Abstract

The China's stock market crisis has successfully alarmed the investors, particularly the domestic investors. China over the three decades has shown an incredible growth of its economic, particularly its investments flow. This investment flow is supported by the establishment of the China's stock markets, Shanghai stock market and Shenzhen stock market. These two largest stock markets in China have been grown much stronger and listed in the top rank of the global stock market. However, in the midst of China's stock markets rise, it experienced from the decline of its indexes. In June 2015, it jumped from the highest rate into the lowest rate. This was the first time that the China's stock markets jump drastically. This decline has worried the investors, particularly the domestic investors. In this regard, the central government of China as the absolute power within the country has the crucial roles to calm down its stock market crisis.

This research aims to find out the reason why the China's stock market crisis arise and the role of the state in addressing the stock market crisis by using the concept of casino capitalism and the role of the state by Keynesian perspective.

Key words: *Shanghai stock market, Shenzhen stock market, capital movement, stock market crisis, fiscal policy, monetary policy.*