

## 25: OVERSEAS CHINA<sup>1</sup>

*a. When, and why then, did “Overseas China” most likely first appear? When, why and in what ways did Overseas China jump to new stages of economic development during China’s and then Europe’s early industrialization, then during Europe’s and recently during China’s full industrialization?*

*b. In which parts of Southeast Asia have Overseas Chinese become rulers of sovereign states and why in those places? In which places have Chinese remained part of non-Chinese nations and why? What role, and why now, are the several kinds of Overseas Chinas now playing in the material and non-material development of mainland China?*

### A. Genesis and Early Development

By Overseas China I mean the individual groups of Chinese who went overseas, mostly into Southeast Asia, but eventually into Australia, the New World and even Europe, to trade and settle, usually without benefit of the support or even the knowledge of the Chinese state.<sup>2</sup>

#### 1. Genesis during the early industrial revolution

##### a. the Song-Ming coastal entrepots

The First Emperor of Qin ordered individual Chinese merchants into what is now northern Vietnam late in the 3rd century BC. Perhaps soon after the fall of Han in the 3rd or 4th century AD, sea-going Chinese merchants may have begun to drift into the lives of the peoples of

insular Southeast Asia.<sup>3</sup>

These merchants traded various Chinese goods and copper coins for insular Southeast Asian tropical spices, nuts, aloes wood (the wood of certain kinds of diseased trees that smells good when burned), rattan, camphor, resin (for caulking boats), gutta percha, beeswax, edible birds’ nests, bezoar stones from certain animals’ bellies (for use as medicine), rhinoceros horns (the Viagra of its time, used in powdered form to revive the flagging ardor of rich but aging Chinese males) and various tropical hardwoods for use in making furniture and religious objects.

However, the evidence for such trade only becomes strong for the period since the 10th century, just before the beginning of Song times. Advances in Chinese naval architecture and the shift into early industrial production in China soon rapidly increased the scale of such activities.

The Song state contented itself with collecting taxes from such merchants once they brought their goods back to China. Apart from an unsuccessful invasion of Vietnam, the Song government did not make its presence directly felt abroad. By contrast, the Mongol Yuan Dynasty ruined the private mercantile fleets of the Overseas Chinese by mobilizing them for its unsuccessful attempts to invade Japan, Vietnam, and Borneo.

After a generation of Song-style benign neglect, the early Ming state attempted with much success to reduce Southeast and even South Asia to tributary status, but after a generation abruptly gave up doing so. Since then no Chinese state has imposed imperial presence anywhere across salt water, except in Taiwan.

Nevertheless, individual merchants never stopped going abroad. They continued to trade with the natives. Where it seemed expedient, they settled down on the edges of these East and Southeast Asian islands and peninsulas.

Chinese merchants rarely settled down in the the Japanese islands of Northeast Asia. Chinese private merchants had been going to Japan ever since mid to late Heian times (11th-12th century AD). They would arrive seasonally at some Japanese port either on the Straits of Shimonoseki at the western edge of Honshu, or at what eventually became Kobe further up the Inland Sea from Shimonoseki, trade their

goods, and then return home.

However, when the Chinese merchants went to peninsular and insular Southeast Asia—northern Vietnam, the Malay Peninsula, several places on the Straits of Malacca, northern Borneo, the northern Philippines—they soon began to build coastal entrepot cities. Manila, for example, began as a Chinese trading city on the northern Philippines island of Luzon. What much later became Saigon started out as the Chinese entrepot of Cholon.

Individual and small groups of Chinese merchants have traded on their own account in such places at least since Song times. No Chinese state successfully intervened in this region until the early years of the 15th century, when the third Ming Emperor authorized his palace eunuch Zheng He’s (pr. Heh) state-sponsored voyages of exploration to impose tributary relationships on Southeast and South Asia. But that was a brief episode.

Zheng led seven apparently profitable state-sponsored sea expeditions to Southeast Asia, South Asia and perhaps even to East Africa between 1407 and 1433. With the death of the sponsoring emperor and then of Zheng He himself, the Ming government stopped this Chinese equivalent of the later European age of exploration and conquest. Within two generations the Ming government even tried to ban all foreign trade. Extensive trade by Chinese merchants continued, but the Chinese government relabeled it as “piracy.”

##### b. pre-industrial analogs

There is nothing unusual in world history about merchants going out across salt water beyond the reach of their state to trade with foreigners for fun and profit. What was slightly unusual in the Chinese case was that the Chinese did not start doing this in a conspicuously visible way until much later than did the peoples of the Mediterranean basin. Even though the Chinese had caught up with and begun to move ahead of the West Eurasians in technological and economic terms by late antiquity, they did not have the appropriate technology to heavily engage in overseas trade for another thousand years.

What the Chinese merchants only started doing in a big way from the 11th century AD on, the Phoenicians had started doing perhaps as early as the 15th century BC. From their home ports on the coast of what is now Lebanon, the Phoen-

<sup>1</sup> 1st draft, 11/93; 4th rev., 11/98, by Edward Kaplan.

<sup>2</sup> The best recent and most hard-headed account of the Overseas Chinese is Lynn Pan, *Sons of the Yellow Emperor: A History of the Chinese Diaspora* (Boston: Little Brown, 1990). The book’s chief defect is that like the Overseas Chinese she is studying, Pan is a bit snobbish toward the native peoples amongst whom the Chinese lived.

<sup>3</sup> Cf. Carmel Schrire (ed.), *Past and Present in Hunter Gatherer Studies* (Orlando: Academic Press, 1984), p. 134.

icians sailed west across the Mediterranean, establishing colonies from North Africa to Italy, southern France and along the Mediterranean coast of Spain. They may have eventually passed west through the Straits of Gibraltar and reached all the way up to the coast of England.

The Greeks did the same sort of thing, starting from the 5th century BC. They brought goods embodying high civilized cultural and political institutions to their ethnic cousins, the Latins, in Italy, and then to the more remotely related peoples of southern France.

We must heavily discount the likely misleading evidence of early Chinese trading to Borneo. Han Dynasty coins show up in Bornean sites that are otherwise undated. Such coins could easily have reached Borneo only long after Han's fall. Natural features in the interior containing the word for China in their names could have been named much later. However, excavation of some Han grave pottery on Borneo is more persuasive.<sup>4</sup>

Even if we accept all of this doubtful evidence, however, there is not much of it and these objects could have had little effect on the locals. China's trade with Southeast Asia could not have been as substantial as that of the Phoenicians and Greeks with the other peoples in the Mediterranean much earlier.

We have, therefore, to explain why it took so much longer for Chinese merchants to significantly affect the life of Southeast Asia than it took Eastern Mediterranean merchants to reach and heavily influence the peoples of the Western Mediterranean and the Atlantic coast.

### c. why Overseas China bloomed late

Chinese only began to do similar things at about the time the Medieval Italian merchants started accompanying the Crusaders to the Holy Land and to Lebanon and Egypt in the course of the 11th and 12th centuries AD.

By then, trading across cultural/political boundaries in northern Europe began to be carried out by individual and corporate groups of merchants from the great mercantile cities of the Hanseatic League. The Hanseatic towns grew up along the northward flowing rivers of Central Europe and along the southern shore of the Baltic Sea into which these

rivers flowed as far east as what is now the Baltic republics, the Former Soviet Union, Finland and southern Sweden.

The Chinese were just moving to a larger scale while these northern Europeans were picking up where their ancient Phoenician and Greek forbears had left off.

The reason for these differences between the overseas trade at the two ends of Eurasia lay in the fundamental difference that existed between the Mediterranean and Baltic Sea in the West and the great open oceans of East and Southeast Asia. It was relatively easy to sail a ship little more sophisticated than an overgrown rowboat along the shores of the Mediterranean. But to sail out of sight of land from southeast China to Luzon or Borneo, for example, required sophisticated naval architecture and navigation instruments like the maritime compass. These only were invented or became available by the late 10th and early 11th centuries AD during the Chinese early industrial revolution.

### d. the Chinese early industrial context for Southeast Asia's development

Once their early industrial revolution got under way, from the 11th through 15th centuries, ever larger numbers of Chinese merchants went out in ever larger and safer ships, guided by ever more reliable navigation instruments and maps. Soon, enough Chinese settled down on the edges of the cultures of Southeast Asia for them to gain significant influence over these peoples' transitions into higher stages of civilization.

Sometimes these transitions seem to us more like regressions. Some Bornean coastal agrarian peoples shifted back to hunting-gathering in the interior so as to collect the tropical nuts, edible birds' nests and other products of the interior for the China trade. This was not a true regression. Rather it resembled the Central Asian shift from farming to pastoral-nomadism, which also involved raising larger numbers of horses than they needed, with the surplus being sold to the Chinese.

We have already seen the influence on the natives of goods and the ideas embodied in goods that private Chinese merchants brought to Japan in late Heian and Kamakura and Ashikaga times. These had a large influence in helping Japanese civilization make its transition from the

first to the second stage of high civilization.

What happened in Southeast Asia was roughly the same sort of thing, only it was usually a transition from early civilization to the first stage of high civilization or even from precivilized culture to early civilization.

The Chinese merchants were not the only ones engaged in such cultural merchandising. South Asian merchants—both Buddho-Hindu and Muslim—carried their cultures further east than the Chinese merchants penetrated to the south and west. The Straits of Malacca separating Java from the Malay Peninsula formed the defacto western boundary of direct Chinese penetration, but the Muslim and Hindu merchants gradually spread east of Malacca into the Chinese trading sphere.

Some interesting interchanges occurred between the high civilizations of South Asia and East Asia as they competed to do business with the pre-civilizations and early civilizations of Southeast Asia. "Arabic" numerals may have first appeared in Vietnam as Chinese and Buddho-Hindu Indians interacted with each other and the Yue natives.

A foreign mercantile group would settle down in some entrepot at the mouth of a river on the Malay Peninsula or on the coast of Java or northern Borneo. An early civilized kingdom or local state or precivilized culture upstream from that town might begin to interact with these merchants, buying the goods that the merchants brought and unwittingly assimilating the styles of thinking and behavior modes embodied in those goods.

Gradually, through this commercial interchange, the local people more or less spontaneously and more or less on their own would become first stage high civilizations, each with unique mixtures of their native culture with South Asian and East Asian traits.

Some of these foreign merchants also became tax farmers for the rulers of local states with whom they did business. This allowed these states to more easily expand from the interior to the coast.<sup>5</sup>

A merchant who knows the territory within which he trades may be more able to collect more taxes than the territory's own ruler. Since he is also much more

<sup>4</sup> Victor Purcell, *The Chinese in Southeast Asia* (Oxford: Oxford University Press, 1951), p. 15.

<sup>5</sup> A tax "farm" has nothing to do with agriculture. The monopoly license to collect a tax is "farmed out" to the merchant who offers the ruler the highest premium for receiving the privilege.

likely to have literate clerks, he is also much more likely to be able to keep de-

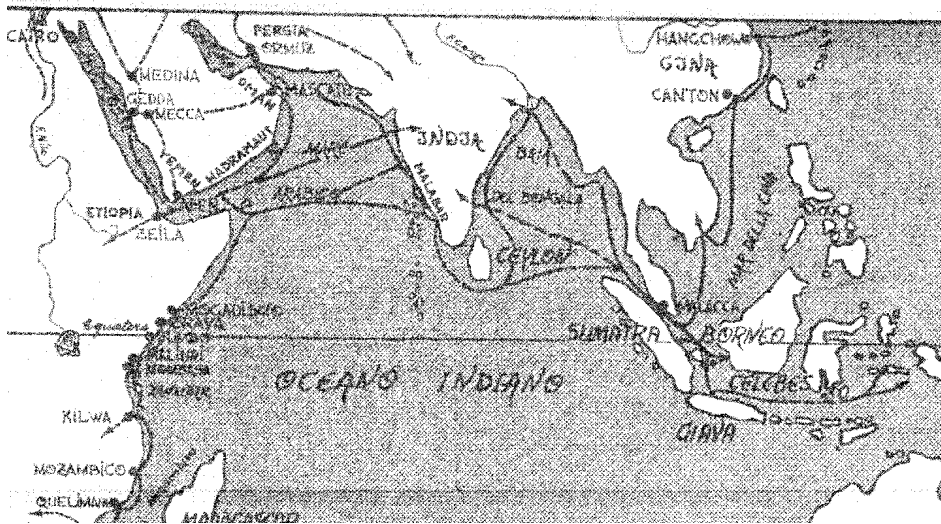
them also early industrial, began to launch similar voyages.

Many of them were sinified Persians and Arabs whose families had lived for generations or centuries either in the entrepôts serving the trade of Central Asia or in China's coastal ports. Most had via intermarriage become fully bicultural if not wholly Chinese in culture.

The family of the eunuch Zheng He were Muslims settled in southwest China by the Mongols during the Yuan Dynasty. This gave him contacts among the partly Muslim mercantile community on the coast.

Similar interactions by Christians with the partly assimilated Muslim and Jewish mercantile communities in Spain and Portugal helped trip off the age of exploration in the West during the generation after Zheng He's death in c. 1431. Multi-ethnic Western Eurasian merchants obtained political protection from the Portuguese and Spanish states ostensibly still crusading against Muslims and trying to forcibly convert Jews. The Portuguese and Spanish rulers could seek wealth and further power through expanding overseas with the help of such merchants.

Overseas China



15th century Southeast and South Asian trade routes. (Teobaldo Filesi, *China and Africa in the Middle Ages*, p. 58.)

tailed records. Tax farming by the foreign merchants also served to divert popular resentment against heavy taxation from the native rulers onto the heads of these tax-farming foreigners.

## 2. First blossoming during the old imperialism

### a. symbiosis with European imperialists

The 15th century is the great divide in the history of both the Overseas Chinese and the newly fledged civilizations of Southeast Asia.

Up until this point the story was much as I have told it above, with the early industrial Overseas Chinese (and Overseas South Asians and Middle Easterners) serving as the inadvertent handmaidens for the transitions into civilization of the peoples of this area.

After this time the imperial ambitions of states far outside the region skewed the course of development of Southeast Asian civilizations.

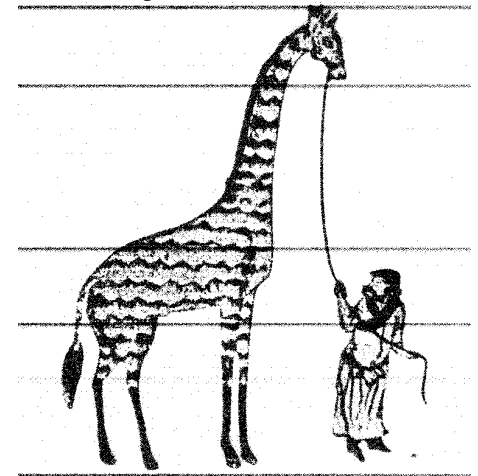
For a short time, the Chinese state of early Ming times became the first to intervene in this way, with the voyages by Zheng He. But then, though they seem to have been as profitable for the Ming state as for the merchants who provided the "treasure ship" crews for these expeditions, by the 1430s, the voyages stopped just as abruptly as they began, two generations before Europeans, only some of

Why did Ming's state-sponsored explorations stop, and why did European voyages of exploration and conquest begin? We have too many good reasons for any one of them to be wholly satisfactory. To begin with, Zheng He was a palace eunuch. He was, therefore, an underling, something less than a meritocrat, of the third emperor of the Ming Dynasty. When the Yongle Emperor died in 1424, his successors did not have the same interests he did. They used their eunuchs for other purposes.

A more plausible reason for the voyages might be that the Yongle Emperor needed to sweep the sea flank clear for his invasion of Vietnam in 1407. He needed his flanks secured by showing the Chinese flag in Southeast Asian waters. The Ming government did not give up on this attempt to restore the southern boundaries of the Chinese universal state of Tang times (7th-10th centuries) until three years after Yongle's death in 1424.

Still another reason involved defense against Japan. When Japan's feudalization hit its limits and it began defeudalizing, freebooters from Satsuma (in western Kyushu) went off to Southeast Asia much as English pirates/privateers did a couple of centuries later to the Spanish Main. These Japanese mercantile pirates raised hell with China's trade. Showing the flag abroad might help tame them and also clear the supply routes to the Chinese armies in Vietnam.

Having a Chinese imperial presence overseas also served the interests of the Chinese overseas merchants. These "Chinese" merchants were quite cosmopolitan.



Tribute from Africa for the Yongle Emperor. (Filesi, dustcover illustration.)

These rough parallels between Ming Chinese and the slightly later European overseas expansion, make it hard to explain why the Chinese state stopped while the Europeans soon started and then continued maritime expansion.

I think the real villains (though the other explanations are also possible) were the lords of merit in the Chinese government. They instinctively hated merchants. Chinese meritocrats particularly hated overseas merchants because they could sail away from most restrictions that the men of merit might place on their activities. If they could bring a giraffe back from Africa and convince the Emperor

that this was the same kind of sacred beast that was sighted during antiquity to certify the appearance of a sage, what might they do to the dominance at court of the meritocrats? The lords of merit could best retaliate by redefining overseas merchants as pirates. This they did during the two generations after Zheng He died (in either 1431 or 1433).

That ended the Chinese state's role, but by the end of the 15th century, the Europeans were coming over the horizon. Vasco da Gama was on his way around Africa from Portugal on his way to Calicut on the southern tip of India. In another decade and a half his successors would reach China.

By then the Chinese state had lost virtually all contact with its overseas merchant class. The state no longer considered them to be merchants. They were engaged in illegal trade, and hence were pirates by definition. Many of them had shifted their headquarters overseas, but fed their goods to smugglers on China's coast, and were as wealthy as before. They just had no status at home. This lowered status of overseas merchants also set limits to the Overseas Japanese merchants of Satsuma who were successfully smeared as pirates by the Chinese authorities during the 15th century and were pulled back by Tokugawa isolationism during the 17th century.

The Overseas Chinese also underwent a big change in their status abroad when the Europeans showed up at the turn of the 16th century and asserted their political power over Southeast Asia. The Europeans soon became the paramount sovereigns in these areas.

### **b. China falters, Europe does not**

Chinese shipbuilders used what seemed to the Westerners novel and advanced techniques building ships for the Portuguese in these Southeast Asian entrepot towns. Soon, back in Europe, shipbuilders built bigger and fancier ships in imitation of these Chinese vessels.

The states and merchants of Europe collaborated in ways that the Chinese state and merchants had stopped doing since the 1430s. Unlike China, Europe had only the beginnings of a meritocracy, and its meritocrats were still mostly clergymen who were advisers to the late feudal (defeudalizing and central feudal) states sending out these expeditions.

Europe's states were still dominated

by their great feudal process aristocrats who found it not beneath their dignity to form alliances with would-be plutocrats from the ranks of the European overseas merchants. No large, elaborate bureaucracies as yet existed whose members would have considered the rise of plutocrats a threat to their power. The alliances between merchants and warrior aristocrats that sustained the age of exploration and conquest soon became stabilized.

Another difference between China and Europe was that normally only one Chinese state existed. The post-ancient European norm was always to have a number of states. When the Chinese state went off the track, there was no other state in a nearby region of China to take up the slack. This was not the case in Europe.

When the Portuguese faltered, the Spanish took over (and for a time swallowed Portugal itself). When the Spanish faltered by the end of the 16th century, the Dutch (themselves a breakaway part of the Spanish empire) rebelled and took the initiative in Southeast Asia. As the Dutch lost momentum during the 17th century, the English came into the picture.

### **c. The Jews of Southeast Asia: Overseas Chinese as pariah entrepreneurs**

The Chinese merchants remained perched in their entrepot towns on the edges of the peninsulas and islands of Southeast Asia. However, as the native rulers became subordinated to the Europeans, these Chinese merchants became the intermediaries between the European imperialists and the locals. The Chinese knew the territory. They either understood the local language or the local version of the "pidgin" trading language.<sup>6</sup>

The Portuguese preferred to use the Chinese as their intermediaries with the native peoples rather than to try to themselves take their place entirely. The Chinese understood the local culture, knew the local political idiosyncrasies and personalities and handled the climate better than Europeans.

The Chinese could, therefore, serve as

<sup>6</sup> A pidgin is a hybrid language, in Southeast Asia using a mixture of Chinese and Malay vocabulary and Chinese grammar. It evolved as a lowest common denominator language for trade, one that both the locals and the Chinese could easily learn. When the Portuguese arrived, all the users of the language had to do was add some Portuguese words to the mix, and the Portuguese could also become part of the pidgin-speaking community. Similarly, Dutch and English words were also eventually added.

tax farmers for the Portuguese, as they had for the native rulers earlier. Taxes were usually in kind, such as the spices of the islands of Indonesia (known then as the Spice Islands), which the Portuguese could ship back to Europe to sell at enormous profit.

The coming of the Europeans had a considerable negative effect on the social status and popularity among the Malay native peoples of the Overseas Chinese mercantile groups of Southeast Asia. These tax farming cultural adventurers became what historical sociologists like to call "pariah entrepreneurs."

"Pariah" is a word from the South Asian social vocabulary. It refers to "outcasts," people not part of the respectable segment of the class system. The Chinese merchants were pariahs because they were Chinese, not Malays, or Europeans. They had a Buddho-Confucian vision of Heaven, which was different from those of the various Malay groups and certainly different from that of their Christian European masters'.

If you want to avoid the jargon of the social scientists, you can simply call them the Jews of Southeast Asia. The story I have just outlined of their becoming the intermediaries between various successive European conquerors and the indigenous peoples of Southeast Asia could also serve as the plot outline for a history of the Jews in Eastern Europe.

Jewish merchants drifted into Poland and the other countries of Eastern Europe during the 11th and 12th centuries, probably from Germany.<sup>7</sup> Hard on their heels, particularly into Poland, came the Teutonic Knights of Prussia. They soon realized the Jews knew the territory, so they made the Jews their tax farmers and bureaucrats and general-purpose intermediaries with the Polish peasantry.

This resulted in considerable resentment of Jews on the part of Poles, and some contempt for Jews on the part of the nominally Christian Germans because of the long-standing religion-based hostility of Christian for Jew in Europe.

The story of the Jews in Poland differs only in superficial details from the story of the Chinese in Southeast Asia. The Jews came to Poland by land. The Chinese came to Southeast Asia by sea. Judaism was the root religion of Western

<sup>7</sup> The Yiddish language they spoke was a dialect of 12th century German. Hebrew had long since become merely a language used in religious rituals.

Messianism. Buddho-Confucianism was the East Asian branch of Eastern Messianism, and was quite remote in origins from both Western Messianism's Christian branch, which was the religion of the European conquerors, and from the native religious traditions of the Southeast Asians. The plot outline of the two peoples' histories is, nevertheless, the same. It would be equally apt to call the Jews the Overseas Chinese of Eastern Europe.

### 3. Failed parallels to Europe's New World settlements

#### a. Southeast Asia neither empty nor disease-vulnerable

Parallels are sometimes made between the settlement of the New World by the Europeans and the settlement of parts of Southeast Asia by the Overseas Chinese. These parallels are very imperfect.

The biggest difference was that when the Chinese first began to show up in significant numbers after the 10th century, Southeast Asia was already fairly widely settled by people whose ancestors had long been there, and whose descendants would become still more numerous as they picked up higher stages of civilization by interacting with the Chinese and South Asians and then with Europeans.

In contrast, almost from the first contact with the Europeans in the 1490s, European germs spread into the long isolated New World. Its native peoples died in droves, 50-90 percent of the total native population on the average, and virtually 100% of the natives of the Caribbean islands.

These people died from innocent exposure to perfectly ordinary European germs. The New World peoples had been separated from the Old World for 40,000-10,000 years. During that time they had engaged in no interchange of germs with large domestic animals (the source of many human diseases since Neolithic times). They left the Old World before domestication of large animals began, and had no domesticated large animals in the New World from which to pick up such germs.

The Old World had various kinds of cattle, horses and pigs for New World native people to swap bacteria and viruses with. There once were New World horses, but the Native Americans may have hunted and eaten them all before they

were ready to domesticate them. There were no docile New World cattle, just the untamable American bison. All the ancient migrants brought with them to the New World was the dog, and we share few diseases with dogs.<sup>8</sup>

And so the New World emptied, leaving space for European settlers to move into and then fill with ever more of their own kind.

#### b. hence few big Chinese settlements

In Southeast Asia the opposite happened. If anything, the Southeast Asians inadvertently made gifts of all sorts of interesting and deadly tropical diseases to their temperate zone conquerors. This kept down the numbers of Europeans. The Chinese were already exposed to many of these diseases, like malaria in subzones C2 and C3 back home, but there was no empty Southeast Asian demographic niche into which they could move and multiply.

Only gradually, and only in certain peculiarly empty and yet accessible places could the Chinese, at least, find a niche in which they could multiply. A few Chinese entrepôts grew to medium sizes, but even in these the Chinese had to face substantial native populations in nearby hinterlands.

Manila seems to have been the biggest of the Overseas Chinese settlements. By the middle of the 17th century it had a population of 30,000. By Chinese or Japanese standards for cities of the time that was not at all big. Compared to colonial North America, however, it was a good sized place.<sup>9</sup>

Some Chinese entrepôts along the Straits of Malacca also grew to roughly that size during the 16th-18th centuries, but they, like Manila, remained smallish islands of Chinese surrounded by seas of Malay peoples.

In that sense the Chinese in Southeast Asia more closely resembled the Spanish in Mexico. The Spanish too were a small group surrounded by substantial numbers of Mexicans, even though disease had much reduced the numbers of the latter.

<sup>8</sup> African apes, with whom we do share some truly dreadful virus diseases are now beginning to interact with us as we infringe on their territories and bring them into our laboratories to experiment with. There were no New World apes to trade germs with.

<sup>9</sup> By the eve of the American Revolution a century later, Philadelphia was the biggest city in the Thirteen Colonies, and it only had 40,000 people. New York and Boston were much smaller then.

The big difference was that the Spanish were the politically dominant group in Mexico, but the Chinese were not, neither in the Philippines nor on the Malay peninsula.

#### c. except for post-1650 Taiwan

There was one interesting exception to this rule that the early and middle period Overseas Chinese would not form large settlement colonies dominated by ethnic Chinese. That was Taiwan.

Overseas Chinese merchants had initially bypassed Taiwan as they sailed by it on their way to Manila or Borneo. Taiwan was big enough to be noticed, but it was too nearly identical a mirror image of the coast of Fukien Province opposite it to be worth stopping at. Still worse, it was fairly densely populated by headhunting Malay-speaking cannibals. These precivilized Beginning Neolithic Malay tribesmen had long been cut off from the advance of civilization on the mainland by the narrow but hard to navigate waters of the Taiwan Straits.

It was both risky and unrewarding for Chinese to trade with these peoples. They had no products not more easily available in Fukien itself. The cannibal-inhabited western coastal plain of Taiwan did not become attractive to Chinese farmers until the eastern coastal plain of Fukien had filled up with people, and that did not happen until the 17th century.

Even then, surplus coastal plains farmers preferred to move up into the hills to the west of Fukien's coastal plain, terrace them for rice, or plant tea bushes on their slopes. Why cross the waters to Taiwan and risk facing these ferocious non-Chinese people who might eat one for supper and place one's shrunken head atop a pole at the edge of their houses?

No wonder that for the first half-millennium of their voyages the Overseas Chinese just sailed past Taiwan on their way to some more profitable place in Southeast Asia to trade for edible nests made of swallow-spit or tropical hardwoods or nuts, or to go to Japan for big cedar logs.

However, by the 17th century, coastal Fukien and even the nearby hills were finally filling up. Also, the impulse to emigrate became irresistible to a number of Ming Loyalists after the Manchu invaders had taken over North China in the 1640s and the Manchus' Chinese allies were pressing down into South China by the

1650s.

One set of refugees from the defeated Ming Dynasty crossed over to Taiwan from Fukien and took over a Dutch entrepot near modern Tainan, roughly midway down the west coast of the island. The Dutch had established this entrepot as a way-station on the direct trade route from China to Japan.

Not long after a significant Chinese settler colony established itself on Taiwan, the Manchus completed their conquest of China proper at the beginning of the 1680s. They promptly took over Taiwan too, virtually without a shot being fired by offering meritocratic status and jobs to the leaders of the refugees and by recognizing their ownership of the land they had taken from the natives.

During the next century and a half, a slow but steady drift of settlers from coastal Fukien settled into Taiwan, mostly on the west coast plain.

That emigration comes closest to being analogous to the settlement of New England and the Middle Colonies by Englishmen during roughly the same period—the 17th and 18th centuries.

## **B. Overseas China's Full Blossoming During The New Imperialism**

### **1. Links to the West's full industrial revolution**

Europe's early industrialization fueled the "old imperialism" of the 16th through the mid-19th century. Strengthened by its early industrial revolution, the Europeans exerted at least as much influence over Southeast Asia than the Overseas Chinese carriers of China's early industrial civilization had been exerting on the region since the 10th century.

More profoundly new changes began to occur both among the Southeast Asians and the Overseas Chinese who were resident there during the 19th century as the full industrial revolution began to spread from England to the rest of northwestern Europe and North America.

The Overseas Chinese became the capitalists who mined and grew Southeast Asia's raw materials to feed the West's new factories. They did so in large part by mobilizing the labor of fellow-Chinese from the capitalists' home regions (Can-

ton, Fukien) whom they helped emigrate in massive numbers to Southeast Asia after 1850.

### **a. Overseas China feeds the West raw materials using early industrial techniques**

As the West's full industrial revolution grew and spread, its appetite for raw materials grew apace.

Some full industrial raw materials could be mined or grown in Southeast Asia if an adequately disciplined work force could be mobilized and provided with the right sorts of tools and techniques to extract or grow these goods for shipment to Europe and North America.

European factories needed tin to make the tin-plated steel cans that were becoming the great new food containers of the second generation of the full industrial revolution. Malayan tin ore could be mined and smelted into tin on site, but not very profitably by employing only Malays with pre-early industrial mentalities.

Chinese merchants quickly realized, however, that they could send home to China to their old home towns in Fukien or Canton Provinces and obtain all the laborers and skilled artisans and petty entrepreneurs they would need.

These workers were familiar with Chinese early industrial techniques and machines and could easily apply them to Southeast Asia. They could mine the tin ore out of the sludge at the mouths of the rivers and then smelt it using the best industrial methods of the 11th century Song early industrial revolution. It turned out that these techniques were still usable, produced pure enough tin fast enough and cheaply enough (paying low early industrial wages to imported Chinese laborers) to beat out the tin being mined in Peru by pre-industrial Native American labor.

The same sort of thing happened with rubber after the middle of the 19th century. In 1839, the American inventor Charles Goodyear figured out how to vulcanize the sap of the Amazon rubber tree so that it behaved like rubber rather than chewing gum. "Vulcanized" rubber could be used for raincoats and galoshes and, even before the automobile appeared, for horse and buggy tires.

The rubber tree originally came from the Amazon. People found that the interior of Brazil was too far from markets and its wages too high for rubber cultivation to be profitable there. West Africa had the

right climate and somewhat easy access to tide water, but was only just entering a market economy. Hence its native laborers had not yet fully internalized linear time and the work habits of plantation agriculture needed to cultivate rubber commercially.

Malaya had the right climate. The native Malays were numerous enough and fully capable of performing such labor, but they were not very enthusiastic about doing so, since they were only partly acculturated to working for pay in markets.

Workers from both South Asia and southeastern China were used to working for wages in elaborate markets. Labor brokers from their own ethnic groups soon began to bring them in. They supplemented and then all but supplanted Malay labor on the rubber tree plantations during the 1910-30s Malayan rubber boom.

The Chinese were five times more efficient than Malays and almost twice as efficient as South Asians, probably because their early industrial economy was further along than the South Asians'.

### **b. mass emigration**

The Overseas Chinese merchants soon found that their most profitable import had become the ever larger numbers of their fellow-Chinese laborers from southeastern China. They transported these laborers in their own ships, then sold goods to them from their company stores and rented women to them in the brothels attached to the work camps and plantations of Southeast Asia.

For the first time in history, massive numbers of Chinese settlers came to Southeast Asia during the 19th and early 20th century. Most came to the Malay Peninsula, where both tin and rubber were being produced. But many also came to the coast of Borneo and even to the much more densely populated Spice Islands (Indonesia) run by the Dutch.

Wherever there was work to be done producing inputs for the European second phase of the full industrial revolution, or to service those performing such work, there you found rapidly increasing numbers of Chinese laborers.

This movement of people out from China was not restricted in its destination to Southeast Asia. Chinese labor contractors brought lesser but still substantial numbers of Chinese laborers to California to work gold mines. (Hence San Fran-

cisco's Chinese name Old Gold Mountain *Jiujinshan* 舊金山) Soon, still more were recruited to build railroads.

As they became familiar with life in California and the trans-mountain west, other Chinese began to wash laundry, open restaurants and apothecary shops to provide Chinese medicine to both Chinese and Americans, and staff brothels. They also sometimes had to endure lynch mobs of Americans who, like Malays and Indonesians, resented their diligence and willingness to work hard and skillfully for low early industrial wages.

Soon the same pattern, right down to the lynch mobs, was repeated in Australia, called New Gold Mountain *Xinjinshan* 新金山 by the Overseas Chinese

### c. shift from early to full industrial techniques only after c.1900

In the course of the late 19th and early 20th centuries, the Overseas Chinese merchants were actually becoming entrepreneurs in what amounted to a transitional full industrial revolution occurring in Southeast Asia. By the turn of the century they had accumulated much capital from processing and selling tin or rubber, and from transporting workers from China, and then housing, feeding and entertaining them. Many of them had become wealthy enough to begin to move into the fully modern kinds of technologies once their use became more profitable.

They bought ever-larger and more efficient ships to move both people and tin and rubber and oil and coconut oil. They incorporated their vessels into large shipping lines organized as modern limited liability corporations, though these usually remained closely held by the extended families which had founded them.

As soon as it was profitable, they also joined with European and Australian investors to shift over from early industrial tin mining and smelting machinery to new fully industrial contraptions, including big steam-powered dredges comparable to those being used then to dig the Panama Canal. Elaborate smelters replaced cheap early industrial labor with much more productive continuous process methods.

By around 1900, such technologies were beginning to replace the transitional early industrial technologies. An ever increasing number of former Chinese laborers joined the luckiest and most efficient Overseas Chinese merchants as fully modern capitalists. Over a generation or

two, many Chinese proletarian families had saved and invested a large proportion of their modest wages, had bought their own small rubber or copra plantations or stores to serve their fellow Chinese laborers and the natives, and had themselves become investors.

Family-centered companies formed from both new and old Chinese settlers. These firms still hired many Chinese workers, but the workers' wages rose as the quantity and sophistication of capital goods with which their employers supplied them increased.

## 2. Non-Sovereign Overseas Chinas

Almost without anyone noticing it, the Overseas Chinese became rich during the 20th century, much richer than the Malayan and Indonesian peoples whose needs they provided through their retail establishments, and sometimes even richer than their European political superiors. Even though Europeans still considered themselves the social superiors of the Chinese, most Europeans were bureaucrats, and hence (if they were honest) earned only modest wages.

How the Chinese and their native hosts and nominally socially and politically superior European neighbors would react to this change was already becoming a problem during the generation between the two world wars but reached a critical level during and after World War II.

The Japanese occupation of Southeast Asia during World War II undermined the prestige of the Europeans and raised the morale of the natives, to whom the Japanese promised independence. This made the Chinese, caught in the middle between the natives and the Japanese, even more uncomfortable than before, when caught between the Europeans and the natives. The Japanese wanted them to continue as their pariah entrepreneur intermediaries. The natives wanted the Chinese to back them in pressing the Japanese for immediate independence. The Chinese mostly (except for left-wing students, often the radical sons of conservative plutocrats) took the prudent course of serving the Japanese. The native peoples resented that long after the Japanese departed.

When the colonies of the Europeans and Americans broke loose and took or were granted their independence during the generation after World War II, the

relationship between the Chinese and the natives became even more unstable and tense. The departure of the Western colonial overlords left the Chinese without many local friends.

And yet the Chinese have continued to control much of the wealth of Southeast Asia. In Indonesia, the Chinese comprise 4% of the population, but hold 75% of the wealth. The figures for Thailand are 8% and 80%; for the Philippines 2% and 70%.<sup>10</sup>

### a. the non-assimilated Chinese: Malaysia and Indonesia

In most places,<sup>11</sup> despite the great increase in their numbers during the 19th and early 20th centuries, the Chinese never became as numerous as the natives. As a consequence, they could never create a state run by Chinese in such places.

It was not at all certain that they could get along with the natives or assimilate to the local culture once the natives became masters of their own political house in these states.

On the Malay Peninsula and in Indonesia, while there are still lots of Chinese, they look down on the still more numerous Malays and Indonesians, and the locals return the favor. Their relationship is much like that between Jews and Poles once the Poles regained their independence after World War I. The Jews told Polish jokes and the Poles reciprocated with Jewish jokes. Since there were a lot more Poles than Jews, the pogroms were led by Poles against Jews rather than the other way around, though if the truth be told, if they could have gotten away with it, the Jews would have run some pogroms against the Poles too.

That is the sort of relationship that has held between the ethnic Chinese and the ethnic Malays of post-independence Malaysia and Indonesia. The Chinese are not much assimilated and are not well liked.

Some rural Chinese (goaded by left-wing ex-students under Chinese mainland influence) launched a nasty guerrilla war in Malaya during the late '40s and early '50s. The Malays insisted on delaying independence until the late '50s when the

<sup>10</sup> Bruce Knecht, "Wealth Hazards: The Chinese Diaspora," *National Review*, November 21, 1994, 56-59.

<sup>11</sup> Cf. the excellent recent survey by Andrew Tanzer, "The Bamboo Network," in *Forbes* (July 18, 1994), 138-145, which lists the richest Overseas Chinese families in Southeast Asia and gives biographical sketches of the richest of them.

British finally put the Chinese rebellion down. The fact that this was an a purely Chinese rebellion only served to reinforce Malay suspicions of the Chinese.

The situation is much worse in Indonesia. As recently as 1965 an anti-Chinese pogrom may have killed upwards of 200,000 Indonesian Chinese. A minor pogrom occurred in spring 1994, but resulted only in some broken windows and considerable nervousness among Chinese. Much more serious pogroms have been occurring since 1997, peaking during the spring of 1998 with an orgy of looting and arson, and not a few public lynchings, as reaction to the economic troubles. Quite unjustifiably, the small-scale Chinese retailers have been blamed for the sharp increase in the prices of the foreign goods they sell. Of course these prices have increased because of the drastic fall in the value of the Indonesian currency. During the autumn of 1998, the Indonesian army was accused of redirecting popular anger from the Suharto administration (which fell anyway) to the Chinese merchants.

With that sort of background it is not to be wondered that a billionaire family like that of Mochtar Riaddy (who Indonesianized his Chinese name) would think it a step up during the '80s to open a branch operation in Little Rock, a place which had not launched pogroms against Chinese. Somewhat more alarmingly, Mochtar Riaddy (or his son James) appears to have also opened a relationship with the Chinese Communist government and may well have served as a conduit for illegal Chinese campaign contributions to the several gubernatorial and two presidential campaigns of President Clinton. Apparently, Arkansas politicians sell more cheaply than Indonesian politicians.

## **b. culturally assimilated & visible:**

### **Thailand**

There are places where the Chinese became culturally assimilated early in this century. But in some such places they are still visible as Chinese. In others these assimilated Chinese are virtually invisible. They have taken native names, lost their cultural traits as Chinese, and no longer speak Chinese.

Thailand is an interesting example of the former sort of place. The Chinese are present in Thailand in significant numbers. Most of them belong to the prosperous mercantile and manufacturing and banking class, like the Jews of prewar

Germany or the United States now. Very few proletarians are visible amongst the Chinese of Thailand.

Though many of them have married Thai girls, they also have tended to keep their Chinese family structures and their Chinese family and personal names. Otherwise they have become culturally assimilated. Mothers, after all, tend to determine the language spoken by their children. Within a few generations of intermarriages most became Sino-Thai people, who spoke Thai as their native language and spoke it well, but Chinese either not at all or poorly.

They still organize themselves into Chinese extended families, particularly if they hold important industrial or commercial assets. They use the family as the matrix for the limited liability corporation they must use to organize these extensive industrial and commercial undertakings. The big tin mines and smelting operations, the coastal freighters and the labor brokerages are beginning to give way to extensive investments in the burgeoning (until 1997) Thai full industrial economy and in China.

The Thais are a fairly happy people, and are not particularly bigoted. Because they get along well with the Chinese, cultural assimilation has been the path of least resistance for both groups. There have never been any serious anti-Chinese pogroms in Thailand, even during the troubled economic conditions since 1997.

Indeed, so long as the Thai monarchs retained unquestioned power, which was up into the 1930s, the monarchy and the Chinese industrialists each supported and protected the other.

The Thai military muscled the monarchy into yielding much power to them during the early '30s. This has caused some tension between the military-influenced governments and the Chinese, but not much real trouble has resulted. The Thai rush to full industrial takeoff made Chinese and Thais too necessary to each other for either to risk any nastiness.

## **c. culturally assimilated & almost invisible: the Philippines**

Substantial numbers of Chinese went to the Philippines as merchants during the early period, 11th-15th centuries. Chinese continued to come in after the Spanish took control during the early 16th century, though the Spanish occasionally persecuted them. They were more than toler-

ated under American control after 1898. A massive influx of Chinese laborers into the Philippines occurred during this century. The Chinese no longer had an outlet for emigration in North America after the Chinese Exclusion Act of 1882.

Even these newcomers became almost fully assimilated in cultural terms during the American occupation, so much so that many of their descendants forget where their ancestors came from. They intermarried with Philipinas, and now speak Tagalog and English rather than Chinese.

You have to study many family trees to appreciate that a substantial portion of elite families have Chinese grandfathers in their genealogies, including the family of Mrs. Aquino, whose husband was murdered by government agents at the behest of President Marcos, and who was elected as President after the uprising against Marcos in the mid-1980s. Her grandfather was a turn of the century Chinese migrant who made it big in commerce, bought landed estates and whose descendants turned into Philippino plutocratized aristocrats.

William McGurn editor of *The Far Eastern Economic Review* recently<sup>12</sup> contrasted the economic performance of the Philippines since 1950 with that of Hong Kong. Hong Kong has grown rich via free trade, McGurn argues, whereas the Philippines has stagnated because of its elite has practiced protectionism.

Increasingly authoritarian Filipino governments since the 1950s required majority Filipino ownership of most large-scale modern businesses. This accelerated assimilation into local culture of Chinese businessmen. Once assimilated, however, formerly market-oriented Chinese were tempted to rely on their Filipino family and political connections rather than on Overseas Chinese-style competitive efficiency to prevail economically.

McGurn does not mention that the Americans were as much responsible as were their Spanish predecessors for the Philippine ruling class's predilection for substituting political influence for economic risk-taking. Still, this political influence has tended to shield the now fully invisible Chinese settlers from the sort of bad treatment the Chinese of Indonesia still suffer from.

<sup>12</sup> "Rich vs. Poor in Asia," *Reason*, 26.2 (June 1994), 30-36.

### 3. Post-Colonial sovereign Overseas Chinas

#### a. Singapore: the viable entrepot

There are a few places where Chinese have become so numerous relative to non-Chinese, that for all practical purposes they had sovereign power even before they formally got their independence.

One such place is the island city-state of Singapore. Singapore is one of the more recently established entrepot cities on the Malay Peninsula side of the Straits of Malacca. The naturalist and orientalist, Sir Stamford Raffles, founded it during the Napoleonic Wars to give Great Britain a base from which to dominate both the Malay Peninsula and the Indonesian Islands and prevent France from usurping control over the region from the Dutch, whose territory in Europe the French then occupied.

Though controlled by Great Britain, Singapore quickly filled up with Chinese workers and merchants from Canton and Fukien provinces. Its dominant popular culture became Chinese, and its elite culture a curious mixture of the cultures of the merchants of China and the upper classes of England.

After World War II, the British tried to unite Singapore with the eight princely states of the Malay Peninsula and parts of Borneo, calling the resulting state Malaysia. But the Malays were not happy with this arrangement because Singapore's population added to the 40% Chinese minority on the Malay Peninsula would put the Chinese close to achieving a majority, and the Malays would then become a minority within their own country. Singapore was not happy with links to so many Malays either.

By 1965, during the last stages of decolonization, the British finally recognized what had been the case ever since the turn of the century. Singapore was a Chinese city, and had long since been run informally by its Chinese merchants and industrialists. It would have to become an independent city-state run by an alliance between the plutocratic sector of the Chinese ruling class and a newly respectable Chinese meritocratic sector. It has from the beginning been led by Ldd Kuan-yu, a bigoted but strong-minded Confucian intellectual who graduated from the British university system.

Singapore has been a sovereign, nom-

inally parliamentary city state since 1965. It is now a mature full industrial society run entirely by Chinese. If you buy an IBM computer, the odds are that many of the components in it were made and/or assembled in Singapore. They do computer software too. Thirty years after independence, Singapore is still run by Chinese, and is likely to stay that way. Its history also shows just how small a state can be and still be viable in a full industrial age as long as it trades freely with the rest of the world.

Lee Kuan-yu, now nominally in retirement, has provided a mostly benign Confucian but occasionally bigoted and implicitly secularized vision of Heaven for his nation. This has kept out some of the worst excesses of an increasingly decadent and hypoindustrial Western culture, but has its disadvantages. Mr. Lee claims his style of rule has kept Singapore's banks from making the kind of irresponsible loans to insiders that has brought down the economies of Thailand, Indonesia and South Korea. We shall see.

When it gets out of line, Mr. Lee occasionally even bans the *Asian Wall Street Journal*. In the early '90s he banned the mere possession of chewing gum. Smugglers of illicit drugs are liable for execution, as are murderers. Executions are rarer than whippings, though the law often seems to be nagging people to death. The fine is \$500 for not flushing a public toilet. Bright women are officially nagged to marry younger and have more children than lower IQ females.

It could be worse. If you have to live in an authoritarian state, this sort of Confucian authoritarianism is probably the best kind, though the Singaporeans must sometimes think they are five million Bertie Woosters living in a dictatorship presided over by a regiment of Aunt Agathas. Like P. G. Wodehouse's original Aunt Agatha, Hard Confucians know how to temper their authoritarianism with morality so that it is as impossible for a decent person to disobey as to genuinely like them.

Singapore is and will remain economically viable as long as Singaporeans continue to trade freely and are willing to let in some Malay casual labor whenever they need some more heavy lifting done.

#### b. Taiwan: the "other China"

Taiwan has since 1949 been the biggest of the other Chinas. The Nationalist

Party losers in the civil war between the Communists and anti-Communists fled and took refuge in Taiwan in that year. During the ensuing decades, Taiwan's rulers corrected most of the mistakes they had made before 1949, and which had caused them to lose control over the mainland.

By the late '50s it was clear that the Taiwanese economy had taken off. It was even clearer by the early '90s that it had become a mature industrial economy, still sustaining a 5-6 per cent growth rate, as one would expect for the first few decades after maturation. Taiwan has evolved into a perfectly normal, small but mature industrial territorial state. It has also recently begun to blossom into a parliamentary democracy.

The Malay tribesmen of Taiwan, long since tamed, are now confined mostly to the northeast corner of the island. Those living in the southwest, where the population of native Malay farmers was greatest before the arrival of the Chinese, have almost all intermarried with the Chinese settlers during the 17th-19th centuries, who also concentrated at first on filling up the southwest. Even before two million refugees came over from the mainland in 1949 the Chinese had long since become the island's dominant ethnic group.

The main as yet unresolved question is whether Taiwan can maintain its independence from a Communist or perhaps an ex-Communist but still authoritarian mainland Chinese state.

This question can also be restated as whether an increasingly ex-revolutionary mainland state will swallow Taiwan or whether the reverse will happen as Taiwanese economic influence accelerates the devolution of Communism out of economic and perhaps political existence on the mainland.

In economic terms, at least, Taiwan is viable. Albeit small, it is the largest Overseas Chinese-run territorial state.

Though there were rumors of a Mainlander plan for a 1996 invasion of the island, and several times during 1995 and early 1996 the mainland flexed its muscles by testing missiles and its growing fleet just north and south of Taiwan, there has been no invasion. The Nationalist Party government on Taiwan sometimes encourages such stories to scare voters away from the pro-independence Democratic Progressive party. President Clinton frightened the Nationalists in June 1998

when he seemed to be yielding to the mainland regime's definition of Taiwan's status.

### c. Hong Kong: China's capitalist virus

A grimmer version of the same sort of dilemma faced by Taiwan has already hit the ethnic Chinese-controlled entrepot of Hong Kong.

Hong Kong started out as an empty island when it was taken over by Great Britain in 1842 as its own entrepot on the China coast in the aftermath of the first of the two opium wars Britain fought with China.

The empty island of 1842 had filled up with a million Chinese as well as a few thousand Europeans and South Asians by 1900. In 1902 the British colonial officials who nominally administered it invited a committee of Chinese plutocrats to form to give them advice. This ad hoc committee became the unofficial, unelected parliament of the nominal crown colony. Chinese plutocrats have used British civil servants as their instruments to put in whatever administrative measures were good for business. What was good for business turned out to be good for Hong Kongers in general.

That political pattern continued as Hong Kong added another million people through migration from a troubled revolutionary China during the first half of this century. Another 2.5-3 million refugees flooded into the city during 1948-49 as the mainland fell to the Communists. There are nearly six million people there now, more people than in Singapore.

Hong Kong island's overflow population expanded to the nearby Kowloon Peninsula, ceded to Great Britain at the end of the 1850s as a consequence of the Second Opium War. In 1898, as part of "slicing the Chinese melon," the British obtained a lease on a large adjoining tract of land, which became the so-called Leased or New Territories. The lease was for 99 years, and expired in 1997.

Most of Hong Kong's six million people now live in the New Territories. Most of the crown colony's food is grown there and in China proper. Water and electricity mostly come from China proper. Hence, when the lease on the Leased Territories expired, the British also had to turn back the island and the peninsula.

In an agonizing series of negotiations with Margaret Thatcher's government during the late 1980s the Chinese prom-

ised to retain Hong Kong's "capitalist system" for "at least" another fifty years after 1997. They also promised to keep taxes at their present low levels. They did not, however, commit themselves to allowing the recent evolution toward parliamentary government in Hong Kong to continue. To the contrary, the Chinese implied that they would revert to the *status quo ante* of indirect rule by Party officials in consultation with a small group of Chinese plutocratic oligarchs, as was the case from 1902 until June 1989 when the plutocrats were shocked by the Tiananmen Massacre into forming a hesitant and unstable alliance with the private and public meritocrats to push for parliamentary democracy.

Mrs. Thatcher, the "iron lady" of British politics was too hard-nosed a realist to put much stock in such attempts. Her "wet" (British for "wimpy") successor, John Major, appointed an equally wet Hong Kong Governor-General, Chris Patten. Patten stubbornly pushed turning the hitherto mostly appointed Hong Kong legislative body into a serious elected parliament. The Chinese treated these attempts with unconcealed contempt. Public opinion in Hong Kong oscillated wildly from optimism over its 1997 fate to pessimism and back again.



Li Ka-shing. (Tanzer, p. 145.)

China has swallowed Hong Kong and has begun to assimilate it into a hybrid aristocratic-plutocratic ruling class comprising discredited Communist Party aristocrats and native and overseas Chinese plutocrats. At best, Hong Kong may become another Shanghai, but without Shanghai's vast productive hinterland. China's response to the 1997 bust has been to buy up a fifth of the stocks listed on the Hong Kong stock exchange to pacify its tame Hong Kong plutocrats.

And yet, improbable though it may

now seem, through its financial and industrial acumen, Hong Kong might conceivably swallow China. Hong Kong's richest man, Li Ka-shing, with a fortune of \$5.8 billion, is betting that his mainland investments can help this happen.

Overseas Chinese from elsewhere in Southeast Asia tend to have bank accounts in Hong Kong. They have recently been investing in what are euphemistically called "village and township enterprises" in their old home towns. They use the financial expertise of the Hong Kong capitalists to smooth the course of their privatization of the Chinese economy from below. Most Chinese production is already in the hands of small corporate groups of this sort.

So silly though it may sound, it is an open question whether China swallowed Hong Kong in 1997 from above or whether Hong Kong, serving as the funnel for enormous flows<sup>13</sup> of Southeast Asian Overseas Chinese investments and traditional Chinese ideas into the localities of southeastern China, will swallow China from below. Perhaps this combination of Overseas Chinese and the networks of capitalist relationships radiating out from their old home towns has already swallowed China and it is just that neither China nor the world have noticed it yet.

One reason why there has been a Confucian revival in China over the past decade is the return to China of Overseas Chinese Confucians. They are still Confucians because their ancestors migrated out to Southeast Asia before Confucianism went out of fashion at home.

They resemble the Puritans who migrated from England to New England in the 17th century before Puritanism went out of fashion in Old England. In religious terms, America remains in some sense in the 17th century, whereas England has progressed to atheism, if that represents progress.

Similarly the Chinese returnees from Overseas China have nourished pre-20th century Buddhism and Confucianism. They are now bringing these back to a post-Marxist China badly in need of a respectable, good, used model vision of Heaven to be re-presented, at least for a while, as China's post-Marxist vehicle for the reorganization of Earth. Perhaps this noble task will distract them from bidding up prices of American politicians EHK

<sup>13</sup> Overseas Chinese accounted for 80% of 1994's \$256 billion of direct foreign investment in China.