studies is poorly equipped to engage with landed smallholders who, while they are integrated into urban wage labor systems to some degree, primarily build semi-subsistence livelihoods based upon agrarian production. The closest the field has touched upon this issue is the so-called ‘urban proletariat with agrarian characteristics’, who rely on practices of communing like livestock raising to supplement their meager income from wage labor (Jacobs 2018). After all, since its birth in the early obsessions with the morphology of cities, urban studies has been used to confining analytical scope to the

urban yet shying away from the ‘not yet urban’ who are in the process of becoming urban (Hart 2006).

Given how the dismantling of the rural is now a planetary pattern of urbanization underway in global South, Roy (2016) precisely pointed out the need to recognize that ‘today’s urban question is at once today’s agrarian question’. Her comment is echoed by a nascent group of scholars who arrived at similar conclusions through observations made across various locales (Upadhyा 2020; Balakrishnan 2019; Cowan 2019; Gururani and Dasgupta, 2018). Striving to bring together sporadic initiatives on this front, Gururani (2019) delineated the field of ‘agrarian urbanism’ to relocate the peasantry to the center of urban studies. He urges for collective efforts to map out the messy contours and contents of urbanization unfolding at ‘cities in the world of villages’ to complicate the ‘inevitable’ story of dispossession <sup>ibid</sup>.

The emergent body of literature falling under the thread of agrarian urbanism has unearthed the contingent and uneven experiences of dispossession among peasantry at the urban fringe. Although many felt scammed and looted in the often-voracious processes of land grabbing, cases abound when they are able to contest and rework the terms and conditions of dispossession. For instance, writing on the ‘land wars’ in India, Levien (2013) emphasized that the ‘powerful farmers’ groups on peri-urban plains’ are often able to enlist support from politicians to push for more favorable compensation rates or even prevent large-scale land appropriation as a whole. With legitimate claims to land and settlement histories that sometimes sponsored by state policies in the past, these communities possess much more collective bargaining power than agrarian populations in more rural settings (Balakrishnan 2019; Leitner and Sheppard 2018). In addition, in southern contexts

marked by extensive informalities, individual farmers are also able to swiftly play off different circuits of capital to secure occasionally rather lucrative deals for their property, even when faced with nefarious expropriation schemes (Upadhy 2020; Pathammavong 2019)

The image of peasants actively procuring land titles and maneuvering between brokers to extract ground rent prompts some to call into question the limitation of dispossession-centered analysis that define agrarian classes solely by experiences of oppression (Cowan 2018). When shifting towards inquiring the diverse ways in which they are integrated into emerging urban real estate markets, a set of long dismissed dynamics are uncovered. As urbanization redefines the logic in which land is valued by detaching it from irrigation and fertility, it can foster unexpected class upward mobilities among some particularly disadvantageous peasantry. This is exemplified by the life trajectories of many Jat and Yadav farmers in the rapid de-agrarianizing periphery of Delhi, who swiftly cashed out on their barren land at hand and have dived into property businesses to facilitate land dealings since (Gururani 2019). The stereotypical presumption of peasantry as losers in speculative games is further destabilized when juxtaposed with the ramifications of heightened risks built into the overheated property sector in the global South. Tracing the ups and downs of real estate market in Ratanakiri Cambodia, Baird (2014) showed that smallholders who sold land right before the sudden outbreak of a border conflict with Thailand in late 2000s emerged to be the unexpected winner in that land rush. As the political incident crashed local property markets, it was actually the investors who bought in at peak price who lost out in the process. Clearly, politics that occurred over the scramble to appropriate value from land markets lead to distributed and contingent possibilities for accumulation (Anwar 2018).

Looking beyond dispossession, peasantry is not just an obstacle to be removed for the production of urban landscapes, as in classic Marxist deduction. Rather, their variegated agencies to commodify and assetize land showcase that they are simultaneously what renders much of today's speculative city making possible (Gururani 2019). Built upon the burgeoning efforts to center agrarian classes in the politics of value grabs at the urban fringes, this paper zooms into *Beuang That Luang* community in the ebb and flow of speculative enclosure. The longitudinal approach excels analysis that dwells on a specific moment, in that it is capable of revealing important processes that cultivate and rework the subjectivities of peasants who flexibly repositioned themselves in the real estate sector amidst rapid de-agrarianization. The proliferation of individuals who hustle around in everyday land dealings for income generation is driven by intertwined forces of intensive capital influx and the ecological transformations it unleashed at the receding rural fringe of Vientiane.

### **III. Enclosing *Beung That Luang*: Late-socialist Property Regime and Speculative Peri-urbanization in Vientiane, Laos**

Embedded in a hitherto largely agrarian society, Laos' capital, Vientiane, is a modest sized city sitting on the bank of the Mekong river (Askew et al. 2006). According to a 2015 state census, it was home to 820,000 people, though the actual size of urban population today is believed to be around one million (Lao Population and Housing Census 2015). While it has rarely registered in existing urban scholarship, Vientiane has been one of the fastest growing cities in the world since the turn of 2000 (Walsh et al. 2013). The chaotic urbanization in Vientiane was jumpstarted by the authoritarian Lao state's push to liquidate the country's land bank during its neoliberal economic reform since late 1980s. The regime first embraced one of the World Bank's signature poverty

alleviation schemes, land tenure formalization, in the mid-1990s. State-orchestrated processes of mapping, zoning and titling, tested out first in Vientiane, effectively assembled urban land into a ‘thinkable commodity’ for circulation on the global market (Barney 2009; Li 2014). Large amounts of foreign capital have since trickled into the city’s real estate sector, accumulating wealth in the form of often untaxed rent. Since the early 2000s, driven partly by a motivation to harvest revenue from the booming property market, the state has launched an aggressive policy campaign that was later branded as ‘Turning Land into Capital’ (hereafter TLIC) (Kenney Lazar et al. 2018; Dwyer 2007). Central to the campaign are the institutionalization of mechanisms that enable state actors to expropriate land from smallholders and lease out to foreign investors in form of long-term concession <sup>ibid.</sup>.

In the context of Vientiane, its rural hinterland has been the primary target of expropriation under TLIC. Areas in a city situated on the floodplain of Mekong river are often formed through the conversion of natural wetland like marshes and swamps. Parts of these low-lying areas were categorized as ‘state land’ in zoning processes as they perform important tasks of flood attenuation and wastewater treatment for the entire city (Japan International Cooperation Agency 2011). Consequently, individuals who lay customary tenure claims in these zones were denied land titles that legitimize private property ownership. Instead, they were issued land use certificates, which grant a relatively more precarious right to only use state land. The graduated land tenure system effectively rendered wetland-based agrarian fringe of the city more ‘claimable’ by state for a variety of excuses (Ranganathan 2015).

Vientiane's most controversial case of land concession took place precisely within its largest wetland-agrarian zone, *Beung That Luang* (see Fig. 4). The strip of roughly 2000-hectare marsh lacing the city to the east was home to a once lively farming community constituted by 17 villages and over 7,000 households (Gerrard 2004). Though speculative real estate capital has been encroaching on *Beung That Luang* since late 1990s, it first came under the threat of a large-scale expropriation in 2007, when the Lao state was struggling to assemble financial resources for a national stadium needed to host the Southeast Asian Games. It entered an initial agreement that involved trading 1,600 hectares of land in *Beung That Luang* as concession for a \$100 million loan from China Development Bank (Vientiane Times 2007). This 'marsh for stadium' deal triggered an outpouring of public discontent. In particular, rumors that the prospective concession was to be developed into a Beijing-backed edge city exclusively for Chinese immigrants instigated mounting anti-Chinese sentiments in the city, and eventually forced the deal into a full stop.

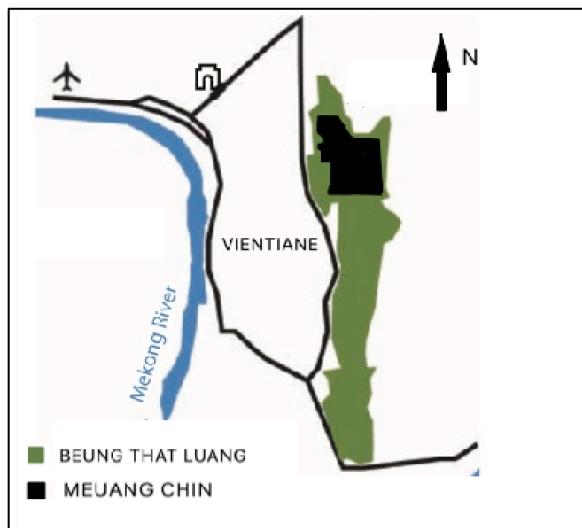


Fig. 4. *Beung That Luang* and *Meuang Chin* in Vientiane, Laos

However, in November 2011, the Lao government announced that it had entered into a new deal with a Shanghai-based private developer, Wanfeng Real Estate Group, regarding *Beung That Luang*. The arrangement granted 365 hectares of land at the reservoir of the marsh to Wanfeng for

99 years for an integrated urban mega project (Vientiane Times 2011). Though significantly downsized from the version in ‘marsh for stadium’ deal, this concession was still the largest of its kind that Vientiane has ever seen. In the official narrative, it is branded as ‘That Luang Lake Special Economic Zone’ that would bring about a range of public services to the city, such as economic growth, job creation, and infrastructural makeover<sup>ibid</sup>.

Yet, in reality, Wanfeng was only committed to lay down the foundation of the project and auction out land parcels at inflated prices to extract quick profit. By the time I conducted fieldwork in 2018, the concessional area had been turned into a patch of dry, stable ground gridded by paved roads and waterways that gave it some basic structures. Besides a small cluster of half-finished condominiums, the rest of the project remained barren ground waiting to be seized by the next wave of opportunistic investors. The site is nicknamed by the locals as *Meuang Chin*, a term which literally translates as Chinatown but also conveys implicit criticism towards the project. In the Lao language, *Meuang* historically refers to territorial entities that possess a certain degree of political autonomy. In its earliest form in the pre-modern era, the word meant self-governing city-state in the mandala system occupying the land known as Laos today. Therefore, the very act of calling the special economic zone *Meuang Chin* reflects the local perception of it as a manifestation of Chinese capital encroaching on the political integrity of Laos.

Unsurprisingly, the arrival of *Meuang Chin* turned the area into an epicenter for property speculation. Over the span of less than a decade, the majority of land once in the possession of smallholders has fallen into the hand of investors. With this background in mind, *Beung That Luang* thus offers abundant opportunities to examine the experiences of peasantry amidst

speculative urbanization. The improvisational tactics they deployed to navigate the flurry of changes since 2010s and the subsequent implications are the focus of this paper. To capture these dynamics, I conducted community-based fieldwork in three villages (*Xieng Da, Nong Vai, Meuang Noi*) on the east side of the marsh in February, April and May 2018.<sup>11</sup> This part of the marsh is known to be the more rural side of *Beung That Luang*, where households traditionally demonstrate a heavier dependence on agrarian production for livelihood. The core of the empirics presented in the paper was collected through 42 qualitative interviews and 4 focus group discussions with villagers (group size ranging from 3 to 15). I took an ethnographic approach in these exchanges, encouraging villagers to reflect on the urbanization of *Beung That Luang* in terms of how it related to their lives. I further enrich the account with data sourced from qualitative interviews with actors from government, private sector, civil society, and research institutes, who are well informed or personally involved in the urbanizing of *Beung That Luang*. These interviews were conducted sporadically throughout 2016, 2017 and 2018, during my multiple research visits to Vientiane. Archival materials collected along the way, such as official documents, NGO reports, and media coverage, are also incorporated into the analysis presented in the paper.

In what follows, I take *Beung That Luang* at the brink of *Meuang Chin* as the entry point of analysis. By narrating a longitudinal story that places local community in the swirl of market and ecological changes since, I highlight how some of the once agriculture-oriented individuals became integrated into the emergent urban real estate market to varying degrees and reshaped the piecemeal transformation of *Beung That Luang*.

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<sup>11</sup> Community-based fieldwork was conducted with the help of a Lao research assistant.

## **IV. The Peasants In Between: Subject Formation in Market Encounters and Ecological Remaking**

### **4.1 The Rumored Expropriation**

Mae Kesone had just woken up from a nap when I visited her one afternoon in April 2018. An elderly lady sitting in front of her ramshackle house, she was referred to me by a *nai ban* (village headman in Lao) as an exemplary victim of *Meuang Chin*'s expropriation. She took a long pause to collect her memory, when I asked about her unpleasant encounter with the project. It was a couple strangers, allegedly gold shop owners from the city, who first broke the news to her, as Mae Kesone recalled. They drove by and approached her while she was tilling her paddy some time at the turn of 2010. The strangers offered to buy her land and added a remark she was about to hear repeatedly in the coming years, '*If you don't sell your land now, you will lose your land for nothing to a development project!*'

Though Mae Kesone was not able to pinpoint the exact time when this mundane event occurred, it clearly took place before the Lao state's official announcement of *Meuang Chin* in November 2011. And it took another several months after that for affected households to be summoned in batches and told to 'sacrifice' their land for alleged national interest by the *nai ban*. Towards the end of the monsoon season in 2012, expropriation came to an end. The vast majority of villagers with land title/use certificate on the east side of *Beung That Luang* received a standard compensation rate of 30,000 kip/m<sup>2</sup> (roughly 3.5 USD/m<sup>2</sup>). This meager figure, which was equivalent to roughly 10% to 20% of the market value of land locally back then, sparked unparalleled discontent among farmers who were directly targeted. Yet there was barely room for

them to resist such an exploitative scheme that had enlisted resolute support from some of the most powerful politicians ruling this authoritarian country.

When compensation was distributed, and wooden markers were evenly placed on the ground to delineate the border of *Meuang Chin*, villagers were finally relieved from anxieties invoked by overflowing rumors about the range of land that would be incorporated into the project. Much of the misinformation was intentionally initiated by well-connected Lao elites who were able to follow first-hand updates on *Meuang Chin*'s deal from early on, before it was made known to local community. They began racing to *Beung That Luang* to scoop up cheap land when the project was close to being penned down on paper. Acting upon villagers' dearth of knowledge about details of the concession, many investors deliberately exaggerated its size to rush the locals into a wave of panic sale driven by fear of losing land to low compensation. This was testified by a few locals, whose paddies later turned out to sit over 200 meters away from *Meuang Chin*. They recalled that even they were told many times their properties were included in the project before it was finally mapped out in *Beung That Luang*.

Drowned in rumors drummed up by investors, some villagers gave in to fear and sold off their paddies in a hurry. Among them was Mae Kesone. She initially turned down the gold shop owners' proposal and passed up on the alleged 'development project' they mentioned. However, when a municipal official handling *Meuang Chin*'s land survey confirmed that her paddy fell within the range of the project, she decided to secure a deal right away. Ironically, it was this official who broke the bad news to Mae Kesone who ended up buying up her land, at the price of 800,000 baht/rai (roughly 15 USD/m<sup>2</sup>). As it turned out, the paddy was exempted from *Meuang Chin*'s

expropriation. Rather, it lied squarely along the project's border and, thus, experienced the most intensive price hike after the arrival of the project. Today land in this micro-location is circulated on the market at a unit price between 200 to 300 USD/m<sup>2</sup> or higher, depending on bargaining skills. Mae Kesone teared up as she recalled to me, with enormous regret and rage, how she was apparently tricked by that calculated official into the poor deal back then.

Villagers' ability to navigate rumors of dispossession depended in large part upon their nuanced social positions. Those who were themselves, or had close relatives, employed in public sector, in particular, were often more capable of identifying misinformation with bits and pieces of gossip they captured from reliable sources within the government. Traffic police, soldiers, teachers in public schools, my fieldwork encounter showed that it was not rare for members of local households to hold such mundane positions in state institutions. While the extended rural fringe of cities in Southeast Asia is traditionally featured by individuals who are enmeshed in the urban wage labor system alongside agrarian production, the common presence of civil servants and the like within *Beung That Luang*'s community is also a manifestation of the area's settlement history (McGee 2009). In the aftermath of the country's communist takeover in 1975, the Pathet Lao regime allocated land at this locale to many low-ranking soldiers who fought by its side as reward (Kyophilavong 2008). This social-political legacy has persisted over the years, producing a pattern of continuous formal sector employment across generations in some local families.

Mae Kesone's neighbor, Por<sup>12</sup> Toui, was among the well-connected ones within local community. The village elder had a relative working in a district land office in Vientiane, who occasionally

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<sup>12</sup> Por means father in Lao language. It is a respectful way to refer to elderly man.

updated him about *Meuang Chin*'s details back in early 2010s. In our exchange, he constantly referred to the relative as the source of information to articulate details of the institutionalized mechanisms through which land for *Meuang Chin* was assembled. The connection made a crucial difference: Por Toui was able to hold on to his paddy bordering *Meuang Chin* against investors' predatory offers, while Mae Kesone sold off hers. By the time we met in 2018, the land of 2 rai (1 rai equals 0.16 hectare) was still in his family's possession. Needless to say, given the skyrocketing land price in the area, the family could easily extract windfalls if trading their property on the market today.

While rumors about *Meuang Chin*'s expropriation scope were well dissolved by the time it was mapped out in *Beung That Luang*, gossip about prospective land grabbing development projects in the area continued on. From a four-lane road that would further integrate the area into Vientiane's modernizing transportation network, to rudimentary sewage treatment systems that require upgrades to service urban expansion, to the myriad of real estate projects framed as new vocational schools, or a golf resort, and so on. Indeed, some of these alleged initiatives were made up by solo investors in their sporadic efforts to drive a hard bargain. However, most of the talks around upcoming land expropriations did have groundings in reality, though to varying degrees. Some powerful circuits of Lao and Vietnamese capital hovering over *Beung That Luang* plotted these schemes and worked through related government bureaus to procure formal supports. The increasingly neoliberal-minded Lao state was also welcoming private-led initiatives that would set the city on a fast track to modernization. It was the convergence of these interests that nurtured a stack of random, uncoordinated, and often competing land seizing schemes in *Beung That Luang* since *Meuang Chin*'s arrival.

The ceaseless rumors of expropriation and their uneven realizations created a condition that propelled many of the yet-to-be dispossessed *Beung That Luang* peasants to gamble away their land in the real estate market. For these individuals, the eventual dispossession seemed destined, yet how it would actually happen remained up in the air. Why not take the matter into one's own hands rather than going through the everyday anxieties of not knowing what will happen next? Many, thus, began paying excessive attention to the twists and turns in the local property sector and strived to lure investors who would offer ideal prices to buy up their paddies. Their gambler mentalities were further reinforced by a set of biophysical processes unfolding in *Beung That Luang* in parallel to the influx of speculative capital.

#### **4.2 The Water Problem**

Ai<sup>13</sup> Seng recalled that it was one day towards the end of the monsoon season in 2012, when he saw a team of district officials approaching an irrigation pump a dozen meters away from his house. They dismantled the pump and drove away with it on truck, leaving behind only a section of concrete pipe sticking out from the ground. The removed pump was one crucial node in the irrigation system that gave life to dry season rice cultivation on the outer rim of *Beung That Luang*, where Ai Seng's remaining land was located. In the past, this area was only watery enough for farming during the rainy season. From the 1980s to early 2000s, four irrigation canals were consecutively laid down to enable another cropping cycle during the dry season. This infrastructure embodied the Lao state's past efforts to achieve rice self-sufficiency, i.e. its primary developmental agenda during socialist nation building (Evans 1995). Built with foreign aid and technology from the Soviet Union, Japan, and the European Union over the years, the system in *Beung That Luang*

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<sup>13</sup> Ai means brother in Laos. It is a respectful way to refer to young man.

used the reservoir of the marsh as a natural aquifer for water storage (Schiller et al. 2006). During the dry season, water from the Mekong River would be injected into the reservoir first, and then siphoned out for irrigation.

Following the removal of the pump, pipes hidden beneath paddy fields were dug up and irrigation canals filled. The series of physical devastations on the water infrastructure put an immediate end to agrarian production during the dry season in *Beung That Luang*. For many local households that conducted two cropping cycles per year, it was equivalent to losing a lion's share of baseline income all of the sudden. Taking Ai Seng's family for example. On their 10 rai's rice paddies, the family was able to produce four tons of rice during the rainy season and five tons during the dry season. The rainy season rice was enough for yearly household consumption while the dry season rice, which reportedly was of better quality, would be sold to generate a cash income. Around 2010, Ai Seng's family was making around 10 million kip (USD 1,200) per year by selling dry season rice alone, a sizable amount of money in a country with a per capita GDP of USD 300 at the time (World Bank 2019). Yet their relatively affluent agrarian livelihood was ruined with the destroyed irrigation system.

Villages were at once furious by the unannounced dismantling of water infrastructure, but also puzzled by the underlying intention. They had it well figured out by the time of my fieldwork. '*Meuang Chin cannot be built with too much water*', said Ai Seng. He was referring to the hydrological re-engineering necessary to plug a mega real estate project into the reservoir of the marsh. As with the historical enclosure of wetland elsewhere, the first step to take when transforming muddy, spongy land into solid ground suitable for construction involves draining out

existing water (Collins 2017; Biggs 2012). Turning off the irrigation system that channeled Mekong River water into the reservoir was therefore a mandatory prelude to *Meuang Chin*'s materialization on the ground.

As the project's construction progressed forward, some of the villagers found that their traditional farming practices during rainy season were also severely affected. Central to this change was the remade morphology of *Beung That Luang* over massive land reclamation occurred to lay the foundation for *Meuang Chin* (see Fig. 5). When the monsoon finally subsided in November 2012, *Meuang Chin*'s developer Wanfeng sent dozens of excavators, dump trucks, and bulldozers into *Beung That Luang*. They worked ceaselessly to fill up the hinterland of marsh. Over the span of just a few months, what was once the lowest lying area of the marsh was effectively elevated into a patch of high ground. By the time monsoon returned again in 2013, local farmers realized, through their embodied experiences, the extent to which micro hydrology of the marsh had been altered, and its deadly implications for their agricultural production.



Fig. 5. Land Reclamation for the Construction of *Meuang Chin*

Among those who bore the brunt of the hydrological consequences of *Meuang Chin*'s land reclamation was Por Toui. Though the village elder had navigated rumors of expropriation with rather smart maneuvers, he found there is hardly an easy remedy for the water problem. The construction work erected a 2-meter wall of earth by his land as it sat right along *Meuang Chin*'s border. The new landscape rendered the paddy easily inundated during the rainy season, since water would accumulate on the plot for days, instead of draining into the reservoir like before (see Fig. 6). To illustrate the severity of the problem, Por Toui insisted on taking me on a tour to his land several days after a regular downpour had just drenched Vientiane in April 2018. Almost two thirds of the paddy were still submerged under water at the time, causing enormous difficulties for him to cultivate rice. In more or less the same boat with Por Toui, Ai Seng aptly summed up *Meuang Chin*'s overall hydrological impacts on their farming practices: '*Too much water in the rainy season, too little water in the dry season*'. Unlike Por Toui, who was still trying his best to grow crops over the monsoon, he had given up farming for good due to challenges posited by the water problem by the time we met.



Fig. 6. Flooded Paddies in *Beung That Luang* after the arrival of *Meuang Chin*

Beyond steep income decline caused by the deteriorating irrigation conditions, material processes to actualize *Meuang Chin* also destroyed the once fertile wetland ecology that supplied abundant common resources for the local community. Activities like fishing, foraging, and livestock raising were once crucial components in the livelihood of *Beung That Luang* peasantry. These practices not only reduced their reliance on the market for everyday necessities, but also brought in sizable cash income in addition to that generated by sedentary farming. Por Toui, for instance, had a dozen naturally formed small fishponds on his paddy. He recalled that, in the past, affluent urbanites from the inner city would drive over to buy fish from him every now and then: ‘*I would pump water out from the ponds on my paddy and sell them the fish. It would not take long for new fish to fill up the ponds again*’. Indeed, whenever the marsh became overflowed with rainwater, the fish population living in the permanent reservoir would be washed over and become trapped, initiating new cycles of reproduction in the empty pond. He was able to collect around 100,000 to 200,000 kip (11 to 22 USD) each time for selling a pond full of fishes. Needless to say, *Meuang Chin*’s wholesale land reclamation wiped out the reservoir, and nearly decimated the thriving aquatic ecosystem in all of *Beung That Luang*. When Por Toui invited me to join lunch at his house, he treated me with a plate of grilled fishes that were each of the size of my thumb. These tiny fingerlings were all that was left for him to catch nowadays, a devastating reality he was still struggling to reconcile with.

The environmental transformations integral to the material production of *Meuang Chin* reworks the subjectivities of *Beung That Luang* peasants. Many former agricultural-oriented villagers became desperate to find new ways for income generation and resolved to cash out their paddies that did not possess much use value anymore. ‘*A lot of people started considering the option of*

*selling land after irrigation conditions changed.*' This was a point explicitly raised by Ai Seng and echoed by many local residents I met. This pivot away from agrarian livelihood due to the reconfigured biophysicality of space was yet another case that exemplified the materiality of dispossession (Perreault 2012; Sneddon 2007). As discrete land parcels continued to fall into investors' possession, the ecology of *Beung That Luang* has also become increasingly difficult for agrarian production over the years. Most of the speculators sought to immediately conduct land reclamation upon seizing paddies in this area. Their activities were indeed underscored by strong interest in boosting up the exchange value of land in the property market. However, part of these dynamics were also fueled by an intention to drive peasants off the land by further exacerbating the irrigation problems. In this largely agrarian society, it is a common trick for experienced investors to facilitate land grabs by remaking the micro-hydrology of farmland. When increasing numbers of landed *Beung That Luang* peasants ventured into the frontier real estate market to secure cash for life in their landless future, they began to take up important, yet often ignored roles in shaping the piecemeal transformation in post-*Meuang Chin Beung That Luang*. Their *ad hoc* strategies to cash in on property sector, and the subsequent ramifications, are spotlighted in the next section.

#### **4.3 The Right to Speculate**

As a researcher who set out to examine the experiences of the local community in *Beung That Luang* over the course of a decade of capitalist enclosure, the result of my initial exchanges with villagers were filled with bitter memories of dispossession and longing for the idyllic past. Among the peasants who were highly critical about the dynamics that had taken place in the area since *Meuang Chin's* arrival, Por Keo, a retired *nai ban* who had been servicing his villager from the

early 1990s to mid 2010s, left an indelible impression on me with his sharp remark. According to him, dispossession unleashed by the mega project had led to devastating moral degradation among the younger generation in his community: '*Without land to farm, young men hang around all day, play games, gamble, and become motorbike gangsters. Young women become prostitutes.*' I had many follow up conversations with Por Keo as his words very much reminded me of the ongoing debate around capitalism's 'surplus labor' issue in scholarly circles. Yet, as we got to know more about each other, the theme of our conversations gradually departed from criticizing the ramifications of speculative urbanization in *Beung That Luang*. Upon learning that I was affiliated with multiple Vientiane-based Chinese companies and business associations at the time, he demonstrated keen interest to explore my connections with the private sector.

The fluidity of my own positionality gradually helped expose the market-oriented agencies of villagers that many tried to hide, consciously or subconsciously, at the beginning of our encounters. The explicit moment when Por Keo revealed that aspect of him came one day towards the end of my community-based fieldwork. He called and asked if I had time to catch up. Surprisingly, this time he came with a couple copies of his land title. He asked whether I could use my connections to help him sell his remaining 1 rai paddy located at the border of *Meuang Chin*. '*For this plot, I want to sell at a unite price of 250-300 USD/m<sup>2</sup>.*', Por Keo said this while writing down his contact information on the documents. They were prepared for me as a hook to lure potential Chinese investors into a deal with him. As our conversation delved into more details about this specific piece of land, he reassured that it was not attached to any additional regulatory restrictions that could undermine investors' interest. I walked away that day firmly believing that Por Keo was initiating an honest land dealing.

However, as it turned out, the tactics individuals like Por Keo adopted in their attempts to capture rent gap demonstrate a remarkable resemblance to those of investors who tricked many of the locals in the first place. I unearthed this unexpected parallel through interviews with officials from *Beung That Luang* Special Economic Zone Committee, and Vientiane Department of Agriculture and Forestry. As it turned out, paddies buffering *Meuang Chin* were zoned into the preservation area of the special economic zone since its establishment. They were formally banned from trading on the market, and instead set aside for infrastructure projects potentially needed to further integrate *Beung That Luang* into Vientiane's urban fabric, like expressways and drainage systems. According to the officials, the restriction had been made known to affected households since the early 2010s. In retrospect, it actually popped up briefly in my conversations with a few villagers. As the then *nai ban* tasked to inform his community with all kinds of regulatory updates, Por Keo was undoubtedly aware of the restriction. Additionally, by the time of my fieldwork, the *That Luang* Lake Special Economic Zone committee was actually in conversation with Vientiane Municipal Department of Public Work and Transportation to appropriate land in preservation zone for building an upgraded urban drainage system. The new appropriation scheme had been made known to village-level administrators that Por Keo still kept close daily exchanges with. These dynamics explain why he had been eager to locate a potential buyer from me. He had been intentionally withholding the important information from me in the hope of securing a good bargain for his paddy.

Regulations that set barriers to trade land across provincial locations in the name of urban planning are rather common in Vientiane. In reality, they are mostly not implemented effectively. The elite, with money and social connections, can easily pull strings to transfer titles of land that are formally

barred from circulation on market. Yet such restrictions did affect the market value of land to varying degrees. Once learned by investors, they would be leveraged during land talks to drive down prices. This explained why, when Por Keo approached me for potential investors, he complained about some interested buyers who had approached him before but offered prices that were hardly satisfactory to him. It also underscored his apparent disposition to market his paddy to Chinese investors. For foreigners who parachute into Vientiane with great aspirations for wealth in its frontier property market, Laos' opaque, inconsistent, and fragmented land regulatory regimes have proven to be deadly (Baird 2019; Lu and Schönweger 2019). Many are not able to tell basics like the difference between myriad forms of land tenure documents, let alone decipher additional legal strings attached to land, that are often accessible only through making inquiries with the specific officials in charge. Thus, unlike shrewd domestic elites, they are known to be lousy in bargaining and almost always end up paying higher price, in some cases a few times more than the price that would be dealt between Lao people.

This phenomenon is particularly salient among Chinese investors, who began swamping Vientiane's property sector since late 2000s. The trend is, in part, instigated by the Chinese state's geopolitical and geo-economic pivot towards Laos in recent years as the country began to feature predominantly in Beijing's Belt and Road Initiative for hosting a mega railway project under construction (Chen 2020). The prospect of a game-changing railway, coupled with China's domestic economic downturn over the past decade, have driven an unprecedented amount of Chinese capital into Laos. The intensity of capital influx from China is tangibly felt in Vientiane's real estate market. Besides a range of eye-catching urban mega-projects financed by Chinese capital like *Meuang Chin*, a substantial group of solo Chinese investors are actively engaging in

everyday buying and selling of land for quick profit extraction (Chen, under review). They are drawn to the urban property sector not only for its potential for speculative accumulation, but also because it offers convenient routes for money laundering (Baird 2014). These Chinese investors tend to be capital loaded and eager to locate investment outlets, but at the same time possess a dearth of knowledge about local context in comparison to other major groups of foreign investors like the Vietnamese, Thai, and overseas Lao. These naive individuals thus emerged to be an easy target to hustle for speculative peasants like Por Keo.

Admittedly, commodification of land in everyday trading practices was nothing alien to the community in *Beung That Luang* long before the intervention from *Meuang Chin*. However, much of the essential tacit knowledge villagers depend upon to navigate the real estate sector today, like selective presentation of information, was acquired rather recently through their encounter with predatory capital. The words of Mae Manithong, the controversial figure featured in the opening vignette of the paper, explicitly made the point. It was ironically her own experience of dispossession that inspired her to rebuild her livelihood through a career as a land broker in the first place. It all happened after she sold off her paddies in *Beung That Luang* over fear for expropriation in 2012. Mae Manithong was accidentally recruited by the very investor who bought her land to coordinate deals with her neighboring smallholders. She was promised a few million kip (1 million kip equals 110 USD) for each deal she helped to seal back then. The experience was so eye opening for Mae Manithong that she still spoke of it with awe when we met, '*I never knew land speculation was so lucrative before!*'. She dived into the business of property brokerage and has been involved ever since.

Given the nature of her work, Mae Manithong too, went out of the way to ask me for references to potential Chinese investors. She even took me on to a tour around her village to showcase her superb skills as a middleman. ‘*This road will be paved soon, so it is a good time to buy up land next to it now*’, ‘*The family who own this plot is still hesitant to sell it, but I can talk them into a deal*’ etc. Mae Manithong’s readiness to exploit her knowledge of the local community to facilitate property speculation vividly reflected what Hall et al. (2011) termed ‘intimate dispossession’. Her activities have, over the years, left her with a questionable local reputation: a few villagers who sold their land through her were suspicious that she had sided with investors to skim off them in brokerage processes and spoke of Mae Manithong with much resentments behind her back. Yet, even as she soured her name in efforts to seize income through land dealing, the fickle flow of commissions earned was still barely enough for her family to get by. Clearly, there is a qualitative difference between the gains a landed villager like Por Keo and a landless broker like Mae Manithong could secure in the booming real estate market. ‘*Please refer any Chinese who are interest to buy land to me!*’ the worn-out old lady kept reminding me as I waved goodbye on motorbike.

Subject like Por Keo and Mae Manithong embody a set of contradiction that lie at the core of the ongoing speculative urbanization of *Beung That Luang*. By adopting often deceptive tactics to maximize income from land speculation, these villagers have inadvertently perpetuated the everyday ‘culture of corruption’ (Smith 2008) in Vientiane’s real estate market, which contributed to much of their own grievances over the course of dispossession. Indeed, they lambasted investors for fraudulent practices like intentional rumor making. The narrative, however, mirrors the precise lexicon investors deployed to speak of the shrewd peasants they ran into in their own pursuit for

land. Within Chinese business community in town, for instance, a main thread in the day to day gossip centers around shared experiences of being hoodwinked by seemingly naïve Lao villagers during property investment. Tricks such as intentional withholding of important information, as wielded by Por Keo, were rather rudimentary compared to the more sophisticated schemes involving villagers selling off the same plot of land to multiple investors at once, then disappearing into the ether with the batch of payment collected.

*Beung That Luang* peasants' everyday hustles in the real estate market were manifestation of their tooth and nail fight for the right to speculate. As a marginalized social group, they possess neither the institutional power to re-write rules for the great land gamble, nor the privileged access to inside information that is crucial for manipulating the game. Consequently, many felt they were losing out in the competition for value grabbing at the receding rural fringe of Vientiane due to the structural inequalities. Such sentiment was vividly reflected in the remark of a farmer who had initiated a court case over a land dispute: an investor scooped up his paddy cheaply by enlisting an ad hoc regulation that banned him from selling the property to anyone else. He was enraged to find out how the investor himself later skillfully auctioned off the plot among a group of interested buyers to amass wealth, '*why was he (the investor) allowed to sell to anyone, but we (the local) were only allow to sell to him?*'. Today, a strong demand for a righteous share of their property's exchange value in the booming real estate market has emerged to be the focus of land politics among villagers in *Beung That Luang*. In their struggle for distributive justices in the property sector, the vast majority had to resort to nuanced, non-confrontational tactics, or 'weapons of the weak' in Scott's (1985) term, like the stories of Por Keo and Mae Manithong. These practices,

while enabling some to secure sizable amounts of income through land dealing, collectively reinforced the momentum of capitalist enclosure on *Beung That Luang*.

## V. Conclusion

Contemporary urbanization in the global South disproportionately impinges on spaces inhabited by marginalized communities. Besides informal settlements, like slums and shanty towns dwelled upon by low-income proletariat, the extended rural fringes of cities are also increasingly targeted by real estate capital. However, the experiences of peri-urban peasantry in urban transformations are often reduced into a singular story of ‘accumulation by dispossession’ (Cowen 2019; Leitner and Sheppard 2019). Urban studies, which traditionally confines the scope of the urban, is poorly equipped to engage with the ‘agrarian question’ (Roy 2016). Given that dynamics unfolding on rural-urban interfaces are crucial constituencies to city making today, there has been an emergent endeavor to center peasantry in urban scholarship. Branded as ‘agrarian urbanism’, burgeoning efforts in this realm have ‘denaturalized dispossession’ by emphasizing the contingent and uneven experiences of peasantry in their encounters with speculative capital (Upadhyay 2020; Gururani 2019; Balakrishnan 2019).

This paper contributes to conversations on agrarian urbanism by pushing analytical attention beyond dispossession. I contend that peasantry in rapid de-agrarianizing contexts play important yet under-recognized roles in shaping the contours of frontier real estate markets. My argument is illustrated through the divergent experiences of farming communities dwelling on the receding rural fringe of Vientiane. The arrival of an enclaved new town fueled by Chinese capital in the early 2010s unleashed an unprecedented influx of real estate capital and spatial-ecological

reconfiguration in the area. These intertwined processes prompted many previously agriculture-oriented locals to actively explore opportunities for income generation in the property sector. Their discrete and improvised practices to auction their paddies out to investors and broker land deals for kickbacks reinforced the speculative momentum that has been enclosing *Beung That Luang*. By locating farmers in the great scramble to capture ground rent gap, I bring to light their struggles over for the right to speculate in a booming real estate market. Clearly, peasantry's everyday politics over land are not confined to anti-dispossession agendas. Over the course of speculative urbanization, what *Beung That Luang* residents are increasingly longing and fighting for is instead, distributive justice in the property sector.

Given the entanglements between Chinese capital and *Beung That Luang*, this paper also sheds light on the divergent ramifications generated by the ongoing globalization of Chinese capital. Apparently, some circuits, like the one fueling *Meuang Chin*, enlist power from the local state and elites for speculative accumulation at heavy cost to local community. Others, however, can serve as a handy fix for peasants who are eager to extract income from frontier real estate markets marked by extensive informality. Central to these dynamics lie individuals from the bottom of the social echelon who have, as Ong (1999) promptly summed up, '*readily submitted to the governmentality of capital*'. They navigated everyday life with an ultra-practical ethos, which denotes priority to whatever would work to make ends meet. Though discontent towards Chinese capitalism was strong and genuine, individuals like Por Keo nevertheless facilitated its territorialization through their everyday hustles in property sector. Their nuanced agencies are crucial to decipher the emergent geographies of Chinese capitalism today.

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## **Conclusion: The Power of Mirage**

This dissertation has examined the power mechanisms through which the Chinese state shapes the trajectory of outbound capital through BRI. To do so, I used qualitative methods to explore the everyday politics practices and conflicts that work to materialize BRI across three different sites. In chapter 1, I examined a BRI branded railway that had run into difficulties during construction after the Chinese state's arranged financial resource failed to arrive. The Chinese companies that had won contracts to build the railway were subsequently compelled to invest more of their own money into the project, which they counterbalanced by withholding wages for laborers. When Laos workers protested, they were ultimately paid off and then replaced with workers from China who would be easier to exploit.

The key theoretical contribution of this chapter is to extend work in economic geography on the power geometries of public debt. Much of the relevant scholarships tackle the question of how debt relations expose indebted states to the exploitation of creditor powers and the subsequent implications (Furlong 2019; Peet and Hartwick 2015; Allen and Pryke 2013). While bearing important insights, they have been disproportionately ‘future-oriented’ by taking pre-established debt relations as an entry point of inquiry. The disposition ignores that debt of any kind is a temporal concept, as creditors claim debtors’ future labor of repayment through present practices of lending (Vidal 2018; Peebles 2010). The contingent and contentious processes through which public debt is created often have important, unexpected, and under recognized implications on the ground. They need to be placed under analytical spotlights. I illustrate this point through the cascading impacts generated by politics of sovereign debt making for the BRI railway in Laos.

In chapter 2, I explored the Chinese diasporic associations that have recently proliferated across Vientiane in response to the Chinese state's efforts to co-opt overseas Chinese for BRI. I showed how the leaders of these institutions try to present themselves as the ideal diasporic subject, so that they can gain official recognition from Beijing and boost their own symbolic capital. This, in turn, enabled them to act as local brokers to newly arrived, inexperienced Chinese businessmen looking for investment opportunities in Laos. In the opaque brokerage processes, they were often able to extract windfalls in forms of commissions and kickbacks from their clients while persuading them to make investments that were often wildly inflated or illegal.

The key theoretical contribution of this chapter is to enrich political geographers' works on contemporary state-diaspora relations with feminist intervention. Inspired by the 'diaspora turn' in neoliberal global policy arena, scholarships in this vein have been bringing to light emerging political rationalities and social-technical regimes crafted by nation state to govern extra-territorial population (Raj 2015; Ragazzi 2014; Larner 2007). Despite the insights, they analytically prioritize elite political agencies from the above, which reduces transnational communities into passive groups of actors ready to be recruited into myriads of condescending schemes. I contend for the need to broaden the subjects of 'the political' in these dialogues as feminist critiques on political geography have long urged for (Faria 2014; Hyndman 2012; Nagel 2005). It can open up space to account for nuanced ways in which emigrants and sojourners respond to calls from homeland today. The merit of such analysis is showcased through the everyday hustles within Vientiane's Chinese business community to appropriate and rework resources extended from Chinese state for diaspora engagement, as I captured in the chapter. These hidden dynamics are crucial to comprehend why

there has been a visible presence of pro-Beijing Chinese diaspora across the world, and the complicated implications of such presence to Chinese state.

Finally, in chapter 3, I examined how the peasants living at the rural fringes of Vientiane are navigating the land speculation that has become rampant in recent years. I showed how the arrival of a mega urban development project financed by Chinese capital exposed their farmland to speculators looking to make a quick profit by seizing rent gap. Those who stayed also found that the construction of project transformed the local ecology, making it extremely difficult for them to continue farming. Consequently, when speculation increased again based on rumors about BRI investment, many of them began to actively look for ways to sell their remaining land. They gambled their properties on the market, hoping to maximize gains by securing investors who could offer good price. Many ended up targeted naïve Chinese businessmen whom possess little tacit knowledge to navigate the frontier real estate market of Vientiane.

This chapter responds to recent call from post-colonial urban scholars to relocate peasantry into the center of urban analysis (Upadhyay 2020; Gururani 2019). Their reasoning lies in that a lion share of urbanization in southern contexts today precisely involves the dismantle of the rural in the urban. However, as urban studies are traditionally poorly equipped to research the experiences of agrarian communities in these dynamics, those who inquire these dynamics tend to repeat a default story of ‘accumulation by dispossession’ that reflect only a fraction of realities (Cowen 2018; Leitner and Sheppard 2018). Echoing these critiques, I shift analytical attention away from dispossession, and instead focus on how urban peasantry are unevenly integrated into frontier real

estate market. Insights from the chapter reveal their nuanced agencies in facilitating and reshaping the contour of speculative urbanization.

My overall contentious in this dissertation is that the core productivity of BRI does not come from some secret and calculated policies that Beijing carefully plots out. Rather, the state has invoked a vague, yet enticing, vision for global capitalist future through BRI and then leveraged this vision to mobilize capital for its effective fulfillment. Myriad spatial and material processes provoked by the imaginative geography of BRI have come to co-constitute the contours and content of contemporary Chinese capitalism overseas. The de-centered yet omnipresent power through which the Chinese state stimulates capital towards realizing its grand agenda conforms much closer to the rationalities and techniques that Foucault (1991) conceptualized as “governmentality” rather than a form of top-down governance.

Since BRI is an assemblage of different actors engages in improvisational practices motivated by a range of different interests in different locales, the collective effects of these dynamics often end up producing state’s ideal vision only in partial, halting ways. This is well illustrated through the ramifications generated in the making of trans-Laos railway. As contingent financial problems exacerbated tensions between state capital, private capital and construction laborers on the project, Chinese state’s desire to use BRI infrastructure to jumpstart a new round of smooth spatial fixes for its crisis-laden domestic economy was derailed. It ended up with new problems at hand, as manifested by angry *laoban* and workers who suffered economic losses for taking part in BRI, as well as clumsy SOEs that were pushed further into fiscal instability for accommodating emergent

challenges in infrastructure finance. Therefore, for Chinese state, BRI remains a mirage that it can never be fully realized in reality.

BRI is also a mirage for the wide range of Chinese actors who embark on overseas adventures to strive toward an advantageous position in the vision it projects. This dissertation is full of accounts detailing how these individuals' great aspirations are easily crushed by unexpected encounters along the way. Stories of opportunistic local Chinese in Vientiane, who guided inexperienced investors into making bad investments that created opportunities to amass wealth for themselves through bribes and kickbacks make a particularly strong case. Their sophisticated tricks and everyday hustles, which depend on appropriating and reworking Chinese state resources for diaspora outreach, were nearly impossible for investors to understand and avoid.

Last but not least, those who find the mismatch between BRI's vision and reality should also include a large global audience who are sensationalizing it based on speculation rather than evidence. Much of the 'spectacle' and 'exceptional' character of global China, as I have demonstrated in this dissertation, does not hold in reality. For instance, imaginaries of outward expansion of Chinese capitalism as essentially a polarized process between capital and colluding local states and business elites on one hand, and vulnerable communities on the other, are easily dispelled by the experience of peasantry in *Beung That Luang*. These widely perceived victims of Chinese land grabs actually solicited solo Chinese investors in particular for land dealing, as they struggled to cash out remaining farmland at hand. Even at the bottom of the social pyramid, there exists such nuanced agencies that are facilitating the territorialization of Chinese capital.

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