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Paradoxical Infrastructuring: Genealogies of Governance and "Art of Being Governed" in China's Blockchain–AI Hypes

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Abstract

This research investigates the rise, transformation, and contested persistence of blockchain and AI within China's digital governance ecosystem, tracing how AI inherits and transforms blockchain's discursive legacy: the libertarian imaginaries of decentralization and cryptographic trust are rearticulated into new narratives of centralized data infrastructures, computational power, and algorithmic authority. Seen through this inheritance, blockchain's trajectory appears not as a linear transition from hype to repression, but as a process of *paradoxical infrastructuring*, where blockchain's affordances for decentralizing possibilities are alternately valorized, domesticated, and strategically redeployed within contradictory regimes of power. Bringing together Foucault's theory of governmentality, developed to interrogate Cold War modernity, and Michael Szonyi's framework of "the art of being governed," which captures the tactical adaptations of subjects under premodern Chinese statecraft, this analysis reveals how infrastructural governance in China is shaped by the agonistic interplay between historically sedimented repertoires of rule and their contemporary rearticulation through participatory contestations and adaptive strategies enacted by a plurality of stakeholders. Since the reform and opening-up era, these logics have not coexisted peacefully but clashed in painful and dramatic ways, producing new modes of infrastructural subjectivation. The study foregrounds intermediary actors, including crypto developers, influencer-entrepreneurs, and policy-facing venture capitals, who perform decentralization while materially benefiting from its state-sanctioned translation. These figures occupy the ambiguous space between resistance and complicity, tactically navigating regulatory opacity and ideological elasticity. The discourse once attached to blockchain has not disappeared; it re-emerges in the AI era as tools for imagining trustworthiness and legitimacy, enabling blockchain actors to revalorize themselves after the burst of the earlier hype. Ultimately, what appears as a shift from blockchain to AI is better understood as a recursive recalibration of infrastructural power: blockchain's imaginaries and architectures do not vanish but are folded into the emerging socio-technical apparatus of AI, that is, the interlinked infrastructures, institutions, and discourses through which

governance and contestation are exercised. In this process, ideological contradiction functions not as a failure in governance but as a generative feature of China's evolving techno-infrastructural governance.

Keywords
artificial intelligence; blockchain; China; decentralization; genealogy; geopolitics; governance; infrastructuring

1. Introduction

This research traces the rise, transformation, and contested persistence of blockchain and AI in China as a paradigmatic instance of *paradoxical infrastructuring*: a process in which technologies with affordances for (de)centralizing possibilities are selectively championed, disciplined, and rearticulated within a broader regime of techno-political governance. More than a linear story of innovation disrupted by the regime's control, blockchain and AI's trajectory in China reveals a dynamic terrain in which infrastructural imaginaries are mobilized, co-opted, and strategically performed not only by the state but by a diverse field of intermediaries, entrepreneurs, and transnational actors navigating China's digital ecosystem.

Since the reform and opening-up era, China's techno-political evolution has been marked by an uneven encounter between contradictory logics of governance. On one hand, state institutions adopt technocratic tools to classify, optimize, and control populations. On the other hand, a wide range of actors from provincial bureaucrats to crypto entrepreneurs continue to operate with tactical adaptation, negotiation, and improvisation. Read genealogically, these practices appear not as anomalies of the present but as continuities of a longer history of governing and being governed, including patterns of compliance, circumvention, and brokerage that persist within new infrastructural formations. This article brings together Foucault's concept of governmentality and Michael Szonyi's (2007) framework of "the art of being governed." While the former was developed in the Cold War context to analyze the rationalities and techniques through which modern forms of governing power operate, the latter foregrounds the everyday, opportunistic adaptations of subjects navigating the constraint produced by the former.

In this reading, Szonyi's account serves as a secondary entry point into the Foucauldian genealogical ethos that sustains the analytical process of this article. One that enriches the concept of governmentality by foregrounding the everyday tactics, improvisations, and embodied negotiations through which governance acquires its lived texture. Szonyi's analysis of coastal communities under Ming and Qing maritime prohibitions shows that regulation did not simply discipline subjects into compliance; it also provoked smuggling, identity-shifting, and opportunistic brokerage that were themselves integral to how the state functioned. In this sense, governance is encountered with the adaptive maneuvers of those being governed, whose practices inflect, redirect, and sometimes unexpectedly stabilize the very structures of power imposed upon them.

This conjunctive framework enables a more historically embedded reading of the process called infrastructuring: not as a top-down technical imposition, but as a dynamic choreography of regulation, speculation of power relations, and thus the outcomes of certain regulations, and symbolic (re-)alignment in policy and public discourse. In this light, technology governance in China is understood not merely through

institutional logics, but through the everyday performances of those who tactically navigate, and occasionally exploit, the ideological contradictions of technological hypes.

Blockchain, like peer-to-peer (P2P) lending before it, emerged from a conjuncture of utopian discourse, financial deregulation, and selective policy endorsement. Yet its promise of decentralization soon collided with concerns over monetary sovereignty, capital flight, and geopolitical insecurity. Yet even after its formal disavowal in 2017 in China, blockchain's discursive residue persisted: resurfacing in state-sanctioned infrastructures like the Blockchain-based Service Network, in decentralized media experiments, and in crypto-financial platforms like Binance that straddle the blurred boundary between dissidence and opportunism.

The aim of this article is not to chart the rise and fall of blockchain as a chronological episode in China's techno-political history. Instead, it is to reveal how the governance of technology, and the practices of being governed through technology, unfold through contestation, appropriation, and rearticulation. This research situates China's blockchain boom and bust within a wider genealogy of infrastructural governance, one shaped not only by policy shifts or global market cycles, but by speculative statecraft driven by postcolonial anxieties, and the ambivalent performances of alignment of non-state actors. It argues that decentralization, far from being simply suppressed, is continually rebranded and redeployed to attract capital, absorb risk, and perform ideological flexibility. The resulting mode of governance thrives not on resolution, but on *contradiction*: where opacity is instrumentalized, trust is staged, and socio-technical imaginaries are selectively appropriated to reassert state legitimacy in the language of disruption.

By foregrounding this historically layered and discursively volatile terrain, this research article challenges prevailing binaries between centralization and decentralization, compliance and resistance. It offers instead a theory of infrastructural subjectivation, where actors, from crypto miners and local officials to global tech firms, enact autonomy, perform legitimacy, and manoeuvre power through infrastructures whose meanings remain in flux. Ultimately, this case illuminates the hybrid logics underpinning China's digital statecraft, while foreshadowing the governance of AI to come, where emerging technologies are securitized and perform national aspiration through an economy of signifiers connotating "innovation."

2. Crypto Dreams and Algorithmic Order: The Discursive Battle for Digital Futures

To sustain the genealogical ethos, the article now turns to the infrastructural imaginaries of blockchain and AI. Here, genealogy functions as a meta-commentary: it does not search for the "origin" of these technologies but reveals how their epistemic authority is constituted through discursive sediments, including Cold War rationalities of governmentality, libertarian cryptographic imaginaries, and postcolonial anxieties of state in its digital sovereignty. By reading blockchain and AI in this way, the aim is not to isolate their technical architectures, but to situate them within overlapping historical layers of contestation, where infrastructures are continually re-signified as sites of authority, resistance, and opportunistic alignment.

2.1. Infrastructural Imaginaries of Blockchain and AI

Blockchain and AI circulate within divergent *logics of infrastructuring* (Hartong & Piattoeva, 2021; Rozas et al., 2021): Blockchain foregrounds decentralization, cryptographic trust, and distributed consensus, while AI

privileges classification, prediction, and centralized data extraction. These logics are not simply functional choices; they differentially *embody normative orders*, claims about who has the authority to decide, and what forms of social organization are desirable or possible.

The epistemic legacy often attached to blockchain is the libertarian techno-utopianism of the 1990s "Crypto Wars," which imagined cryptography as a tool of resistance against institutional power. This legacy continues to animate social imaginaries of decentralisation through decentralized autonomous organizations (DAOs) to decentralized finance (DeFi) platforms, where cryptographic systems are posited as emancipatory alternatives to state or corporate control. These imaginaries construct subject positions such as the "sovereign individual," the "super-user," or the "crypto dissident," who claim agency through code, pseudonymity, financial autonomy, and disintermediation (Cossu, 2022).

AI, by contrast, derives its epistemic authority from a very different techno-political lineage, which is rooted in probabilistic modelling, systematization, and the logic of optimization. Unlike blockchain, whose credibility is discursively tied to transparency and cryptographic trust, AI derives legitimacy from its ability to model uncertainty, process vast datasets, and produce outputs that promise efficiency, prediction, and actionable insight. This authority is grounded not in openness, but in the transformation of human behaviours, social relations, and moral categories into data points, features, and statistical probabilities. These infrastructures produce systems that determine what is seen as true, reliable, or legitimate (Foucault, 2008). AI does not simply represent the world; it actively constructs social intelligibility through classification, optimization, and prediction (Crawford, 2021). Through practices such as sentiment analysis, facial recognition, risk scoring, and content moderation, AI embeds itself in truth-making functions once reserved for institutional actors like courts, universities, or medical authorities. In doing so, it reorganizes not only knowledge hierarchies but the very terrain of governance.

This epistemic power is deeply *ambivalent*. On one hand, AI systems are celebrated as tools of care, used in health diagnostics, elder support, or climate modelling. On the other hand, they are critiqued as instruments of surveillance, racialized policing, and labour discipline. In either case, AI infrastructures evoke ongoing political struggles over (a) *representation*, what and who is visible, classifiable, and governable, and (b) *intelligibility*, whose knowledge, identity, and agency are rendered legible or erased. These struggles are especially acute in contexts like China, where AI is positioned as a key discursive node in broader state projects of order, security, and ideological coherence.

2.2. Between Autonomy and Absorption: Everyday Politics of Infrastructuring in China's Digital Governance

Despite the state's central role, the evolution of China's digital infrastructure is not a linear, top-down imposition but a contested field of ideological struggle and opportunistic alignment. Building on infrastructure studies (Bowker et al., 2009; Larkin, 2013; Star & Ruhleder, 1996), this research's analysis extends the concept of *infrastructuring* beyond the notion of technical co-production, to emphasize how infrastructural design becomes a site of strategic co-optation, where even actors who invoke decentralization, privacy, or techno-libertarian ideals frequently reorient these narratives to secure alignment with state legitimacy, or profit from it.

Michael Szonyi's framework of "the art of being governed," derived from his study *The Art of Being Governed*, is particularly pertinent to analyzing contemporary China's blockchain and AI governance. During the late Ming and early Qing periods, China's policy of maritime prohibition sought to sever external trade and migration in an effort to assert centralized control over the coastal frontier. Yet rather than achieving complete isolation, these regulatory constraints fostered a diverse array of evasive practices among coastal merchants, fishermen, and local elites. Engaging in smuggling, leveraging tributary trade exemptions, and manipulating official identities, these actors carved out economic niches within the interstices of imperial governance. Such strategies did not constitute overt resistance but reflected a quotidian politics of survival. This is what Michael Szonyi terms the "art of being governed," where ordinary people adapted, appropriated, and subtly manipulated state regimes for their own ends.

This "art of being governed" is not confined to premodern contexts. Rather, it reflects a mode of relational governance that remains salient in today's China, where formal regulations on technologies like blockchain are met with adaptive maneuvering by entrepreneurs, local officials, and intermediary institutions. These actors often work within and around policy frameworks—invoking official discourse while informally bending or selectively implementing regulations. In this sense, Szonyi's insights allow us to theorize how modern digital governance regimes can simultaneously assert central authority while leaving room for context-specific adaptations and tactical maneuvering at the local level.

In this context, this article extends Szonyi's intervention by offering a genealogical investigation of blockchain and AI governance not as ahistorical technical phenomena, but as sites in which Cold War epistemologies, postcolonial anxieties, and global power asymmetries are reassembled to form China's infrastructural imaginaries. This approach shows how discourses on innovation are haunted by the specters of modernity that China seeks to redefine against the "West", especially the US: techno-developmentalism as civilizational uplift, data sovereignty as postcolonial defense, decentralization as both threat and asset.

Crucially, this analysis identifies a new class of intermediaries, not dissidents or state agents per se, but opportunistic actors who perform decentralization while materially benefiting from its domestication. These are the brokers, "influencer-entrepreneurs," and venture capital (VC)-aligned developers who rebrand compliance as innovation, and whose success depends on the conversion of techno-libertarian aesthetics into state-compatible forms. This conversion process is negotiated, incentivized, and, at times, *voluntarily enacted* by those seeking advantageous positions within the economic and political system.

Actors in this system operate not only within the confines of present-day geopolitical competition, but also within historically sedimented governance logics, which are concerned with regulating flows (of capital, people, and now data), extracting value from strategic peripheries, and cultivating adaptive intermediaries (Szonyi, 2017). Rather than drawing direct equivalences to imperial or colonial systems, we highlight a continuity in techniques of mediation and navigation, where figures such as crypto developers and AI evangelists occupy liminal positions: translating global imaginaries (e.g., decentralization, autonomy) into locally legible forms, while simultaneously embedding themselves in state-sanctioned infrastructures. These actors do not simply replicate earlier roles such as the comprador or overseas broker as described in Szonyi's book, but their positionality reflects a similar structural ambivalence, operating at the interface of speculative value, national interest, and infrastructural dependence.

Therefore, instead of conceptualising infrastructuring as *only* a form of state-mediated ideological translation, where disruptive imaginaries (like the socio-political mobilization that leverages DAOs, cryptography and P2P transmission) are selectively absorbed into the state's techno-political project, this research explores a process in which entrepreneurial developers and investors operate within the discursive terrain of decentralization not to challenge state power, but to capitalize on its ideological elasticity. These actors strategically mobilize the symbolic capital of the imaginaries of decentralization and innovation to gain market position, attract investment, or secure regulatory favour, paradoxically reinforcing the very centralization they ostensibly resist.

Infrastructuring here is not a neutral or inclusive process nor just a technical layering of systems, but a continuation of geopolitical ordering processes in which subjectivities, territories, and futures are managed, interpolated, or excluded. By examining the political economy of Chinese blockchain and AI projects genealogically, we reveal how infrastructural power today reproduces older governmentality coordinates: vertical integration disguised as neutrality, calculability masked as innovation, and control legitimated through developmentalist promise.

Crucially, this logic is not unique to China. While the depth and ideological coherence of China's infrastructural integration is distinctive in its scope and ambition, it is far from ideologically coherent. Similar dynamics can be observed elsewhere, showing that the tension between centralized sovereign control and the decentralizing potential of technology cuts across different political regimes. In the US's "Crypto Wars" of the 1990s, state actors sought to curtail civilian access to strong encryption, perceiving decentralized systems as threats to institutional authority and attempting to absorb or recalibrate the disruptive potential of technologies to serve logics of governance, capital accumulation, and geopolitical ordering.

The research question guiding this article is thus: How are imaginaries of decentralization and sovereignty rearticulated through blockchain and AI infrastructures, and how do Chinese state and intermediary actors leverage this ambiguity and hype to co-produce new forms of governance?

3. Methodology: Mapping Discursive Regimes Through a Genealogical Lens

The preceding sections have shown how blockchain and AI emerge within distinct yet converging infrastructural imaginaries (resistance organized through decentralized forms and optimization based on centralization), each carrying normative claims about authority, legitimacy, and technological futurity. To unpack how these imaginaries are constructed, reconfigured, and selectively appropriated within China's digital governance landscape, this research adopts a Foucauldian genealogical approach. Rather than treating technological innovations as linear or governance models as top-down, genealogy traces their formation through discontinuities, crises, and ideological recalibrations. Following Foucault (1977, 1981, 1994) and more recent elaborations by Bauer and Schiele (2023), discourse here is not a mirror of power but a *strategic terrain* where meanings, institutions, and infrastructural configurations are continually contested and remade.

This analytical stance complements and extends the framework of infrastructuring introduced earlier: It views infrastructures not as neutral backdrops or merely technical assemblages, but as historically sedimented fields of struggles and negotiations, where the state, market actors, and transnational communities compete to define the boundaries of visibility, agency, and governability. What appears as a

dichotomy between blockchain's decentralization and AI's statist centralism dissolves under genealogical scrutiny. Both are expressions of a deeper recursive logic: technologies are absorbed, disciplined, and redeployed to align with evolving configurations of state power and geopolitical narrative.

Genealogy, in this article, is not presented as a discrete method but as an ethos that orients how the analysis unfolds. It functions as a historical consciousness attentive to discursive sedimentations and the reconfiguration of power/knowledge, rather than as a step-by-step procedure. This ethos becomes operationalisable through secondary interlocutors: most notably Michael Szonyi's *The Art of Being Governed*, which offers a concrete entry point into a Foucauldian genealogy by grounding abstract notions of governmentality in the lived negotiations, improvisations, and tactical adaptations of ordinary actors. In dialogue with what Bauer and Schiele (2023) call the mapping of discursive regimes, this approach treats China's digital governance not as the linear imposition of new infrastructures, but as a layered process where older bureaucratic repertoires and new technological imaginaries coexist, overlap, and rearticulate one another. It allows us to read the shift from blockchain enthusiasm to AI investment not as a rupture but as a *rearticulation*, a managed modulation of hype, risk, and innovation within the broader project of infrastructural nationalism. Through this lens, the "innovation" promoted in white papers or policy blueprints is less about technological breakthrough and more about *ideological maneuverability*: the ability to reframe global narratives of decentralization or optimization in state-compatible terms.

To operationalize this inquiry, I analyse a heterogeneous set of discursive and infrastructural artifacts (see the Supplementary File) through which competing imaginaries of technological governance are constructed, negotiated, and contested between the governing bodies and the governed actors, drawing on the conjunctive framework of both Foucault's governmentality and Szonyi's "art of being governed." These include state policy documents and legal frameworks, which formalise regulatory priorities and inscribe institutional visions of digital sovereignty. Party-state-affiliated media function not only as vehicles of ideological dissemination but also as sites of adaptive calibration, where official narratives are adjusted in response to emergent sociotechnical disruptions. In contrast, fintech journalism, industry white papers, and reports by VCs and tech companies articulate market-oriented imperatives and speculative projections. These texts often mirror, complicate, or opportunistically align with state-led innovation agendas, capable of both reinforcing and subtly reframing official priorities. Most revealing, however, are the discourses emanating from crypto-native communities and transnational actors such as Binance. These sources offer alternative epistemologies of value, autonomy, and technological futurity, some aligned with techno-libertarian logics, others shaped by exile, censorship, and diasporic positioning.

By tracing how these discursive fields intersect and diverge, I map the strategic frictions, alignments, and recursive appropriations among state, semi-state, domestic, and transnational actors. These dynamics do not simply reflect institutional pluralism but expose deeper structural tensions between decentralisation and infrastructural control, particularly as emerging technologies are assembled within China's layered and often contradictory techno-political regime. In doing so, this analysis foregrounds how power is not only exercised through regulation, but also performed, refracted, and materially enacted through the discursive infrastructures of innovation.

This methodological framework contributes to broader debates on emerging technologies by demonstrating how blockchain and AI governance cannot be understood through presentist or techno-determinist frames

alone. Instead, they must be situated within historical regimes of speculation, control, and developmentalist co-optation. The speculative fervor surrounding blockchain during the 2010s, its subsequent repression, and the rise of AI as the new state-sanctioned frontier reveal not a rupture, but a recursive logic in which technologies are selectively refunctioned as tools of infrastructural nationalism and geopolitical projection. By foregrounding these continuities and ruptures, genealogical analysis illuminates how contemporary debates over decentralisation, autonomy, and techno-sovereignty are the latest iteration of older contests over legitimacy and control.

4. Case Study: Paradoxical Infrastructuring Between Decentralization and Centralization Trajectories

This section traces the rise and fall of blockchain in China as a paradigmatic case of infrastructural governance, where emergent technologies are alternately hyped, co-opted, and disciplined by the state. What began as a techno-utopian vision of DeFi, which was initially valorized under the "Internet Plus" policy framework, was gradually subsumed into a speculative apparatus enabled by elite protection, geopolitical recalibration, and opaque regulatory ambiguity. From the P2P lending collapse to the initial coin offering (ICO) crackdown, the blockchain sector reveals a recurring infrastructural playbook: Decentralization is tolerated only when it can be folded into state priorities or rendered symbolically useful for digital sovereignty. As China's blockchain governance bifurcated, embracing consortium chains while criminalizing crypto, the contradictions of infrastructural statecraft became apparent. This trajectory prefigures the AI hype cycle that follows, wherein the centralization of technological power is not a corrective to blockchain's volatility, but its systemic successor: a securitized, state-sanctioned infrastructure of innovation that repurposes decentralization's remnants as symbolic capital.

It is noteworthy that the Chinese context provides a particularly rich site for genealogical analysis, as it foregrounds the persistent struggle between the decentralizing potential of blockchain technologies and the political powers that opt for centralization. This struggle is not unique to blockchain but reflects a longer genealogy of digital governance in China, from early internet regulation to the contemporary AI-driven governance model. The increasing sophistication of China's digital governance architecture must be situated within evolving political contexts, including episodes of institutional restructuring and shifting regulatory priorities during the mid-2010s (see Isachenkov & Tong-hyung, 2023) and their entanglement with broader mechanisms of governance. However, while this period provides a crucial historical and political context, attributing specific policy decisions or regulatory shifts solely to leadership changes or discrete political events remains methodologically not rigorous. The relative opacity of internal bureaucratic deliberations further complicates efforts to isolate causal mechanisms. Therefore, scholarly analyses must account for the complex and often multi-causal nature of regulatory transformations, which emerge through the interplay of institutional path dependencies, bureaucratic negotiations, and shifting geopolitical considerations.

Building on Kitchin's (2015) notion of the "sedimentary" nature of digital infrastructures, where older technological and institutional layers persist and shape contemporary governance, China's approach to blockchain and AI exemplifies how centralizing and decentralizing forces coexist within a unified framework: While blockchain's foundational ethos of decentralization and distributed authority appears at odds with the Chinese state's centralized governance model, and AI's data-driven systems ostensibly amplify centralizing

power, both technologies are embedded within preexisting infrastructural and institutional "strata" that mediate their implementation.

4.1. Paradoxical Infrastructuring Playbook of Blockchain

4.1.1. Prelude

The history of China's short-lived P2P lending boom, which was previously endorsed by top-level officials during the "Internet Plus" era, offers a cautionary prelude. Though P2P platforms were celebrated for disintermediating finance, they operated within a quasi-state ecosystem of implied guarantees, where close ties to local governments misled investors into assuming official backing (Chorzempa, 2018; Z. Tang et al., 2022; "Zhou Xiao Chuan Wei," 2015). However, by 2016, the Chinese Banking Regulatory Commission suggested that nearly 40% of P2P platforms were Ponzi schemes (Shao & Bo, 2021), leading to massive financial losses and public protests (Y. Yang & Liu, 2018). When the market collapsed, it was not just a financial failure but *an epistemic crisis*. Actors held conflicting understandings of what kind of system they were participating in: a decentralized market innovation or a state-backed financial product. Investors entered a market celebrated as decentralized, yet they implicitly trusted in state protection; when platforms failed, this contradiction exposed the fragility of both discursive claims of decentralization and the expectations that the state, as the apex of political and economic authority, would ultimately intervene to ensure stability and protect investors.

The blockchain sector, which inherited P2P's decentralization ethos, became the next frontier for regulatory experimentation and co-optation. Yet rather than breaking with earlier digital economies, it often reproduced their extractive dynamics. The rise of speculative token models, most visibly the various X2EARN schemes (e.g., Play-to-Earn, Move-to-Earn, etc.), illustrates this continuity. These models' value proposition depends less on sustainable utility and more on attracting users/investors who hope the token price will rise. Therefore, though participants generate value (data, content, activity), that value is siphoned off upward or becomes unsustainable for latecomers, making contributions unevenly rewarded and often ended up enriching a small group at the top. At the same time, blockchain's symbolic association with autonomy and ungoverned flows made it both an alluring and troubling phenomenon for the state: a potential site of innovation that promises new economic models, governance tools, and global leadership narratives, but also a challenge to established regulatory authority.

4.1.2. Hype: A National Strategy That Breeds Corruption (2011–2017)

China's blockchain narrative began in the establishment of Bitcoin China in 2011, which at its peak handled 80% of domestic crypto trading (Wong & Wong, 2017), and Wanxiang Blockchain Labs' landmark 2015 Global Blockchain Summit marked the private sector's embrace of blockchain as both a financial and ideological disruptor. VCs followed: Wanxiang Holdings' $50 million distributed-capital fund (Cyzone, 2020) underscored the market's faith in blockchain's potential to redefine economic agency, echoing centuries of decentralized systems advocacy from Adam Smith to Satoshi Nakamoto (Schneider, 2019). Between 2014 and 2017, DeFi innovations, particularly ICOs, surged globally, raising $18 billion while simultaneously exposing China to capital flight (Kharpal, 2022) and fraud risks (Groden, 2017). Public discourse amplified this fervor: Retail investors and tech media championed Bitcoin as a tool of "financial liberation," with WeChat posts touting cryptocurrency returns way above traditional assets (Huang, 2022).

While early blockchain enthusiasm in China was driven by visions of financial innovation and digital modernization, it also opened up opportunities for regulatory arbitrage and rent-seeking behavior at the local level. A widely reported case emerged in Jiangxi province, where Qingxing Lin, founder of Genesis Technology, collaborated with Yi Xiao, then Party Secretary of Fuzhou, to attract foreign blockchain investment under the broader umbrella of the Belt and Road Initiative (BRI). In 2017, Lin secured a substantial partnership with Germany's GM Foundation, which is an Ethereum mining conglomerate, to deploy large-scale infrastructure, including over 100,000 Ethereum rigs and 60,000 Antminer S9 machines, valued at more than RMB 1 billion. Subsequent allegations suggested that Lin had redirected a portion of the mining output to private wallets over a period of several years. Although the foreign partner sought legal recourse, local judicial outcomes were perceived as lacking responsiveness, leading to diplomatic escalation. In 2021, following mounting public scrutiny and cross-border concern, the Central Commission for Discipline Inspection launched a targeted investigation into irregularities surrounding crypto-related projects in the region. Yi Xiao was removed from office, and the case became part of a broader anti-corruption campaign addressing misconduct in the digital finance and blockchain sectors (Shen, 2023).

This episode underscores the challenges of governing rapidly evolving technological frontiers, where innovation policy may, at times, be co-opted by opportunistic actors. Such instances reflect a form of corruption that the state's developmental goals are occasionally exploited for private gain amid regulatory ambiguity. In response to the catalyst for the 2021 "519" crackdown, Chinese regulators launched a coordinated effort to dismantle the speculative crypto economy, spanning exchanges, over-the-counter trading, and mining. In this light, the blockchain boom of 2011–2017 appears not as a linear story of innovation, but a volatile mix of utopian finance, platform capitalism, and opportunistic predation under the guise of developing digital economy.

These dynamics are not unique to China's political system but reflect a broader global pattern of techno-political opportunism. In the US, Trump publicly endorsed cryptocurrency, launched Trump-themed non-fungible tokens (NFTs) and a $TRUMP meme coin on Solana, and, along with his sons, co-founded the crypto firm World Liberty Financial, ventures that generated over $57 million in token sales and positioned him as a central figure in a crypto-focused America First economy (Steer, 2025). Likewise, Elon Musk's engagement with cryptocurrency consistently served his own interests. By tweeting support for Bitcoin and Dogecoin, he triggered dramatic price fluctuations that enriched early holders, himself included, while cultivating a cutting-edge, libertarian, and anti-establishment persona. Yet these gestures of empowerment from decentralizing technologies operated less as an ideological commitment than market manipulation. Musk's subsequent retreat, distancing himself from Dogecoin and exiting the Trump administration's DOGE initiative, might suggest not disillusionment but tactical disengagement after the peak of symbolic and financial extraction (Mourya, 2025).

In both cases, blockchain hype became a discursive smokescreen that masked deeper public–private entanglements. As in China's Fuzhou mining scandal, where local officials like Yi Xiao expropriated foreign blockchain assets under the guise of BRI-linked cooperation, US counterparts similarly repurposed innovation as spectacle, embedding political ideology and economic opportunism into the infrastructure of emerging technologies. Whether via princeling patronage or libertarian meme-currencies, both systems demonstrate how blockchain's emancipatory promise could be subordinated to political theatre and rentier accumulation.

4.1.3. Bifurcated Governance in Response to Crypto-Geopolitics: A Turning Point in 2017 and Elevation in 2019

The geopolitical rationale became particularly salient during the 2017 ICO crackdown. Against the backdrop of US tariffs, the Committee on Foreign Investment in the United States reforms targeting Chinese tech investments (Hanifin et al., 2017), and punitive sanctions against ZTE and Huawei (Gallagher, 2022), blockchain's borderless design was seen not as liberatory, but as a strategic liability. By banning domestic crypto exchanges and ICOs (L. Y. Chen & Lee, 2017), the state preemptively neutralized decentralized architectures that might undermine capital controls or expose China's tech ecosystem to US financial surveillance, insulating critical infrastructures from Western dependencies (Lin & Wang, 2021).

Within this securitized landscape, Binance emerged as a symbolic and material rupture. Founded in 2017 by Chinese-Canadian entrepreneur Changpeng Zhao, Binance was simultaneously born of China's blockchain boom yet structurally and discursively disembedded from it. While Binance formally exited China following the September 2017 crypto ban, evidence suggests continued infrastructural entanglements: payroll routed through Chinese banks, active domain use (binancezh.com), and ambiguous operational footprints long after its official departure (Chipolina, 2023).

Binance's global posture further complicates the landscape. In contrast to its obscured links to China, Binance projects a dissident image in the West. Changpeng Zhao is cast not as a parastatal actor but as a tech exile, a founder who claims to be "escaping authoritarianism" and building a decentralized future. This narrative has gained traction across libertarian crypto circles and US lawmakers seeking non-state-aligned crypto champions ("Binance CEO Changpeng Zhao responds," 2023). Binance thereby performs a double detachment: It distances itself from China's state apparatus while capitalizing on its origin story to claim authenticity in a "Web3 Cold War." Binance is thus more than a financial intermediary; it is a *geopolitical interface* where decentralization and deregulation are framed as resistance against state overreach.

Seen through the lens of governmentality, Binance appears as the object of competing rationalities of rule—securitized by China, problematized by US regulators, courted by libertarian crypto advocates. Yet, in Szonyi's sense, Binance exemplifies an intermediary actor that, like lineage institutions in late imperial China, navigates overlapping regimes of authority through selective entanglement and strategic ambiguity. Maintaining infrastructural ties to China while claiming and performing dissident authenticity in the West, its dual posture illustrates how organizations, no less than individuals, transform regulatory constraint into a resource for legitimacy and expansion. The tension between these two frameworks thus illuminates both the rational logics of state power and the situated practices through which actors like Binance inhabit and reconfigure them.

In 2019, local governments, which had initially incentivized blockchain industrial parks (e.g., Hangzhou's "Blockchain Town"), scaled back subsidies amid concerns about wasted resources. The downturn revealed a structural tension: While blockchain was rhetorically championed as part of China's "digital economy" strategy, its decentralized, permissionless ethos clashed with the state's preference for controlled, institutionally anchored innovation. By 2019, the surviving blockchain ecosystem had largely reoriented toward state-sanctioned use cases, such as government-backed consortium chains for bureaucratic record-keeping, signaling a retreat from the earlier vision of blockchain as a disruptive, market-driven force.

In January 2019, the Cyberspace Administration of China issued the Regulations on the Management of Blockchain Information Services, stating that blockchain technology, while offering innovative potential, carries security risks of being used in "criminal activities to spread illegal and harmful information" (Zhuang, 2019, Article 10). Although the regulation does not explicitly target political activism, its release followed a period in which blockchain platforms had been explored by activist communities as tools for building encrypted, censorship-resistant networks (Zhai & Chen, 2018). This regulatory move might reflect a broader effort to preemptively assert oversight over emerging infrastructures, particularly as their affordances intersect with contentious forms of information dissemination.

The *formal elevation* of blockchain to be co-opted as a strategic priority in China's national development, particularly following the president's endorsement in October 2019, subsumes blockchain's technological innovation into the state's broader geopolitical agenda. While blockchain was initially framed as a tool for digital transformation, its institutionalization within state-controlled initiatives such as the Blockchain-based Service Network suggests a concerted effort to align its development with China's national security, economic sovereignty, and global influence strategies. This alignment merits scrutiny, particularly in relation to two key dimensions: (a) the US–China technological rivalry and (b) China's digital infrastructure expansion under the BRI.

By embedding blockchain into BRI-linked projects, such as cross-border payment systems or smart logistics networks, China can export its digital governance model to partner nations, particularly in regions like Southeast Asia, Africa, and the Middle East, where BRI investments are concentrated. This not only reduces reliance on Western financial systems (e.g., SWIFT) but also creates dependencies on Chinese technological ecosystems, insulating these regions from US regulatory pressure (Xu Elegant, 2019). Therefore, blockchain's institutionalization reflects a calculated convergence of economic defensiveness (evading US sanctions) and geopolitical assertiveness (expanding BRI's digital footprint). Through BRI-linked digital infrastructure, China is not merely building roads and ports but constructing a parallel digital order—one where it holds the architectural and geopolitical blueprints.

Thus, the Chinese state's response to this emerging contradiction was bifurcated. On one hand, it celebrated blockchain as an infrastructural solution, integrating it into policy discourse via the 13th Five-Year Plan (China's State Council, 2016) and subsequent white papers on smart cities and digital governance. On the other, it drew a hard line against cryptocurrencies, culminating in the September 2017 ban on ICOs and domestic exchanges. This split mirrors the state's attempt to retain control over financial sovereignty while appropriating only the politically productive aspects of technological decentralization.

4.1.4. Resilience and Reincorporation: The Art of Being Governed in Post-Crypto Hype China (Since 2019)

Industry observers, including the prominent Chinese "TechCrunch" media 36Kr (2018), documented this downturn, noting that over 80% of blockchain projects launched during the peak of the 2017–2018 "blockchain bubble" had either collapsed or pivoted to non-blockchain ventures by late 2018, and investors thus shifted focus to less speculative sectors like AI and semiconductors (Musharraf, 2019).

However, the mainland Chinese crypto "hype" communities still manage to carve out operational space within a restrictive, and often prohibitive, digital governance landscape.

As early as 2020, some Weibo users, seeking alternatives to platform censorship, migrated to decentralized platforms like Mastodon, framing these moves as aligned with blockchain's decentralized ethos. Media organizations also attempted to formalize decentralized models through DAOs (TechFlow, 2023). However, the National Development and Reform Commission intervened, barring non-public capital from news production and rendering DAO-based media structurally illegal (Feng, 2021). In 2023, Damus (a DAO) was removed from the China App Store due to its potential to create a censorship-resistant global social network (Feng & Haldane, 2023). However, despite increasing regulatory constraints, a significant number of Chinese users remain active participants in the global InterPlanetary File System (IPFS) network, leveraging its decentralized infrastructure to circumvent censorship (Haldane, 2022). Likewise, in DAOs, underground cryptocurrency activities have persisted. Between July 2022 and June 2023, China's crypto market recorded an estimated $86.4 billion in transaction volume, indicating robust activity despite official bans (Ranganathan & Zhen, 2024).

Likewise, despite regulatory expulsion, traces of China's crypto legacy persist in platforms like Binance, whose operations remain tethered both culturally and materially to the Chinese digital sphere. Even amidst the 2021 nationwide ban on crypto trading and mining (M. Chen, 2023) evidenced by "5·19 大血洗" ("the big crypto purge on 19 May") when Bitcoin, Ethereum, Dogecoin, and other altcoins fell sharply by 50–60% (Pound, 2021), the persistence of Chinese-language access guides, Telegram communities, and dedicated customer service teams highlights the continued salience of the mainland Chinese user base. While precise figures remain opaque, comparative metrics such as FTX's bankruptcy disclosures—which revealed that 8% of its users were located in China—suggest that Binance's Chinese clientele, though officially disavowed, remains significant (Broersma, 2025).

The dynamics of symbolic flexibility and institutional adaptation are particularly evident in the evolving public reception of Yuchen (Justin) Sun. Once a prominent figure in China's early crypto entrepreneurial scene, Sun was charged in 2023 by the U.S. Securities and Exchange Commission (2023) for alleged violations involving the unregistered sale of digital assets and extensive wash trading practices. While these allegations positioned him as a controversial figure in international regulatory discourse, his trajectory within China evolved along a different path. By 2025, Sun appeared as an invited speaker at a national conference hosted by the Southwest University of Political Science and Law, joining discussions alongside legal scholars, prosecutors, and judicial officials (Southwest University of Political Science and Law, 2025).

This episode reflects a broader feature of China's utilitarian approach to digital governance: Individuals with complex or contested reputations may be re-engaged in public discourse, particularly when their experiences offer insights into the regulatory, legal, and economic challenges of emerging technologies. Sun's reappearance in such a setting does not indicate uncritical endorsement, but illustrates how governance systems can draw selectively on diverse forms of expertise to inform ongoing legal and institutional development.

More broadly, this case points to the differentiated modes of participation available within China's evolving blockchain policy ecosystem. While regulatory measures have tightened around speculative retail activities and unauthorized platforms, actors with institutional visibility or transnational experience may be incorporated into dialogues on rule-making and techno-legal reform. Rather than a straightforward narrative of rehabilitation or endorsement, Sun's case illustrates the complex interplay between regulation, symbolic capital, and policy experimentation within a fast-moving and strategically governed digital landscape.

4.1.5. Summary

China's blockchain trajectory cannot be adequately understood through a binary of initial hype and subsequent repression. Rather, what this section reveals is a more complex interplay between technological imaginaries, speculative logics, and contested infrastructuring practices, in which state agendas, geopolitical pressures, and market actors collide. From early P2P platforms to ICO frenzies and the rise, and partial fall, of Binance, blockchain in China has not followed a linear arc of innovation, but has functioned as a discursive battleground, where truth claims about value, sovereignty, and decentralisation are continuously produced, contested, and reassembled.

Framed through a Foucauldian lens, the blockchain sector in China has operated as an assemblage where power circulates not only through regulation but through infrastructural design, media discourse, and speculative affect. Alternating between endorsement and crackdowns, the state's ambivalent governance should not be read as inconsistent, but as an evolving strategy of *governmentality*, in which decentralisation is tolerated, even nurtured, insofar as it can be selectively repurposed toward strategic ends. The institutionalisation of the Blockchain-based Service Network exemplifies this: Blockchain's disruptive affordances are translated into state-aligned infrastructure, and subsumed into a vision of digital sovereignty and global projection under BRI's "Digital Silk Road."

Yet this is not simply a story of co-optation. Drawing on Michael Szonyi's (2017) notion of "the art of being governed," the crypto sector in China also reveals how actors at the margins, including developers, influencers, VC investors, and techno-entrepreneurs, adapt, recalibrate, and even exploit the elasticity of official discourse to advance their own agendas. These actors navigate the blurry space between compliance and resistance, performing decentralisation as a cultural and economic script even as they embed themselves within the hierarchies they rhetorically oppose. Whether through DAO experiments, IPFS file-sharing, or cross-border arbitrage, these everyday infrastructural practices represent modes of situated agency, not outside the system but *within and through* its contradictions.

Even amidst industry winters, crypto communities persist, sometimes rebranding themselves around AI or Web3, other times operating underground but globally networked. Their strategies are neither heroic nor entirely cynical but instead reflect the ambivalent subjectivity of being governed in a techno-political regime that rewards calculated opacity, instrumental alignment, and entrepreneurial risk. Binance's post-2017 transformation into a transnational crypto empire, simultaneously disavowing and benefiting from its Chinese origins, demonstrates how decentralization itself can become a rhetorical resource for the performance of geopolitical power, mobilized differently across ideological contexts but always embedded in power.

Ultimately, China's blockchain story is not one of failed decentralization, but of discursively reconfigured decentralization, a political imaginary that remains potent, mutable, and strategically actionable. What this analytical section has shown is that blockchain's life in China is not over, but unfolding across infrastructural margins and epistemic thresholds, shaped as much by crypto dissidents and influencer-entrepreneurs as by cadres and regulators. Blockchain, like AI, is no longer a frontier to be just governed, but a terrain through which governance is imagined, contested, and reassembled, mirroring China's broader digital statecraft, and a reminder that technologies never simply disrupt or empower; their meanings and affordances are constantly performed, negotiated, and reconfigured by actors embedded within power-laden infrastructures.

4.2. Reassembling Power: Blockchain's Afterlife in China's AI Turn

By 2023, China's state-approved blockchain market had been rendered largely stagnant. Yet rather than reassess its rigid stance, the state doubled down on control, relegating blockchain to the sidelines while championing AI as the next strategic frontier, an arena where centralized oversight could be embedded from the outset.

4.2.1. Innovation Emerging From Market Competition

China's first AI move in the private sector was Baidu's establishment of its Deep Learning Institute in 2013, focusing on AI research, including speech recognition and autonomous driving. In 2014, Baidu recruited prominent AI researcher Andrew Ng to lead its AI efforts, drawing global attention. Companies like SenseTime (founded 2014) and Megvii (best known for its product Face++. Face++ is the world's largest computer vision platform founded in 2011, which pivoted to AI in 2014) began gaining traction in facial recognition and computer vision, attracting significant VCs. In March 2016, Lee Sedol's defeat at the hands of Google's AlphaGo ignited widespread interest in AI across China, particularly due to Go's cultural significance. This event catalyzed public and private investment, with tech giants like Alibaba, Baidu, and Tencent accelerating AI R&D (see "PaddlePaddle receives full upgrade," 2021; Simonite, 2019). In 2017, China accounted for 48% of the world's total AI startup funding, compared to America's 38% (Diamandis, 2018). This hype echoes the way influential AI researcher Andrew Ng described AI as the "new electricity," forecasting it would transform industries much like electricity did in the 20th century (Ng, 2017, as cited in Lynch, 2017).

4.2.2. Contested Process of AI's Institutionalization

4.2.2.1. Strategical Securitization of AI: A Frontline in a New Epistemic Cold War

Far from being merely a domestic response to innovation cycles, the rise of AI—and before it, blockchain—constitutes a strategic recalibration of state power in the context of intensifying Sino-American technological decoupling, geopolitical rivalry, and epistemic sovereignty struggles.

2017 was a critical moment when the state bet on both blockchain technologies and AI, yet its scale of policy preferences began tipping in favor of AI. The trajectory of China's digital economy, shaped by intensifying US–China technological competition, reveals a strategic interplay between blockchain governance, AI development, and geopolitical maneuvering. While not AI-specific, the state-led initiatives "Internet Plus" ("Premier Li and Internet Plus," 2015) and "Made in China 2025" (China's State Council, 2015) emphasized advanced technologies, laying the groundwork for AI integration (Central People's Government of the People's Republic of China, 2022). The Chinese government unveiled a national AI strategy called Next Generation AI Development Plan (July 2017; see translation in Webster et al., 2017), aiming to make China the global AI leader by 2030. This policy included massive funding, talent recruitment, and industrial goals, positioning AI as a top priority. Following this initiative, cities like Beijing, Shanghai, and Shenzhen launched AI industrial parks and funding programs post-2017, aligning with central government directives (Xiao, 2024).

Since 2018, when Xinhua News (2018) framed China's AI progress as advancing "amidst controversies," the state has grappled with balancing innovation against persistent risks like data leaks and privacy violations. Post-2018, state investment shifted toward industrial applications, with over $15 billion allocated to healthcare and manufacturing AI (China's National Development and Reform Commission, 2024), directly aligning with the Made in China 2025 agenda. This pivot reveals a deliberate bifurcation: While consumer-facing generative AI faced scrutiny regarding ethics, industrial AI gained legitimacy as a productivity enhancer.

These tensions have only deepened as China confronts US semiconductor sanctions and the capital-intensive demands of AI research. The US government's sanctions against Chinese chipmakers, including SMIC, and restrictions on advanced AI chip exports (such as Nvidia's high-performance GPUs) have forced China to explore alternative approaches. These constraints have catalyzed domestic efforts to integrate blockchain with AI to optimize computational efficiency, facilitate distributed data training, and mitigate reliance on US chip technology. By 2024, initiatives such as the national "AI+" proposal introduced by Premier Li Qiang (see Jiang, 2024) underscore efforts to consolidate domestic AI infrastructure while addressing cybersecurity and circumventing Western tech dependencies. This dual imperative (innovation alongside control) reflects a broader reimagining of technological self-reliance, where blockchain emerges as both a tool for decentralization and an instrument of state power. Therefore, this pivot to AI, which replicates blockchain's infrastructuring playbook, reflects a governance model that privileges technologies with legible, centralized utility.

Along the same lines, AI is securitized for military purposes. Under the "civil-military fusion" (军民融合) strategy, explicitly institutionalized in the broader national defense modernization agenda, the boundaries between civilian innovation and military application are deliberately blurred, ensuring that advances in commercial AI feed directly into strategic defense capabilities. In this context, AI research has been increasingly oriented toward dual-use applications, including autonomous weapons systems, military logistics optimization, surveillance infrastructure, and wargaming simulations (Kania, 2020). The boundary between civilian and military use remains deliberately blurred, allowing frontier innovation, particularly in natural language processing, computer vision, and reinforcement learning, to flow *seamlessly* into defense-oriented laboratories and procurement chains. In this sense, China's AI governance is not simply a national industrial policy, but a frontline in a new epistemic Cold War, where infrastructures are both weapons and targets. Technologies like AI and blockchain are not merely being developed—they are being securitized, symbolically charged with national survival, and deployed as tools of soft and hard sovereignty in a fractured global order. This demands an analytical framework that asks: Whose future, whose security, and whose power is embedded in these technologies?

Admittedly, China's DeepSeek, a very geopolitically impactful move, is an open-source model—challenging the dominance of the US AI companies and shifting the industry. However, in the case of DeepSeek, open-sourcing may appear to signal a departure from state-centric control. Yet it also functions as a geopolitical maneuver that enhances China's soft power and technical legitimacy in global AI discourse (Z. Yang, 2025a). In this sense, DeepSeek represents not an erosion of the playbook, but a strategic deployment of openness as state-aligned infrastructure, a recalibration of the same logic that once governed China's internet expansion.

4.2.2.2. Entangled and Pragmatically Profiting Stakeholders That Tried to Revalorize Blockchain in China's AI Hype

Under the banners of AI revolution and digital economy China has launched an ambitious array of state-backed initiatives—including numerous state-backed tenders, pilot zones, and industrial parks in China. While many of these programs have contributed meaningfully to digital infrastructure and talent cultivation, some have evolved into hybrid spaces where strategic ambition intersects with discretion and speculative opportunism. In the effort to foster national champions and enhance digital sovereignty, public investment has supported a wave of AI–blockchain integration projects. Yet in some cases, such initiatives have exhibited limited transparency and uneven outcomes, raising questions about how innovation discourse is mobilized in practice. As revealed in the aforementioned exposé on the Fuzhou mining scandal, the legitimizing discourse of, and the symbolic alignment with, cutting-edge technologies can, under certain circumstances, create space for speculative behavior, resource misallocation, or policy–market frictions.

Yet more striking is blockchain's rhetorical resurrection under AI-centric development discourse. Far from a principled return, this revival is better understood as techno-nostalgic arbitrage: Blockchain is not re-emerging for its original decentralized affordances, but for its speculative and legitimizing potential in a moment of infrastructural strain. As AI development encounters challenges in data sovereignty, energy consumption, and regulatory scrutiny, blockchain is repurposed—as back-end infrastructure, as aesthetic veneer, as speculative narrative. Reports from firms like IBM and KPMG (2023) reframe blockchain as an "efficiency layer" for federated learning and as a tool to secure intellectual property rights and ensure compliance. Chinese media platforms such as *The Paper*, *TechFlow*, and *36Kr* amplify these claims, hailing a revolutionary fusion of cryptographic infrastructure and autonomous AI agents. What emerges is not a roadmap for innovation but a speculative hedge that converts ideological incoherence into asset value. Blockchain is remembered, rebranded, and reinserted as part of a broader elastic choreography of state–capital relations. While blockchain entrepreneurs once symbolized risky speculation and were cast outside the regulatory fold, they were reintegrated under the rubric of legal rationalization and AI–blockchain "integration."

In this sense, blockchain's reappearance under the AI umbrella is a reminder that technologies do not simply die or survive; they are repositioned within power-laden discursive infrastructures, the institutionalized systems of meaning-making—including media, policy, legal frameworks, industrial discourse, and platform governance—that structure how technologies are talked about, imagined, legitimized, and operationalized. What seems like a technological revival is, in fact, a strategic realignment of interests, where ideological contradictions are capitalized upon, and legitimacy is fungible, exchangeable across legal, financial, and political registers. Blockchain, once sidelined, now lives on as ghost infrastructure in the AI age: animated not by its decentralized promise, but by its utility as speculative rhetoric and techno-political currency.

Furthermore, local governments, incentivized by promotion metrics tied to "AI innovation," channel resources into constructing AI industrial parks and pilot zones. In doing so, they push regional enterprises to adopt immature AI systems, such as automated customer service or AI-driven factory upgrades, not out of operational need but to meet project indicators and attract investment. This often imposes high maintenance costs, disrupts existing workflows, and converts small firms into testing grounds in state-led digital modernization. The phenomenon of firms coerced by local performance metrics or investor pressure

into adopting AI systems prematurely illustrates how state-led innovation agendas often prioritize appearances of progress over practical viability, leaving smaller firms especially vulnerable (Z. Yang, 2025b). The Beijing and Shenzhen governments launched multi-million-yuan robotics funds, only accessible to firms meeting high production/usage thresholds. While this provision spurs development, it also creates pressures. Smaller enterprises must deploy or upgrade to costly robot systems to access government subsidies, with operating costs often ballooning post-adoption. These mandates force firms to undertake premature AI adoption, on pain of losing funding (Goh et al., 2025).

At the enterprise level, the speculative burden is passed downward: to workers whose repetitive jobs are displaced (e.g., translators, customer service agents, even journalists), and to workers expected to shoulder the costs of "reskilling" in response to top-down automation, not as a right or guarantee, but as an individual responsibility. The promise of AI, including efficiency and national power, thus obscures an extractive structure of techno-governance that might reshuffle risk downward while concentrating symbolic capital upward (Olcott, 2024).

This dynamic is illustrative of this article's conjunctive framework by epitomizing the tension between governmentality and the art of being governed: while the state operationalizes innovation through metrics, subsidies, and discursive promises of AI as a symbol of modernization, enterprises and workers must inhabit these demands tactically, often at great cost. Their sometimes coerced compliance reveals how governance rationalities translate into everyday negotiations of survival, illustrating the gap between the symbolic capital of "AI progress" and the precarious realities it produces for the wider range of stakeholders.

4.2.3. Summary

This case study examines China's pivot from blockchain to AI not as a linear progression of technological development, but as a paradigmatic shift in building the infrastructure of state power. Drawing on Foucauldian concept of governmentality, science and technology studies (STS) scholarship on hype cycles, and infrastructural imaginaries, this sub-section argues that while early AI innovation emerged from private-sector competition, the post-2017 institutionalization of AI—through national policy, military-civil fusion, and local government's performance metrics—reveals a techno-political choreography in which centralized control and decentralized experimentation are not contradictory but co-constitutive. In this landscape, blockchain reappears not as a disruptive alternative, but as a symbolic and infrastructural supplement to AI development, legitimizing state-led projects and masking elite rent-seeking. The result is a techno-governance regime in which emerging technologies serve as instruments of epistemic sovereignty, where infrastructural hype justifies extractive practices and where the burden of automation risks being redistributed downward onto precarious workers, small enterprises, and workers tasked with self-reskilling under the banner of national innovation.

5. Conclusion: Technologies of Governance, Infrastructures of Power

This article has traced the entangled trajectories of blockchain and AI in China not as isolated episodes of innovation and repression, but as iterative moments in a deeper political logic of infrastructural governance. It argued that neither blockchain's ethos of decentralization nor the centralizing logic of AI can be understood apart from the discursive regimes and institutional choreographies that govern their adoption, reinvention, and

symbolic utility. Both technologies function less as tools of liberation or control per se, and more as discursive assemblages, arenas in which truth claims, moral legitimacy, and political authority are produced, contested, and reassembled.

China's digital governance strategy does not suppress decentralization outright, nor does it simply instrumentalize AI as a neutral administrative upgrade. Rather, it cultivates a techno-political ecology in which disruption is tolerated, sometimes even encouraged, so long as it can be rendered legible, governable, and ideologically useful. The fate of blockchain exemplifies this: hyped as a vehicle for financial emancipation, criminalized in the name of state sovereignty, and ultimately reborn as ghost infrastructure within AI-centric narratives of productivity and geopolitical resilience. The return of blockchain is thus not a technological renaissance, but a discursive realignment, an example of what this research terms "paradoxical infrastructuring" where symbolic capital is extracted from the ruins of prior disruption.

Crucially, this logic is sustained not only by the state but by a constellation of intermediary actors, such as crypto entrepreneurs, influencer-developers, local officials, and VC-backed firms, who navigate the blurry terrain between compliance and autonomy. Drawing on Szonyi's (2017) "art of being governed," these actors advocate for decentralization while reinforcing the very hierarchies they claim to oppose, thus thriving on ambiguity and instrumental alignment.

The shift from blockchain to AI hype, then, should not be seen as a pivot from chaos to order, but as a recursive rearticulation of governance through infrastructural opacity, opportunistic rent-seeking and redistribution of burden to less advantaged socioeconomic groups, based on what it can be made to signify for the state, for markets, and for the subjects who navigate their contradictions. The case of China is not an exception, but a particularly vivid instance of how emerging technologies are governed through a fusion of infrastructural seduction (where digital systems promise efficiency, control, and innovation), discursive elasticity (where terms like "blockchain," "AI," or "decentralization" are stretched to serve shifting political and economic agendas), and strategic ambiguity (where state actors deliberately blur boundaries between promotion and prohibition, openness and restriction, in order to retain maximum flexibility and authority). It serves as a mirror, reflecting both China's evolving digital infrastructures and regulatory practices and the global condition where innovation is inseparable from struggles over political authority and market control.

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Conflict of Interests

In this article, editorial decisions were undertaken by Chang Zhang (Communication University of China) and Denis Galligan (University of Oxford).

Data Availability

This article draws on policy documents, journalistic reports, industrial reports, and online community discussions, and which are available both in the bibliography and the supplementary file.

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LLMs were used only for proofreading.

Supplementary Material

Supplementary material for this article is available online in the format provided by the author (unedited).

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