

Jochen Kleining: Dispersed Economic Power? Overseas Chinese between Discrimination and Success in Business

The western world views China's rise to world power status with anxiety and euphoria in equal measure: Cheap wages, armies of refugees from the country who are eager to work, low social standards, and an authoritarian government are among the reasons quoted. There is, however, another factor to which China owes its economic success: Numbering five million people, the overseas Chinese represent the biggest expatriate community worldwide. Linked by a closely-knit and efficient network of business relations, they form an engine whose power is crucial for China's economic miracle.

The historical roots of emigration from China go back to the disintegration of the empire. At the time, Europe's colonial powers needed large workforces in Southeast Asia, while in China itself, mass emigration was boosted by overpopulation, famine, and civil war. However, emigrants headed not only for the European colonies where lucrative employment beckoned but also for Thailand and, from the mid-19th century onwards, for the USA and Australia. Migration peaked shortly after 1900 and after the First World War. Around 1960, China's communist leadership imposed rigid restrictions on emigration to keep its population from draining away. These restrictions remained in place until the eighties, when emigration was revived as the country opened up politically and economically.

Most expatriate Chinese live in Southeast Asia, especially in Indonesia, Malaysia, Thailand, and Singapore. Although they normally form an ethnic minority, their influence is great because of their economic power. In the aforementioned countries as well as in Vietnam, 70 percent of the total private and corporate capital is held by the Chinese who, however, represent no more than 6 percent of the population. On several occasions, this has led to tension and riots so that the history of the expatriate Chinese in Southeast Asia is rich in incidents of discrimination and persecution. Nevertheless, they always maintained very strong ties to their mother country, ties which form a constant in the history of the expatriate Chinese.

In Malaysia, the Chinese accounted for almost half the population when the country became independent in 1957. After a long period in which they dominated the economy, bloody clashes between Malays and Chinese changed the political situation in 1969. When the 'new economic policy' (NEP) was introduced, the Chinese population lost its hold on the economy.

However, the NEP was abolished in 1990, and today it is the subject of a controversial debate even among Malays. According to the Malaysian Asian Strategy and Leadership Institute, it did have the effect of concentrating about 45 percent of the country's corporate capital in the hands of ethnic Malays. Although the Chinese are still discriminated economically, they are largely accepted in societal terms.

Indonesia is home to Southeast Asia's largest community of expatriate Chinese. Three in four of the country's biggest conglomerates are managed by ethnic Chinese. As the social imbalance between the Chinese and the indigenous population is more marked than elsewhere in the region, ethnic tensions are considerable. Under Suharto, a sworn enemy of communism, the expatriate Chinese were branded 'Mao's fifth column in Southeast Asia' and persecuted vehemently in 1965/66. The New Order policy that followed after the riots subjected all Chinese to a programme of strict assimilation, although some did benefit economically. While the Asian crisis led to renewed clashes, it also marked the end of Suharto's career. The new president, Abdurrahman, successively cashiered most anti-Chinese regulations, and in 2006, the new

citizenship act made everyone an Indonesian national who was born in the country, reviving the self-confidence of the Chinese minority.

More than anywhere else, the Chinese population's endeavours to integrate were successful in Thailand, where a certain affinity exists between the two ethnic groups because of their common roots in Buddhism, and where an assimilation programme that was introduced decades ago has been quite successful. Furthermore, the promotion of inter-ethnic marriages by the state also helps to avoid tensions between the groups. And yet the Chinese dominate the economy in Thailand as much as elsewhere: Up to 90 percent of the shares in Thai corporations are said to be held by Thais of Chinese extraction. Still, the country has never experienced conflicts on the Indonesian scale. When the military was shorn of its power in 1992, the Chinese took advantage of this by increasing their political engagement. However, there is no way of knowing how the situation will develop after the putsch of 2006.

Even in the 19th century, Chinese emigrants were heading for North America. When the influx was limited by the Chinese Exclusion Act in 1882, a time of discrimination and marginalisation began for the Chinese on the continent. The situation changed in 1965, when the Chinese were given equal civil rights, a move that launched the biggest wave of migrants ever. By 2006, the number of immigrants had grown to almost three million. Nor is the situation much different in Canada, where more than a million ethnic Chinese are living at present. Today, most Chinese immigrants to North America come from a prosperous and educated background. Many come to study and then stay on to build a career for themselves. In China, where the consequences of this brain drain are being debated, targeted attempts are made to induce emigrants to return home, albeit without success so far. There can be no doubt that China's education system has improved recently, and that career options are more diverse than they used to be. At the same time, any Chinese who returns home would be confronted by a competitive environment which makes returning a much less attractive option. In the USA, on the other hand, the flood of Asian university applicants has induced a debate about regulating enrolment on the basis of ethnic criteria. The competition engendered by this threatens to complicate the integration of expatriate Chinese in the US itself.

Spanning the globe, the web of relations that links Chinese emigrants is tightly woven. The network is held together by membership in a family or clan as well as by shared origins in a particular village or region. Such networks have always been traditional in those areas of south China where the overseas Chinese originally came from. Today, these webs of personal and financial relations which contributed to the considerable economic success of many overseas Chinese have matured into organisations which in some instances defy analysis and operate clandestinely. Years ago, the 'bamboo network' was hailed as a new form of international economic management, and there was even some talk of a 'global empire of the overseas Chinese'. All this, however, very likely is a bit overblown. After all, even the conglomerates of the expatriate Chinese are subject of the rules of the global market which restrict the power of informal networks.

China's rise is indeed closely linked to the history of the overseas Chinese whose influence in the entire Southeast Asian region is considerable by now. It would be wrong, however, to equate this economic potency with political power. Today, it is the process by which China's economy is catching up that dominates the self-perception of the expatriate Chinese and their relationship with their home country. After all, those who know that they are being backed by the expanding global power of their motherland are likely to feel more secure and self-confident.

With growing self-assurance, the Chinese living in Southeast Asia are insisting more and more on their own political and cultural identity. Chinese assimilated abroad are now rediscovering their roots and looking towards China, although pragmatic reasons may prevail in this respect. This is evident from the growing number of mandarin schools in Southeast Asia. Vis-à-vis North America, on the other hand, China regards itself as an emigration country, fearing the brain drain in that direction. After all, the Chinese elites consider not only higher income potentials but also the quality of life when choosing the environment in which they wish to live and pursue their careers, a quality that is increasingly determined by clean air, a bearable demographic development, and a satisfactory urban infrastructure. It is exactly this circumstance, however, which prompts the question of whether the brain drain will turn into a brain gain anytime soon.