
What has been the impact of Chinese Diaspora on political and economic development within SE ASIA?

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The wealthy overseas-Chinese network has been separately christened ‘Lords of the (Pacific) Rim’, ‘The New Asian Emperors’ and the ‘Offshore Economic Empire’.¹

The Southeast Asian Chinese Diaspora is about 20 million strong and has been a significant influence on the region’s economic and political development. This paper will review the genesis of the Chinese Diaspora in Southeast Asia, and examine how the Diaspora has affected its economic and political development. It will then analyse the vexing question of why the significant wealth of the Diaspora has not translated into considerable political power. In this paper, Southeast Asia is defined as Indonesia, Thailand, Malaysia, Singapore, the Philippines, Vietnam, Burma, Cambodia, Laos and Brunei. The word ‘Diaspora’ comes from the Greek verb *speiro* (to sow) and the preposition *dia* (over), and as Ma describes is ‘a process of population dispersion in space ... full of emotional connotations’.² ‘Overseas Chinese’ is a simpler translation.

The Chinese Diaspora is the oldest in the Southeast Asian region with its origins in flight from famine or invaders, and entrepreneurs starting up trading outposts. The first noteworthy Chinese migration was to Japan, Cambodia, and Vietnam as a result of China’s conquest by the Mongols in 1276. The Mongols eventually became great traders, and by 1433 small Chinese trading colonies subsequently existed in Thailand, Java, Sumatra and Singapore. Records also indicate other Chinese colonies had begun in the Philippines and Brunei by the late 15th century. One particularly large exodus occurred after China’s defeat in the Opium War (1840–1842) when Chinese migrated to British trade centres established in Canton, Amoy and Shanghai. The last great resettlement occurred in the latter half of the 19th century and consisted of 1.5 million Chinese who emigrated to Southeast Asia either to escape the great famines of 1849, 1857 and 1877 (33 million dead), or to flee the Taiping Rebellion of 1850–1864 (20 million dead).³ The effect of the Diaspora on Southeast Asia can be seen in Table 1.

The Chinese Diaspora has significantly influenced the economic development of their host countries. Whilst the first generation of the Diaspora generally took to farming, labouring, or mining, inevitably the follow on generations have been urban and economically influential. During the late colonial period, the Diaspora in Thailand and Malaya were working their way up into positions of small traders, entrepreneurs and even bureaucrats. In Indonesia they began to form an important middle tier between the colonial administrative apparatus, and the peasant bulk of the indigenous population.⁴

What is unique about the Diaspora’s economic impact however, comes from the Chinese importance placed on family-based social networks, ‘native-place’ ties, and personal relationships in business operations. As compared to Western companies, today’s Diaspora companies are smaller in size and capitalisation, have a higher mobility of ownership and capital, and have a heavier reliance on business trust and personal relationship embedded in common culture, place of origin, and family

Table 1: Distribution of Chinese Diaspora in Southeast Asia, circa 1963, 1985, and 1997⁵

Country	Total Population 1997	Chinese Population 1997	Chinese as % of total Population	Chinese Population 1985	Chinese Population 1963	Major Economic Activities
Indonesia	204 300 000	7 310 000	3.6	6 000 000	2 545 000	RT LW FA FB
Thailand	60 100 000	6 358 000	10.6	5 000 000	2 545 000	RC FB MF TX FA
Malaysia	21 000 000	5 445 000	25.9	4 245 000	2 461 000	DG RS WR EE
Singapore	3 500 000	2 311 000	66.0	1 953 000	1 302 000	ALL
Philippines	73 400 000	1 030 000	1.4	800 000	152 000	FB RC RT TX
Vietnam	75 100 000	1 000 000	1.3	N/a	1 302 000	RS FB MF FA
Burma	46 800 000	1 000 000	2.1	800 000	420 000	WR DG RS TP FA
Cambodia	11 200 000	300 000	2.7	N/a	260 000	RS FB MF FA
Laos	5 100 000	160 000	3.1	N/a	24 000	WR LW TX
Brunei	300 000	45 000	1.5	44 000	21 000	RS TO EE WR
	500 800 000	24 959 000	5.0	18 842 000	11 032 000	

Notes:

DG: Selling daily goods and groceries	LW: Lumbering and wood processing
DL: Dry Cleaning and laundromat	MF: Manufacturing
EE: Electronics and electric goods	MP: Medicine and pharmaceutical
FA: Food processing and agribusiness	RS: Restaurant
FB: Finance, insurance and banking	RT: Retail
FI: Fishing	TP: Transportation
LS: Leather Goods and Shoe Manufacture	WR: Wholesale and retail

ties. Thus with the transnationalisation of sub-contracting practices occurring in this globalised era, traditional Chinese businesses with their culture centred on medium- and small-scale production are prospering. The combination of a high proportion of Chinese in the business sectors, with this culture suited to multi-nationalised globalisation, is often seen as the reason behind the ‘Asian miracle’ of the late 20th century.⁶

The Chinese Diaspora is an influential community stimulating a vast flow of capital that is shaping Southeast Asian economies. In the last two decades Chinese capital from small and medium sized businesses has been flowing rapidly through the Diaspora by way of preferential policies, transnational ethnic linkages and personal relations networks. This has been predominantly fuelled by the growing wealth of Singapore, Hong Kong and Taiwan from the 1960s. Since the opening of China in 1978, it also includes capital from the Chinese mainland. Traditional investments by Chinese entrepreneurs have become the first or second most prominent source of foreign investment in Thailand, the Philippines and Vietnam. Conversely, but for the same reasons, a vast amount of capital from the Chinese Diaspora has been invested into mainland China. The figures, which illustrate the important impact of the Chinese Diaspora, are staggering. In Southeast Asia today the Chinese Diaspora is about 20 million strong. Although in Indonesia they account for only 4 per cent of the population, 70 per cent of capital is in their hands. In the Philippines 60 per cent of the business sector are Chinese, who make up only 1 per cent of the population.

The Chinese Diaspora’s most notable early political action was their secret society support for the Chinese revolutionary activities directed against the Manchu dynasty, and which resulted in the advent of the Republic of China in 1911.⁷ However, following the Chinese Cultural Revolution, the Diaspora loyalties became divided and confused between Taipei and Peking. Most of the Chinese

Diaspora in Southeast Asia became politicised during the Cold War, and were the subject of anti-communist persecution in Indonesia, Malaysia and the Philippines for political reasons. The Chinese Diaspora's own lack of political power, can be traced to a general trend following de-colonisation for the upwardly mobile 'natives' to secure positions of power in the political realm, state bureaucracies, military and police. Chinese were generally discriminated against, limiting possible successful political or public service careers, and driving them to concentrate their energies into the private commercial sector. As an example, in Indonesia where 4 per cent of the population are of the Chinese Diaspora, no one of Chinese descent has become a cabinet minister, senior civil servant, or senior military officer.⁸

However in Indonesia, the Chinese Diaspora controls 70 per cent of the domestic economy and this would be expected to translate into substantial political clout. An instructive lesson to the contrary begins with the 'Batavia Fury' of 1740. In an attempt to suppress Chinese competition in Batavia (Jakarta), the Dutch East India Company attempted to have the Diaspora transported to Sri Lanka. When they rose in rebellion, some 10 000 Chinese were massacred. If one were to fast-forward to May 1998, despite controlling 70 per cent of Indonesia's gross domestic product the Diaspora were unable to prevent their ethnic brethren from again being killed in the unrest.⁹ This statistic disproves any notion that economic wealth by the Chinese Diaspora necessarily extends into some form of useable political power.

So if the Chinese Diaspora does not exert a significant impact on political development in itself, does its presence affect the politics of Southeast Asia in other ways? It has begun to do so in the modern democratic nations where a drive for socially acceptable inclusiveness of cultural diversity has an attractiveness for politicians wishing to build their power. For example the Chinese Diaspora, particularly in Malaysia and Singapore, is so large that it has generated a political imperative for state building that reflects an acceptance of cultural diversity. In Malaysia, the Chinese Diaspora was the primary driver behind organised political efforts to promulgate a National Culture Policy in 1991. Also evident in Indonesia, this effect has been labelled 'pancasila' and initiated the adoption of a state motto 'Unity in Diversity'. Since 1985 in Indonesia, all political organisations have been required to adopt 'pancasila' as their sole philosophical base.

In summary, the Chinese Diaspora commenced in the mid 11th century and was primarily to flee from famine or invaders; and for trading requirements. The Chinese importance placed on social networks based on family and 'native-place' ties, personal relationships in business operations, and their culture centred on medium- and small-scale production, has brought the Diaspora extraordinary economic success in today's globalised world. This wealth has not however been translated into political clout, as 'natives' have generally discriminated against the Diaspora to limit any successful political or public service careers. However in recent times due to democratisation, the political development of Southeast Asian nations has been influenced by the need to include the Diaspora in their 'cultural diversity'.

Endnotes

1. K.B. Phar, 'Overseas Chinese: How Powerful Are They', *Asia Times Online*, 10 December 2002, <<http://www.atimes.com/atimes/China/DL10Ad04.html>>, accessed 30 May 2004.
2. L.J.C. Ma and C. Cartier (eds), *The Chinese Diaspora: Space, Place, Mobility and Identity*, Roman and Littlefield, Boston, 2003, pp. 7–8.
3. G. Chailiand and J.P. Rageau, *The Penguin Atlas of Diasporas*, Penguin Books, New York, 1997, pp. 125–130.
4. B. Anderson, 'From Miracle to Crash', *London Review of Books*, 16 April 1998, p. 5.
5. L.J.C. Ma and C. Cartier (eds), *The Chinese Diaspora: Space, Place, Mobility and Identity*, Roman and Littlefield, Boston, 2003, pp. 13–16.
6. *ibid.*, pp. 28–30.
7. G. Chailiand and J.P. Rageau, *The Penguin Atlas of Diasporas*, Penguin Books, New York, 1997, p. 133.
8. B. Anderson, 'From Miracle to Crash', *London Review of Books*, 16 April 1998, p. 5.
9. K.B. Phar, 'Overseas Chinese: How Powerful Are They', *Asia Times Online*, 10 December 2002, <<http://www.atimes.com/atimes/China/DL10Ad04.html>>, accessed 30 May 2004.

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