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# **China and Southeast Asia: Myths, Threats and Culture**

**WANG Gungwu**

EAST ASIAN INSTITUTE  
National University of Singapore

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The East Asian Institute (EAI) is an autonomous research organization, set up in April 1997 under a statute of the National University of Singapore. It is the successor of the former Institute of East Asian Political Economy (IEAPE).

As a centre devoted to the study of developments in East Asia, EAI has a broader set of objectives than its predecessor, but it will continue to focus on contemporary China. Specifically it undertakes research on a wide range of topics, including the regional and global impact of a resurgent People's Republic of China (PRC), its political and social changes as a result of recent dynamic economic growth, the quest for cultural rejuvenation among the Chinese people, cultural and commercial networks of the ethnic Chinese in a global perspective, and developments in Hong Kong and Taiwan. At the same time, it also monitors political, economic and social trends in China and seeks to promote empirical and policy-oriented research based on sound scholarship.

# **China and Southeast Asia: Myths, Threats and Culture**

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## I CONFRONTING MYTHS\*

Recent events in Southeast Asia have made the region's relations with China once again uncertain and the future development of those relations more unpredictable. These events have moved so fast, and such dramatic changes have occurred during the past decade, that even how we think about the past is being regularly challenged. Facts are being reinterpreted and shifting conditions in powerful countries and unstable economies have rendered it harder than ever to see what the past means and how it will affect current developments. In this context, this essay will concentrate on the making of myths about China and the Chinese in the region. Myths are often cliches that are easy to understand and often serve as useful shorthand for political purposes, notably in slogans. Some in the past have been overthrown and new myths have replaced the older ones.

\* This is the revised text of a Keynote Lectures given at the Biannual Conference of the Association of Asian Studies of Australia at the University of New South Wales, Sydney, on 28th September 1998. Since then, the subject of "3% owning 70%" of Indonesia's national wealth was discussed at a symposium held the University of Indonesia in Jakarta at the end of October, 1998, and reported in *The Jakarta Post*. The main speakers, especially Professor Faisal Basri, rejected the figures as wrong and further showed why all such figures about what Chinese-Indonesians owned are misleading.

We know that the People's Republic of China (PRC), during its first 25 years, was alienated from parts of Southeast Asia because of its support for communist movements in the region. We also know how difficult it was for Mao Zedong to change his interpretations of international geopolitics. By the time of his death in 1976, however, when the Vietnam War had come to an end, the PRC began to establish new and friendly relations with Southeast Asia. Progress with Thailand, Malaysia, and the Philippines proceeded smoothly from the second half of 1970s onwards, but Singapore chose not to have formal diplomatic relations until Indonesia did so. When Indonesia finally restored relations in 1990 and Singapore followed suit, that marked a confirmation that the PRC's courting of Southeast Asia was succeeding. All the regional meetings of the Association of Southeast Asian Nations (ASEAN) that China was invited to attend brought China closer to its members as well to other participants, including those who became members of the Asia-Pacific Economic Conference (APEC) Forum. [1] There was better understanding all round. Increased contacts among the members enabled benefits to be shared, and improved the conditions for peaceful relations. China seemed to have directly advanced its cause during these twenty years of continuous interaction.

That steady progress has been challenged by the recent dramatic changes to the region. Many are already talking about the myth of the Asian economic miracle. [2] Thailand is struggling to recover from the consequences of over-extended and uneconomic investment. Indonesia is reaping the harvest of corrupt authoritarian rule, and is now widely seen as the main source of instability for ASEAN and the region as a whole. Malaysia has recently decided to make a tactical retreat from the global financial system. It will be some time before we know if that gamble will succeed in saving its economy. The remaining countries have been less affected, but none of them is safe from the consequences should these three fail.



At the same time, the extent of Japan's political paralysis and its eight-year economic stagnation have surprised its neighbours. With North Korea's persistent agricultural crisis and South Korea's huge financial debts, a major twist in the balance of power has occurred. In less than twelve months, the only areas of relative economic strength are to be found in the Chinese territories, that is, the People's Republic of China (PRC), Taiwan and Hong Kong. None of the three has done all that well economically during the past year, and each has serious problems of its own to overcome. But relative to their neighbours, they appear like calm ports in stormy seas. But can this last? No wonder some of their leaders have begun to feel insecure. The spread of the region's economic sickness is real enough, but they also fear that the unexpected shift in balance of power might lead to strategic recalculations that would be hostile to China and the Chinese in general. There is the danger of a new paranoia engulfing the region, affecting those who are all too ready to revive the China threat thesis, as well as among those Chinese who see invisible hands trying to undermine the economies of at least Hong Kong and the PRC. [3]

This is a vast subject that could be clouded by dark suspicions. I shall not attempt to cover all aspects of it, nor will I deal with it in terms of the perspective of each of the countries concerned. I shall concentrate instead on the changes in perception about China and the kinds of dangers that face both Southeast Asians and the Chinese in the years ahead.

A brief word about the changing shape of Southeast Asia since 1975. There has been a looking north towards China following the reunification of Vietnam. A new sense of reality began to spread. Not only was the communist threat not monolithic, but the anti-communist forces found that their defence could hold despite the American defeat there. The struggle over the fate of Cambodia brought both ASEAN and China together with Australia and other United Nations authorities. The communist threat had given ASEAN a growing role

in regional affairs. When China pulled away from the Soviet Union, it strengthened ASEAN's strategic position and made it easier for the rise of APEC. It was then not surprising that ASEAN took steps to expand its membership to cover all ten states in Southeast Asia. By that time, China was confident enough not only to accept that as a development it could live with, but also to prepare vigorously to understand each of the countries in this regional context. [4]

Thus, it can be said, this was a time when China was learning to look south. The death of Mao Zedong in 1976 and the way Deng Xiaoping brought an end to the Cultural Revolution in 1978 lay behind the profound changes in China's view of the capitalist world. We all know about the economic reforms and the new initiatives towards foreign trade and investment. The diplomatic steps China took with Thailand, Malaysia and Philippines followed efforts at rapprochement with the United States and were accompanied by economic advances that the region had not seen for decades. Up till the mid-1980s, among the countries in Asia, there had been a Japanese, Taiwan, Hong Kong, and Korean drive to invest in industrial development in various Southeast Asian states. The PRC's new attention towards the region revived the interest of local ethnic Chinese to trade with, and invest in, China. This inevitably reopened the "huaqiao-huaren" (the overseas or ethnic Chinese) problem. [5] Once again we are led to ask, when China looks south, are the ethnic Chinese more of an asset or a liability to China's long-term relations with the region? [6]

There are clearly still difficulties yet to be resolved in China-Southeast Asian relations. Many underlying issues could erupt at any time to destroy the progress achieved. I am not only referring to outstanding concerns about the Spratly islands, whether bilateral or multilateral between China and the region, but also to problems involving the United States and its allies and China's other neighbours which invariably have ramifications in Southeast Asia. Obviously,

there is no room for either China or the region to be complacent. On the other hand, the progress has been significant enough for us not to dwell on all the things that could go wrong and speculate endlessly on their consequences for the future. Contingency thinking and planning is going on everywhere. We hope that more strategic dialogues take place in an atmosphere of transparency, and that they would make it easier for all countries concerned to avoid serious misunderstanding.

I shall not discuss these ongoing questions that have been well attended to on a regular basis by the governments concerned. Instead, I shall talk about the relevance of the revived interest in ethnic Chinese and explore the layers of fact and myth that may have a growing impact on China's efforts to win the trust and friendship of all Southeast Asian countries. Even this renewed interest has too many ramifications to deal with here, so my concentration will be on those myths which clearly could adversely affect future relations between China and the region.

The successful economic reforms in the PRC over the past twenty years have led to old questions being asked again about the ultimate loyalty of the ethnic Chinese of Southeast Asia towards the China of their ancestors. The current financial crisis in key parts of Southeast Asia has given this theme an even sharper focus. The subject has again become a major problem and it is now necessary to ask whether it will increasingly be an obstacle to prosperity and stability in Eastern Asia. Some of the old questions would be familiar to all of you. Are the Chinese ever assimilated enough? Can they ever free themselves from the pull of China? Are they the key factors in the East Asian miracle? Will they invariably reinforce the image of the China threat to the region?

In the past forty years, I have seen such questions come and go. No sooner is each question dealt with than new developments cause them to pop up again in a modified form. Throughout the period, there has been a curious mixture of myth seemingly supported by

reality, and reality helping to manufacture new myths. I have selected three of them to help me outline some changes in China's relations with Southeast Asia since the end of the Cold War. They are good examples of modern myth-making and it is time we confronted some of them. I shall deal only with those aspects that may have direct influence on the relations between China and Southeast Asia, and discuss some of their origins, the reasons for their resilience, and their effect on perceptions and on events.

The three I have selected are as follows:

Southeast Asian Chinese are rich and those in Indonesia own 70% of the country's national wealth.

Greater China and 55 million Overseas Chinese.

The East Asian miracle.

Each one of these could be the subject of a larger study and has been widely debated. For my purposes, I shall confine myself to the latest twists in these three and the way they affect relations between China and Southeast Asia.

### **"All Chinese are Rich"**

Let me begin with the most focused of the three: this says that Southeast Asian Chinese are rich and those in Indonesia own 70% of the country's national wealth.

If one believes the proposition that overseas Chinese are rich (an easily refuted one, but I will not argue about that here) because they are such clever businessmen, such natural entrepreneurs, then it is understandable why people accept without question the myth that these clever people, even when they are only 3% (sometimes raised to 4%, although we have no accurate figures) of the population, could own 70% of Indonesia's national wealth.

But let us examine this figure of 70% of national wealth. Where did that come from? I do not know precisely when the figure of 70% first surfaced. I first saw references in Australian writings more than twenty years ago about the dominance of *cukong* (Chinese businessmen who profited enormously from close connections with the Indonesian military, especially those around President Soeharto) in the private sector of the Indonesian economy. [7] The task was to count the number of conglomerates and monopolies and similar large business organisations that were largely, if not fully, owned by these *cukong*. The listing was done in various ways and it was admitted that accurate figures were not available. The task became easier when the larger business firms were listed in the stock exchange of Indonesia. By the late 1980s, it was reported as fact that 70% of the companies listed could be described as owned by ethnic Chinese. The 70% referred to were companies representing corporate capital in the larger modern enterprises. It was carefully noted in scholarly studies, however, that the Soeharto government strictly controlled who should get the favours that ensured capitalist success. The *cukong*, who were wholly dependent on powerful connections for the favours they received, knew what they had to do to deserve them, including sharing their ownership with powerful members of the government and their relatives. It was understood that if they did not do the right thing, the gifts could be quickly taken away from them. [8] Also, these calculations about the Chinese owning 70% of “corporate wealth” did not mention the vast wealth owned by the public sector, nor the land and other productive assets owned by the 200 or so million *pribumi*, nor the large amounts of foreign capital brought into Indonesia that also produced national wealth.

About this time, the world discovered Chinese “capitalism” and the network of businesses it spawned. Exaggerated accounts made the headlines, and trade and investment magazines spread the success stories on their covers. Management gurus added their voice to explain

this astounding phenomenon. [9] In the fervour accompanying this discovery, many latched on to the myth that the ethnic Chinese owned 70% of the *national* wealth of Indonesia. I am unable to trace who was the first to do this. I was in Hong Kong in the late 1980s when I began to notice frequent references to the 3% Chinese who owned 70% of Indonesia's national wealth. There were several efforts at correction by those who knew better, but the myth was stronger than the corrections by far. Editorials, commentaries, and business success books began to use these figures for a variety of moral, social and political arguments. Before long, the phrase "the 3% owning 70%" slipped easily off the tongue, and was unthinkingly repeated almost every time the Indonesian economy was mentioned. [10] As one example, let me quote a Reuters report of mid-September 1998 that said,

"Ethnic Chinese make up about four percent of the country's population, but control about 70% of the nation's wealth, although much of it is in the hands of a small number of families." [11]

I am not suggesting that this represents comment that is hostile to the Chinese. But it accompanied the story of burning and looting ethnic Chinese shops in Bagansiapi-api, making it sufficient to explain why the *pribumi* mob was angry with all ethnic Chinese.

Two sets of arguments on this theme are specially powerful. Although they represent extreme views about Chinese greed or Chinese cleverness, they are widely held. One highlights the image of the greedy 3% or 4% Chinese impoverishing the 97% or 96% *pribumi*. It leads to the following view: No wonder the ethnic Chinese are resented by those who have not benefited from the rapid economic development of Indonesia. No wonder Chinese-owned shops are regularly looted and burnt down. And when President Soeharto enjoined the ethnic Chinese to sell parts of their shares in the

conglomerates to *pribumi* cooperatives, it confirmed that even Soeharto saw them as being heartless. [12] Most *pribumi* Indonesians thereafter concluded that the ethnic Chinese were responsible for the poverty in the country. Thus, the tragedies that befell many of them in May this year seem inevitable, if not deserved.

At the other extreme are arguments favoured by those Chinese in other countries who are ignorant about Indonesia but believe in Chinese superiority in business. To them, the idea of “3% owning 70%” is wholly believable. They tend to be unaware that the few favoured Chinese at the top were dependent on a corrupt power structure for their economic success. They do not give enough weight to the economic inequalities and political dynamics behind the overthrow of Soeharto. For them, when responding to the “destroy and rape” events of last May, they would tend simply to focus on the racism against Chinese. [13]

How did 70% of “corporate wealth” (assuming that this can be calculated so accurately) become 70% of “the *nation*’s wealth”? Why is this example of a modern myth, made plausible in front of our eyes, so easy to believe? Clearly, the myth is credible because people, for whatever reasons, are predisposed to believe it. And once the myth picks up momentum, and is repeated often enough among those so predisposed, no amount of correction could check its progress.

I need hardly say that this myth completes the circle when it is then used to confirm what everybody would now say they knew all along, that all Chinese are rich, which was the original ignorant assumption that made it easy to believe that 3% of them could own 70% of Indonesia’s national wealth in the first place.

This myth does not directly affect China’s relations with Southeast Asia as a whole, but its contribution to perceptions of anti-Chinese “racism” has certainly revived concerns for future China-Indonesian relations. As the myth continues to support more attacks on Chinese shops and businesses, that would add pressure on the Beijing

government to go beyond merely asking the Indonesian government to provide justice to the victims of rape, looting, burning, and even murder. Already, Beijing has been forced by demonstrations in Hong Kong, Taiwan, Australasia and North America to protest (however carefully) to Jakarta, and to allow their own citizens to show their anger in public. [14] Both Beijing and Jakarta are ultra-careful not to let this spill over into actions that threaten the good relations that both countries have been working hard to foster for the past eight years. In themselves, the effects of this "70% of national wealth" myth can be contained but, taken together with other myths, the ramifications may spread to China's relations with other parts of the region.

### **"Greater China and 55 million Overseas Chinese"**

I now turn to the second myth, the first part of which refers to Greater China and the second, to the figure of 55 million Overseas Chinese. Each has the quality of myth but, when they occur together, the myth becomes a very curious, and even contradictory, one. Nevertheless, the two together form part of a myth that I believe would have consequences on China's relations with Southeast Asia, and is therefore worthy of our consideration here. I have written about Greater China and the Chinese Overseas elsewhere, and have argued against the myth of Greater China, and even more strongly, against using the term to include the Chinese living in foreign countries. [15] There is no need to go over the same ground here, but some key points are relevant to the issue of 55 million Overseas Chinese.

Let us look at that figure of 55 millions. It was a figure which was arrived at by adding all the Chinese in Hong Kong and Taiwan to the roughly 25 million or so ethnic Chinese estimated to be living abroad in non-Chinese territories. In this way, the number of those who had been considered overseas Chinese heretofore was more than



doubled. We can date the time when the figure of 55 million was given a global imprimatur. That was in the pages of *The Economist* towards the end of 1992. [16] But why did *The Economist* decide in 1992 that Hong Kong and Taiwan Chinese should suddenly become “Overseas Chinese”?

It may be argued that this way of counting had first begun early this century when all Chinese living under foreign jurisdiction were called *huaqiao* (translated as Overseas Chinese, but meaning Chinese sojourners). According to this usage, Chinese nationals living in territories like Hong Kong under the British and Taiwan under the Japanese were grouped as *huaqiao* with all other Chinese living in foreign countries, or in colonies which had never been part of China. Actually, the Japanese between 1895 and 1945 were very careful. They treated Taiwan people not as Chinese at all but as their subjects, and only allowed the term *huaqiao* to be used for those nationals of the Republic of China (whether it was the Peking government before 1927 or the Nanking government from 1928) who had come to trade, or were mere visitors, in Taiwan. [17]

That situation changed, however, after the end of the Second World War. Taiwan was returned to China and there were only Chinese nationals and no more *huaqiao* there after 1945. After 1949, when the communists won their rebellion against the nationalists, the Chinese governments in both Beijing and Taipei both set out to woo the *huaqiao* outside Chinese jurisdiction. For a time, these did include the Chinese in British Hong Kong, who were given privileges to trade, visit and study in both the mainland and in Taiwan. But that practice ended where the Beijing regime was concerned, long before the agreement to return Hong Kong to China.

In fact, for a while, who were or were not Overseas Chinese mattered very little on the China coast. Where it did matter was among the politicians in Southeast Asia after the period of decolonisation. They had established independent nation-states and demanded