



# รายงานวิจัยฉบับสมบูรณ์

## โครงการ

ทุนนิยมจีน ประชาคมอาเซียน และชาวจีนโพ้นทะเลในอุษาคเนย์

โดย

ศาสตราจารย์ ดร.ยศ สันตสมบัติ

ตุลาคม 2557

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สนับสนุนโดยสำนักงานกองทุนสนับสนุนการวิจัย(สกว.)

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สรุปรายงานความก้าวหน้า

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รายงานในช่วงตั้งแต่วันที่ 1 พฤษภาคม 2557 ถึงวันที่ 31 ตุลาคม 2557

ชื่อหัวหน้าโครงการ : ศาสตราจารย์ ดร.ยศ สันตสมบัติ

หน่วยงาน: ภาควิชาสังคมวิทยาและมานุษยวิทยา คณะสังคมศาสตร์ มหาวิทยาลัยเชียงใหม่

โครงการวิจัยนี้มีข้อเสนอว่า การทำความเข้าใจเกี่ยวกับการก่อร่างสร้างตัวและพัฒนาการของทุนนิยมจีนจากอดีตจนปัจจุบัน ควรเริ่มต้นจากการพิจารณาความสำเร็จ/ความล้มเหลวของชาวจีนโพ้นทะเลระลอกต่างๆ ในอุษาคเนย์ โดยเน้นความสัมพันธ์แบบวิภาษวิธีระหว่างบริบทเชิงองค์การสังคม (Institutional context) กับยุทธวิธีทางการค้าและการประกอบธุรกิจ (Entrepreneurial strategies) การปรับใช้ทุนทางสังคมและเครือข่ายความสัมพันธ์ (Guanxi network) และการปรับองค์กรธุรกิจ ในบริบทของการค้าการลงทุนที่มีลักษณะข้ามชาติมากขึ้นเรื่อยๆ โดยมีคำถามของการวิจัยดังต่อไปนี้

1. อะไรคือเงื่อนไขปัจจัยที่ส่งผลต่อความสำเร็จ/ล้มเหลวของชาวจีนโพ้นทะเลในอุษาคเนย์
2. นักธุรกิจเชื้อสายจีนในอุษาคเนย์มีสัมพันธภาพกับการเรืองอำนาจของจีนตลอดช่วงสามทศวรรษที่ผ่านมาอย่างไร สัมพันธภาพดังกล่าวมีแนวโน้มจะเปลี่ยนแปลงไปในด้านใดบ้าง
3. ในบริบทของโลกาภิวัตน์นักธุรกิจเชื้อสายจีนในอุษาคเนย์มีการปรับองค์กรและกลยุทธ์เชิงธุรกิจ ตลอดจน เครือข่ายความสัมพันธ์อย่างไรให้สอดคล้องกับบริบทของธุรกิจข้ามชาติ
4. การสร้างเครือข่ายความร่วมมือระหว่างนักธุรกิจเชื้อสายจีนในอุษาคเนย์กับนักธุรกิจจีนแผ่นดินใหญ่และรัฐบาลจีน จะมีผลกระทบต่อเศรษฐกิจของประเทศต่างๆ รวมทั้งการพัฒนาประชาคมเศรษฐกิจอาเซียนอย่างไร

พื้นที่ในการวิจัยของโครงการครอบคลุมการศึกษาคนจีนโพ้นทะเล โดยเฉพาะในกลุ่มบรรษัทธุรกิจข้ามชาติเชื้อสายจีน ใน 5 ประเทศลุ่มน้ำโขง คือ เมียนมาร์ ลาว กัมพูชา เวียดนามและไทย และอีก 4 ประเทศที่มีนักธุรกิจชาวจีนโพ้นทะเลจำนวนมาก คือ มาเลเซีย สิงคโปร์ อินโดนีเซีย และฟิลิปปินส์ รวมทั้งมีนักวิจัยชาวจีนอีก 1 ท่าน ศึกษาการเปลี่ยนแปลงเศรษฐกิจของจีนนับแต่การปฏิวัติคอมมิวนิสต์เป็นต้นมาจนถึงปัจจุบัน รวมทั้งประเด็นนโยบายทางเศรษฐกิจของจีน และความสัมพันธ์ระหว่างพัฒนาการของทุนนิยมจีนกับผู้อพยพชาวจีนรุ่นต่างๆ

โครงการนี้เป็นการสร้างนักวิจัยรุ่นใหม่/ กลาง เพื่อเป็นผู้เชี่ยวชาญกลุ่มน้ำโขงศึกษา กับอิทธิพลของจีนในอุษาคเนย์ต่อไป รวมทั้งเป็นการสร้างภาคีเครือข่ายนักวิจัยในอุษาคเนย์ เสริมสร้างการทำงานเป็นทีมระหว่างประเทศในภูมิภาคเพื่อแสวงหาคำตอบและก่อให้เกิดกระบวนการเรียนรู้ร่วมกันในรูปแบบของการประชุมเชิงปฏิบัติการเพื่อแลกเปลี่ยนข้อค้นพบที่น่าสนใจ และติดตามความก้าวหน้าของงานวิจัยทุก 6 เดือน โดย Progressive Workshop ได้จัดขึ้นเมื่อวันที่ 26-27 กรกฎาคม 2557 ที่โรงแรมแคนทารีฮิลล์ จ.เชียงใหม่ ซึ่งมีการนำเสนอความก้าวหน้าของงานวิจัยโดยสรุปดังต่อไปนี้

## **RESEARCH PROJECT:**

### **“CHINESE CAPITALISM, ASEAN ECONOMIC COMMUNITY AND OVERSEAS CHINESE IN SOUTHEAST ASIA”**

**July 26-27, 2014**

#### **Welcome Speech**

##### **Prof. Dr. Yos Santasombat**

Let me first welcome everyone to Chiang Mai. A lot of people do not know each other. So let me introduce our research team. We have new faces and additional members. Professor Ellen Huang Palanca from Philippines. Dr Wasana from Chula. We have another Wasana. “Wasana” in Thai means “grace”. We have a lot of grace. The second Wasana is from Thammasat. We also have Professor Danny Wong from Malaysia. Next to Danny, we have Professor Bien Chiang, Chiang “Laoshi” (teacher) will work on Indonesia. Then we have Nguyen Van Chinh from Vietnam is old friend of ours. Tun from Myanmar. Professor Sung from Taiwan who will work on China. Siphath from Cambodia. Professor Liu Hong from Singapore. Next, Professor Chullacheeb. We will like to ask him as one of our advisors. This is because he has a lot of experiences in foreign relations. He taught about 39 years teaching political science in Thammasat University. Last but not least, we have our director, who is Professor Patamawadee. She will grace our opening remark.

#### **Opening Remark**

##### **Associate Prof. Dr. Patamawadee Pochanukul**

Good morning to everyone. I am Patamawadee Pochanukul from Thailand Research Fund. I like to welcome you to Chiang Mai and to our meeting. Last 3 years, we have worked on the project “Variegated Dragon,” which considers the role of China in LCVM countries. As for this current project, we have expanded the research to include other Southeast Asian countries (Philippines, Malaysia, Indonesia and Singapore). We are keen to explore the role of China with the understanding of the reasons behind and the process

involved in Chinese Capitalism. Whenever we think of Chinese Capitalism, we think in terms of networking. Yet, in this project, we are keen to find out how the Chinese has performed in this region given the changing environment. This is a wonderful opportunity for us to work together to share important ideas of what is going on in this region.

## **Overall Research Questions and Objectives**

### **Prof. Dr. Yos Santasombat**

We only have one and half days so I will not bore you with details but will like to highlight certain key aspects. As Professor Patamawadee has said, during the last 3 years, we have worked on the impact of China's rise on the 5 countries around Mekong region. This current study has expanded our scope to cover more countries. We will like to pay attention to the Chinese way of doing business – “Chinese capitalism,” and how it has evolved through the past century, especially through the past few decades as occasioned with the rise of China. Let me briefly explain our goals and intentions.

First of all, I borrow Henry Yeung's “hybrid capitalism” to characterize the Chinese economy as not just China's economy but implies national economies of Southeast Asian Countries. In particular, he explained that China's economy has transformed in 3 phases – from socialism to state-led corporatism, Stalinism to hybrid capitalism. There is a special form of capitalism. This transformation is a result of 3 interdependent processes – growth of domestic market, the adoption of market economy during since Deng's leadership and also an increasing investment from overseas in China in the 80s and 90's. We are now looking at Chinese capitalism in the global era. Used to look at country based economies. Need to look at global context. Our research to attempt to reinterpret and retheorize in global context with increasing connectivity among the various countries in the different regions of the world. Based on our previous research, Chinese capitalism has been seen as a contained system confined at particular ethnic groups, regions and countries. However, this phenomenon is no longer true at the present time.

Another thing we problematize is that we used to employ cultural explanation in Chinese capitalism, which is still dominant. We talk about *Guanxi* system and family firms, which have dominated the study of Chinese capitalism. It is time for us to question these

mode of explanation. Are they still valid? In fact, a lot of people, especially the economists have disregarded cultural explanation. However, my personal view is that we should still approach cultural explanation, but with caution, since culture is prevalent and changing. In Thailand, for instance, we have different ethnic groups with different cultures. When we think of Chinese, we used to think of one monolithic Chinese culture. We used to think of them as possessing only one Chinese culture. Our research should move beyond cultural norms and practices as we compare notes from different countries. How can we learn from different Southeast Asian countries with their similarities and differences? How can we capture the evolution of Chinese capitalism from different Southeast Asian countries?

For the purpose of this project, we are sub-dividing our 3 year project into 2 phases. In the first 18 months, we will be looking at the history and evolution of Chinese capitalism in Southeast Asia. We will explore the reshaping of Chinese capitalism in all 9 countries in Southeast Asian countries, and also China, in a globalizing era. These 9 countries are Vietnam, Myanmar, Cambodia, Laos, Thailand, Malaysia, Singapore, Indonesia and the Philippines. In a sense, we will like our researchers to share the basic question of looking at the history of evolution up to the present time, which includes new factors. For instance, we can consider the influx of new Chinese migrants at various countries. For instance, Indonesian Peranakans experience conflicts with the new wave of Chinese immigrants. And it is the interest of this new project to consider how these new factors have shaped the evolution of Chinese capitalism in this region.

At the end of the last project, we have tentatively set the approach, but researchers are free and independent to approach Chinese capitalism in the way they want. In any case, since the last time, we have agreed with special emphasis on 3 factors. (1) First, it has to do with the spirit of “Chineseness” in the old cultural explanation: family firm, *guanxi*, Chinese association involving Chinese values such as Confucianism and kinship ties. This project problematizes such and question whether they are revived and are still dominant in contemporary Chinese capitalism. (2) Second, it is to look at Chinese business system – the way that Chinese perform their trading activities in their trusting system. Has this been disposed or disregarded? We approach this not by looking at the whole economy but from an actor-centered approach instead of an institutional approach. Some would choose not to look at big businesses. Like Chiang, he would look at small or middle-sized enterprises since most researchers look into huge firms but none look at small and medium ones. We shall

look at how business strategies have changed and networks have changed too? Are they still reliant on personal trusts and relationships? (3) The third factor has to deal with political and economic alliances in the ways in which the overseas Chinese and their firms integrate themselves into the host countries. Historically, Chinese have political problems with the government and so they have to form alliances internally and internationally. Thus, how have these alliances been transformed over the last decade?

In summary, these are the three focuses researchers may or may not adopt. Each researcher can have a way to look at specific context from each of the represented country. This workshop which we have agreed upon since last year have kept to the exact timing of July 26-27. This workshop is meant to get to know each other, think out loud, compare notes, and help each other with regards to what we are going to do in the next ten months. This is also tentative. At this point, I need to ask permission from all that since we only have 18 months, shall we present our draft, at a venue to be decided later, next May 2015. So if each is agreeable, then each will write a paper for your country. As for word limit, each paper is to keep to 10,000 words. In my experience, it is very difficult to cut down the size once you have written a 15,000 words paper. Thus, I beg of you, please keep your paper to 10,000 words. I will send you the preferred format. Hence, if you agree, I will like to book you for May 30-31, 2015. That is the workshop for draft papers and thus, we will invite commentators to comment. After which, you will have another 6 months to revise and we will publish it in a book form. We will produce two books where the first deals with the historical evolution on Chinese capitalism. And the second one is more specific focusing on the impact of Chinese capitalism on ASEAN as a new economic community. We assume that it will take place. EU takes 10 years after the dateline. Thus, ASEAN might also take the same amount of time or even longer. Nonetheless, we need to think ahead. That will be for the second phase of our research.

*Comments:*

*Chullacheeb:* Chinese capitalism is quite different from the past. This is because China is still currently communist, in which policies are prioritized by the state. Thus, there are differences in state policies of the past and the imminent changes. Thus, it is crucial for the scholars to keep China's state policies of the past, the present and the future at the back of the mind. *Siriphon:* Based on what Ajarn Yos said, I am not exactly clear as Chinese



capitalism is a broad term and we have to think more. I am also thinking about Japan because Japan plays a huge part in the economic sector of Southeast Asia. I am not sure but perhaps we can think together. *Yos:* There is no such thing as Chinese or Western Capitalism. We use Chinese capitalism as an ideal type. If you believe Weber, then you believe that there is no such thing as Chinese capitalism for China has no protestant ethics. Thus, we are using it as a conceptual tool. *Patamawadee:* (1) Ajarn Yos has focused on networking, entrepreneurship, actors and Chinese business systems. However, business systems is quite broad as a term. We might think of another way like technological development as a strategy to advance. What about in Chinese systems? Chinese technology as a kind of “copy” or imitation? How far do we look? Do we only concentrate on actors instead of composition of business systems? How do we scope and frame our study? (2) Period of study: is the duration gap of one year too far apart? Perhaps we should meet 6 months later instead? *Liu Hong:* (1) Short term request: Are the papers/book for the previous research outcome published and accessible? (2) How do we understand Chinese Capitalism in the era of globalization? I fully agree that technological advancements affect new patterns of Chinese capitalism. One important aspect is to look at China’s growing outward FDI in this region. It is not just China’s corporatization but also large scale property developers in Malaysia. How do these reshape political and economic policies? How do they remain connections with China? Look at how China’s policies in Chinese capitalism are impacted from Southeast Asia.

#### *Note-taker’s Summary*

This opening session has provided a very clear as well as a very flexible platform for the various scholars to maneuver. In summary, Chinese capitalism is an ideal type which has been set within the ongoing debate of cultural explanation and institutional approach. However, under globalizing forces and the rise of China, this research project is keen to explore the historical evolution of Chinese capitalism and the impact of Chinese capitalism on ASEAN as a new economic community.

# **“China’s Economic Reforms and Contributions of Overseas Chinese to China’s Economic Development”**

**Prof. Dr. Hsing-Chou Sung**

This is a study of policy changes in PRC. In order to understand how china has changed, there is a need to understand the historical process. There are six parts in the presentation.

## **I. A Brief History of China’s Economic Reforms since 1977**

China has been transformed from the inside out over the past 36 years. In general, scholars have traced back to the end of 1976 as the start of post-Mao reform. In fact, China basically became a market economy by the end of the 90s before it joined the World Trade Organization in 2001. In the new millennium, the Chinese economy has kept its growth momentum and become more integrated with the global economy. During the first decade of reform, two reforms had been implemented. One was designed by Beijing; its goal was to revitalize the state sector and save socialism. The other resulted from grassroots initiatives.

### **A. The State-Led Reform**

The state-led reform came in two phases. The first one started at the end of 1976 under Hua Guofeng. Hua was Mao’s designated successor, who consolidated his power base after arresting the “Gang of Four” and ending the Cultural Revolution. Even though loyal to Mao, Hua was an economic modernizer. With full support of Deng Xiaoping and other Chinese leaders, Hua launched his economic program of modernization, which would be later disparaged as “the Leap Outward.” Essentially, it was a state-led, investment-driven program, with a focus on heavy industry; it is a good example of what economists called “big-push industrialization.” But the program lasted barely over two years. It was called off in early 1979, partly due to its own defects and partly due to leadership change: at the end of 1978 the Central Committee held a meeting, at which Deng Xiaoping and Chen Yun came back to power and Hua was no longer in charge. Chen Yun was the architect of China’s first Five Year Plan in 1953 and a strong believer in central planning. However, Chen lost his position when Mao started the Great Leap Forward in 1958, which Chen opposed. He came

back to power along with Deng at the end of 1978 and was handed the job of designing an economic reform program. Chen believed that the Chinese economy had long suffered structural imbalance: too much investment in heavy industry relative to light industry and agriculture, and state sectors and planning being emphasized at the exclusion of private sectors and markets. In his view, Hua's economic program, which focused on heavy industry, made the Chinese economy worse. That's why Chen forcefully ended "the Leap Outward" against strong opposition from the State Council and imposed his economic policy. This marked the second round of Beijing-led reform. This round of state-led reform was two-fold: adjustment at the macro level and state-enterprise reform at the micro level. Structural adjustment was imposed across the economy. For example, more investment was channelled from capital goods to consumer goods production. More money was allocated to agriculture. The government raised the purchasing prices for agricultural products by more than 20 percent in 1979 and significantly increased grain import. Beijing also took steps to decentralize foreign trade and gave more fiscal autonomy to provincial governments. At the micro level, the emphasis was squarely placed on what was seen as the economic foundation of socialism, the state-owned enterprises. The strategy was to devolve some rights to state enterprises and allow them to keep some profits. Beginning in 1979 and throughout the 1980s, the Chinese government was preoccupied with incentivizing state enterprises.

#### B. Reform on the Margins

The economic forces transforming the Chinese economy in the first decade of reform were private farming, township and village enterprises, and private business in cities. None of them was initiated from Beijing. They were marginal players operating outside the boundary of socialism. For these marginal forces, the Chinese government was happy to leave them alone as long as they did not threaten the state sector or challenge the Party's political power. This created a room for what western scholars called the "marginal revolutions" that brought entrepreneurship and market forces back to China during the first decade of reform. One such marginal revolution is private farming. Private farming was certainly not new in China. In the early 1950s, Mao tried ruthlessly to collectivize farming. In September 1980 Beijing was forced to allow private farming in areas where "the people had lost their confidence in the collective." By early 1982 it became a national policy. Chinese agriculture was decollectivized. Later in the official account of reform, Beijing would credit itself for launching agricultural reform. But the reform enacted by Beijing

merely raised the purchasing prices of grain and increased grain import; private farming, which really transformed Chinese agriculture and freed Chinese peasants, did not come from Beijing. Township and village enterprises were industrial operations located in rural areas. During the first two decades of reform, they were the most dynamic sector in the Chinese economy. Since they operated outside the state plan, township and village enterprises did not have guaranteed access to raw materials controlled by the state but had to purchase them from the black market at a higher price. They were also excluded from the state-controlled distribution system to sell their products, but had to hire their own sales teams to travel all over China to find markets for their products. In other words, they had to operate like real business firms. This is what they did. And it did not take long for them to outperform state enterprises, which had all the privileges and state protections that they simply stopped being enterprising. During Mao's era, 20 million middle school graduates (ranging from 15 to 18 years old) in cities were sent to the countryside partly because the government could not create enough jobs. After Mao died, they came back, but found no job in the state sector. Young, jobless, and restless, they took to the streets and even blocked the railway. This mounting pressure forced the government to open the door for self-employment. Private shops started to emerge in Chinese cities; they quickly ended state monopoly of the urban economy. In summary, the first decade of economic reform resulted in two features. First, The Chinese government has understandably promulgated a state-centered account of reform, projecting itself as an omniscient designer and instigator of reform. The fact that the Chinese Communist Party has survived market reform, still monopolizes political power, and remains active in the economy has helped to sell the statist account of reform. Second, it was marginal revolutions that brought entrepreneurship and market forces back to China during the first decade of reform when the Chinese government was busy saving the state sector. As to the second decade of economic reform, it began in 1992 after Deng Xiaoping's southern tour. Regional competition became the main transformative force in the second decade, turning China into a market economy at the end of the century. Regional competition was not new; it existed in the first decade of reform. But then it created trade barriers at provincial borders and fragmented the Chinese economy. China implemented price reform in 1992, tax reform in 1994, and began to privatize state enterprises in the mid-1990s. These reform measures paved the way for the rise of a common national market, which was able to impose market discipline on all economic actors, turning regional competition into a transformative force. According to the Hayekian perspective, the growth of knowledge should be the

ultimate force driving economic change. After Mao died, China re-embraced pragmatism. “Seeking truth from facts” (事實檢驗真理) became the Party’s new guideline; getting rich became glorious. Then the most restrictive constraint for economic growth was the lack of knowledge. This included technical knowledge, knowledge about institutions — how various market-supporting institutions work, and local knowledge — what Hayek called “knowledge of the particular circumstances of time and place.” Knowledge of all kinds was created, discovered, and diffused fast. Through the growth of knowledge, the enormous scale of Chinese industrialization made its rapid speed possible. In short, regional competition promoted many entrepreneurs and this development resulted in an open and competitive market in China. Above all, the way of how China promoted its economic development is usually so-called “capitalism with Chinese characteristics”.

## II. Encouragement of Overseas Chinese FDI (Foreign Direct Investment) in China since 1980

In the early reform years, overseas Chinese policies have primarily targeted returned overseas Chinese and the relatives of the overseas Chinese who were seen as an important channel of their remittances and donations. In the period from 1978 to 1990 the Central authorities' bodies passed more than fifty laws and regulations, which all reflected a sixteen-character directive to pursue overseas Chinese affairs. This directive stipulated 'equal treatment without discrimination, considerations according to the particularities' (yishi tongren, bude qishi, genju tedian, shidang Zhaogu, 一視同仁, 不得歧視, 根據特點, 適當照顧). According to Chinese official sources, about RMB 5.5 billion of remittances was received from 1979 to 1989 predominately in the earlier reform years. By the mid-1980s remittances and donations stopped being adequate channels of foreign currency to China due to their insignificant rate. As a result, the authorities turned to the development of strategies to attract investments from overseas Chinese communities. The so-called “Open Door” Policy in China refers to the new policy announced by Deng Xiaoping in December 1978 to open the door to foreign businesses that wanted to set up in China. Special Economic Zones (SEZ) were set up in 1980 in his belief that in order to modernize China's industry and boost its economy, it needed to welcome foreign direct investment. Chinese economic policy then shifted to encouraging and supporting foreign trade & investment. In fact, the Special Economic Zones were established to co-opt capitalism to save socialism. The idea was to allow them to experiment with the market economy, importing advanced technology and

managerial know-how, selling goods to the global markets, creating jobs and stimulating economic growth. These experiments were confined to a few enclaves and strictly controlled so that they would not undermine socialism elsewhere, and if the experiments failed, their damage to socialism would be negligible. Surprisingly, it is the turning point in China economic fortune that truly started China on the path to becoming “The World's Factory”. Four SEZs were initially set up in 1980, namely Shenzhen, Zhuhai and Shantou in Guangdong, and Xiamen in Fujian. These SEZs were strategically located near to Hong Kong, Macao and Taiwan, but with a favorable tax regime and low wages in order to attract capital and business from these overseas Chinese communities. Shenzhen was the first to be established and it showed the most rapid growth, averaging at an astonishing growth rate of 40% per annum between 1981 to 1993, compared to the average GDP growth of 9.8% for the country as a whole. Further SEZs were later set up in other parts of China. In 1978, China was ranked 32nd in the world in export volume, but by 1989, it had doubled its world trade and became 13th largest exporter. Between 1978 and 1990, the average annual rate of trade expansion was above 15 percent, and a high rate of growth continued for the next decade. In 1978, China's exports in the world market share were negligible. In 1998, they still had less than 2%, but by 2010, they had a world market share of 10.4% according to the World Trade Organization (WTO), with merchandise export sales of more than \$1.5 trillion, the highest in the world. In 2013, it was reported that China had overtaken the USA and became the world's biggest trading nation in goods with total for imports and exports reaching US\$3.87 trillion. Two factors made the overseas Chinese entrepreneurs turn back to the Mainland China. One is the change of Chinese government's attitude towards overseas Chinese capital, and the other is the rapid economic growth of the Mainland China. In 1992, Deng Xiaoping decided to open almost the whole country to the world. Therefore, overseas Chinese investment, previously concentrated in Guangdong and Fujian, spread into inland of China since then. In 1993, Deng further expressed his higher appreciation of overseas Chinese and considered them as the unique condition of China's development. He said, “There have been rare opportunities for China to go into a great development. China is different from the other countries because China has several ten millions overseas compatriots who can offer a unique opportunity to China's development and they have made great contributions for China.” Deng Xiaoping's attitude toward the overseas Chinese has been followed by his successors President Jiang Zemin and Hu Jintao. Both of them all stressed the importance of overseas Chinese to the Mainland China. For example, Hu Jintao said in 2004, “There are several ten

millions overseas compatriots distributing in different regions in the world and about 30 millions of their relatives in China, and all of them are the important strength for China's modernization, nation-united and the revival of Chinese people. The CCP has always paid high attention to the work on them.” Besides opening more regions to FDI, the central government and local governments formulated special rules to offer preferential treatment to overseas Chinese capital investment in the Mainland China. In addition to central government, the local governments at different levels of province, city and towns, offered more favorable conditions to the overseas Chinese investment in tax, land rent, import duties, special protection on some economic sections, residence, and so on. In response to the Chinese government's good graces, the overseas Chinese capital took the lead to invest in China when other foreign capitals were still hesitated and waited. As Singapore Prime Minister Lee Kuan Yew once said: “We are ethnic Chinese and share a basis for culture and language. It makes for easy rapport and trust, which is the foundation for all business relations.” On the one hand, China was eager to gain access to capital, technology and know-how to penetrate into international markets from HK, Taiwan and the Southeast Asian Chinese. On the other hand, manufacturers in Hong Kong and Taiwan need to find alternative bases of production when they were suffering from high wages, limited land and environment demands at home, and the rapid accumulating capitals of the Chinese in Hong Kong, Taiwan and Southeast Asia are keen to invest into the Mainland which will be proved to be a profitable market.

### III. Overseas Chinese Investment in China since 1978

The outcome of the calling-back policy was the predominant position of overseas Chinese capital on China's market throughout the whole period (see table 1).

**Table 1: Overseas Chinese Foreign Direct Investments (FDI) in China, 1979-2000 (in 1 mln US\$)**

| Years     | Total amount of FDI | Overseas Chinese FDI | Percentage of overseas Chinese FDI |
|-----------|---------------------|----------------------|------------------------------------|
| 1979-1991 | 26,885              | 17,932               | 66%                                |
| 1992-1997 | 196,810             | 127,600              | 65%                                |
| 1998-2000 | 126,633             | 82,200               | 65%                                |

Source: Zhuang 2000: 380.

In the first decade of the China's opening to the world, major part of the foreign direct investment came from HK and the ethnic Chinese in Southeast Asia. The quota of FDI from HK and the Chinese in Southeast Asia is about 55% in the total FDI in China. Hong Kong has been the vanguard and main force in the overseas Chinese economic involvement into the Mainland China no matter in investment, trade or technology and information transportation. Actually Hong Kong started its economic integration into the Mainland as early as the late 1980s. In the beginning of 1990s Hong Kong had already finished the transportation of manufacturing firms from Hong Kong to Pearl River Delta in pursuing the cheaper land and labor as well as the other preferential condition offered by the local governments. Meanwhile, Hong Kong had been the transfer station for Southeast Asian Chinese capital invested into mainland as soon as the Mainland China's opening the door. In the late 1980s Taiwanese entrepreneurs started its business venture to invest into the Mainland, and Fujian and Guangdong are also the Taiwanese first targets. From early 1990s onwards the intimate economic interactions among Hong Kong, Taiwan, coastal south China and the Southeast Asian Chinese have well going on through investment and trade. From the Chinese government's statistics, the FDI in 1990-2002 from Southeast Asia is US\$29b or about 6.7% of total FDI in China. In the meantime, the FDI from Hong Kong is about 45% of total FDI in China and 7.6% from Taiwan. In fact, the investment from Hong Kong in a great quota is actually from the branch companies owned by the Southeast Asian Chinese. Many huge Southeast Asian Chinese enterprises established their agencies in Hong Kong. Because direct investment from Southeast Asia into the Mainland had raised political sensitive and resulted in the local authorities' suspicion to the ethnic Chinese loyalty, it is a reasonable and easy choice for the ethnic Chinese in Southeast Asia to invest into China through their companies in Hong Kong. Taiwan, next to Hong Kong, is the second largest investor into the Mainland China in the 1990s. In 1990-2002 the FDI from Taiwan into the Mainland amounted to US\$ 33bn. Since 2002, the Mainland China has already attracted more than half of the Taiwanese investment across boundaries and became the largest market for the exports of Taiwan. According to the survey on Taiwanese invested enterprises in the Mainland by Taiwanese magazine "Investment in China", 68,115 Taiwanese enterprises had been established to the end of 2003 with a total investment of US\$129.5b by contracted and US\$ 77.7 used. In 2002, Taiwan exported the goods of US\$33.06b or 25.3 % of total export to the Mainland.



#### IV. The Role of Overseas Chinese in China's Economic Development

The contributions of overseas Chinese to China's economic development can be classified into three reasons. First, they have facilitated international trade and investment. A network of kinship relations and language of overseas Chinese contributes to making easier business across borders. Such network relationships have swiftly built reliability and flow of trade data within the network. In addition, knowledge of local culture contributes to trade cooperation among emerging economies that have weak commercial regulations. It could be considered that besides the global economic leaders, emerging economies, which are important trading partners like the East Asia countries, have a large proportion of Chinese population such as Taiwanese, Malaysians, and Thais, etc. In terms of international direct investment, China has become the investment target from around the world since opening up the nation into a capitalist system. The value of FDI during 2001 – 2011 in China has increased on average by 10.6% yearly and global investment by 8% (combining Hong Kong and Macau figures results in it having 14% of FDI around the world) or the 2nd highest ranking in the world below the USA. It has been accepted that the overseas Chinese contribute to direct investment into China. It was noticeable that most capital sources have been invested from countries that have large amounts of overseas Chinese such as Singapore, Taiwan, and Hong Kong, etc. In addition, the study of Harvard Business School found that it was easier for American companies that hire people from the overseas Chinese to establish and run their businesses in China. Second, they have created efficient business for competition. One apparent characteristic of ethnic Chinese around the world is that of being entrepreneurs. The large numbers of poor and uneducated Chinese migrants were able to strongly form together and some have gone on to create large-sized businesses. Information for the world's business leaders confirmed that the top ten richest people in Thailand, Indonesia, Malaysia, and Singapore include 8 ethnic Chinese. The Southeast Asian region is the obvious example of the economic role of overseas Chinese. In Malaysia, there is ethnic Chinese 26% of the total population but they have become owners in the stock market with total holdings of 39% more than any other group in the country. In 1998, there were only 1% ethnic Chinese out of the total population in the Philippines but up to 60% operating in private economy, the same as Indonesia that had only 3% of ethnic Chinese who controlled more than 70% of the Indonesian private economy. Third, they have supported technology transfer from overseas. There is an increasing number of Chinese people living overseas or

having graduated from universities overseas who have returned to China since 2001. These people are equipped with knowledge, experience, and new contacts, particularly those Chinese who have worked in hi-tech industries producing new, high value-added products, or with new management techniques. They play essential roles in creating and developing high technology industries, as well as strengthening the competitive advantage of China. In addition, the education system of China is dominated by experts who graduated overseas, including 78% of presidents of universities, 62 % of PhD supervisors, and 84% and 75% of academicians at the Chinese Academy of Sciences and the Chinese Academy of Engineering respectively. Many Chinese people overseas become well-educated scientists with high academic rankings. In 2007, there were 32,000 Chinese scientists in the United States or 22.5% of the total number of overseas students who achieved a doctorate degree. Among 2,600 Chinese life scientists, 800 of them are professors at research universities throughout the United States. Even though these people will not come back or invest in China, they still serve their home country through the process of 'brain circulation' by transferring information or technology to China. Some Chinese people who work overseas, they offer their technology inventions to partners in China so as to get better benefits.

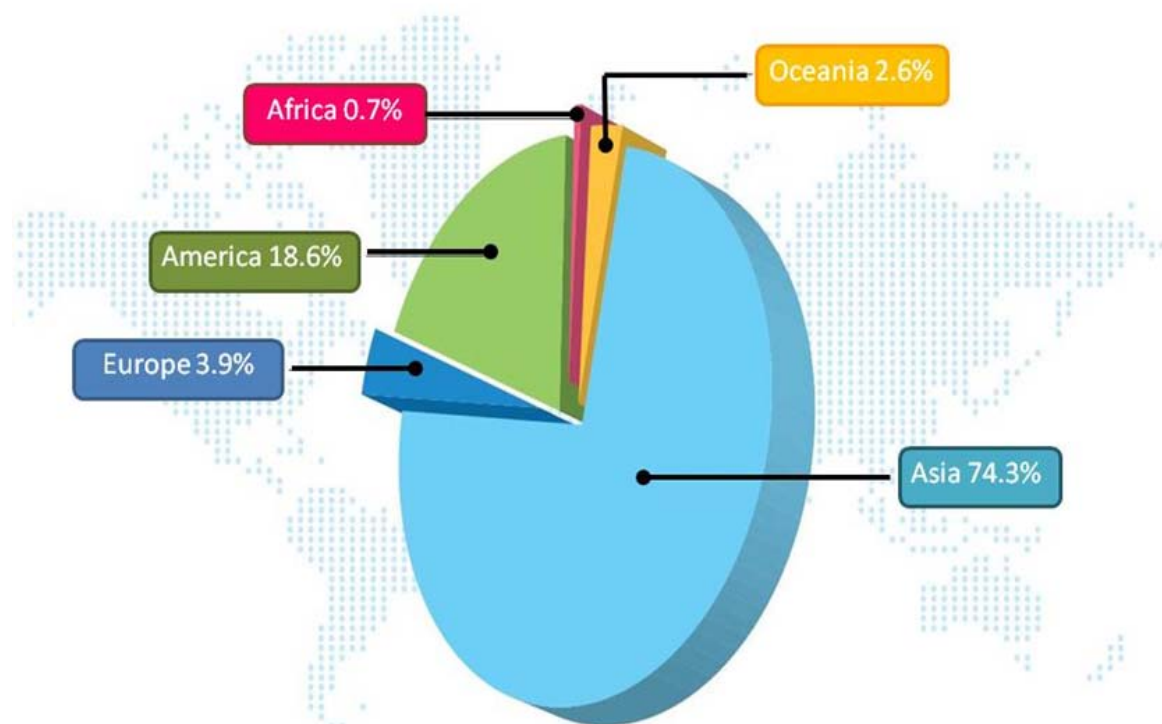
#### V. China's Policy Change toward Overseas Chinese

China's government policies concerning overseas Chinese are going to change direction following the economic development of China. Three tendencies can be identified. The first tendency is policy change from focusing on PRC's citizens abroad extending to all overseas ethnic Chinese. During the 1980s, the policy of China's government concerning overseas Chinese focused on PRC's citizens living abroad. At present, China's government has expanded the policy to all overseas ethnic Chinese disregarding nationality, economic status, and immigration duration. China is also changing from being the investment receiver to being the investor due to many reasons such as 1) their large number of international reserves, 2) the appreciation of Chinese Yuan due to trade surplus, 3) the higher wages of laborers than that of new emerging economies, and 4) the necessity of seeking new sources of raw material and power overseas to maintain economic stability of the nation. The second tendency is policy change from seeking financial capital to seeking human capital. During the initial period of opening the country, China's government focused on promoting investment from overseas by using network of overseas Chinese to look for overseas investors. China wants to restructure its national development from labor-intensive

economies to be knowledge based economies due to the increasing of its labor costs and the competition with new emerging economies that have lower labor costs. As a result, utilizing benefits from overseas Chinese network tends to be seeking cultivated and skilled people to develop hi-tech industries for domestic and technological competition. For the third tendency, China's government has changed its policy from supporting overseas Chinese return to the nation to be encouraging them to serve the nation from abroad. The key factors which impact the changing policy directions consist of 1) the ICT development causing effective cross-country communication at low cost, 2) the promotion of the government to encourage state-owned enterprises and private sectors to invest in or expand businesses abroad, and 3) the requirement of China's government to develop the nation to be a knowledge based economy by adopting high technology from abroad as the model of the linkage between Taiwan's Hi-tech industries and Taiwanese in Silicon Valley.

## VI. The Distribution of Overseas Chinese in the World

Figure 1 . The Distribution of the Overseas Chinese in the Contemporary Continents



Source: 2012 Statistical Yearbook of the Overseas Community Affairs Council, Republic of China (Taiwan), p.11.

Table 1. Overseas Chinese population

December 2012

Unit: Ten thousand ; %

| Categories by Region     | Population   | The percentage of total Overseas Chinese population | Percentage of population continents |
|--------------------------|--------------|---|-------------------------------------|
| <b>Total</b>             | <b>4,136</b> | <b>100.0</b>  |                                     |
| <b>Asia</b>              | <b>3,072</b> | <b>74.3</b>   | <b>100.0</b>                        |
| Indonesia                | 812          | 19.6  | 26.4                                |
| Thailand                 | 751          | 18.2  | 24.4                                |
| Malaysia                 | 678          | 16.4  | 22.1                                |
| Singapore                | 283          | 6.8   | 9.2                                 |
| Philippines              | 141          | 3.4   | 4.6                                 |
| Myanmar                  | 106          | 2.6   | 3.5                                 |
| Vietnam                  | 100          | 2.4   | 3.3                                 |
| Japan                    | 68           | 1.6   | 2.2                                 |
| Russia                   | 47           | 1.1   | 1.5                                 |
| Korea                    | 18           | 0.4   | 0.6                                 |
| Laos                     | 15           | 0.4   | 0.5                                 |
| Cambodia                 | 12           | 0.3   | 0.4                                 |
| India                    | 12           | 0.3   | 0.4                                 |
| United Arab Emirates     | 11           | 0.3   | 0.4                                 |
| Turkey                   | 4            | 0.1   | 0.1                                 |
| Brunei                   | 4            | 0.1   | 0.1                                 |
| Saudi Arabia             | 2            | 0.1   | 0.1                                 |
| Ukraine                  | 1            | 0.0   | 0.0                                 |
| Other                    | 5            | 0.1   | 0.2                                 |
| <b>America</b>           | <b>769</b>   | <b>18.6</b>   | <b>100</b>                          |
| United States of America | 424          | 10.3  | 55.2                                |
| Canada                   | 156          | 3.8   | 20.2                                |
| Peru                     | 99           | 2.4   | 12.9                                |
| Brazil                   | 28           | 0.7   | 3.7                                 |
| Panama                   | 14           | 0.3   | 1.8                                 |
| Argentina                | 10           | 0.2   | 1.3                                 |
| Venezuela                | 8            | 0.2   | 1.0                                 |
| Mexico                   | 6            | 0.1   | 0.8                                 |
| Costa Rica               | 4            | 0.1   | 0.6                                 |
| Jamaica                  | 3            | 0.1   | 0.4                                 |
| Ecuador                  | 3            | 0.1   | 0.3                                 |
| Dominican                | 2            | 0.0   | 0.3                                 |
| Chile                    | 2            | 0.0   | 0.3                                 |
| Guatemala                | 2            | 0.0   | 0.2                                 |
| Suriname                 | 1            | 0.0   | 0.2                                 |
| Guyana                   | 1            | 0.0   | 0.2                                 |
| Trinidad                 | 1            | 0.0   | 0.1                                 |
| Other                    | 5            | 0.1   | 0.6                                 |
| <b>Europe</b>            | <b>161</b>   | <b>3.9</b>  | <b>100.0</b>                        |
| France                   | 46           | 1.1   | 28.7                                |
| United Kingdom           | 42           | 1.0   | 26.1                                |
| Italy                    | 20           | 0.5   | 12.6                                |
| Spain                    | 14           | 0.3   | 8.8                                 |
| Netherlands              | 11           | 0.3   | 7.0                                 |
| Germany                  | 9            | 0.2   | 5.7                                 |
| Sweden                   | 3            | 0.1   | 1.8                                 |
| Austria                  | 2            | 0.0   | 1.2                                 |
| Ireland                  | 2            | 0.0   | 1.1                                 |
| Portugal                 | 2            | 0.0   | 1.0                                 |
| Hungary                  | 1            | 0.0   | 0.9                                 |
| Denmark                  | 1            | 0.0   | 0.8                                 |
| Norway                   | 1            | 0.0   | 0.8                                 |
| Other                    | 6            | 0.1   | 3.7                                 |
| <b>Oceania</b>           | <b>107</b>   | <b>2.6</b>  | <b>100.0</b>                        |
| Australia                | 87           | 2.1   | 81.2                                |
| New Zealand              | 15           | 0.4   | 14.0                                |
| French Polynesia         | 2            | 0.0   | 1.9                                 |
| Papua New Guinea         | 2            | 0.0   | 1.5                                 |
| Other                    | 1            | 0.0   | 1.4                                 |
| <b>Africa</b>            | <b>27</b>    | <b>0.7</b>  | <b>100</b>                          |
| South Africa             | 12           | 0.3   | 45.0                                |
| Mauritius                | 3            | 0.1   | 11.1                                |
| Reunion                  | 3            | 0.1   | 10.4                                |
| Nigeria                  | 3            | 0.1   | 9.7                                 |
| Other                    | 6            | 0.2   | 23.8                                |

Source: 2012 Statistical Yearbook of the Overseas Community Affairs Council, Republic of China (Taiwan), Pp.11-12.

Table 2. Top 20 countries on Overseas Chinese Population

Unit: Ten thousand

| Rank | Country        | Categories by Continent | Population |
|------|----------------|-------------------------|------------|
| 1    | Indonesia      | Asia                    | 812        |
| 2    | Thailand       | Asia                    | 751        |
| 3    | Malaysia       | Asia                    | 678        |
| 4    | United States  | North America           | 424        |
| 5    | Singapore      | Asia                    | 283        |
| 6    | Canada         | North America           | 156        |
| 7    | Philippines    | Asia                    | 141        |
| 8    | Myanmar        | Asia                    | 106        |
| 9    | Vietnam        | Asia                    | 100        |
| 10   | Peru           | South America           | 99         |
| 11   | Australia      | Oceania                 | 87         |
| 12   | Japan          | Asia                    | 68         |
| 13   | Russia         | Asia                    | 47         |
| 14   | France         | Europe                  | 46         |
| 15   | United Kingdom | Europe                  | 42         |
| 16   | Brazil         | South America           | 28         |
| 17   | Italy          | Europe                  | 20         |
| 18   | Korea          | Asia                    | 18         |
| 19   | Laos           | Asia                    | 15         |
| 20   | New Zealand    | Oceania                 | 15         |

Source: 2012 Statistical Yearbook of the Overseas Community Affairs Council, Republic of China (Taiwan), p.13.

Finally, in order to reinforce creating wealth and contributing to China's economic development, Chinese government needs to improve and develop a relationship and cooperation with the overseas Chinese and Chinese people in China. And this is one important work in the future agenda.

#### *Discussion:*

*Wasana W.:* I understand that from the eyes of China, "overseas Chinese" is one group. Based on the actual fact, there is a big divide as for one hand, one group refers to those who left China before Mao's era and the other group that left after the reform including those who went overseas to study and didn't return to China. However, from China's state perspective, the term broadly refers to those outside China. Hence, scholars need to keep in mind of the difference when this term "overseas Chinese" is used. *Sung:* China is a super economic power. There is a need to recognize her growing influence. Even Taiwan's government is worried about the human capital being transferred to China due to growing economic power. *Siriphon:* (1) Follow the discussion on big question, whether there is

Chinese capitalism? This paper is different and set the core direction for all other papers. If we talk about it, we should try to see the relationship between state and market in China. How these two function in big capitalist countries as in China? As a core concept, perhaps you should see how Chinese entrepreneurs work with the state? (2) Rules and regulations: How does China comply with international regimes? (3) Political and economic alliances: where does China position in Southeast Asia? How China looks at Southeast Asia in terms of economy? As for Japan, Southeast Asia is seen as the production base. But China is the world's factory, so where does Southeast Asia feature in China's map? We can then answer question of Ajarn Yos with regards to whether there is a Chinese capitalism. I will like to pose a question to Ajarn Yos: Researchers come from different fields, thus whether there should be one research question? If there is, then is there one common research issue or question that unites all papers? Who are the actors? Which sector? *Sung*: (1) As long as the communist party holds the legitimacy, it doesn't really matter what you call in terms of Chinese capitalism or bamboo capitalism for China's state nor people. (2) Chinese government can support loan and interest to private enterprises and is attempting to change their image to the world while keeping to security reasons. Communist party tries to hold on to the power. (3) China knows there are many competitors and sometimes they are willing to sacrifice some benefits. For instance, in 2010, China has established Free Trade Zones with ASEAN countries but Japan has yet. *Chullacheeb*: (1) Clarify Chinese capitalism and overseas Chinese in 21<sup>st</sup> century? Often Chinese capitalism is related to the state capitalism but how about private capitalism? It should be both. As for overseas Chinese, we need to understand the past and present. For example, the son of CP in Thailand: Is he an overseas Chinese? What exactly are we talking about? What does China see them? What does he see himself? (2) Four phases: Agricultural, Industrial modernization, scientific technological modernization, and Defence modernization after Cold War as China felt that they are the target. China has strategies to attract overseas Chinese (Hong Kong, Macau, mainland Southeast Asia, Taiwan, maritime Southeast Asia) through special economic zones, and strategies through foreign investment. Also, strategies to get energy from Southeast Asia and Africa, and other resources and market chance. There is a need to pay attention of the development of Chinese state capitalism which involves several phases: 1978 to 1988 (three modernizations) and then acceleration and evaluation in 1994 play a factor for expansion, and entrance to global market. *Sung*: Different names to describe: ethnic Chinese, Chinese diaspora etc. Thus, very difficult to define. *Danny*: Follow up on the usage of the term

overseas Chinese, perhaps we should set the parameter for definition of overseas Chinese, time frame/period, nationalities within these 2 days. Chinese in Malaysia might not stay in their own country. *Ellen*: The ethnic Chinese from the Philippines do not contribute much to China in terms of investment and development. It has to do with the background and the past relationships with China but more towards Taiwan. The government is not as hot in comparison with other Southeast Asian countries to China. *Wasana W.*: Terminology is complex. It is impossible if we can hammer out the definition of overseas Chinese. But we need to qualify and explain the term of ethnic and overseas Chinese in the respective contexts. *Patamawadee*: Definition is complicated. What does Sung refer to when he mentions overseas Chinese? *Sung*: The term refers to those outside China. Data gathered from Taiwan government. As for the Philippines' question, China has not established an official tie but wants to improve the relationship. *Liu Hong*: Issue of overseas Chinese, Chinese diaspora. 30 years ago, Southeast Asian based scholars who researched on definition. There is a general consensus and we can look at it as a possible base. This issue has been raised so many times. The second issues is about statistics. There is a ministry level agency Overseas Chinese Affairs produce statistics based on sponsored researches by China's universities. There are 60 million overseas Chinese according to the latest report. Though their definition is quite loose but they have their basis. There is also another United States based research that provides another figure. We should have some latest statistics. However, in Singapore, there is no official breakdown. *Sung*: I will look into it. *Siriphon*: Methodology: perhaps we need to specify the specific target group and clarify the methodology. Chinese in western countries is different and the period that we are talking about is crucial. *Ellen*: We will tackle the two phases of the research project. For the Philippines, we will try to explain from the political relations of the Chinese with the political system and to look at the two phases. *Yos*: The concept of "overseas Chinese" Thai Chinese has several definitions in different situations; it is a self-definition and we cannot easily assign a fixed meaning to the term because it involves many factors and changes with the context. With reference to Prof. Sung, we need to understand with guiding concepts instead of statistics. For instance, the concept as in Karl Polanyi's market society looking at "state and market relations." The question is that "does the market or state dictate or is there any competition and to what extent does the state intervene with the market?"

### *Note-taker's Summary*

This first paper is crucial insofar as it sets the macro context of Chinese capitalism from China's perspective, which has a significant bearing on the Chinese business activities across the all other countries in the region and beyond. It is also pertinent to clarify the dynamics of interactions between state and market given the social, political and economic landscapes that China is situated at. The debate over the definition of "overseas Chinese" as a terminology should neither be delimiting nor be overemphasized at this point. This is because it is merely a conceptual tool for analytical purposes given its self-definition nature. Nonetheless, the scope of its usage should preferably be spelt under different national contexts. Finally, it is crucial to employ concepts from economic anthropology for the purpose of elucidating the phenomenon from a critical perspective.

### **"Chinese Bangs/Associations and Characteristics of Chinese Capitalism in Vietnam"**

**Associate Professor Dr. Nguyen Van Chinh**

In this paper, I attempt to provide a historical anthropological perspective. At the opening session, Ajarn Yos has already raised the ongoing debates revolving around Chinese capitalism. It seems to me, this is still significant due to recent miracle of economic success in Vietnam. In terms of culture, there has always been attempt to discuss the relationship between business and culture. For instance, this is especially applicable to the Japanese and Chinese successful. However, some have argued that economics does not look at ethnic identity. Nonetheless, the Journal of anthropology of business has published articles that look at Chinese capitalism which often explains Chinese family ways, communal operations, and informal capitalism as compared to western capitalism characterized by liberal individuality. Thus, the debate is still ongoing in terms of interpretation of economic success through the ways of doing businesses.

In this paper, I have chosen to move away from the cultural lens and focus on one small thing, which is the Chinese associations, "Chinese Bangs". I try to examine the role of *Bang*. This is because much discussion has focused on family based, *guanxi* relationships, communal corporations. However, it seems like the role of *Bang* and associations still receive little interest from academic scholarships. Yet, Chinese *Bangs* play a role in Chinese



capitalism in Vietnam. This paper takes a historical perspective. 1977-1985: Chinese capitalism is destroyed by the Vietnamese government and it is only recently that it is being restored. During the French and American colonial periods, Chinese enjoyed freedom for they are *huaqiao*. This paper seeks to explore, “How do the Chinese do their business and what is the role of the *Bang* in the economic activities in Vietnam?” The *Hua* people in Vietnam is referred to two groups. First, the *Ming* (17<sup>th</sup>-18<sup>th</sup> century loyal to Ming dynasty), who became the Chinese Vietnamese; they are the descendants of Chinese but over 300 years, they have been integrated into the society so much so that they have become invisible to most statistics. The second group refers to *Tang* people. They are not loyal to Ming dynasty. However, they kept their Chinese citizenship and became known as *huaqiao*. They set up the *Bang* and was officially accepted by the Vietnamese government. In the South, there were five and in the North, there were two. The assimilation of the Chinese is largely dependent on the host country. The Chinese in Vietnam is small as compared to the local people. Vietnam statistics only account for male and in 1954, there were only 60,000 as recorded by the Chinese association and the French colonial regime. During the French colonial time, it was the golden time for the Chinese because they had much freedom to do business. In those period, Chinese *Bang* had played an important role for they controlled the immigration flow (in and out) of the Chinese people. The *Bang* was an indirect control by the government. Most Chinese in Vietnam (until the French domination) was located in the South. Vietnamese Chinese built the Chinatown, which was very strong. The French never forced them to register as Vietnamese but as Chinese *huaqiao*. Under the French time, the investment by *huaqiao* in South Vietnam was the top there. Take 1977, in South Vietnam, the largest enterprises that dominated export and import were the Chinese. The compradors focused on retail and banking, and 70% of compradors were Chinese. It is noteworthy that overseas Chinese were not involved in politics and they did not feature as high ranking officials. In fact, such neutral political position of the *huaqiao* was an important factor for their economic success. By 1979, the Communist Party forced them to register as Vietnamese and they responded with violence. The Vietnamese had felt the dominance of the Chinese in economic scene since 1958 and the Communist Party still kept such fear. If the Chinese retained their identity as *huaqiao*, they were not allowed to do business.

This paper examines the role of Chinese *Bang* in Chinese capitalism in Vietnam. The Chinese had already organized themselves as an autonomous organization in self-

management. The French tried to control the Chinese migrants and they used the *Bangs* as a tool to maintain indirect control. They used *Bangs* as an instrument while giving them autonomy. As a member of *Bangs*, the Chinese businessmen enjoy information sharing about major economic activities. The Chinese *Bangs* were autonomous entities for they played an essential role of crucial network. Chinese immigrants during French and American time had to register with the head of *Bang*. They then reported to the government regarding the activities. The head of *Bang* were very active. The members paid fees but these fees were used for the activities of *Bang* such as for the cultural, spiritual activities, hospitals and schools. The second thing is that the *Bangs* act like “a middleman” that deals with issues between the government and the members. The head had to resolve the internal conflicts and to keep the public order. Head of *Bangs* got into trouble if the members did not pay their taxes. The *Bangs* also had dual tasks: (1) Management of migrations; and (2) the negotiation with political side including the collection of taxes. *Bangs* took care of the emotional support. *Bangs* never interfered with the economic activities but they provided the support to the new immigrants and acted as mediator in conflicts. The authorities relied heavily on the *Bangs* to collect taxes. The head of *Bangs* knew the members and took responsibility over them. In South Vietnam, there was a Chinese group administration which was not only dealing with Vietnam but also the Laos and Cambodia. The Chinese also have the Chinese Chamber of Commerce. Since the Americans came, they allowed the Chinese Chamber of Commerce to be established to facilitate the interactions among the *Bangs*. The five *Bangs* had important roles with regards to the *huaqiao*. They deal with temples, custom practices, funerals, marriages, schools and hospitals too. Today, while the government do not allow *Bang* as legal entities, they are still active in teaching activities. In summary, *Bangs* have functions including: networking, maintaining cultural and religious purposes, providing education and health, negotiating with political entities for protecting Chinese, resolving trade commerce industries, and maintaining relationships with local authorities, and to collect taxes. Although they do not play the formal roles now, they are coming back at different places. Assemblies are still there for networking although they are not as active as before. They do not have direct relationships with economic activities but we have to look beyond for evidence. Without *Bangs* in facilitating the Chinese in networking, the Chinese businessmen would have difficulty dealing with local authorities. Even in Saigon library, there are rich documents that noted during the French and American time, the *Bangs* are significant but not much have been researched and written. The other thing is that there are

still children of the *Bangs* living in the country. And we need to hear from the insider perspective with regards to the role of *Bangs* in the economic development of Chinese capitalism.

*Discussion:*

*Chullacheb:* I think Professor Chinh provided the answer to the question of who are the overseas Chinese, with regards to the definition, through the *Bang*. We can compare with other places to see how Cambodia, Laos and Myanmar could look at associations as well.

*Liu Hong:* *Bang* is quite common like Singapore or Indonesia. *Bang* has been based on (1) locality, (2) dialect, and (3) occupations. However, there are a lot of changes taking place in Southeast Asia including Vietnam. Many of them do not speak Chinese or dialect. Thus the question is “How do they connect them together?” Like in Singapore, *Bangs* are in the process of decline. It is mainly for and by new Chinese immigrants in Singapore and other places. For instance, I have posed the question of “Who can be the members?” to the President of Beijing Association in Canada. His reply is that those who are born in Beijing, who study, who work or even tour at Beijing. In other words, anyone can be a member. Hence, Chinese is a cultural imagination. This is because many “Chinese” today do not speak Chinese. So the question is “How do people relate to *Bang* in the modern times?”

*Patamawadee:* From the conclusion in the presentation, *Bangs* are now not recognized by the Vietnamese government. But it can be used as a starting point. From the actor’s point of view, we can trace the members or sub-members and see how they relate to politicians etc. Perhaps, we should trace what they are doing now and attempt to see their bigger link outside of the associations.

*Danny:* The functions of *Bangs* as traditional and we can find similar functions of *Bangs* at other countries in Southeast Asia, like in Malaysia. Especially after 1975, there is an important role of Chinese Chamber of Commerce. Hence, the question is “Where do we draw the line between *Bangs* and the Chinese chamber of commerce for the latter dealt much with china?”

*Siriphon:* I will like to start with the two sentences you have made: The activities of *Bangs* are currently mainly cultural in nature. How do they perceive their role in supporting the development of Chinese capitalism? The question is that if they focus on social activities, then how do these activities contribute to the economic aspect? I am also wondering whether *Bangs* should be the target group. The question is “Are there other groups or Chinese associations who are active that we can consider and that you might want to look at in Vietnam?”

*Nguyen:* I am taking a historical perspective. *Bangs* have no

more function in the present day. By law, the *Bangs* are illegal. They only serve as a meeting point. Particularly in the French and American time, *Bang* was important. In the past, *Bang* was organized very closely, which led to the development of Chinese capitalism and how it was contrasted with today. Thus, I am not focusing on the present *Bang*, which is illegal now. Chinese capitalism is a communal corporation in the past as a member had to register with the *Bang* when he entered or exited the country. Today, it is very different. Chinese capitalism is affiliated with state economy. There is a connection with outside of the country. In many Southeast Asian countries, Chinese capitalism is within national economy. However, in *huaqiao*'s case in Vietnam, it is not because the Chinese are not integrated. *Ellen*: I will like to ask about the group whom you called the "old Chinese" who are more integrated – "Do they play a role in linking businesses with china?" *Nguyen*: The children of the 1<sup>st</sup> generation cannot go back to china and are assimilated in Vietnam. For instance, Chinatown in Saigon, Ho Chi Minh is a sign of their thriving community. It operates in communal capitalism. However, they no longer speak Chinese and they have no relations from their homeland in China. Though according to ethnic classification, they still classified as ethnic Chinese, they are more Vietnamese. In China, *Bang* is restored in their function for networking of migrations and have economic functions.

*Note-taker's Summary:*

This session seeks to provide an alternative to the cultural explanation approach through taking a historical perspective of a particular significant entity that have impacted the development of Chinese capitalism in the past. The *Bang*, which has not been much researched by scholars, had played a significant role in economic success of Chinese capitalism through maintaining social, cultural and political mediatory functions. However, issues pertaining to the implications of transnationalism under globalizing tendencies remain pertinent in the process of transformation in Chinese capitalism.

## **“Chinese Capitalism in Cambodia”**

### **Mr. Touch Siphath**

#### **I. Introduction**

In Cambodia, alongside the dominant Khmer, there are large minorities of Chams, Vietnamese, Chinese and indigenous peoples. The presence of Chinese people in the country was seen since pre-Angkorean time. However, different Chinese ethnic groups arrived in Cambodia at different times. The first ethnic Chinese settlers were known that the Hokkiens, while the Cantonese and Hainanese arrived at the end of 17th century, followed by the Teochiu and Hakka in 19th and 20th centuries. Ethnic Chinese in the kingdom was estimated 1 million, many of whom are descendants of settlers from southern China centuries ago; while some are part of a tide of recent new comers.

#### **II. Literature Review: Chinese in Cambodian Economy**

Before French Colony (1863-1953), Chinese occupations were recoded as petty traders, shopkeepers, and running fool stalls. In addition, wealthy Chinese merchants were given monopoly over opium farms, gambling halls, alcohol, fishing lots, logging and pig farms. In 1884, The French’s administration reformed for controlling over all above Chinese businesses. However, they could run businesses such as teachers, publishers, hotel owners and some other businesses. There were 95 Chinese schools were established, including 2 middle schools and 93 primary schools. The teachers often recruited from China brought new text and idea (Penny, 2009). By 1938, over 4,000 students were enrolled at Chinese schools across the country. Three Chinese newspapers were in print including Great China News, Chinese Commercial News, and China-Cambodia News. After Independent in 1953, the new government led by The King Norodom Sihanuk enacted a law to limit 18 businesses to foreigners in 1956, including Chinese, such as tax collectors, water-way transportation, publishers, salt distributors, immigration office, employment agencies, general goods distributors, weapon traders, producing-repairing radio/electronic, barbers, credit providers, jewellers, taxi drivers, long distance crews, loggers, crop traders. The law was considered as a process of taking careers that used to be under control of foreigners including Chinese to Cambodian. However, by 1963, most of Chinese companies in Phnom Penh controlled over import-export business (267 out of 346 companies were Chinese companies). During the

1960s Chinese community affairs tended to be handled by the Chinese Hospital Committee, an organization set up to fund and administrate a hospital established earlier for the Chinese Communities. This committee was the largest association of Chinese merchants in the country, include on its fifteen-member board; six from the Teochiu, three from the Cantonese, two from the Hokkien, two from the Hakka, and two from the Hainanese. However, cultural practices, business-oriented and education were noted that they continued by the Chinese communities and clan associations themselves, as these communities still had very significant economic and political power. The numbers of Chinese schools notably increased around the country, and the Chinese press were also expended in this regime. There were 170 Chinese schools and the number of Chinese students reached to 25,665. In Phnom Penh alone there were 27 Chinese schools with 11,350 Chinese students. There were 5 Chinese newspapers were found in Cambodia (Two were of Teochiu and three of Cantonese), including Journal of Trade and Commerce, Mekong Daily, Khmer-Chinese Daily, the express and afternoon news. By 18 March 1970, General Lon Nol overthrew the King by a coup and ruled the country from 1970 to 1975. The authorities started forcing the closure of Chinese schools and newspapers, requiring the Chinese to carry special identity papers, imposing special taxes on the Chinese and moving towards denying them Cambodian citizenship. The schools and newspapers closure was in charge with making Khmer lose their customs and morals and attempting to spread communist propaganda.

By 17 April 1975, Pol Pot took over the country. Then, Pol Pot's regime classified Chinese as 'capitalists' due to the majority of urban Chinese were traders. Under this regime, an estimated 1.5 to 2 million Cambodian died from execution, malnutrition and diseases. Chinese population also fell from an estimated 400,000 in 1975 to 200,000 in 1979 (Penny, 2009). In this regime, there were no culture and religious practice, markets, money and schools at all. People had to live in rural communities with forcing to work on farming and eat communally. From 1979, the new government adopted restrictive measures against the remaining members of the Chinese minorities, including banning them from returning to urban trades, continued until the Vietnamese army left in 1989. From the mid-1980s, despite restrictions on private business, Sino-Khmer entrepreneurs played a crucial role in supplying the country with foodstuffs and daily necessities, as well as cigarettes and liquor from Thailand and Singapore, which were imported largely through informal channels reluctantly

tolerated by the authorities. From 1990, the freedom of the Chinese Communities was better in line with efforts of the government to improve tie with China.

In December 1991, the Oversea Chinese Association in Cambodia was given green light for formation by the National Assembly. At that time, 11 member boards of Chinese merchants were appointed by the president, to represent Cambodia's Chinese Community. The president of National Assembly told members of the preparatory committee of the new Cambodian-Chinese association that: "Most Khmers want to be government officials; they don't like business and are not good at it... You should unite and liaise with your relatives and friends overseas, attract foreign investment and become a bridge to developing the economy". This deal—encouraging Chinese Cambodians to pursue wealth in return for support of the ruling party—has been at the basis of the Cambodian People's Party's policies toward the ethnic Chinese ever since. From this time, Chinese were allowed to celebrate Chinese festivals and religious practices, and conduct business activities. In the 1990s, when new migrants from China began to expand, Cambodia's ethnic Chinese had largely recovered their central role in the economy of urban Cambodia as importers, wholesalers, and retailers of goods and services. There has been a huge growth in Chinese-language schools, often generously supported by the government of China through donations to the Khmer-Chinese associations for producing of textbooks (in Chinese) and seminars for teachers. Reportedly there are 75 schools, not included Part time Chinese schools in Cambodia teaching Chinese language, with 40,000 students, many of whom are ethnic Chinese. One of these private schools, Daunhau claims to be the largest overseas Chinese school in the world, with some 10,000 students. There are 4 Chinese newspapers in Phnom Penh, including the Cambodia Sin Chew Daily, which is funded by the Malaysian Sin Chew Daily, Commercial News, Jian Hua Daily and Phnom Penh Evening Post. The FM channel radio, known as Cambodia-China Friendship Radio also was established under cooperation between Radio and TV of China and Cambodia. It operates 18h/day (06-24:00) using 4 languages, Khmer, Mandarin, English and Teochiu. We can see that (1) Before French Colony, Chinese seem very much powerful in doing businesses and commerce; (2) French time (1863-1953), administration of Western colony controlled at some certain level of Chinese economic power; (3) Independent Gov't (1953-1970); also (4) Through 1970s and 1980s, Chinese totally under the control; and (4) From 1990 to Present, Chinese become actives and powerful in economics and politics.

### III. Research Plan

Following the time frame of the project, the first phase (18 months) will focus on literature reviews on Chinese Capitalism within Cambodian Context and data collection to answer the question: “How has the Chinese Capitalism been developed in Cambodia?”

#### *Discussion:*

*Chullacheeb:* I will like to ask in that Chinese in Cambodia were somewhat destroyed during Khmer Rouge, but in the last few years, they have regained in their role, thus under what kind of associations and organizations that facilitate the revitalization of Chinese? *Siphat:* From history, political situation changed every 5 to 10 years. Thus it seemed all social structures seemed to have been destroyed. After Vietnamese troops returned in 1989, Cambodian government turned to China in order to (1) get support; and (2) distance Khmer Rouge along the border. Since early 1990s, the government has tried to form an association as a central link to connect Cambodian Chinese to Chinese in mainland. There was only one association but later they have dialect/family ones that deal with cultural education in every province under Khmer Chinese associations. They play cultural role but if you look closer, the heads of these associations are businessmen and they organize economic and social events. *Liu Hong:* Did research recently at Donghua. Reminded me about Singapore before independence. Donghua is the largest Chinese school outside china 14,000 students. This school is under Teochiu, which is largest dialect group and the leader is a business person who has links with China government. There is another place, which is supported by Hokkien association. These associations have a lot of internal conflicts in terms of location resources, use of textbooks and materials. One thing in common is that they have close relations with Chinese government, *Han Bang* at Beijing. There are Chinese companies investing in Cambodia. New developments in Cambodia. *Siriphon:* Key issue is Chinese capitalism in Cambodia. As this project focusses on actors, so who or what institutions contribute? Who are the key actors? Chinese investors in Cambodia? Need to clarify as actors as institutions or family groups? Or are you focusing on the process and how various actors play their part, where both process and actors are crucial? Such clarification can help shape your project. Need to consult Ajarn Yos with regards to how your work can fit in the overall project. *Siphat:* My point of view is that of “actor-oriented”: Khmer Cambodian associations in connecting Chinese, not only cultural, economic but political dimensions, with



Chinese government too. I will consult more with Ajarn Yos and attempt to see the link with how the different Chinese associations in relation to Chinese government. *Siriphon*: For all the countries, we need to look at the states' reactions to Chinese capitalism from the different states and people groups. *Yos*: This is what I meant by globalizing forces which include state, market and international communities. There are two significant issues: Chinese in Cambodia regain very fast due to the assistance from China. It is only place in Southeast Asia where officials sit in the associations. (*Chullacheeb*: China did so to gain advantage in competition.) And the second issue is (2) Role of "Hockya" in Chinese capitalism. *Danny*: One of the features as proposed by early writers like the "role of family". I wonder it is possible to see how family-based companies are revived after 1993. In this way, you can see continuity. Attempts to revive these companies especially after destruction. *Siphath*: From mid 1980s, Chinese begin to play a more important role today. Head of associations also play important role since 1980s. In the past, there was no Chinese festivals like New Year and *Ching Ming* but now they are very open. In gist, in 1980s Cambodian politics under civil wars but now Cambodian Chinese play an important role. *Ellen*: Chinese are influential. I find that it is easier to communicate in Mandarin than English in Pnom Penh, even non-Chinese. *Siriphath*: Chinese characters everywhere. Someone once shared that living in Pnom Penh is like living in China. *Patamawadee*: In history of Chinese capitalism, we need to explore the power. In socialist countries, it seems like there are certain periods of time of Chinese capitalism: disappear and then restart again. It goes back to our definition. *Yos*: We have already established that it is not a specific form but a relation between state and market. So we need to pursue: To what extent is the influence of Chinese rather than fixing definition? How Chinese capitalism is degraded in Vietnam? Each researcher must focus on something. Just like Chinh, he has chosen to look at the influence through Chinese associations. *Patamawadee*: I agree with Ajarn Yos and I just want to highlight that history is not just explanatory but a critical assessment of it. *Pinkaew*: I agree with Ajarn Patamawadee, if we focus on actor, we might lose sight of the ethnic relations, discrimination by the state and changing identity, which have something to do with the type of Chinese capitalism in development. We need to put the discussion and frame it within the larger political context in different periods of time even as we focus on key actors in the development of the different types of capitalism. *Wasana L.*: Conceptually, "Southeast Asia" is also problematic. We look at relationship between the peninsula states of Southeast Asia and the archipelago state of China. It has been observed that how the Chinese assimilate

in different localities is also very different. Hence, I am very skeptical of the definitions that attempt to unify the various Chinese communities. *Chullacheeb*: Perhaps, we can look at different clusters. *Yos*: In order to find out the answers, we need to do our research and perhaps we will come up with a new set of questions instead.

*Note-taker's Summary:*

In this session, several critical issues pertaining to Chinese capitalism in Cambodia have been raised. Peculiar to Cambodia's historical political context, it behooves the researcher to explore the dynamic transformation of Chinese capitalism in light of its apparent destruction in the past as well as its current connections with China. Besides, the researcher needs to understand both the process and actors involved and how these reflect the impact from globalizing forces on states, markets and societies at the local, regional and international level. Thus, the focus on key actors have to be framed within a larger political context for a better elucidation of Chinese capitalism in Cambodia.

**“Big Conglomerates and Commodity Specific SMEs: Old and New Chinese Capitalistic Operations in Indonesia”**

**Dr. Bien Chiang**

**I. Research Outline**

Indonesia is massive and diverse, and has a long history of accommodating Chinese communities. This research therefore consists of two parts: One deals with the national scale big Ethnic Chinese conglomerates; the second one focuses on local scale and commodity specific SMEs. The methodology for part one includes literature and archival research, plus interview with key informants; that for part two consists of ethnographic fieldwork at the chosen location: Pontianak of West Kalimantan. Both parts of the research will take into consideration of both the enterprises of Chinese Indonesian and those of the PRC nationality since the 1990s. Special attention will be paid to the interaction between the “Old” and the “New” Chinese enterprises.

## II. Development of Capitalism in Chinese Society:

### - Main issues and perspectives I.

While the Chinese was not foreign to energetic mercantile activities, large scale industrial establishments and technological innovations before the 18th century, what caused the divergent economic developments between China and the Western world afterward? Why no autochthonous capitalism emerged in China? Neo-confucianism and “cultural explanation” of economic prosperity among the “Little Dragons” in the late 20th century. The economic dominance, or at least remarkable vitality, of “Oversea Chinese” in hosting countries around the world, in particular Southeast Asia and the “Pacific Rim”. What were the social, cultural and historical factors that contributed to their economic preeminence?

### - Main issues and perspectives II.

In trying to explain the historical divergence in economic developments between China and Europe, and why capitalism did not emerge in China, social-historian David Faure (2006) argued that, the economic prosperity of the 16th and 17th centuries China notwithstanding, Chinese economy of the time: (1) Did not have the institutional instruments for the development of capitalism, such as independent system for capital accounting, proper banking, the concept of national debt and the legal apparatuses for contract enforcement. (2) Because of these shortcomings, internally, capital pooling could only be achieved through kinship and acquaintance network. The forming of corporation was based on ritual rather than legal codes. Externally, business operations relied heavily on political patronages on all level - from central, provincial to local.

### - Main issues and perspectives III.

Faure also pointed out that it took the entire 20 century for China to gradually establish the legal and institutional apparatus that were the required environment for capitalism, and it was yet to be perfected. It is therefore reasonable to assume that when the Chinese migrants left China to Southeast, a “frontier area” to both Chinese and European colonists alike, in the 19th century, they carried the understanding of those “traditional” way of business operation to the new land. Furthermore, we can also ask: to what extent these “traditional” business practices and understanding still dictating the strategy (or implicit tendency) of business operations when the Chinese move out of China in the late 20th and

early 21st century? In other words, are the Chinese, both “old” and “new”, business people still skeptical about universal legal protection and rely more on in-group capital pooling and external patronage?

### III. Economic Dominance of Oversea Chinese in Southeast Asia - main issues and perspectives

Cultural explanation: Chinese working ethic, saving habit and family value etc. Social mechanism (internally): common surname, dialect or hometown connection for social security, job allocation, business operation and capital pooling. Social mechanism (externally): middlemanship, establishing patron-client relationship with native rulers and/or colonial authorities, filling the vacancies during de-colonization. Metamorphosis of patronage: 19th century kongsi of West Bornean gold mines - “republic”, non-surname or hometown based “voluntary association” for armed self defense, territorial control, labor organization and (possibly) capital pooling with strong ritual characteristics.

### IV. Exemplary Big Chinese Indonesian Conglomerates with known political connections (patronages)

Salim Group: handled logistics for the then commander of Central Java, Colonel Suharto, in the 1950s, maintained close relationship with Suharto family since then. Wanandi Group: founders were student activists of 1965, had closed relation with former minister of communication Ali Murtopo and former presidential consultant Sujono Humardani. Sinar Mas Group: handled logistics for the military of Sulawesi in the 1950s. Bob Hassan Group: founder was a god-son of late general Gatot Subroto and maintained close relation with high officials, had joint venture with Sigit Harjoyudanto Suharto. Gudang Garam Group: has joint ventures with Probosutedjo, the younger half-brother of former president Suharto. Gunung Sewu Group: has close connection with the Indonesian Bureau of Logistics (BULOG).



## V. Ethnic Chinese Community of West Kalimantan

Chinese Indonesian (2010): 2.8 million, 1.2%. Ethnic Chinese of West Kalimantan (2010): 439 thousands, 10.01%. Ethnic Chinese of Pontianak (2010): 170 thousands, 30%. Historical “Chinese Districts”: north from Pontianak along the coast toward Sambas and the Sarawak border. Majority Hakka and Teochew. Was the site of three major gold-mining kongsi: Fosjoen, Lanfang and Samtiaokioe. Maintained more Chinese cultural and social representations even during the Suharto era. Current vice governor of West Kalimantan, mayor of Singkawan, chair of Pontianak city council are all Ethnic Chinese. Major businesses: farming, goldsmithing, retail shops, agarwood dealing, forest products trading.

### - Notable New Chinese Investments in West Kalimantan

| Company name                                    | Commodity             | Capital      |
|---|-----------------------|--------------|
| Anhui Conch Cement Company                      | Cement                | 600 mm US\$  |
| Aluminum Corporation of China (HK) Limited      | Bauxite               | 1 Bn US\$    |
| Sinochem International Co.                      | Rubber                |              |
| Careall Capital                                 | Buaxite               |              |
| Hebei Yida Construction and Development Co.,Ltd | Uhligite              | 28 mm US\$   |
| Julong Group                                    | Palm oil              |              |
| Guangdong Guangken Rubber Group Co., Ltd.       | Rubber                | 26.6 mm US\$ |
| The China North Industries Corporation          | Bauxite               | 500 mm US\$  |
| Energy China                                    | Coal-fired Power Plan |              |

## VI. Special Characteristics of Agarwood Trade

Following Arjun Appadurai’s (1985) notion of methodological “commodity fetishism” in the anthropological study of material objects. The commodity is meaning (culturally) loaded and subjected to sophisticated classification system. The production, harvest, processing and marketing require multi-ethnic collaboration, each group is responsible for different parts of the trading processes. It is environmentally sensitive and requires governmental approval. “Old” Chinese community in West Kalimantan has long been involved in agarwood trading and China has become the largest importing country for

Indonesian agarwood since 2011, which makes the agarwood trade a promising loci to study the interaction between the “old” and the “new” Chinese capitalist operations.

## VII. Focal Issues of the Current Research

Following David Faure, to understand the legal and institutional environment for the development of Chinese capitalism in Indonesia in general and West Kalimantan in particular in the 1950s and the late 20th to early 21st centuries, respectively. What kind of legal and institutional environment that Chinese Capitalism is moving into? To understand the major capital pooling mechanism among the Chinese businesses from the mid-20th to early 21st centuries in Indonesia in general and West Kalimantan in particular in order to determine whether or not there is a shift from in-group partnership to open market capital raising. Is capital pooling mainly from the nominal socialist home country another form of “in-group” capital pooling? To understand the changes in form and significance of patronage in doing business for the Ethnic Chinese from the mid-20th to early 21st centuries in Indonesia in general and West Kalimantan in particular. Can we understand the PRC sponsored or promoted capitalism as a newer and larger form of state patronage?

### *Discussion:*

*Chullacheeb:* Agarwood. Before present time, who else have been doing this business about agarwood? In the past, what kind of overseas Chinese are involved in particular in this business? China’s involvement due to resources. Trace the past and compare with present with regards to social and political situation. *Bien:* Valuable commodities. Trading was introduced to Indonesia from middle-east. Chinese market also came in to use this for ritual purposes. Apart from China, there is Middle East as market. Multi-ethnic groups are involved in this trade in the past. It is also environmentally sensitive due to technological advancements. Interested to know the relationship between traders, local authorities and environmentalists at the local and international levels. Look at small scale rather than the huge corporations which have been studied in detail by many. I have chosen a single commodity and small scale business but I am open to all opinions. *Mingsan:* Why not rubber? It is my personal research background as I have chosen culturally valued – market-driven by a particular culture. It is not an indispensable and have a cultural determination. It does not have an international value. So what’s the reason? Are they hear for the market or resources? Secondly, from a cross-country perspective, there must be

traditional companies like the CPs in Thailand. Thirdly, the Chinese came as multi-national firms and they have small Chinese capitalists as investors and they go into all sorts of businesses. In Thailand, they have all types of firms. I wonder if you chose agarwood, whether the research can capture the different kinds of investors in this particular specific commodity of agarwood? *Bien*: Based on research interest, have chosen based on cultural aspect in determination. Not economist but anthropologist. I am trained doing small scale research better than statistical data. This is the reason that I have chosen one locality and commodity while covering the political context. Are they Chinese or Indonesians? *Mingsan*: Do you have tapioca there? It will be interesting though I am selfish as they are grown in Thailand for comparative purposes. *Bien*: It is very common. In my case, I can raise the socio economic and political context which can be done through smaller and more focused commodity. If my energy permits, I am open to include another commodity which is more common. I would like to respond to the other question, which pertain to the definition of “Chineseness”: Based on whether being Chinese means something to their business operations or their sale position etc. It is not dependent on Chinese-speaking, nationality, way of life. I will pay attention to the different investors. *Mingsan*: It will be interesting if you can find commodity where there are the different types of Chinese like the traditional and the Taiwanese Chinese involved; however if time and space permits. *Liu Hong*: Raised up another professor in University of Kyoto who did a similar research. The research is based on Sarawak and Northern Borneo related to forestry industry and he studied how this is incorporated into the global industry trade. It might be useful for you to make some references to this work. *Bien*: Thank you I will look into that. *Pinkaew*: I have a methodological question. Since Appadurai who emphasizes on consumption is mentioned, I wonder whether the research will follow through the process of consumption that ends in China. The value of meaning of the commodity at the point of consumption. *Bien*: I am very keen to study the whole process. However, it depends on the practical aspect of energy and time. Since I understand that this project focused on Southeast Asia, and in my case, Indonesia, I will take into consideration how the Indonesians (Chinese and others) consume locally. On the other hand, I am aware that foreign market (China and Taiwan) will determine the price at the production end and I will take into consideration of the connection. But I will not make an extensive study on the consumer end in China and Taiwan. *Siriphon*: I have a methodological question too. Most of our researchers have focused on actors, which is the main subject. However, in your case, if commodity is chosen as core or object of



study, how do you link this to the topic of Chinese capitalism? Secondly, agarwood is interesting and important, yet market share of this commodity is not that big and hence, from your case study, I wonder how it can be used to lead into a generalization and I am not sure how it can be done. *Wasana W.*: My question is similar and related to methodological issue. This area Pontianak in your study is an area of Chinese culture or chineseness and as you mentioned, stronger than the other areas. However, if you look from the historical perspective, then it is important to consider 1965 as a key point in history. Hence, I am wondering whether you can expand to consider why and how they survive the crucial historical moment. This is because it is not just about agarwood but the socio-political context when Chinese strives to survive then. *Bien*: The strong presence of Chinese culture doesn't mean that they don't face difficulties. Despite its peripheral position as compared to central Java and the difficulties they have, they could maintain Chinese association and language teaching and ritual in Kalimantan. At the same time, in response to the question of focus of study, I like to establish that while I follow Apparurai's "commodity fetishism", my focus is still on actors because the commodity is just the location, the context by which the actors operate. It is still actor-centred. *Mingsan*: You might want to follow coffee to Starbuck. *Bien*: That's another story (with laughter).

*Note-Taker's Summary:*

This project has first of all made a bold attempt to depart from the majority of researches revolving around large scale companies and commodities by looking at a SME. Nonetheless, there are several interesting issues raised. In particular, the selection of the commodity has captured a certain degree of discussion. At gist, it is crucial to establish the basis of selection revolving around cultural factors, socio-economic value and socio-political context historically. From a methodological point of view, it is crucial to explain how the commodity provides a context for studying without neglecting a brief exploration of the complete process of commodity fetishism in consumption. At the same time, this study is still actor-focused despite being situated around the commodity in question.

## **“Chinese Capitalism in Laos”**

**Dr. Wasana La-ornglew**

My research focused on Chinese capitalism in Laos. Focus of my investigation. Chinese investment in Laos. Recent Chinese migration in Laos. FDI has grown. Trading relations between China and Laos account 14 percent of total import. Debate about the role of Chinese investment in Laos. Two issues: (1) Is it for opportunities or otherwise? (2) Is it a political mechanism? Laos is one of the poorest countries in the region and welcomes Chinese investment. It is a way to help the Laos economy and reduction of poverty in Laos. Chinese investment is welcome in Laos as reinforced by the Prime Minister's speech, "Our doors are always open to China". These investments are at the expense of the environment and people's resources in Laos. For instance, forests are being converted to rubber plantations. There are also discussions about local people that have been dispersed or relocated to other areas. There is a debate in this aspect revolving around Laos State. There is a scholar who argued that there is an interdependent relationship between Laos and China. In special economic zone, it simply reflects Laos as a weak state in contrast to China. Chinese have become the important player in this special economic zone. Someone once said that Laos has surrendered her sovereignty to China. Some argued that it is China's new territorialization in the post-colonial era operating in flexible capitalism. The Chinese in Laos are comprised of two groups: (1) traditional overseas Chinese who have moved here a long time ago; (2) new wave of Chinese immigrants in the last twenty years. The record shows that the Chinese group is comparatively smaller than in other countries. The change of policy of Chinese government to change the image of new Chinese migrants to other countries as those who add to the economic growth. Currently, there are about 100,000 new Chinese migrants in Laos. The new ones have less nationalism sentiments to China as contrasted to the old waves. How do the China Chinese view Laos? Laos, to the Chinese, is considered backward and poor. How do they see themselves to Laos? The Chinese see themselves as those who bring real contribution. Their argument is that after many years that western colonialization with schools hospitals, there are no real developments. However, the Chinese now bring real developments to the country of Laos. With regards to Chinese business strategies, the new Chinese try to distinguish themselves through both formal and informal relations. There are also studies on engagement of both formal and informal relations as key attributes. There are also legal and illegal activities involved. There are

studies that study the network in developing and connecting like the middleman. I am not quite sure about what I want to do. But my possible research questions involve: How do the Chinese contribute to the Laos economy? What are the roles between Chinese and Lao state? What are the strategies in their ways of doing businesses in Laos? How far would the locals and old Chinese deal with the situations?

*Discussion:*

*Chullacheeb:* (1) Complex definition on Chinese capitalism; different waves of overseas Chinese coming to Laos: nationalist Chinese, communist Chinese, new wave, Vietnamese Chinese, etc. Need to specify. (2) Investments from China: hidden resistance, antagonism against the Chinese; differentiation between big and small capital. (3) High speed train investment: between China and Laos governments for several years; impact of Chinese influence in Laos in the future. *Siriphon:* Who are the local Chinese? *Wasana L.:*

Refers to those who are overseas Chinese, born and resided in Laos. *Bien:* Nomenclature. Chinese Indonesians = 1<sup>st</sup> term ethnic background and 2<sup>nd</sup> term nationality. *Wasana W.:* Cannot defined because Chinese Thai in different localities will be very different so it doesn't help if we were to fix it. At this first stage, let's hear each one out till we have come up with the draft and then we can streamline because we are from different expertise. *Chullacheeb:* Cluster of definitions. *Pinkaew:* A way to differentiate the different approach. This is because it is so huge which involves much time and space → so need to localize the issue. For instance, over the last 5 years, large scale investment focusing on large national resources, so there is a need to locate specific place. *Ellen:* Suggest taking a few cases of big investments and analyze the politics involved and the degree of Chinese involved. *Patamawadee:* Not sure whether it is just an overview. *Wasana L.:*

Interested in Chinese investments in Lao economy. Role of state and market. Chinese play an important role as economic center. *Pinkaew:* Suggest comparing transnational investment between northern Lao and southern Lao. They have different impact on national economy. Southern focuses on large scale and aggressive strategies. Perhaps can do a comparative studies. *Mingsan:* Sold the country to China? *Pinkaew:* Only for 99 years. It's called "flexible sovereignty." *Bien:* Can explore: (1) Proposed promised benefits and whether they have been delivered? (2) What's the rhetoric used? Perhaps shave off some stuff. *Mingsan:* Why would China invest in Laos? *Wasana L.:* Reasons: (1) Resources to extract in this region. (2) Project "good neighbor" to Laos.

### *Note-Taker's Summary:*

This current project about Chinese capitalism is interesting as it surfaces the so-called interdependent political relationship between China and Laos. On one hand, China seeks to gain resources in her investment in Laos. While on the other hand, Laos stand to gain economically and benefit the means of poverty alleviation. Yet, China has chosen to subjugate her position from a developmental perspective in contrast to the many years of colonial experience which had not brought real developments, as far as China is concerned. Set against such a background, this project contributes to the understanding of Chinese capitalism in light of a flexible sovereignty.

## **“Chinese Capitalism in Myanmar”**

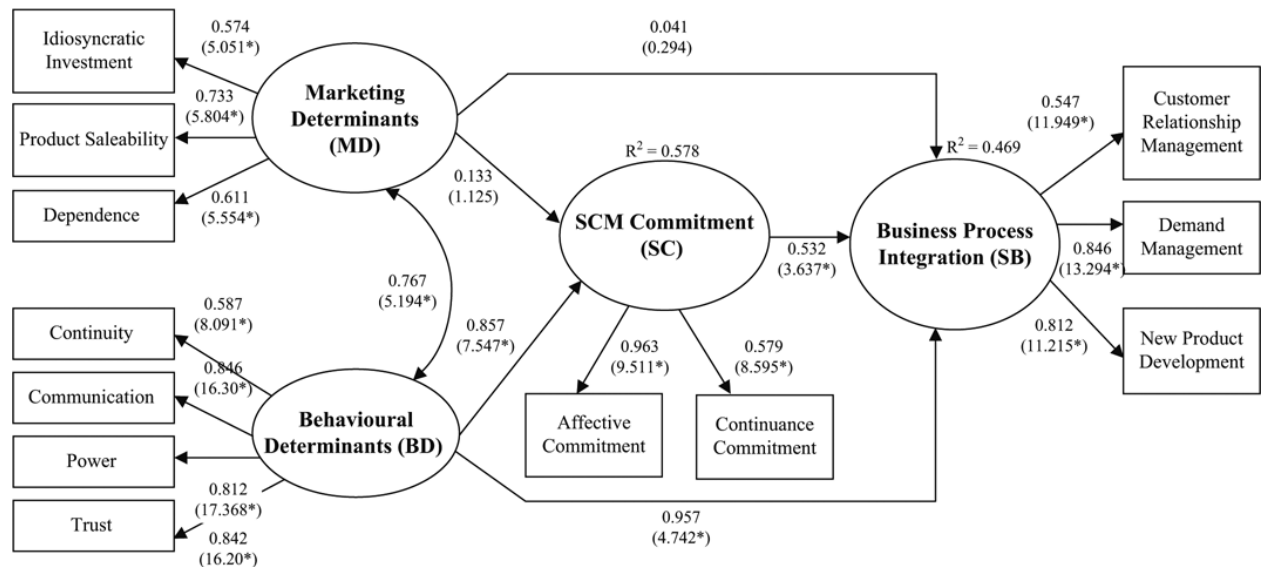
### **Mr. Khine Tun**

#### **I. Rationale of the Study**

China has strong record of long history but never touched capitalism. After emerging the People Republic of China (PRC) in 1949, the country toughly adopted communism which quite opposed to the capitalism. However, the communist country initiated economic transformation into market system in late 1970s under the arrangement of reformist Deng Xiaoping. The strategic objective of economic sector reform is to establish “socialist market economic system” (state-led market economy, hybrid capitalism). The ideology is sharing prosperity by promoting the economy, instead of sharing equal poverty. Evidence and influence of both Confucianism and Taoism can be seen in modern China today, as the ancient teachings of Confucius and Lao Zi permeate many aspects of Chinese society. Their philosophies teach business ethics which are well supporting factors to the success of Chinese businesses. The Philosophy of Tao and Confucius includes: (1) The journey of 1,000 miles starts with a single step → to start in any mean (*T*); (2) Confront the difficult while it is still easy → management (*T*); (3) Instead of reacting the same old way, you can quiet the mind and ask is there a better way to work with this situation → innovation (*T*); (4) Man who stands on hill with mouth open will wait long time for roast duck to drop in → for dynamic than static (*C*); (5) When you see a worthy person, endeavor to emulate him. When you see an unworthy person, then examine your inner self → Self-assessment (*C*); (6) A man who

does not think and plan long ahead will find trouble right at his door → longer term perspective (C). These values become business and marketing strategies including harmony, respect, patience, modest and communication.

*(The Impact of Marketing and Behavioural determinants on SCM Commitment and SCM Business Process Integration)*



**Notes:** Based on a seven-point Likert scale ranging from “Extremely Low” (1) to “Extremely High” (7)  
Fit statistics for measurement model are as follows: ( $\chi^2_{28} = 338.85, p < 0.05$ ; GFI = 0.921; AGFI = 0.909; IFI = 0.924; CFI = 0.922; RMSEA = 0.057; and RMR = 0.045; \*  $p < 0.05$ . Path loadings or coefficients, and t-values (in parentheses) are shown in the diagram

### Supply chain commitment and business process integration: the implications of Confucian dynamism.

Although the country itself introduced capitalism (or market economic system) in 1970s, capitalist ideology already stationed in the heart of individual Chinese since the earliest days. Therefore, overseas Chinese seated as tycoons all over the world while China was (at that time) known as the sick man of Asia. For the country as a whole – (1) Market economic system was established in the country through the following means: (a) Special Economic Zones (SEZs) were created, and economic liberalization was provided; (b) Educated and wealthy overseas Chinese were invited; (c) international trade and investment were encouraged → → Initially, the economic policy of China was known as dualism: capitalism in SEZs and socialism in other places; (2) Based on the success of free market mechanism in SEZs, capitalist economic system has gradually been extended throughout the country → → The transformation was in a gradual basis: from controlled economy to state-guided market economy, and then to capitalist economy. However, the state still plays an important role. In late 1990s, China achieved matured stage of economy. Boom in domestic

investment, production and foreign reserve accumulation. Chinese government initiated “Go-Out Policy”. Chinese figures such as movie series, languages, religious missions, commodities, capital and people were encouraged to penetrate into oversea markets. Myanmar is not exceptional. These contexts encourage the study of “Chinese Capitalism in Myanmar” at both State capitalism & individual capitalism. Individual capitalism is much older. What are driving forces? (1) Legacy words → “it is better to die than to live in poor life;” (2) Do or Die status → As up to second generation of Chinese migrants are treated as second citizens, successful businessman is the sole career and hope for them; (3) Resilience power → although businesses were nationalized in Socialist period; (4) Temples facilitate for investment; (5) Different feature between Myanmar and Chinese Tycoon → Business for Politics vs. Politics for Business



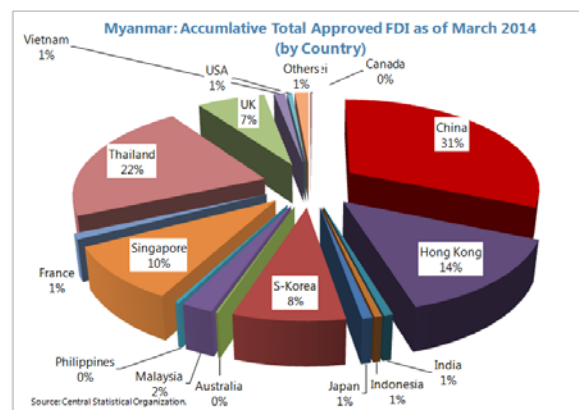
Diamond Home Chain Store



Golden Palace Gold and Jewellery

## II. Introduction to Local Contexts

Home grown state capitalism of China began to encroach into Myanmar in mid 1990s given the dictum “Enemy of my enemy is my friend.” Neocolonialism? → 3 Cs (Contribution, Commercialization, Capitalization). G2G contact for mega projects → no or less transparent, no EIA & SIA.



Dual Pipeline Project



Copper Mine Project

### III. Research Questions

- (1) What are rooted factors and characteristics of Chinese capitalism?
- (2) What are major components? (Two way approaches → State capitalism and individual capitalism)
- (3) How did Chinese capitalism penetrate into Myanmar? (through civilization and commercialization)
- (4) How did old Chinese migrants transform themselves into capitalists? (case studies)

The scope of the project is the historical experiences and practices of Chinese capitalism (excluding proper impacts of Chinese capitalism). And the limitations are scarce resources in literature review for the case of Chinese capitalism in Myanmar. Face-to-face interviews and personal discussions will be the main means to track various stories.

### IV. Tentative Structure of Research Paper

- ▣ Introduction (including conceptual framework and research questions)
- ▣ Economic Ideology of Chinese (literature review and history)
- ▣ Chinese Domination in Myanmar's Society and Economy
- ▣ Transformation Process of Upstream Chinese Capitalists in Myanmar
- ▣ Conclusion

The different research methodologies will be combined as below: (1) Desk research on papers, publications and previous analytical works to review the literature and background stories; (2) Key informant interview with government officials, diplomats, business organizations, language centres and socio-religious associations to know related policies and strategies; (3) Stake holder interview with labours, Myanmar counterparts, competitors and neighbours of Chinese firms/family businesses; (4) Field survey on selected Chinese businesses to understand their operations and networks as the case study; (5) Field survey on native people of those areas where Chinese commercial activities are very significant.



## V. Some Reference Materials

- ▣ *The Chinese Tao of Business: The Logic of Successful Business Strategy*. George T. Haloy et al.
- ▣ *The Role of Chinese Family Business in Corporate Consulting in South East Asia*. Dra. Ratna Nilam Muchtar
- ▣ *How China Became Capitalist*. Ronald Coase and Ning Wang. Palgrave Macmillan.
- ▣ *China or Japan: Which Will Lead Asia?* Claude Meyer. Hurst.
- ▣ *China's Political Economy in Modern Times: Changes and Economic Consequences, 1800-2000*. Kent Deng. Routledge.
- ▣ *China's Remarkable Economic Growth*. John Knight and Sai Ding. Oxford University Press.
- ▣ *The Evolving Role of China in the Global Economy*. Yin-Wong Cheung & Jakob De Haan. MIT Press.
- ▣ *Tiger Head, Snake Tails: China Today, How it Got There And Where It Is Heading*. Jonathan Fenby. Simon & Schuster.

## VI. Research Plan and Timeline

- (1) Desk research: First six months;
- (2) Key informant interview and field survey on selected businessmen: First twelve months;
- (3) Stake holder interview: 6<sup>th</sup> month to 18<sup>th</sup> month's time;
- (4) Report preparation for the first stage: 12<sup>th</sup> month to 18<sup>th</sup> month's time

### *Discussion:*

Mingsan: Whole project → why are we interested in China? We are only interested in researching Chinese in an overseas country only because they have connections with China. But in your research, I don't see why you need to study on local Chinese? Khine: This is because 80 percent is China's investment and local Chinese is involved. Mingsan: As intermediaries, it is understandable. Cost-benefit analysis. Without being economists, how do local people benefit from the Chinese? Siriphon: When we compare Myanmar and

Laos, we see that China's influence is huge and evidential. In such a context, it is important to make a focus due to the many issues at hand. If State capitalism is the focus then perhaps both countries can consider looking into it. Since Ajarn Yos might be interested in actors, thus you might want to select the individual approach. What exactly are the actors, locality and issues that you are studying? *Kline*: Cannot provide an answer straight away. Some businesses are not willing to provide the answer. Concentrate specific industries. Concentrate on state capitalism. Macro view. *Mingsan*: Might need to contact traditional Chinese locals for information.

*Note-Taker's Summary:*

This research project in a way shares similarities with Laos insofar as she has experienced China's huge influence. With the many issues at hand, it is crucial to narrow down the focus. The researcher has chosen to concentrate at specific industries and on state capitalism in view of Chinese domination in Myanmar's society and economy.

## **“Chinese Capitalism in Singapore”**

### **Professor Dr. Liu Hong**

Focus on reconceptualizing Chinese capitalism in Singapore. Possible road maps and steps for me to situate in a larger framework. Focus on (1) Conceptualization – Chinese in Singapore and what is capitalism? (2) The geographical and historical framework. (3) Internal and external structures in Singapore and Southeast Asia in general. Some case studies on new Chinese immigrants being Chinese transnational capitalists in Singapore. What are the implications on Chinese capitalism in view of the recent scholarly interests? Contribute to Chinese capitalism. In conjunction with American and European capitalism, this study aims to contribute to the global understanding of capitalism that will impact policy-making as well.

Conceptualization. Singapore is the only country outside of China and Taiwan, which has the Chinese majority with about 74 percent of ethnic Chinese out of the entire population. However, Singapore's fertility rate is way below replacement level. Yet, her total population has been increasing. Thus, the reason for the difference is due to the addition of foreigners in

Singapore. Out of 5.4 million people, 3.31 million are Singaporeans, half a million are permanent residents and 1.55 percent are foreigners under various types of employment passes. This shows the diverse backgrounds in terms of birthplace and education. Before 70s Chinese in Singapore divided by the schools they attend – English or Chinese. Hokkien, Teochew and Cantonese are major dialect groups. Especially after 1990, new migrants. Workforce has changed. PMET constitute 63 percent is a significant increase over the past 3 decades.

Capitalism in Asia. Gary Hamilton studied overseas capitalism in Asia and spoke about competitive market and institutional factors involved. Country-based analysis might not be the best way to understand capitalism in this region due to the crossing of national boundaries. Yeung's hybrid capitalism – global flows of technology. Transnationalism has been making great inroads in the study of social sciences. Multi-levels that linked together. Social fields that crossed boundaries. In terms of individuals, who are the transnationalists? People who are making a living that is continuous (not one-off but regular) across national boundaries connecting trans-migrants. Over the last 10 years, I have situated my research between the state (vertical structure) based on hierarchy, structure, and order. Horizontal – transnational dimension with egalitarian relations. Globalization affects domestic institutions. Economic institutions affect Chinese capitalism. Relates to entrepreneurship. 1950s scholars from Harvard University. Cannot just look at individual entrepreneurs but enterprises and understand the social relations and factors that cause the entrepreneurs to succeed. Studies on entrepreneurship in Asia-Pacific by revisionists such as Gomez, etc. This group of literature that is revisionists. Culture and structure. Issues that they have not paid attention to concerning how they deal with Chinese capitalism. Internal and socio-political changes confronting Southeast Asia. Another angle is to look at how entrepreneurship affects homeland – diaspora formation and immigration history. Placing capitalism and entrepreneurship in the domestic context. This is the framework.

The third part – Chinese capitalism in Singapore. What are the factors that we need to situate – historical and geographic? Historical – long term historical phenomenon; structural phenomenon; why Singapore was successful. Combination of two. Infrastructural (hardware) and entrepreneurial spirit (software). How these combination laid the foundation for Singapore? Equally or more important is to place Singapore in the nexus of Chinese business. If you take out the place of Singapore then it loses meaning. There are also

institutional aspects – Chinese Chamber of Commerce – defacto leadership in terms of social, economic and political stability. There are several conventions that they have held and this year was the 12<sup>th</sup> year already. Historical map reinforces the view that Southeast Asia as an inter-connected hub where economic activities are connected through the ports in Chinese capitalism – shows the concentration of Chinese population which is cat the major port cities- social organizations and legal entities. Few years ago, published two books – locate Singapore with three interconnected layers (local, regional and global): draw a map in terms of distance and how Singapore is connected to the different hubs and zones. If you isolate Singapore as a single entity, then it loses meaning. Circumference of 7 hours flight captured the major cities. One of the most dynamic cities in the world. Again, the combination of infrastructure and entrepreneurial spirit provide the basis for Singapore's success. Regional business connections plus local and dialect links are crucial. Locality associations can connect them as well. There is a business agenda to the dialect associations' formation and linkages. Study through the internal organizations and external structures which interact with each other. Internal organizations – big Chinese capitalists as different from SMEs and new migrants are different from other types. Real estates, banking and hotels. Earlier studies link networks with Chinese capitalism. I am more interested in new phenomenon – world Chinese convention in Southeast Asia, Australia, Canada etc. Huge events – 3 thousand people attend. CEO of CP shared and presented how great business opportunities for Chinese and his investments in China are greater than in Thailand. China's government presents opportunities for overseas businessmen. How overseas Chinese business can build new image for China etc.? Direct interaction with the State and the local Chinese as well. Linkages are diverse with different levels of organizational and institutional contexts. Two case studies to show Sino-Singapore capitalism. Misleading to study Chinese capitalism in Singapore because they have both components in China and Singapore. They have accesses to resources from both China and Singapore. In terms of identity and in terms of how China serves as a cultural base for the market and labors, and how their education in the West, Singapore and China have impacted on their entrepreneurial activities. I also compare them with the local entrepreneurs. This group tend to be more successful than those who are doing the same businesses. This is the outcome of the Singapore's' active policies in attracting foreign talents. There are also programs that attract new Chinese professionals and businessmen to live and work in Singapore. Chinese new immigrants transforming Singapore. What is the percentage of NUS researchers? – 42 percent are PRC nationals.

This shows that Singapore is heavily reliant on foreign talent. This has also created impact on locals in their perception of governmental policies. When we (ex-PM LKY) talk about different types of Chinese – PRC Chinese has a different practice and mental make-ups in contrast with Singapore Chinese who are westernized are professionals and do not rely on *guanxi* relations. Locals complain about the new immigrants. China's policies.

In conclusion, my focus is not just about Singapore. Illustrate the larger dimensions. Greater attention outside of scholars in Asia in capitalism, I try to ask questions that will contribute to the understanding of Chinese capitalism. Growing interest. There are other pertinent issues pertaining to unequal wealth distribution and social class issues (as related to capitalists and labor). Research materials – what other materials can we access? Some challenges - for Chinese entrepreneurial studies, there are two sets of book-keeping, there are several who don't keep tax records. Try to contribute to methodological and theoretical understanding to Chinese and global capitalism.

#### *Discussion:*

*Wasana W.:* Big and small panda picture. Impression: Singapore vs HK: Emerge as business hub; anglicized Chinese; late 1990s onwards; major change in Singaporean Chinese identity not so anglicized but mandarin mainland identity vs. HK resistance to “*pu tong hua*” nationalistic Cantonese. Is there a Singaporean Chinese identity? *Liu:* Yes, it has changed. 1/3 of them are from outside Singapore which creates an impact in Singapore. Emphasis has been placed on Singapore identity since ex-PM LKY who has prohibited the profusion of dialect speaking. Making and implementing policies are by scholars who went to UK universities without going to China. The current PM LHL speaks about the wealth gap and foreign influx. *Chullacheeb:* Singapore is unique as overseas Chinese is majority in contrast to other Southeast Asian countries. Form of Chinese capitalism is advanced as contrast to mainstream. It is a highly technological form. Besides, there are social, economic and political gap. *Liu:* Yes, it is unique but Chinese business activities are interconnected. In ex-PM LKY's memoir, he questioned about “how can Singapore survive?” Before her separation from Malaysia, Singapore is part of pan-Malaya whereby social and economic activities have made Singapore the nexus and hub. Thus, regional perspective is crucial to understand Singapore. *Bien:* Understand Singapore in terms of patriarchal form in policy

decision-making. Are there any patriarchal attitude involved? *Liu:* Singapore is small, hence she needs to venture out into India and China.

*Note-Taker's Summary:*

This research project has aptly highlighted the need to relook into the conceptualization of Chinese capitalism of Singapore. Such conceptualization situates Singapore Chinese capitalism in a historical-geographical context. In other words, in the era of transnationalization, we should not merely be country-specific in focus. On the contrary, there is a need to appreciate Sino-Singapore relations in a regional perspective. Singapore, in particular, fits this perspective because of her aggressive policy in attracting foreign talents. Consequently, it impacted the locals as they perceive the foreign talents as seizing their job opportunities. Thus, Chinese capitalism in Singapore context, whilst articulates a highly technological transnational dimension, is besieged with socio-political challenges.

### **“Chinese Capitalism in Malaysia”**

#### **Prof. Dr. Danny Wong**

##### **I. Chinese & Chinese Capitalism in Malaysia**

In 2010 Chinese totaled 6.96 million, or 24.6% of population. There is a gradual decline in Chinese % of population since independence 1957. Chinese ownership of share capital of Limited Companies stood at 39% (2004). Top 20 public listed firms, 3 Chinese in top 10 and 5 in top 11-20. 20 out of top 30 Malaysian capitalists (2006). Historically, the Chinese community in Malaysia were discriminated against in terms of appointment to civil service. In 1971, New Economic Policy was introduced aimed at eradicate poverty and to restructuring of society (address imbalances in economy) – non-indigenous community were further disadvantaged – within 20 years to lift indigenous equity to 30%; in 1991, replaced by a New Development Policy (1990-2000), later, New Vision Policy. Despite of the discriminating policies, Chinese equity in the public listed companies had risen to 40%.

## II. Defining Chinese Capitalism

Chinese ownership, Chinese character/ distinct with profit regeneration as main activities. Yeung's definition (2006): (1) Capitalism is production for a market by enterprising individuals or combines with the purpose of making a profit; (2) Chinese capitalism is not a mode of economic organization bound within specific territorial boundaries of nation-states; (3) Chinese capitalism has achieved some degree of structural coherence and rationality that in turn legitimizes its very socio-economic behaviours; and (4) Chinese capitalism is actor-centred rather than institution-specific.

## III. The Case of Malaya and Malaysia

The notion of Chinese capitalism developed quite naturally since the arrivals of the Chinese. The notion of Chinese ownership and wealth generation being the fundamental drivers. Business being the most common activity as it is the fastest way in yielding high returns – but with high risks (and therefore the focus of most studies – including the present proposed).

## IV. Literature Progression

Puthucheary JJ (1960) – family ownership; Mamajiwalla RK (1968) – Rubber plantation; Yip Yat Hoong (1969) - Tin mining; Lim Teck Ghee (1981) – Ownership of corporations; Yoshihara Kunio (1988) – relationship with state; H. Yeung Wai Chung (1999, 2000) – rent-seekers (SEA & Global); Rajeswery A. Brown (2000) – rent-seekers; Tan Eugene (2001) – Ethnic bargain & Patron-client; T. Gomez & M. Hsiao (2004) – patron-client relations; Beh Loo See (2007) – business enterprises; William Tai Yuen (2013) – colonial era.

## V. Historical Background

Chinese business and economy sector developed since initial arrival. Went through three historical phases: (1) Pre-Colonial & Colonial - Worked in tune with colonial ruler, but quite independent. Emergence/ establishment of Chinese capital and Chinese individual and family firms. Exercised control over mining and agricultural activities – owning of estates, mines, quarries, and businesses. Many Chinese capitalists enjoyed cordial ties with colonial administrators and local indigenous rulers – obtained concessions. Developing local brands.

(2) Post-Colonial - Adjustment under NEP and expanding beyond national boundaries. Localization and rationalizing in being part of the nation-building process/ or part of the new nation. Notion of division of functions – Chinese continuous domination on capitalism activities vis-à-vis indigenous domination of the political spheres. Dealing with the rise of indigenous assertiveness – New Economic Policy & aftermath. Transformation and adaptation with changing environment. (3) Post-1990 (Post-New Economic Policy) - Tightening of the noose – adjustments and venture elsewhere. Trans-national boundaries capitalism – venturing beyond Malaysia – supra-national organizations. A more assertive state – various new initiatives, new regulatory efforts –tightening of the noose. Diversified activities being the key. Stronger institutional building and the possible gradual diminishing of the role and place of the individual actor vis-à-vis the organization.

## V. Research Questions

What constitutes Chinese capitalism in Malaysia? What are the major characteristics of Chinese capitalism in Malaysia? What made Chinese capitalism resilience and successful? How did Chinese businesses negotiated through tough state policies? How has Chinese capitalism transformed over the years?

## VI. Approach & Research Focus

Given the paucity of sources and recognition of the early period (pre-independent) and the subsequent changes that took place (Tai: 2013) – it is best to approach this project from a historical progression perspective. Also hinges on the fact that the idea of the main factor being individual actors and not institutions, therefore will focus on the family business and individual conglomerate but mindful of the changing environment and challenges. Tracing several major Chinese listed companies which started as family business in pre-1957 years or earlier, and how they sustained till today – sustainability and resilience, e.g.: (1) Low Yat Group; (2) Lau Gek Poh (Malaysian Mosaic –East Malaysian); and (3) Robert Kuok Family. Drawing conclusion by setting these companies against the characteristics/ themes relating to Chinese Capitalism: (1) Emergence/acquisition of Chinese Capitals (pre-1957); (2) Individual actors and their Relationship with local rulers and state (rent-seeking); (3) Modernization of mode of business operation, departing from traditional mode of business & patronage dependency (turning points); (4) Trans-national boundaries Capitalism; (5) Generational change and adaptability and survival, also question of sustainability; and (6)



Question of taking risks and opportunities, China, other parts less-developed economies/countries.

## VII. Proposed Research Activities

Data Collection: (1) Archival and Library – Registrar of Companies Annual reports, business magazines and intelligence reports, associations publications, security commission reports; (2) Interview with the focused companies and individual actors; and also the other stakeholders, the state.

### *Discussion:*

*Chullacheeb:* Are the key actors selected from same ethnic group or are they different? *Wong:* Two Hokkiens and one Teochiu. Will look into whether can get Cantonese as well. *Wasana W.:* Rise of China → affects Malaysian policies towards China and whether Chinese Malaysian firms taking this as a bargaining power. *Wong:* 1974 to 1985: communist insurgency; sensitivity issue. Mahathir losing out in not investing in China given their strength → revision but suspicion on loyalty issues despite many Malaysian Chinese are dealing with a foreign country without dual citizenship which is not allowed. *Siriphon:* (1) How Chinese characteristics contribute to survival? Mahathir period (from State side) and the interaction with the companies. (2) But didn't mention much during the 1997 and 2008 economic crisis. How did the Chinese companies respond to the economic crisis in addition to the government's policies? (3) ASEAN and China conclude FTA where some countries benefit while others face difficulties. So how do Malaysian Chinese respond to it? *Wong:* Didn't think of (3) which is perhaps for later or other work. Thanks for reminder of (1). As for (2), Malaysian government does not want to restructure if come under IMF because it will affect ethnic policies which they want to hold on. Chinese firms have strong fundamentals which is that they do not stretch themselves too much so they come forth stronger through crisis. *Patamawadee:* How successful are these actors? *Wong:* Robert Kuok in top 5 and the other 2 in top 30. In terms of coming in firms from China, not many but will research more. *Nguyen:* (1) Chinese citizenship. (2) Malaysia policies on Chinese properties. *Wong:* 1955: independence you must unite the many races (Chinese, Indian, Malay and others) and struck a deal → question of citizenship is resolved as the Chinese is given the choice to be huaqiao or Malaysian citizenship; 80 percent have chosen to be citizens so huaqiao do not play a major part as they fade away and also in Wang

Gungwu's work on Chinese (A- those who stay; now it is D-transnational). Nationalizing Chinese properties? No unless they bought over except for new economic policies require 30 percent but not to state for it is for sale to the indigenous. Mention about statistics: ownership is Malaysian though they could be residing in Hong Kong etc.

#### *Note-Taker's Summary*

One of the greatest strength of this particular project lies in the success of Chinese businessmen despite the political and socio-economic discriminations and marginalization on the ethnic Chinese in Malaysia in favor of the Bumiputras. The understanding of the factors that facilitate the success of Chinese businessmen in Malaysia will make significant contributions to the vitality and sustainability of Chinese capitalism.

### **“Chinese Capitalism in Philippines”**

#### **Prof. Dr. Ellen Huang Palanca**

#### **PHASE I: The Rise of the Ethnic Chinese in Philippine Business**

##### **I. Chinese in the Philippines: Description and Identification**

(A) Description: (1) Small – only 2-5% of Philippine population; (2) Mostly of Hokkien (Minnan area) ancestry; (3) Concentrated in Metro Manila; (4) Since 1980s influx of new migrants. (B) Identification: (1) Difficult as most are citizens and ethnicity is not a statistical information in any ID card; (2) Many mestizos not considered Chinese; (3) Knowledge of language/dialect and culture practices.

##### **II. Economic Position of the Chinese Business**

(A) Up to 1970s, not significant; economic and political power in the hands of an oligarchic group composed of Spanish-Filipino and Chinese-Filipino elite. (B) For 1990 data on top 1000 corporations show the share in number of the Chinese Filipinos to be about the same as that of non-Chinese Filipinos although for the share in size based on sales value, Chinese firms are much smaller. (C) Growth in recent years much faster, overtaking the Filipino elite group, increasing % in Forbes billionaire list.

### III. Factors affecting business

(A) Business Environment: (1) Political economic setting - (a) Dominance of oligarchic group in politics and economy and (b) Patronage system; (2) Public policy – (a) Nationalism: “Filipinos First” Policy”, (b) Import-substitution industrialization, (c) Martial Law, and (d) Liberalization of naturalization process; (3) Events in China; and (4) Globalization. (B) Intrinsic traits/cultural factors: (1) Cultural Theory – Confucianism and (2) Minority Status Theory. (C) Relations with China.

### IV. Younger Generation of Chinese in Business

(A) Why do they stay in their “family” business? (B) Scope of their business enterprises. (C) Connections with China. (D) Role they play in business expansion. (E) Succession issue. The first three sections provide the background to the research. This part (section IV) will be the value-added to knowledge on this topic. For this section, interviews of the offspring of the top Chinese business people, who are all self-made, rag-to-riches cases, will be done.

## PHASE II: Chinese Capitalism and Philippine Politics

I. What is Chinese Capitalism? – (A) Evolution. (B) Role of State/SOEs. (C) Banking system/State financial support.

II. China’s Economic Growth

III. Philippines-China political and economic relations since China opened up

IV. Philippine ethnic Chinese in China’s economy – (A) Old migrants. (B) New migrants

V. China’s investments and ODAs in the Philippines – (A) Compared to global and regional. (B) Role of the ethnic Chinese.

VI. Cases – (A) Northrail project. (B) ZTE project. (C) China’s State Grid Corporation. (D) Huawei expansion.

### *Discussion:*

*Siriphon:* (1) In terms of culture, Philippines is influenced by western culture → how does Chinese firm interact with local culture and western culture? (2) Relationship between

state and Chinese government → what about the U.S. influence in terms of policy and ideologies etc? (3) Broad so are the 2 phases for 3 years? *Ellen*: To (3), yes. (1) Culture has helped the Chinese to grow. Businesses just adopt the western management style since the younger generation educated in western countries. *Wasana W.*: Special relationship with U.S. and currently have problems with PRC. Vietnam has a history with PRC and U.S. Chinese in Philippines have a unique position with PRC and U.S. in light of the recent territorial disputes. How do they respond? *Ellen*: Chinese in Philippines do not have much investment with China. China tried to cut down socio-cultural activities. *Mingsan*: Ethnic Chinese? Intermarriage? Personal benefits in manifesting Chinese identity instead of for China. In the case of Thai, the assimilation and dilution of ethnic “Chineseness” is predominant so identity is for personal benefits. Main point: the focus of the study will lead to different policies. *Ellen*: Initially, they invested to help their hometown but through time, they seek profits. *Siriphon*: ODA? And it is different for different places. China might not accept that definition. *Ellen*: Will look into it. *Yos*: Mingsan’s “assimilation” has not been dealt with by any researcher thus far. With assimilation, the issue lies with religious difference (Taoism versus Islam). *Nguyen*: Ethnicity: Sojourners or settlers? Mobility in capital. Remember to keep in perspective of capital in ethnicity. *Bien*: Ethnicity is a part of capital. Not needing a fixed definition because it will reveal certain circumstances. As for religion, popular culture (Chinese horoscope etc.) in respond to the challenges of the new age in the current world. Ethnicity is not essentialized. *Mingsan*: Ethnicity is a type of cultural capital that can be used for social capital. So should contextualize it. *Patamawadee*: Chinese language school is a big business.

*Note-Taker’s Summary:*

This session raises the pertinent question of ethnicity and its connection with Chinese capitalism. Instead of seeing it as separate discrete entities, ethnicity is itself a capital. On the other hand, the intricate and sometimes precarious political relationships between Philippines, China and US remain a distinct element of consideration in Chinese capitalism.

## “Chinese Capitalism in Thailand”

**Dr. Wasana Wongsurawat**

“Going beyond Chinese Society in Thailand: Contrasting representations of the ethnic Chinese in Bangkok and Udon Thani”

This research project approaches Chinese Society in Thailand through an analytical history (Skinner, 1957!!!). To begin with, it has been argued that acculturation take place with a complete assimilation in 4 generations. There are some problems with this: (1) Does not make allowance for major changes in external factors and (2) It is not really about the Chinese society in Thailand, but more about the Chinese society in Bangkok. Chinese society in Thailand?



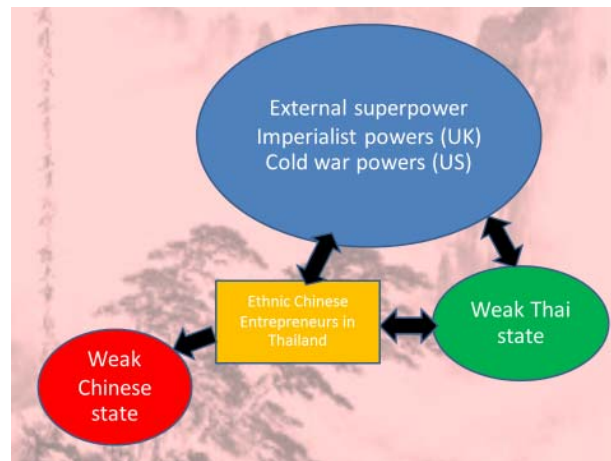
Yaowarat Chinatown Heritage Center, Bangkok

First of all, let us look at Yaowarat Chinatown Heritage Center, Bangkok. It is (1) privately owned, funded by prominent business groups in the community; (2) Highlight cultural/familial connections with the PRC; (3) De-emphasize dialect and hometown divisions; and (4) *Highlight connections with the royal family.*

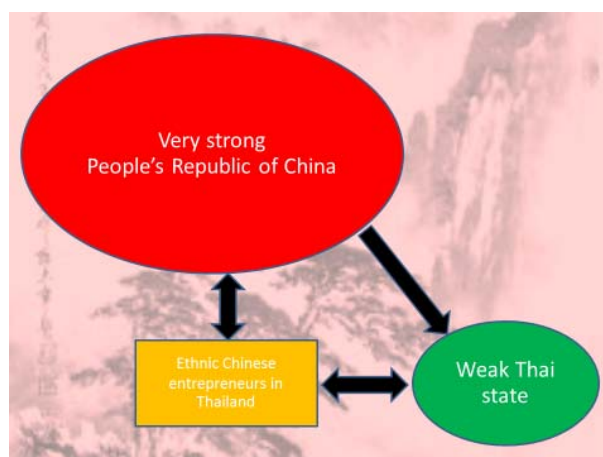


Sino-Thai Cultural Centre, Udon Thani

On the other hand, we consider Sino-Thai Cultural Centre, Udon Thani. Similarly, it is (1) privately owned, funded by prominent business groups in the community; (2) Highlight cultural/familial connections with the PRC; (3) De-emphasize dialect and hometown divisions; and (contrast in italics) (4) *Highlight connections with prominent Chinese businesses in the region.*

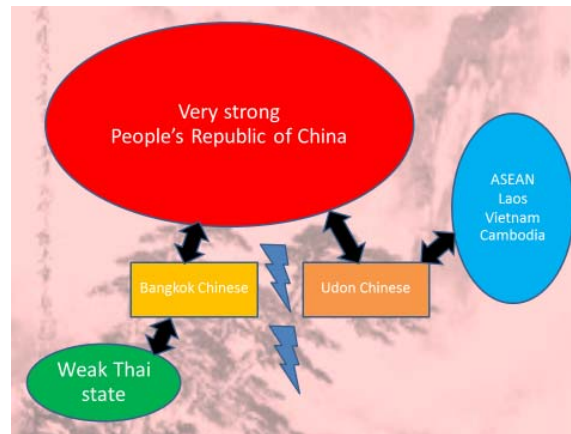


In the past, ethnic Chinese identity was a balancing act: Being Chinese was good for the trade networks across numerous Chinese communities across SEA. Being connected to the Chinese state could be a liability. Chinese state often hostile towards overseas Chinese. Siam/Thailand was a nice gray area with least state interference. Cultivating ties with Thai state and superpower was good for business. Speak English, Thai, and a dialect, but NOT Mandarin.



However, in the 21<sup>st</sup> century, for the first time in a very long time, the Chinese state (PRC) is the external superpower. The Thai state remains weak and even weaker in comparison to the PRC. Ethnic Chinese connections with the Chinese state becomes an advantage, even

increases bargaining power with the Thai state. Influx of new Chinese business migrants (PRC citizens and speakers of Mandarin). Some local Chinese then choose to rebrand themselves as representatives of the Chinese state, Chinese culture, and speakers of Mandarin.



In the 21<sup>st</sup> century, the Thai state no longer serves as the only middle-ground for contact and profit making with external superpower. Ethnic Chinese communities could receive support directly from the Chinese state. Communities away from Bangkok/the central plains could tap into other political and economic networks, esp. ASEAN neighbors in the case of Udon Thani. There is clearly no longer a singular Chinese society in Thailand, which fully assimilates after 4 generations.

In closing afterthoughts, there is an assimilating process going on and the Chinese communities in Thailand are tending towards being homogenized (not unified, but homogenized). However, it is a tendency towards assimilating to the new influx of Mandarin speaking business, capital, and labor force. The once enormous variety in ethnic Chinese culture now faces the threat of being homogenized by the fantastic force of the PRC's Chinese cultural hegemony.

#### *Note-Taker's Summary:*

This session boldly problematizes long existing assumption of assimilation of the Chinese society in Thailand. In a critical analytical way, this research attempts to argue that while assimilating process is on-going, the Chinese communities in Thailand are in a homogenization process in light of the rise of PRC's Chinese cultural hegemony.

## งานในช่วงต่อไป

ทางโครงการจะจัด workshop ครั้งต่อไปในช่วงปลายเดือนพฤษภาคม 2558 เพื่อให้นักวิจัยทุกท่านนำเสนอรายงานวิจัยช่วงแรกฉบับสมบูรณ์ และเก็บข้อมูลเพิ่มเพื่อปรับแก้รายงานวิจัยเพื่อเตรียมรายงานวิจัยฉบับสมบูรณ์เล่มแรก ในช่วงปลายปี 2558 โดยคาดว่าจะส่งให้สำนักพิมพ์ Macmillan เป็นผู้จัดพิมพ์ดังเช่นรายงานชิ้นก่อน ในขณะเดียวกัน โครงการจะเริ่มเข้าสู่ช่วงที่สองของงานวิจัย โดยเน้นศึกษาผลกระทบและสัมพันธภาพของทุนนิยมจีนต่อการก่อรูปของประชาคมอาเซียน ในช่วง 18 เดือนสุดท้ายของโครงการ โดยคาดหวังว่าจะได้ตีพิมพ์รายงานวิจัยอีก 1 เล่ม ในช่วงหกเดือนนับแต่มกราคม 2558 เป็นต้นไป หัวหน้าโครงการวางแผนจะเยือนนักวิจัยในพื้นที่ต่างๆ เพื่อสร้างกระบวนการเรียนรู้ร่วมกันอย่างเข้มข้น อีกทั้งยังคาดว่าจะจัดสัมมนาเชิงปฏิบัติการร่วมกับ Institute of Ethnology, Academia Sinica หนึ่งครั้ง โดยอาจเป็นการนำเสนอรายงานวิจัยฉบับสมบูรณ์ในช่วงปลายปี 2558

ข้อคิดเห็นและข้อเสนอแนะอื่น ๆ ต่อสกว.

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ลงนาม

(ศาสตราจารย์ ดร.ยศ สันตสมบัติ)

ตุลาคม 2557