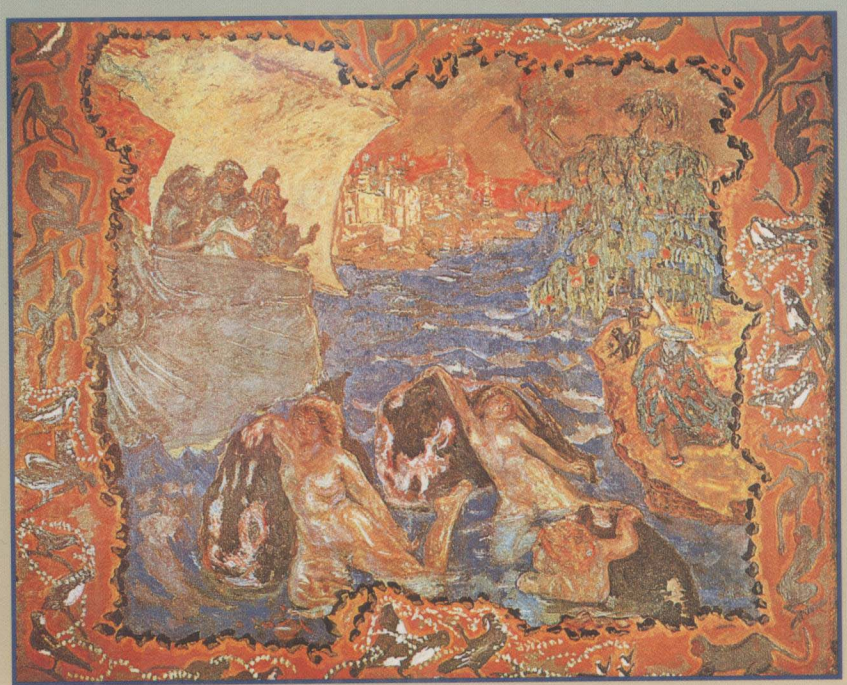
MERCHANT PRINCES OF THE EAST

Cultural Delusions, Economic Success and the Overseas Chinese in Southeast Asia



RUPERT HODDER

WILEY

Merchant Princes of the East

CULTURAL DELUSIONS, ECONOMIC SUCCESS AND THE OVERSEAS CHINESE IN SOUTHEAST ASIA

Rupert Hodder
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To Jonathan and Rosabelle

Preface

This book presents an interpretation of Overseas Chinese economic success in Southeast Asia. No attempt is made to provide a formal explanation of their success: indeed, this book argues strongly against scientific and theoretical analyses of the Overseas Chinese and their economic activities, and is critical of the importance frequently attached to 'culture'. The view taken in these pages is that Chinese societies or groups overseas are not unique, nor profoundly different from those of any other people: their material success is an outcome, not of 'Chineseness', but of multidimensional values, institutions and actions which have been consciously manipulated and 'turned' towards the extension and institutionalisation of trade.

This is not to say that obvious differences between groups do not exist. But such differences, it is suggested here, do not reflect or constitute a deterministic culture. Certainly there may appear to be profound differences in institutions, values and behaviour if the perception chosen is unidimensional and if the observer chooses to concentrate upon unique cosmetic details which are an inevitable consequence of the human mind's spontaneity and its variety of responses to circumstance. The apparent profundity of these differences is deepened further by individuals who create, adapt, alter or adopt institutions, values and behaviour which they view or present as symbols of their uniqueness. But if these phenomena are 'turned' so that their other aspects may be viewed, then the significance of their cosmetic details begins to recede, and similarities among groups begins to emerge. As the perspective rotates and as other aspects begin to slide into view, it becomes clear that differences between 'cultural' or 'ethnic' groups reflect the manner in which institutions, values and exchange are used, and the purpose to which they are directed. The redirection of reciprocity from its conduct as an end in itself towards its use to construct relationships which facilitate trade

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requires only a subtle alteration in values and attitudes. The family whose status and reputation depend upon the conduct of reciprocity for its own sake may appear to be very different from the family company, yet each requires only a shift in aspect to become the other. Even the very concepts of 'culture' and 'ethnicity' constitute part of the institutional patterns and moral imperatives associated with a form of exchange. 'Chinese' and 'Filipino', for instance, are often deliberately presented as unidimensional phenomena in order that they may be used as positive kernels to help establish reciprocal relationships for the conduct of business, or as an antitype against which the individual may create the 'cosmopolitan' and thereby expand opportunities for trade.

To help focus, and add greater force, to these arguments, and to demonstrate that the multidimensional values, institutions and actions of individuals are not mere abstractions, I have chosen in Chapter 6 to concentrate upon a Filipino community and its merchants*—both Filipino and Chinese. This may perhaps seem a little unusual but it does help illustrate in some detail that whatever designated group they may be assigned to, individuals, and the values, institutions and actions (such as exchange) which they create or adopt, possess many aspects, and, if viewed from different perspectives or if directed towards a common end, may therefore reveal striking similarities. For the same reason, while the term 'Chinese' in this book generally refers to the Overseas Chinese in Southeast Asia, I do not always make a distinction between the Chinese in China and the Chinese overseas. This is particularly evident in Chapter 3 and does, I believe, help emphasise the argument that the multidimensional institutions, values, actions and behaviour created or adopted by individuals called 'Chinese' may not always be directed towards the prosecution of trade and the realisation of sustained material progress. If a definition is needed, culture, or, more accurately, the individual's own perception of culture, is merely an imperfect expression of the direction of multidimensional values, institutions and forms of exchange towards particular, or many diverse, ends.

The material in Chapter 6 is based upon a number of lengthy visits to Davao City between 1985 and 1994. The people I have written about may seem rather colourless: there is much which I have chosen to omit. Even so, in view of the very personal nature of this material, names have been replaced with letters. I hope that I have done no injustice to those who have shown me extraordinary kindness, patience and generosity. There is often a very fine distinction between emotions, the values

*The term is used in this book to refer to 'traders' or 'businessmen', and should not be understood to refer only to retailers or wholesalers, nor should it be understood to indicate a distinction between 'modern' and 'traditional' practices or forms of organisation.

which individuals believe to be absolute, and intellectualised debates. It may be partly because of the absence of a clear distinction between the intellect and the individual's many other aspects that meanings and implications which a writer did not intend are found by others among his† words. It is also true, perhaps, that words in print often take on a permanence and absoluteness which is mostly undeserved and which usually distort reality. But in this book I have argued against the pretence at objective, precise, rigorous analyses of individuals and the societies they create; for individuals, the values they hold, and the actions they take, all possess many dimensions. A writer must be aware of these aspects and of the different possible interpretations. These pages are merely an attempt at one such interpretation.

The arguments enunciated here strongly favour a movement away from a method of thought which I have termed, perhaps unfairly, the scientific approach. Undoubtedly, part of the reason for the popularity of the cultural explanation is its romance, for as *The Economist* (1994a) suggests:

> 'Civilizations on the rise like to explain their economic success not through some dreary shift in comparative advantage or the pattern of technological change but by pointing to a set of virtues unique to their culture' (28 May, p. 9).

But science and the romance of culture are symbiotic. The choice between explanations which this quote implies is too stark, but it indicates well enough a way of thinking which underlies much of the debate on material success and which adds to the popularity of culture. There is in some respects little to choose between the two for both are essentially deterministic explanations. One resorts to an ultimate force that is economic, the other to the equally abstract force of culture: both are searching for the idol of origins. If one rejects economic, political and historical forces then what is left? And since the Chinese are generally far stronger economically in proportion to their numbers in many countries in Southeast Asia, what else other than culture explains their success? The logic is soothing for there exists strong mutual support between the presumption that culture is a deterministic force and, on the other hand, the application of the scientific approach with its emphasis on the search for origins, on chains of cause and effect, and on the fragmentation of phenomena into discrete variables within an ordered, predictable and explicable whole. Culture is a useful variable or, for some writers, represents the idol of origins around which may be constructed a scientific explanation. And for the cultural determinists, science provides a fashionable respectability.

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†When no particular individual is specified the use of 'he', 'his' or 'him' may also be understood to read as 'she', 'hers' or 'her'. In these contexts too, 'man' or 'men' are used as generic terms.

The desire to produce neat explanations and conceptual frameworks with the power of prediction and which conform to what is expected of thorough 'scientific' analysis, requires the careful selection, and the selective interpretation, of institutions, forms of exchange, values, beliefs, actions, decisions, choices and desires, in order to create unidimensional phenomena linked together by chains of cause and effect. A complex, fluid reality becomes falsified and distorted for the sake of scholarly convenience and fashion. Values, forms of exchange, institutions (such as the family, the company or the association), beliefs, philosophies, and patterns of behaviour, although created by individuals, now simply 'exist': they comprise a structured mass, and so firmly rooted are they in purported cultural elements (such as Confucianism) that together the structured expression of the underlying cultural elements and the cultural elements themselves are thought to be capable of determining and explaining individuals, their business activities and their material success. For many writers, cultural determinism, the romance of culture, and science work together well. The explanations constructed possess a certain 'weight' and a satisfying roundness. Better still, they are easily drawn into epic stories and detailed accounts of the Overseas Chinese and their economic success, and may thereby achieve canonical status (Seagrave, 1995; Cragg, 1995; Kotkin, 1993; and East Asia Analytical Unit, 1995). Yet such explanations also possess disturbing undertones. There are those who believe their own 'culture' to be an absolute measure of worth and excellence; and those who perceive values, beliefs and institutions as relativistic. The first of these beliefs breeds arrogance and, worse still, contempt for others; the second allows that arrogance and contempt to flourish. The writer who withdraws into a flat unidimensional world runs the danger of playing to the darker side of human nature.

Rupert Hodder
Hong Kong, May 1995

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List of abbreviations

FDJYZ	Fudan Daxue Jingji Yanjiu Zhongxin (Fudan University Economic Research Centre)
FJDWJM	*Fujian Duiwai Jingmao (Fujian Foreign Economic Relations and Trade)*
FJJJB	*Fujian Jingji Bao (Fujian Economic Daily)*
GDQB	*Guangdong Qiaobao (Guangdong Overseas Chinese Daily)*
GDDWJM	*Guangdong Duiwai Jingmao (Guangdong Foreign Economic Relations and Trade)*
GGJ	Gongshang Guanliju, Tianjin (Industrial and Commercial Administration Bureau, Tianjin)
GGJGTS	Guojia Gongshang Xingzheng Guanliju Geti Jingjisi (State Industrial and Commercial Administration Bureau, Department for Private (Individual) Economy)
JJRB	*Jingji Ribao (Economic Daily)*
SHJJXX	*Shanghai Jingji Xinxi (Shanghai Economic News)*
ZG	Zhonggong, Tianjinshi (Communist Party, Tianjin)
ZHGSSB	*Zhonghua Gongshang Shibao (China Business Times)*
ZJRB	*Zhejiang Ribao (Zhejiang Daily)*

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1

Dimensions of culture

The Chinese in Southeast Asia

Chinese commercial influence overseas goes back at least to the third century AD, when official missions were despatched to report on countries bordering *Nanyang* (the South Seas), to be followed by Buddhist pilgrims and later, during the Sung dynasty, by traders. After conquering China the Mongols also traded in the South Seas and with Arab traders in the area. This sequence of contacts, believes Winchester (1991), 'explains why the attitudes and sympathies of these mercantile classes underlie all Overseas Chinese life today' (p. 238). Most of the migrants came from three provinces in southeastern China—Guangdong, Fujian and Guangxi. Poverty, recurrent famines, internal strife, physical insecurity, political intolerance, and, for many, the seemingly impermeable social barriers to advancement gave the Chinese strong encouragement to look overseas for a better life.

The effects of Chinese economic activities in Southeast Asia were felt well before colonisation by the Europeans, for as Dixon (1991) points out, 'Chinese trade, exploitation of resources and introduction of technology made a major contribution to the region's economies long before the nineteenth century' (p. 45). But it was during the European colonial period that a marked and sustained movement of Chinese into Southeast Asia took place. The Chinese originated from a society that was in many ways more sophisticated technically, commercially and administratively than those in which they settled. When the Europeans arrived they found that the indigenes had little interest or experience in such matters as administration, supervisory work, mining, merchandising, or supplying goods to more remote or newly developing areas. The colonial administrators believed the indigenes to be unsuited to modern economic activity and unwilling to make the changes in their societies

which a modern economy would demand of them. The Chinese, on the other hand, appeared, to the European at least, to be far more enterprising and hard-working and, being outsiders, seemed to care little for changing political frontiers or for the indigenes' localised social boundaries and religious differences.

Table 1.1 The Chinese in Southeast Asia

	Total population (millions)	Chinese (millions)	% Chinese*
Indonesia	147.00 –182.65	4.16 – 4.93	2.7 – 2.8
Philippines	46.00 – 61.48	0.69 – 0.74	1.2 – 1.5
Malaysia	12.77 – 18.00	4.88 – 5.96	30.9 – 33.1
Singapore	2.41 – 2.75	2.04 – 2.09	76.00
Brunei	0.24 – 0.3	0.05 – 0.085	18.3 – 28.0
Vietnam	65.1 – 66.473	0.99 – 1.8	1.5 – 2.76
Thailand	55.80 – 56.4	4.46 – 6.37	8.0 – 11.29
Cambodia	7.87 – 8.4	0.2 – 0.46	2.5 – 5.47
Burma	40.77 – 41.61	0.004 – 0.65	1.0 – 1.59
Laos	4.186	0.008	0.19
Total	**382.146–442.249**	**17.482–23.093†**	**3.95–6.04‡**

* Highest and lowest figures given in sources.
† If the populations of Hong Kong and Taiwan are included, the total number of overseas Chinese in East and Southeast Asia (excluding North and South Korea and Japan) amounts to somewhere between 43 and 50 million.
‡ Figures represent smallest estimated total population of Chinese expressed as a percentage of largest total population, and largest population of Chinese expressed as a percentage of smallest total population.
Sources: adapted from Rao Meijiao (1993), Somers Heidhues (1992), Amer (1992), M. Smith (1992), Rigg (1991), Suryadinata (1989).

At first the movement of Chinese was largely voluntary, but as the need for labour grew—especially in the mines and plantations of the European colonies, for the colonialists were frequently operating in areas with low population densities and immigration was thought essential—Chinese were recruited more formally and in larger numbers

or, in some instances, press-ganged by Chinese marauders into the service of European merchants. In pre-colonial Malaya, large numbers of Chinese were already engaged in a wide range of activities, including tin mining on the peninsula and gold in Sarawak. When the British arrived and established more technically advanced mining operations and rubber plantations, the Chinese were encouraged to arrive in much larger numbers, although the occupations now open to them were restricted by the interests and competitiveness of the colonial power. Manual and skilled labour, food production and merchandising were occupations in which the Chinese soon made themselves indispensable throughout the European colonies of Southeast Asia and, numerically, the Chinese soon came to dominate the major urban centres.

It seems beyond question, and certainly it is generally argued, that the economic significance of Overseas Chinese in Southeast Asia is considerable and that in many respects they provide a catalyst for economic growth. Depending on definitions and on the countries included, there are thought to be somewhere between 43 and 50 million Overseas Chinese in the region (see Table 1.1). Collectively they control a larger share of regional trade than do other ethnic groups and they generate the equivalent of a GNP two-thirds the size of China's (Redding, 1990). Of the four newly industrialised countries (NICs) in Southeast Asia, three (Hong Kong, Taiwan and Singapore) are populated largely by Chinese, and together they possess larger foreign reserves than either Japan or the United States. The 'funds' of Overseas Chinese in the region (excluding Hong Kong and Taiwan) are conservatively estimated at US$400 billion; and in each country in which the Overseas Chinese constitute a minority group they control a disproportionate share of economic activities. In Indonesia, Overseas Chinese number around 5 million (or about 3% of the population), yet more than half the country's trade and about three-quarters of private domestic capital is in their hands. In Thailand the majority of corporate assets, nine-tenths of investment in commerce and manufacturing, and half the financial resources of Thai banks are owned by Chinese. In the Philippines, 40% of the assets of private domestic banks are owned by Chinese, and of the largest 300 enterprises in the mid 1980s, two-fifths were Chinese companies which together generated 35% of the sales of all domestic firms. In Malaysia, 44.9% of companies are owned by Chinese, despite the implementation of the New Economic Policy. In Sarawak, too, where most of the non-indigenous people are Chinese, they occupy the more densely populated coastal and lower valley strips in the relatively well-developed west. The Chinese, too, are the main urban people in Sarawak, as they are throughout most of Malaysia: 60% of the population of

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