THE ETHNIC CHINESE in East and Southeast Asia

Business, Culture and Politics

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About the Author

Yen Ching-hwang, formerly Chair Professor of History at the University of Hong Kong, is now Reader/Associate Professor in History at the University of Adelaide in Australia. He was born in Fujian, China, and brought up in Malaysia. A graduate of Nanyang University, Singapore, he obtained his PhD from the Australian National University, Canberra in 1970.

Fluent in both English and Chinese, he has many publications in both languages to his credit. His major publications in English are *The Overseas Chinese and the 1911 Revolution* (Oxford University Press, 1976), *Coolies and Mandarins* (Singapore University Press, 1985) and *A Social History of the Chinese in Singapore and Malaya* (Oxford University Press, 1986). All three books were subsequently translated by scholars in Taiwan and China, and published in 1982, 1990 and 1991, respectively.

In 1995, 23 of Professor Yen's academic articles were published by Times Academic Press into two separate books entitled *Studies in Modern Overseas Chinese History* and *Community and Politics: The Chinese in Colonial Singapore and Malaysia*.

In August 2000, he was named the inaugural Tan Lark Sye Visiting Professor of the Nanyang Technological University, Singapore.

Introduction

This book deals with some important aspects of the Ethnic Chinese in East and Southeast Asia. Since the rise of economic power of the Four Little Dragons — Taiwan, South Korea, Hong Kong and Singapore — in the 1970s, much attention has been drawn to the Ethnic Chinese, who constitute the majority population in Taiwan, Hong Kong and Singapore. How far have the Ethnic Chinese contributed to the rapid economic growth in the region? What accounts for the dynamics of the Ethnic Chinese business? What would be the future role of the Ethnic Chinese in the economic growth of the region, especially with China? These are the major questions asked by many interested observers, journalists, scholars and bureaucrats. This book aims to shed some light on these topics.

The term Ethnic Chinese has gained growing popularity among scholars. In the past, scholars used the term Overseas Chinese to describe those Chinese living and working outside Mainland China. There was no attempt to differentiate the political allegiance of various Overseas Chinese groups, due to the vague assumption that all of them were Chinese subjects, and one day they might go back to China to live. The use of this term was legitimate, since the region was controlled by Western colonial powers who talked in terms of empires rather than states. However, the rise of the new states after the Second World War in East and Southeast Asia, where the majority of Overseas Chinese resided, called for clearer political allegiance, and the concept of citizenship and its entitlements compelled the Overseas Chinese to make a painful choice. Since the majority of them had settled overseas for many years and their future rested more in the new lands than in China, they opted for the citizenship of newly emerged states in the region. As a result, a new term to describe their changed status was needed. The term Ethnic Chinese emphasised the ethnicity of the Chinese — their common cultural roots, their social customs and their physical appearance — and is applied to Chinese descendants outside mainland China who are not citizens of the People's Republic of China.

This includes broadly those Chinese in Taiwan, Hong Kong (before July 1997), Macao (before December 1999), Southeast Asia, North America, Europe and Australasia. A few years ago, a group of scholars under the leadership of Leo Suryadinata of the National University of Singapore discussed in great detail the concept and definition of the Ethnic Chinese in Southeast Asia. Their findings are useful, and should be adopted by other scholars working in this field.[1]

There have been many analyses of the dynamics of the Ethnic Chinese business in East and Southeast Asia. Historical, cultural, social, structural and strategic perspectives are useful for our understanding of this important phenomenon,[2] and can help us both to gauge the importance of Ethnic Chinese business and to predict its future role in the region.

This book is a collection of 12 articles, published and unpublished, written between 1993 and 2000. Although not centred on one particular theme, they all involve analyses of the main aspects of the Ethnic Chinese society in East and Southeast Asia: business, culture and politics. As a result, Part I of the book deals with the various aspects of Ethnic Chinese business, while Part II deals with culture (including education) and politics.

To retain the original form of the published articles, this book has adopted both Wade-Giles and Pinyin systems for the romanization of Chinese names and terms. It has also kept the original term 'Overseas Chinese' in several chapters.

Chapter 1 begins with a general discussion of the historical, cultural, economic and geo-political factors accounting for the rise of the Ethnic Chinese business in 1970s and 1980s in East and Southeast Asia. It concludes that the rise of Chinese business was not an accidental phenomenon, but the result of history, Confucian tradition and the internal dynamics of Ethnic Chinese business combining with a set of external factors at that time.

Chapter 2 deals with an important aspect of the Ethnic Chinese business — business networks. The role of business networks in

1. See Leo Suryadinata (ed), *Ethnic Chinese as Southeast Asians* (Sydney, Allen & Unwin, 1997).
2. See Ch. 3, fn. 1.

the success of Ethnic Chinese business has drawn the increasing attention of scholars. Many theories have been advanced to explain the origins, operation and the composition of the networks. This chapter takes a historical and cultural perspective to explain the rise of the Ethnic Chinese business networks in East and Southeast Asia, and argues that their origins were rooted in the history, culture and the special circumstances under which the Ethnic Chinese operated in the region. The transient nature of the early Chinese traders required them to establish business outposts in key ports in the region, and these outposts were then organised into strong networks over time. Although European political and economic control of East and Southeast Asia placed early Chinese traders in a subordinate position, the growth of the Ethnic Chinese communities in the region enabled Ethnic Chinese to entrench themselves in business. This chapter also distinguishes the differences between Ethnic Chinese business networks and the Japanese and Korean networks, showing how Ethnic Chinese networks are weaker in inter-firm relations and receive less government support than their Japanese and Korean counterparts. Chapter 2 also confirms the findings of other studies, that Ethnic Chinese business networks are built on traditional *guanxi* (personal connections) and *xinyong* (trust). It concludes that these business networks played an important role in the rise of Ethnic Chinese business in 1970s, and have been one of the many factors contributing to the success of Ethnic Chinese business.

Chapter 3 examines the traditional Ethnic Chinese business organisations, principally craft guilds and business guilds, in Singapore and Malaysia. This field of study has escaped the attention of scholars, partly due to scanty materials or linguistic barriers. However, this narrow but important topic does deserve special and in-depth study. Based primarily on rare Chinese sources, this chapter shows how traditional Ethnic Chinese business organisations provided important institutional support for Ethnic Chinese business by monopolising certain lines of trade and by offering training grounds for prospective entrepreneurs. They served as a mechanism through which *Bang* (dialect- and geographically-based entities) perpetuated its control over certain lines of business. These business organisations contained the seeds of progress which enabled the Ethnic Chinese to cope with changing

environments, and also accounted partly for the dynamics of the Ethnic Chinese business in the region. This study also sheds light on the internal dynamics of the Ethnic Chinese business, and helps to explain the dominance of the Ethnic Chinese in business in Southeast Asia.

The importance of Ethnic Chinese entrepreneurship in the rise of the Ethnic Chinese business has received some attention before. Panglaykim and Palmer (1970) drew attention to the entrepreneurship of Oei Tiong Ham, which contributed significantly in the rise of Ethnic Chinese business in the Dutch East Indies.[3] Later followed Michael Godley's detailed study of Zhang Bishi (Chang Pi-shih), another famous Ethnic Chinese entrepreneur in Southeast Asia and South China in the late nineteenth and early twentieth century.[4] A decade ago, Wong Siu-lun's study of the Shanghaiese entrepreneurs in Hong Kong also shed light on this topic.[5] In Chapters 4 and 5, I have chosen the Kwok brothers (Kwok Lock and Kwok Chin) of Wing On Company in Hong Kong, and Tan Kah Kee in Singapore, as case studies of Ethnic Chinese entrepreneurship. Both chapters argue emphatically that Confucian values have strong input in the formation of Ethnic Chinese entrepreneurship, and establish the salient features of Ethnic Chinese entrepreneurship. A capitalist attitude; the ability to bring capital, labour and management together to found an enterprise; the courage to take initiatives and risks; the determination to implement ideas and the will to succeed; the ability to lead, to communicate and manage a successful enterprise — all of these qualities were reflected in the Kwok brothers' and Tan Kah Kee's entreprenerial activities. Both chapters also identify the Kwok

3. See J. Panglaykim and I. Palmer, 'Study of Entrepreneurship in Developing Countries: The Development of One Chinese Concern in Indonesia', in *Journal of Southeast Asian Studies*, vol. 1, no.1 (Singapore, March 1970), pp. 85–95.
4. See Michael R. Godley, *The Mandarin-capitalists from Nanyang: Overseas Chinese Enterprise in the Modernization of China, 1893–1911* (Cambridge, Cambridge University Press, 1981).
5. See Wong Siu-Lun, *Emigrant Entrepreneurs: Shanghai Industrialists in Hong Kong* (Hong Kong, Oxford University Press, 1988).

brothers and Tan Kah Kee not just as intermediaries between capital and labour, as traditionally defined entrepreneurs, but also as creators and perpetuators of modern business enterprises, possessing the schumpeterian qualitites of acquisitiveness, innovativeness and a willingness to take risks.

Part II of this book deals with the culture (including education) and politics of the Ethnic Chinese. Like business, Ethnic Chinese culture in Southeast Asia has drawn increasing interest from Western observers and scholars. The present conditions and future direction of Ethnic Chinese culture have had a significant impact in the region. In the past, assimilationist scholars saw the presence of a distinct Ethnic Chinese culture as a stumbling block for Ethnic Chinese assimilation into indigenous societies in Southeast Asia. On the contrary, nowadays multiculturalist scholars hail the flourishing of Ethnic Chinese culture as a blessing for the creation of multi-ethnic and multicultural societies in the region. In taking latter view, Chapter 6 investigates the formation of Ethnic Chinese culture in Southeast Asia: its historical origins and characteristics, its stages of development and the forces shaping its character. The chapter discusses the current position of Ethnic Chinese culture in Southeast Asia and its future direction. It argues that there is close link between Ethnic Chinese culture and Ethnic Chinese identity in the region. Ethnic Chinese culture has modified itself to adapt to new political and economic environments, and has transformed itself into an integral part of Southeast Asian culture. Although this Ethnic culture is still essentially Chinese, it has gained local flavour and is now very different from Chinese culture in Mainland China. It also argues that the so-called problem of Ethnic Chinese identity in Southeast Asia hinges upon the Chinese-indigenous inter-racial relationship. To resolve this problem, the Ethnic Chinese have to identify themselves as Southeast Asians (either Thai, Vietnamese, Malaysians, Singaporeans, Indonesians or Filipinos) first and Ethnic Chinese second, and they should try to help indigenous Southeast Asians wherever and whenever they can. On the other hand, indigenous Southeast Asians need to acknowledge the Ethnic Chinese as legitimate members of these new nations, while accepting the fact that the Ethnic Chinese are physically different from them and have the right to preserve their own beliefs, values, customs, language and education.

Ethnic Chinese education constitutes a main part of Ethnic Chinese culture in Southeast Asia. Ethnic Chinese culture would have been very different if Ethnic Chinese education had not been preserved and developed. With this perspective in mind, Chapter 7 investigates the rise of modern Chinese education in British Malaya in a period between 1904 and 1941. This period was significant because the modern Chinese education was introduced into British Malaya and other parts of Southeast Asia and achieved phenomenal growth, laying a solid foundation for its future development. Using Hokkien immigrant society and its promotion of modern Chinese education as a case study, this chapter looks at the introduction of modern Chinese schools into British Malaya during the last decade of Manchu rule in China. The first modern Chinese school in British Malaya, the Zhong Hua School, was established in Penang in 1904. Modern Chinese schools spread widely in British Malaya and other parts of Southeast Asia. During the Republican period between 1912 and 1941, modern Ethnic Chinese education achieved remarkable growth — from primary school to junior high school and then to senior high school — offering a genuine alternative to Western colonial education for Chinese children. The result of this development was the retention of many Confucian and modern Chinese cultural values, as well as shaping the character of the present Ethnic Chinese communities.

The last five chapters deal with the politics of the Ethnic Chinese before the Second World War. In contrast with current Chinese politics in Southeast Asia, which is characterised by direct participation in political parties, political involvement in the pre-war period was indirect and was more China-oriented. Chapter 8 surveys the political, economic, and social change in the Chinese communities in Singapore and Malaya before the Second World War, and the salient features of Chinese politics, particularly in relation to China, is discussed. In Chapter 9, politics within Ethnic Chinese communities is exemplified by a case study of the power structure and power relations in a Teochew community in Singapore. The Teochews, a major Chinese dialect group in Southeast Asia, were the pioneer planters in Singapore, and their community politics was played with skill and sophistication. Their economic influence is widely felt in parts of East and Southeast Asia such as Hong Kong, Thailand, Singapore and Malaysia.

The last three chapters are concerned with the politics of the Ethnic Chinese relating to China. During the period of Western colonial rule, the Ethnic Chinese in East and Southeast Asia, with the exception of a privileged few, had little involvement with politics. This was partly due to language barriers, which drew a clear line between the ruler and the ruled. The Ethnic Chinese were therefore principally involved only in Chinese communal politics and the politics relating to their homeland — China. Chapter 10 sets the scene for the power play between the Qing government, the revolutionaries and the reformists who had been competing for support among the Ethnic Chinese. The stage for the play was the Singapore Chinese Chamber of Commerce which was founded in 1905 by a leading Qing bureaucrat, Zhang Bishi, who was also an eminent Ethnic Chinese leader from British Malaya and the Dutch East Indies. The Chamber was originally founded as the umbrella social organisation for overseeing the Chinese community interests on the island. However, during the twilight years of the Manchu rule (1905-1911) it served as a pro-Qing organisation in Singapore, acting as a staunch supporter for the Qing government in helping to muster political support for the regime. It also developed close economic ties with China and helped to mobilise Ethnic Chinese capital in the service of Qing economic modernisation.

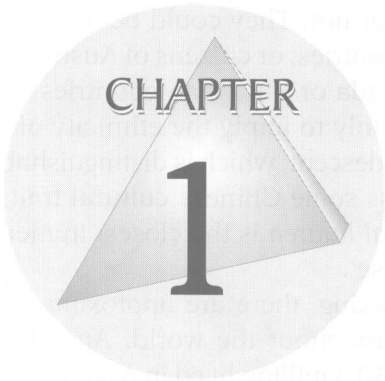
The political games of the Ethnic Chinese were played with skill and sophistication when Dr Sun Yat-sen, the renowned Chinese revolutionary leader, arrived in East and Southeast Asia. Of course, Sun did not just confine his activities to this region, but East and Southeast Asia were the main base for launching his armed revolts, and also served as a reservoir for his financial sources. Using Singapore and Malaya as case study, Chapter 11 examines Sun's revolutionary activities in the region and his appeals to the Ethnic Chinese for support. It shows how Sun established firm support among the Ethnic Chinese in Singapore and Malaya, with many loyal followers. Using organisational networks and propaganda agencies, Sun was able to mobilise substantial support, both financial and in terms of manpower, for his revolutionary ventures in China. With this first wave of Ethnic Chinese nationalism, Sun was able to overcome competition from the reformists led by Kang Youwei, and to combat his own adversaries within revolutionary ranks.

A second wave of Ethnic Chinese nationalism surged in the 1930s when China encountered the grave threat of Japanese invasion. China was fighting for its survival, and in response Ethnic Chinese around the world rose to fight against the invaders. This response took many forms: anti-Japanese propaganda, a boycott of Japanese goods and economic sanctions, as well as financial and material support for the war against the Japanese. Focusing on the Southeast Asian region, Chapter 12 examines these various forms of anti-Japanese activities, showing once again the effect of Ethnic Chinese involvement in Mainland Chinese politics.

Contents

PART I

BUSINESS IN ETHNIC CHINESE SOCIETY



The Rise of Ethnic Chinese Business in East and Southeast Asia*

In this chapter, a general term, 'Ethnic Chinese',[1] is adopted to include the Chinese in Southeast Asia, Hong Kong, Macao and Taiwan. This term is stretched to its maximum limits. There is no political implication intended regarding China's claim on the sovereignty of Taiwan, nor would it deny the fact that the sovereignty of both Hong Kong and Macao reverted back to China in 1997 and 1999, respectively. 'Ethnic Chinese' is an ambiguous term which can mean different things to different people. Literally, the term means 'the ethnic Chinese who live overseas'. It does not convey whether they are

* This chapter is based on a Public lecture delivered at the Nanyang Technological University Singapore, on 4 August 2000.

1. For a discussion of the terms 'Overseas Chinese', 'Chinese Overseas' and 'Ethnic Chinese' and their cultural and political implications, see Leo Suryadinata, 'Ethnic Chinese in Southeast Asia: Overseas Chinese, Chinese Overseas or Southeast Asians', and Tan Chee Beng's comments in Leo Suryadinata (ed), *Ethnic Chinese as Southeast Asians* (Singapore, Institute of Southeast Asian Studies, 1997), pp.1–32.

Chinese nationals or not. They could be the citizens of many of the Southeast Asian countries, or citizens of Australia, New Zealand, The United States, Canada or European countries. 'Ethnic Chinese' is a general term used only to imply the ethnicity of a person. He or she must be of Chinese descent, which is distinguishable from other ethnic groups, and possess some Chinese cultural traits and customs. The Chinese term *haiwai huaren* is the closest in meaning to the English term 'Ethnic Chinese'.

Generally speaking, there are approximately 55 million Ethnic Chinese people throughout the world. An estimate taken in 1991 showed that about 50.3 million lived in Asia, which accounted for 91.3 percent; 3.4 million in the Americas, accounting for 6.3 percent; while 600,000 in Europe, 600,000 in Oceania and 100,000 in Africa combined to account for the remaining 2.4 percent.[2]

In Asia, the majority of the Ethnic Chinese are concentrated in East and Southeast Asia. They constitute the majority of the total population of three out of the Four Little Dragons: Taiwan, Hong Kong and Singapore. In Taiwan, the population is almost entirely Ethnic Chinese; in Hong Kong, the Ethnic Chinese comprise 92 percent of the population, while about 78 percent of Singaporeans are of Chinese descent. In other parts of the Southeast Asia, the Chinese account for about 32 percent of the Malaysian population, 18 percent in Brunei, 10 percent in Thailand, 4 percent in Indonesia, 1.5 percent in the Philippines and 1.2 percent in Vietnam.[3]

The economic strength of the Ethnic Chinese in East and Southeast Asia can be assessed in terms of Gross Domestic Product (GDP) or Gross National Product (GNP), and their influence in the in which countries they reside. If 51 million of the Ethnic Chinese in East and Southeast Asia are grouped together as a single economy, their annual GDP can match that of any medium-sized Western economic power such as Australia. According to Professor Gordon Redding of the University of Hong Kong, the Chinese in East and

2. See David C.L. Ch'ng, *The Overseas Chinese Entrepreneurs in East Asia: Background, Business Practices and International Networks* (Melbourne, Committee for Economic Development of Australia, 1993), p. 26, table 3.
3. Ibid., p. 27, table 4.