The State, Development and Identity in Multi-Ethnic Societies

Ethnicity, equity and the nation

Edited by
Nicholas Tarling and Edmund Terence Gomez

Routledge Malaysian Studies Series

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This book challenges the widely held belief that an authoritarian political system is necessary to ensure communal co-existence in developing countries where ethnic minorities have a considerable economic presence. It tests the assumptions behind these arguments, discussing ethnic communities, identity, economy, society and state, and the links between them, in a range of countries in East Asia, Southeast Asia and the Pacific and diaspora communities of Asian peoples in the West. The country studies provide evidence on two key issues that raise concerns about the call to governments in multi-racial developing countries to avert communal conflict by limiting civil liberties until economic equity is achieved among all ethnic groups: first, that ethnic communities are by no means a homogenous group who share a collective identity; and second, that intra-ethnic patterns of enterprise development are dissimilar and corporate decisions by business people are not determined by factors such as the need to expand communal equity ownership.

This book highlights the complexity of ethnic and national identity, revealing how such identifications have evolved over time and how members of racial groups tread varied paths and undergo differing degrees of incorporation into mainstream society. The emergence of new forms of identification within recent generations of minority ethnic groups undermines the argument that these communities function as a cohesive unit in an economy. It also shows that the primary factors that contribute to ethnic conflict include the divisive politics of ethnicity and religion by self-serving and reactionary politicians and race-based policies introduced to rectify social injustices but which actually contribute to tribulations in the long term.

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Preface and acknowledgements

The publication of *World on Fire: How Exporting Free Market Democracy Breeds Ethnic Hatred and Global Instability* in 2003 helped generate numerous debates among academics in Asia involving a number of issues, including the links between democracy and development, the importance of a communitarian spirit among ethnic minorities to foster the growth of their enterprises and the implications of generational change on national identity. In Southeast Asia, the volume was well received by some governments, and was favourably reviewed in the press, as it posited the argument that in developing countries where ethnic minorities had a significant economic presence, an authoritarian political system was imperative to ensure communal co-existence. These debates drew attention to important matters such as the causes of race-based conflicts in multi-ethnic countries, forms of enterprise development among ethnic communities, just patterns of economic development and the relevance of democracy in developing economies. One issue that became apparent during these debates was the urgent need to de-homogenise ethnic communities as well as de-essentialise patterns of enterprise development by these communities.

Our primary concerns when developing this project were to address two fundamental issues. First, if we agree that identity transformations occur regularly within multi-ethnic societies as new generations emerge, which inevitably has a bearing on the nature of relations between ethnic communities, this brings into serious doubt arguments about limiting democratic space until economic equity is achieved. The second matter of concern to us was that attempts by the state to hinder the development of enterprises owned by ethnic minorities would probably impede economic growth, which could exacerbate racial strife. We felt the need to challenge the argument that the mode of operation and development of enterprises owned by ethnic groups was heavily influenced by these communities' culture and that ethnic minorities would normally act collectively to protect their economic interests. The idea then emerged that we convene a conference involving research from a number of multi-ethnic countries dealing with these two central issues.

The chapters in this book are based on this conference, which was convened in Kuala Lumpur in August 2005 and organised by the New Zealand Asia Institute, based at the University of Auckland, and the Malaysian Social Science Association.

We thank Donald L. Horowitz, of Duke University, for agreeing to give the keynote address at this conference after we approached him about the ideas that we would be grappling with in this project. We benefited much from his contribution and his insightful comments on the papers presented greatly enriched the discussions. The conference was well attended by academics, especially those from the Malaysian Social Science Association, who served as discussants for the papers, raised important questions and provided unstinting criticisms during the discussions. The Malaysian Social Science Association was responsible for hosting the conference, and we express our special appreciation to its president, Abdul Rahman Embong, and his executive committee, for agreeing to work with us on this project.

The Japan Foundation and the Good Governance Programme at the New Zealand Agency for International Development provided the funding for this conference. When we encountered, unexpectedly, a budget deficit to host this function, a major business enterprise in Malaysia, which prefers to remain anonymous, provided us with additional funding to meet all our expenses. The United Nations Research Institute (UNRISD), where Terence Gomez is based, provided the funding for him to attend the conference. We are deeply indebted to these institutions for supporting this project.

Once we embarked on editing this volume, we incurred many debts, though we wish to note in particular the support of Xin Chen, Research Fellow and Programme Officer at the New Zealand Asia Institute and one of the contributors to this volume. We were only able to cope with the editorial work because Chen ably assisted us. Chen, who was also instrumental in helping us identify funding sources, regularly served as a bridge between the paper writers and us, ensuring that the revised papers were submitted on time. She gave generously of her time, assisting the editorial work by reading the revised chapters and providing important suggestions to help improve arguments made by the contributors. We wish to also mention Zarine Rocha, Research Assistant at UNRISD, who proved instrumental in the final phase of this Research Project with the proofreading and layout of the manuscript.

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Finally, our greatest debt of gratitude is to the contributors to this volume, for agreeing to participate in the conference as well as for working with us to recast their papers as chapters for this book. They always responded promptly to our numerous queries during the editing of their chapters, and we are indebted to them for their perseverance. Not all papers that were presented at the conference in Kuala Lumpur are included in this book. We thank those who presented their research at the conference and we remain obliged to them for their participation in this study.

Terence Gomez and Nicholas Tarling

Introduction

Modernization, democracy, equity and identity

Edmund Terence Gomez

Introduction

The root of ethnic conflict remains an intriguing and controversial topic in spite of the plethora of research on this issue.[1] Problems emerging from race relations have led to conflict in both developed and developing countries, including Afghanistan, Lebanon, Sri Lanka, India, Fiji, Indonesia, Malaysia, Rwanda, Sudan, Ethiopia, Australia, Yugoslavia, France, Britain and the United States. The factors that have contributed to ethnic cleavages in these countries include form of political mobilization, nature of government policies and manner of economic development.

Research has also indicated that society, specifically society within the developing world, is constantly subject to change due to rapid modernization arising from industrialization, technology development and globalization. National, ethnic and class identities have been subject to transformations due to economic development as well as generational change.[2]

Other academic studies argue that contact between different ethnic communities inevitably leads to an assertion of difference. Around this issue of difference centre the important themes of identity, belonging, migration, citizenship and nation building, issues contributing to strife in countries with developed as well as developing economies.[3]

Ethnic conflict, however, appears to arise primarily because of economic factors.[4] Economic competition precipitates ethnic tension because state leaders and political parties use and abuse ethnic identity and racial and religious difference as a means to mobilize support. Ethnic conflicts also emerge due to forms of economic development determined mainly by government policies advanced by politicians whose ultimate agenda is not necessarily the promotion of the national interest.[5]

Amy Chua's volume, *World on Fire: How Exporting Free Market Democracy Breeds Ethnic Hatred and Global Instability*, published in 2003, posited a controversial argument about the link between the economy and ethnic conflict, before offering an equally contentious proposition to curb communal tension. Chua draws specific attention to the possible racial chaos that can occur in a developing multi-ethnic democratic country with a laissez-faire capitalist system. She

argues that in a developing economy characterized by "ethnic-minority market dominance", if ethno-nationalist-type politicians mobilize the support of economically impoverished ethnic majority communities by drawing attention to inequities in wealth distribution, the probable outcome would be serious racial conflagration. According to Chua, numerous avenues exist within a democracy that would allow for the practice of divisive racial and religious-type politics. The logical conclusion of her argument for ensuring communal co-existence in multi-ethnic developing countries is an authoritarian political system until parity in equity ownership among all communities is achieved. To resolve inequities between communities, Chua's main proposition is to introduce policies within the economy that positively discriminate against the majority community while also curbing the corporate expansion of enterprises owned by ethnic minorities.[6]

Chua's perspective can be critiqued from three important dimensions. First, her mode of analysis essentializes patterns of enterprise development among ethnic minorities and homogenizes communities of the diaspora. Second, Chua's proposal to promulgate policies that target disadvantaged groups along ethnic lines to overcome social inequalities reinforces racial identities. This policy recommendation can consolidate and perpetuate ethnic differences that could, in the long term, hinder social cohesion. Affirmative action can also encourage political parties to promote a "politics of identity" to secure support. Third, Chua's argument that authoritarian rule in multi-racial developing countries is a necessary prerequisite to maintain ethnic harmony in order to facilitate equitable distribution of wealth is similar to the perspective adopted by modernization theorists. Although Chua provides a critique of modernization theory to defend her position, her analysis merely reframes this theory in a new form, and serves ultimately to reinforce the same point: authoritarian rule is justifiable in the developing world.

This volume provides an assessment of this argument about the need to curb democratic space in multi-racial developing countries until all ethnic communities have the capacity to compete fairly in the market. It questions Chua's arguments by drawing attention to two important and related issues: first, by noting that identity transformation occurs as generations from among minority communities deepen. Her arguments tend to repeat old discourses of fixed origins that are assumed to bind ethnic communities into cohesive wholes. Second, this study draws attention to the inter-linkages among the daily activities of people of different ethnic and religious backgrounds, to provide insights into the close nature of their engagement with each other. In this manner, the contributors to this volume highlight the importance of democracy to help promote greater fusion between peoples, while also indicating how affirmative action-type policies along racial lines can undermine cohesion. Through this mode of analysis, this study draws attention to some key factors that contribute to ethnic conflict, including political leaders who articulate a divisive discourse that creates friction among members of society and race-based government policies introduced to rectify social injustices that lead to new problems that contribute to tribulations in the long term. In the process, this volume will provide a critique of modernization theory in its various forms.

The primary contention of this study is that identity transformations among members of multi-ethnic societies bring into serious doubt arguments about limiting democratic space until economic equity is achieved. Attempts to hinder the development of enterprises owned by ethnic minorities may, moreover, well impede economic growth, which may contribute to or exacerbate racial strife.

Contesting modernization theory

Modernization theory has been widely applied in research on the links between ethnicity, development and democracy.[7] Although theoretically interesting, modernization theory is profoundly damaging because, in its justification of authoritarian rule in developing multi-ethnic economies, it tends to essentialize identity. Moreover, the basis on which modernization theory is built suggests a justification for complicity between ruling elites, the bourgeoisie and superpowers for vested economic and geopolitical interests.[8]

Modernization theorists argue that developing countries need an authoritarian political system where power is concentrated to ensure rapid economic growth and the creation of conditions that will eventually help promote the consolidation of democracy.[9] This strong state would face little resistance from social groups within society and in the political arena, like trade unions, opposition parties and non-governmental organizations, allowing the government to implement economic policies that would facilitate rapid development. Economic progress would contribute to the rise of a new, economically independent middle class whose threshold for autocratic rule would diminish. This new middle class, now highly educated, well informed and self-sufficient economically, would eventually come to value democratic principles that would serve to compel them to act as the vanguard to dismantle the strong state. The democratic values that they would aspire to would include the right to a free media, the prerogative to articulate an opinion freely and the capacity to mobilize support and demonstrate, within the boundaries of the law, against government policies they perceive to be unjust.

During the early 1980s, before the emergence of democracy in industrialized Asia, some analysts began to argue that a key reason the middle class in this region was not advocating the need to liberalize their political system was their culture. Asian political culture was said to emphasize collective, not individual, freedom and favoured order over conflict.[10] Adopting a Weberian point of view, the argument proffered was that in the Protestant tradition, the principles of compromise and equality were actively endorsed, making societies that subscribed to Protestantism more receptive to the promotion of democracy. Islam and Confucianism, on the other hand, ostensibly professed ideas that legitimized, even sanctioned, hierarchical structures in society, a factor that hindered the rise of democracy.[11]

Between the late 1980s and the early 1990s, however, democracy began to flourish throughout East and Southeast Asia, beginning in the economically underdeveloped Philippines before encompassing industrialized Taiwan, South Korea and Thailand. In these four countries, a middle class-led uprising demanding rule

of law and representation advanced this democratization process. In Thailand, South Korea and Taiwan, students, primarily university undergraduates, were in the forefront of the struggle for democracy.

As democracy began to spread through East and Southeast Asia, authoritarian governments increasingly came under scrutiny for refusing to liberalize their political system. In newly industrialized Singapore, Malaysia and Indonesia, authoritarian leaders continued to retain their overwhelming dominance over these states.[12] As the governments in the Philippines, Thailand, South Korea and Taiwan began democratizing following mass public protests against authoritarianism, government leaders in Malaysia, Singapore and Indonesia latched on to the concepts of "Asian values" and "Asian democracy" to build the argument that their cultural traditions favoured an authoritarian form of governance. In Malaysia, Mahathir Mohamad claimed that a hierarchical system, where citizens remained loyal to their leaders, was the tradition in Malay culture. Lee Kuan Yew used Singapore's predominantly ethnic Chinese population's supposed adherence to Confucianism to make a similar argument. By invoking the idiom of culture to justify their form of governance, these leaders were also able to conveniently divert attention from their governments' long-standing tradition of suppression of political rights.[13]

This argument about Asian values gained much currency in the West during the early 1990s and among apologists of authoritarianism in Southeast Asia.[14] The foundations of the argument about Asian values were based on the notion of "cultural difference"and served as a convenient, even logical, explanation for the need to maintain authoritarian rule since ethnic harmony and political stability were then helping to draw substantial foreign investments that expedited economic modernization and industrial development.

Following a currency crisis in 1997 that had a detrimental impact on the Malaysian and Indonesian economies, political reform movements emerged, led by the urban middle class and students. These movements, popularly known as the *reformasi*, eventually led to the ousting of Suharto as President of Indonesia and nearly toppled Mahathir's government in Malaysia. The rise of the *reformasi* in Indonesia and Malaysia discredited the argument that culture defined and conditioned identity and political systems, undermining also the idea of an "Asian" form of democracy.[15] Even though leaders in Southeast Asia stopped espousing Asian values and Asian democracy following the *reformasi*, the ruling parties in Malaysia and Singapore refused to liberalize their political system.

A modified, and related, version of modernization theory is that authoritarianism in multi-racial developing countries is a prerequisite because there are inherent inequalities in markets. In countries where one ethnic community is economically more powerful than another, to avoid conflict, there is a need to curb civil liberties to support endeavours to generate economic growth and redistribute wealth more equitably. This argument, like earlier versions of this theory, builds on the Weberian view that common ethnic identity and culture inspires the creation of intra-ethnic business ties. Ethnic communities apparently share a strong sense of common origin and values that facilitate the formation of local

and transnational business networks. Chua's contentions about the influence of ethnic minority groups over economies in developing countries suggest that she subscribes to this view that common identity unifies communities.

Chua's thesis that inequities in wealth distribution among ethnic communities in a country contribute to the rise of communal conflict is not original. In 1975, Leo Despres argued that "the incorporation of ethnic populations and the organization of inter-ethnic relations are generally related to factors affecting the competition of environmental resources".[16] W.F. Wertheim, in a similar vein, has argued that "it is economic competition between adjoining social groups which lies at the root of the tensions, as they present themselves in the acute phase of world history".[17]

Within the framework of modernization theory, Chua's mode of analysis, like earlier versions of this theory, does not capture the complexity of ethnic and national identities – how such identifications evolve over time and how they are reconfigured by political and economic change. Chua's thesis is, moreover, probably heavily influenced by popular notions such as "global tribe"[18] and "bamboo network"[19] used primarily in the United States to refer to the business activities of ethnic minorities of the diaspora.

Joel Kotkin has been principally responsible for the argument that a common ethnic identity and culture inspires the creation of intra-ethnic business networks, though Francis Fukuyama made arguments of a similar culturalist bent while placing much emphasis on the concept of "trust".[20] Kotkin's study, based on immigrant communities in business in the United States, conveys strongly the idea that individuals who share a common ethnic identity, regardless of their country of origin, also share "values" and a common sense of belonging to an ancestral homeland. Shared values, culture and identity, Kotkin claims, facilitate "connections" that will help these groups achieve "success in the new global economy".[21]

Kotkin's thesis seems to be heavily conditioned by ideas in the literature on ethnic enterprises. Much of this literature on ethnic enterprises is influenced by the Weberian view that belief systems drive entrepreneurial behaviour in capitalist economies, in particular that the "Protestant ethic" encourages hard work and economic rationality.[22] It is noteworthy, however, that Weber also argued that the rise of capitalism in China had been hindered by Confucian traits, including a kinship system based on the extended family, bureaucratic centralization of power in a patrimonial state that obstructed development of a capitalist class and a religious tradition that did not encourage an activist asceticism required in entrepreneurial pursuits.

Kotkin – and others – have revised the culturalist perspective posited by Weber to support his thesis that culture, religion and common ethnic identity inform and influence entrepreneurial activity.[23] As Arif Dirlik has noted, the revised argument now being propounded by Kotkin and others of a similar ilk:

> represents a "Weberizing" of Confucianism; the critique of Max Weber's views on the relationship between Confucianism and capitalism has taken the form not of a critical evaluation of Weber's views on capitalism, but

rather of an assertion that Confucianism shares in the values that Weber ascribed to the Protestant ethic in Europe.[24]

Much of the literature on ethnic enterprise and entrepreneurship in the United States and Europe argues that immigrant businessmen, especially Asians, share common behavioural characteristics in the way they do business.[25] In the United States, Light contends that a specific "ethnic business style" among Chinese, Japanese and Korean immigrants has facilitated the growth of their enterprises. The common business characteristics of these immigrant ethnic communities include the use of family firms, trade guilds, rotating credit associations and considerable intra-ethnic business transactions, locally and with their "homeland".[26]

An attempt to use this line of argument in the Asian context is problematic. Large-scale migratory movements in the United States and Europe have continued in the modern era, for political and economic reasons. For example, the Cubans in Miami and the Koreans in Los Angeles and New York, among most recent migrants in the United States, have emerged as dynamic business communities.[27] In most other countries in Asia, however, large-scale immigration ceased before the Second World War. In Southeast Asia, following the economic depression of the early 1930s, demand for labour in tin mines and plantations dropped and strict immigration curbs subsequently were introduced. Most of the literature on ethnic minorities in Southeast Asia argues that these communities have come to identify themselves with the country of their birth and no longer look to China or India as their "homeland".[28] Investment in these countries by ethnic Chinese and Indian entrepreneurs from Southeast Asia is viewed as a business proposition, rather than as a commitment to rebuild an ancestral homeland.[29]

The mode of operation and development of enterprises by ethnic minorities or migrants, moreover, bears little resemblance to popular rhetoric. Members of an ethnic group, such as the Indians and Chinese, do not share a common language, while sub-ethnic and religious divides run deep within these communities. These cleavages have persistently served to split rather than unify these ethnic communities. From an economic perspective, while it is true that ethnic Chinese have a major presence in Asian economies, their ownership of corporate equity masks a number of facts. First, ethnic Chinese have little control over their corporate stock. In Malaysia, Singapore, Indonesia and China, all of which have – or have had – strong states, ethnic Chinese capitalists are largely subservient to government leaders. Second, Chinese capitalists in Southeast Asia rarely cooperate by merging their enterprises, even though they have been subject to much discrimination and marginalization. Research among ethnic Indians in business in Asia, though not as extensive as studies of the Chinese, seems to yield similar results.[30]

The presumption that certain values and institutions are universal among ethnic minorities, such as Indians and Chinese (and largely identical with equivalent values and institutions in India and China), is therefore dubious. Chinese and Indians must be disaggregated into ethnic sub-groups that have, in the past, played different roles within the larger ethnic groups and experienced different rates of growth.

Neither group has transcended such divisions, even in adopted countries.[31] Class difference along sub-ethnic lines often plays an important role within both groups. These differences weaken group unity and elide the rich diversity and ambivalence as well as the divergent cultural histories of rooted communities.

In spite of this, the idea that members of a diaspora share a strong collective identity that influences their business style and the development of their enterprises has thrived in a literature written from what has come to be seen as a "culturalist perspective".[32] Among Indians and Chinese, for example, the cultural traits of members of these diasporas are apparently, in essence, everywhere more or less identical and their businesses display an "ethnic style" characterized by family firms and intra-ethnic business networks.[33] The "family firm" and intra-ethnic national and transnational connections and networks are said by such studies to play a crucial role in capital formation and accumulation, concepts popularly used in the literature on enterprise development by ethnic minorities.[34]

A new and burgeoning series of studies on the economic history of migrants to Asia, Europe and the United States, classified as a "revisionist" literature, argues that individuals within these migrant communities eventually tend to go it alone in the economic sphere, although many do organize collectively for cultural and educational purposes.[35] Ethnically owned enterprises are normally scattered across a number of different spheres that do not strongly correlate. Deep intra-ethnic cleavages, including sub-ethnic difference and religion, prevent them from acting as a cohesive force. Profiles of Chinese and Indian firms, for instance, contextualized within the economic development of individual countries reveal a heterogeneity of business styles and corporate holding patterns, providing more evidence of the variety of routes along which ethnic entrepreneurs venture.[36]

Growing together: counter viewpoints on ethnic co-existence

One major criticism of Chua's views is that in her broad brush of ethnic problems in the world, she pays little heed to daily lifestyles and interactions among members of the societies she analyzes. Ashis Nandy, in his volume, *Time Warps: Silent and Evasive Pasts in Indian Politics and Religion*,[37] analyzes daily life interaction between communities in the multi-ethnic port city of Cochin, noted for its "success" in maintaining ethnic and religious harmony. By drawing attention to the diversity of characters that make up a nation and their everyday encounters, Nandy helps both to de-homogenize ethnic and religious communities as well as to de-essentialize patterns of political behaviour of these communities.

But, when undertaking his research, Nandy is confronted with a paradox – he identifies a fine balance between communal and religious enmity and co-existence in Cochin. The reason why harmony prevails in this city, Nandy argues, is because Cochinese identity is defined in terms of the inter-linkages in daily activities between people of different ethnic and religious backgrounds. And, because of this daily inter-linked interaction, a sense of mutual respect binds them together, for members of this multi-ethnic society are keenly aware of how inter-dependent they are on each other to ensure the proper functioning and prosperity of their economy.

Based on his in-depth study of ethnic communities in Cochin, Nandy argues that civic engagement between different ethnic communities serves to contain ethnic conflict. What divides nations then is the divisive politics of ethnicity and religion that self-serving and reactionary politicians propagate. Put differently, Nandy draws attention to the role of the state in ethnic conflicts as government leaders exploit cleavages in society for vested interests.

In somewhat similar fashion, Rogers Brubaker, in his volume, *Ethnicity Without Groups*,[38] focuses his study on the ethnically mixed town of Cluj in Romania, drawing specific attention to the concept of "everyday ethnicity". Brubaker notes that "ethnicity happens" among residents in Cluj, and yet they remain unresponsive "to the appeals of ethnonational entrepreneurs" and indifferent to "intense and intractable elite-level nationalist conflict".[39]

Since this volume by Brubaker is a compilation of his articles on a number of related issues, including ethnicity, identity, nationalism and assimilation, the results of his study of "everyday ethnicity" in Cluj are still pending, but he provides sufficient insights into "ethnicity at work" in this Transylvanian town to justify a critique of the concept of "groupism". Here, Brubaker questions the validity of the use of the well-worn term "bounded groups" as a tool of analysis, arguing that it depersonalizes individual identity and reifies communal identity. Brubaker argues for the need to see "ethnicity as cognition" and to analyze it in "relational, processual, dynamic, eventful, and disaggregated terms".[40] Through this mode of analysis, Brubaker also suggests that researchers will be able to understand how ethnicity and nationalism have been abused, or constructed, to serve vested interests.

Ashutosh Varshney, in his volume, *Ethnic Conflict and Civic Life: Hindus and Muslims in India*, notes that a conceptual difference is to be made between ethnic *conflict* and *violence*. According to Varshney, ethnic conflict is prevalent in daily life in any multi-ethnic society and is to be seen as a norm, provided such protests take an institutional form through parliament, the bureaucracy and organizations representing different interests. This type of "conflict", Varshney argues, should be distinguished from violent forms of protests, through riots and pogroms, specifically those instigated and supported by state leaders.[41] Varshney contends that the key resolution to reducing ethnic violence is the creation of civic groups. In his study of the state of Gujarat in India, Varshney argues that civil groups comprising members of all ethnic communities serve to create a bond that helps them overcome problems, without violence.

These influential volumes, by Varshney, Nandy and Brubaker on the one hand, and that by Chua on the other, provide differing viewpoints as to the origins of social conflict in multi-ethnic societies. While the theoretical dimension of studies by Chua, Nandy, Brubaker and Varshney departs from the traditional form of analyzing ethnic conflict in multi-cultural societies, both these schools of thought, however, provide conflicting ideas about identity formation and the factors that impair ethnic co-existence. Chua's thesis suggests that identity formation among ethnic communities seldom undergoes the transformation that Nandy and Brubaker suggest helps bring about communal co-existence. While Chua justifies authoritarian rule in developing economies, Nandy and Varshney

call for a check on the role of state leaders or politicians to maintain social harmony, without the need to sacrifice democracy. Competition in the market is a necessary prerequisite to facilitate expeditious economic growth, improve quality of goods produced and reduce cost of production. When ethnic problems emerge because of matters economic, they are normally due to forms of development and equity (re)distribution determined by state policies advanced by politicians whose ultimate agenda is not necessarily the promotion of the national interest.

The studies by Nandy, Brubaker and Varshney also suggest that a clearer distinction needs to be made between "state" and "society". While it is true that political parties emerge to represent cleavages in society, it is also indisputable that in their desire to secure support, they have had a disruptive impact on social cohesion in society. What are more pernicious are the attempts by politicians to exploit cleavages in society for vested interests, specifically to secure power. This suggests that further thought is required on the pattern of institution building and form of political mobilization to ensure that politicians and political parties do not have a disruptive impact on the members of a multi-ethnic society. The arguments by Nandy, Brubaker and Varshney call attention to the point that most research on ethnic conflict focuses on the structure of the state, with little attention to transformations occurring in society.

The research by Nandy and Brubaker confirms the view that, within society, contact between ethnic communities inevitably leads to an assertion of difference. This difference does not lead inevitably to violence, even in developing countries. Their research suggests, however, that the role of the state is crucial to sustain harmony, by formulating policies to accommodate and manage difference.

Conclusion: focus of study and key arguments

This volume provides in-depth analysis of society in multi-racial countries, with a focus on social and economic activities at the grassroots, in order to capture the past and present experiences of ethnic communities within the nation. By concentrating on social and economic activities at the grassroots, in historical perspective, these studies draw attention to the impact of government policies and specific historical events that have shaped a community's evolution and/or have contributed to ethnic conflict or social cohesion.

By adopting this perspective, the authors attempt to draw attention to the evolving nature of relations between ethnic communities as well as the issue of identity transformation. The studies in this volume draw attention to the complexity of "identity" and suggest that both ethnic and national identity are important to minorities in multi-ethnic societies. While the chapters demonstrate how processes of development, social change and public policies have played an important role in shaping and influencing ethnic and national identifications, they also draw attention to the factors that marginalize minorities in multi-ethnic societies.

The volume provides a review of countries in both the developed and developing worlds, including the United States, Britain, Spain, Belgium, New Zealand,

Malaysia, Singapore, the Philippines, Burma, Indonesia, China and Sri Lanka. Through a discussion of the history of the discourse on ethnicity and nationalism, Chapter 1 makes the argument that authoritarian rule and the absence of civil society in Southeast Asia were the primary reasons for the marginalization of minority groups. Southeast Asian history also indicates that "development" under authoritarian governments has not helped to resolve ethnic tensions, nor even helped to redistribute wealth more equitably among all peoples. This chapter also deals with the second main concern of this volume, that is, will greater democratization in a multi-ethnic country where a minority community is seen to have a majority interest in the economy inevitably lead to racial conflagration? In order to deal solely with the thesis posited by Chua, Chapter 5 provides an in-depth study of one country, Burma, where her hypothesis is tested and disproved.

Chapter 2 to 4 of this volume focus on core themes, including ethnicity and enterprise development, public policy and race relations and intra-ethnic and generational cleavages among minority groups through comparative country and community studies in multi-ethnic societies. In Chapter 2, a comparison of ethnic Chinese in Britain and Malaysia indicates that these communities are by no means a homogenous group sharing a collective identity. The methodology adopted to prove that assertion is an analysis of enterprises owned by this community in the two countries. Through this methodology, the study de-essentializes this community's pattern of enterprise development and dispels the argument that corporate decisions made by Chinese business people are determined by factors such as common ethnic identity and the need to promote their communal interest.

Chapter 3 provides a comparative review of the state, society and economy in three multi-ethnic countries: Malaysia, Spain and Belgium. The methodology adopted is an assessment of the role of the state and its public policies. The study reveals that in Malaysia and Spain, although public finance was a tool deployed by the dominant ethnic group to perpetuate its political control, the state was also confronted with the need to accommodate the economically more prosperous minority communities. In more democratic Spain, political decentralization and fiscal federalism have been the options adopted to ensure that the rights of all communities have been protected. In Malaysia, on the other hand, the rise of a multi-racial "statist capitalist class" has continued to exploit the issue of race in order to retain control of the state and the economy. In Belgium, the fairly equitable distribution of power between the two main ethnic groups helped to ensure that the economic welfare of both communities was protected and supported. This comparative study corroborates the argument for the need to introduce democratic norms to ensure equitable community advancement.

In Chapter 4, a comparative study of second-generation Chinese and Vietnamese Americans provides insights into forms of ethnic identity construction. By drawing attention to the differences in these two ethnic communities' history, mode of entry, reception and socioeconomic status, the study indicates that members of these groups tread varied paths and undergo differing degrees of incorporation into American society. It concludes by making the important point that members of the second generation from both communities selectively

construct their identity, depending on their experiences within mainstream American society.

Chapter 5 to 11 of this volume provide in-depth country studies, focusing on ethnic minority groups, intra-ethnic and inter-ethnic relations and the form of enterprise development or mobilization by these communities. These country studies also assess the impact on ethnic relations of government policies involving language, education, public sector employment, land reform and enterprise development.

The case studies indicate that the form of mobilization by the leading political parties in countries such as Malaysia, Burma, Singapore, the Philippines, Indonesia, China and Sri Lanka did little to help forge a new sense of national identity among all ethnic communities. The form of political institutionalization and mobilization had a bearing on the formulation of public policies which inevitably was seen as the primary factor that contributed to a rise in racial tension, with all ethnic communities feeling a sense of deprivation and exclusion. While the role of political parties is to represent cleavages in society and to use such divisions as a means to secure support to voice the plight of their constituents, the history of these countries suggests that political mobilization along ethnic and religious lines has had a disruptive impact on social cohesion in society.

Important developments among the younger generation, specifically their sense of exclusion, seen in the case studies on Britain, the United States, Malaysia, the Philippines and Sri Lanka, can be seen as one factor that explains the occurrence of conflicts. In Sri Lanka, the fear of being deprived of tertiary education and the apprehension that the public sector did not have the resources to fund a welfare system that ensured job prospects for the young contributed to the ethnic crisis that eventually occurred, a conflict in which Sinhalese and Tamil youths played a prominent role. In Malaysia, the disenfranchisement that youths felt with the implementation of economic policies contributed to their support for the opposition, evident especially during the *reformasi*.[42]

The studies on Singapore, Malaysia, the Philippines, Indonesia, China and Sri Lanka indicate that public policies have served to reinforce ethnic identities that have divided the peoples of these nations. Ethnically based public policies, such as affirmative action, have also had different outcomes in different countries. In Malaysia, affirmative action, through business opportunities in the economy and through a quota system for entry into tertiary institutions, has contributed to the rise of a new, independent Malay middle class. However, the similar introduction of more stringent university entry requirements for Tamils, as opposed to Sinhalese, for professional courses in universities contributed to ethnic conflict. For all the arguments of its ostensible success in Malaysia, the continued implementation of positive discrimination in this country has, however, also contributed to feelings of marginality and exclusion, especially among young non-Malays. Interestingly also, Malays have expressed feelings of marginality, indicating the emergence of an intra-ethnic class divide with the implementation of affirmative action. In the Philippines, the idea of a national identity among ethnic Chinese was slow in emerging because public policies, along with legal and social impediments, severely hindered national integration.

The rise of a new generation that appears to have adopted a national identity, seen more obviously in the case of the United States, Britain, the Philippines, Singapore, Indonesia and Malaysia, provides interesting insights into the complexity of ethnic and national identity. These studies help to reveal how such identifications have evolved over time and how they have been reconfigured by political and economic change. The emergence of new forms of identification – or "new ethnicities" or "new identities"[43] – among diasporic groups and their descendants undermines the claim that ethnic minorities function as a cohesive unit in an economy or a society, combining forces to protect vested interests. The concepts draw attention to identity transformations that occur as new generations emerge. Moreover, political leaders appear unaware of these transformations within society, leading to the persistence of a form of political mobilization that is increasingly alien to a large segment of society. This would suggest that patterns of institution building, specifically involving checks on forms of political mobilization, including the nature of discourses propagated by political parties, need careful consideration as a means to stem the rise of conflict.

Identity transformations among members of a multi-ethnic society, evident in the studies on the Philippines, China, Malaysia and Indonesia, bring into serious doubt Chua's argument about limiting democratic practices until greater equity in wealth distribution is achieved among all communities. The history of the political economies of the countries under study here indicates that any attempt to hinder the development of enterprises owned by ethnic minorities will impede economic growth, which may contribute to racial conflict. Capitalists tend to work alone and even those benefiting from affirmative action have not attempted to cooperate in business or use their wealth to promote the economic interests of co-ethnics. Inevitably, Chua's argument homogenizes ethnic communities and reinforces a wrong, yet common, belief – that ethnic minorities act collectively to protect their economic interests. Collaborative business endeavour along ethnic lines is most common among migrants, as seen in the case of the United States at present and in Southeast Asia in the post-colonial period, but such business links have seldom been sustained.

These studies, in fact, point toward the need for greater democratization and separation of power through the creation of autonomous associations that can serve to hinder political parties from exploiting ethnicity for vested purposes. The histories of Malaysia, the United States, the Philippines, Myanmar, Singapore, Indonesia, China, New Zealand and Sri Lanka indicate important transformations in society that support the argument by Nandy and Varshney that the creation of multi-ethnic civic groups is the key avenue to promote racial harmony and co-existence. There should not be an attempt to homogenize individuals along group lines, as Brubaker argues, nor should the state conceive public policies that attempt to assimilate all citizens. A unified, inclusive nation can only be built when political leaders begin to understand the complex transformations in identity that members of a society constantly undergo.

These conclusions also mean that it is not democracy that contributes to conflict, but the abuse of it by politicians, a point noted also by Chua. However, while

the response to this problem should not be to introduce authoritarian rule, which is also, of course, open to abuse, the issue that requires more analysis is how to maintain democracy and ensure that politicians do not exploit issues racially or religiously for vested purposes. Truly democratic institutions can promote ethnic harmony as well as curb political practices and forms of mobilization that foster ideas that exclude communities, especially minorities, from mainstream society. An electoral system that encourages moderation as well as accommodates difference, a government led by a coalition of parties representing different interest groups that promotes dialogue and encourages politicians to seek compromises that eventually help benefit all communities, would be some of the institutional reforms to be considered to help curb ethnic and religious conflict.[44]

Developing countries do not need an authoritarian system to ensure rapid economic growth: the reverse is the experience of present-day Myanmar and of the Philippines during the administration of Ferdinand Marcos. And authoritarianism in multi-ethnic developing countries is not imperative because of inherent inequalities in markets. While economic inequities between ethnic groups can contribute to conflict, a government need not curb civil liberties until equality in wealth distribution is achieved. Indeed, this may serve as a justification to perpetuate an authoritarian and unaccountable form of governance.

Notes

1 See, for example, Donald L. Horowitz, *Ethnic Groups in Conflict*, Berkeley: University of California Press, 1985; Ted D. Gurr, *Minorities at Risk: A Global View of Ethnopolitical Conflicts*, Washington D.C.: Institute of Peace Press, 1992; John McGarry and Brendan O'Leary, eds, *The Politics of Ethnic Conflict Regulation: Case Studies of Protracted Ethnic Conflicts*, London: Routledge, 1993; Yash Ghai, ed., *Autonomy and Ethnicity: Negotiating Competing Claims in Multi-Ethnic States*, Cambridge: Cambridge University Press, 2000; S.A. Giannakos, *Ethnic Conflict: Religion, Identity, and Politics*, Athens: Ohio University Press, 2002; Joanna Pfaff-Czarnecka, Darini Rajasingham-Senanayake, Ashis Nandy and Edmund Terence Gomez, *Ethnic Futures: The State and Identity Politics in Asia*, New Delhi: Sage, 1999; Stanley J. Tambiah, *Sri Lanka: Fratricide and the Dismantling of Democracy*, New Delhi: Oxford University Press, 1986; Dieter Senghaas, *The Clash Within Civilizations: Coming to Terms with Cultural Conflicts*, London: Routledge, 1998; Ashutosh Varshney, *Ethnic Conflict and Civic Life: Hindus and Muslims in India*, New Haven, CT: Yale University Press, 2002; Florian Bieber, *Post-War Bosnia: Ethnicity, Inequality and Public Sector Governance*, Basingstoke: Palgrave, 2006.

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4 See, for example, Amy Chua, *World on Fire: How Exporting Free Market Democracy Breeds Ethnic Hatred and Global Instability*, New York: Doubleday, 2003 and Leo A. Despres, ed., *Ethnicity and Resource Competition in Plural Societies*, Chicago, IL: Mouton Publishers, 1975.

5 Paul Brass, ed., *Ethnic Groups and the State*, Beckenham, Kent: Croom Helm, 1985; Pfall-Czarnecka, *et al.,* 1999; Tambiah 1986; Varshney, 2002.

6 Chua, 2003.

7 Prominent studies dealing with modernization include Daniel Lerner, *The Passing of Traditional Society*, Glencoe, IL: Free Press, 1958; Seymour M. Lipset, 'Some Social Requisites of Democracy: Economic Development and Political Legitimacy', *American Political Science* Review 53, 1959; W.W. Rostow, *The Stages of Economic Growth: A Non-Communist Manifesto*, Cambridge: Cambridge University Press, 1960; Samuel P. Huntington, *Political Order in Changing Societies*, New Haven, CT: Yale University Press, 1968; Samuel P. Huntington and Joan M. Nelson, *No Easy Choice: Political Participation in Developing Countries*, Cambridge, MA: Harvard University Press, 1976; Samuel P. Huntington, *The Third Wave: Democratization in the Late Twentieth Century*, Norman: University of Oklahoma Press, 1991; Robert D. Kaplan, *The Coming Anarchy*, New York: Random House, 2000.

8 See Waltraud Schelkle, Wolf-Hagen Krauth, Martin Kohli and Georg Elwert, eds, *Paradigms of Social Change: Modernization, Development, Transformation, Evolution*, New York: St. Martin's Press, 2000; Michael E. Latham, *Modernization as Ideology: American Social Science and "Nation Building" in the Kennedy Era*, Chapel Hill: University of North Carolina Press, 2000; Nils Gilman, *Mandarins of the Future: Modernization Theory in Cold War America*, Baltimore, MD: Johns Hopkins University Press, 2003.

9 See, in particular, Huntington, 1968, 1991.

10 Among the key proponents of this argument were Lucien W. Pye, *Asian Power and Politics: The Cultural Dimensions of Authority*, Cambridge, MA: Harvard University Press, 1985 and Clark Neher, 'Asian Style Democracy', *Asian Survey* 34 (November), 1994. This line of argument was very much in the tradition of Huntington's view on the need to curb the rise of democracy in developing nations.

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16 Despres, 'Introduction', in Despres, ed., 1975, pp. 2–3.
17 Quoted in Tan Chee Beng, 'Ethnic Relations in Malaysia in Historical and Sociological Perspectives', *Kajian Malaysia* 5 (1), 1987.
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20 Francis Fukuyama, *Trust: The Social Virtues and the Creation of Prosperity*, London: Hamish Hamilton, 1995.
21 Kotkin 1993, p. 4.
22 Max Weber, *The Protestant Ethic and the Spirit of Capitalism*, London: Routledge, 2001.
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26 Light, 1980.
27 Alejandro Portes and Robert D. Manning, 'The Immigrant Enclave: Theory and Empirical Examples', in Susan Olzak and Joanne Nagel, eds, *Competitive Ethnic Relations*, Orlando, FL: Academic Press, 1986; Kyeyoung Park, *The Korean American Dream: Immigrants and Small Business in New York City*, Ithaca, NY: Cornell University Press, 1997.
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29 See Ho Khai Leong, 'Recent Developments in the Political Economy of China-Malaysia Relations', in Leo Suryadinata, ed., *Southeast Asian Chinese and China: The Politico-Economic Dimension*, Singapore: Times Academic Press 1995; Gregor Benton and Edmund Terence Gomez, *Chinatown and Transnationalism: Ethnic Chinese in Europe and Southeast Asia*, Canberra: Centre for the Study of the Chinese Southern Diaspora, Australian National University, 2001.

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31 For the case of the Indians and Chinese in Europe, see Parminder Bhachu, *Twice Migrants: East Asian Sikh Settlers in Britain*, London: Tavistock Publications, 1985 and Gregor Benton and Frank Pieke, *The Chinese in Europe*, Basingstoke: Macmillan, 1998 respectively. For the case of the Indians and Chinese in Asia, see for example Suryadinata, ed., 1995; Yen Ching-hwang, *A Social History of the Chinese in Singapore and Malaya*, Singapore: Oxford University Press, 1986; Christine Dobbin, *Asian Entrepreneurial Minorities: Conjoint Communities in the Making of the World-Economy, 1570–1940*, Richmond: Curzon, 1996; Sandhu and Mani, eds, 1993. See also Brown 1994 for a social history of Indian and Chinese migrants in Southeast Asia.

32 See, for example, Richard Whitley, *Business Systems in East Asia: Firms, Markets and Societies*, London: Sage Publications, 1992; Redding 1993; Fukuyama 1995; Constance Lever-Tracy, David Ip and Noel Tracy, *The Chinese Diaspora and Mainland China: An Emerging Economic Synergy*, New York: St. Martin's Press, 1996; Michael Backman, *Asian Eclipse: Exposing the Dark Side of Business in Asia*, Singapore: John Wiley & Sons (Asia), 1999; Henry Yeung and Kris Olds, *Globalization of Chinese Business Firms*, Basingstoke: Macmillan, 2000.

33 For insights into the Indians in the United States, see Chidanand Rajghatta, *The Horse That Flew: How India's Silicon Gurus Spread Their* Wings, New Delhi: HarperCollins India, 2001. See also Peter Van der Veer, ed., *Nation and Migration: The Politics of Space in the South Asian Diaspora*, Philadelphia, PA: University of Pennsylvania Press, 1995. See Bhachu (1985) for a discussion of the Sikh community in Britain. In Asia, the Chinese who own much of the wealth include Malaysia's Robert Kuok and Quek Leng Chan, Indonesia's Liem, Eka Tjipta Widjaja and the Lippo Group, Singapore's Ong Beng Seng, the Philippine's Henry Sy and John Gokongwei, Thailand's Sophonpanich family and Charoen Pokphand group, and Hong Kong's Li Ka Shing and Lee Shau Kee. The business deals among these businessmen have been the primary basis for arguing that there exists growing business cooperation in East Asia among Chinese enterprises that will ensure their emergence as a dynamic global business force. See, for example, Lever-Tracy, Ip and Tracy 1996 and Yeung and Olds 2000.

34 In studies of Chinese enterprise, these two modes of business and social organization, family firms and intra-ethnic networks, are said to underlie the so-called "Confucian ethic", a perennial theme of "culturalists" who use it as a key explanatory tool in analyzing capital accumulation by this community.

35 See, for example, Edmund Terence Gomez, *Chinese Business in Malaysia: Accumulation, Ascendance, Accommodation*, London: Curzon, 1999; Benton and Gomez 2001; Edmund Terence Gomez and Hsin-Huang Michael Hsiao, eds, *Chinese Business in Southeast Asia: Contesting Cultural Explanations, Understanding*

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39 Brubaker 2004, p. 2.

40 Ibid., p. 11.

41 Varshney, p. 25.

42 Edmund Terence Gomez, 'The 2004 Malaysaian General Elections: Economic Development, Electoral Trends and the Decline of the Opposition', in *Malaysia: Recent Trends and Challenges*, Saw Swee Hock and K. Kesavapany, eds, Singapore: Institute of Southeast Asian studies, 2006.

43 Stuart Hall, 'Old and New Identities, Old and New Ethnicities', in A. King, ed., *Culture, Globalisation and the World System*, London: Macmillan, 1991; Stuart Hall, 'New Ethnicities', in J. Donald and A. Rattansi (eds), *'Race', Culture and Difference*, London: Sage, 1992.

44 We are indebted to Donald Horowitz for some of these suggestions. The recommendations were made in a keynote speech he contributed to the conference where the ideas behind this study were debated.

1 Ethnicity

Nicholas Tarling

'It is futile to look for logic in the use of language', Bela Bartók wrote in reference to 'gypsy music' in 1931. 'The living tongue puts out the most peculiar offshoots, which we simply have to accept as the consequences of a natural growth, even though they are illogical.'[1] 'Ethnicity' presents something of the same challenge – in some sense a related one? – and it is one an historian may well want to take up, even if a composer preferred to accept the illogicality of it all. At the same time, he or she will recognise that the changes in meaning are not merely the result of 'natural growth' or changing conditions. Words themselves – through their usage – change circumstances. They take on a new life, though often without ever quite forsaking their old: slip, slide, not necessarily perish. Even wounded or crippled, they also – like a Victorian invalid – affect life.

'Ethnicity' is a case in point. An old meaning of 'ethnic' was gentile or heathen, 'ethnicism' heathenism or paganism, the religions or characteristics of the gentile nations. In the first half of the nineteenth century the word 'race' enters the etymology. According to the OED 'Ethnography' is used in 1834 for the scientific description of 'nations or races of men, their customs, habits and differences', and 'Ethnology' is used in 1842 of the science, 'which treats of races and peoples, their relations, their distinctive characteristics, etc.' An 'ethnomaniac' is one 'who is crazy about racial autonomy' (1863). 'Ethnicity' is a much more recent coinage, though 'ethnomaniac' has not had the new lease of life that experience suggests it might. Increasingly, with a cognate 'ethnic', it seems to be a way of avoiding the use of the now distasteful word 'race', but it also extends beyond what ethnomaniacs had in mind: 'blood', descent and so on.

Introducing his new journal, *Asian Ethnicity*, Colin Mackerras refers, all within a few pages, to 'minority peoples', 'indigenous peoples', 'minority nationality', 'minority ethnic groups'.[2] The emphasis is on 'minority'. 'Ethnic' appears to refer in particular to the distinctive characteristics of 'peoples' within a state, but most of all, if not exclusively, to a 'minority' over against a 'majority' whose 'culture' dominates within a state, whether that 'minority' is or has been produced by the determination of the frontiers of that state or by the crossing of them.

The last half-century has created at least in theory a world of nation-states, itself a piece of globalisation, though in tension with some other forms of globalisation. The concept of the sovereign state that emerged in Europe in the sixteenth

and seventeenth centuries was married to the concept of the nation that emerged in the late eighteenth and nineteenth. That was a means of increasing the power and efficiency of states – partly in order to compete with one another – through mobilising their citizens more effectively and extracting tax more thoroughly. But even those states that enjoyed historical continuity did not enjoy 'national' homogeneity: they had to construct it by social and political involvement, and often by invoking a myth of homogeneity, though some at least had a core ethnie, as Anthony Smith would argue.[3]

The relatively sudden completion of a world of states and putative nation-states in the latter half of the twentieth century hardly allowed for a gradual process. At the same time, the growth of literacy, the competition for resources, the growth of cities, the clamour for 'modernity' and the urge to political participation, activated rivalry, in turn often expressed in ethnic terms, itself also indulging in myth-making. These 'ethnicities' could not, however, acquire a state or turn into a nation with a state, and on the whole nations had come to be defined as those who possessed a state. It was important for the nation-states to sustain their frontiers, important for them, and for the whole 'international' system. It was essential therefore to use a word that stopped short of challenging them. 'Ethnic' tended to apply to 'minorities' who might be the butt of 'racism' or 'assimilation' or the subject of 'cleansing' or, more positively, but much less simply, might be found a place within the frontiers of a nation-state. In that context a redefinition of the meaning of 'culture' has been called in: rather than use the word 'race' or 'ethnie', we refer to different 'cultures' and talk of 'multiculturalism'.

My suggestion is, therefore, that the current deployment of 'ethnicity' is closely related to the existence of a world of nation-states, subject to economic and social change, but not – in the days of the Cold War, or, perhaps, after it – to changes of frontier. Furthermore, the 'origins' of ethnic movements – and the legends built up around them – closely resemble those of the nationalist movements that were combined with or helped to create the states into which the world is divided. But, if the aim of nationalist movements was to form an independent state – and, though that was not always the case, it came increasingly to be so – ethnic movements are those that have not made the double transformation involved in becoming a unit among the units of the world of nation-states. The study of nationalism and the nation-state is central to the understanding of the word 'ethnic', which has in some degree returned to its 'original' meaning, 'gentile'.

Southeast Asia has provided wonderful opportunities for anthropologists 'concerned with issues of ethnicity and the formation and transformation of cultural identities', and much of the pioneering work has been done in the region.

> The region . . . characterized by ethnolinguistic and cultural variation, especially in the hinterland and upland areas where minorities reside, provides an arena in which ethnic groupings intermingle, identities change, and the various criteria used to delineate groupings often do not coincide or demonstrate sufficiently marked discontinuities to establish clear ethnic boundaries.[4]

Not only in the upland areas, of course: migrants from India and China come to lowland mines and plantations and towns; country-dwellers move to towns; 'transmigrants' move from Java to Sumatra and Kalimantan.

Southeast Asia provides wonderful opportunities, too, to historians of nationalism: challenges, as well. But my attempts to pin down the meanings of that word through studying its use in respect of Southeast Asia may – if I am right – at least add something to the discussion of 'ethnicity' by probing its relation to a cognate but competing nationalism.

Nations, like states, are a 'contingency', as Ernest Gellner tells us.[5] He thus invites us to see them as a product of historical change, emerging in particular circumstances, being perhaps discarded in others. The same must be true of nationalism. In both lies one part of a definition or form of words: a sense of community, emerging or created, perhaps replacing or degrading an earlier sense of community, hierarchical or otherwise, perhaps to be followed by yet a different one, yet unknown to us. Robert Wiebe's suggestion is helpful, though too limited as it stands. Nationalism, he writes, was a solution to a nineteenth-century problem: 'How could people sort themselves in societies where the traditional ways no longer worked?'[6]

That question relates to the twentieth as well as the nineteenth century. It points at once to a current sense of community, and also to a sense of its inadequacy in the face of change, its failure to satisfy, a sense, it may be added, that members may come to feel or be encouraged or even compelled to feel. It also suggests that nationalism fills the gap, or, it might be added, that people are persuaded that it fills the gap. Men transfer to the nation 'the political loyalty which they previously gave to some other structure'.[7] It was a shift that Karl Deutsch sought to capture in his term 'social mobilisation'.[8] It could be said that it was preceded by or overlapped with a 'demobilisation', or by what W. Kornhauser calls 'atomisation'.[9] Not all agree, moreover, that the gap need be so deep or the transfer so complete.

> Instead of looking upon his kinship group, village, or ethnic identity as being the ultimate source of status and highest form of loyalty, an individual begins to find possibilities of being loyal to a community called the nation without compromising the sense of loyalty to family or village.[10]

It is also necessary to recognise that the sources of change may be varied. Though the Marxist/Marxisant emphases in historical interpretation are still strong, and it may be desirable to watch for them, it is perhaps still acceptable to see economic change as 'most basic'.[11] But war, conquest, imperial rule may have subjected societies to change, too. Nor need it be a matter of imperial rule, as the cases of Japan, Turkey and China indicate.

> The destructive effect of European administrative methods – whether applied by European officials, as in India and Burma, or by native ones, as in the Ottoman Empire – was greatly magnified by the increasing involvement of these traditional societies with the world economy.[12]

Nationalism is not an automatic result. 'More than a sentiment, nationalism is a political program which has its goal not merely to praise, or defend, or strengthen a nation, but actively to construct one, casting its human raw material into a fundamentally new form',[13] often though it may claim it is antique, 'natural'. The 'new' community, such as it is, may have, or seek to acquire, a number of things that its members hold in common, and that also distinguish them from others. Those may include language, history, ethnicity, religion or, more likely, constructions of them that emphasise commonality: not necessarily, but preferably, all of these. They may also include symbols and sentiments, songs and stories, if not histories, that serve to unify and inspire.

Nationalism is widely seen as the inspiration of 'nationalist movements' assumed to be aiming at political independence. But its story does not stop there. Independent states continued and continue to promote nationalism, in domestic even more than in foreign policy. In recent times, indeed, independent statehood has often preceded the creation of the nation. Nationalism has been used to homogenise the populations of new states, aiding people to 'sort themselves' or making them do so, creating 'state-nations'.[14] Nationalism is then not only a sense of community but a way of organising the state.

Building a state without building or maintaining a 'nation' is conceptually possible, and has been attempted in the past, but it is no longer possible in practice. To the extent that a nation has not been 'formed', a sovereign state will have to 'build' one. 'The traditional state impinged so slightly on the lives of most ordinary people, except in times of crisis, that it did not disrupt or inflame local ethnic patterns unduly.' It

> did not need to turn its people into a nation, it hardly wanted to do so . . . The modern state has necessarily to do so, to attempt to turn its people into a nation, that is to a state in which the sense of its history, its law, education system are consciously shared.[15]

Attempts to discuss the nature of 'nationalism' have been labelled in a number of ways. David Brown offers three categories: primordialism, situationalism and constructivism. It is the last that he prefers. 'Constructivist approaches suggest that national identity is constructed on the basis of institutional or ideological frameworks which offer simple and indeed simplistic formulas of identity, and diagnoses of contemporary problems, to otherwise confused or insecure individuals.'[16] Nationalism provides a sense of identity, which might be 'neither rationally chosen nor innately given, but constructed largely unconsciously or intuitively as a category of understanding'.[17]

That view, though sustaining a book on contemporary nationalism, I saw as relevant to my historical approach. In the context of the present argument, it seems significant that, in discussing 'the persistence of ethnic conflict in a modernizing world', Ted Robert Gurr and Barbara Harff consider the same kind of categories – in particular primordialism and instrumentalism – as the analysts of nationalism.[18] The two movements overlap. 'Conscious self-identity', Alan

Tormis Ortiz suggests, is 'the key phrase in understanding ethnicity'.[19] Might not the same be said of nationalism as is thus said of what Richard Schermerhorn terms 'peoplehood'?[20]

The idea of the nation-state triumphed, but not nationalism. The world of nations was 'a hotchpotch of bizarrely shaped and sized entities', as Michael Billig puts it. '[T]he boundary-consciousness of nationalism has itself known no boundaries in its historical triumph', he says.[21] But his statements, true enough in one sense, underplay another. Some nationalisms triumphed, not others, and not all could. They were placed within boundaries. Boundaries were easy to change in the imperial period, much more difficult, almost impossible, to change in a world of nation-states. Once nation-states have filled the world, they cannot readily allow the process to continue. 'No new state is anxious to support any challenge to other new states for fear this could rebound on itself.'[22] Instead of being an ordering process, nationalism would become, once more, a disordering one.

Writing in 1931 Cariton Hayes had wondered whether nationalism in Asia would lead whither nationalism in Europe had led. 'If in Europe the acquisition of sovereign national independence has been followed ever faster . . . by the rise of a proud intolerant imperialist nationalism, how soon will the same phenomenon occur in Asia?' [23] In the event – once the 'sudden rampage' of the Japanese had been brought to an end – 'nations' have largely accepted the boundaries of the imperial era. National self-determination

> has conquered the world for the people by legitimising the state and only the state, which claims to speak in their name; and it has elevated and institutionalised the progressive view of human affairs by attempting to freeze the political map in a way which has never previously been attempted.[24]

UN Resolution 1514 (XV)[25] supported the right of self-determination of 'all peoples'.[26] But it added that '[a]ny attempt at the partial or total disruption of the national unity and the territorial integrity of a country is incompatible with the purposes and principles of the United Nations'. Self-determination was directed against the imperial powers, not their successors. In that case *uti possidetis* prevailed. An International Court of Justice report on the Mali-Burkina Faso frontier case resonates beyond Africa. *Uti possidetis* at first sight conflicts with self-determination.

> In fact, however, the maintenance of the territorial status quo in Africa is often seen as the wisest course, to preserve what has been achieved by peoples who have struggled for their independence, and to avoid a disruption which would deprive the continent of the gains achieved by much sacrifice.[27]

'A world of nations cannot exist, only a world where some potentially national groups, in claiming this status, exclude others from making similar claims, which, as it happens, not many of them do.'[28] The qualification Eric Hobsbawm added to his generalisation is still valid, perhaps, even though the breakup of the Soviet Union and Yugoslavia, at hand when he wrote, has since come about: 'most

ethnic minorities throughout the world are not at all interested in independence', says Colin Mackerras.[29] In any case it is difficult to contemplate, even in respect of those who demographically dominate a particular frontier region.

A world of states exists, banally seen as nation-states, but many of them contain more than one potential nation. If self-determination were applied, Ronald Beiner suggests, hardly any modern states would be 'immune from having their legitimacy normatively subverted'. An 'ambitious' application of the theory might produce thousands of nations. 'It seems a strange kind of normative principle that relies for its coherence on the willingness of most national groups not to cash in the moral voucher that the principle gives them.'[30] The convention that the states are nations is in a sense a limit on the anarchy that could be expected to result. But if states are yet to be nations, their builders must avoid provoking could-be nations from claiming to create states.

In ASEAN (Association of South East Asian Nations), as Clive Christie points out, there is a consensus against exploiting separatism in neighbouring states: 'an awareness that most if not all the states of Southeast Asia are vulnerable to regional discontents and separatist impulses, and that a policy of tit-for-tat provocations could rapidly lead to the unravelling of the stability of the whole region.'[31] Over the most common minority of 'migrant' origin, the Chinese, the states have adopted different policies, partly because the demographics differ. In both cases, however, it is clear that, if stability is to be secured, the counterpart has to be, if not assimilation, accommodation. Rarely have minorities willingly sought independence, as Hobsbawm observed. More often they have, however, been provoked into seeking it.

Nationalism – idea not ideology, taking many forms – has not only been a means to create a state: it has also been a means to sustain one, evoked in a struggle with other states or as a means to consolidate a regime or both. Independent Southeast Asian states deployed it in all those ways. The Thais, who had never lost their independence, had employed it in modernising their monarchy, combining with it an 'ethnicising' discourse in respect of the minority Chinese, the 'Jews of the Orient', as King Vajiravudh called them, 'Jeks' in derogatory popular parlance.[32] The newly independent states, too, found nationalism – on occasion in a similar combination – a useful instrument, though it was sometimes more a means of evading change than facilitating it. The end of Japanese and colonial rule left none of the states well equipped to manage independence, and it was tempting for elites to consolidate the regime of the day through nationalism rather than to engage in effective state-building.

The imperial powers had engaged in state-building, though they could never create what were now seen as real states, only transitional ones. That task could be done solely by independent leaders, standing for independent 'peoples'. Yet what imperial rule did could be more or less useful to an independent state, whether or not it was so intended: it could provide an administrative structure, though that, and even more its personnel, might have been discredited by association with the rule of the colonial power; it could provide transport infrastructure, economic development and education, though none of these might be 'national' in range or

focus. What colonial rulers permitted their subjects to do, and what they provoked them into doing, might help to form the state and the nation as well. At independence there was still much left to do, and there was something to undo.

Colonial census-takers, like contemporary ones, had, for example, been obsessed with 'ethnicity'. 'There is no doubt', a North Borneo census report remarked in 1931, 'that a good deal of confusion and doubt exists not only in the minds of the enumerators but of the natives themselves as to which [tribal] subdivision they really belong in.'[33] The practice was in some sense the simple result of extending the functions of the state, seeking service, tax, the basis for development. There was, however, a political implication. More or less deliberately, at times unthinkingly, ethnic division came to seem a justification and a mechanism for colonial rule: such societies needed an arbitral government. When a colonial state saw the need to 'modernise' politics, the problem re-emerged in a new form. The Burma constitution of 1935/7 provided for 'communal' seats, and the minority areas were mostly 'Scheduled' out of parliamentary Burma.

'The transfer of sovereignty from a colonial regime to an independent one is more than a mere shift of power from foreign hands to native ones', writes Clifford Geertz; 'it is a transformation of the whole pattern of political life, a metamorphosis of subjects into citizens.'[34] The administrative structure would be too 'colonial' in structure and spirit, education too limited, communications, agriculture and industry too oriented to the interests of the imperial power. Its practices, intentionally or otherwise, may have been divisive. Its departure might indeed be the occasion of a unifying struggle, inspired by the vision held out, for example, by Perhimpunan Indonesia in 1925, conceptualising an Indonesian nation transcending the ethno-nationalism of earlier movements, as Sartono argues, so that 'communalism or primordialism gave way to associationalism and regionalism or nationalism'.[35] The prospect of independence might, on the other hand, sharpen the apprehension of minorities at the prospect of majority rule, as in the case of the Moros in the southern Philippines.

How should the task be completed? If the idea of 'nation' provided no ideology, it provided ever more prominent example. What other idea could form the basis of a modern independent state in a world of states increasingly independent and 'national' in demeanour? After independence intellectuals and rulers had 'to create a nation to legitimize the state'.[36] Nationalism would modernise Burma, claimed J.S. Furnivall, long-term guru of the young Burmans, making its possible 'to capture the imagination of the people and to create a new environment and a new common society'.[37]

Though the idea of 'nation' had been adopted in Southeast Asia, however, nations themselves did not exist: only concepts of them. Displacing the French monarchy in the name of the people, the revolutionaries of the late eighteenth century still had to go on to create the nation they had assumed to exist: their answers were innovative and improvisatory, though precedental; their course erratic and violent, involving civil strife and insurrection and foreign war. Now the Southeast Asian states had no need to improvise, they had only to imitate. But that involved great stress, too: in some respects more. The model had been laid

down and its iteration had made it prescriptive. Within the frontiers innovation was limited, and expansion beyond them was ruled out: they, too, were prescribed. The Southeast Asian states had to become nation-states like other nation-states in a world that was clearly becoming a world of nation-states. The outcome was determined, but the method, with its advantages and disadvantages, could not be replicated.

Writing on decolonisation in the 1950s, Sir Ivor Jennings commented somewhat irascibly on self-determination. 'On the surface it seemed reasonable: let the People decide. It was in fact ridiculous because the people cannot decide until someone decides who are the people.'[38] In fact, it was decided in the process of decolonisation: the people were those within the colonial boundaries. They had to be turned into citizens, a process for which, writing on Thailand, Michael Kelly Connors has coined the term 'democrasubjection', 'the subjection of people to imaginary forms of their own rule'.[39] That might involve ethnic standardisation. A sense of politico-ethnic community – constructed or not – was compatible with a monarchical or colonial state. But it could be in contention with a nation-state.

The perception of physical and cultural difference was not a novelty that Europeans brought to Asia, though they brought their own categorisations, which changed over time. The sense of 'race' was strong among the Chinese and the Japanese, whose homelands were never subject to colonial rule. Khmer, as Jan Oversen and Ing-Britt Trankell have reminded us, share that perception. But they also share a view that may seem contradictory: it is possible to become Khmer.[40] The view is indeed common in Southeast Asia: it is possible to become Malay, too. Such a situation makes standardisation easier, but it may also tempt regimes to try too hard. After the reunification of Vietnam, for example, the regime resorted to forced assimilation of the Khmer in the south, despite the provisions of the constitution, provoking resistance in Tra Vinh, leading – in the context, indeed, of the third Indo-China war – to 'a further increase of assimilation and even to violence'.[41]

The 'forcible marginalization of many who were supposed to have shared in the fruits of liberation' was a 'standard outcome' of anti-colonial nationalism in 'artificial state frameworks', Partha Chatterjee suggests.[42] '[O]ne nation's independence may be the beginning of another nation's oppression', as Wiebe puts it.[43] Yet Southeast Asian experience suggests that the outcome, standard or otherwise, was not necessarily as prompt as these generalisations suggest: it was in 1981 that Arnfinn Jorgensen-Dahl suggested that, '[w]ith some notable exceptions, the majority groups in Southeast Asia have tended to be rather insensitive and heavy-handed in their approach to minorities'.[44]

Nor – though the case, say, of Sri Lanka might imply the reverse – was it a necessary result of democratisation and majoritarian politics. It seems more likely that it was the authoritarian approach – to which Southeast Asian regimes increasingly turned in the generation after independence – that, together with the absence of civil society – a legacy of the colonial phase – brought in some cases an end to the patience that Hobsbawm noted.

Equally, the displacement of authoritarian government and the creation of a more democratic system do not necessarily guarantee secession, even where

regional demography and geographical position might suggest that option. Though an independent Timor Leste has emerged, and the transition to democracy in Indonesia is bound to be conflictual, it need not lead to the breakaway of Aceh or Papua. Indeed, in the longer term, it might provide a solution more permanent than authoritarianism could offer.

'Development' – often coupled with authoritarian government – had not proved a panacea. Discussing 'separatist nationalism', Breuilly pictures new states with scarce resources and many claims. Nation-building is often about 'rationing' and separatism about challenging or manipulating the process.[45] Yet it seems from Southeast Asian experience that, along with other minority/majority tensions, it might be just as or even more likely to result from a perceived maldistribution of extensive resources. Economic prosperity can assuage political asperity. But it may not do so, particularly if the regime is greedy or opaque or both. In any case new movements are in general unlikely to join the list of 'successful' nationalisms. Not only are the leaders of the existing independent state sure to resist their claims to independence by every means in their power or beyond it. Other independent states will lend them no support. The logic of this could only be what some would consider illogical. There could, perhaps, be some form of compromise, such as the extension of local or regional autonomy, if not the creation of a federal state, or the development of 'civic nationalism', in which citizens have a wide range of rights, including the right to live within their 'culture', but no group of them has the right of self-determination. The perpetual referendum of which Renan wrote would rest upon the mutual acceptance, if not 'celebration', of diversity.

Those are, however, difficult positions to adopt even in long-established states. Though, in a rejection of colonialism, their constitutions endorsed the rights of citizens and generally envisaged a democratic approach, the 'new' states in Southeast Asia tended to see such positions as too risky. Such 'soft' alternatives would not, it was thought, serve to build a state and a nation in a hard world, in which independence was newly won and development had seemingly to be driven by government, in which the expectations of the masses had been raised, and in which big decisions about the future had to be taken. Moreover, colonial powers had sometimes used such structures for their own advantage, either to make their arbitral role more necessary, or to manipulate one group or one territory against another.

If that was how the independent Southeast Asian states began, it was difficult to change. The 'failure' or jettisoning of democratic experiments and the problems in the way of equitable development offered no leeway. On the contrary, they seemed to stress the need for central authority, and indeed increasingly to convey that to the military, unchecked by civilian politicians or civil society. Armies may practise their own forms of devolution, but are unlikely themselves to sponsor breaking up a 'national' state, though they may find that contention makes them more useful and promotion easier to get.

In the 1990s the Southeast Asian states, like others, were thrown open to 'globalisation'. Prasert Chittiwatanapong has defined that as 'the freer flows of

information, goods, services, capital, technology, values and cultures, including social problems like pollution and aids'. The word, he adds,

> carries a specific emphasis on the nature of the dismantling of barriers to the flows of information, goods, services, capital, technology, values and cultures. The emergence of a 'borderless world' has become possible because of scientific revolutions in the field of information and telecommunications.

It differs from 'internationalisation': that carried 'no emphasis on the disappearance of national barriers'.[46] But globalisation is also a policy – like imperialism resented as well as admired – and the assertion that it is an inevitable process is, at least in part, rhetoric in support of that policy. The fact that the wealthiest and most technologically advanced state – the USA – is likely most to benefit from it makes it seem above all an American policy and the process appear as 'Americanisation'. For other states, too, the implications are both strategic and political as well as economic.

In another sense, indeed, the two processes are in tension. There are, it has been suggested, two forms of 'globalisation'. One takes the form Prasert defines, an encompassing change in the economic, cultural and social sphere, part of a long process of change as well as a programme, incomplete, but apparently gaining momentum. The other comprises the creation of a world of nation-states, accepted as norm or objective, but incomplete as a process. A political victory for the concept of the nation-state is, as James Mayall put it, combined with unprecedented economic interdependence.[47] The two changes are sometimes at odds with each other, sometimes in support of each other. The recent advance of 'globalisation' affects the state and the nation and the chances of their identification. Characteristically it will both enhance the prospect and derogate from it. It is not necessarily a bonus for democracy, nor yet for authoritarianism; not necessarily a means of maintaining the state, nor of breaking away from it. Can it serve to promote compromise?

Amid economic and political change, the national idea may take yet another role, fulfil yet another purpose, becoming the cover or bridge for compromise between state – and people – and global forces. The risk is that it provides once more, not a means of resolving problems, but of covering them up. 'If we want to maintain our existence as a nation with genuine political and economic sovereignty in the face of globalisation forces . . . then we have to do something to address all kinds of distortions that have plagued us', Megawati Sukarnoputri declared in 1997: corruption, collusion, abuse of power. 'Globalisation has blurred international boundaries, leading to a global convergence of value systems but also a demand for effective national management to ensure our competitiveness with other nations', General. Wiranto commented the following year.[48] Perhaps his call was less encouraging than Megawati's. What form would that 'national management' take? Would it welcome participation? Would it welcome minority 'cultures'? Or would it argue for more homogenisation?

Prasenjit Duara is not optimistic. Newly independent nations – aiming at development, equality and global justice – rejected racial or ethnic nationalism and adopted a model of equal citizenship rights for all. They also sought to regulate the flow of capital and resources, 'not only to gain strategic advantage in global competition, but also to stem the erosion of social institutions and relationships, mainly caused by the free flow of capital'. More exclusive formulations were not far below the surface, and now nation-states prioritise global competition over balanced development. Globalisation, Duara thinks, is not weakening nationalism, but transforming it in 'unpleasant ways', intensifying what he calls 'ideologies of immanence and authenticity'.[49]

At the same time, one might comment, some nations are reaching out to their diaspora, and yet others welcoming chosen non-national migrants to their midst. Michael Porter's concept of the competitive advantage of nations attempts to marry the two forms of globalisation. It may lead to further attempts to homogenise the nation, but it may also lead states to value those characterised at least since colonial times as having special talents – Sikh or lbo[50] – or being involved in networks of their own, like the Chinese. It may even lead to the realisation that other minorities have something more to contribute to the state than providing a subject for the staring tourists from other states arriving at the international airport on a plane belonging to one of the global airline alliances. Then we will not find the ethnic minority exhibits in Vientiane so conveniently placed alongside dinosaur replicas and zoo animals.[51]

Majorities have no obligation to guarantee the survival of minority cultures or ethnies. 'They may well be struggling to survive themselves, caught up in a common competition against commercialism and internationalism.'[52] They might, however, have an interest in so doing. Equally, the onset of globalisation in the 1990s may offer the minorities additional strategies of survival that stop short of secession, even where that is a conceivable option. That might contribute to a reconstitution of the nation-state as conceived in Southeast Asia at the time of independence, based on participation and on equal citizenship.

If I am right, just as nationalism could be a means of organising the world, so could 'ethnicity'. It recognises difference, but also similarity. If, however, it is not to be hopelessly disruptive, it has to accept inherited frontiers, as has nationalism, while within them governments must come to terms with 'minorities', regional or otherwise.

Back in 1976, R.K. Dentan argued that the 'ability to switch identities' was not uncommon in Southeast Asia, particularly among the hill peoples: 'multiculturation . . . provides many people with a series of identities which they can don and doff as particular interactions dictate'. He liked 'the idea of an ethnic identity that depends on the situation one finds oneself in better than one assigned at birth. The Southeast Asian notions seem more those of free men than do the absolutist Euro-American ones.'[53] Perhaps the cause – romantic, it may be, even in 1976 – has since been lost.

If it may not guide policy, however, it should at least caution historians. Nationalists and nation-states engaged in 'primordialism', and so did their historians. Much historiography was produced, and much distortion. Now we are alive

to 'ethnicity'. The risks are similar. 'The danger of reading modern concerns about ethnicity into an eighteenth and nineteenth century context troubles me', Anthony Milner writes.[54] Historians must do better than colonial census-takers and not attribute to ethnicity a status and a character it did not have.

Notes

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2 Inter-ethnic relations, business and identity

The Chinese in Britain and Malaysia

Edmund Terence Gomez

Identity, ethnicity and business: context of problem

This chapter traces the links between ethnicity and business and demonstrates how these ties provide insights into daily social relations among ethnic communities. An understanding of the economic ties developed among ethnic communities will be used to draw attention to the issue of identity and communal cohesion involving the Chinese, a minority community in Malaysia and Britain.

Britain has been receiving ethnic Chinese migrants more or less uninterruptedly since the nineteenth century. While new immigrant arrivals numerically replenished the Chinese community, they also added to its complexity and the already existing cleavages within the community. Meanwhile, new generations of British-born Chinese have emerged. In Malaysia, on the other hand, the government stopped large-scale entry of immigrants into the country in the 1930s. The stock of Chinese and Indians that were brought in to serve the labour needs of the tin mining and rubber plantation sectors of colonial Malaya were subsequently not replenished. In Malaysia, the descendants of these migrants are now well into their third and fourth generations. The emergence of new generations of locally born and bred minority communities has spawned new debates about 'identity' among descendants of migrants in both Malaysia and Britain.[1]

In spite of the emergence of new generations of ethnic minorities, there is still an exceptionally large body of literature that advocates the idea that the Chinese – and other minority groups in Southeast Asia and Britain, such as the Indians – share a strong collective identity, which also influences the development of their enterprises. This literature argues that the cultural traits of this community are, in essence, the same because Chinese enterprise displays an 'ethnic style', characterised by family firms and intra-ethnic business networks formed for mutual benefit.[2] The family firm and intra-ethnic national and transnational networks reputedly play a crucial role in capital formation and accumulation.[3] This cultural thesis has been used to explain the rise of and dominant presence of Chinese enterprises in Asia.[4]

Another body of literature has long promoted the argument that ethnic minorities such as the Chinese, specifically those in the developing world, command considerable ownership and control of key economic sectors.[5] In somewhat similar fashion, Amy Chua,[6] in her study of equity distribution and ethnic conflicts, posits the argument that in developing countries with 'market-dominant minorities', the

combination of a free market and democracy would inevitably lead to racial strife. Chua is clearly a critic of modernisation theory, which argues that an authoritarian political system is imperative to ensure communal peace until economic parity is achieved among the various ethnic communities.[7] Chua's argument is that in multi-ethnic societies, if discontent arises over the control of the economy by market-dominant minority groups, numerous avenues exist within a democratic system that would allow for this dissatisfaction to evolve into racial conflict.

Chua defines market-dominant minorities as 'ethnic minorities who, for widely varying reasons, tend under market conditions to dominate economically' and that they 'are the Achilles' heel of free market democracy'.[8] This is because 'markets concentrate wealth, often spectacular wealth, in the hands of the market-dominant minority, while democracy increases the political power of the impoverished majority'.[9]

There are a number of problems with Chua's thesis. First, her perspective tends to homogenise ethnic communities and to essentialise their pattern of enterprise development. Chua's study assumes a high degree of ethnic congruence, with little or no acknowledgement of class, sub-ethnic or other intra-ethnic divisions within these communities. Ethnic groups presumably view each other as competitors, and this ostensibly encourages them to organise themselves and work collectively to ensure they can compete effectively. According to this argument, since market-dominant minorities have the economic edge over indigenous communities, the latter inevitably are unable to compete, leading to further wealth disparity that will unavoidably cause conflict.

This term 'market-dominant minority', which elides the differences within ethnic communities, parallels the use of such concepts or terms as 'ethnic enterprise' and 'ethnic economies', common principally in the literature on business development by migrant groups in the United States.[10] The now fashionable and pervasive use of terms such as 'global tribes'[11] and 'global diasporas'[12] has further encouraged the homogenising of ethnic communities. This type of 'essentialising' literature overlooks the claim on national identity by ethnic minorities and, probably inadvertently, reinforces the indigenous communities' stereotyped belief that these minorities have little sense of belonging or of loyalty to the country they live in. Chua's argument, in effect, dangerously distorts the process of identity formation, particularly the emergence of national affiliations and identifications, among immigrants and their descendants.

The contention that ethnic identity can serve as tool for group and business formation is, as I have shown elsewhere,[13] usually true only at or around the point of a migrant's entry into the country. The need to use their ethnicity to develop their enterprise diminishes as migrants become acclimatised to the new environment. Most studies on ethnic communities and their enterprises rarely explore how migrants develop their firms over the long term or how their relationship to their new country of domicile changes over time. Nor do these studies focus on how the children of migrants, born and bred in the country settled in by their parents, view themselves in terms of identity and national belonging. The descendants of migrants are not usually subjected to the sort of push factors that had driven their

parents to emigrate. There is little likelihood that the children of migrants, particularly those who have attained a high level of education, will harbour intentions of leaving the country of their birth. This span of a generation or more has a profound impact on identity, giving rise to its hybrid formations with successive generations.

The second major problem with Chua's thesis is that she assumes that common ethnicity helps engender capital formation and development when in fact there is considerable intra-ethnic competition in business. Chua also argues that market-dominant minorities have a reputation of being 'crony capitalists'.[14] Crony capitalism usually involves the cultivation of inter-ethnic ties between rent-seekers from minority groups, who may not necessarily have entrepreneurial capacity but who enter into alliances with ruling politicians from the indigenous community. These kinds of unproductive inter-ethnic political business links have contributed to the creation of intra-ethnic divisions between competent business people and rent-seekers who deploy lucrative government rents in an unproductive or wasteful manner.[15] Intra-ethnic class disparities have also emerged within the indigenous community because of the corrupt deployment of government rents by leaders professing to protect their interests. This argument suggests that Chua provides inadequate analysis of the state and the forms of enterprise development by these minorities and of their interaction in daily life with other members of their society.

Ashis Nandy,[16] on the other hand, draws attention to the diversity of characters that make up a nation. His mode of analysis helps both to de-homogenise ethnic and religious communities as well as de-essentialise the patterns of political behaviour of these groups. Nandy notes that in order to understand society, we must be aware of social relations, how communities of people evolve, and how the state, or in particular its leaders, can play a major role in either promoting social cohesion or in re-igniting old tensions and divisions through the racialisation of politics.

In his study of the multi-ethnic Indian port city of Cochin and its 'success' in maintaining inter-ethnic and religious harmony, Nandy is confronted with a paradox – he identifies a fine balance between communal and religious enmity and co-existence. The reason why harmony prevails in Cochin, Nandy argues, is because Cochinese identity is defined in terms of the inter-linkages in the daily activities of people of different ethnic and religious backgrounds, and because of this, a sense of mutual respect and inter-connectedness binds them together. Nandy suggests that civic engagement between different ethnic communities serves to contain ethnic conflict. What divides nations then is the divisive politics of race and religion that self-serving and reactionary politicians propagate. Put differently, Nandy draws attention to the role of the state in ethnic conflicts, as government leaders exploit cleavages in society for vested interests.

One reason for this poor understanding of how minorities view identity is because of inadequate research on daily-life relationships between communities in multi-ethnic societies, like those to be found in Britain and Malaysia. Moreover, most research on ownership and control of capital by minorities in multi-racial developing countries has been on the leading capitalists. A number of these business people have close links with the state, which has facilitated their

rise in these developing economies. In Southeast Asia, many leading business figures who emerged as major capitalists remained extremely subservient to a strong state. More importantly, these big business figures were not representative of the way ethnic minorities, including the so-called market-dominant minorities, fared in an economy.

Where Chua's thesis is weakest is on the issues of identity and culture. These are not static concepts: identity and culture are constantly in a process of change. This train of changes in identity, where national identity is usually important, even among the migrant cohort, is reflected in the growing number of immigrants who seek and win political office in Australia, Canada, the United States and the United Kingdom. This point indicates the complexity of the notions of ethnic and national identity – how such identifications evolve over time, how they are reconfigured by political and economic change, and how the sense of cohesion of the migrant generation dies away.

These transitions in identity, and the complexity of this concept, are more pronounced among the descendants of immigrants. In the United Kingdom, for example, by the late 1980s and early 1990s, a new generation of British-born Chinese had emerged who could arguably be classified as belonging to the middle class in terms of educational qualifications and earning capacity, a development that reflected the significantly improved economic position of this community.[17] In spite of the rise of these British-born Chinese who have immersed themselves in mainstream society and economy, they are still commonly viewed by white British as 'outsiders' or 'migrants' who have come and 'invaded' their society. Part of the cause for this reasoning by white British society is the burgeoning literature that depicts the Chinese in Britain as a people of a 'diaspora', always on the move across national borders, rather than focusing on them as a part of a nation. The term 'diaspora' is too loosely applied in much of this literature, and is a misleading term when applied to minorities who have lived in one country for generations, as it alludes to the idea of return or eventual re-gathering in the motherland.

The inappropriate and liberal use of terms such as diaspora tends to perpetuate the impression that the Chinese can think and act only as a group rather than as individuals. In Southeast Asia, home to a large Chinese population, the racial politics fostered by some government leaders has reinforced the indigenous view that the Chinese have little sense of loyalty to the 'host country' and identify exclusively with the 'home country', that is, their ancestral motherland. In Southeast Asia, questioning ethnic Chinese loyalty takes on an added significance in view of their ubiquitous economic role in the region. When economic crises emerge, like the 1997 currency debacle, misconceptions about identity can contribute to serious racial clashes, as was the case in Indonesia.

Research methodology

To assess the nature of social relations between ethnic communities, this study provides an analysis of enterprise development by the Chinese in Malaysia and

Britain. There are three primary reasons for comparing the Chinese in these two countries.

First, a comparative study of an ethnic minority community in a developed and developing economy will help highlight the similarities in inter-ethnic social relations as well as in the evolution of identity among migrants and their descendants.

Second, since Chua's focus is on market-dominant minorities, a comparison between the development of Chinese-owned firms in Malaysia and in the United Kingdom will emphasise an important point: that decisions made by business people are not always or primarily determined by considerations of a common ethnic identity. While the Chinese can be classified as a market-dominant minority in Malaysia, this ethnic group has little corporate presence in the United Kingdom. Yet the pattern of enterprise development of the Chinese in the two countries suggests little to support arguments for intra-ethnic cohesion.

Third, since Britain, unlike Malaysia, is a democracy, the comparison will point out why it is unnecessary for Chua to make a link between economic development and democracy. The similarities in the evolution of minority communities and the prevalence of inter-ethnic relations help contest her argument that democracy in a free market multi-ethnic developing economy is ultimately a dangerous mix.

This study of ethnic relations and capital development will address two fundamental questions. In multi-racial societies, does common ethnic identity shape decision-making by business people from minority groups? Does the state play a key role in determining how ethnic minorities develop their enterprises, from an inter-ethnic or intra-ethnic perspective?

The empirical focus is on the creation of inter-ethnic business links and forms of partnership among migrants as well as their descendants. The premise here is that business ties provide us with insights into issues such as class, intra-ethnic cleavages and generational change. Case studies of business patterns in Britain and Malaysia will reveal growing inter-ethnic linkages, which challenge the perception that intra-ethnic cohesion facilitates the expansion of firms owned by ethnic communities.

My primary hypotheses are that ethnic groups are prevented by already existing cleavages from coming together to do business. Inter-ethnic partnerships that have been forged are without any interference by the state, although specific policies have been formulated to encourage the involvement of minorities in business in the United Kingdom and the development of indigenous capital in Malaysia.

Chinese society and business in the United Kingdom

At the turn of the twentieth century, the number of Chinese in Britain was small. Most were sailors who had deserted or been abandoned by their employers after landing in British ports. In the 1880s, some Chinese migrants had fled the United States during the anti-Chinese campaign and settled in Britain, where they started up businesses based on their experience in America. There is little evidence to suggest that these 'double migrants' had established close ties with Britain's

other, longer-standing Chinese community. By the middle of the twentieth century, the community was on the point of extinction, and would probably have lost its cultural distinctiveness if not for the arrival of tens of thousands of Hong Kong Chinese beginning from the 1950s.

Starting a small business was the main way the Chinese coped with their limited ability to find employment in a generally alien and hostile English-speaking environment. They forged inter-ethnic partnerships to overcome the twin problem of raising funds and finding employees. In the first half of the twentieth century, most Chinese were involved in the laundry business, while migrants who arrived after the Second World War worked primarily in the catering industry. As these businesses grew, so too did the demand for labour, which entrepreneurs met by exploiting kinship ties to import family members into Britain. Business partnerships broke up and evolved into family firms, starting and gradually reinforcing the move away from community-based enterprise. With this, competition escalated, since most migrants were involved in the same sector of industry.

This competition necessitated the community's geographical dispersal which further hindered its attempts to struggle collectively for greater protection from the authorities against racist discrimination. In urban areas, the experience of racism forced the Chinese into 'ethnic niches', comprising primarily of restaurants and takeaways, thus heightening competition and placing further limits on communal cooperation. The more entrepreneurial of these migrants would strive to leave these enclaves and were usually the ones who achieved social mobility. Later arrivals – the seafarers (in the first half of the twentieth century) and immigrants from Hong Kong (from the 1960s) – were unable to cooperate to challenge the policies of the British government which were designed to prevent them from entering other economic sectors, even as part of the labour force. In addition to the generalised racism that they encountered, these Chinese migrants were trapped by policies to remain in economic spheres where their links with the majority population were curtailed and competition with the latter was minimised.

Government policies also had an important bearing on the issues of integration and enterprise development. The Conservative government under Margaret Thatcher in the late 1970s and early 1980s actively promoted the setting up of small enterprises, essentially as a mechanism to deal with the problem of racism.[18] The government was then of the view that since immigrants preferred to concentrate on small businesses due to the hardships and difficulties, in the form of language barriers and racist discrimination, that they experienced in the United Kingdom, they would opt for opportunities for business ownership rather than employment with or by non co-ethnics.

While small enterprises have helped migrants to cope with the problem of their isolation and alienation in the new environment, a good segment of their children, on the other hand, have done well in education, notably at tertiary level, and have made a prominent presence as professionals and in the high-tech sector.[19] Given the knowledge that their parents worked long hours and under difficult conditions to alleviate their poverty, most children of migrants scorn the notion of taking over their parents' businesses, specifically those that function as small enterprises.

The dreariness of the nature of work and life in a takeaway also have a bearing on the reasons they generally shun the businesses run by their parents.

By the turn of this century, the Chinese in the United Kingdom could be broadly placed into four main categories: Hong Kong Chinese from the rural New Territories who started arriving in large numbers in the 1950s and 1960s, many of them moving into catering and food wholesaling and retailing; Southeast Asian Chinese, who also started arriving in the 1960s, primarily from middle-class, professional backgrounds, some also going into business, including catering;[20] the newest arrivals from Taiwan and urban Hong Kong in the 1980s, who have gone into business related to technology and manufacturing; and fourth, British-born Chinese, whose members are mostly well-qualified and work in hi-tech industries.[21]

Given their diverse national and class backgrounds, even though a small community, the Chinese never aspired to social cohesion. The absence of this goal of social congruence is reflected in the creation by them of numerous social and economic institutions to represent their interests. Most of these associations, fraught with divisions, have now ceased to operate.[22] Moreover, a large number of poor Chinese migrants in the United Kongdom were forced to work for other Chinese who exploited them so badly that they could not wait to leave to set up their own enterprise. The diversity that exists within this society is what informs the character of the Chinese community in Britain.

The largest Chinese enterprises are involved in wholesaling and retailing and are controlled by migrants from Hong Kong. There is no evidence that they have invested in laundrettes. Unlike the situation in the United Statess, the Chinese community in the United Kingdom has not built on its long presence in this sector. Although Chinese laundrettes still operate in a number of cities, they do not seem to operate as companies.

The lists of directors and shareholders of Chinese-owned companies provide no evidence of interlocking stock ownership or of interlocking directorships. A number of them were created and run as partnerships before coming under the control of one individual or family. Most of the start-up funds for these businesses have come from personal savings or been put together by family members. There is no evidence that they have had access to ethnic-based funding. There are very few instances to suggest that financial aid has been provided on intra-ethnic grounds; rather, such assistance was for the mutual benefit of both borrower and lender.[23] A rare example of an ethnic Chinese who exploited his ethnicity to create a Chinese-based business centre in the United Kingdom is W.W. Yip. An immigrant from Hong Kong who started out as a waiter, Yip became a restaurateur and later built his reputation as a leading wholesaler and retailer of Chinese food products. He is the owner of Britain's largest Chinese enterprise in terms of sales volume.

Chinese society and business in Malaysia

In Malaysia, the myth of interlocking Chinese business ties is attributable to the well-publicised statements of several prominent Southeast Asian leaders. From

the early 1990s, Singapore's Lee Kuan Yew and Malaysia's Mahathir Mohamad began encouraging the Chinese in their countries to draw on their 'ancestral' identity to exploit the economic opportunities that were widely reported to have opened up in China.

The Chinese business community in Singapore was encouraged by Lee to recognise that ethnic networking was a useful, yet heretofore untapped, way of competing more effectively with multinational corporations. Ethnic networking, Lee urged, could also be used to transform the handicap they might feel as minorities into an advantage in the region as well as in the global economy. Ex-Prime Minister Mahathir, on the other hand, urged *Bumiputera*[24] businesses to work with the Chinese to enter the market in China, partly as a means to promote the development of Malay capital. In 1993, Mahathir led a 300-strong delegation, half of whom comprised businessmen, on an exposure trip to China. This would suggest that the growth of ethnic Chinese investment in China is due less to a modern form of tribalism than to the endeavours of the leaders of state.

The diversity of their business styles, in terms of size, type of ownership and management, and areas of business, explains why Chinese enterprises seldom cooperate by means of mergers, interlocking stock ownership and/or interlocking directorships. Most of their corporate ties involve commodity supply chains or subcontracting relationships. And even these links, occasioned by a variety of economic and business factors, are subject to change.[25] In spite of receiving very little support from the government, large Chinese firms, most of them still family owned, have similarly not attempted to cooperate in business, either in the domestic sphere or abroad.[26]

Since Mahathir's administration was extremely partial towards developing large Malay-owned firms, small and medium-scale enterprises (SMEs) – dominated by the Chinese – received only meagre support during his two-decade-long tenure in government. Although they continue to thrive in the domestic economy, Malaysian SMEs do not contribute substantially in terms of value-added services, output or even employment. In the manufacturing sector, SMEs account for more than 90 per cent of domestic enterprises but for only 20.9 per cent of the value-added services of all manufacturing establishments, 18.9 per cent of manufacturing output and 29.7 per cent of employment. Domestic firms do not invest heavily in research and development and are not known for their product innovation or value-added capabilities.[27] Since most SMEs – and a large number of the Chinese-owned publicly listed firms – have not shown the ability to build on their long experience in business, in terms of moving up the technology ladder or creating brand products, they are unlikely to have the capacity to compete abroad.[28]

Despite limited support from a Malay-dominant state, there is presently little evidence of intra-Chinese business links, even though Chinese migrants had developed corporate ties in the colonial period.[29] A review of the directors and shareholders of the largest Chinese companies in Malaysia reveals little evidence of interlocking stock ownership or interlocking directorships. Most of the big companies are still run by their founders, usually migrants, and are family owned. Shareholding patterns indicate that Chinese-owned firms function independently of one another.[30] The Chinese who have made the foray into joint ownership have

ended up at loggerheads with each other. Most Chinese owners of companies are reluctant to merge with other firms, for to do so would mean sharing control of the enlarged enterprise. Younger Chinese capitalists also refrain from participating in the Chinese Chambers of Commerce. The owners of most Chinese SMEs are not interested in passing on their businesses to their children, preferring that they become professionals.[31]

Chinese entrepreneurs have responded in different ways to government intervention in the economy and affirmative action in favour of the Malays. Their responses have had a bearing on the way in which their enterprises have developed. Some have refused to list their firms publicly on the stock exchange, while others have not increased the capitalisation of their enterprises or incorporated large numbers of companies when expanding, for fear of otherwise attracting the unwelcome attention of powerful politicians. Big Chinese businesses prefer to link up with influential Malay politicians on their own terms. Chinese firms listed among the largest 20 quoted companies in Malaysia in 2000 have all received government patronage, an indication also of growing inter-ethnic ties.[32]

Inter-ethnic business ties

Britain

Table 2.1 provides a sample of 45 companies that were incorporated in the United Kingdom and owned by investors from different ethnic groups. Although some of these companies are at present solely owned by ethnic Chinese, for a number of years these firms had been developed with non-ethnic Chinese.

This sample of 45 firms established along inter-ethnic lines in Table 2.1 indicates that only seven of these companies, or 16 per cent, were established before 1980. Of the 38 firms that were formed after 1980, 18 were incorporated since 1990. That almost 84 per cent of these companies were incorporated after 1980 underscores the point that inter-ethnic partnerships are a fairly new phenomenon. This sample also confirms that state policies have had an impact on the promotion of SMEs.[33] All the companies providing professional and general services, constituting 40 per cent of this sample base, were formed in the 1980s and early 1990s, an indication that a new generation of ethnic Chinese have begun to forge inter-ethnic business ties not related to the food industry, an area where the migrant cohort has had a dominant presence.

While a large number of ethnic Chinese migrants have gone into the food catering sector, of the 45 inter-ethnic partnerships in this sample, only eight, or about 18 per cent, are involved in food-related industries, which suggests that most ethnic Chinese who have gone into business with non-co-ethnics have not ventured into this sector. This figure confirms the fact that the younger generation of ethnic Chinese have avoided involvement in a sector in which their parents had played an active role. Only four of these firms actually own restaurants, while nearly 40 per cent of these businesses are involved in the computer industry or provide professional or general services.

Table 2.1 Inter-ethnic business ties: companies owned by British Chinese and other British (currency: in £)

Company (incorporation)	*Activity*	*Location*	*Paid-up capital*	*Turnover*	*Pre-tax profit*	*No. of employees*	*Shareholders*	*Directors*
Restaurateurs								
Oriental Restaurant Group plc (11/11/87)	Restaurateurs	London	447,423	7,026,484	1,392,223	135	H.A Chua M.J. Paterson F.L. Cremer	H.A. Chua M.J. Paterson F.L. Cremer
Lachmead Group plc (01/10/85)	Restaurateurs	London	n.a.	4,225,870	–8,388	141	Edward K.H. Lim Earl of Lichfield	Edward K.H. Lim Earl of Lichfield
Sugarloaf Restaurants Ltd (23/04/93)	Restaurants & caterers	London	1,000	1,425,113	334,859	n.a.	Eric H. Yu J. O'Donovan	Eric H. Yu J. O'Donovan
Eden Restaurants (Holborn) Ltd (13/11/72)	Restaurateurs & caterers	London	99	889,328	104,654	n.a.	Eric H. Yu J. O'Donovan G.S.Y. Yu	Eric H. Yu J. O'Donovan
Wholesalers and Retailers								
Justwise Group Ltd (06/06/89)	Sale of furniture, luggage & gifts	London	3,050,000	11,749,000	786,000	15	Jenny P. Yu Terence B. Wise	Jenny P. Yu H.J. Morgan
White Mountain Foods Ltd (01/04/93)	Sale of foreign foodstuff	Norwich	101,000	10,714,000	153,000	8	A.M. Chew J. Goodwin M. Goodwin T.B. Wise	J. Goodwin M. Goodwin S. N.Todd
J. Pao & Co Ltd (25/10/84)	Beansprout grower & distributor	London	100,000	5,720,632	274,297	88	J. Pao & family M.C. Robinson	J.Pao & family

Table 2.1 (Continued)

Company (incorporation)	*Activity*	*Location*	*Paid-up capital*	*Turnover*	*Pre-tax profit*	*No. of employees*	*Shareholders*	*Directors*
Victor Europe Ltd (19/06/91)	Distributor of CNC machine tools	Rochdale	25,133	5,379,018	273,045	15	M.H. Huang D.B. Issatt R.A. Willott	M.H.Huang
Ethnic Cuisine Ltd (16/11/92)	Supply of chilled food to Sainsbury Stores	Swansea	42,438	5,114,977	256,064	133	Choon H. Ooh Yow M. Yap J. Camn R. Servini	Y.M. Yap Y.C. Yap J. Camn R. Servini
Raygale Ltd (28/09/53)	Wholesalers of pharmaceuticals	Middles-borough	3,600	4,724,987	214,933	44	James Yeung J.W. Reston	L. Yeung J. Yeung
Drilltech Services (North Sea) Ltd (07/01/94)	Sale & rental of oil field tools & equipment	Aberdeen	500,000	3,081,000	153,000	16	Michael Teow G. Rastegar Y.T. Mac F.F. Teow	M. Teow
H.K.S (UK) Ltd (28/01/92)	Distribution of ring binder mechanisms	Winchester	100	3,428,280	46,448	7	Mary Wu N.J. Hooper J.B. Levy J.C. Wong	D.K. Wong
Win Hanverky (Europe) Ltd (02/10/92)	Distribution of *Le Coq Sportif* branded products	Manchester	430,000	1,138,966	–233,184	2	Roy K. Li D. Holt D.W. Roberts C.C. Lai I.P. Wood	R.K. Li
Seca Lighting (UK) Ltd (20/10/86)	Supply of electrical products	London	500	1,018,317	14,471	n.a.	L. Nelson W. Chen	L. Nelson W. Chen
Cashman Ltd (23/03/87)	Meat & fruit wholesaler	Kent	2	945,053	2778	4	Cecile Boulet Kevin W. Shek	Cecile Boulet Kevin W. Shek

(Continued)

Table 2.1 (Continued)

Company (incorporation)	*Activity*	*Location*	*Paid-up capital*	*Turnover*	*Pre-tax profit*	*No. of employees*	*Shareholders*	*Directors*
Summit Magnetics (UK) Ltd (28/01/88)	Wholesaler of record & cassette cases	Surrey	2	801,965	18,699	2	Lam L. Sun Michael S. Wells Wells	Lam L. Sun Michael S.
Stockouter Ltd (02/11/87) Vieira	Sale of calculator components	London	247	n.a.	773,774	n.a.	Rebecca C. Pou Ampere (Nominees) Ltd	R.M. Choi J. Da Silva
Traders (importers and exporters)								
CSA Fitness Ltd (27/04/95)	Fitness & leisure products importer & distributor	Warwick	2	6,342,120	317,043	16	Hsien C. Hui L. Synderman M. Ward	J. Chen C. Aylett L. Synderman
Wing Li Europe Ltd (15/02/93)	Importers of audio & cassette casing	London	51,000	3,138,160	69,641	5	Lo M. Teun Sushila Mohindra	K.D. Mistry
Draxler International plc (20/07/88)	Exporter of goods	London	488,072	1,341,027	8,236	19	Lihua Song A. Draxler	L.S. Song A. Lanchester
Finecombe Ltd (17/05/76)	Importation of garments for resale	Nottingham	52,500	52,500	2,597,323	10	Chiu Chok Lam Betty S. Cheung	J.H. Lam E.C. Lam A. Draxler M. Draxler P.T. Saines S. Chow
Manufacturing								
Double Dutch Ltd (31/10/83)	Textile manufacturer & distributor	Manchester	300,604	6,873,985	−1,322,762	234	Chu Lau N.B. Plenderleith S.A. Barnes M.K. Ng	C. Lau M. K. Ng S.A. Barnes N.B. Plenderleith

Table 2.1 (Continued)

Company (incorporation)	*Activity*	*Location*	*Paid-up capital*	*Turnover*	*Pre-tax profit*	*No. of employees*	*Shareholders*	*Directors*
Mines & West Holdings plc (01/10/91)	Manufacture & sale of furniture	Wycombe	485,981	1,423,429	–1,097,081	19	Gregory Wong J. Ryman Raksha Kanadia H. Ryman	G. Wong R.H. Phillips
DSB Special Batteries Ltd (30/07/93)	Battery manufacturer & distributor	Crawley	50,000	n.a.	89,477	70	William Li Stephen Boyes	W. Li S. Bowler S. Boyes
T.S.R Plastics Ltd (14/04/70)	Manufacturer of plastic products	Northants	249,840	n.a.	341,579	75	Herbert J. Tai	H.J. Tai J.P. Tai C.D. Tai N. Tai M. Tai
Computer services								
World Systems (Europe) Ltd Ltd (05/12/83)	Computer consultancy services	Surrey	500,000	5,351,412	268,212	84	E.C. Chen S.S. Chen Z.H. Chen A.C. Steller	E.C. Chen R.J. Fye M.C. Flemming
BYG System Ltd (05/12/83)	Computer hardware & software	Nottingham	100,000	1,114,940	95,916	30	Pauline T. Ming Yoon F. Yong	Y.F. Yong R. Marshall J. Bennaton D.Y. Yong
A+P Computers Ltd (01/03/89)	Computer sales & services	Surrey	2	4,239,221	226,423	n.a.	Peter Moh Saraswathy Moh	P. Moh S. Moh S. Azeem
Structures & Computers Ltd (10/09/74)	Consultancy on use of computers in structural engineering	London	100	3,733,321	9,942	n.a.	Amy T.E. Lim Peter T. Lim	P.T. Lim A.T. Lim S.B. Morrison K.R. Mofatt

(Continued)

Table 2.1 (Continued)

Company (incorporation)	*Activity*	*Location*	*Paid-up capital*	*Turnover*	*Pre-tax profit*	*No. of employees*	*Shareholders*	*Directors*
Naga Electronics Ltd (31/05/88)	Supply of computer systems & components	London	100	2,222,763	32,772	8	n.a.	J.T. Ho J. Knight
Diehard Ltd (14/06/90)	Computer consultancy	London	100	84,800	70,691	n.a.	Wee Ah Hin Tony Morgan	Wee Ah Hin
Isalo Computer Services Ltd (14/12/90)	Computer consultancy	Kent	2	74,633	47,524	n.a.	Mei K. Chan Adam J. Crosby	Mei K. Chan Adam J. Crosby
Gigabyte Ltd (17/11/87)	Computer consultancy	Wiltshire	100	73,682	65,485	n.a.	Wang Fang C.M. Hurt	Wang Fang C.M. Hurt
K.A.I. Computer Services Ltd (18/04/85	Supply of computer systems	London	10,000	771,636	65,645	28	John K. Chang	S. Patel J.K. Chang
Construction								
McHugh Construction Ltd (22/10/93)	General construction	Leicester	100,000	3,440,784	–2,228	n.a.	Best Holdings Ltd Chia Y. Lee Gerald P. McHugh	C. Lee G.P. McHugh S. McHugh E. Tsang
Europa Shop Equipment Ltd (09/05/73)	Shopfitting	Herts	1,000	3,359,522	30,901	28	A.F. Ho N.L. Hamilton	T.M. Parsons N.L. Hamilton
Professional services								
Newcare Homes Ltd (07/09/88)	Management of a nursing home	Haywards Health	1,000	594,794	113,083	n.a.	Li Fat Chuen Lew Kum Hoi Dhananjay Dalmond	F.C. Li L.K. Hoi D. Dalmond B. Beeharee

Table 2.1 (Continued)

Company (incorporation)	*Activity*	*Location*	*Paid-up capital*	*Turnover*	*Pre-tax profit*	*No. of employees*	*Shareholders*	*Directors*
Univent plc (18/06/82)	Managing residential rest & nursing homes	London	912, 500	1,783,661	190,970	95	(long list)	T.S. Yeo G. Leong Son A. Leong Son P.D. Boylan
Creditland Ltd (03/07/87)	General traders & business consultants	London	100,000	2,188,584	–1,228,494	3	Fang Tak Chin Sujanto Ferdi	F.T. Chin S. Ferdi
Professional Incentives Ltd (02/07/91)	Providing convention & incentive services	Horsham	20,000	1,126,999	28,838	4	James A. Hazell San C. Choo	G. Perkins S.C. Choo
Choice London Ltd (24/05/93)	Marketing recreational materials	Surrey	100	1,463,851	–77,271	n.a.	William K. Hsu Gerard Schwanzer Theresa Schwanzer	William K. Hsu Gerard Schwanzer Theresa Schwanzer
Carter Wong & Partners Ltd (13/08/85)	Providing corporate identity services & design consultancy	London	604	1,694,130	263,758	n.a.	Philip Wong Philip Carter Nicholas Downes	P. Carter N. Downes A.M. Tomlin P.Wong
Anglo-Chinese Insurance Services Ltd (12/02/90)	Insurance services	London	100	66,851	46,039	n.a.	C.G. Trigg T. Tee V. Lye	C.G. Trigg P.H. Hui
General services								
Pactrem Ltd (06/10/88)	Lodging: short-term accommodation		2	619,967	99,912	17	J.C. Tham	J.C. Tham P.A. Bunten
Sakura Travel Ltd (25/07/90)	Travel agent	London	20,000	795,910	36,895	n.a.	E.L. Tan T. Menlove	E.L. Tan T. Menlove

That only two firms are involved in the garment industry is interesting as a large number of ethnic Chinese migrants in Britain were from Hong Kong where the textile sector, particularly cotton spinning, was a major industry.[34] The Chinese in some parts of Europe, particularly in France, are a major presence in the trading of garments, involving the import and retailing of clothes. In the United States, especially in New York, the Chinese have a sizeable presence in the import and retailing of garments. Although the Chinese have a strong reputation in the import and distribution of food products in the United Kingdom, they have not managed to tap into this international garment trading enterprise. Yet, in Britain, during the period 1956 to 1964, when Chinese migration from Hong Kong rose sharply, domestic consumption of clothing and footwear imports averaged 12.2 per cent; between 1971 and 1981, this figure rose to 33 per cent. Hong Kong, along with China and Taiwan – and South Korea – had also become major garment export countries, and their textile products still continue to dominate the market in the United States.[35] Since international trade involving ethnic Chinese in the textile sector seems to have thrived in other countries, this brings into question the argument that transnational Chinese business ties are important and can be used to break into new markets.

The list of directors and shareholders of all the firms in this sample indicates that there is no evidence of interlocking stock ownership or interlocking directorships.[36] This suggests that there is no attempt by those working with non-ethnic Chinese to develop links with other Chinese to promote their business interests. In terms of paid-up capital, turnover and number of employees, almost all of these inter-ethnically owned companies have remained SMEs. A majority of these firms are also located in the vicinity of the largest cities in the United Kingdom.[37]

A review of these companies' records reveals that they were partnerships from the time these enterprises were established. Some firms have come under the control of one family, but only after a long period of joint ownership. Two firms in this sample that are now wholly owned by ethnic Chinese are J. Pao & Co and T.S.R. Plastics. T.S.R. Plastics was incorporated in 1970 by members of the Tai and Sawyer families, with the latter remaining as shareholders of the company through the 1970s. T.S.R. Plastics is presently under the control of the Tai family. J. Pao & Co was established in 1984 by Joseph Pao and T. Thoma, and the latter remained a shareholder of the company until 1990; the Pao family now wholly owns the company.

One question that arises is how prominent a role these Chinese play in the management and development of these companies. To determine their involvement in management, a detailed study is provided of two firms, the Oriental Restaurant Group, a prominent restaurateur, and J. Pao & Co, a beansprout manufacturer and distributor which is gaining some reputation in this industry.

Case study 1: Oriental Restaurant Group Plc

The Oriental Restaurant Group, formerly known as Thai Restaurants plc, was incorporated on 11 November 1987. The company also owns an Asian grocery

business, Chunglee. The Oriental Restaurant Group operates six restaurants in the London area.[38]

The company's managing director is Chua Hock Ann, an accountant by training, who was born in Malaysia in 1957. The other original owners and directors of the company were Michael C.J. Paterson and Fredrick L. Cremer, both stockbrokers by profession. By 1990, of the Oriental Restaurant Group's authorised capital of 500,050 ordinary shares of 50 pence each, Chua owned only 100 shares, while Paterson owned 49,006 shares, Cremer 72,000 shares and A.W. Hobbs, who was appointed a director in February 1990, 48,150 shares. Chua, however, had an option to acquire up to 78,000 shares within seven years. Another company owned by Chua, Thai Management Ltd, provided management services to the Oriental Restaurant Group. The Oriental Restaurant Group was publicly quoted in 1996.

The Oriental Restaurant Group has made an impact primarily through the promotion of Thai food. While there is a concentration on a specific type of food, there has also been an attempt to diversify the variety of ethnic cuisine on offer, inevitably in the hope of appealing to a larger clientele. The importance of creating and promoting a particular concept appears to have had a significant bearing on the development of the Oriental Restaurant Group.

Case study 2: J. Pao & Co Ltd

J. Pao & Co Ltd was incorporated on 25 October 1984. The company is involved in the growing and distribution of agricultural products. The founding owners and directors of J. Pao & Co were Joseph Yee Ching Pao, a beansprout grower, and Thomas Thoma, an engineer. The original issued share capital of the company was £2, jointly owned by Pao and Thoma, both British citizens. In 1986, soon after its paid-up capital was increased from £2 to £100,000, J. Pao & Co's activities were moved to a newly equipped factory.

In 1986, J. Pao & Co's issued capital was increased to £100,000, of which all but one share was owned by Joseph Pao; by 1987, however, Thoma had ownership of 5,000 shares of this issued capital. In 1988, the shareholders of the company were Joseph Pao with 76,000 shares, though this included the interests held by the Pao family. The other shareholders included Pao's son, Andrew, who owned 9,500 shares, while Thoma still owned 5,000 of the company's issued shares; all three were directors of the company. In March 1990, Thoma resigned from the board of directors, relinquishing also his interest in J. Pao & Co. On 19 February 1991, Martin C. Robinson, an accountant by profession, was appointed a director of the company. Robinson also held directorships in around 45 other companies which were involved in a wide range of activities, suggesting he was appointed to provide professional services rather than play an active part in the management of the companies.

J. Pao & Co's records indicate that although the company has been under the control of the Pao family, it has a history of cooperation with non-ethnic Chinese. The company has also shown a desire to invest in research and development of

its main activity, agricultural food production. The company has increased the range of its products and has invested in improving productivity and enhancing the mechanisation of its factory operations. By 1989, the company wholly owned two other firms, J. Pao & Co (Produce) Ltd and J. Pao & Co (Development) Ltd, whose principal activities are developing beansprout-growing technology.

J. Pao & Co's records indicate that in spite of the presence of non-ethnic Chinese in the ownership and management of the company, the Pao family has been playing a prominent role in the company's development. In terms of ownership, other members of the Pao family have held a stake in the company. Apart from Joseph and Andrew Pao, other family members with an interest in the firm include David, Caroline and Doris Pao. Since Joseph Pao's death, Andrew appears to have emerged as the person primarily responsible for managing the company.

These brief case studies of inter-ethnic-owned enterprises indicate that the Chinese partner has played a key role in the management and development of the firm. The shareholders of these companies are professionally qualified, trained as accountants or engineers. J. Pao & Co, evidently under the control of the Pao family, is now managed by the second generation. Working with a non-ethnic Chinese, particularly in the early period after the company was incorporated, has been of some benefit to the Pao family. The Oriental Restaurant Group is a publicly quoted firm, suggesting that its shareholding is quite diverse, though management control remains in the hands of the founders of the companies. There have been no attempts by the shareholders to develop ownership or trade links with other Chinese businessmen.

These firms have remained focused on one particular industry and have shown little desire to diversify their interests, in comparison with a large number of the migrant cohort who have ventured into a number of different business activities.[39] J. Pao & Co has attempted to develop its expertise in a particular industry, while the Oriental Restaurant Group has focused on opening restaurants that specialise in Asian cuisine.

Malaysia

Case study 1: inter-ethnic ties

In Malaysia, following implementation in 1971 of affirmative action through the 20-year New Economic Policy (NEP), inter-ethnic relationships became common at three levels. First, among leading Chinese-owned companies, prominent Malays were appointed to the board of directors, mainly to serve as avenues for these firms to secure access to the state or bypass bureaucratic red-tape in government. These directors had equity ownership but were not actively involved in the management and development of these companies.[40] Second, at the level of the SMEs, 'Ali-Baba' relationships were forged, but there was an unequal relationship here between the partners. The Malays provided the contracts, while the Chinese implemented them. Third, business partnerships were

forged on a more equal basis among a few Malaysian elites. Examples of these include the partnership between Ibrahim Mohamad and Brian Chang in Promet, which eventually fell apart. Eric Chia worked with Mokhzani Abdul Rahim and Shamsuddin Kadir in UMW.[41] Rashid Hussain and Chua Ma Yu established Rashid Hussain Bhd. Chua, however, went on to develop his own business interests.

During the 1990s, among smaller firms, including those that were being quoted on the Kuala Lumpur Stock Exchange (KLSE), there was growing evidence of inter-ethnic business ties. These links indicated a transition that reflected two things about the implementation of affirmative action through the NEP. First, the creation of an independent *Bumiputera* middle class due to affirmative action Second, among the new generation of Malaysians, there was a greater openness to inter-ethnic cooperation in business for mutual benefit. Partners in these relationships appeared to be equally competent. Among middle-class *Bumiputeras*, it reflected a feeling of confidence and ability to hold their own in business, given the skills they had acquired through state support under the NEP.

A review of the 28 new companies listed on the KLSE in 1998 indicated that:

a eight of them (or 29 per cent) could be classified as Chinese–*Bumiputera* partnerships;
b only two were based on intra-ethnic Chinese partnership;
c there was no evidence of *Bumiputeras* in partnership;
d only one was wholly *Bumiputera*-owned – the family firm Habib Corp;
e 11 firms (or 39 per cent) were owned by Chinese families and individuals; and
f a number of the other firms were owned by government corporations.[42]

A study of the ownership of all firms listed on the KLSE in 2000 indicates that only about 17 (or 2.5 per cent) of these companies are inter-ethnic partnerships. This low figure draws attention to the issue of the viability of partnerships.[43] While inter-ethnic business partnerships may not be sustainable, it is not a reflection of unstable ethnic relationships. This issue of the sustainability of partnerships is prevalent in other countries and has not impaired enterprise development. When partners split up, new enterprises are formed, precipitating greater competition, which in the long term creates a more dynamic environment, helping to promote innovation and productivity.[44]

All 17 firms were quoted on the KLSE in the 1990s. Nearly 50 per cent of them were incorporated or began operating as inter-ethnically owned firms during the 1980s and 1990s. The growing number of firms that were owned on an inter-ethnic basis by the end of the 1990s is a positive development because, from the 1970s until the late 1980s, such cooperative inter-ethnic relationships, where company ownership was on a rather equal basis, were seen to prevail primarily among an elite group. That there is evidence of growing inter-ethnic business ties among KLSE firms, without state intervention, raises important

questions about identity transformation, among *Bumiputeras* as well as non-*Bumiputeras*.

Case study 2: Malaysian investments in China

In 2003, Malaysia was listed as the sixteenth largest investor in China. That year, Malaysia also overtook Singapore as China's largest trading partner among ASEAN countries. In 2002, Malaysia's volume of foreign direct investments (FDI) in China amounted to US$367.99 billion, with the mainland listed as among the top ten FDI destinations of Malaysian investors. There have been numerous investments in China by Malaysia's leading publicly listed companies, including those owned by Robert Kuok (Perlis Plantations group), Quek Leng Chan (Hong Leong group), William Cheng (Lion group), Vincent Tan (Berjaya Group), Khoo Kay Peng (MUI group) and Francis Yeoh (YTL Corp group).

A host of smaller quoted firms, in terms of market capitalisation, has also invested in China. Most of these companies are involved in manufacturing, such as Apollo Food (manufacturer and trader of chocolate confectionery products), Mamee Double Decker (owned by the Pang family and a manufacturer of instant noodles), Kim Hin Industry (owned by the Chua family and a manufacturer of ceramic tiles), Leader Universal Holdings (owned by Hng Bok San, and a manufacturer and distributor of electrical and telecommunication cables), New Hong Fatt Holdings (owned by Kam Leng Fatt and involved in the manufacturing and marketing of automotive spare parts and accessories), AKN Technology (owned by Tan Yeow Teck and involved in metal stamping and precision tool manufacturing), PCCS Group (manufacturer and distributor of golf apparels), Ramatek (manufacturer of textile and garment products), Prolexus (a garment manufacturer which has a joint venture in China), Integrated Logistics (involved in logistics and a bonded warehouse operator), Khong Guan Industries (manufacturer of plastic rubbish bags), JSPC i-Solutions (involved in IT business applications) and Globetronics Technology (integrated circuit contract manufacturer).

The primary activity of both these large and medium-sized firms is manufacturing, for domestic consumption in China and for export. This suggests that their decision to invest in China may primarily be in response to structural problems within the Malaysian economy. For these reasons, it is moot whether these firms have invested in China primarily because of the active encouragement of the Malaysian government. Since the cost of manufacturing of products such as electrical and electronic goods, chemicals, steel, iron and consumer goods is significantly cheaper in China, Malaysian firms involved in these activities have been compelled to transfer their plants to the mainland to ensure that the pricing of their goods remains competitive in the global market. In other sectors, such as the garment industry, because of WTO regulations, Malaysian companies in this business have no alternative but to move into China. Other firms, such as Padini Holdings, a manufacturer and distributor of garment products, ceased its manufacturing activities and began out-sourcing its orders to firms in China. The company justified this decision on the grounds that 'price, speed, flexibility and

capacity were all considerations that tipped the balance in favour of the Chinese.'[45] China is the world's largest producer of apparel and footwear.

Since manufacturing costs are cheaper in China, the Malaysian government has been actively encouraging domestic firms to invest in the mainland. International Trade and Industry Minister, Rafidah Aziz, an advocate of the benefits of investing in China, revealed in May 2004 that in Shanghai alone there were 151 projects involving Malaysian firms. Most of these companies had investments in the manufacturing sector, involving the production of, among other things, ceramics, vegetable oils and plastic material. The major Malaysian firms in Shanghai included Malayan Banking, William Cheng's Parkson supermarket and Malaysian Airlines.

However, during my interviews with Malaysian bureaucrats who had investigated the outcome of investments by domestic firms in China, it was disclosed that many of these companies have not secured the expected returns on their investments. But since their venture abroad has involved substantial capital investments, for example, to establish new plants for their manufacturing activities, they prefer to remain in China and hope for a turn of luck rather than cut their losses and return to Malaysia. The studies by government officials confirm other private sector reports that Malaysian enterprises have encountered a variety of problems in China, including having to deal with corrupt government officials, securing the services of a competent local management team and ensuring the loyalty of their labour force.[46]

While Malaysian firms have invested in China, there is little evidence of much cooperation between these firms on the mainland. The limited business ties among these ethnic Chinese investors and their relatively poor returns from investments in China contest the idea that the mainland is an important avenue through which ethnic Chinese from outside the mainland can continue to develop their enterprises. There is clearly a marked heterogeneity in the business style of these ethnic Chinese investors in China. This heterogeneity suggests different attitudes by these business people to the manner of corporate growth, a factor that hinders co-ethnic collaborative business ventures; moreover, there is little reason for investors in different areas of business to cooperate in corporate deals. The way these business people identify partners for their ventures is dependent on the contribution the latter can make to the development of the new enterprise; inevitably, the best partner is seldom a co-ethnic, especially when the new venture is being undertaken in a foreign country. This would suggest that the issue of common ethnic identity is of little importance in transnational business transactions undertaken by ethnic Chinese from Asia.

Conclusion

In this study of ethnicity and capital development, with a focus on the relevance of the term 'market-dominant minorities', the primary objective was to confirm the veracity of the argument that it is a shared or common cultural identity among minority groups that aids business ventures and influences the form of enterprise

development. This chapter, however, indicates that there are major cleavages among ethnic minorities, in developing as well as developed economies, which prevent them coalescing in business. More importantly, this study has provided evidence of growing inter-ethnic business ties in both Britain and Malaysia, which brings into further question the applicability of the term 'market-dominant minorities'.

A common feature of inter-ethnic business ties in Britain and Malaysia is that the partners in these ventures have a similar class background. In Britain, partnerships involving migrants are usually people with 'class resources',[47] that is, they are well-educated or are people of financial means. The business partners of these migrants are not co-ethnics but members of the host society who have the resources to contribute to the development of the new firm.[48] This forging of inter-ethnic partnerships indicates that when new businesses are formed, the choice of partners is made after prudent considerations, that is, on whether such partners can contribute effectively to the new enterprise. Similarly in Malaysia, even during the 20-year NEP period, genuine partnerships were primarily between people of a similar class background. After 1990, partnerships not of the 'Ali-Baba' type were between people who had similar class backgrounds or provided complementary resources to enterprise.

It is among the newer or younger generation, specifically those born and bred in these countries, that inter-ethnic business ties are more pronounced. The evolution of firms owned by ethnic Chinese in the United Kingdom indicates that generational change has influenced and continues to influence the form of enterprise development. When the descendants of migrants take over the running of firms, business ties become increasingly inter-ethnic in character and established on the basis of mutual benefit.[49] These partnerships are a result chiefly of the narrowing and even erasure of the educational gap between Chinese and other British children. Although the Chinese in Britain and Malaysia are by no means exempt from various forms of discrimination, such a common experience has not reinforced intra-ethnic business cooperation to any great extent. The emergence of inter-ethnic partnerships suggests that members of these two multi-ethnic societies, specifically those from the middle class, are comfortable and confident enough to transcend ethnic divides to establish close cooperative ties. These inter-ethnic ties provide evidence of a developing sense of national identity that is rooted in the present homeland.

While the state in Britain has played a key role in helping to promote the rise of SMEs, it is unlikely that the partnerships that have been forged are due to specific policy recommendations by the government. Similarly in Malaysia, although the government has actively promoted the development of Malay-owned enterprises and its long-running policies of affirmative action have discriminated against Chinese firms, these policies have not generated intra-ethnic business cooperation, such as for instance among the Malays or Chinese.[50] This is because of the class and sub-ethnic cleavages within ethnic communities that prevent these groups from achieving social cohesion. In Britain, there is no evidence that Chinese migrants have been able to create business ties with long-term

residents or with British Chinese because cleavages based on place of origin, class differences, generational differences and sub-ethnic differences, stand in the way of the creation of a pan-Chinese identity. In both countries, in the long term, the most discernible trait has been the desire of the ethnic Chinese to develop their enterprises independently.

The paradox is that while the Chinese lack the distinctiveness that unifies them as a community, the dominant communities of both countries generally view them as a cohesive or homogeneous group. One key reason for this paradox is the role of the state and the politics of nation building. In the state's perspective on nation building, there is little recognition or acknowledgement of the significance of generational change. Moreover, while the role of the state looms large in most discussions on migration and enterprise development, it is questionable whether government policies have played a key role in promoting inter-ethnic ties in both societies.

These conclusions about the evolution of Chinese-owned capital in Malaysia and the United Kingdom undermine Chua's arguments about the economic influence of 'market-dominant minorities'. There is little evidence of a communal bond among the Chinese; neither do they collaborate actively in business to overcome any disadvantages they may face as a minority community. There is evidence to support Nandy's observation about the considerable interaction that exists among ethnic communities in their daily lives and when they forge new businesses. Ownership and control patterns of firms owned by ethnic minorities change and evolve with time. The evolution of these firms helps reveal important and fundamental changes that have occurred in society, specifically the understanding that minorities have cultivated and nurtured roots in the economies in which they operate.

These conclusions draw attention to important differences in class and sub-ethnic affiliations that weaken group unity and suggest the rise of new trends that provide insights into identity formation. The business transactions of migrants with class resources demonstrate that ethnic identity is not a key criterion when undertaking a new enterprise. The forging of inter-ethnic partnerships among descendants of migrants suggests that important identity transformations have taken place through successive generations of migrant communities. From this perspective, concepts such as 'market dominant minorities' do not capture the transitions that have taken place in society. More significantly, the currency of such terms also does a disservice to the promotion of ethnic co-existence in multi-racial societies. It is class parity, not a common cultural or ancestral identity, that is the primary factor in the forging of business ties in multi-ethnic societies.

Notes

1 See, for example, A.B. Shamsul, 'Identity Contestation in Malaysia: A Comparative Commentary on "Malayness" and "Chineseness"', *Akademika*, 55 (July 1999); Gregor Benton and Edmund Terence Gomez, *Transnationalism and Chinatown: Ethnic Chinese in Europe and Southeast Asia*, Canberra: Centre for the Study of the Chinese Southern Diaspora, Australian National University, 2001; Sumit Mandal, 'Transethnic Solidarities, Racialisation and Social Equality', in Edmund Terence Gomez, ed., *The State of Malaysia: Ethnicity, Equity and Reform*, London: Routledge, 2004.

2 Chinese economic behaviour has been widely attributed to cultural traditions, particularly Confucian ethics (S. Gordon Redding, *The Spirit of Chinese Capitalism*, Berlin: de Gruyter, 1990; M.H. Bond and G. Hofstede, 'The Cash Value of Confucian Values', in S.R. Clegg and S.G. Redding, eds, *Capitalism in Contrasting Cultures*, New York: de Gruyter, 1990). Whitley (Richard D. Whitley, *Business Systems in East Asia: Firms, Markets, and Societies*, London: Sage Publications, 1992), who adopts an institutional rather than a cultural approach, characterises the form of corporate organisation among members of this ethnic community as the 'Chinese family business'.

3 A revisionist literature questions if the 'Chineseness' of business people determines the way they make decisions and develop their enterprises. The basis and extent of business ties among Chinese firms has been misrepresented and seen as being formed in a single dimension. These ties, or networks, in actuality go through various processes of change and operate at multiple levels. Co-ethnic cooperation for the benefit of the community, the ostensible basis for these networks, is not the reason for these business ties. See Edmund Terence Gomez and Hsin-Huang Michael Hsiao, eds, *Chinese Business in Southeast Asia: Contesting Cultural Explanations, Understanding Entrepreneurship*, Richmond: Curzon, 2001; Benton and Gomez, 2001.

4 See, for example, Redding, *Spirit*; H. Sender, 'Inside the Overseas Chinese Network', *Institutional Investor*, August 1991; John Kao, 'The Worldwide Web of Chinese Business', *Harvard Business Review*, March–April 1993, Constance Lever-Tracy, David Ip and Noel Tracy, *The Chinese Diaspora and Mainland China: An Emerging Economic Synergy*, New York: St. Martin's Press, 1996.

5 See, for example, Yoshihara Kunio, *The Rise of Ersatz Capitalism in Southeast Asia*, Singapore: Oxford University Press, 1988; Lever-Tracy, Ip and Tracy 1996.

6 Amy Chua, *World on Fire: How Exporting Free Market Democracy Breeds Ethnic Hatred and Global Instability*, New York: Doubleday, 2003.

7 Ibid pp. 260–64.

8 Ibid p. 6.

9 Ibid p. 6.

10 See, for example, Roger Waldinger, Howard Aldrich, Robin Ward, *et al*., *Ethnic Entrepreneurs: Immigrant Business in Industrial Societies*, London; Sage, 1990; Ivan Light and Steven Gold, *Ethnic Economies*, San Diego, CA: Academic Press, 2000.

11 Joel Kotkin, *Tribes*: *How Race, Religion and Identity Determine Success in the New Global Economy*, New York: Random House, 1993.

12 Robin Cohen, *Global Diasporas: An Introduction*, Seattle: University of Washington Press, 1997.

13 Edmund Terence Gomez and Gregor Benton, 'Transnationalism and the Essentializing of Capitalism: Chinese Enterprise, the State, and Identity in Britain, Australia, and Southeast Asia', *East Asia: An International Quarterly*, 21, 3 (2004).

14 The roots of this term can be traced back to the Weberian tradition of describing Jewish entrepreneurial activities as a type of 'pariah capitalism', an expression that later was extensively deployed to describe the business style of the Chinese in Southeast Asia. See, for example, Gary G. Hamilton, 'Pariah capitalism: A Paradox of Power and Dependence', *Ethnic Groups,* 2 (Spring, 1987).

15 See Ruth McVey, ed., *Southeast Asian Capitalists*, Ithaca, NY: Cornell University Press; Yoshihara; Edmund Terence Gomez, *Chinese Business in Malaysia: Accumulation, Ascendance, Accommodation*, London: Curzon, 1999.

16 *Time Warps: Silent and Evasive Pasts in Indian Politics and Religion*, London: Hurst & Company, 2002.

17 Trevor Jones, *Britain's Ethnic Minorities: An Analysis of the Labour Force Survey*, London: Policy Studies Institute, 1996; Hilary Metcalf, Tariq Modood and Satnam Virdee, *Asian Self-Employment: The Interaction of Culture and Economics in England*, London: Policy Studies Institute, 1997; Richard Berthoud, *The Incomes of*

Ethnic Minorities (ISER Report 98-1), Colchester: University of Essex, Institute for Social and Economic Research, 1998.

18 John Atkinson and David Storey, eds, *Employment, the Small Firm and the Labour Market*, London: International Thomson Business Press, 1993.

19 Berthoud.

20 See the case of the Oriental Restaurant group for a study of the rise of a business enterprise rapidly developed by an ethnic Chinese from Southeast Asia.

21 See Benton and Gomez for further details on these four groups of ethnic Chinese in the United Kingdom.

22 For a history of these Chinese institutions, see Benton and Gomez.

23 In my study of ethnic Chinese-owned firms in Britain, I found only one example of financial aid based on intra-ethnic linkages. This relationship involved the See Woo Holdings Group, one of the leading Chinese food wholesalers in the United Kingdom. See Edmund Terence Gomez, ed., *The State of Malaysia: Ethnicity, Equity and Reform*, London: RoutledgeCurzon, 2004.

24 '*Bumiputera*' is the Malay term for 'sons of the soil', an epithet used in Malaysia to refer to the members of the hegemonic Malay community; it also includes the indigenous people of Sabah and Sarawak.

25 James V. Jesudason, *Ethnicity and the Economy: The State, Chinese Business and Multinationals in Malaysia*, Singapore: Oxford University Press, 1989; Gomez, *Chinese Business*; Heng Pek Koon and Sieh-Lee Mei Ling, 'The Chinese Business Community in Peninsular Malaysia, 1957–1999', in Lee Kam Hing and Tan Chee Beng, eds, *The Chinese in Malaysia*, Shah Alam: Oxford University Press, 2000.

26 Gomez, *Chinese Business*.

27 See K.S. Jomo, Greg Felker and Rajah Rasiah, eds, *Industrial Technology Development in Malaysia: Industry and Firm Studies*, London: Routledge, 1999.

28 See the case study below on Malaysian investments in China.

29 Heng and Sieh-Lee.

30 Gomez, *Chinese Business*.

31 Gomez and Benton.

32 Edmund Terence Gomez, ed., *The State of Malaysia: Ethnicity, Equity and Reform*, London: RoutledgeCurzon, 2004.

33 In my study of firms solely owned by ethnic Chinese in Britain, I found that most of these companies were also formed after 1980s. See Gomez, *State*.

34 Wong Siu-lun, *Emigrant Entrepreneurs*, Hong Kong: Oxford University Press, 1988.

35 Roger Waldinger, Howard Aldrich and Robin Ward, *Ethnic Entrepreneurs: Immigrant Business in Industrial Societies*, London: Sage, 1990, p. 162.

36 Only two companies in this sample, the restaurateurs Eden Restaurants (Holborn) Ltd and Sugarloaf Restaurants Ltd, though incorporated almost 20 years apart, have similar shareholders.

37 The companies wholly owned by ethnic Chinese are also primarily located in urban areas in Britain.

38 *The Times*, 11 November 1997.

39 See Gomez, *State*.

40 Jesudason.

41 See Peter Searle, *The Riddle of Malaysian Capitalism: Rent-Seekers or Real Capitalists*, St Leonards/Honolulu: Allen & Unwin/University of Hawaii Press, 1999.

42 *Malaysian Business*, 1 March 1999.

43 Not all these inter-ethnic business ties should be seen as ones where the partners play an equal part in management. Some are possibly firms of the 'Ali-Baba' sort, that is, firms where the Chinese partner is primarily responsible for developing the enterprise.

44 See, for example, Edith T. Penrose, *The Theory of the Growth of the Firm*, Oxford: Basil Blackwell, 1980.

45 www.fashion-asia.com/article.cfm?id=33, 15 November 2004.

46 See *The Edge* (10 March 2003) for a report on the study by the management consultant, Deloitte Kassim Chan Business Services, about the activities of about 160 – primarily manufacturing – firms that had invested in China.
47 Light and Gold.
48 For migrants to Britain without class resources, a small business has served as a means of achieving social mobility and coping with isolation and alienation. Where these new small businesses were partnerships, the partner was usually a co-ethnic. Their financial resources were pooled and the labour force comprised members of their families. Most of these enterprises quickly evolved into solely owned firms or family businesses. For details on the evolution of firms owned by poor ethnic Chinese migrants, see Gomez, *State*.
49 For more evidence to substantiate this point, see Gomez, *State*.
50 Gomez, *Chinese Business*.

3 Beyond reductionism

State, ethnicity and public policy in plural societies

Emile Kok-Kheng Yeoh

Introduction

The political and socioeconomic problems confronting multiethnic societies have in recent years attracted increasing attention not only from politicians and academics, but also the public at large, mainly due to the impact of reethnicization of social segments and the widening of inequalities in Eastern Europe and the Balkan conflicts after the collapse of communism. Although ethnic diversity is not an exclusive feature of the developing countries, it is nevertheless critically relevant to them, since economic deprivation or desperate poverty 'unduly heightens sensitivities and breeds a general atmosphere of unreasonableness and distrust, making it immensely more difficult to attain solutions to outstanding problems on the basis of a reasonable give and take'.[1] That said, one should be mindful that the threat of ethnic unrest is not solely the bane of third world countries. The *Economist* observed in 1965 that the sizzling ethnic tension in Malaysia and Singapore at that time coincided with a week of race riots in Los Angeles, as well as ethnic violence in southern Sudan.[2] The threat of interethnic mistrust looms large and wide. It could be both the scourge afflicting the poor nations, and the sword of Damocles even in times of prosperity.

The main contention of Amy Chua's book, *World on Fire: How Exporting Free Market Democracy Breeds Ethnic Hatred and Global Instability*,[3] is that the spread of free market democracy breeds ethnic violence in developing countries by simultaneously concentrating wealth in the hands of the ethnic minority and empowering the impoverished majority that resents the former. The exposition of the thesis, however, relies heavily on a thread of argument with a disturbing emphasis on the role of the ethnic minority, often immigrants and their descendants, who are termed the "market-dominant minority". The precariousness of such a predilection for reductionism lies in the undue emphasis on one particular aspect at the expense of a broader, more complex, structure – a simplification that runs the risk of misleading stereotyping by neglect. Such dangerous essentialization is compounded by the inclination for blanket, semantically specious, generalizations, as when she notes that "once the *Chinese* realized that the Marcoses wished only to redistribute wealth to themselves and not to the poor, the *Chinese* rejoiced" (p. 155, italics added).

Typology of immigrant communities

In discussing the dependence of the exact outcome in a mixed-multiethnic (i.e. homeland and immigrant) state on the strength of the contending homeland and immigrant movements, Esman (1985)[4] identified three types of immigrant movement.[5] The first evolved from the organized migration of settlers into areas inhabited by peoples commanding weaker technological resources, who are subdued and displaced, for example the ethnic Europeanization of the Americas, New Zealand and Australia. In this case, the "homeland" movement of the earlier inhabitants (the Amerindians, Maori and Australian aborigines), reduced to impotent and impoverished minority status, is usually of little significance. The second category of immigrant movements is the result of labour migration into established societies (e.g. the Third World "guest workers" in the industrialized countries, such as the Turkish *Gastarbeiter* in Germany or the Pakistanis in West Yorkshire, England). Ethnic movements organized and led by their second generation usually demand non-discrimination in education and employment, full inclusion as citizens and toleration for cultural differences. Esman's third category refers to the migrations of "pariah entrepreneurs" – ethnic communities that moved into peasant societies and established themselves in previously unoccupied economic space as a business class. Many of them became comprador merchants under colonial rule. In addition to Esman's categorization, members of these migrant communities also included labour moved in mainly under colonial indenture or assisted immigration systems. Such immigrant labour sometimes served to enhance the interests of capitalists of the same ethnicity. For instance in British Malaya

> Chinese capitalist control of tin mining persisted long after British intervention in the tin producing Malay States because of effective and exclusive control over Chinese labour. Relying on "labour-intensive" production techniques, the minimization of the wage bill was key to their viability and profitability … In the absence of a local proletariat, Chinese capitalists chose to employ an immigrant [Chinese] proletariat they controlled by a variety of economic and extra-economic means [including the secret societies which] were transformed into quasi-welfare organizations serving multifarious functions in the uncertain frontier society and embracing most strata of the Chinese community.[6]

For such communities and their descendants, their relative prosperity, real or perceived, "inevitably incites envy, their disinclination to integrate into the native society provokes resentment, and their minority status renders them vulnerable to political attack".[7]

Hence, the structure of the immigrant communities, which constitute the main part of Chua's "market-dominant minorities", is much more complex than that which the readers are led to understand from her book. To label the economically successful minorities simply as "market-dominant" carries the inescapable undertone of putting the blame for suffering on the victims of ethnic violence unleashed

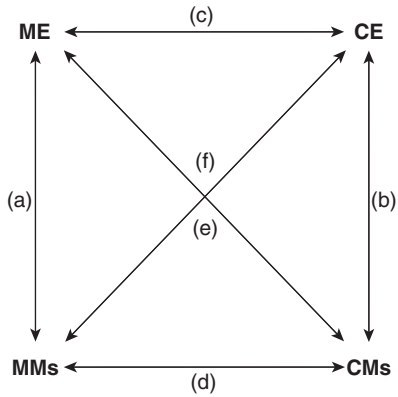


Figure 3.1 Ethnic and class relations in Malaysia

by the demographic majority. Chua's caricature of the "market-dominant" Chinese, whether in Burma or other Southeast Asian countries, and its over-emphasis on the obscenely rich Chinese tycoons that contrasts vividly with its inattention to the vast majority of the Chinese toiling masses, including the first-generation immigrant coolies living a backbreaking existence, inexcusably distorts the image of the immigrant community. Throughout her text, next to nothing is mentioned about the large labouring masses within the minority, often diaspora, communities.

Chua's skewed portrayal of "market-dominant minorities" contrasts sharply with Figure 3.1 an illustration of the incompatible class fractional identity and ethnic allegiance that bred discontent and instability in Malaysia.[8]

M denotes Malay, C Chinese, E élite and Ms masses respectively. The vertical division shows the Malay–Chinese ethnic grouping, while the horizontal one indicates the élite–masses socioeconomic class grouping. Three types of relation are evident here: *vertical relations*, between Malay élite and their masses (a), and Chinese élite and their masses (b); *horizontal relations*, between Malay élite and their Chinese counterpart (c), and Malay masses and their Chinese counterpart (d); *diagonal relations*, between Malay élite and Chinese masses (e) and Chinese élite and Malay masses (f). Intra-ethnic relations are shown by vertical arrows, inter-ethnic ones by the horizontal and diagonal. This typology closely resembles Bonacich's[9] configuration of class and ethnic relations resulting from imperialism (see Figure 3.2).

While segments A and C in Bonacich's model represent the "imperialist (white) bourgeoisie" and "workers in the imperialist nation" (and segments B and D refer to their non-white counterparts in the colonies and semi-colonies), in the present context they may well be the non-Malay bourgeoisie and proletariat whose existence was a direct consequence of colonial policy and closely linked to the interests of the imperialist nation.

While Bonacich's model refers to classes in the Marxian sense of the word, Husin speaks about "élite" instead. According to Brass,[10] the term "élite" is not a substitute for "class", but refers to formations within ethnic groups (e.g. the

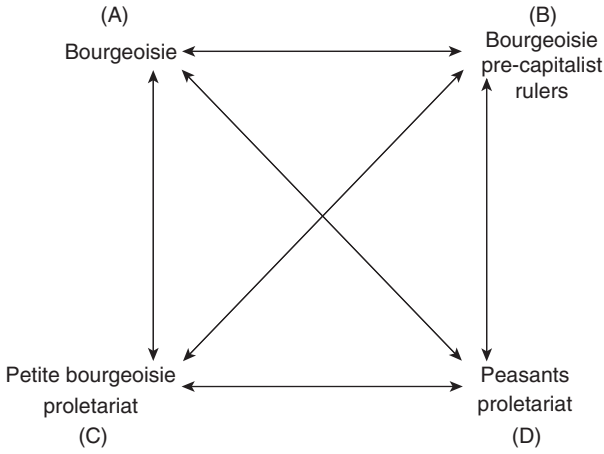


Figure 3.2 Ethnic and class relations resulting from imperialism

aristocratic class) and classes (e.g. the secular élites) that often play critical roles in ethnic mobilization. Each of these élites may choose to act in terms of ethnic or class appeals. What determines their action is neither their ethnicity nor their class, but rather their specific relationship to competing élites in struggles for control over their ethnic group, or in competition with persons from other ethnic groups for scarce political and economic benefits and resources.

Bonacich's purpose is mainly to show how imperialism complicates class struggle by dividing classes along ethnic lines, and how her "split labour market theory" can be invoked to explain such complications.[11] However, the latter may not necessarily emerge in the form of conspicuous ethnic conflict. For instance, not only do members of the Malay and Chinese élites who are leaders of the component parties in the ruling Alliance share a desire to minimize conflict among themselves, but each group also tries to accommodate members from the other group into their respective spheres of predominance.[12]

In stark contradistinction to this, Chua's squinted description of the "market-dominant minority" only refers to the top right item in the fourfold taxonomy of Husin (Chinese elite) and Bonacich (bourgeoisie/pre-capitalist rulers). *World on Fire*, through its reductionistic caricature (as that of the "gaily jabbering *ibu*"),[13] from the Southeast Asian Chinese to the "pigmentocracy" in Latin America and the Jews in Russia, is in a sense accentuating the dangerous stereotyping of a most visible minority of the minority in whose image the whole community is misrepresented, reminiscent of Napoleon's stereotyping of England as a nation of shopkeepers,[14] practically paying no attention to the existence of the great majority of the 'Great Unwashed'.[15] By turning a blind eye to the "Great Unwashed" majority of the minority, Chua is giving the impression that the Malaysian or Indonesian Chinese are but communities of big and small Robert Kuoks, Bob Hasans and Sudono Salims – some favourites among the book's *dramatis personæ*.

Contrary to Chua's reductionism, the understanding of ethnic conflict cannot be achieved without taking into consideration a complex web of institutional factors including the role and identity of the State, ethnic markers as instruments for political mobilization, élite racialist discourse, historical geography of ethnicity, numerical structure of ethnicity, relative ethnic intensity, dominant group orientation and subordinate group aspiration, ethnic concentration and dispersion, and ethnoterritoriality. Take the example of El Ejido, Almería, Andalucía, Spain.

Homeland-multiethnic: Spain

Violence erupted in El Ejido[16] in early 2000 when a Moroccan man was arrested on suspicion of stabbing to death a Spanish woman in a local market. This came two weeks after another Moroccan man was arrested in connection with the stabbing to death of two people. Although the police had said that there was no evidence that the immigrant community was committing more crimes than anyone else, hundreds of local people began marching through El Ejido shouting racist slogans, and proceeded on the rampage, burning cars and shops belonging to Moroccans – a minority that constituted just one-tenth of the local population, who mainly worked in agriculture, picking and planting fruit and vegetables – low-paid and back-breaking work which Spaniards shun. While several thousand people went on the worst rampage of racial violence in the recent history of the country, wrecking businesses, shops and bars owned by immigrants, and beating up Moroccan workers, the local police, under the control of the populist mayor Juan Enciso, did not seem to try to stop the rioters. Six hundred police reinforcements were sent from Madrid two days later, and it took several days to restore order. The mayor, meanwhile, resisted pressure from the prime minister, Jose Maria Aznar, to condemn the violence, vetoed a plan for the Red Cross to set up a camp for the immigrants whose shacks had been destroyed in the riots and helped provoke the resignation of the liberal labour minister, Manuel Pimental, who had spoken out in support of the immigrants.

While ethnic conflict in El Ejido clearly did not arise from the existence of a market-dominant minority, it could only be understood by taking into consideration the complex ethnic mosaic of Spain. Historically, the Spanish State has always endeavoured to impose a rigid ethnic, religious and cultural homogenization, not least by expelling the two most important minorities – the Jews were exiled by the Catholic Monarchs in 1492, and the Morescos were banished by Felipe II in 1609. Until the emergence of Basque nationalism in the late nineteenth century, the ethnolinguistic and ethnoreligious homogeneity of the Spanish people had never been questioned in the country. The small immigrant minorities – African slaves brought into the country in the sixteenth and seventeenth centuries and Germans who settled in the Sierra Morena in the eighteenth century – were easily assimilated. However, even under this façade of homogeneity, several ethnic groups in Spain have always kept a separate identity, culturally and linguistically: the Catalans (16 per cent of the population), mainly in the northeast of the country and on the eastern islands; Galicians (7 per cent) in the northwest; Basques, or Euskal-dun

Figure 3.3 Spain: the autonomous communities and non-Castilian ethnolinguistic distribution

Note: Native languages in brackets.

(2 per cent), mainly around the Bay of Biscay; and the nomadic Gitanos (Gypsies) who are dispersed all over the country, with the greatest number found in Madrid, Barcelona and the larger southern cities. Besides, there are also some less significant but somewhat differentiated groups such as the "agotes" in Navarra and the "vaqueiros de alzada" in Asturias (with the distinctive local language called "bable"). Recent immigration, however, is adding a new element to the ethnic mosaic of the country, the "new minorities". While there are hardly any incorporation problems for the European immigrants and not much difficulty in the assimilation of Latin Americans given their Hispanic cultural and linguistic background, the integration of Africans and Asians is more problematical. These "new minorities" will be examined later in this chaper.

Although the Autonomous Communities project after the death of Generalísimo Francisco Franco y Bahamonde (the *Caudillo*) was not designed solely to resolve the ethnic problems facing the Castilian centre stemming from the "historic regions" of Catalonia and the Basque Country (and to a less extent, Galicia) – hence the creation of 17 instead or two or three such Communities – it cannot be denied that it is the real or potentially centrifugal pressure from these ethnic regions (rendered even more explosive after the long years of Franquist repression) that provided the first and main impetus behind the will to decentralize after the restoration of democracy in 1975. The primary importance of the

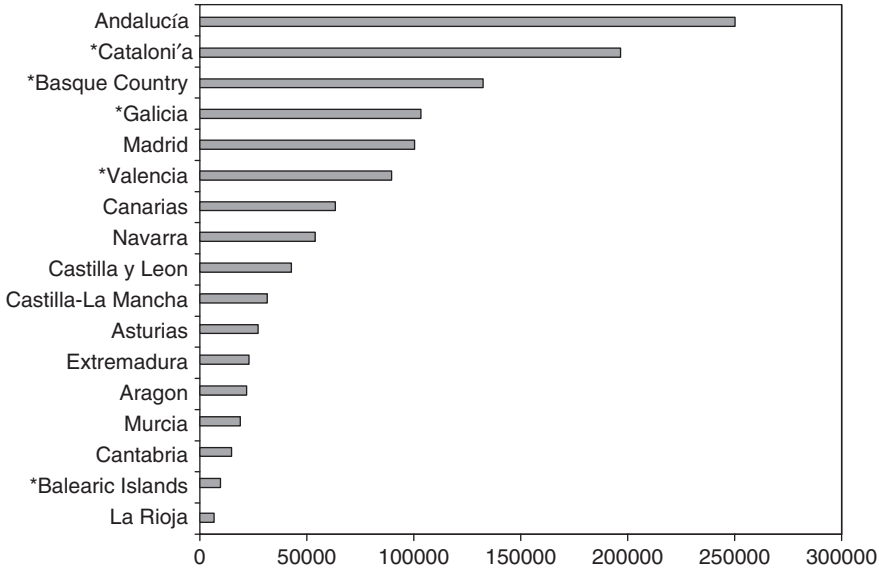


Figure 3.4 Spain: public resources distribution by region, 1985 (early phase of decentralization)

Source: Resource use figures from Ortiz Junquera and Roldán Mesanat (1988).

Note:
*Ethnolinguistically non-Castilion regions.

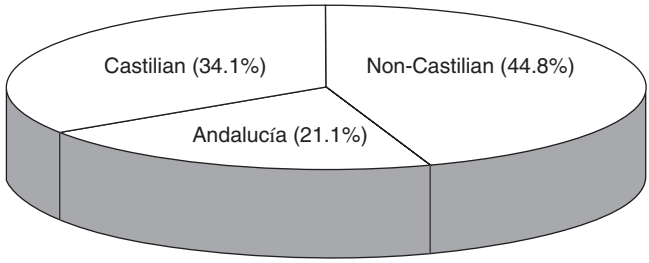


Figure 3.5 Spain: public resources distribution, 1985 (early phase of decentralization)

Note:
*Non-Castilian Regions: Catalonia, the Basque Country, Galicia, Valencia, the Balearic Islands; the case of the Andalucian ethnogenesis will be examined later.

ethnic regions (which extend beyond the three "historic regions") can be observed in Figures 3.4 and 3.5, which show the interregional distribution of public sector resources in 1985, during the early phase of decentralization. The top six regions in 1985, which accounted for 74 per cent of the 17 regions' total resources, were Andalucía, Catalonia, the Basque Country, Galicia, Madrid and

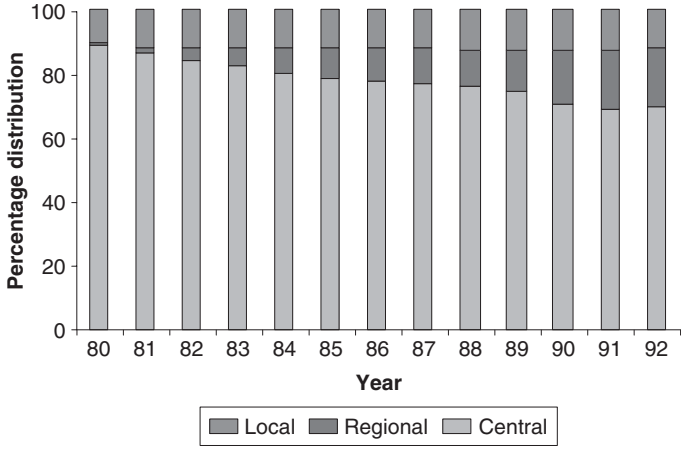


Figure 3.6 Spain: decentralization of government expenditure – the first two decades

Valencia. Out of the six, Catalonia, the Basque Country, Galicia and Valencia (which together accounted for 44 per cent of the total regional resources) are ethnolinguistically distinct from Madrid, the Castilian centre. In terms of resource utilization, these six regions accounted for 75 per cent of the total, with Catalonia, the Basque Country, Galicia and Valencia alone accounting for 48 per cent of the total. The privileged position of Catalonia, the Basque Country and Galicia in the decentralization process is a clear reflection of this concern. The creation of the other "grade one" (the special route) or "grade two" (the slower track to autonomy) Communities can be seen as an outgrowth of this, while decentralization as such is said to aim at creating a new form of State structure bringing the tax-payers closer to the providers of public services their contributions pay for. Figure 3.6 shows the remarkable growth of the Spanish regional expenditure due to the *Comunidades Autónomas* project. The impact of decentralization on public expenditure in the first two decades of the *Comunidades Autónomas* project is further shown in Figures 3.7 and 3.8.

Our discussion has so far focused on the main contending ethnic groups in the power structure. We have so far ignored the less significant (in terms of power contest) groups such as the "new minorities" (immigrants mainly from Latin America and Africa) in Spain.

According to official statistics, there are at present between 2.5 and 3 million foreigners in Spain, of which only about 1.8 million have a residence permit. Those who are "*sin papeles*" (without permit) total more than one million. Besides EU nationals (mainly Britons, Germans and Italians), these foreigners are mainly from Latin America (about 32 per cent, mainly some 190,000 Ecuadorians and 120,000 Colombians) and Africa (about 25 per cent, mainly the more than 350,000 Moroccans). The majority of the immigrants (about 90 per cent) are in the capital and the region of Catalonia. There are about 300,000 immigrants

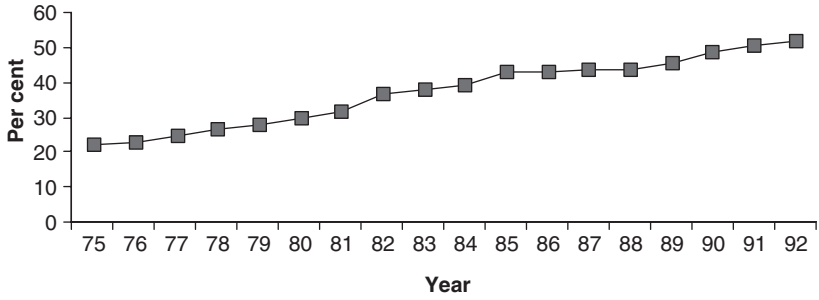


Figure 3.7 Spain: total expenditure as percentage of GDP at all levels of government

Source: *IMF, Government Finance Statistics Yearbooks; Anuarios Estadísticos de España*, Instituto Nacional de Estadística/Ministerio de Economía y Hacienda, Madrid.

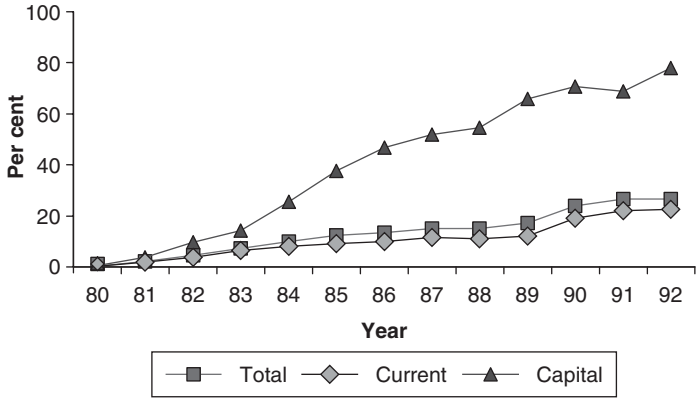


Figure 3.8 Spain: total expenditure, current and capital expenditures – ratio of regional and provincial governments to central government

Source: as Figure 3.7.

living in Madrid today, with around the same number in Catalonia. The remaining 10 per cent of immigrants are in the vast southern region of Andalucía, as well as Valencia and the Balearic islands. Both Valencia and the Balearic Islands are regions ethnolinguistically distinct from the Castilian centre. Half of the people in Valencia speak Valencian, a variety of Catalan; more than 70 per cent of the Balearic islanders speak Mallorquí, also a variety of Catalan. This means that besides Madrid, most of the immigrants actually end up either in the ethnolinguistically non-Castilian autonomous communities or regions with a strong ethnic movement.

In comparison with the other western European countries, the percentage of immigrants in Spain (5 per cent) can be considered rather low.[17] Nevertheless, racism against these "new minorities", however subtle, is not unheard of. It can

even take violent forms, as in the community of El Ejido in the southern province of Almería, Andalucía. Nor was El Ejido an isolated incident. Earlier, in July 1999, there had been three nights of violence against North African immigrants in the northeastern town of Tarrasa, near Barcelona, when hundreds of angry residents took to the streets shouting "Moroccans out" and "No more Moroccans" and attacking shops and cars of the immigrants.

A few things are readily observable in the pogrom in El Ejido. First is the role of politicians – in particular the populist mayor – and the local police, which the Spanish media blamed.[18] Van Dijk (2005) has highlighted the views expressed by conservative politicians in the historic autonomous regions who condone or flirt with xenophobic ideas.[19] He noted the publication of a book by Heribert Barrera, former president of the Catalan parliament, with explicitly xenophobic remarks, in which the author declared himself in agreement with the right-wing Austrian politician Haider. Van Dijk also noted that the former Catalan leader, Jordi Pujol, in his last major speech in the Catalan Parliament, declared on 2 October that immigration was one of the most "problematic facts" of Catalonia. While insisting that it is a general problem for developed countries, Pujol emphasized that in Catalonia it has specific significance because immigration can affect "our identity". Van Dijk observed further that in a lecture for the Catalan Summer School in August 2004, Pujol defended the integration of immigrants in Catalonia, but without "going as far as miscegenation" because that would spell the "end of Catalonia". Other similar statements of Pujol in 2004, according to van Dijk, essentially repeated the same theme of the alien "threat" to Catalan language and culture and the all-importance of maintaining the Catalan national "identity" for if Catalonia should have a "central" or "dominant" culture, this culture should be Catalan culture.

World on Fire, while not denying the fact that politicians opportunistically manipulate ethnic hatred to achieve their own ends (for example, it talks about Mallku in Bolivia), mentions the emergence of demagogues who "scapegoat" and "opportunistically whip up mass hatred" against the resented minority.[20] Nevertheless, Chua does not lay due emphasis on it, whether in Rwanda, former Yugoslavia or Southeast Asia. In her discussion of the Jakarta genocide of the Chinese in 1998 at the fall of Suharto, she emphasizes solely the hated Chinese cronies of Suharto, while ignoring the political intrigue behind the pogrom, with the military and Suharto's supporters' resorting to anti-Chinese violence to undermine the democratic transition. This same exploitation of ethnic conflict had brought Suharto to power in 1965 (a stratagem not unheard of in "palace coups" around countries in this region). Yet *World on Fire* quoted "the prevailing view among the *pribumi* majority . . . that it was 'worthwhile to lose ten years of growth to get rid of the Chinese problem once and for all'" (p. 45) as if this was nothing but a simple spontaneous uprising against the country's "greedy Chinese locusts" (p. 136). It is not clear how Chua's line of reasoning is helpful in explaining the long history of anti-Chinese pogroms and massacres in the early history of the Philippines – while still under colonial rule – and Indonesia and the fate meted out to the tiny East Timorese Chinese community by the Indonesian occupiers when Indonesia annexed the island state in 1975.

Another feature of the El Ejido riots is the lack of political power on the part of the immigrants, partly due to the small size and the lack of ethnic intensity that have been discussed above, partly because of the dispersed nature of the immigrant population.

Historical geography of ethnicity and intergroup relations

Chua's implicit condemnation of immigrants (and even more unjustly, by extension, their descendants) as covetous plunderers of resources and illegitimate contenders in resource contest is impossible to miss, as it argues that free markets "led to the rapid accumulation of massive, often shocking wealth by members of an 'outsider' or 'nonindigenous' ethnic community" (p. 19) and that "laissez-faire markets have magnified the often astounding wealth and economic prominence of an 'outsider' minority, generating great reservoirs of ethnic envy and resentment among the impoverished 'indigenous majority' (p. 187).

The wanton use of strong, emotionally charged terms like "outsider" and "nonindigenous" without critical appraisal in studies on ethnic relations can be misleading and dangerous. The discussion in the previous sections has repeatedly brought up the issue of homeland–immigrant dichotomy. The critical difference between two distinct types of ethnicity – *homeland* and *immigrant* ethnic groups – indeed requires recognition. Their definition is subjective, being related to the real or mythical attachment of an ethnic group to the land on which it resides.[21] Ethnic identity is generally more intense and more ascriptive in homeland communities than in immigrant societies. It is also more explicitly expressed in patterns of political organization and spatial segregation in states composed of the former.[22] Nevertheless, the homeland–immigrant categorization has increasingly attracted criticism. Not least is the stigma that the so-called "indigenous" groups insist on forcing upon the descendants of the immigrants by continuing to tag them "immigrants" even when they are generations removed from their forefathers who first migrated to the land. Also being questioned by the descendants of immigrants is the imbalance in rights often claimed by the "homeland" groups who in the eyes of the former are simply distinguished from them by having forefathers who arrived in the land much earlier in historical, or prehistoric, times.

With this line of reasoning, the new immigrant minorities of Spain (e.g. Moroccans in Andalucía, Andalucians in Catalonia) would consider themselves simply as people who are *los tardíos en llegar* (latecomers) vis-à-vis the locals who are descendants of *los tempranos en llegar* (early comers).[23] Similarly, each of the successive peoples who came earlier to the Iberian Peninsula and who had historically contributed to the ethnological mixture of the Spanish people – the Romans (Mediterranean), the Suevi, the Vandals and the Visigoths (who were Teutonic), as well as the Semitic and other peoples – was in ethnological terms "tardíos" who came to add on to the already mixed stock of the "tempranos". The long history of population movement, settlement and resettlement, the reshuffling and mingling of genetic elements through the weaving of biological interrelationships such as intermarriage and other forms of miscegenation has since blurred

all notions of the early comers and latecomers. Given this historical backdrop, it is interesting to note that political leaders like Jordi Pujol still posit in public discourse the threat of "miscegenation" to "racial purity".

While Chua admitted, in its African cases, that not all "market-dominant minorities" are "non-indigenous", it is careless to lump together as "market-dominant minorities" the very different cases of the Chinese diaspora in Southeast Asia (the first generation of whom are mostly landless, *sans* political power, scraping an existence on their road from rags to modest living, and for a minority among them, to riches) and the white minority in Zimbabwe who, in the author's words, "duped, killed, and expropriated their way to control of the country's best land" (p. 102). This basically views wealth accumulation by the tardíos, regardless of means, as a crime. Meanwhile, the contribution of the early immigrants – the Chinese in the tin industry and South Indian estate workers in Malaysia, for instance, and their descendants – to the emergence of the "new economy" and economic well-being of the land is never recognized. *World on Fire*'s taking for granted the unquestioned justification of the majority's resentment of minority's success,[24] represents an injustice to the industrious, toiling masses among the minorities, without differentiating them from the few tycoons who attached themselves to the powers that be, because such justification amounts to implicit labelling of the whole tardío/minority community as plunders and exploiters.

As a rather far-fetched extension of its basic thesis, *World on Fire* argues that China and the "Asian Tigers" are successful because of the absence of "market-dominant minorities" and even more disturbingly, the non-"Tiger"' in Southeast Asia are less successful, poorer and less stable because of, by contrast, the existence of such minorities (pp. 177–178). In addition to conveniently ignoring many reasons for the Tigers' success – historical, geopolitical factors (e.g. US aid during the Cold War), and the anachronism in dating China's late economic rise, such reasoning only helps to add to the "crime" of the economically successful minorities – the same argument as that which prompted governments in the region to establish inefficient, resource wasting racialist preferential policies that had in all probability hindered the progress of the region, instead of concentrating on race-neutral poverty eradication programmes.

Problems of ethnic relations are much more complex than could be handled by Chua's precarious reductionist framework. The T–T (*tempranos–tardíos*) distinction, for instance, is crucial as a determinant in the analysis of ethnic coexistence, intergroup conflict, public policy and ethnic response in a multiethnic (including "bi-ethnic") society. Consider here a trichotomous taxonomy of multiethnic states based on their ethnic historical geography: "homeland-multiethnic states", "immigrant-multiethnic states" and "mixed-multiethnic states".[25]

The first category refers to those composed of two or more homeland ethnic groups of significant proportions. Spain and Belgium belong to this category, which also includes, among others, Britain, Italy, Nigeria, India, Russia and the former Yugoslavia. The second category refers to immigrant states that consist of more than one major *tardío* ethnic group (comprised of later immigrants and their

descendants) but are devoid of significant *temprano* communities (descendants of earlier inhabitants), for example the United States, Canada, Mauritius and Trinidad and Tobago. The essential features of an immigrant-multiethnic society are that its settlers (and therefore their descendants) are diverse in ethnicity, and that all settlers feel an equally legitimate claim upon it, regardless of their ethnonational background.

Concentrated vs dispersed minorities

There are various patterns of demographic intermingling. Groups can be intermingled on a regional scale – regions are heterogeneous but small communities are homogeneous, as in Malaysia in the 1960s and 1970s or on a local scale where even small communities are heterogeneous, as in Sarajevo and many parts of Bosnia-Herzegovina before the recent war.[26] The power relationship between the dominant and the subordinate groups is influenced by the extent to which the latter is located in a particular regional (or urban) setting, whether it is a "concentrated" or "dispersed" community.[27] A subordinate group that forms a numerical majority in certain regions of a state (or lives in large numbers in inner city areas, like the Pakistanis in Bradford, England) may have greater politico-economic leverage than a more "dispersed" community. In terms of political influence in a democracy, Lee notes that the vote of a concentrated minority might be more effective than that of a dispersed community under a "winner takes all" electoral system.[28]

Van Amersfoort[29] has attempted to derive a typology of "majority–minority" relations by combining the orientations of dispersed and concentrated subordinate groups with three dimensions of dominant group aspirations. Using the terms "dominant" (or "superordinate") and "subordinate" that convey more accurately the power dimension than van Amersfoort's "majority" and "minority", which can be semantically confusing when size and power do not coincide, Table 3.1 illustrates a number of probable outcomes produced by this configuration. This typology is useful for an understanding of the contrast in State actions between the countries.

In terms of orientation, Van Amersfoort defined universalistic subordinates as those that aim at participation in society and demand equality and, in general, also the preservation of alternative roles. They thus correspond to Wirth's "pluralistic", and to a less extent, "assimilationist minorities".[30] In the case of concentrated subordinates, universalism can take on the form of regionalism. While also aspiring to improve their position, particularistic subordinates "do not demand 'equal' rights with the [dominants], but derive their rights from their own particularistic value system".[31] They thus correspond to Wirth's "secessionist" and "militant minorities".

Table 3.1 demonstrates that a stable relationship between the dominants and subordinates free of conflict is an exception rather than a rule, since only two out of a total of 12 cells formed by the interface of dominant–subordinate orientations – those marked "emancipation process" and "federalism" – suggest the prospect of a stable form of participation in society by subordinate groups. Federalism, which represents the current State response to ethnic conflict in the two stable western

Table 3.1 Typology of dominant–subordinate relations

Orientation of dominant group	*Dispersed subordinate group's orientation*		*Concentrated subordinate group's orientation*	
	Universalistic	*Particularistic*	*Universalistic*	*Particularistic*
Emancipation	Emancipation process	Sectarian minority	Federalism	Secessionist movement; eventually secession
Continuation	Suppression (struggle for emancipation)	Reservation situation	Suppression (struggle for regional autonomy)	Secessionist war
Elimination	Forced assimilation or extermination	Forced assimilation or extermination	Forced assimilation or extermination	Secessionist war forced assimilation or extermination

democracies of Spain and Belgium, is thus far from a prevalent phenomenon in the world context. Furthermore, federalism as a policy option was selected for these countries in order to solve the problems engendered by the self-determination aspirations of the homeland ethnoregional minorities who are significant in the countries' power-configuration. But what is the implication of this for the "new minorities"?

Two types of nationalism can be identified in terms of the treatment of minorities: minority-respecting and minority-oppressing. Van Evera[32] noted that many nationalisms of immigrant nations (e.g. American, Anglo-Canadian) have been relatively minority-respecting, while homeland nationalisms often display less tolerance for their minorities (e.g. the plight of the Kurdish minorities of Iraq and Turkey, Turks in Bulgaria, Serbs in Croatia and Albanians in Serbia). Behind this lies the relative intensity, linked to the feeling of legitimacy, of the claim to land where the groups reside. That also applies to peripheral nationalism of regional minorities' sentiment towards other homeland/*tardío* minorities in their midst. Kendra Clegg, in her study of the Sasak people in Lombok, Indonesia, observed that while "[r]egional autonomy allows local communities to strengthen their cultures and identities . . . it may also marginalise minority groups". She found that "[p]oliticising Sasak identity has meant the promotion of a single cultural identity, which disguises the great diversity of understandings of 'Sasak'".[33]

On the treatment of the "new minorities" by the "peripheral nationalisms" in Spain, van Dijk[34] observed that being both associated with nationalist values, the "autonomous-nationalist" and conservative attitudes towards immigrants tend to be based on related ideologies – a resemblance that exists paradoxically in the two opposed forms of centralist and regional nationalisms in Spain, respectively. While there is the official, hence often "tacit while presupposed", nationalism of the

Spanish State that opposes any infringement on the unity of Spain – a centralist nationalism that represents a continuation of the Franquist-Falangist tradition that had emphasized the unity of Spain, and repressed any form of linguistic diversity and political autonomy of the nations of Euskadi or Catalonia – van Dijk observed, on the other hand, the existence of "peripherical nationalisms" in the historic autonomous regions, especially those that are ethnolinguistically distinctive from the Castilian centre, such as Catalonia, Euskadi and Galicia. Hence, he noted, for conservative nationalists in these regions, too many immigrants might jeopardize the delicate consensus of a system in which the autonomous project is dominant, for instance teaching and using Catalan in Catalonia, because both ideologies, especially their more radical conservative brands, have "the tendency to oppose multiculturalism, multilingualism, immigration or any other way 'national unity' or cultural or linguistic homogeneity are seen to be threatened".

The sentiment of the electorate is no less alarming. Van Dijk cites some 1990 statistics which suggest that less than half of the people who vote for nationalist parties in Euskadi and Catalonia accept the thesis that foreigners should have the same rights as the Spanish people, and research which suggests that voters of more radical autonomous-nationalist parties also tend to have less sympathy for Arabs, Blacks and Gitanos. "This reaction against immigrants in the historic autonomous regions of Spain has a longer tradition, and also was directed against immigrants from other parts of Spain, especially from Andalusia", according to van Dijk. And this brings us to the question of Andalucía.

Incidentally, the southern province of Almería, where El Ejido is located, is in Andalucía, which is not supposed to be considered part of the ethnolinguistically non-Castilian "historic" regions with separatist sentiments. Andalucía, of course, is Castilian. Nevertheless, what uneven development and public policy can do to fuel regional separatist sentiments is evident even in Andalucía where the population has few ethnolinguistic differences from the Spanish (Castilian) political centre, for while government responds to challenges from ethnic community organizations that seek to influence public policy, "within an inverted and complementary paradigm . . . ethnic communities take shape as response to stimuli which induce a process of ethnogenesis".[35] The shockingly rapid emergence since the late 1970s (with the advent of the *Comunidades Autónomas* project) of a politically disciplined and powerful regional cultural identity in Andalucía, which Greenwood argued to be as authentic as the Basque or Catalan ethnic movement,[36] basically stems from the local people's grievances that they have been subjected to centuries of exploitation not merely by Andalucian capitalists, but by the Castilian political centre as well. This interesting phenomenon of public policy-induced ethnogenesis evident in the large southern impoverished Spanish region of Andalucía, which shares the linguistic identity of the Spanish (Castilian) centre, is the direct result of the post-Franco *Comunidades Autónomas* project. "The rapidity with which a politically disciplined and powerful regional cultural identity has emerged in Andalucía shocked everyone", commented Greenwood,[37] "the idea that the Andalucian movement is something qualitatively different from the 'true' ethnic movements in the Basque Country and Catalonia must be exploded".[38]

The phenomenon is also evident in the increasing support since the 1980s for Italy's Northern League, whose leader has declared the aim to set up a state called "Padania" free from Rome's rule and from union with the poorer South. Such centrifugal development in Italy, of course, reflects the increasing resentment of the more prosperous North for having to subsidize the poorer South and a tax revolt against Rome.[39] Although from the ethnolinguistic perspective the country is relatively homogeneous (with small Sard, Friul, German and Occitan minorities), Italy's late but rapid unification has left a legacy of widespread "pseudo-ethnic" sectionalism, which is no less ascriptive than that Greenwood found in Andalucía, across its numerous regions and compartments, partly reflected linguistically in the local *dialetti* or koinés.

So far, we have been using the example of a multiethnic country. Things could very different where the interethnic power configuration is basically bi-ethnic. Before we shift our focus to the Asian state of Malaysia, which has often been referred to as a plural society par excellence, first we take a look at Belgium, which has features in ethnic relations that compare and contrast well with Spain and Malaysia. Taking into consideration the two major dimensions of ethnopolitics – ethnic politics and the politics of ethnicity[40] – these three country cases – two European, one Asian – help to throw light on the trichotomy of polity, society and economy, and in particular the political economy of State[41] and ethnicity.

The two European countries, which are at the similar stage of development, are selected for the same ethnic (or more precisely "ethnoterritorial") problem they share as well as the contrasting ethnic composition of their societies. While Spain is a multiethnic (or "polyethnic") state with numerous ethnolinguistic fragments (the major groups being the dominant Castilians and the minorities of Catalans, Basques and Gallegans), Belgium is essentially bi-ethnic (whose population includes the major groups of Francophones and Dutch/Flemish-speakers, and a German minority). Such classification is based not only on numerical strength but also on intergroup power structure. Malaysia is a bi-ethnic state (in Lijphart's sense of the term)[42] like Belgium, but differs from the latter – in particular in the days that led up to the 1969 riots – in being a "deeply-divided society", with mutually reinforcing ethnic markers. It also differs from both Spain and Belgium in the historical geography of ethnicity and the absence of ethnoterritoriality. These different ethnic characteristics together with the different levels of development give rise to distinctively different State responses to the exigencies engendered by ethnic fragmentation in these countries.[43]

Homeland-bi-ethnic: Belgium

Belgium today has a population divided into about 57 per cent Flemish/Dutch-speakers, 42 per cent French-speakers and 1 per cent German-speakers. There are no notable phenotypical divides (except in the case of the "new minorities", mainly migrant workers) and the country is predominantly Catholic (75 per cent of the population). However, such seemingly simple linguistic cleavage is complicated by the fact that Francophones living in Wallonia (*Wallonie*) cannot

readily be identified with those living in Brussels (*Bruxelles*/*Brussel*), the capital city located within the boundaries of modern Flanders (*Vlaanderen*). Similarly, Flemish-speakers living in Brussels do not always identify with those in Flanders.[44] The linguistic frontier in Belgium dates from at least the third century when the Franks crossed the Rhine and settled in the area, including the sparsely populated land in the northern part of the present country, establishing their own customs and maintaining the use of their own Germanic language. The Franks were unable to colonize land south of the present linguistic boundary, where the Romance tongue continued to reign supreme.[45] On the other hand, the small German-speaking districts in the east were acquired from Germany after the First World War, incorporated into the Third Reich during the Second World War, and restored to Belgium in 1945.[46] The linguistic frontier is a sharply defined one, crossing the land in an east–west direction from just north of Lille in France to Aachen in Germany (Figure 3.9). While the Flemings constitute a majority of the country's population, they are in a minority in Brussels, which was historically one of the most important Flemish cities. However, what turns such linguistic division into a conflict situation is its socioeconomic implications. The geography of the north–south linguistic frontier notwithstanding, the Belgian nation was born in 1830 with a more complex and provocative frontier within Flanders – a sociolinguistic barrier between the Flemish-speaking masses (peasants, workers and lower middle classes) and their Francophone native élites.[47]

According to the 1980 constitutional revision, there are three communities at the federal level (Flemish-, French- and German-speaking), the subjects of which are determined *ratione personae*, whereas the subjects of the regions (the Flemish, Walloon regions and Brussels) are determined *ratione loci*. The Flemish community and the Flemish region (which together make up Flanders) have one common executive and legislature, which function independently from the national government and legislature in community as well as regional powers. The Walloon region, or Wallonia, and the French community (which greatly overlap *ratione loci* but are distinct from each other *ratione materiae*) each have a distinct executive and legislature, also independent from the national government and respectively competent for regional and community matters.[48] The German-speaking community was given the same autonomy and responsibility as the French and Flemish communities.

Jules Destrée, a Belgian politician at the turn of the century, once remarked to King Albert: "Laissez-moi vous dire la vérité, la grande et horrifiante vérité: il n'y a pas de Belges (Let me tell you the truth, the great and horrifying truth: there are no Belgians)."[49] Doubts about the existence of a Belgian identity (*belgitude*) above those of the Flemings (*Vlamingen*) and Walloons (*Wallons*) have dominated much of modern Belgian history. In industrial unrest generated by the government's drive to curb national debt, Johan van Hecke, the chairman of the Flemish Christian Democrat party, one of the members of the government coalition, was quoted as accusing Wallonia of living off the labours of the Flemings. He warned that his party would "not allow Belgium to be fed by Flanders and milked by Wallonia" – reflecting increasing Flemish resentment of the higher welfare spending on Wallonia in recent years.[50]

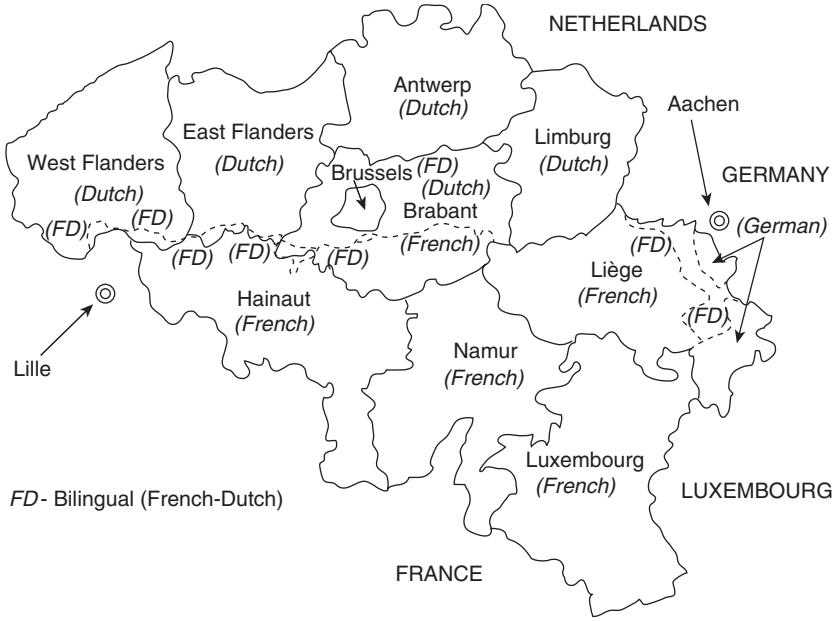


Figure 3.9 Belgium: ethnolinguistic regions

An obvious economic implication of the linguistic conflict is the resultant unproductive increase in government expenditure. The support for separate educational systems and the need to carefully balance programmes of public works in the two regions of Flanders and Wallonia inevitably impose strains on the Treasury.[51] As Pierre Harmel, a former Belgian premier, complained in 1965, the country has developed the habit of "buying out political discords at the expense of the public treasury".[52] However, linguistic division is not the sole social cleavage that leads to such increase in public expenditure. For instance, during the 1960s, as a solution to *le problème scolaire* – the four-year schools war settled in 1958 – the State subsidized a double network of both Church and lay schools, which involves costly duplication, resulting in expensive education at all levels and a severe drain on the budget.

Government aid is, nevertheless, not the only major contentious issue between the two communities in the economic sphere. In fact, regionalization of some, but not all, economic matters has created a complex set of structures that has adversely affected the efficiency and feasibility of long-term planning and led to a disruption of multisectoral coordination and integration.[53] For instance, as a result of regionalization, the country's national water regulatory body, which dated from 1913, was divided into Flemish and Walloon branches, despite the obvious advantage of maintaining national control over water management given the fact that much of the country's water comes from sources in the South. The

breaking up of the national body created a wide range of interregional conflicts over the control of water pollution and the questions of water allocation.[54] Vanwynsberghe's analysis on 19 sectors and 5 regions (Brussels-Capital, Flemish Brabant, Walloon Brabant, the four Flemish provinces and four Walloon provinces) over the period 1970–74 in fact reveals more complementarity than contradictions between regions.[55] Regionalization, he concluded, tends to accentuate the contradictions and ignore the economic links.

The unique Belgian political structure is sometimes called a "bureaucratic-patronage" system.[56] From this perspective, Belgian society is seen as not being dominated by the State, but by the bureaucratic expressions of its social divisions. The latter include not only trade unions and corporations but also bureaucratic parties and bureaucratizing ethnic communities. It is a form of clientelism whereby the Belgian population, as recipients of benefits from State resources which are distributed by group bureaucracies, can be seen as playing the role of "clients". The defence of segment (ethnic/regional) interests consists, in this case, of the defence of the interests of the segment's bureaucratic manifestation. This explains the unique style of conflict resolution in Belgium, the "package-deal" compromises among the leadership of the organizations. In such a system the balance of compromises reflects the balance of power among the organizations, while the State administers and pays for these compromises.[57] This, according to Covell, explains the "large but weak" State of Belgium, a State "which employs 800,000 people out of an active population of 3,400,000 but which has rarely been able to assert an autonomous interest in the inter-group bargaining process".[58] This is because the sheer size of the State does not reflect its own interests, but rather the distributional needs of the group bureaucracies. If Belgium can aptly be described as "a happy country composed of three oppressed minorities",[59] it is this political system that serves to put a lid on ethnic discontent and maintains the semblance of a united nation.

Interethnic power shift

Hoetink has observed the infrequency of a symmetrical power relationship:

> A race problem exists where two or more racially different groups belong to one social system and where one of these conceives the other as a threat on any level or in any context . . . One of the groups will commonly be perceived and perceive itself as dominant; the chances that two racially different groups within one society would attain an equilibrium of power, though not absent, are exceedingly small.[60]

In short, a symmetrical power relationship between groups in a society is rare and even if it emerges, tends to be transient. One of the groups will ultimately achieve dominance in the long run through demographic growth, economic achievement or some other factors, thus pivoting the vertical line of ethnic division into a horizontal one, as illustrated Figure 3.10, similar to that by Warner in his caste-class

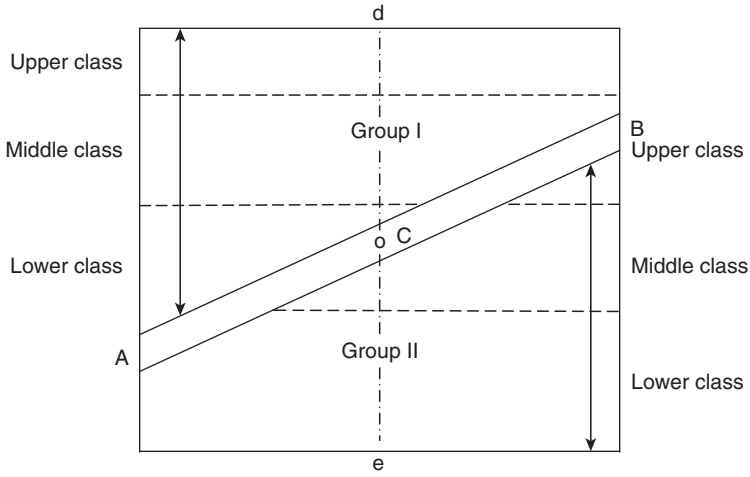


Figure 3.10 Vertical vs horizontal ethnic division

configuration for the US Deep South.[61] The diagonal lines A–B incorporate the status gap and divide ethnic group I from ethnic group II (Warner's "castes"). The two double-headed vertical arrows indicate that movement up and down the class ladders within each group can and does occur, but there is no movement across the ethnic line A–B (Warner's "caste line"), though in certain specific cases such as Belgium, a substantial degree of horizontal interpenetration and communication across the ethnic line is indeed possible and in fact necessary for the viability of the system, thus compromising the sharpness of the line A-B as a boundary.

In a country like Belgium,[62] the tilting of the ethnic line is evident, with Flanders overtaking Wallonia economically since the 1960s and bringing with it increasing politico-economic leverage on the part of the Flemish community. It is Wallonia's fear of Belgium being slowly transformed into a Flemish-dominated country coupled with the continued insecurity felt by the Flemish community over its new-found power, that is fuelling the interethnic discord of the country.

Malaysia: ethnic diversity and state action

While often considered to be a plural society, Malaysia, in the days that led up to the 1969 tragedy, more appropriately belongs to the category of "deeply divided societies". It consists of a major *tardío* community (the Chinese, as well as the smaller Indian community) residing within a *temprano* (Malay) society regarding itself as the homeland community.[63] Both of these can be defined as "corporate groups". A "corporate group" is defined by Weber as a "social relationship which is either closed or limits the admission of outsiders by rules".[64] It possesses a formalized system of authority, a concept Fried[65] and Fortes[66] later applied to descent groups. The corporateness of ethnic groups in Malaysia is marked by

their relative stability. Religious boundaries play the most important role in perpetuating the practice of endogamy that serves to maintain ethnic group separateness over time.

Such corporateness applies to both the *temprano* society (comprised of the descendants of earlier inhabitants) and to the *tardío* community (later immigrants and their descendants). Moreover, as Zenner remarked, one development in the modern world has been 'the constitution of the dominant ethnic group in a state as a corporate ethnicity":

> The nation-state, after all, fits Weber's definition of the corporate group. Each state defines its rules of membership. In many cases, this is defined to favor the dominant ethnic group in the state.[67]

Furthermore, corporateness hinders social interaction and leads to racial stereotyping. Social interaction – the building block of organized society – can be defined as the mutual and reciprocal influencing by two or more people of each other's behaviour, or the interplay between one's actions and those of other people.[68] In ethnic relations, the lack of social interaction leads to prejudice and stereotyping, and hate begets hate in a vicious circle microsociologists call the Thomas theorem, where fulfilment occurs unintentionally when people's actions are based on stereotyping as if it were true. While "racial" – meaning phenotypical – differences are only skin deep, ethnic boundary as a process tends to be tenacious and uncompromising, the manifestation of the age-old fourfold ascriptive loyalty of race, territoriality, language and religion.[69] Closely interfacing with the politico-economic superstructure, ethnic mistrust more often than not makes many a best-intentioned effort at promoting interethnic harmony and national integration a Sisyphean endeavour. In spite of the continued global effort since UNESCO's "Statements On Race" (1950, 1964, 1967) to dispel the "race fiction",[70] interethnic mistrust and prejudice is still a worldwide phenomenon afflicting countries big and small, rich and poor. The fact is that people still tend to look upon those who look, talk, act and dress differently as "others" who cannot be fully trusted. Psychologists' experiments have shown that individuals tend to help others who are similar to them and racial differences between a victim and a potential helper affect the extent to which help is given.[71] However, with ethnic relations becoming "a perplexing political issue overlapping with and sometimes displacing the issue of class,"[72] the problem of ethnic conflict in the modern world needs to be examined from a broader perspective than the merely socio-psychological.

It is clear that what is said to be a potential construct for Belgium is a real one as applied to Malaysia. With the typology in mind, one can discern an important numerical aspect in maintaining ethnic corporateness among the Malaysian Chinese. Unlike the case of Indonesia, the Chinese in Malaysia are sufficiently sizeable not to constitute a demographic minority in the strict sense of the term.[73] At independence in 1957, the dominant ethnic group – the Malays, together with the aboriginals, constituted about 50 per cent of the population of Malaya (the

Peninsula and the predominantly Chinese Singapore which later left the federation in 1965), followed by 37 per cent Chinese, 11 per cent Indians and 2 per cent others. The figures today are as follows: 65 per cent *Bumiputera*, 26 per cent Chinese, 8 per cent Indians and 1 per cent others.

The ethnic distribution by state is shown in Figure 3.11, while Figure 3.12 gives the degree of ethnic fractionalization by state, with the ethnic fractionalization index here employed for measuring the ethnic fragmentation of sub-national units.

Bumiputera ("prince of the land; son of the soil") is an official collective term grouping together the Malays, the aboriginals and the natives of Sabah and Sarawak (both on the Borneo island) after these two regions joined the Peninsula in 1963 to form Malaysia. All Malays in Malaysia are by legal definition Muslims while the non-Malays are mostly non-Muslims. Although the population of Malaysia consists of three major ethnic communities, it has always been recognized as a bi-ethnic society, in terms of its intergroup power relationships. While ethnicity is essentially non-territorially based, Furnivall's observation half a century ago that, even where the ethnic groups are adjacent, they tend to maintain their separateness remains true, applying particularly in the days that led up to the 1969 conflict.[74] Groups remain largely divided by the reinforcing cleavages of language, religion, customs, education, areas of residence and, though decreasingly, type of occupation.

While this study posits that ethnic diversity affects the role of the State, one of its manifestations being the trend and pattern of budgetary policy, it is not the ethnic composition per se but its interaction with the socioeconomic structure of the society concerned that really matters. The Weberian approach views ethnic group as being not "natural" (as kinship group is) but "rational" and primarily political:

> Ethnic membership (*Gemeinsamkeit*) differs from the kinship group precisely by being a presumed identity, not a group with concrete social action, like the latter. In our sense, ethnic membership does not constitute a group; it only facilitates group formation of any kind, particularly in the political sphere. On the other hand, it is primarily the political community, no matter how artificially organized, that inspires the belief in common ethnicity.[75]

Contrast the Weberian approach with Geertz's approach in his 1963 paper on the effect of "primordial sentiments" on civil politics:

> By a primordial attachment is meant one that stems from the "givens" – or, more precisely, as culture is inevitably involved in such matters, the assumed "givens" – of social existence: immediate contiguity and kin connection mainly, but beyond them the givenness that stems from being born into a particular religious community, speaking a particular language, or even a dialect of a language, and following particular social practices. These congruities of blood, speech, custom, and so on, are seen to have an ineffable, and at times overpowering, coerciveness in and of themselves.[76]

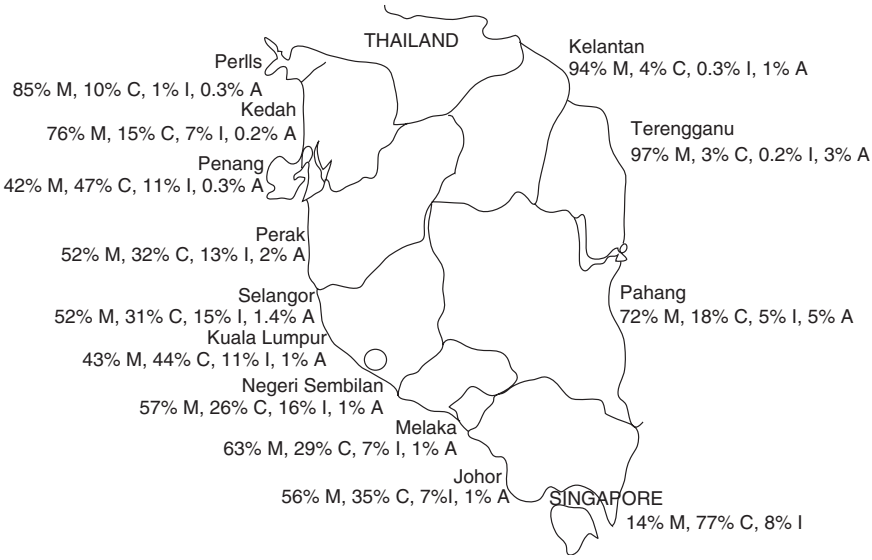


Figure 3.11a Ethnic composition of west (Peninsular) Malaysian states

Source: Malaysian Department of Statistics, *2000 Population and Housing Census*.

Note:
M = Malays, C = Chinese, I = Indians, A = Aboriginals.

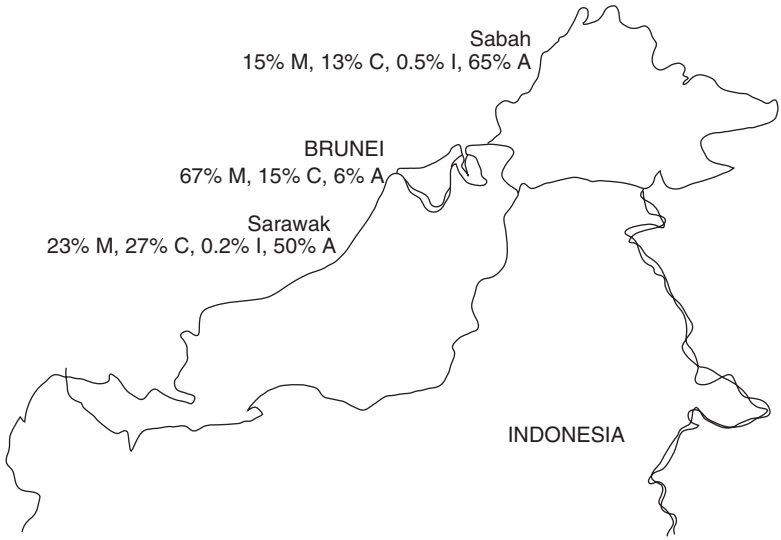


Figure 3.11b Ethnic composition of east (Borneo) Malaysian states

Source: as Figure 3.11a.

Note:
M = Malays, C = Chinese, I = Indians, A = Natives.

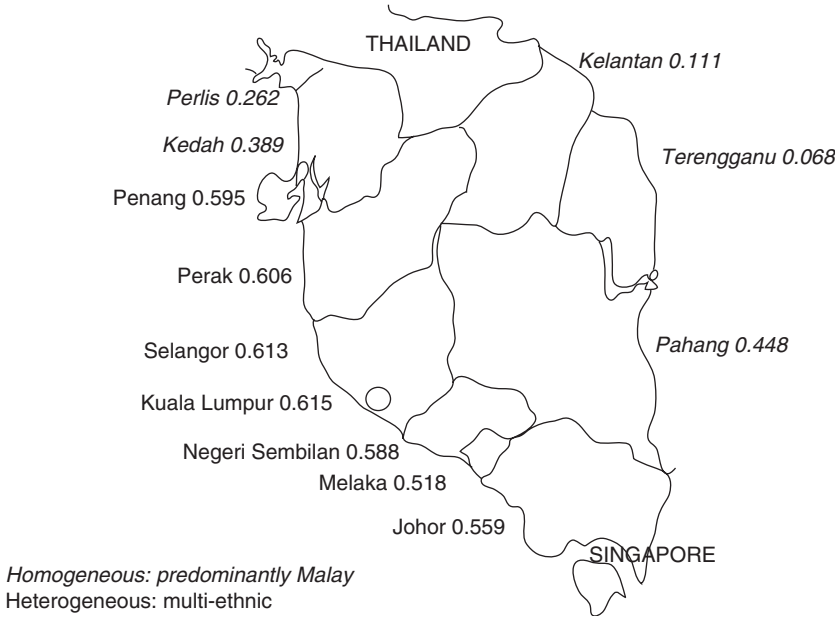


Figure 3.12a Ethnic diversity of west (Peninsular) Malaysian states [ethnic fractionalization index]

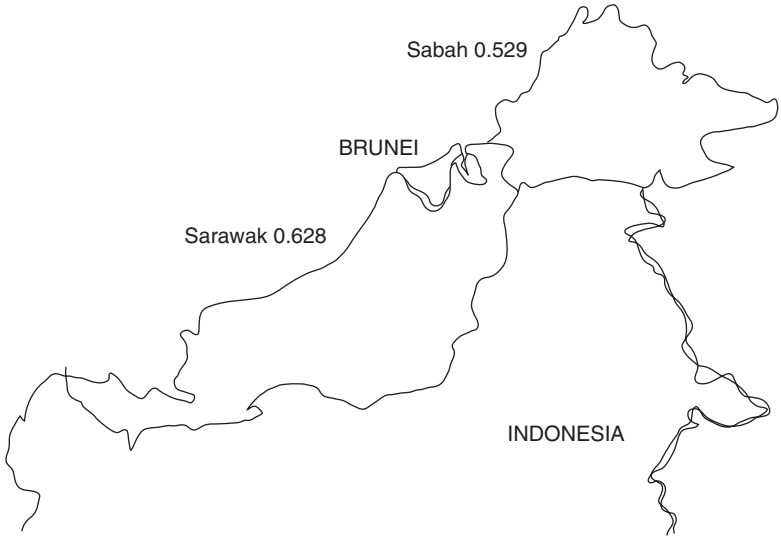


Figure 3.12b Ethnic diversity of east (Borneo) Malaysian states [ethnic fractionalization index]

In contrast to Chua's reductionist view of ethnicity, current studies on inter-group relations usually see ethnicity not as a ''given' of social existence', but as a political construct linked directly to power relations and resource competition. Take the case of Malaysia. According to Cheah the Malay ethnic identity (*bangsa Melayu*) was a creation after 1939 in response to the perceived threat from the increasingly politicized immigrants from China and India.[77] The notion of a Malay race had therefore hitherto been absent, as Cheah elaborates:

> the Malays rose to confront what they considered threats posed by the immigrant races to their rights, but the Malays themselves had not been united as a race or a "bangsa", and moreover they had not found a way to solve differences among themselves . . . [Such differences] were nurtured by the strong provincial feeling among the "provincial Malays" (such as the Kelantan Malays, Perak Malays and so on), DKA Malays (those of Arab descent) and DKK Malays (those of Indian descent) . . . [There were also] tribal divisions, such as the Bugis, Minangkabau, Javanese, etc.[78]

The first open suggestion of a "Malay people" (*orang Melayu*) came only in 1939 when Ibrahim Yaacob (or I.K. Agastja by his Indonesian name) championed the notion of a unified Malay race across Malaya and Indonesia which he christened *Melayu Raya* (Great Malay) or *Indonesia Raya*. The boundary marker of ethnicity was thus mobilized to meet the rising need of identity investment for economic/political purposes (the "situation theories" of ethnicity).[79] An even more blatantly political ethnicization came after the 1969 riots in the creation of the "*Bumiputera*" race (*kaum Bumiputera*, as defined earlier). In a different setting, Heiberg made a similar observation: that for political purposes, descent has never been regarded by the Basques in Spain as a sufficient criterion for ethnic inclusion.[80] "Basqueness" is measured instead in terms of adherence to certain morally-loaded political and social prescriptions, or more specifically, whether one is a Basque nationalist. Thus it is as an instrument for political mobilization that ethnicity often plays a key role in the interplay between group activities and public policy. By the same token, the importance of the ethnic factor in understanding the role of the State in Malaysia does not diminish the significance of contention between social classes, though it is apparent that stratification in a deeply divided society such as Malaysia cannot be adequately represented by a simple class pyramid (Figure 3.13).[81]

Politics and ethnic relations in Malaysia: a history of evolvement

The first decade after independence saw the ascendance of the class fraction often called "bureaucrat capitalists" or "statist capitalists".[82] The United Malay National Organization (UMNO) which dominated the ruling Alliance coalition – the other members were the Malayan Chinese Association (MCA) and the Malayan Indian Congress (MIC) – was born as a coalition of different Malay' organizations formed

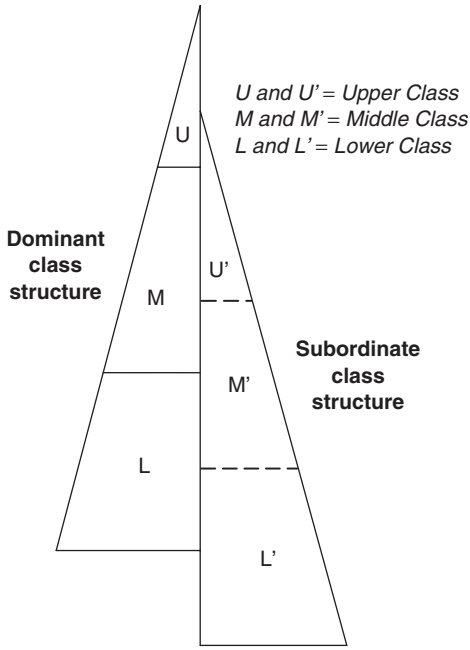


Figure 3.13 Dominant–subordinate relations and class structure

specifically in opposition to the British proposal in 1946 to establish a Malayan Union with citizenship laws granting equal rights to all persons domiciled in the country. The proposal, from the Malays' point of view, denied that Malaya belonged to the Malays and that the granting of equal rights to the non-Malays would cause the disappearance of the special position and privileges of the Malays. As a result of the Malay protest, the Malayan Union project was replaced by the Federation of Malaya Agreement that recognized the special position of the Malays as the indigenous people of the country and dropped the principle of *jus soli* with regard to citizenship of the non-Malays as stipulated in the former proposal.

The ruling coalition at this stage represented an alliance of class interests, sharing a common stake in the preservation of the capitalist order. Instead of mounting a challenge against the more established capitalist interests, during the first decade after independence, these ruling "administocrats" were constrained by the "Alliance contract", often represented in the formula: "politics for the Malays, the economy for the Chinese".[83] Meanwhile, contradictions generated between such class fractional identity and ethnic allegiance bred discontent and instability.[84]

Although the economy in this period remained a laissez-faire system, it was marked by specialization of economic activities along ethnic lines. Most Malays continued to live in rural areas, playing their traditional roles as padi farmers, fishermen and rubber smallholders. The majority of the Chinese population were

concentrated in urban and semi-urban areas, engaging in trade and commerce or working in tin mines. Most Indians, on the other hand, were rubber estate workers, the rest being mainly professionals. The type of cohesive forces – common economic and political interests – working among the élites was conspicuously missing among the masses. In Husin's words, economically the Malay and Chinese peasants may belong to a common 'class in itself', but they do not enjoy much opportunity to act politically as a "class for itself".[85] On the other hand, ethnic segments in each class ("élite" or "masses" in Husin's formulation) are connected to similar segments in other classes, via the vertical "ethnic lines" (Figure 3.1) which, as Otite observed in the case of Nigeria, "provide opportunities and protection to weaker and grassroots people' due to the fact that there is less social distance among classes within an ethnic group than across ethnic groups.[86] Such vertical ethnic "connection" also generates the phenomenon of clientelism. Ironically, the Malaysian ruling élites, whose obvious class identity often overshadows, if not transcends, ethnic differences, have been antagonistic towards a political philosophy based on class, preferring instead to adopt race-conscious policies[87] rather than race-neutral alternatives.

The post-colonial consociationalism was thus plagued with severe contradictions, while official suppression and proscription of class-based organizations, such as the Communist Party of Malaysia (CPM), and ideologies transcending ethnic lines led inevitably to increasing political mobilization on such lines. In such a situation, as Adam (1985) observed in South Africa, "few prospects exist for a traditional consociational élite-cartel which is based on a de-ideologized integration by deference". Since the grand élite coalition of the divided segments "hinges on the acceptance of controversial alliances and disappointing compromises by the grass-roots following tolerance threshold towards ambiguous manoeuvring by group representatives stands much lower once those represented have become mobilized".[88] Against the backdrop of a harsh economic environment, growing inequality and increasing unemployment, frustrations felt by the nascent Malay bourgeoisie and those with such class aspirations were increasingly directed at the already entrenched, most visibly Chinese, bourgeoisie, as well as at the UMNO-led Alliance which was perceived not to have done enough for them. The visibly ethnic patterns of employment and the strong identification of ethnicity with class led to a displacement of class-based frustrations by ethnic ones. Furthermore, while class mobilization may act to override ethnic distinctions, ethnic mobilization can obliterate internal class distinctions.[89] After the virtual elimination of the legal Left in the mid-and late 1960s, essentially racialist political ideologies went unchallenged. As a result, the deteriorating socioeconomic and political situation in the 1960s was increasingly interpreted in ethnic terms, with the State becoming the greatest resource sought by élites in conflict and ethnicity being a "symbolic" instrument to wrest control of this resource, paving the way to the racial riots of 1969:

> Elites who seek to gain control over or who have succeeded in gaining control over the state must either suppress and control . . . or establish

> collaborative alliances with other elites. When elites in conflict lack the bureaucratic apparatus or the instruments of violence to compete effectively, they will use symbolic resources in the struggle. When elites in conflict come from different cultural, linguistic, or religious groups, the symbolic resources used will emphasize those differences.[90]

In the linking of ethnic fragmentation to class differentiation, the extent to which various ethnic cleavages cut across the socioeconomic ones is a particularly important factor underlying the tragic events of 1969. Lijphart's remarks on religious cleavage is equally applicable to racial and linguistic ones:

> If, for example, the religious cleavage and the social class cleavage crosscut to a high degree, the different religious groups will tend to feel equal. If, on the other hand, the two cleavages tend to coincide, one of the groups is bound to feel resentment over its inferior status and unjustly meager share of material rewards.[91]

The grave consequences of non-crosscutting ethnic and socioeconomic cleavages are evident in the case of Northern Ireland and in pre-1970 Malaysia. Such cases seem to vindicate Newman's proposition that "[the] greater the degree of reward disparity and social segregation between a dominant and a subordinate group, the greater the likelihood that conflicts between them will be relatively intense" or even violent.[92] Newman, however, also proposed that while conflicts in this case tend to be intense, they are relatively infrequent due to limitation in intergroup contacts and the resource deprivation of the subordinate group. This is the case where each social conflict situation produces exactly the same pattern of domination and subordination. Dahrendorf (1959) called this phenomenon "superimposition" of conflict, reflecting the coincidence of cleavages stated above.[93] Infrequent though it may be, the ascent by an economically subordinate group to political dominance proved to be a fertile ground for turning suppressed grievances into open intergroup strife which in May 1969 led to the severe ethnic conflict on the streets of Kuala Lumpur and elsewhere in the country.

The aftermath of the riots saw the replacement of the Alliance by the National Front (a considerably expanded grand coalition), the Constitution (Amendment) Act 1971, revisions to the Sedition Act "entrenching" ethnically sensitive issues (citizenship, Malay as national language, Islam as official religion, Malay special rights, the Malay Rulers) in the Constitution, and prohibiting the questioning, even in Parliament, of these issues. A "new realism" was called for, meaning a reformulation of the terms of consociation into accommodation, essentially on the terms of the demographic majority: as Mauzy put it, "the fiction of a government of nearly equal ethnic partners was no longer maintained".[94] Brass observed that interethnic class collaboration may take two forms: a limited, informal economic collaboration or identity of interests that does not extend to social and political relationships where ethnicity may remain primary, or one involving more institutionalized relationships where élites from different ethnic groups collaborate on a

regular basis to preserve both ethnic separateness and interethnic élite dominance in relation to the subordinate classes.[95] Crossing the watershed of 1969, the Malaysian political scene moved from the latter to the former. The political realignment resulting from the "new realism" was termed by Mauzy "coercive consociationalism",[96] or what Smooha called "ethnic democracy".[97] This is a regime type that Rumley and Yiftachel[98] believed succeeded in maintaining stability in Malaysia – due to its *temprano* majority–*tardío* minority ethnic composition – though it failed in bi-ethnic homeland states and regions such as Cyprus, Sri Lanka and Northern Ireland, where the ethnic sentiments of both groups are equally intense.[99] However, to take this as the sole explanation could be misleading, as there are other factors that need to be taken into consideration, such as the existence of co-ethnics in power across the border.

Chua claims that markets and democracy combined to bring about ethnic violence because the impoverished majority was empowered under the new democratic structure. Nevertheless, this seems to be taking for granted a very vague definition of democracy. Most of the countries where the demographic majorities unleashed mob violence upon the economically successful minorities were hardly "democracies" – or even if they were, were nascent, immature, fragile and unstable, such as countries where, as we have seen, coercive consociationalism is practised; where elections are free but unfair; where the oppositions have no access to the media, controlled by the dominant party, or other platforms to present their views; where governments have yet to change hands. To avert ethnic violence may not necessitate halting the advent of democracy as the book suggests, but to advance it, to push for "real" democracy that would not allow any demagogue or any entrenched ruling party to use ethnic hatred to perpetuate its iron grip on power. *World on Fire* stresses that Robert Mugabe came to power through free and fair election and he is now using the white land seizure campaign to mobilize popular support for his teetering regime (Introduction, p. 11). However, the fact that a democratically elected leader is stealing and undermining democracy cannot possibly be a good enough argument to discredit democracy itself.

Public policy in an "ethnic democracy"

After the 1969 election and riots in Malaysia a drastic reorientation of some government policies and programmes resulted in the trend of public expenditure, shown in Figures 3.14–3.17.

Public expenditure allocation in Malaysia well illustrates how the question of class may come into conflict with ethnicity-based considerations in the formulation of State policy.[100] Allocation decision has been, above all, heavily influenced by the uneven emphasis placed upon the restructuring strategy at the expense of the poverty eradication prong of the NEP. It is interesting to note that the demographic majority of the country would still be the principal beneficiaries of an alternative ethnic-neutral, class-based, policy concentrating on poverty eradication, since the majority of the poor belong to this ethnic group. However, advocates of the NEP would be quick to suggest that the long-run elimination of

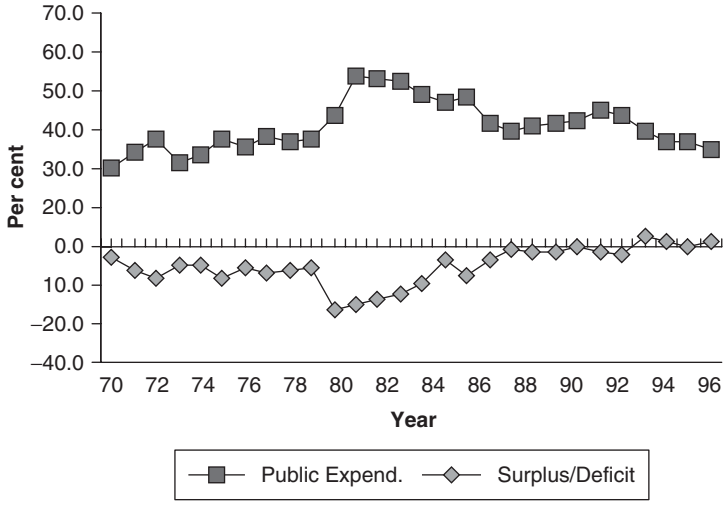


Figure 3.14 Malaysia: trends in public sector finance (public expenditure and surplus/deficit as percentage of GNP)

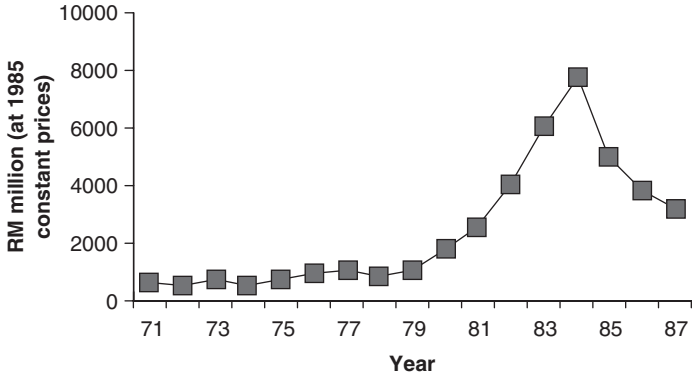
Source: computed with data from Malaysian Ministry of Finance *Economic Report*, various years.

historical identification of ethnicity with class (both in employment pattern and capitalist ownership, as reflected in the simplistic and misleading representation of a "Chinese capitalists vs Malay peasants" paradigm) will implicitly highlight class rather than ethnic divisions. One explanation of these puzzling trends is to see NEP, instead of an inevitable development of a simple interethnic rivalry, as representing a new stage in the horizontal inter- "ethclass" contention.

The concept of "ethclass" was first proposed by Gordon to help explain the relevance of ethnicity and class to the way people interact and develop their primary group relations.[101] Gordon defined ethclass as "the portion of social space created by the intersection of the ethnic group with the social class".[102] Such view is to see "ethnicity" and "class", as Hall did, not as a dichotomy, but related in such a way that neither can be fully understood through discrete modes of analysis. Hall's view, which was presented in his influential 1980 paper,[103] considers "race" and '"class" as forming part of a complex dialectical relation in contemporary capitalism, and was summed up by Solomos as follows:

> "Race" has a concrete impact on the class consciousness and organisation of all classes and class factions. But "class" in turn has a reciprocal relationship with "race", and it is the articulation between the two which is crucial, not their separateness.[104]

According to Gordon, people from the same social class but different ethnic groups have behavioural similarities in common, while people from the same



(NFPE = non-financial public enterprises. If there is one particular phenomenon that can best reflect the underlying purpose of NEP, it is the expansion of the NFPEs since, as has been observed in the preceding sections, these institutions were explicitly used as tools during the two decades of ethnic reform as surrogates to promote dominant-group capitalist interests.)

Figure 3.15 Malaysia: NFPE investment
Source: Ismail and Osman-Rani, 1991.

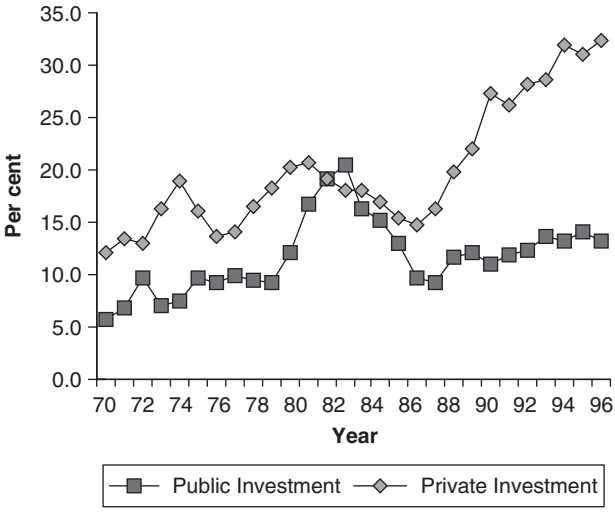


Figure 3.16 Malaysia: public and private investment as percentage of GNP
Source: as Figure 3.15.

ethnic group but different social classes share a sense of peoplehood or historical identification. Only when people are from the same ethnic group as well as social class do they share both behavioural similarities and historical identification and thus develop a sense of participational identity. Husin's illustration of the race and class relations in Malaysia (Figure 3.1) thus presents four ethclasses – Malay

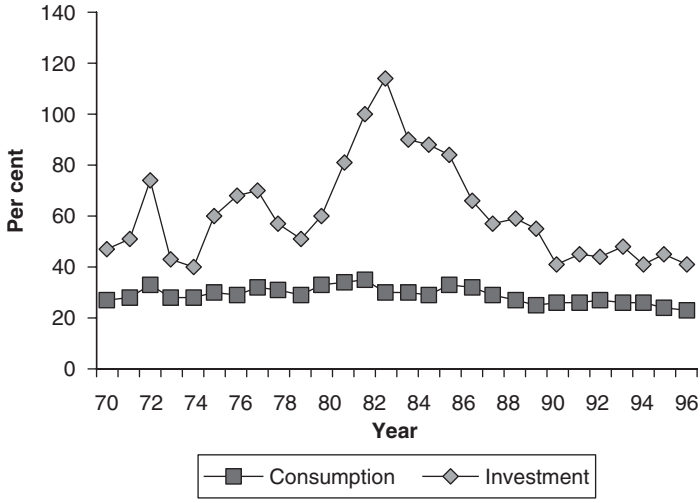


Figure 3.17 Malaysia: ratios of public to private consumption and investment
Source: as Figure 3.15.

élite (ME), Chinese élite (CE), Malay masses (MMs) and Chinese masses (CMs). Before the 1969 election and riots, as Husin rightly pointed out, the horizontal inter-ethclass relations, which resulted in the "hands off" approach of the State in the economy, was principally characterized by a common desire to minimize conflict and attempts to accommodate members from each other into their respective spheres of predominance:

> Some members of the Chinese elite are absorbed into the political power structure dominated by the Malay elite . . . On the other hand, members of the Malay elite, especially those who have retired from senior positions in administration and politics are welcomed by some Chinese businessmen as directors in their economic ventures. Common political and economic interests, already strong among them, are further strengthened by social and sporting activities and membership of exclusive clubs consonant with their social prestige.[105]

Such interethnic class affinity noted by Husin finds resonance in Gordon's hypothesis that social class is more important than ethnic group in determining one's cultural behaviour and values.[106] However, hiding under this fragile façade of accommodation, resource competition between the nascent Malay bourgeois class and its aspirants and the established Chinese capitalists foreboded increasing conflict horizontally across the ethclasses. "Almost by definition ethnic groups are competitive for the strategic resources of their respective societies", Skinner asserted,[107] because they are sociocultural entities that

consider themselves distinct from each other and, according to Cox, most often view their relations in actual or potentially antagonistic terms.[108] Moreover, Otite observed that conflicts that occur between ethnic groups have a strong tendency to divide élites along ethnic lines,[109] thus undermining the class ties transcending their ethnic differences.[110] It is in this perspective that Toh saw NEP basically as "a manifestation of the initial victory registered by the Malay petit-bourgeois class in its previous contention with the other dominant capitalist classes",[111] with the "restructuring" prong as a consolidated effort backing the ascending Malay bourgeoisie and petty bourgeoisie using public funds and the State machinery on a massive scale. The official term "restructuring" has never meant altering the socioeconomic relations between classes or strata, but rather an intervention in such horizontal inter- ethclass relations. Nevertheless, as Jomo observed, the most acute interethnic conflict resulting from NEP's "affirmative action" occurs among the so-called "middle-class" (or "petty bourgeoisie"), mainly over educational, employment, business and promotional opportunities and facilities.[112]

This is not surprising given that the common political and economic interests and social activities shared by the Malay and Chinese bourgeois class, which effectively inject an element of accommodation and collaboration into inter-ethclass rivalry, was conspicuously absent from the relationship between the middle-classes of the two ethnic groups. Besides, the very nature of middle-class concerns – education, jobs, promotions – also has broader popular appeal than the narrower concerns of the bourgeoisie, such as the 30 per cent target of the NEP. All this resulted in an inter-ethclass rivalry which is far more acute at the middle-class level than at the upper-class one, and has wider ramifications in the total society. Toh concluded that efforts by the Malaysian State to restructure employment have an element of class-biasedness in that the bulk of the efforts, particularly those operating on the supply side, are concentrated on creating a high-income-earning class of Malay managers, executives and professionals as well as a middle class of sub-professionals and technicians.[113] Echoing Rabushka's argument,[114] Toh also contended that the ostensibly ethnically biased role of the Malaysian State, deemed necessary to eliminate the ethnic division of labour as a source of ethnic conflict, in turn further intensified racial contention, in a process he called "the dialectics of post NEP development".[115]

It is important to recognize that the State is neither necessarily a neutral nor a passive actor. It may be perceived as an autonomous body that possesses its own interests and objectives independent from the rest of the populace. It can be a potentially disinterested party that engages in mediation and crisis management. However, it can also negotiate to achieve goals based on narrower interests. The State can use its influence to establish, entrench or expand its power.[116] Through preferential policies for the majority in a minority-dominated economy (as implemented in post-1970 Malaysia), it not only aims to achieve goals based on sectarian interests but simultaneously seeks its own expansion and perpetuation, while embedding itself in what Sowell called "the illusion of morality and compensation".[117]

Conclusion

Using Chua's thesis as the point of reference, this study has focused on the different experiences of various multiethnic countries, in particular Malaysia, Spain and Belgium, to examine the possible determinants of interethnic relations and public policy both as a response to exigencies engendered by ethnic differentiation and a factor affecting ethnic intensity and ethnic identity formation.

The public sector development in bi-ethnic Belgium reflects the contention between two ethnic groups on an equal footing for the control of the State as the ultimate resource for community advancement. Malaysia, while also bi-ethnic in its intergroup power configuration, does not exhibit a similar form of development. Instead, its pattern of public policy development shares more with multiethnic[118] Spain in that the State is principally under the control of a dominant group which struggles to maintain or perpetuate such control in the presence of subordinate group aspiration for equality and autonomy. Public finance is in this case not so much an instrument of State power that the ethnic factions freely compete for, but a tool with which the dominant group perpetuates its political control and at the same time maintains the survival of the State. Yet a comparison of the two countries in this chapter has revealed that this tool has been utilized in Spain and Malaysia in two essentially different ways.

The separate development of public policy and finance in Malaysia and Spain reflects in both countries the response from the dominant/*temprano* group to the aspirations of the subordinate/*tardío* groups.[119] Both countries are confronted with the need for the State, which is dominated by a homeland/*temprano* faction, to accommodate the economically more prosperous subordinate/*tardío* groups.

In Spain, where ethnic division is territorial, the latter groups, also homeland communities, are concentrated in Catalonia and the Basque Country, which are the economic backbone of the country.[120] The growth of the Spanish public sector[121] since the end of the repressive rule (1939–75) of Franco has coincided with, though not been solely determined by, the process of political and fiscal decentralization that was accomplished at a speed and to a degree unprecedented among the western economies, but the similarity in the trend of Malaysian public finance, on the contrary, resulted principally from the *tempranos*-dominated State's using public expenditure as a tool to advance the group's economic interest in an economy still heavily relying on the more prosperous *tardío* community. The determination to break with and reverse the repressive policies of the Franquist regime and to integrate the country into a prosperous and democratic Europe has made such huge concessions to subordinate group aspirations possible. The fear of a return to the old regime, to many vindicated by the August 1981 coup, serves only to convince the new administration of a need to speed up the policy change and to turn the subordinate groups further away from particularism to universalism in orientation (see van Amersfoort's typology in Table 3.1). The combined result of such changes in dominant and subordinate groups' orientations has, as the diagram shows, led to or facilitated the adoption of federalism as a solution to ethnic conflict. The territorial nature of ethnic division and the legitimacy of territorial claims

on the part of the subordinate homeland groups (see Figure 3.3) have also, on the other hand, made political decentralization and fiscal federalism a feasible option.

Such was not a choice readily available for Malaysia at the critical structural juncture of 1969/70, where the ethnic divide is not territorial (see Figure 3.12a), and where the *tardío* group (comprised of later immigrants and their descendants) is an urban community viewed by the dominant *temprano* society (descendants of earlier inhabitants) as lacking in homeland legitimacy, and by extension, the level of ethnic intensity as that of the *tempranos*. Furthermore, the mutually reinforcing ethnic and economic cleavages easily turn a class problem into an ethnic one subjected to the manipulation of the statist capitalist class, which rose to dominance on the wings of unbridled ethnic sentiment at the riots of 1969 and subsequently managed to perpetuate its control of State power through the use of public finance for promoting the economic interests of the dominant ethnic group. The inability of the *tardío* community to exercise control over its supposed representatives in the State apparatus further enabled the government to preserve simultaneously both the status quo and the interests of the dominant *temprano* group through the implementation of preferential policies in the favour of the latter.

Notes

1 Raj K. Vasil, *Politics in BiRacial Societies: The Third World Experience*, New Delhi: Vikas Publishing House, 1984, p. 2.
2 Cited in P.R. Ehrlich and S.S. Feldman, *The Race Bomb: Skin Color, Prejudice, and Intelligence*, New York: Ballantine Books, 1978, p. 1.
3 References to the book in this chapter are to the paperback edition, 2004, published by Anchor Books, a division of Random House, New York.
4 Milton J. Esman, 'Two Dimensions of Ethnic Politics: Defense of Homelands, Immigrant Rights (Research Note)', *Ethnic and Racial Studies*, 8, 3 (July 1985).
5 On the appropriateness of such a distinction, see later parts of the chapter for a critical discussion.
6 Jomo Kwame Sundaram, *A Question of Class: Capital, the State, and Uneven Development in Malaya*, New York: Monthly Review Press and Manila: Journal of Contemporary Asia Publishers, 1988 (ppb. ed.), pp. 162–63.
7 Esman, p. 440.
8 Syed Husin Ali, 'Social Relations: The Ethnic and Class Factors', in S. Husin Ali, ed., *Kaum, Kelas dan Pembangunan/Ethnicity, Class and Development: Malaysia*, Kuala Lumpur: Persatuan Sains Sosial Malaysia (Malaysian Social Science Association), 1984.
9 Edna Bonacich, 'The Past, Present, and Future of Split Labour Market Theory' in Cora Bagley Marrett and Cheryl Leggon, eds, *Research in Race and Ethnic Relations: A Research Annual*, Vol. 1, Greenwich, CT: JAI Press, 1979, pp. 56–57.
10 Paul R. Brass, 'Ethnic Groups and the State' in Paul R. Brass, ed., *Ethnic Groups and the State*, London: Croom Helm, 1985, p. 49.
11 Edna Bonacich, 'A Theory of Ethnic Antagonism: The Split Labor Market', *American Sociological Review*, 37 (October 1972).
12 Ali, p. 28.
13 Chua, p. 45–46.
14 First quoted in Barry E. O'Meara (1822), *Napoleon in Exile, or, a Voice from St Helena: the opinions and reflections of Napoleon on the most important events*

of his life and government in his own words, London: W. Simpkin and R. Marshall Vol. 2. Samuel Adams, the American revolutionary leader, was said to refer to it in his *Oration in Philadelphia,* 1 August 1776, and Adam Smith used it in his *Wealth of Nations* of the same year.

15 James Laver observed in his *Modesty in Dress: An Inquiry into the Fundamentals of Fashion* (London: William Heinemann Ltd, 1969, p. 17):
The distinction between the clean upper classes and what the Victorians called "the Great Unwashed" persisted almost until our own day, and can still be detected in such a phrase as "the white-collar workers". Cleanliness at wrist and throat (that is to say, the two places where linen can most easily be dirtied) is still a sign that the wearer does not engage in any kind of "degrading" manual toil.

16 El Ejido is the centre for fruit and vegetable production on Spain's southern coast. It relies heavily on cheap immigrant labour.

17 In cities such as Madrid and Barcelona it is about 10 per cent.

18 When violence erupted, although the story quickly reached the national news, pictures of the actual violence were few because, along with immigrants, journalists were also under attack by the mob.

19 Teun A. Van Dijk, (2005), expanded edition of *Dominación Étnica y Racismo Discursivo en España y América Latina*, Barcelona: Gedisa, 2003 (pre-publication accessed at www.discourse-in-society.org/Racism.html, 2005).

20 Quoted in the prefaces of Part Two (p. 124) and Part Three (p. 187).

21 Anthony Smith, *The Ethnic Revival*, Cambridge: Cambridge University Press, 1981; Alexander B. Murphy, *The Regional Dynamics of Language Differentiation in Belgium: A Study in Cultural-Political Geography*, Chicago, IL: The Committee on Geographical Studies, University of Chicago, 1989.

22 Esman.

23 The T–T (*tempranos–tardíos*) dichotomy is not only important but also useful in view of the increasing taboo on the use of the term "immigrant" in public discourse.

24 See, for example, preface to Part Three, p. 187.

25 This classification follows Oren Yiftachel, "The Concept of 'Ethnic Democracy' and Its Applicability to the Case of Israel", *Ethnic and Racial Studies*, 15, 1 (January, 1992).

26 Stephen van Evera, 'Hypotheses on Nationalism and War', *International Security*, 18, 4 (Spring, 1994).

27 J.M.M van Amersfoort, "'Minority' as a Sociological Concept", *Ethnic and Racial Studies*, 1, 2 (April 1978), p. 229.

28 Yong L. Lee, "Ethnic Differences and the State-Minority Relationship in Southeast Asia", *Ethnic and Racial Studies*, 6, 2. (1983).

29 1978.

30 Louis Wirth, "The Problem of Minority Groups" in Ralph Linton, ed., *The Science of Man in the World Crisis*, New York: Columbia University Press, 1945.

31 van Amersfoort, p. 230.

32 1994.

33 "Ethnic stereotyping by politicians", *Inside Indonesia*, April–June (accessed at www.insideindonesia.org/edit78/p19-20_clegg.html, in 2004).

34 Van Dijk, 2005.

35 Nicolae Gheorghe, "Roma-Gypsy Ethnicity in Eastern Europe", *Social Research*, 58 (1991), pp. 842–43.

36 Davydd J. Greenwood, "Castilians, Basques, and Andalusians: An Historical Comparison of Nationalism, 'True' Ethnicity, and 'False' Ethnicity" in Paul R. Brass, ed., *Ethnic Groups and the State*, London: Croom Helm, 1985, pp. 202–27.

37 Ibid., p. 222–3.

38 Reference should be made here to the controversial hypothesis of Alvin Rabushka (*A Theory of Racial Harmony*, Columbia: University of South Carolina Press, 1974) that a larger public sector makes ethnic conflict more likely.

39 It is exactly the same sentiment that is threatening the Belgian nation, driving Flanders away from Wallonia.
40 Ethnic politics includes both government responses to challenges from ethnic communities and the efforts of ethnic organizations seeking to influence state policy, while the politics of ethnicity views ethnicity as a consequence of political action (Gheorghe, 1991).
41 A note on nomenclature: The word "State" (with a capital "S") is used in this chapter (except in quotations) to refer to the central body politic of a civil government – in contrast with the private citizenry or a rival authority such as the Church, whereas "state" (with a lower-case "s") refers in general to other senses of the term, including a "country" or a political territory forming part of a country. The word "nation" in this sense is generally avoided since it has the alternative connotation of a community of common ethnic identity, but not necessarily constituting a state.
42 Arend Lijphart, *Democracy in Plural Societies: A Comparative Exploration*, New Haven, CT: Yale University Press, 1977.
43 The "critical structural period" (Ira Katznelson, "Power in the Reformulation of Race Research", in Peter Orleans and William Russell Ellis, Jr., eds, *Race, Change, and Urban Society Urban Affairs Annual Reviews*, Vol. 5, Beverly Hills, CA: Sage, 1971, pp. 69–70.), when definitive State response to exigencies generated by a country's ethnic diversity, came in the year 1970 both in Malaysia (the implementation of NEP) and in Belgium (beginning of the federalization process), and at the end of the 1970s in Spain (the 1978 Constitution that saw the emergence of the Autonomous Communities, and the approval of the Statutes of Autonomy for all of these Communities from 1979 to 1983).
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45 Vernon Mallinson, *Power and Politics in Belgian Education: 1815 to 1961*, London: Heinemann, 1963, p. 147–48.
46 Frank E. Huggett, *Modern Belgium*, London: Pall Mall Press, 1969, p. 87.
47 Val R. Lorwin, "Belgium: Conflict and Compromise", in Kenneth D. McRae, ed., *Consociational Democracy: Political Accommodation in Segmented Societies*, Toronto: McClelland & Stewart, 1974, p. 188.
48 Ibid., p. 21.
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50 *The Times*, 20 December 1995.
51 Huggett, p. 205.
52 Margot Lyon, *Belgium*, London: Thames and Hudson, 1971, p. 135.
53 Eric Swyngedouw, *Contradictions between Economic and Physical Planning in Belgium*, Villeneuve d'Ascq: Johns Hopkins European Centre for Regional Planning and Research, 1985.
54 Alexander B. Murphy, *The Regional Dynamics of Language Differentiation in Belgium: A Study in Cultural-Political Geography*, Chicago, IL: The Committee on Geographical Studies, University of Chicago, 1988, pp. 167–8.
55 Dirk Vanwynsberghe, "Causes et conséquences macro-économiques de la régionalisation belge", *Reflets et Perspectives de la vie économique*, Tome XVIII – 4/5, 1979, pp. 283–98.
56 Maureen Covell, "Ethnic Conflict, Representation and the State in Belgium", in Paul R. Brass, ed., *Ethnic Groups and the State*, London: Croom Helm, 1985, pp. 275–95.
57 Xavier Mabille, "Adaption ou éclatement du système de décision en Belgique", *Recherches sociologiques*, II 1976.

58 Covell, "Representation", p. 239.
59 Ibid., p. 230.
60 Harmannus Hoetink, *Slavery and Race Relations in the Americas: Comparative Notes on Their Nature and Nexus*, New York: Harper & Row, 1973, p. 91.
61 W. Lloyd Warner, "American Caste and Class", *American Journal of Sociology*, 42 (1936), pp. 234–37.
62 The case of Belgian society does not seem at first sight to fit neatly into the typology constructed in Figure 3.14 above. Both major ethnic factions view themselves as subordinate groups.
63 Before proceeding with the analysis of ethnicity and public policy in Malaysia, here is a note on terminology. In view of the semantic befuddlement and analytical difficulty involved with and the increasing taboo on the use of the term "immigrant" ("pendatang" in Malay) in public discourse, the rest of the chapter continues with the use of the T–T (*tempranos–tardíos*) categorization as it is employed in the earlier discussion on Spain.
64 Max Weber, *The Theory of Social and Economic Organization*, tr. by Talcott Parsons and A.M. Henderson, New York: Oxford University Press, 1947 (English translation), p. 145.
65 Morton H. Fried, "The Classification of Corporate Unilineal Descent Groups", *Journal of Royal Anthropological Institute*, 87 (1947).
66 Myer Fortes, "The Structure of Unilineal Descent Groups", *American Anthropologist*, 55 (1953).
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70 D. Gioseffi, ed., *On Prejudice: A Global Perspective*, New York: Doubleday, 1993, p. xiii.
71 Therese A. McCarty, "Demographic Diversity and the Size of the Public Sector", *KYKLOS*, 46 (1993), pp. 225–40.
72 John Rex, *Race Relations in Sociological Theory*, 2nd ed., London: Routledge & Kegan Paul, 1983, p. xxi.
73 With the dominant ethnic group constituting little more than half of the population, Malaysia is more appropriately classified as a N*d*–N*s* society, with its implications for ethnic intensity and intergroup power configuration.
74 J.S. Furnivall, *Colonial Policy and Practice*, Cambridge: Cambridge University Press, 1948, p. 304.
75 Max Weber, "Ethnic Groups", in Max Weber, *Economy and Society: An Outline of Interpretive Sociology*, New York: Bedminster Press, 1968 (English translation), p. 389.
76 Clifford Geertz, "The Integrative Revolution: Primordial Sentiments and Civil Politics in the New States", in Clifford Geertz, ed., *Old Societies and New States: The Quest for Modernity in Asia and Africa*, New York: The Free Press of Glencoe, 1963, p. 109.
77 Boon Kheng Cheah, "Perpecahan dan Perpaduan dalam Gerakan Kemerdekaan selepas Perang Dunia Kedua" ["Division and Solidarity in the Independence Movement after World War II"], in S. Husin Ali, ed., *Kaum, Kelas dan Pembangunan/Ethnicity, Class and Development: Malaysia*, Kuala Lumpur: Persatuan Sains Sosial Malaysia (Malaysian Social Science Association), 1984, pp. 79–82.
78 Present writer's translation, p. 83.
79 See Barth.
80 Marianne Heiberg, "External and Internal Nationalism: The Case of the Spanish Basques", in Raymond L. Hall, ed., *Ethnic Autonomy – Comparative Dynamics: The Americas, Europe and the Developing World*, New York: Pergamon Press, 1979.
81 As Marden and Meyer (Charles F. Marden and Gladys Meyer, *Minorities in American Society*, 2nd ed., New York: American Book Company, 1962, p. 42) did for the United States, the structure of differentiation is more comprehensively expressed by superimposing the class pyramid of the subordinate ethnic group upon that of the dominant

community. The former is then dropped less than a full horizontal segment to express the inferior position of each class segment of the subordinate group to others within the class. Such a representation is of course too simple to provide an adequate understanding of the Malaysian situation, complicated by the phenomena of class compromise and clientelism. However, a rejection of race and class reductionisms should provide a more rational theoretical foundation for analysing the complex relationship between the variables of ethnic diversity, class structure, and the role of the State.

82 Jomo, p. 244.

83 While such simplistic representation was essentially false, since Malays with significant political power comprised only a small minority while only a small proportion of Chinese possessed considerable economic assets, it did capture the tone of the apparent compromise underlying the post-colonial government's policies (Jomo, p. 246).

84 Figure 3.1 provides a simplified illustration done by Husin ("Relations", pp. 13–31).

85 Husin, "Relations", p. 28; S. Husin Ali, *Malay Peasant Society and Leadership*, Kuala Lumpur: Oxford University Press, 1975, pp. 169–70.

86 Onigu Otite, "Ethnicity and Class in a Plural Society: Nigeria", in Cora Bagley Marrett and Cheryl Leggon, eds, *Research in Race and Ethnic Relations: A Research Annual*, Vol. 1, Greenwich, CT: JAI Press, 1979, p. 102.

87 Affirmative action and preferential treatment are "race-conscious" and "group-centred" strategies in contexts where the dominant policy form, particularly in liberal democracies, is individual-centred and "colour-blind" (John Edwards, "Group Rights v. Individual Rights: The Case of Race-Conscious Policies", *Journal of Social Policy*, 23, 1 (January, 1994), p. 55).

88 Heribert Adam, "Legitimacy and the Institutionalization of Ethnicity: Comparing South Africa" in Paul R. Brass, ed., *Ethnic Groups and the State*, London: Croom Helm, 1985, p. 285.

89 Brass, p. 23.

90 Ibid., pp. 29–30.

91 Lijphart, p. 75.

92 William M. Newman, *American Pluralism: A Study of Minority Groups and Social Theory*, New York: Harper & Row, 1973, pp. 158–59.

93 Ralf Dahrendorf, *Class and Class Conflict in Industrial Society*, Stanford, CA: Stanford University Press, 1959.

94 Diane Mauzy, "Malaysia: Malay Political Hegemony and "Coercive Consociationalism"', in John McGarry and Brendan O'Leary, eds, *The Politics of Ethnic Conflict Regulation: Case Studies of Protracted Ethnic Conflicts*, London: Routledge, 1993, p. 111.

95 Brass, p. 23.

96 Mauzy, ibid.

97 Sammy Smooha, "Minority Status in an Ethnic Democracy: The Status of the Arab Minority in Israel", *Ethnic and Racial Studies*, 13, 3 (1990), pp. 389–412.

98 Dennis Rumley and Oren Yiftachel, "The Political Geography of Minority Control: The Example of Malaysia", paper presented at the International Geographical Union's Conference "Politics and Development", New Delhi, 1990.

99 Yiftachel, 1992.

100 For further details on Malaysian public expenditure trends under the NEP, see Émile K.K. Yeoh, "State action, ethnic fragmentation and co-existence in Malaysia: A public policy perspective" in E.T. Gomez and R. Stephens (eds), *The State, Economic Development and Ethnic Co-Existence in Malaysia and New Zealand*, Kuala Lumpur: CEDER, 2003, pp. 90–108.

101 Milton Gordon, *Assimilation in American Life: The Role of Race, Religion and National Origins*, New York: Oxford University Press, 1964, p. 53.

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103 Stuart Hall, "Race, Articulation and Societies Structured in Dominance" in *Sociological Theories: Race and Colonialism*, Paris: UNESCO.
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105 Husin, "Relations", p. 28.
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108 Oliver C. Cox, *Caste*, *Class and Race: A Study in Social Dynamics*, New York: Monthly Review Press (repr. 1970, New York: Modern Reader Paperbacks).
109 Onigu Otite, "Resource Competition and Inter-Ethnic Relations in Nigeria", in Leo A. Despres, ed., *Ethnicity and Resource Competition in Plural Societies*, The Hague: Mouton Publishers, 1975, p. 128.
110 Similar conflicts also occur in other class strata. As Johnstone (F. Johnstone, *Class, Race and Gold*, London: Routledge and Kegan Paul, 1976) suggested regarding the South African situation, and Rex pointed out in the case of Britain: the "capitalist class has created basic distinctions between employed and unemployed", a framework in which workers from one ethnic group "fight for their own interests against . . . workers [from another ethnic group]" (John Rex, "The Role of Class Analysis in the Study of Race Relations – A Weberian Perspective", in John Rex and David Mason, eds, *Theories of Race and Ethnic Relations*, Cambridge: Cambridge University Press, 1986, p. 76).
111 Toh Kin Woon, "The State in Economic Development: A Case Study of Malaysia"s New Economic Policy", PhD dissertation submitted to the Faculty of Economics and Administration, University of Malaya, 1982, p. 448.
112 Jomo, p. 302.
113 Toh, p. 449.
114 Rabushka.
115 Toh, p. 450.
116 Cynthia H. Enloe, *Police*, *Military and Ethnicity: Foundations of State Power*, New Brunswick: Transaction Books.
117 Thomas Sowell, *Preferential Policies: An International Perspective*, New York: William Morrow, 1990.
118 The term is used here in a less general sense of "consisting of *more than two* ethnic groups (in intergroup power configuration)", in contrast to "bi-ethnic" Belgium and Malaysia.
119 Mainly the Chinese and the politically less consequential Indians in Malaysia, and the Catalans, Basques and to a lesser extent the Gallegans in Spain.
120 In Malaysia, it was the more prosperous *tardío* community that mattered, especially before the implementation of NEP.
121 See Figures 3.7 and 3.8.

4 Ethnic identity formation

The case of second generation Chinese and Vietnamese in the United States

Rebecca Kim

Introduction

Asian Americans are touted as the successful model minority next in line to assimilate into the expanding pot of 'white' America. Asian-origin Americans are classified along with European-origin Americans for equal opportunity programmes while other minority groups such as Blacks, Latinos and Native American Indians are not. Asian Americans have high levels of academic achievement, high median family income and rising intermarriage rates. In 1999, their median household income was the highest of all racial groups while their poverty rate was the lowest of all racial groups. In 1998, Asian Americans made up more than 20 per cent of the undergraduates at universities such as Stanford, Berkeley, Massachusetts Institute of Technology and California Institute of Technology.[1] By the second generation, most Asian Americans lose fluency in their parents' native language and speak only English. They also intermarry extensively with whites and more than 25 per cent of Asian Americans have a partner of a different racial background.[2] Thus public officials, along with some immigration scholars, suspect that Asian Americans are assimilating and 'becoming white' like the Southern Eastern European immigrants of the turn of the twentieth century.[3] Meanwhile, pluralists disagree. They contend that ethnicity is alive and well – ethnic identifications and group affiliations can be continuously reconstructed and revived, particularly in today's multicultural and globalised America.

This chapter examines the current state of identity formation among Asian Americans, particularly the identity development among the growing numbers of second generation[4] Asian Americans. This is done through a comparative study of the US-born children of one of the oldest and one of the newest group of Asian groups in the United States – second generation Chinese Americans and Vietnamese Americans.

A comparative study of second generation Chinese Americans and Vietnamese Americans is relevant for examining the ethnic identity construction of contemporary second generation Asian Americans for several reasons. First, the comparison is appropriate because of the differences that exist between the two groups. Among Asian Americans, Chinese Americans have one of the longest histories in

the United States whereas the Vietnamese began arriving in the United States largely in the 1970s. For the most part, the Chinese entered the United States as voluntary immigrants whereas the Vietnamese entered mostly as involuntary refugees and therefore received a distinct reception by the US government. Related to their entry, the socioeconomic characteristics of the two groups vary considerably, with Chinese immigrants having achieved greater socioeconomic mobility than the Vietnamese. These differences in history, mode of entry, reception and socioeconomic status are key factors that may have differentially affected the incorporation of immigrants and their children. While variations exist between the two groups, there are similarities that make the comparison interesting. The Chinese and Vietnamese represent two of the largest and fastest growing groups of Asians in the United States. According to the 2000 US Census, Chinese Americans make up the largest group of Asians in the United States (22.3 per cent), while the Vietnamese Americans make up the fifth largest Asian group (10 per cent). With continuing immigration, the two groups also share common cultural and generational conflicts as well as similar experiences, interacting in the broader society as a group that is commonly categorised and racialised as 'Asians'.

Comparing the histories and social structural and cultural characteristics of the Chinese and Vietnamese American communities in the United States, this chapter examines the incorporation and ethnic identity formation of second generation Chinese Americans and Vietnamese Americans. The chapter first reviews assimilation and pluralist theories, the two major theories of immigrant incorporation and ethnic group formation. It then examines the immigration histories, ethnic communities, cultural backgrounds and marginalisation of Chinese Americans and Vietnamese Americans in relation to their ethnic identity and group formation. While acknowledging that there are varied paths and differing degrees of incorporation and ethnic identity formation, the chapter concludes that ethnicisation can occur on the path of assimilation. More specifically, selective elements of past cultures can be kept and new bases of ethnic identity forged by the second generation precisely as they obtain socioeconomic mobility and entrée into the mainstream institutions of US society.

Theoretical background

Assimilation theories

Influenced by the Enlightenment and Social Darwinian philosophy, the assimilation model assumes that ethnic and racial distinctions have no place in a rational modern society. Forces of modernity – industrialisation, bureaucratisation, urbanisation, and democracy – that emphasise status by achievement, rationality and impersonality are expected to eliminate the need for ethnic and racial categories.[5] Selection based on ethnic and racial criteria is assumed to be a vestige of a pre-modern society. Accordingly, the classic assimilation model predicts that immigrants will integrate into mainstream society: successive generations of immigrants are

expected to progressively move beyond the status of first generation immigrants and become part of the American mainstream.[6]

Milton Gordon made significant contributions to the assimilation perspective by providing a multi-dimensional analytical framework that systematically dissects the concept of assimilation.[7] Among the seven types of assimilation that Gordon presents, two variables are crucial: acculturation and structural assimilation. Acculturation includes cultural or behavioural assimilation where the immigrant group adopts the culture of the core group, which Gordon defines as being the 'middle-class cultural patterns of, largely, white Protestant, Anglo-Saxon origins'. The second major stage of assimilation is structural assimilation, the process of 'large scale entrance into cliques, clubs, and institutions of host society'. Once structural assimilation has been reached, Gordon hypothesised that all other types of assimilation – such as marital, identificational, attitude receptional, behaviour receptional,[8] and civic assimilation – would follow suit. With structural assimilation, immigrants' ethnic distinctiveness would inevitably disappear.

The process of assimilation is assumed to be inevitable and irreversible, following a smooth, straight and singular line. Ethnicity is viewed largely as a working-class phenomenon – something that immigrants and their descendants need and want to shed – as they acculturate, obtain economic mobility and incorporate into the dominant white Anglo-Saxon Protestant middle-class core. As the immigrant group(s) change and lose their distinctiveness in the assimilation process, the dominant group is expected to undergo little if any change.

Revised assimilation theories

Having been formulated to explain the experiences of white European immigrants, classic assimilation theory has been criticised for being unable to describe the experiences of today's diverse immigrants. For example, Portes and Zhou (1993)[9] argue that unlike the descendants of European immigrants who were uniformly white, contemporary immigrants are racially distinct, which can make their assimilation more difficult. Portes and Zhou also point out that the opportunities for intergenerational mobility are now sparse. Following national deindustrialisation and global industrial restructuring, there is a widening gap between menial jobs and high-tech professional occupations, which reduces the opportunity for immigrant children gradually to achieve economic mobility.

Relatedly, assimilation theory has been criticised for its ethnocentric Anglo-conformist bias. The idea that there is only a single path toward assimilation into a presumably white Protestant middle-class has been challenged[10] along with the assumption that immigrant groups are the only ones changing in the process of assimilation.[11] Others have further critiqued assimilation theory for assuming that immigrants have little agency and choice in the process of assimilation and implying that it is in their best interest to assimilate.[12]

In view of these criticisms, the assimilation model has been reformulated. For example, Herbert Gans (1992) takes up one of the major criticisms of assimilation theory by arguing that assimilation is a 'bumpy-line' rather than a

'straight-line' process. He argues that the acculturation and assimilation processes can either be delayed or sidetracked by political and economic conditions in the host society, producing revived interest in ethnicity among immigrant groups. By introducing the notion of bumpy-line assimilation, Gans accounts for ethnic revivals without abandoning the concept of assimilation. Despite some bumps on the road, assimilation is expected to be the dominant trend for most immigrants.

Building on the work of Gans, Portes and Zhou argue that there are 'segmented' paths versus a single path of assimilation. Depending on immigrants' pre-migration characteristics, particular forms of exit and reception, size, structure and resources of existing co-ethnic communities, location and economic and political context of settlement, and expectations, Portes and Zhou propose three assimilation paths. First, some will follow the traditional path and assimilate into the white middle-class. Second, children of immigrants who lack strong ethnic communities, mobility ladders, and who are concentrated in an urban city with a hostile minority subculture may permanently assimilate into a minority underclass. Third, those who have the support of strong and resourceful ethnic communities can circumvent outside hostility and mobility obstacles to achieve economic advancement while maintaining ethnic ties and preserving immigrant community values.

Richard Alba and Victor Nee (2003) also reformulate assimilation theory and argue that assimilation has not lost its utility in illuminating the experiences of today's immigrants and their descendants. Alba and Nee do away with the claim that assimilation is a universal and inevitable outcome following a straight-line trajectory. They refuse to suggest that immigrants 'should' assimilate and reject assimilation theories' past ethnocentrism. With such qualifications, they define assimilation as a diminishment of ethnic distinctions over time. Assimilation entails relatively free and easy social intercourse culminating in high rates of intermarriage and mixed ancestry. Assimilation is the byproduct of purposive individuals seeking to maximise their opportunities; it is the parity of life chances in attaining educational credentials, occupations, residence and other socioeconomic resources.

With such a definition, Alba and Nee criticise others who forecast a pessimistic future for the children of contemporary immigrants. They argue that there is much continuity between the experiences of today's immigrants and past European immigrants who have successfully assimilated. Alba and Nee stress the increasing parity of life chances in education, occupation, residential assimilation and rising intermarriage rates among the children of today's immigrants. They underscore the fluidity of racial boundaries and predict that the mainstream will be culturally, demographically and institutionally reshaped in the future as it has in the past so as to be more inclusive. Today's second and third generations are said to be far more enmeshed in US society and lack the 'thick connections' that can sustain lasting ethnic identities and ties. Alba and Nee thus conclude that assimilation remains the central process that captures the experiences of contemporary immigrants and their offspring in the United States.

Pluralist theories of ethnicity

Unlike assimilation theories, multicultural or pluralist theories do not view ethnicity as a temporarily persistent phenomenon doomed to decline or fade. From a pluralist point of view ethnicity is in its essence a way of being American.[13] Ethnic minority groups are viewed less as outsiders or foreigners and more as part of the larger American population. Moreover, ethnicity is not something simply inherited from the old country. Instead, it is constructed and 'invented' in the new country.[14] It is assumed that immigrants selectively unpack their past and that what is kept is modified and influenced by the cultural and structural conditions of the host society.

With this re-constructionist pluralist view, ethnicity is said to persist for multiple reasons. First, it persists because of rational interests. For example, Glazer and Moynihan define ethnic groups as essentially rational interest groups who are struggling to gain benefits in an unequal competitive society through organising around ethnicity. The 'strategic efficacy of ethnicity in making legitimate claims on the resources of the modern state' is highlighted.[15] Similarly, Bell argues that ethnic groups form as individuals struggle to advance their political and economic interests in a competitive society.[16] Thus, ethnicity is said to persist because it can become a political means of claiming place or advantage in a competitive society.

Others, however, criticise the conceptualisation of ethnicity as simply a means to maximise group interests and argue that ethnicity is qualitatively substantial and made up of the cultures and heritages passed on from past generations. The persistence of cultural heritage, not competition for scarce resources, is argued to be the basis of the continued importance placed on ascriptive groups.[17] The problem with cultural heritage theories of ethnicity, however, is that it is not clear how ethnicity would then get transmitted to the next generation and what exactly is retained among the later generations who do not have any direct ties to the home country.

In contrast to cultural theories of ethnicity, symbolic ethnicity theorists argue that ethnicity exists only in insignificant symbolic forms. Herbert Gans contends that among third and fourth generation descendants of European immigrants there is a new form of 'symbolic' ethnicity, an ethnicity that is concerned more with the socio-psychological elements of 'feeling' ethnic rather than actually being part of an ethnic culture and community.[18] Ethnic symbols are consumed and used to identify with a particular ethnicity without being practically tied to a particular ethnic group. Thus, it is argued that if ethnicity exists at all, it becomes largely expressive and symbolic – something of a 'leisure-time activity'. While symbolic ethnicity may be applicable for the descendants of European Americans, it is questionable how applicable it is for Asian Americans who are continuously racialised and treated as physically distinct.

Unlike the symbolic theory of ethnicity, the emergent theory of ethnicity emphasises the structural conditions that support ethnic group formation. Defining ethnicity as identification with common origins and frequent patterns of

association, Yancey *et al.* argue that ethnicity is an 'emergent' phenomenon that gets constructed under the structural parameters that characterise urban working-class life. Ethnicity is formed and crystallised under the structural conditions of 'residential stability and segregation, common occupational positions and dependence on local institutions and services'.[19] Emergent ethnicity theory thus proposes that immigrants entrenched in segregated working-class urban ethnic communities would most likely have strong ethnic identities and ties, while those outside of the structural conditions would not. The theory, however, is unclear about how ethnicity may be constituted for the later generations who have moved out of the ethnic ghettos and into middle-class suburbs.

In sum, assimilation and pluralist theories are not without criticisms. Nevertheless, they provide two of the main explanations for understanding the incorporation of immigrants and their descendants in the United States. With them in mind, we now examine Chinese and Vietnamese communities in the United States.

History of immigration

Chinese immigration

The Chinese immigrant community has gone through several historically significant periods: unrestricted but antagonistic immigration (1848–81), Chinese exclusion (1882–1943), immigration on restricted quotas (1944–65) and immigration on equal basis (1965 to the present).

Unrestricted immigration (1848–81)

The discovery of gold in California in 1848 attracted significant numbers of Chinese to the United States. In the next 30 years, over 225,000 Chinese, roughly 90 per cent of them males, immigrated. Most were pushed by the poor social and economic conditions of their homeland and lured by stories of gold and economic opportunities in the American west.[20] The 1860 US census recorded that almost all Chinese in the United States were concentrated in California, and within the state, 84 per cent were in mining counties.[21]

Chinese labourers toiled in gold mines in the hope that some day they could all return home with gold. But that never happened. Soon afterward, surface deposits of gold mines were depleted, and many white miners abandoned mining. When this occurred, Chinese miners, with nowhere else to go, continued to remain in these mining areas working for companies that attempted harder methods of digging for gold. In the late 1860s, the Central Pacific Company started to recruit Chinese miners, as well as new contract labourers from China, to work on the western section of the first continental railroad. During this period, 64,000 more Chinese arrived in the United States; about 40,000 came between 1867 and 1870.[22]

Racism and xenophobia along with racist legislation soon followed the inflow of Chinese immigrants. The Chinese were vilified as criminal, dangerous, mentally

and morally inferior, and were discriminated against.[23] In 1852, Chinese passengers who arrived by ship in California had to pay a US$50 head tax. In 1854, the California Supreme Court ruled that the Chinese should not be allowed to testify in the courts, which resulted in many crimes committed against the Chinese by whites going unpunished. The presence of Chinese prostitution also gave Congress a reason to pass the Page Law in 1875, which specifically aimed at barring the immigration of Chinese women. This and miscegenation laws which prohibited Chinese Americans, most of whom were bachelors, from marrying whites contributed to Chinese bachelor societies. It was not until 1967 that the Supreme Court ruled that states could not outlaw intermarriage between whites and nonwhites. Racist legislation and a generally hostile reception made assimilation a clearly unattainable path for the early Chinese Americans.

Chinese exclusion (1882–1943)

Chinese immigrants came to the United States to fill the labour demand of the Gold Rush without reaping the slightest amount of gold. They contributed significantly to building the most difficult part of the transcontinental road west of the Rockies without much recognition. When the work was finished, they found themselves the target of discrimination and exclusion. In the 1870s, Chinese labourers encountered deep-seated anti-Chinese sentiment and powerful white men's trade unions. They were accused of building 'a filthy nest of iniquity and rottenness' in the midst of the American society and driving away white labour by their 'stealthy' competition. The Chinese workers were called the 'yellow peril', the 'Chinese menace', and the 'indispensable enemy'.[24] Rallying under the slogan 'the Chinese Must Go!' the Workmen's Party in California successfully launched an anti-Chinese campaign for laws to exclude the Chinese. In 1882, Congress passed the Chinese Exclusion Act prohibiting all Chinese labourers from entering the United States. It was the first and only immigration act that specifically excluded an ethnic, racial or national group. This act also made the Chinese ineligible for citizenship and explicitly denied the Chinese their naturalisation rights in the United States. In 1888, the Scott Act was passed which prohibited the reentry of Chinese into the United States after a temporary departure. The Chinese Exclusion Act was then renewed after ten years. Soon after, the 1924 Immigration Act denied the entry of virtually all Asians, which made it nearly impossible for Chinese immigrant men to find wives. This kind of legal and institutional exclusion clearly communicated to the Chinese Americans that assimilation was not an option.

Immigration on restricted quotas (1944–65)

The Chinese immigrant community entered a new era with the repeal of the Chinese Exclusion Act of 1943 and the War Brides Act of 1945. Lifting the exclusionary legislation theoretically allowed family members, women in particular, to reunite with immigrant Chinese already in the United States. It did not, however,

result in the lowering of entry barriers. The door merely opened a tiny crack to permit an annual quota of 105 Chinese nationals to immigrate.[25] In the next two decades, the United States only admitted a few thousand Chinese, including political refugees fleeing the 1949 Communist takeover in China. Meanwhile, China closed its borders to the outside world, rendering emigration impossible.

Contemporary Chinese immigration (1965–present)

Drastic changes have taken place since the early 1970s. The Hart-Celler Act of 1965 abolished the national origins quota system, aiming at a humanitarian goal of family reunification and an economic goal of meeting the demand for skilled labour. Enacted in 1968, this immigration act opened the door for Chinese immigration on an equal basis. The annual admission ceiling for China increased from 105 persons to 20,000, and immediate relatives of US citizens were not subject to numerical limitations. Taiwan was given an equal admission number of 20,000 and Hong Kong, 5,000.

Since then, the broader Chinese immigrant community has witnessed a fundamental change shifting from a homogeneous and closely knit society of sojourners to a heterogeneous and dynamic community of settlers. At the turn of the century when Chinese exclusion was at its peak, the ethnic population dropped below the 200,000 mark. As of 1900, the community comprised of a small elite of merchants and a vast majority of male labourers, with a highly skewed sex ratio of 1,485 men per 100 women. At the end of the millennium, however, the ethnic population grew to over 1.6 million with a nearly balanced sex ratio (99 men per 100 women).

Unlike past Chinese immigrants who were largely unskilled labourers from the southern region of Guangdong Province, contemporary Chinese immigrants come from diverse origins and socioeconomic backgrounds. The three main sources of Chinese immigration are mainland China, Hong Kong and Taiwan. In recent years, Chinese immigrants also include those from Southeast Asia and the Americas. According to the 1990 Census, over half of the Chinese immigrants came from the mainland, 23 per cent from Taiwan, 13 per cent from Hong Kong and the rest from other countries around the world. These contemporary Chinese immigrants are disproportionately drawn from highly educated and professional segments of their sending societies.

Grouping all of the Chinese Americans together, the 2000 US Census data show that 46.3 per cent of the Chinese Americans had college degrees compared to 25.3 per cent of whites. Chinese Americans also had higher levels of high skilled workers than whites (41.9 per cent versus 21.4 per cent). Chinese Americans' median family income was US$58,300 compared to US$48,500 for whites, although their personal income trailed behind whites (US$20,000 versus US$23,640). Compared to blacks and Hispanic Americans, however, Chinese Americans had higher levels of status across all measures of socioeconomic background including education, median family and personal income, skill, homeownership and median SEI score.

There are also various stories of 1.5 and second generation Chinese Americans' academic success.[26] Chinese American children are scoring exceptionally well in standardised tests. They are disproportionately making the top lists of national as well as regional academic contests such as the Westinghouse Science Talent Search. Chinese Americans are overrepresented in most of the prestigious universities and high schools across the United States.[27] These kinds of developments lead many to believe that contemporary Chinese Americans are well on their way to assimilating – gaining parity of life chances in obtaining educational credentials, occupations, residence and other socioeconomic resources.

Vietnamese immigration

Vietnamese entered the American scene primarily as a result of US military involvement in Southeast Asia. In 1954 Vietnam was divided into North (the Democratic Republic of Vietnam headed by Ho Chi Minh) and South (the Republic of Vietnam headed by Ngo Dinh Diem) when the French army was defeated by Ho Chi Minh's forces. In an effort to quell the expansion of communism in Vietnam and the rest of Southeast Asia, the United States offered aid and sent troops to Vietnam. When US troops later pulled out, the South Vietnamese lost ground and Saigon fell into the hands of North Vietnamese troops in 1975. Amid this turmoil, Vietnamese were pushed out of their country with little or no preparation and control over their final destinations.

As the largest of the refugee groups to have settled in the United States since the mid-1970s, the immigration of the Vietnamese can be divided into several waves. After the South had lost the war in Vietnam in 1975, the first wave of Vietnamese refugees, approximately 132,000, left Vietnam and sought refuge principally within the United States. The first wave was relatively more educated, skilled, wealthy, westernised, urbanised and politically connected to the United States compared with the subsequent waves of Vietnamese refugees. They included high ranking soldiers, professionals, the middle-class, the elite (wealthy business owners and former Vietnamese government officials), members of the Catholic Church and others who feared communist reprisals as a result of their ties with Americans.[28]

The second wave includes the group commonly labelled as the 'boat people', who fled by boat or overland between 1978 and 1982. Incessant warfare with neighbouring countries, political instability and repression, and economic hardships exacerbated by natural disasters and poor harvests in the years following the war triggered the exodus.[29] Compared to the first wave, the boat people were generally less skilled and educated, and more economically destitute. The two major groups of refugees in the second wave included the Sino-Vietnamese and the rural poor.

A significant proportion of Vietnamese continue to be admitted as refugees, but since the mid-1990s many are entering the United States as participants in family reunification programmes. With continuing flows of immigration, the number of Vietnamese has grown considerably. According to the 2000 US

Census, there are 1,123,736 people who identify themselves as Vietnamese. Between 1998 and 2000, 75.9 per cent of the Vietnamese were foreign-born and 23.5 per cent were second generation.[30]

Unlike most voluntary immigrants, the settlement of Vietnamese refugees was almost entirely decided by US government resettlement agencies, known as voluntary agencies (VOLAGs). The Vietnamese did not have a choice in their initial place of settlement. As political refugees, however, many Vietnamese qualify for federal assistance.[31] Refugee aid includes reception and placement grants, medical aid, assistance to refugee children and English as a Second Language programmes. The Bureau for Refugee Programs also provides placement grants for voluntary agencies and private organisations to help refugees to resettle into their new communities. Voluntary agencies provide pre-arrival identities of refugees, funding for housing and relocation, educational programmes for sponsoring families, and orientation programmes for the new refugees. There are also cash assistance programmes that are commonly administered by local and state governments. They include: Aid to Families with Dependent Children (AFDC), Supplemental Security Income Programs (SSI) and General Assistance Programs (GA). In these ways, the US government made efforts to facilitate, rather than hinder, the adjustment of the Vietnamese and their eventual incorporation into the United States.

Vietnamese come from severe exit conditions with poor human capital and economic resources and travel a great cultural distance. Most Vietnamese refugees thus start out at the bottom of the socioeconomic ladder. This is reflected in their high rates of unemployment, poverty and dependence on public assistance. Most, if not all, start out on welfare. Considering such a beginning, Vietnamese refugees have made tremendous progress.[32]

The 1990 US census data showed several improvements over the pattern observed ten years before. From 1980 to 1990, the Vietnamese English proficiency rate increased from 26.6 per cent to 38.6 per cent, exceeding the level attained by the overall US foreign-born population. Among adults aged 25 and over, the proportion of college graduates increased from 12.6 per cent to 16.9 per cent. Labour force participation rate among males also increased among those aged 16 and over from 65.7 per cent in 1980 to 71.9 per cent in 1990. Along with improvements in Vietnamese human capital and labour force participation, the overall economic status of the Vietnamese rose. Their average median household income in 1990 was US$33,500, which was above the average of US$30,000 for all American households. Home ownership also rose (37 per cent to 49 per cent) whereas the poverty rate declined slightly (28 per cent to 25 per cent) between 1980 and 1990. Overall, Vietnamese poverty levels decrease with increased length of stay in the United States.

Progress is also evident among the 1.5 and second generation Vietnamese Americans.[33] In 1990, Vietnamese youth were less likely to drop out of high school and more likely to attend college compared to their American peers. In the Los Angeles metropolitan region, the dropout rate among US-born Vietnamese aged 16–19 was 5 per cent compared with 8 per cent among whites, while college attendance rate among US-born Vietnamese was 50 per cent, compared

with 38 per cent among whites.[34] In a school district in Orange County, California, where the largest concentration of Vietnamese exists outside of Vietnam, Vietnamese students have also been proportionately overrepresented among high school valedictorians. Vietnamese students make up approximately 22 per cent of the school district's enrolment, but made up 5 of the 11 (45 per cent) valedictorians in the district in 1996; in 1997, they made up 9 of 14 valedictorians in the district.[35] All of these developments have led many scholars to expect that the Vietnamese are not far behind other Asian Americans, for example Chinese Americans, in gaining entry into the broader US society.[36]

Ethnic communities

Chinese communities

Discriminatory policies and racism significantly contributed to the formation of Chinatowns in the later part of the nineteenth century. The Chinese were blatantly discriminated against and prevented from fully participating in the political, judicial, educational, occupational and social institutions of US society. They were thus isolated and pushed into Chinatowns. Early Chinatowns were essentially products of exclusion.

Contemporary Chinese ethnic communities

Today's Chinese immigrants are more dispersed than their earlier counterparts. Extending beyond a few urban enclaves on the coastal areas of the west or northeast, the Chinese immigrant community has grown in multiple directions and has penetrated into urban neighbourhoods or cities on which few co-ethnic predecessors had ever set foot. More striking has been the emergence of middle-class ethnic enclaves in the suburbs.[37] In these new ethnic enclaves, immigrants that arrive with higher than average education and incomes are creating their own ethnic economies. Representing a reversed trend of ethnic concentration (the normal being suburban dispersion), the new pattern of immigrant settlement appears to taunt the time-honoured path to assimilation.

Monterey Park, an incorporated municipality with its own elected city council in suburban Los Angeles, is a prime example of a thriving middle-class ethnic enclave with a large population of Chinese. In 1960, Monterey Park was a small bedroom suburban community with an ethnic makeup of 85 per cent non-Hispanic white, 12 per cent Latino, 2.9 per cent Asian and .1 per cent black. Beginning in the early 1970s, however, newcomers and foreign capital from Taiwan brought drastic changes to Monterey Park. In contrast to the tradition of immigrants starting out from the bottom of the socioeconomic ladder, many wealthy Taiwanese investors poured money into the suburb's real estate development. They then lured well-to-do immigrants from Taiwan and potential emigrants in Taiwan to buy into the best neighbourhoods immediately upon arrival or even prior to arrival.[38] As more Taiwanese immigrants arrived in the 1980s,

housing prices increased with a clear shift in both residential and commercial construction. The heavy infusion of foreign capital investment, rapid economic growth and the sudden influx of affluent immigrants from Taiwan and mainland China transformed the once tranquil bedroom community into a cosmopolitan hub of the Asian Pacific. Property prices skyrocketed and various Chinese-owned businesses sprang up along main streets with discernible Chinese language signs, replacing old diners and speciality shops.

With such changes, Monterey Park became the first Asian-majority city in the United States. Non-Hispanic white residents declined rapidly from 51 per cent in 1970 to only 12 per cent in 1990 while the proportion of Asian residents increased from less than 15 per cent in 1970 to 56 per cent in 1990. The majority, 63 per cent, of Asian Americans is of Chinese ancestry and 73 per cent of those in Monterey Park spoke a language other than English at home. Clearly, this suburban city has been transformed into a middle-class immigrant community and its newcomers represent a brand new stream of immigrants and a new mode of incorporation. Instead of moving from immigrant enclaves like other Latino or Asian Americans, the new Chinese immigrants insert themselves directly into the middle-class suburb without much acculturation. They have moved into middle-class suburbia, but have not melted into white America.

Monterey Park is not an anomaly. Middle-class Chinese immigrant communities are growing rapidly and visibly not only in New York and Los Angeles, but also in San Francisco, San Jose, Boston, Houston and other major immigrant-receiving metropolitan areas. Rather than an ethnic minority that arrives to bring down the average economic level of the populace, an incoming ethnic minority arrives with higher than average education and economic resources with the capability of creating its own ethnic economy. Ethnic communities can no longer be narrowly defined as the ethnic enclave or staging places just for the poor and the unacculturated immigrants.

Growing up in and around these new ethnic communities, second generation Chinese Americans, who make up approximately 20 per cent of the Chinese population in the United States,[39] have far more opportunities to maintain their ethnic ties and socialise with co-ethnics. They can frequent ethnic businesses, attend Chinese language schools, and take part in civil and religious Chinese associations. They can Americanise while maintaining their cultural affiliation. They do not have to discard their ethnicity to obtain socioeconomic mobility.

This does not mean that there are not Chinese Americans in the more impoverished working-class urban ethnic communities who are struggling. There certainly are. But studies of such ethnic communities commonly show that being tied to the ethnic community and maintaining one's ethnic ties can actually benefit the settlement of immigrants and their children in the new country.[40] For example, there are various community organisations in Chinatowns that provide Chinese language schools, adult English schools, career training centres and a variety of other social service programmes for Chinese Americans. There are after-school programmes that provide a safe and educational environment for Chinese American youth, which can be particularly important for those who have

working parents. There are also community organisations that function as ethnic centres, places where Chinese American children can learn more about traditional Chinese culture and foster their ethnic identity. Moreover, there are various smaller civic and voluntary ethnic organisations along with ethnic religious institutions that address the concerns and needs of new Chinese immigrants and their children and play a critical role in facilitating immigrants' settlement in the United States.[41]

Vietnamese communities

To facilitate their incorporation into the new country and minimise the impact that the new refugees would have on local economies, the first wave of Vietnamese refugees were scattered across the United States by the resettlement agencies. Soon, however, the refugees regrouped and developed small communities in parts of California, Texas, Virginia, Washington and Louisiana. Like the first wave, the second wave were also spread out by resettlement agencies, but secondary migration eventually led them to the ethnic communities established by the first wave. More recent Vietnamese immigrants entering the United States under family reunification programmes are also finding their way into the major Vietnamese communities. Accordingly, the federal government's refugee resettlement policy of dispersion was largely ineffective. The policy disregarded the importance of ethnic communities in the social-psychological adjustment and settlement of Vietnamese in the United States. Studies show that Vietnamese refugees in dispersed isolated neighbourhoods recovered more slowly from the trauma of war and had more difficulties in resettlement than those settled in ethnic communities.[42]

The most sizable Vietnamese community in the United States with the largest concentration of Vietnamese outside of Vietnam is in Little Saigon in Orange Country, California where 135,548 Vietnamese can be found.[43] Started when 2,555 refugee families resettled in Southern California in 1975, Little Saigon is located in the middle-class neighborhoods of Westminster and Garden Grove and functions as the most significant business, cultural and social centre for the Vietnamese in Southern California. With only a handful of businesses in 1979 and nearly 2,000 in 1994, Little Saigon's ethnic economy grew rapidly. There are shiny mini-malls, trendy fashion boutiques, fancy restaurants, noodle shops, bakeries, supermarkets, music stores, night clubs and more. Drawing co-ethnic shoppers from various neighbourhoods in Southern California and even as far as from parts of Northern California, as many as 50,000 co-ethnic shoppers venture into Little Saigon at the weekends.[44]

Beyond just a shopping commercial centre, Little Saigon has also become a cultural mecca. It has become a place where Vietnamese can consume traditional Vietnamese food, purchase Vietnamese products, speak their native language, socialise with co-ethnics and share their common cultural heritage. Little Saigon also has various social service organisations, ethnic churches and temples, Vietnamese language schools, ethnic newspapers and magazines, and television

studios.[45] Like the second generation Chinese Americans that live in or near ethnic enclaves like Monterey Park, second generation Vietnamese Americans in and around Little Saigon can maintain elements of Vietnamese culture with the aid of a strong and vibrant ethnic community.

The Vietnamese communities, however, are not without problems. According to a 1994 *Los Angeles Times* poll, many Vietnamese in Southern California considered crime, street violence and gangs as their chief community problems. Compared to their Asian peers, Vietnamese adolescents were disproportionately more likely to be institutionalised.[46] They constituted a quarter of all institutionalised Asian adolescents even though relatively few of them were confined to correctional institutions in absolute numbers. Vietnamese adolescents also ranked second among racial/ethnic groups (210 per 100,000) after blacks (695 per 100,000) in terms of their rates of institutionalisation.[47] Indicating that this is largely a youth problem, the rate for institutionalisation for Vietnamese minors under 18 was 210 per 100,000, while the rate of institutionalisation for all Vietnamese was 140 per 100,000. This has led some to argue that Vietnamese youth are now bifurcated into two distinct groups – those who are the achievers or valedictorians versus those who are the delinquents and failures in terms of educational and future occupational achievement.[48] It is interesting to note, however, that studies on Vietnamese youth show that those who are less Americanised and more connected to the ethnic community do well in school while those who are the most estranged from the values and social connections of the Vietnamese community do not fare well academically and are delinquent.[49]

In addition to the delinquency that is present in Vietnamese communities, it should also be noted that not all Vietnamese communities are located in middle-class suburbs like Little Saigon. But Vietnamese communities that are located in the more rural or impoverished inner-city neighbourhoods may prove even more important for the adaptation and settlement of Vietnamese immigrants and their children. This is evident in Versailles Village, an urban low income ethnic community in New Orleans.[50]

Despite its poor socioeconomic surroundings, the ethnic community of Versailles Village has been found to help adult Vietnamese immigrants to get settled and eventually become citizens. Furthermore, the ethnic community has been pivotal in helping the 1.5 and second generation to excel academically and bypass the negative influences of an American minority living on the fringes of society.[51] Community and family networks create a system of ethnic involvements that promote constructive patterns of behaviour and aspirations that encourage upward mobility among the Vietnamese children. Instead of being absorbed into the inner city's minority–majority youth culture, Vietnamese children can take on the values of the ethnic community that values hard work, delayed gratification and education, which help them to become the kind of Americans accepted by the community and the mainstream US society. Intense involvement in the ethnic community thus increases rather than decreases the likelihood that Vietnamese youth obtain socioeconomic mobility, gain entry into the broader society and move beyond the ethnic community.

The case of Little Saigon as well as ethnic communities in less affluent localities thus suggest that being connected to the ethnic community can actually encourage rather than hinder structural mobility in the United States. It shows that ethnicity, transplanted and reconstructed in the new land can be used as a basis of solidarity and survival that can facilitate participation in the broader US society. Thus, ethnicity is not something that should be discarded on the way to mobility as traditional assimilation theories suggest.

Having examined the immigration histories and the context of the Chinese and Vietnamese communities, we now examine the specific cultural structural factors that constitute the ethnic identities of second generation Chinese Americans and Vietnamese Americans.

Culture and identity among the second generation

Straddling two cultures

> The children of the immigrants, those born here or brought very young . . . they were American and not Americans. They were double alienated, marginal men.[52]

Much of what shapes second generation Chinese Americans and Vietnamese Americans comes from the identity formation of straddling two cultures. Growing up with parents that are not native to the country and having cultural and generational conflicts with them constitutes a large part of what it means to be ethnically a second generation Chinese or Vietnamese American. The shared experiences can range from growing up in homes where different foods are consumed to having parents who may not be able to manoeuvre themselves in the broader society in the same way as the parents of their other American friends. It means that one grows up, for example, hearing Mandarin or Cantonese and being familiar with Chinese food, customs, traditions and holidays while also being familiar with American food, customs and traditions. It includes multiple experiences that come from straddling two cultures and not being completely part of either. Vietnamese Americans cannot be broadly categorised as an immigrant group like the Chinese. Nevertheless, they too have similar generational and cultural conflicts that come from growing up with parents that are not native to the United States.

One of the generational and cultural conflicts that second generation Chinese and Vietnamese Americans share is the pressure to excel in school and succeed economically. This pressure can come from various sources. Popular press points to influences of Confucianism in the history and cultures of Chinese, Vietnamese and other Asian families to explain the academic achievement of Asian Americans. Confucianism's emphasis on respect for elders and authority, self discipline and education, arguably encourage Asian parents to invest more in their children's education.[53]

Instead of cultural factors, however, structural factors such as immigrants' premigration socioeconomic status can explain the emphasis that Asian parents place

on their children's educational and occupational achievement.[54] It may also be that Asian families push their children to work hard and excel in school because they view education as a viable strategy for obtaining socioeconomic mobility in an otherwise racist society.[55] Many Asian immigrants also purposively immigrate to the United States to provide better educational and occupational opportunities for their children.

Whether the source(s) of values emphasising education are more the result of Confucianism, the exigencies of survival in the United States and/or the products of middle-class immigrant values is open to debate. But what is clear is that many second generation Chinese Americans and Vietnamese Americans grow up with these values in their families.[56] Many feel that they received greater pressures to excel academically and economically.[57] They also view their families as relatively more collective, hierarchical and strict compared to the families of their other American peers. These perceived differences are important because they become the basis of cultural markers that draw the boundaries that separate them from others.

Emerging ethnic and pan-ethnic Asian American cultures

Beyond the familial cultural markers, emerging ethnic as well as pan-ethnic cultures and cultural products encourage the construction of ethnic as well as racial identities among Chinese and Vietnamese Americans. For example, there are a growing number of cultural products such as Asian American magazines, Asian American literary works and Asian American films that Chinese and Vietnamese Americans can consume. There are also a host of websites that focus on Asian American consumer and cultural products ranging from Asian/Asian American music to news. Asian American magazines like *Yolk*, *Audrey*, *Asian Week* and *A Magazine* draw not only Chinese Americans, but also Vietnamese Americans along with other groups categorised as 'Asian American'. Aside from films, literature and other consumer and cultural products that target Asian Americans in general, there are equivalent products that focus specifically on Chinese Americans or Vietnamese Americans. In today's globalised marketplace, Chinese and Vietnamese Americans can access the latest cultural developments and products from their respective countries of origin. Television programmes, films, music and other forms of popular culture available in China and Vietnam can be accessed in the United States. They can also frequent the various ethnic-specific Chinese and Vietnamese stores and restaurants in and near Chinese and Vietnamese communities in addition to the more general Asian-themed businesses. Ethnic-specific as well as pan-ethnic Asian American religious, civil, professional and social organisations can also be found in ethnic communities and cities with large concentrations of Asian Americans.

With the geographic concentration of Asian Americans and the burgeoning of ethnic and pan-ethnic cultural products and organisations, today's Asian Americans have more opportunities to cultivate their ethnic as well as pan-ethnic identities. Moreover, there is now a greater awareness, acceptance and promotion

of ethnic diversity and multiculturalism in the American public sphere. Until the 1960s, the dominant social policy in the United States was Anglo-conformity. Since the early 1970s, however, all levels of government have changed their policies to cultural pluralism. Such changes along with high concentrations of co-ethnics, a globalised marketplace and ease of international travel and communication encourage ethnic as well as pan-ethnic identity development among second generation Chinese and Vietnamese Americans. In addition to these developments, the racial lumping and marginalisation that Asian Americans face also contribute to the ethnicisation of Chinese and Vietnamese Americans.

Marginalisation and ethnicisation

Various groups from the continent of Asia are officially grouped as 'Asians' by the US government. The census gathers specific information on particular ethnic groups, but most data are aggregated as 'Asian'. In addition to ethnic-specific labels, Asian Americans are commonly racialised and grouped by others in the larger society as being similar. This kind of labelling contributes to the increased ethnic and pan-ethnic identification of Asian Americans.

Perpetual foreigner

Related to the lumping of Asians in the larger society, various stereotypes, prejudices and discrimination directed toward Asian Americans or a specific Asian group affect all Asian Americans. The prime example of this is the case of Vincent Chin, a Chinese American man who was killed in 1982 Detroit, Michigan by two white autoworkers who mistook him for a Japanese man. As a young draftsman, Vincent Chin was attending a bachelor party at a strip club when a white autoworker insulted Chin across the bar yelling, 'It's because of you little motherfuckers that we're out of work' and referred to Chin as a 'chink', 'nip', and a 'jap'. This then led to an altercation that included another autoworker who had recently been laid off from his job at an auto-plant. The two autoworkers blamed the Japanese for the ailing US auto industry and their job loss and took it out on a Chinese American man who looked Japanese in their eyes. After the altercation broke off, the two white autoworkers caught up with Chin and beat him with a baseball bat, which eventually led to Chin's death four days later (five days before his wedding). In the end, neither of the two autoworkers served a jail sentence; they had to pay a US$3,700 fine and were put on two years' probation. The Vincent Chin tragedy challenged Asian Americans' faith in America. It made them realise that they were viewed as an economic threat, and as foreigners who were lumped together as 'Asians' no matter where they traced their ancestry and no matter what their occupation.

The Wen Ho Lee espionage scandal also communicated to Asian Americans that they are not fully 'American' no matter how Americanised they become. In 1999, Dr Lee, a Chinese American scientist and a naturalised US citizen, was accused of stealing US nuclear secrets for the People's Republic of China. His job

was terminated (just nine months short of retirement), and he was incarcerated for nine months. He was denied bail, put in shackles, and placed in solitary confinement. It was later determined, however, that the specific data the PRC had obtained could not have come from the lab where Dr Lee worked and that such information would not have been ascertainable by someone with Dr Lee's knowledge. To many in the Asian American community, this incident indicated that Asian Americans are still viewed as the dangerous 'yellow peril', 'strangers from a different shore' who are not to be trusted and ultimately not fully American.[58]

Other examples of violent hate and bias crimes committed against Vietnamese Americans heightened ethnic and racial identities among all Asian Americans. In the 1970s and early 1980s, the entry of Vietnamese people into the fishing industry of the Gulf Coast sparked resentment from native-born fishermen who felt threatened by the competition. In 1983 in Davis, California, a Vietnamese high school student was taunted by several white high school students and later stabbed to death. Six years later in Raleigh, North Carolina, a Chinese American was beaten to death by men who were angry over the Vietnam War. The men mistook the Chinese American for a Vietnamese. And a year later, a Vietnamese American was stomped to death by skinheads in Houston, Texas. These incidents, while not commonplace, communicate to Vietnamese Americans that they are not completely accepted by American society. It also communicates that anyone that looks 'Asian' can be targeted by those prejudiced against one or more people of Asian ancestry.

The model minority

The stereotype of Asians as dangerous foreigners and invaders also goes hand in hand with the model minority stereotype of Asian Americans.[59] Over a century ago, Asian Americans were categorised as stupid and lazy. Recently, however, Asian Americans have been stereotyped as the 'model minority'. In January 1966 in a *New York Times Magazine* article, William Petersen, who first coined the term 'model minority', praised the efforts of Japanese Americans in their successful attempt to enter into the American mainstream. Peterson portrayed the Japanese as law-abiding intelligent and respectful of authority. Later on in the same year, the *US News and World Report* also published a story praising Chinese Americans for overcoming years of racial discrimination and achieving success. Since the 1960s, this model minority image has been used to characterise not only Japanese and Chinese Americans, but other Asian Americans, including Vietnamese Americans.[60]

The model minority image is not completely unfounded. Taken together, Asian Americans fare much better than other racial minorities such as blacks and Hispanics in major socioeconomic indicators such as income, education and occupation.[61] The model minority image, however, has been exaggerated and is problematic for several reasons.

First, while the median family income of Asian families in the United States tends to be higher than that of whites, Asian Americans' personal income

continues to lag behind whites. The median family income in 1999 for the total US population was US$50,046 and for Asian Americans it was US$57,874. However, the per capita income for the overall US population was US$21,587 (US$23,635 for whites) and US$20,719 for Asian Americans.[62]

Second, there are noticeable socioeconomic status differences across Asian American groups. According to the 2000 US Census, 42.7 per cent of Asian Americans aged 25 and over have a bachelor's degree or higher relative to 22.8 per cent of the total US population. Breaking the different Asian ethnic groups down, 60.9 per cent of Asian Indians aged 25 and over had a bachelor's degree or higher compared to 46.6 per cent of Chinese, 19.5 per cent Vietnamese and 9.1 per cent Cambodian Americans aged 25 and over. Moreover, 12.4 per cent of the total US population lived under the Federal Poverty Level, compared to 12.6 per cent of Asian Americans overall and 13.2 per cent Chinese, 9.2 per cent Japanese, 16.0 per cent Vietnamese and 29.3 per cent Cambodians. Thus, the model minority image clouds the socioeconomic diversity within the Asian American community.

Third, the model minority image obscures the fact that many Asian Americans over-work and do not achieve educational mobility in relation to their credentials.[63] Related to this, many Asian Americans experience a glass ceiling effect as they strive to advance in their careers. While Asian Americans are well represented in professional occupations with their high levels of education and professional certificates, they are underrepresented in high ranking executive administrative decision-making positions.[64] Often stereotyped as docile and deficient in leadership skills and unqualified for affirmative action, Asian Americans also trail behind blacks in positions of leadership, particularly in government and educational institutions.

Fourth, the model minority stereotype pits Asian Americans against other minorities. The argument is: if Asian Americans can make it despite obstacles of discrimination, why can't the blacks and Hispanics? The model image divides racial minorities into the good and deserving 'model' minority versus the undeserving minority and excuses the white majority from confronting problems of racism and discrimination. Relatedly, the model minority image upholds the classic model of American success – that anyone can make it in America if only they try hard enough, which can further legitimate the absence of efforts to address racial inequality.[65] The perception of Asian Americans as successful also discourages Asian Americans from being politically engaged and makes them less likely to seek out public assistance and turn to mental health care services for help. Lastly, the pressure to excel academically and fit into the model minority mould places a tremendous amount of pressure on Asian Americans. Chinese and Vietnamese American students who fail to fit the successful image end up feeling guilt and shame for not having been able to live up to their parents' expectations, which can lead to drug use, mental problems and/or even suicide.[66]

In recent years, the success of Asian Americans, whether it is overestimated or not, has also stirred anti-Asian sentiment and violence on college campuses and communities. MIT has become 'Made in Taiwan', UCLA has become 'University of Caucasians living among Asians', and University of Southern

California has become 'University of Students from China'. Asian American students are resented as the 'damned curve raisers', increasing the level of competition in classrooms and making the struggle for grades more difficult for everyone else.[67] This kind of resentment and fear of an 'Asian Invasion' at the major colleges and universities of America has led to anti-Asian sentiment. In March 2001, white supremacists' racist graffiti directed against Asians as well as blacks and Arabs were found at Stanford. Examples of the anti-Asian graffiti included: 'rape all asian bitches and dump them; white man rules; nuke hiroshima; kill all gooks; nuke japan; I'm a klansman; gooks out!!!'

With their high academic scores, Asian Americans are also viewed as taking up too many of the desirable and scarce admission slots in prestigious colleges and universities. Once Jewish applicants encountered restrictive admission measures in Ivy Leagues; now elite universities have been accused of using quotas to limit the enrolment of Asian American applicants.[68] This kind of hostility against Asian Americans has led Asian Americans to rally together, heightening their ethnic as well as racial identities.

Development of ethnic and pan-ethnic organisations

Reacting in part to the lumping and shared disadvantages that they face in the larger society, Asian Americans have formed various ethnic as well as pan-ethnic Asian American associations and coalitions to support one another. The growth of Asian American Studies programmes at universities was in large part an effort to fight the racism and oppression that Asian Americans as a group faced in the United States. In these programmes, Asian Americans can learn more about their ethnic as well as pan-ethnic identities, cultures and histories. There are also many ethnic Vietnamese clubs and organisations on high school/college campuses in addition to pan-ethnic Asian American organisations. Asian American professional networks such as the Asian American Bar Association and the Asian American Business Bureau, along with more ethnic specific organisations, try to assist Asian Americans in a larger society that they perceive as somewhat hostile to Asians as a group. These are organisations and associations that can further strengthen ethnic as well as pan-ethnic ties and increase the overall ethnicisation of the second generation.

Conclusion

Early Chinese Americans did not participate in or integrate into American society simply because they were not allowed to. Racism distinctively separated Chinese Americans socially, economically and politically from the greater American society. The jobs that were available were those that did not pose a threat to the dominant white workforce. Anti-miscegenation laws along with their overall status as aliens ineligible for citizenship kept Chinese Americans secluded in their own communities. At one point in history, their entry was even barred. Thus, Chinese American families were slow in forming and assimilation was not an option.

Contemporary post-1965 Chinese immigrants did not receive the same reception. Gone are overtly racist immigration policies and anti-miscegenation laws. As with other racial minorities, Chinese Americans now enjoy more civil rights. Overall, the first and second generation Chinese Americans of today demonstrate high levels of socioeconomic status. Nevertheless, Chinese Americans, along with other Asian Americans, are continuously labelled as physically distinct and viewed as strangers, the model minority that is simultaneously the dangerous foreigner that threatens white hegemony. This kind of interaction with the broader society along with the development of emergent ethnic cultures encourages second generation ethnicisation among Chinese Americans. Accordingly, while many may be on the path of mobility, there is not the traditionally expected discarding of ethnic identities. Instead, greater ethnic identification is evident precisely as many are on the path of structural assimilation. This is especially the case with the growth of new suburban ethnic communities where the first generation even bypass traditional ethnic ghettos and insert themselves directly into middle-class America. Furthermore, the burgeoning ethnic communities can enable the second generation to maintain selective elements of transported Chinese culture in the United States with relatively little cost even as they engage themselves in the educational and occupational institutions of the broader society.

The unique experience of growing up in Chinese immigrant families also constitutes the cultural markers that draw the ethnic boundaries that separate second generation Chinese Americans from their American peers. Selective elements of familial culture and shared experiences as Chinese Americans growing up and straddling two cultures in the United States becomes yet another basis for ethnic identity and group formation.

Vietnamese Americans entered the United States largely as political refugees. They thus had a distinct reception. Instead of being pushed into ethnic communities, the Vietnamese were initially spread out across the United States. But they soon voluntarily clustered together and those who did fared better than those who were isolated from their fellow ethnics in terms of their adaptation and adjustment in the new country. Vietnamese, including the second generation, are thus experiencing socioeconomic mobility through the aid of their ethnic communities. This does not mean that there are not problems. Gang violence and juvenile delinquency among Vietnamese youth are disturbing. Nevertheless, being connected to the ethnic community can be positive for Vietnamese youth, particularly if the alternative is being assimilated into a minority community on the fringes of American society. Thus, as with the Chinese, ethnicity is not something to be discarded on the path of mobility and entrance into the mainstream; maintaining and/or reviving one's ethnic identity and ties can coincide with upward mobility and participation in the broader society.

The shared experiences of growing up in collectively oriented Vietnamese homes with greater pressures to excel also become the basis of cultural markers that draw the ethnic boundaries that distinguish second generation Vietnamese Americans from the broader society. Continued immigration from Vietnam along with the ethnic and racial marginalisation of Vietnamese further increases the ethnicisation of Vietnamese Americans.

In these ways, contemporary second generation Chinese Americans and Vietnamese Americans are selectively constructing emergent ethnic identities in the United States. What is more, this ethnic identity construction is occurring as many are on the path toward gaining entry into the American mainstream. And it is happening in a modern structural context where multiculturalism is touted and where international travel, communication and consumer cultural markets for Asian Americans are burgeoning.

Notes

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5 A world on fire?

Some notes on Burma

Alfred Oehlers

In February 2006, the State Peace and Development Council (SPDC)[1] – as the ruling military junta in Burma[2] is known – launched a major offensive against the ethnic Karen people in eastern Burma. Thousands of troops were deployed in the offensive, designed, according to the SPDC, to rid the area of insurgents and terrorists, carrying out hostile acts destabilising the nation.[3] Little opposition was encountered by military forces as they swept through the region, destroying villages and farms, and uprooting an estimated 15,000 to 20,000 people. Murder, summary executions, rapes, theft and pillage were the order of the day, as helpless and defenceless civilians were pursued through mountainous jungle terrain in their desperate bid to escape the onslaught. Those that succeeded in escaping to the Thai border joined the more than half a million displaced people already encamped along the border in a string of refugee camps – the casualties of offensives past. Having lost their homes, their lands, their nation, all have been left to contemplate a fate of squalor and dependency, at the mercy of Thai and international agencies.[4]

Yes, Burma is on fire. But it is not the sort of fire discussed in Amy Chua's book.[5] This is not a conflict between a market dominant (Chinese) ethnic minority and an indigenous (Burman) majority.[6] It is a conflict instead between a brutal military dictatorship, determined to impose its view of a centralised, unitary state in Burma, and ethnic minorities and states seeking to preserve a measure of autonomy, identity and self-determination.[7] These have been longstanding struggles in Burma, involving as many as 17 ethnic groups over time. In the case of the Karen, it has been a struggle waged since 1949, making this perhaps the longest running conflict in history.[8]

Readers of Chua's book unfamiliar with Burma may be surprised by this reality. Despite the prominence assigned to Burma in its pages, Chua never once mentions the existence of these longstanding ethnic conflicts, their causes or implications. No Shan, Kachin, Mon or Karen are mentioned – all longtime proantagonists of the junta – leaving the reader with a very partial view of the nature of ethnic conflict in Burma. Omissions of such magnitude are stunning, to say the least. But these are perhaps sins less of omission than commission. For in acknowledging the existence of such conflicts, Chua's wider thesis would have been irreparably damaged. As Elliot Green has pointed out in a scathing review,

as a lawyer, Chua was wont in the writing of her book to present only evidence supporting her case, while neglecting all else that does not.[9] It would appear that ignoring of multiple ethnic insurgencies in Burma, of decades' standing, is a case in point.

As this short chapter will go on to suggest, owing to these omissions and a superficial understanding of the political economy of military rule in Burma, Chua erroneously concludes that Burma is a prime example confirming the bold thesis advanced in her book. In actual fact, had she been better apprised, she would have seen the exact opposite is the case. In Burma, it has not been a process of market liberalisation or democratisation that has led to the emergence of ethnic tensions and conflicts. The root causes of these problems are to be found elsewhere. And neither do these twin processes constitute threats or dangers to social stability in the future. Contrary to what Chua suggests, market liberalisation and democratisation may hold out the greatest hope for the resolution of these and other ethnic divisions.

Burma à la Chua

The broader thesis advanced by Chua has been discussed elsewhere in this volume, so there is little need to rehearse it. It should suffice to note that, according to Chua, developing societies are divided between a market dominant ethnic minority and an indigenous majority. A process of market liberalisation accentuates the differences between the two groups and privileges the market dominant minority. Typically, this invites a political backlash from the excluded majority. If the process of market liberalisation is accompanied by democratisation, the greater political space afforded provides an opportunity to give vent to such majority frustrations and resentment. Demagogues or populist parties easily emerge in such a context, espousing racially motivated policies of hate, which can eventually degenerate into extreme actions such as ethnic cleansing and genocide.

In Burma, Chua sees a prime example of these processes playing out over time.[10] Since the 1990s, she argues, a process of market liberalisation has been undertaken by the military regime. This process, in turn, has strengthened the economically dominant position of the extant Chinese minority within the country and cemented their hold over commercial life. Market liberalisation has also allowed an influx of new Chinese migrants to enter the country (legally or otherwise). This new wave of migrants has invested heavily, amplifying the extent of Chinese control over the economy. As Chua notes, both the extent and pace of this Sinicisation of the economy is astounding, with local business roundly routed and entire cities such as Mandalay now overrun with Chinese businesses.

On the basis of these economic developments, Chua then moves on to suggest that a rising tide of resentment against such ethnic Chinese is evident among the majority Burman population. Drawing principally on secondary anecdotal evidence,[11] she paints an alarming picture of a widespread, seething discontent, at

the brink of boiling over into a violent pogrom against Chinese. This bodes ill for any future process of democratisation. As Chua warns, any loosening of political arrangements will only lift the lid on such ethnic tensions, inviting an unpredictable backlash against the minority ethnic Chinese and political instability. As she warns in closing her discussion of Burma: 'As well-intentioned Americans and international human rights organisations . . . earnestly demand democratisation, they are completely oblivious that global markets . . . have turned Burma into a powder keg.'[12]

Critiquing Chua

To the uninitiated, Chua's portrayal of Burma may appear credible. Sufficient evidence is adduced to support the broad brush strokes presented, and when combined with a racy, sometimes breathless prose, this makes for a convincing argument. Elements of such evidence, of course, may always be challenged. For example, in drawing attention to a rising tide of resentment against ethnic Chinese, Chua resorts to anecdotal comments from unknown individuals reported in secondary sources to support her case.[13] This, by any standard of scholarly inquiry, is problematic. On the whole, however, setting aside such lapses, enough is said to make the overall argument compelling.

For those familiar with Burma, however, Chua's depiction of the situation must evoke a deep sense of disquiet. On far too many counts, Chua's portrayal is much too convenient to the wider thesis being advanced, ignoring a considerable range of issues that may contradict her. Such concerns do not rest only at the level of fragmentary pieces of evidence inconsistent with the sketch provided. They relate to Chua's understanding of more fundamental processes lying at the very heart of her argument. Two, in particular, require attention. The first of these involves the process of market liberalisation, which Chua holds responsible for the growing economic dominance of the Chinese minority in Burma. The second revolves around her deep apprehensions over any future process of democratisation, which she suspects will lift the lid on the simmering resentment felt towards ethnic Chinese and unleash a violent backlash against that minority. Each of these will be examined in turn.

Market liberalisation in Burma?

It is true that from the early 1990s, a process of market liberalisation was experimented with by the military regime in Burma. To understand this process as one having any resemblance to a liberalisation as conventionally understood, however, would be a major mistake. This was a highly selective and restricted process, imperfect in the extreme. While some price and market controls were lifted, a sufficient range was retained to enable the regime to maintain an iron grip over the economy.[14] Further, though a partial privatisation of state enterprises was undertaken, this was primarily to the benefit of serving officers, their families, friends or business cronies, hidden behind a series of holding companies and

fronts.[15] The much touted opening to foreign investment was similarly illusory, compromised by onerous requirements such as the necessity to take on regime-linked local partners, as well as convoluted banking, foreign exchange and profit repatriation restrictions.[16]

If anything, this was a liberalisation that was designed to buttress the stranglehold of the military regime over the economy, allowing officers to enrich themselves and their associates in the process. Far from a deregulation of economic controls left over from the socialist planning days, what occurred was a *re-regulation* of the economy, albeit seemingly on market principles, which created sufficient choke points to exercise control and access to newly created rents. A vast new system of patronage and corruption was created, all under the guise of a liberalisation.

In such an environment, the success of business owed less to the business acumen of owners than it did to the strength of their political connections. The years subsequent to the liberalisation were testimony to that, with a succession of tycoons emerging, each allied to particular members of the ruling junta and the economic largesse they afforded access to. Dedicated Burma-watchers have spent many hours maintaining lists of such tycoons, charting their rise and fall – movements which tend to be highly correlated with periodic purges within the ruling junta and the fortunes of their political benefactors.[17] This was no free market at all. Whether they were Chinese or otherwise,[18] the success of tycoons was predicated on political connections which afforded privileged access to resources, markets and opportunities.

Much the same may be said about the wider influx of ethnic Chinese immigrants and businesses from the 1990s – processes which Chua attributes to liberalisation and the forces of globalisation. A history of these flows of people and money will show much of this illicit activity was aided and abetted by corrupt military authorities, rather than driven by any liberalising market processes. From the seemingly innocuous construction of roads and bridges in northern Burma, the condoning of the black market border trade with southern China, the illegal entry of migrants and their subsequent resettlement with illegally procured identity papers, and finally, the forced relocation of local residents to make way for new urban development, the complicity of the military has been widely recognised and documented over the years.[19] Local commanders, in particular, have been especially guilty. In a context defined by poor governance structures and state capacities, centralised political power has remained weak, and much has been devolved to a lower level, endowing such local authorities with considerable discretionary power.[20] Commanders have been quick to capitalise on this, setting themselves up as virtual warlords and harnessing such powers for considerable personal profit.[21]

Was a process of market liberalisation responsible for the growing economic dominance of Chinese? How could it have been? There never was such a liberalisation. Instead, what occurred was a transmutation of the *ancien régime*, disguised as a market liberalisation. The resulting dominance of Chinese grew out of an elaborate re-regulation of the economy, cordoning off parcels of economic

opportunity, which were then jointly exploited by the military and their business associates. Recognition of this considerably weakens Chua's thesis that it was a market liberalisation that fostered the dominance of Chinese in Burma. As the conclusion to this chapter will further suggest, it carries also telling implications for her conclusions about the future role of market liberalisation in that country. After all, if the economic dominance of Chinese grew out from a *subversion* of liberalisation, perhaps the implementation of a genuine process of liberalisation might hold the key for the future?

The role of democratisation

Chua harbours deep apprehensions over any future process of democratisation in Burma. Given the depth of resentment and frustration against the ethnic Chinese minority she identifies, she fears any movement towards a more open, democratic polity will simply give space for the expression of such sentiments, with catastrophic consequences. Apocalyptic visions of vigilantes and uncontrollable mobs roving the streets exacting violent revenge are evoked, as are demagogues and populist leaders spouting a racial politics that may quickly degenerate into extreme ethnonationalism. Democracy, Chua intimates, can be a very dangerous thing – providing, in passing, an oblique endorsement of authoritarian military rule in Burma.

It is debatable, of course, if military rule has ever delivered the kind of social and political harmony Chua envisages. As the opening paragraphs of this chapter have indicated, the regime has itself been responsible for pursuing a bloody conflict against ethnic groups for well over 50 years. Historically, moreover, the outbreak and escalation of ethnic conflict in Burma has coincided with the onset of military rule, due in no small part to the military's uncompromising pursuit of a unitary state and its avowed policy of suppressing the political, social and cultural aspirations of ethnic groups. Given the many forms of violence that have been perpetrated by the regime in prosecuting this struggle – ranging from forced cultural assimilation, to brute military force and the organised rape of ethnic women – this is a point that is controversial in the extreme.[22]

Beyond such disputes over the characterisation of military rule, a much deeper point is at stake. This relates to Chua's belief that democratisation constitutes a destabilising force in multi-ethnic developing societies such as Burma. It is striking that in making this critical link between democratisation and a descent into racial conflagration, Chua offers little direct, hard evidence. She instead alludes to various instances in Burmese history where pogroms against market dominant ethnic minorities have occurred to suggest tendencies exist in this direction. The occurrences alluded to were in 1930, 1938 and again in the 1960s, when the Indian and Chinese communities were targeted in outbreaks of social unrest.[23] But herein lies a major problem. It is lost on Chua that all these episodes of unrest occurred in periods where democracy was notably absent. Both episodes in the 1930s occurred during colonial rule, while the events of the 1960s were presided over by a military that had seized power under General Ne Win, abolished all

parliamentary politics and declared one-party rule on the ill-fated journey on the Burmese Way to Socialism. This latter example, indeed, is often cited as an instance of the way the military regime has managed astutely to exploit ethnic differences to its own advantage, sowing divisions within the populace, distracting attention from its own inadequacies and failures, while also providing a pretext for periodic crackdowns to round up political opponents.[24]

And what if one examines those periods in Burmese history where democracy was allowed to take root? Do we see a wholesale catastrophic explosion of ethnic conflict? Admittedly, episodes of democracy are sadly few and far between in Burma's history. Two episodes, however, may be discerned, one encapsulating the years immediately preceding Burma's independence in 1948 and the decade or so of parliamentary democracy that followed, and the other, the very brief time around the ill-fated 1990 elections. Instructively, though highly politically charged and turbulent periods, both episodes demonstrate that when democratic institutions and procedures held, there was a greater opportunity for diverse ethnic interests to be reconciled, thereby lowering ethnic tensions and the likelihood of conflict. By contrast, following the abrupt termination of these democratic interludes, hostility escalated dramatically and conflict broke out.

Take, for instance, the first period around the emergence of Burma as an independent nation. Most discussions of this period tend to emphasise the negative aspects of Burma's early experience with democracy. Hence, from the assassination of General Aung San in 1947 onwards, a tale of woe is described, chronicling a steady spiral downwards to a chaotic parliamentary rule, beset by the outbreak of multiple rebellions and insurgencies, and culminating ultimately in the seizure of power by General Ne Win, initially under the guise of a caretaker administration in 1958, but later, for good, in 1962.[25] What is often overlooked in such accounts is that, tumultuous as it was, this was a period in which significant agreements were brokered between ethnic groups and dialogues engaged in – in the absence of which things could well have been worse. Many factors, of course, are relevant to the consideration of these agreements and dialogues, but it would be a mistake to underestimate the wider democratic context which provided the space, institutions and mechanisms to mediate and reconcile differences. Thus, as a precursor to independence, the historic Panglong Agreement – in which the Burman, Shan, Kachin and Chin affirmed their commitment to form a unified Union of Burma – was forged in precisely this milieu. Combined with subsequent elections for a Constituent Assembly charged with the drafting of a constitution, this considerably defused separatist tendencies among these ethnicities and averted a more catastrophic civil war from developing. And though the Karen, who were not signatories to the Agreement, did rise in rebellion in 1949, the existence of a constitution and democratic procedures allowed avenues for talks to continue, well into the 1950s. Though overshadowed by the military campaign and see-sawing fortunes of the protagonists, these talks between the fledgling Union government and Karen yielded tangible outcomes towards peace, clarifying the political rights of Karen and the boundaries of the Karen state. It was the scheming of the military and eventual abrogation of democratic procedures and

institutions in 1958 and 1962 that led to the unravelling of these delicate ethnic relations and the escalation of the Karen conflict and outbreak of others.[26]

An examination of events around the 1990 elections tells much the same tale. Following the violent suppression of widespread protests in 1988, the military regime relented in the face of scathing international criticism and continuing internal opposition, calling multiparty elections in 1990. In the months preceding the elections in May 1990, a 25 year ban on political parties was lifted and considerable freedoms allowed in political organisation and activity. Responding to such new-found freedoms, more than two hundred political parties promptly emerged, many of which were ethnically based (e.g. Shan, Pao, Kayan and Kayah).[27] Significantly, despite the strong representation of ethnic interests, in the crucial weeks leading up to the election, ethnically motivated political violence did not figure prominently. In the new democratic space available, efforts were instead expended in searching out common ground, alliances and understandings that signalled a readiness to unify rather than fragment.[28] In the event, the election delivered a resounding victory to the National League for Democracy led by Aung San Suu Kyi – itself, a party with diverse ethnic representation – while allied ethnic parties performed strongly as well. Commanding an overall 90% of seats, the NLD and its allies demanded an immediate transfer of power by the military authorities. This was refused, and a major crackdown launched, decimating the democratic opposition. With this, any hope for a peaceful resolution of ethnic differences was destroyed. The insurgencies – which had been suspended by ethnic groups during the course of the elections – erupted once again.[29]

To reiterate: what these brief periods of democracy demonstrate is that far from facilitating uncontrolled mob violence or a descent into extremist politics, democratic institutions and procedures in Burma – where they had a chance – played critical roles in creating the space for ethnic differences to be moderated and reconciled. Certainly, events may have been messy, chaotic and unruly. But democracy allowed the expression of frustrations, differences and ambitions, the convening of dialogues between opposing groups, and eventually, the striking of compromises to avert conflict. When these democratic interludes were interrupted by military rule, legal means to express such sentiments were denied completely. Without recourse to peaceful, participatory means of addressing concerns, violence and rebellions eventually ensued.

From the standpoint of Burma's history therefore, Chua's apprehensions about the potentially destabilising effects of democracy in that country may appear somewhat exaggerated. This compromises her wider thesis about the connection between democratisation and ethnic conflict, but as with her misinterpretation of market liberalisation in the country, it is a point with import in a further sense. In the light of the experience with democracy, it might seem that rather than constituting an obstacle or threat to ethnic relations, democratisation may well have a more positive and fruitful role to play in Burma than Chua will allow. For if previous nascent and limited forms of democracy could pave the way for progress in ethnic relations in Burma, would not the pursuit of greater democratisation hold great promise? This point will be returned to in the concluding section to follow.

Whither Burma?

In a review referred to earlier, Elliot Green castigates Chua for a shallow treatment of a vitally important topic in this modern age.[30] With reference to Burma, this is a criticism that is doubly valid. This is a country wracked by decades of ethnic division and conflict. Exacerbated by the injustices, misgovernance and greed of a rapacious military regime, such tensions have heightened considerably over time and will require a careful politics to chart a path clear of a degeneration into further conflict. Much is at stake, and bearing that awesome responsibility in mind, a treatise such as Chua's has more than just academic significance. While the misunderstanding of fundamental processes so central to her argument could possibly be forgiven as errors in historical interpretation, they cannot be so lightly passed over in the more practical implications they hold for charting a future for the country.

As the foregoing discussion has indicated, the economic preeminence of Chinese in Burma may not necessarily be due to their innate qualities or prowess in conducting business. Much of this dominance may be attributed instead to the perverted market liberalisation that privileged them. By the same token, the inability of other ethnicities to respond to the challenge of Chinese business may be seen as a result of this same biased liberalisation undertaken by the regime, denying such ethnicities economic opportunities while handicapping and thwarting their efforts at economic advancement every step of the way. In the closing chapter of her book, Chua makes some attempt to addresses such disparities, speaking of measures to narrow such differences between ethnicities and improve their relative standing.[31] For Burma however – and probably most countries where such inequalities come about by deliberate design and are systemic in nature – these suggestions must be judged to be mere palliatives. The fundamental issue remains one of a perverted market liberalisation. In the face of this, band-aid measures such as those suggested can only have marginal, if any, impact. And that presumes the measures are faithfully implemented to begin with – a matter around which some scepticism must be expressed. No, what is needed in Burma is far more fundamental, simultaneously breaking down the web of monopolies and cosy relationships that have been woven by the military and its cronies, while opening economic opportunities to all players in the economy, regardless of ethnicity. A more genuine market liberalisation, in other words, sweeping away the bastions of privilege and making these available to ethnicities previously denied, will do far more substantively to redress the economic imbalances seen than the palliatives suggested. And in so levelling economic disparities between ethnicities, the principal bone of contention fuelling ethnic envy, hatred and revenge may possibly be dealt with.[32]

It is difficult to imagine any process of market liberalisation in Burma without political change as well. Clearing away the vestiges of patronage and corruption endemic in public administration will require a fundamental overhaul of governance. Whether this is within the ken of the current ruling SPDC or some other reincarnation of military rule, is debatable to say the least. Notions of

accountability, transparency, the rule of law and open market competition have historically been anathema to the regime, and it must remain doubtful if such shifts in governance will occur as long as they remain in power. No, what is required here is yet another fundamental shift involving the transcendence of military rule. *Pari passu* with a process of market liberalisation, a process of political liberalisation and democratisation must be undertaken. For Burma, these twin processes are inseparable.

Nor should this democratisation arouse any great apprehensions about ethnic hatred and conflict spinning out of control. Though episodes of ethnic hostility cannot be denied entirely, Burma's experience with democracy shows reassuring tendencies towards unification around a spirit of compromise and accommodation. This has been demonstrated in the past with the various ethnicities of the country, and there should be no reason why the Chinese community should be excluded from this accommodation, particularly if economic grievances were being addressed simultaneously as part of a market liberalisation. From the standpoint of the vast majority of the Chinese community (tycoons possibly excepted) such a process of inclusive democratisation may offer the best hope for the future – forestalling any violent backlash that may eventuate, while ridding themselves of a capricious, predatory regime given to the arbitrary exercise of authority.

To conclude then, it must be said that far from the exemplar of the thesis advanced in *World on Fire*, Burma offers a telling story about the inseparability of the processes of market liberalisation and democratisation, and their urgent need for them in order to address the ills besetting the country. Burma, in other words, stands Chua on her head.

Notes

1 In a previous incarnation, the SPDC was called the State Law and Order Restoration Council (SLORC). SLORC seized power amidst the popular uprising against military rule in 1988. Further to consolidate military rule and distance itself from the bloody crackdowns and political events of subsequent years, it renamed itself the SPDC in 1997.

2 In 1989, the SLORC changed the name of the country from Burma to Myanmar. Controversy still rages over the legality of this move, and though recognised by other countries and international organisations as the prerogative of the regime, the change has been ignored by the United States and opposition groups in the pro-democracy movement. Apart from the political connotations around the use of these names, there are also historical disputes between scholars over which is the more proper. Many studies therefore use the term Burma/Myanmar to describe the country, but for ease, the use of the name Burma will be retained throughout this discussion.

3 Briefing by Information Minister Brig-Gen Kyaw Hsan, as reported in the state-run *New Light of Myanmar*, 15 May 2006.

4 For reports of atrocities and the plight of internally displaced peoples during the current offensive, see for example Human Rights Watch, 'Burma: UN Must Act to End Attacks on Karen', 3 May 2006; Shah Paung, 'An Uncertain Fate', *The Irrawaddy*, June 2006; Denis Gray, 'More Karen Refugees to Enter Thailand', *The Irrawaddy*, 2 May 2006; Shah Paung, 'Counterinsurgency Creates Fresh Wave of Refugees', *The Irrawaddy*, 17 March 2006; Shah Paung, 'Thousands of Karen Flee to Jungle', *The Irrawaddy*,

14 March 2006. For further background and a longer term perspective on the conflict, see for example Christian Aid, *Burma's Dirty War: The Humanitarian Crisis in Eastern Burma*, London: Christian Aid, 2004; Steven Lanjouw, Graham Mortimer and Vicky Bamforth, 'Internal Displacement in Burma', *Disasters*, 24, 3 (2000), pp. 228–39; Shan Human Rights Foundation, *Dispossessed: Forced Relocations and Extrajudicial Killings in Shan State*, Chiang Mai: Shan Human Rights Foundation, 1998; Benedict Rogers, *A Land Without Evil: Stopping the Genocide of Burma's Karen People*, Grand Rapids, MI: Monarch Books, 2004; Václav Havel and Desmond Tutu, *Threat to Peace: A Call for the UN Security Council to Act in Burma*, New York: DLA Piper Rudnick Gray Cary, 2005.

5 Amy Chua, *World on Fire – How Exporting Free Market Democracy Breeds Ethnic Hatred and Global Instability*, New York: Doubleday, 2003.

6 Indeed, reflecting the complexity of Burma's political economy, the commanding general overseeing the operation is himself a Karen, albeit of Buddhist persuasion, not Christian. See for example *The Irrawaddy*, 'Shwe Man "Behind Karen Offensive"', 3 May 2006.

7 See for example Martin Smith, *Ethnic Groups in Burma: Development, Democracy and Human Rights*, London: Anti-Slavery International, 1994 and *Burma: Insurgency and the Politics of Identity*, 2nd ed., London: Zed Books, 1999; Alfred Oehlers, 'Old and New Wars: Minority Groups in Burma', in Michael Waibel, Rolf Jordan and Helmut Schneider, eds, *Krisenregion Südostasien: Alte Konflikte und neue Kriege*, Bonn: Horlemann Verlag, 2006, pp. 59–70; Tin Maung Maung Than, 'The Essential Tension: Democratization and the Unitary State in Myanmar (Burma)', *Southeast Asia Research*, 12, 2 (2004), pp. 187–212; Chao Tzang Yawnghwe, 'Burma: State Constitutions and the Challenges Facing the Ethnic Nationalities', in Institute for Democracy and Electoral Assistance (IDEA), *The Role of State Constitutions in Protecting Minority Rights Under Federalism: Dialogues in Support of a Democratic Transition in Burma*, Stockholm: IDEA, 2003, pp. 13–19; Alan Collins, 'Burma's Civil War: A Case of Societal Security', *Civil Wars*, 5, 4 (2002), pp. 119–34; Josef Silverstein, 'Civil War and Rebellion in Burma', *Journal of Southeast Asian Studies*, 21, 1 (1990), pp. 114–34; David Steinberg, *Burma: The State of Myanmar*, Washington, D.C.: Georgetown University Press, 2001; Curtis Thomson, 'Political Stability and Minority Groups in Burma', *The Geographical Review*, 85, 3 (1995), pp. 269–85; Curtis Lambrecht, 'Oxymoronic Development: The Military as Benefactor in the Border Regions of Burma', in Christopher Duncan, ed., *Civilizing the Margins: Southeast Asian Government Policies for the Development of Minorities*, Ithaca, NY: Cornell University Press, 2004, pp. 150–81.

8 Shah Paung and Harry Priestley, 'The Longest Fight', *The Irrawaddy*, March 2006; Martin Smith, 'Burma: The Karen Conflict', in Joseph R. Rudolph, ed., *Encyclopedia of Modern Ethnic Conflict*, Westport, CT: Greenwood Press, 2002, pp. 9–25.

9 Elliot Green, 'Review of Amy Chua, *World on Fire*', *Nations and Nationalism*, 11, 1 (2005), pp. 166–68; a similar point is made by Tom Ginsburg, 'Democracy, Markets and Doomsaying: Is Ethnic Conflict Inevitable?', *Berkeley Journal of International Law*, 22 (2004), pp. 310–35.

10 See particularly Chua, Chapter 1.

11 Chua, p. 25, note 3 (p. 292).

12 Ibid., p. 48.

13 Ibid., pp. 30–31, 238.

14 Myat Thein, *Economic Development of Myanmar*, Singapore: Institute of Southeast Asian Studies, 2004; Mya Maung, *The Burma Road to Capitalism: Economic Growth versus Democracy*, Westport, CT: Praeger, 1998; Ronald Findlay, 'Burma: The Pathology of Economic Decline and Political Repression', in Mats Lundahl and Michael L. Wyzan, *The Political Economy of Reform Failure*, New York: Routledge, 2005, pp. 257–71.

15 Win Min, 'Burmese Military Government: Crony Capitalists in Uniform', in Daniel A. Metraux and Khin Oo, eds, *Burma's Modern Tragedy*, Lewsiton, NY: Virginia Consortium of Asian Studies, 2004, pp. 45–67; David Steinberg, 'Burma/Myanmar: The Role of the Military in the Economy', *Burma Economic Watch*, 1 (2005), pp. 51–78; Alfred Oehlers and Zar Ni, 'The Military and Business in Burma', *Sudostasien*, 18, 4 (2002), pp. 25–28.

16 Mark Mason, 'Foreign Direct Investment in Burma: Trends, Determinants, Prospects', in Robert I. Rotberg, ed., *Burma: Prospects for a Democratic Future*, Washington, D.C.: World Peace Foundation, 1998, pp. 209–30; Stephen McCarthy, 'Ten Years Of Chaos In Burma: Foreign Investment And Economic Liberalisation Under The SLORC-SPDC 1988–1998', *Pacific Affairs*, 73, 2 (2000), pp. 233–62.

17 Aung Zaw, 'Tycoon Turf', *The Irrawaddy*, September 2005, 'Tycoon Te Za: Well-Connected and Well-Heeled', *The Irrawaddy*, June 2005; Maung Maung Oo, 'Fall From Fortune', *The Irrawaddy*, January 2001; see also the three-part series profiling business tycoons in Burma in *The Irrawaddy* in June, July and August 2000.

18 An inspection of the ethnic backgrounds of these leading tycoons makes interesting reading. While ethnic Chinese certainly figure, so too do other ethnicities such as the Burman, Shan, Karen, Kachin and others. There certainly appears to be a far greater diversity in ethnicity than Chua allows – a point that renders her thesis even more problematic. See for example the three-part series profiling leading tycoons in Burma in *The Irrawaddy*, June, July and August 2000.

19 Mya Maung, 'On the Road to Mandalay: A Case Study of the Sinonization of Upper Burma', *Asian Survey*, 34, 5 (1994), pp. 447–59; Dermot Tatlow, 'China's Shadow', *Asiaweek*, 22 May 1999. For a true story of one such forced relocation to make way for newly arrived Chinese migrants, see Nyi Pu Lay, 'The Python', in Anna Allot, ed., *Inked Over, Ripped Out: Burmese Storytellers and the Censors*, Chiangmai: Silkworm Books, 1993. Nyi Pu Lay was subsequently imprisoned for writing this story.

20 Morten Pedersen, Emily Rudland and Ron May, eds, *Burma-Myanmar: Strong Regime, Weak State?* London: Crawford House, 2000.

21 Many commanders operate virtually as independent warlords, engaging in a wide swathe of legal as well as illegal activities. See for example Bertil Lintner, 'Narcopolitics in Burma', *Current History*, 95, 605 (1996), pp. 432–37; Jake Sherman, 'Burma: Lessons From the Cease-Fires', in Karen Ballantine and Jake Sherman eds, *The Political Economy of Armed Conflict: Beyond Greed and Grievance*, Boulder, CO: Lynne Rienner, 2003, pp. 225–55; Ronald Renard, *The Burmese Connection: Illegal Drugs and the Making of the Golden Triangle*, Boulder, CO: Lynne Rienner, 1996; Tin Maung Maung Than, p. 209; Sherman, pp. 237–41.

22 See for example Christian Aid, *Dirty War*; Shan Human Rights Foundation, *Dispossessed*; Benedict Rogers, *Land Without Evil*; Havel and Tutu, *Threat to Peace*. On the use of rape as a weapon by the military, see Shan Human Rights Foundation and Shan Women's Action Network, *License to Rape: The Burmese Military Regime's Use of Sexual Violence in the Ongoing War in Shan State*, Chiang Mai: Shan human Rights Foundation and Shan Women"s Action Network, 2002.

23 Chua, pp. 23, 133.

24 See for example Bertil Lintner, *Outrage: Burma's Struggle for Democracy*, Bangkok: White Lotus, 1999, pp. 43–44; Christina Fink, *Living Silence: Burma Under Military Rule*, New York: Zed Books, 2001, pp. 34–35; Steinberg, *Burma*, p. 228.

25 See for example Steinberg, *Burma*; Robert Taylor, *The State in Burma*, Honolulu: University of Hawaii Press, 1987 and ed., *Political Economy Under Military Rule*, New York: Palgrave, 2001; Donald Seekins, *The Disorder in Order: The Army State in Burma Since 1962*, Bangkok: White Lotus, 2002.

26 See for example Smith, 'Karen Conflict', pp. 12–14; Silverstein, 'Civil War', pp. 117–18; Tin Maung Maung Than, pp. 191–92; Martin Dent, *Identity Politics: Filling the Gap Between Federalism and Independence*, Aldershot: Ashgate, 2004, pp. 87–88;

Bertil Lintner, 'Myanmar/Burma', in Colin Mackerras, ed., *Ethnicity in Asia*, London: RoutledgeCurzon, 2003, pp. 181–82.

27 See for example Tin Maung Maung Than, p. 194; Smith, 'Burma', p. 19.

28 See for example Smith, 'Burma', p. 19; Fink, pp. 64–65; Chao Tzang Yawnghwe, p.15–16; Collins, p.128; Josef Silverstein, 'The Civil War, the Minorities and Burma's New Politics', in Peter Carey, ed., *Burma: The Challenge of Change in a Divided Society*, New York: St Martin's Press, 1997, pp. 145–46.

29 See for example Silverstein, 'Civil War', p. 127.

30 Green, p. 168.

31 Chua, Chapter 12.

32 A similar point is made by Lan Cao, 'The Ethnic Question in Law and Development', *Michigan Law Review*, 102 (2004), pp. 1044–103, cautioning against the sorts of redistributive and racially discriminatory measures advocated by Chua.

6 Hidden in plain view

Singapore's race and ethnicity policies

Nicole Tarulevicz

Introduction

At first glance, the island State of Singapore, with its ethnic diversity, economic, social and political stability, may seem to be the poster-child for Amy Chua's model of authoritarianism as ethnic stabiliser.[1] Singapore has an enviable economic record, achieved not by free market democracy, but via authoritarian rule and a capitalist economy delicately managed by the state. Racial harmony, a social landscape free of any ethnic tensions or potential ethnic tensions, has been central to the ruling People's Action Party's (PAP) construction of Singapore's national future. Largely, the PAP has been successful in this goal – ethnic violence is minimal and most Singaporeans are highly conscious of the sensitivity of racial issues.

One might expect then that Singapore would play a prominent role in *World on Fire*. While it is clear that Chua holds Singapore in some esteem, very little content is devoted to that nation: in total, just three mentions. An anonymous Singaporean professor of law is quoted as saying that for Indonesia Chinese, Singapore 'is seen as a Valhalla: a place where things work, where things are what they should be and would be if the Chinese were in charge'.[2] In the broader context of *World on Fire*, it is clear this is a comment that is intended to have a broader meaning. In Chua's own words Singapore 'with its astounding rise to prosperity, modernity, and civil stability has proved an alluring exemplar for those who question the wisdom of democratizing developing societies'.[3]

With the exception of the economy, no issue has received so much scholarly attention in Singapore Studies as the politics of race. In light of the sensitivity surrounding race issues and the consequent censorship of racially sensitive material, this is an interesting anomaly, although Chua Beng Huat has argued that it is no coincidence. He has suggested that the 'discursive production of separate and bounded races' is central to the state's strategy of preserving for itself a privileged 'neutral' space above all racialised groups.[4] That is, the Singaporean government simultaneously entrenches ethnic divisions and declares itself the arbitrator of all things racial because of its status as a non-racialised entity. Attention is reflected away from the manipulation of racial issues by the Singaporean government by both the assertion of sensitivity and the constant activity around race and ethnicity. In this sense, the policy is hidden in plain view.

This chapter begins by tracing the colonial origins of racial policy in Singapore. It is my intention here not only to highlight the similarities between colonial and contemporary policies, but to demonstrate that Singapore's colonial origins are in part responsible for racial policy. In constructing ethnic identity, the Singaporean government is concomitantly constructing the future nation. In this sense, the management of race politics in Singapore is inseparable from nationalist policies. Having traced the colonial origins of race policies, the chapter then examines a series of public policy issues, such as language learning, housing and self-help organisations, to show that while race is a highly sensitive issue in Singapore, subject to censorship when raised in a variety of media, it is also the most common subject for the articulation of political and social anxieties. Tracing Singapore's history and origins provides a lens through which to understand the controlled nature of racial policy. Its evolution explains both its contemporary functioning and its hidden nature. Despite its successes, the policies of ethnic and racial management in Singapore have come at a cost, not just for the ethnic minorities but for the society as a whole. Further, it becomes clear that issues around race, while not resulting in violence, are perhaps more complex that they appear at first glance.

National origins

Histories of non-European nations, particularly of former colonies, tend to be explored in relation or contrast to the European experience. C. J. W-L. Wee has noted that 'Singapore's own cultural history, naturally, is mediated by British imperialism and thus British history'.[5] Dipesh Chakrabarty took this point a theoretical step further when he wrote that all histories 'tend to become variations on a master narrative that could be called "the history of Europe"'.[6] With regard to Indian history Chakrabarty noted that 'even in the most dedicated socialist or nationalist hands,' history 'remains a mimicry of a certain "Modern" subject or "European" history and is bound to represent a sad figure of lack and failure'.[7] If it is difficult to remove the colonial narrative from the histories of postcolonial nations like India, for Singapore, the problem is more acute.

While many colonised nations have a pre-colonial history, Singapore's very inception is colonial. Although a small Malay population inhabited Singapore before the British arrived, Singapore was not a national entity on any possible criterion, though Malay nationalists have argued that it was historically part of the Malay world.[8] It is generally accepted that prior to the signing in 1819 of the Treaty of Alliance, the local population was approximately 150 people, mainly engaged in fishing.[9] By 1824 when the British took the first census the population had risen to 10,683.[10] Without ignoring the 150 fisher-people, the fact remains that the notion of 'Singapore' is a colonial construct. In this sense, it is impossible to write about Singapore without reference to its colonial origins.

The absence of a substantial pre-colonial past created a problematic vacuum in Singaporean identity that Lee Kuan Yew sought to fill with an insistence on the nation's generalised Asian past and present. He did so specifically through

engagement with Asian Values discourse, of which he has been a notable champion.[11] This discourse sought, among other things, to locate Singapore within an 'obviously' Asian framework.

Lee's initiatives in this regard deserve attention in the context of Ang and Stratton's argument that 'the discourse of East/West divide is essential for an understanding of Singapore as a colonial construct' and, even more significantly, because 'it is structurally constitutive of Singapore as a modern national cultural entity".[12] The ambiguity over Singapore's definition as an 'Eastern' state, they suggest, derived from its obvious 'Western' inception. Yet the Singaporean government and Lee in particular do unequivocally project Singapore as 'Asian". Ang and Stratton recognised this, describing Singapore as a contradiction: 'on the one hand, its very existence as a modern administrative unit is a thoroughly Western occasion, originating in British colonialism; on the other hand, the Republic of Singapore now tries to represent itself as resolutely non-Western by emphasizing its Asianness".[13] It is in this context that we should consider Singapore's racial policies.

Colonial categories

Singapore became a significant trading port rather than a settler society, and the British population remained small. Population growth was spear-headed by migration, predominantly of male Chinese, Malay and Indian labourers. Initial Chinese migration to Singapore came not from China but from Malacca and Penang, that is, the Straits Chinese population.[14] This was eventually followed by the migration of labourers from a variety of provinces in China itself. Until the 1830s, the Malays formed the majority of the population, a fact partly explained by female and family migration.[15] The Indian percentage of the population peaked in 1860 at 15.9 per cent but generally stayed below 10 per cent. From the 1840s the Chinese clearly dominated, constituting between 50 and 77 per cent of Singapore's population.[16]

Sir Stamford Raffles set about creating an ordered colonial city, employing a grid design of his own creation. Using first a Land Allotment Committee, consisting of local and British merchants, and then a Town Committee, formed as the local society began to acquire substance, Raffles began implementing his master plan for Singapore's geography.[17] His plan 'inscribed spatial order in terms of the laying out of streets and houses' and of public space.[18]

Spatial order also meant racial order and Raffles demarcated the city into sections for racial and occupational groups, prioritising the British and merchants.[19] In post-independence Singapore, extensive efforts were made to alter this spatial separation, but specific areas have retained an ethnic identity.[20] Contemporary tourist policies, in fact emphasise 'ethnic areas' in order to provide visitors with easily accessible cultural experiences within the multiethnic state.[21] Race was privileged in the colonial context as the category by which social stratification was determined. Spatial divisions underscored social divisions.[22] Formal racial categories were established by the colonial authority and modified by the PAP.

Every citizen and permanent resident in Singapore is allocated a racial category, which is rigidly imposed. There are four possible categories: Chinese, Malay, Indian and other, giving rise to the acronym CMIO. These categories were first articulated in the 1950s. Sharon Siddique has argued that the categories were crystallised in the 'Malaysian Malaysia' campaign of 1965.[23] This campaign was directed at mollifying Malay nationalism but was replaced by 'Singaporean Singapore' when it became clear that the two entities were going to part ways.

Within CMIO there is an apparent hierarchy. While the categories are ordered according to population percentage, a social order of Chinese, Indian and then Malay, has emerged.[24] Race has been enshrined as the basis of social classification and while class, caste and religion function as modes of identification, as Clammer has pointed out: 'the only society-wide, universal and officially sponsored means of person, social and cultural identification is race'.[25] As a result, an inflexible system of stratification has emerged. Clammer noted that 'by stimulating ethnic awareness people are made more and more self-conscious of their race', which makes the divisions more rigid and the transgressing of them less likely.[26]

In a survey conducted in 1970, over 90 per cent of the sample of Singapore citizens identified themselves as Singaporean.[27] It is remarkable that only five years after Singapore with its multiracial composition became a nation-state, so many citizens identified primarily with the nation, not with their ethnic group. Yet intermarriage, a factor commonly associated with national rather than ethnic identification, has remained effectively unchanged from the colonial period to the present.[28] CMIO categorisation can be seen to have created a unified Singaporean identity that simultaneously reinforces an ethnic identity, producing 'Chinese-Singaporeans", 'Malay-Singaporeans' and 'Indian-Singaporeans", rather than simply Singaporeans. The process is aptly described by Wee as the 're-ethnicisation of Singaporeans into hyphenated identities".[29]

The colonial authority viewed Singapore's multiracial composition as problematic. Its solution was to divide the races physically, to minimise potential tensions. David Brown has argued that in the period of self-government before full Independence, the Singaporean elites adhered to the colonial view that Singapore was an 'inherently unstable ethnically plural society' where 'ethnicity was a 'problem' to which the state was the potential solution.[30] Singapore society was portrayed almost exclusively in terms of its racial diversity because of its perceived fragility.[31]

Independence forced a re-evaluation of ethnic policy. The new nation required a united identity, an idea that Kong and Yeoh see as alien 'to a people for whom identity had hitherto been oriented elsewhere".[32] Rather than rely on ethnic identities, the Singaporean government employed an ideology of survivalism, which, according to Brown 'specifically stressed the lack of national identity, the absence of a viable national economy and the vulnerability of the society to international and internal threats'.[33] Given that Singapore was a multiethnic state, traditional nationalist policies were problematic.

Multiculturalism has connotations of a cultural melting pot, a blending of many diverse cultures, yet it is an idea that has never gained currency in Singapore.[34] In

fact, as late as 1992 Khaw Boon Wan, then Principal Private Secretary to the Prime Minister, made it very clear that multiculturalism is both undesirable and unobtainable when he described as 'far fetched' the idea 'that we can mix and match values picked from Chinese, Indian and Malay cultures, and blend in other values taken from other cultures from around the world, both Eastern and Western, to produce a unique homogenised Singaporean brew'.[35] Instead he suggested that values should be updated cautiously and incrementally, concluding that 'this is what remaining an Asian society means'.[36]

Although socialism was part of the PAP's original policy platform, the Party quickly distanced itself from it and embraced a national identity that relied on global capitalism, or in the terms then used, 'international investment'. In Brown's view, the major strategy employed by the PAP to strengthen the Singaporean nation-state has been globalisation.[37] He points to both globalisation and Singapore's multiracial composition as evidence of Singapore's strong nation-state. These are, of course, factors more commonly seen as undermining nation-states.[38] In associating both factors with nationalist sentiment the Singaporean government has in effect reclaimed the very space that could undermine it.

Addressing this same issue of vulnerable national space, Joseph Tamney asked: 'Why does a Government that knows the dangers of racial communalism persist in employing policies that force individuals to identify with a single race and that continually treat people not as individuals but as members of racial groups?'[39] The answer, he suggested, is that 'the racial policies simply follow from what the leaders understand of Singapore's history: The nation's success is a result of the influence of Chinese culture. That is to say, ethnic revitalisation is meant primarily to preserve Chinese culture.'[40] While there is no doubt that the preservation of Chinese culture is a fundamental part of Singapore's ethnic policies, it is not the only function of such policies. The PAP seeks to manage all ethnicity.

Offering an alternative position Clammer suggested that the very fragility of Singaporean society resides in its 'ethnically based social structures', not because of ethnic pluralism but rather because the state seeks to capitalise on ethnicity.[41] It would be more accurate to say that the *perceived* fragility of Singapore as a nation-state lies in ethnic policies, and the perception is welcomed by the PAP which can thereby justify its race relations policies. But in David Brown's view, corporatist management of race policy has actually strengthened the state. Brown argued that the Singaporean government has 'asserted' the authority of the nation and has done so in part by portraying all other political loyalties, including ethnic loyalties, as being 'subversive'. Thus while Singaporean identity is mediated by ethnic identities, ethnic loyalties are depicted as a major threat to national unity, because they involve 'allegiances, which are antithetical to . . . national loyalty'.[42]

Language as culture

The dilemma for the Singaporean government is how to foster national identity while acknowledging ethnic diversity. In the 1970s Lee saw this difficulty in terms of loyalty to the nation. He said:

> Slowly the world will learn that that the Lees, the Tohs, the Gohs, the Ongs, the Yongs, the Lims in Singapore, though they may look Chinese and speak Chinese, they are different. They are of Chinese stock and not apologetic about it. But most important, they think in terms of Singapore and Singapore's interests, not of China and China's interests.[43]

Thirty years later, the Singaporean government is less worried about Chinese Singaporeans being loyal to China, and more concerned that Singaporeans have no loyalties at all.

Language has been one important tool in the management of both race and identity. In 1979 the PAP launched the 'Speak Mandarin' campaign. Wee pinpoints this historical juncture as the moment when 'internal homogenisation was required'.[44] From around this time, the PAP has demanded that Chinese culture be defined and practised according to a particular set of prescriptions. To serve this end, each year is now marked by a cultural campaign organised around a particular theme. In the early years, the focus was on encouraging Chinese Singaporeans to speak Mandarin rather than dialect. The 1985 campaign slogan, 'Mandarin Is Chinese' and the 1986 slogan 'Start with Mandarin, not dialect' are typical.[45] By the 1990s the message had transmogrified to encompass the cultural and economic significance of Mandarin. The cultural message is apparent in such campaigns as in 1991, 'Mandarin for Chinese Singaporeans – More than a language', and in 1995, 'Mandarin: Use it or lose it'.[46] As Robbie Goh noted, these advertisements were designed to complement educational policies and regulations such as the banning of non-Mandarin Chinese language television.[47]

As the campaign progressed an economic message was increasingly emphasised, with slogans such as 'Speak Mandarin. It helps' (1993), 'Speak Mandarin, explore new horizons' (1996) and 'Speak Mandarin, It's an asset' (1998).[48] These fiscal messages were aimed at the English-educated Chinese rather than dialect-speaking Chinese, a fact clear also from the additional promotional material that accompanied the campaigns – from handbooks of commonly found food items in 1987 to web pages and primary school materials in the 1990s.[49] At the launch of the 1998 campaign George Yeo Yong-Boon, then Minister of Information and the Arts, concluded a lengthy speech by saying: 'If we succeed in these efforts, Singapore will be a hub for the international media and for electronic commerce in both English and Chinese'.[50]

In 1981, Goh argued: 'To preserve the fine traditional culture, values and morals concept of ethnic Chinese and to break the dialect barrier amongst Chinese Singaporeans, it is necessary for them to have a common spoken language'. It was decided that Mandarin would be this language and should be made a language of daily use.[51] For the PAP it is important that within a multiethnic state the fact of ethnic diversity be contained. Within the three major ethnic groupings, there must be cultural conformity. The many meanings of Chineseness are to be essentialised into one synthetic 'Chinese' culture, exemplified by the Neo-Confucian ideology espoused by the Singaporean government as the one Chinese worldview.

Despite the repeated claims of Chinese chauvinism in Singapore,[52] the essentialisation of Chineseness is increasingly being viewed as a negative outcome. Lee Guan Kin, for example, has pointed to the language learning policy as an example of how a policy aimed at encouraging Chinese culture has undermined the culture it sought to protect. She maintains that not only has the policy reduced young Singaporeans' knowledge of Chinese culture by replacing values with standardised language, but there is a 'cultural rupture' between institutions and culture.[53]

In other words, by forcing Chinese Singaporeans to learn Mandarin rather than allowing the learning of dialects, they are culturally distanced from the languages spoken at home and the transmission of cultural values. Similarly, Wee identified the establishment of nine SAP schools in 1978 in which elite Chinese students could learn in both Mandarin and English, not as evidence of the protection of Chinese culture, but rather as an effective admission that Chinese education would no longer exist in Singapore.[54] Concerns about the decline of Chinese culture are common in Singaporean media.[55]

It is also clear that being Malay has become synonymous with being Muslim.[56] Lily Rahim located this conflation historically, when she pointed to the signing of the Federation of Malaya Agreement in 1948. She suggested that in recognising Islam as an essential part of Malayness, a precedent was set for conflating Malay identity with Islamic identity.[57] Lee Guan Kin noted that 'with Islam as its anchor, Malay culture is imparted through the Malay language, with the school, family, and the mosque sharing educational responsibilities'.[58] The mixed religious background of the Chinese is seen as a factor that reduces cultural cohesion. Yet, as Terence Chong pointed out, the Asian Values rhetoric, located within the context of Confucian ethics, 'leaves little room for ethnic Malay discourse',[59] (or one might add for an equivalent Indian discourse). In this sense, the social cohesion of the Malays is not an advantage because as a group they are marginalised. As early as 1976, Geoffrey Benjamin noted that 'Singapore's multiracialism puts Chinese people under pressure to become more Chinese, Indians more Indian and Malays more Malay'.[60]

The Speak Mandarin campaign, with its obvious emphasis on Chinese culture, had the potential to alienate non-Chinese Singaporeans. The Singaporean government attempted to circumnavigate this potential by emphasising mother-tongue language learning. Yet as Nirmala PuruSotam has argued, Chinese students are advantaged by the learning of an additional business (or international) language, while Malays and Indians are disadvantaged.[61]

Khaw Boon Wan noted that the purpose of mother-tongue language learning was to strengthen a person's cultural roots. In 1992 he asserted that learning languages 'gives him [as a citizen] a greater sense of self-worth and confidence, of being a part of an ancient yet living heritage and not a recent recruit to an alien culture'.[62] Language policy then, asserts a particular past to the exclusion of others; some languages are deemed to have a more relevant 'ancient yet living heritage'.

The language policy was conceived to fulfil a number of roles. The Singaporean government sought to homogenise ethnic groups by imposing

linguistic uniformity in order to more easily 'manage' race.[63] Not only the Chinese but also the Indians were affected by this language policy. For many Indians it is Hindi, not Tamil, that is their first language. In the 1990s the PAP did allow Hindi and Punjabi to be considered mother-tongue languages in some circumstances.[64] Tamil remains the dominant Indian language taught in schools, regardless of its cultural appropriateness.

While the Singaporean government treats language as a way to homogenise ethnic groups, it also seemed to believe that 'the way to check insidious Westernisation was a deep inscription of traditional values in the social body'.[65] As early as 1971 Lee articulated his belief that 'we must give our children roots in their own language and culture, and also the widest common ground through a second language'. This would enable Singaporeans to 'become a more cohesive people, all rooted in their traditional values, cultures and languages; but effective in English'.[66] The language policy is as much about economic development as it is about ethnic management.

The PAP's anxiety about language is most clearly played out in the discussions about Singlish. This naturally developing local dialect embodies the blurring of cultural lines.[67] The PAP is therefore disapproving. Local reactions are mixed.[68] Kang Mui Kheng has suggested that Singlish carries class associations, with more educated Singaporeans being less comfortable with the language.[69] A *Straits Times* editorial in 1999 raised concerns about the emergence of a 'linguistic working class'.[70] The Singaporean government became concerned that young Singaporeans were using Singlish as 'a way of identifying themselves as Singaporeans'.[71] Chng Huang Hoon points to both positive and negative attitudes towards Singlish.[72]

Forever Fever, a locally produced film set in 1970s Singapore, highlighted increasing tensions about Singlish. The film focuses on a group of young adults and the difficulties they experience in a rapidly changing Singapore. The main character, Hock, seeks sexual success via Western culture. At one point in the film, a John Travolta-type character steps out from a film screen to offer him some largely incomprehensible advice in American slang. In the face of Hock's puzzlement he finally asks him, 'Do you speak English?,' Hock replies Of course, do you?'[73] Critically acclaimed at home and abroad,[74] the film received an indifferent reception from the Singaporean government, which viewed it as unhelpful to Singapore's international position precisely because its Singlish was not standard, internationally intelligible English.

In the same year as the film's release, 1998, the 'Speak Good English Movement' was launched, a campaign designed to help and remind Singaporeans to speak grammatically correct English.[75] In an amusing on-screen sequitur, local situation comedy character Phua Chu Kang was shown sharpening up his English after Goh Chok Tong criticised the language used on the widely watched show. In his National Day speech in 1999, Goh actually suggested that PCK, the character, needed to attend remedial English lessons.[76] The producers of *PCK* obliged. Chng Huang Hoon pointed to this as an example of how the Singaporean media swiftly responds to official views.[77] More significantly, it reflects the expectation

that as a social institution the media is, as Eddie C. Y. Kuo noted, 'expected to play a key role in the management of ethnic relations in Singapore'.[78] An aural as well as a visual medium, television is particularly important for the management of language policies related both to ethnic relations and to Singapore's world standing.

Housing

Spatial organisation of the ethnic communities is another major strategy employed in the management of ethnic relations. As we have seen, Singapore was divided into ethnic enclaves under British rule, with consequent over-crowding and sectional disadvantage. When the PAP campaigned in the 1950s, it focused on the need for public housing in order to provide a solution both to the housing crisis and urban poverty. In identifying a pressing problem to which they had a well-worked-out solution, they gained both popular support and legitimacy in the eyes of constituents.[79] On coming to government, the PAP established a statutory board, the Housing Development Board (HDB), which oversaw land purchases as well as the building of public housing. Initially state housing was a safety net, a short-term solution to an immediate problem. The HDB, however, grew both in size and influence, to a point where now approximately 87 per cent of people live in HDB accommodation. This statistic underpins the power of the PAP to organise the racial balance in any particular residential area.

In 1989 the Singaporean government introduced a policy to regulate the racial composition of HDB buildings. All new buildings had to reflect the ethnic make up of the community and when residents vacated flats, new residents were allocated according to the new policy. Ostensibly the policy was designed to increase cultural diversity by avoiding ethnic ghettoisation,[80] but it is also possible to read this policy development as a response to increasingly hostile Malay attitudes to the PAP.[81] In integrating ethnic minorities with the Chinese majority, the Malay capacity to vote along ethnic lines for non-PAP candidates was diminished. In undermining the effect of ethnic voting the PAP engaged in a form of gerrymandering.

Other policies also function to reinforce the connection between housing and family. One such scheme is the Multi-Tier Family Scheme, which allows for upgrades and relocation in order to bring extended families into the same housing block.[82] So while ethnic diversity is maintained within a block, the consolidation of family groupings is paradoxically encouraged. Such strategies have led a number of scholars to identify the public housing system as a form of social engineering in Singapore.[83] In a major 1990 study of public housing in Singapore the authors identified public housing as 'a key element of the overall political strategy of the PAP to build the hegemonic state'.[84] Public housing has certainly been critical in the management of both ethnicity and the family.

As M. Blake noted, despite the advantages the public housing scheme brings to many in Singapore, there is still a minority that has not benefited.[85] While public housing and the Central Provident Fund that aids the funding of it can be seen as an 'anti-poverty program', poverty does exist in Singapore, especially

among ethnic minorities.[86] As Gillian Davidson and David Smith noted, the average Malay income is 70 per cent of the average Chinese income. With larger families and lower home ownership rates, they are a disadvantaged group,[87] although not as disadvantaged as foreign workers.[88] In the domain of housing, however, Chih Hoong Sin has suggested that Indian Singaporeans are the most disadvantaged because of the emphasis on family in housing provision. She pointed to the HDB *Sample Household Survey* of 1993, which showed that 6.8 per cent of Singaporean Indians had no family nucleus, twice the national average.[89] It is worth noting that this statistic does not take into account South Asian migrant workers who, as non-citizens, are effectively excluded from HDB accommodation.

The fact that all sales of HDB flats must maintain the prescribed ethnic composition translates into a clear disadvantage for minority groups. In the first place, Malays and Indians account for only 15 per cent and 10 per cent respectively of a population otherwise dominated by Chinese. Second, a combination of relatively large families and small incomes within these two groups means they are less likely to be in a position to buy a flat. Therefore, when any Indian or Malay property owner is seeking to sell a flat, the pool of potential buyers is very small due to the fact that the property should be occupied by someone of the same ethnic group in order to maintain the ethnic proportions in the block. It has been suggested that Indian and Malay homeowners are often pressured into accepting a lower price by other ethnic minorities when a suitable buyer cannot be found in the open market.[90] The differential price can be as low as 30 per cent below market value.[91]

Political allegiance remains an issue in Singapore's housing market. Many of the flats built in the 1970s are in need of repair and redevelopment. The Singaporean government agreed to undertake this, but the issue proved to be linked to electoral support. That is, those communities that return high PAP votes are prioritised for redevelopment. Community Development Minister Abdullah Tarmugi was explicit about this when he told Singaporeans 'if you want your blocks upgraded earlier, you know what to do at the next election. The answer is in your hands.'[92] This is essentially a 'political loyalty test'. The intention of the policy is, according to Teo Siew Eng and Lily Kong, 'to make voters more responsible by having them bear the consequences of their decisions at the ballot box'.[93] An alternative reading of the policy is that it is a form of political bribery designed to reward the politically compliant and to marginalise further those voters who do not support the PAP. Such voters are, unsurprisingly, more likely to be from ethnic minorities.

This is not the only, or even the first, example of electoral support being linked to housing. In 1984 the PAP made it clear that if opposition members were elected, those areas would not have the benefit of the PAP's administrative skills. This was interpreted as meaning a reduction in services. It was also hinted that drops in property values would ensue.[94] Not only does this reduce the political leverage of independent candidates, it reinforces the message that the PAP gets things done. By problem solving and increasing people's quality of life the PAP

finds a form of political legitimacy. In both housing and tensions surrounding elections the PAP has revealed how important ethnic identity is in the management of Singaporean society.

Community groups

The ethnic fragmentation of Singapore has paradoxically been fostered by some governmental policies. The government clearly encouraged community self-help organisations, which were established along ethnic lines, with the aim of each ethnic group's taking responsibility for the welfare of its community.[95] The different sizes of the racial groups, however, 'inevitably result in an unequal distribution amongst the similarly needy'.[96] In other words, because of their numerical dominance and better financial position, the Chinese are most helped even though they are the least in need.

Sometimes, however, community self-help organisations become a thorn in the PAP's side. In 1990 a community organisation called the Association of Muslim Professionals (AMP) formed in response to what they saw as the political involvement of the PAP in the existing Malay community organisation MENDAKI and the inadequacies of this organisation. The PAP removed this thorn in typical fashion, with the dollar. Goh proposed that instead of de-politicising MENDAKI the government would support the new organisation, matching dollar for dollar that which the community raised. Chua sees this as 'a most astute move that took the wind out of the sails of the implicit opposition of AMP to the PAP government. The strategic offer of equal financial assistance inverted the challenge'.[97]

AMP's stated mission is to 'bring about a model Muslim minority community'.[98] In this sense it poses little threat to either the PAP or the other community organisations. Although a Muslim organisation, AMP is primarily a Malay organisation and as Sharon Siddique noted, is most concerned with the economic and cultural 'aspirations of the Malay-Muslim community'.[99] It focuses on education as the key to facilitating economic gains for the Malay community. Playing a limited political role but a large social and community role, AMP has remained closely associated with the PAP.[100]

More recently the Singaporean government has changed its view of community self-help organisations. From promoting them as the appropriate way for a community to take responsibility for itself, the PAP now criticises a form of community that is exclusively race-based, arguing that broader community-based welfare is essential. This change serves to undermine the authority of ethnic organisations, as they may no longer be seen as the primary point of reference for a community.

In 2002, community development councils were handed primary responsibility for welfare and assistance, and at a recent race-relations forum it was even suggested that ethnic-based self-help groups should be abolished.[101] Further, the Singaporean government began a campaign to encourage philanthropy. In 2000 President S. R. Nathan issued a 'President's Challenge' for a greater tradition of

philanthropy. He did this in order to 'foster a more cohesive and caring society, one where we can truly say "Every Singaporean Matters", and where the less well-off will always have a sense of hope and feel that someone does care for them'.[102] He called on individuals as well as corporations to take up this challenge, arguing that the measure of the society will be gauged by the philanthropy race:

> One measure of how far we have progressed and matured as a nation will be the level of our sense of social responsibility. How sensitive are we to the needs of the less fortunate? How prepared are we to reach out to those in need? These are the questions we need to ask ourselves as we reflect on our past and we look to build our future together.[103]

Calls for philanthropy raise a circular problem, that is, the groups that philanthropists are most likely to come from are the very same groups least in need of assistance and the communities most in need are the least able to produce philanthropists.

Inevitably, the formation of government-fostered community groups has helped make the ethnic minorities complicit in their own marginalisation. This point can be illustrated by reference to MENDAKI, which despite the emergence of AMP has remained the most active Malay community group. In 2002, MENDAKI celebrated their twentieth anniversary with the launch of *In Quest of Excellence: A Story of Singapore Malays*.[104] This glossy hardback book reveals many of the dimensions of Malayness in Singapore. Comments by Senior Minister Lee and Abdullah Tarmugi, Speaker of Parliament, are printed on the inside flap of the cover. Lee's statement was patronising and typical of the government's attitude: 'Well done, Malays. What next?'[105] Pages 12 to 100 are devoted to 'a pictorial tribute' to 'the Malay essence'. Even in the substantive chapters, photographs, not text or analysis, occupy the majority of space.

In Quest of Excellence: A Story of Singapore Malays provided a coffee-table tale of Malay life. The glossy images are wide ranging. They depict Malays in everyday life – worshipping, shopping, working, studying. There are also photos of Malay artefacts, fabrics and weavings. Some effort has been made to portray the diversity of Malayness, through the depictions of women. There are women in traditional attire, Islamic dress and modern international fashion. Given the significance of National Service in the life of the Singaporean citizen,[106] it is striking that there is only one image of a Malay soldier. A Malay pilot is featured, but he is an employee of Singapore Airlines rather than the air force, from which Malays are effectively excluded.

Among the many available stereotypes about the Malay community, the most negative is an assumption of laziness.[107] The MENDAKI publication both challenged and reinforced this myth. In his 2002 National Day speech, Goh made the following call: 'Let us commit ourselves to building a Malay/Muslim community of excellence which is well-integrated into multi-racial, multi-religious Singapore.'[108] Such a statement presupposes that the Malay/Muslim community is not excellent or well integrated. Chapter One of *In Quest of Excellence* begins

with the quotation from Goh. The two-page chapter details some examples of 'excellent' Malays, such as Mohamad Rosman Othman, the first Malay medical student with top honours. These individuals are seen to be making a 'difference through the quality of the lives they lead'. According to MENDAKI, they 'strive to rise above mediocrity with their thoughts and actions and, in doing so, eke out a new path for the rest of the Malay/Muslim community'.[109] In highlighting such examples, the publication thus endorses the very stereotypes that it seeks to overturn.

'The path to progress has never been easy,' readers are elsewhere told, 'but with everyone's support, the Malay/Muslim community can proudly claim to be an integral part of modern Singapore.' This is possible because the

> Malay/Muslims are putting their hearts and minds to forge a model of community excellence. It is a daunting task, but with a new generation of better-educated Malay/Muslims and an ever supportive government, the community is well-placed to achieve this vision.[110]

The future for the Malay community is thus constructed as difficult and dependent on the 'ever supportive' PAP. The Malay community is encouraged by the PAP to consider their own progress rather than to compare themselves with the success of other races. This message is reinforced by MENDAKI. In *In Quest of Excellence* this is accomplished by a direct reference to the past: 'but before we look ahead in this book, we need to take a step back in time when things were not looking so rosy for Singapore's Malay/Muslim community'.[111]

The 'bad old days' are described in the following chapter, 'The Malay Struggle'. This chapter begins with a list of ten 'significant' historical events of the first two decades of the twentieth century, including developments such as the formation of the Straits Chinese British Association in 1900 and the formation in 1910 of the first Scout Troop.[112] The reader is told 'Singapore's Malays could have played a part in some of these events but there is little, if any, documentation to support their involvement'.[113] The Malays are thus written out of this period of Singapore's history, or to be more precise, are left out by definition from a history that privileges the colonial process. In this well-intentioned celebration of Malayness, no attempt is made to create a Malay history of Singapore.

If the Malays are judged harshly for their civic failures, in a society where economic engagement and success are paramount, the judgement of their economic failure is even more severe. The occupations of Malays in the early colonial period are outlined – traditional activities of agriculture and fisheries, hawkers, woodcutters, junior positions for the colonial authority.[114] Yet the reader is told 'they had not been able to lift themselves out of the general malaise they had been under for decades'. The reason for this has 'its roots in history as the Malays had not been part of Singapore's growing economy'.[115] This is a remarkably harsh conclusion to draw from the above list of economic activities. It is the position of Malays as not 'market-dominant minorities',[116] to use Chua's phrase, that makes their position so fraught.

By not proving themselves as entrepreneurs, the Malays are defined as separate from the economy. Not to be 'successful' economically is perhaps the worst ill in Singapore. *In Quest of Excellence* thus places this problem in an historical tradition. As Tania Murray Li has noted, the view that Singaporean Malays are incapable of, and uninterested in, entrepreneurship forms an accepted common knowledge.[117] The section on the Malay past is illustrated with photographs of Malays of the past engaged in 'simple' activities such as children bathing and women talking. Some notable exceptions, such as the life-story of Lieutenant Adnan Saidi, are then described in detail.

The theme of failure is continued in the following chapter 'Education Blues'. The main motif of this chapter is not actually education but rather a justification of the fact Singapore did not follow the Malaysian approach of positive discrimination embodied in the Bumiputera policy. Some space is devoted to the very real structural obstacles to Malay education, such as the lack of a Malay language university, and to the push in the 1950s to improve Malay education,[118] but these issues are dealt with in greater depth in Chapter Four, 'The Leap'. This section is filled with statistics about the educational failures of the Malays. Like economic success, educational success can be worn as a badge, the evidence of 'having made it'. The absence of such a 'badge' serves to reinforce the idea of the failure of the Malay community.

The remaining chapters describe successful Malays and detail some strategies for 'improving the Malay position'. The message is that Malays should be more competitive. Lee argued that a 'holistic approach' must be taken. By this, he can be understood to mean the way of Malayness must change. He noted that 'to achieve full success, you have to start right from the beginning'.[119] There is an emphasis on youth and children in this and other comments. Statements such as 'the children are the future of not only the Malay community, but of Singapore too', provide a typical illustration.[120] It is thus justifiable for the state to pass judgement on the Malay community, as everyone's future is at stake. The volume closes with these words: 'After three and a half decades of independence and close to 200 years since Raffles first landed on the island, the journey to the next level of progress has just begun'.[121] The theme of struggle and a fragile future is reinforced not just by the state but by organisations such as MENDAKI.

Conclusion

When the PAP came to power, they inherited a multiracial society and a series of colonial race policies. Rather than initiate new policies and approaches to race they modified the existing strategies for racial management. Scholars have suggested that Singapore's colonial heritage is responsible for this decision. After all, 'Singapore, a product of Western colonial practice, entered the modern world through the intervention of the West.'[122] This unusual situation has left Singaporeans, clearly themselves Asian, with a nation that is ambiguously Asian. In an attempt to resolve this paradox, the Singaporean government has embraced and promoted Asian Values, with a particular emphasis on Neo-Confucianism.

From the time of Independence, the management of ethnicity posed a problem for the PAP in the management of Singapore. Ethnicity is simultaneously an important part of identity and a threat to national identity. The PAP's solution to this conundrum has been strong intervention in areas such as language practices, housing and community organisations. While it has been successful in containing ethnic tensions and racial violence, Singapore remains a stratified and classified society. The nature of its racial management has only been possible within the context of authoritarianism. It is all too easy to assume that such a state is static in its policies, yet it is clear that Singapore and the PAP are highly adaptive. As Stuart Hall notes, there is always a tension between 'the desideratum of a multicultural state' and the reality.[123] Nonetheless, the PAP has demonstrated remarkable flexibility in their race relations policies, altering their policies to respond to a changing society. While Chua speaks of the 'ethnic bias of capitalism', she gives less attention to the role of the state in constructing that category.[124]

Notes

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7 The state and public policies, civil society and identity formation in multi-ethnic societies

The case of the Chinese in the Philippines

Teresita Ang See

Introduction

The Philippines is made up of a pluralistic blend of indigenous cultures with a predominant Malay base but also influenced heavily by the East due to early trade with the Chinese, Indians and Arabs and by the West due to 333 years of Spanish colonisation and Christianisation and 45 years of American rule. It has 25 major indigenous minority groups, scattered throughout its thousands of islands, which together have more than a hundred ethno-linguistic and sub-dialect groups, as well as ethnic groups of Chinese and Indian ancestry.[1] With a long tradition of foreign borrowings and added to that, the well-known traditional hospitality and Christian tradition of Filipinos, an integration of East and West and other cultures is very much evident.

This chapter explores the situation of the ethnic Chinese minority within a pluralistic multi-cultural, multi-ethnic Philippine society and the way the interacting processes of state and governance, national development and economic needs, as well as social-cultural-religious differences lead to a dynamic interplay that shapes the national position of the group.

The emergence of a sense of national identity among the Chinese in the Philippines is a factor of their socio-political involvement and participation in Philippine national concerns and their so-called 'significant economic presence' is a by-product of integration and a shift from their parochial 'Chinese' alien identity to that of an ethnic minority within mainstream Philippine society.

However, compared to ethnic Chinese minorities in other countries, the formation of a national identity occurred quite late in the case of the Chinese in the Philippines. Public policies, political, legal and social impediments delayed or impeded the process of national integration. In the first place, the formation of a Filipino national identity in itself happened just at the turn of the twentieth century upon the rise of the Filipino middle class.

In fact Philippine democracy and liberalism and Philippine social milieu allowed for the smooth process of national integration and identity. Civil society, allowed to flourish in the Philippine democratic space, likewise provides impetus

to and hastens national integration. Essentially, this chapter's main theme revolves around the argument that the Chinese Filipinos have not carved a separate world for themselves. They are in fact part and parcel of this nation and their integration into the Philippine national identity arose from the fact that their fates and destinies were intertwined with the rest of the Filipino people and not because of a position of dominance in the Philippine economy.

Background on the Chinese-Filipino community[2]

There are between nine hundred thousand and a million Chinese in the Philippines, making up 1–1.2 per cent of the total Philippine population of 83 million. It is the smallest ethnic Chinese population among all of Southeast Asian countries relative to the national population. It is also one of the smallest in absolute numbers. Nearly 90 per cent of the early immigrant Chinese who found their way to the Philippines hailed from the province of Fujian in China and 10 per cent from the province of Guangdong.

The history of the Chinese presence in the Philippines dates back to pre-Hispanic times. Significant socio-cultural changes occurred in the ethnic Chinese community and in the formation of its present identity as it evolved through three stages of transition. From the first itinerant traders or *huasang* (華僑 traders) who brought Chinese goods to Philippine shores in exchange for native products and then sailed back to China, they became *huaqiaos* (華商 sojourners). When the Spaniards settled in the Philippines, the *Huaqiao* also settled down and became the backbone of the Spanish colonial economy as middlemen, artisans and skilled craftsmen. Throughout the period of Philippine colonial history (during the Spanish and American occupation), they constituted an immigrant community, composed mainly of members whose dreams were of doing well in their temporary home and of one day triumphantly going back to their mother country. In the post-war era, the community slowly evolved to a more permanently settled one, largely composed of *Huaren* (華人 Chinese Filipinos) whose attachments are to their country of birth. Finally, objective realities and historical forces pushed the present-day community into one that predominantly identifies itself as Filipino, albeit of Chinese heritage and ancestry.

More than 90 per cent of the ethnic Chinese-Filipino population now considers the Philippines as home. This comprises local-born second, third and fourth generations, raised and educated in the Philippines. They are now colloquially and popularly called Tsinoy or Tsinong Pinoy (Chinese Filipino).[3] However, because of the late appearance (compared to other Southeast Asian countries such as Indonesia and Malaysia) of the local-born second to fourth generations, the first generation still wields leadership and economic power in the community. There is a wide difference in thinking, identity and orientation between the immigrant and the local-born Chinese. Moreover, the provincial or rural Chinese are as disparate as the urban or Metro Manila Chinese who make up 52 per cent of the total ethnic Chinese population of nearly a million. Even greater is the difference

between the local-born ethnic Chinese and the roughly 80,000 new alien immigrants mostly from China, Hong Kong and Taiwan.

Filipino national identity and nationhood

The transformation of the Chinese-Filipinos' identity from the *Huaqiao* sojourner to that of an integrated ethnic *Huaren* minority is relatively recent considering the fact that the emergence of the Philippines as a nation with a national identity in itself was a late nineteenth century phenomenon. Even in the middle of the twentieth century, some scholars still said that the Philippines was 'a country in search of a national identity'. The many revolutionary uprisings against the Spanish government were launched by a fragmented society prodded not by a national consciousness but more by parochial concerns of the regions where the uprisings occurred, or by the personal grievances of the leaders of the uprisings. However, these small uprisings and parochial concerns lit the fires for a national revolution. The historian Renato Constantino writes: 'The growth of the concept of nationhood was coterminous with the development of the concept of Filipino.'[4]

It is against this historical backdrop that the new Chinese Filipinos' identity emerged. It is easy to understand why the identification of the ethnic Chinese as Filipinos is a late twentieth century phenomenon. The Jesuit historian, Father Miguel A. Bernad, writes:

> In the course of the past 400 years (over 300 under Spain, a half century under America, and three decades under our own independent government) a national unity has emerged in which people of different regions and of different linguistic groups do not consider themselves merely Tagalogs, Visayans, Pampangos, Ilocanos, Bicols, and so on, but first and foremost Filipinos. However, this unification of the country into one nation and one people has not been completed. There are still minority groups within the country who do not yet feel at home within this union. When every member of a minority group feels that he is, first, a Filipino, and only secondarily a member of his ethnic group, the task of unification will have been completed.[5]

The people who propagated the idea of a Filipino identity and nationhood were the *ilustrados*, mainly Chinese mestizos (offspring of the Chinese immigrants' union with native Filipinas) who formed the middle class and were able to receive and be influenced by the more liberal western ideas during their studies or exiles abroad.

Moreover, the Philippines has always been a pluralistic society composed of different cultural communities in as many linguistic divisions, from the Cordillera and Sierra Madre mountains' tribal minorities in the north to the Muslim minorities in the south. Add to that the foreign influences from the Arab, Indian and Chinese traders since pre-colonial times and later from the Spanish, American and Japanese colonisers. Given this cultural pluralism and religious tolerance, the

recognition of the ethnic Chinese as a cultural minority has been a much smoother process, compared to other countries.

Other barriers, predominantly arising from state and public policies, have, however, been responsible for the retarding of the integration process and for the Chinese being considered alien minorities for a long time. Those state policies were adopted in colonial times. They had a far-reaching impact on the development of the Chinese-Filipino community and dictated the course and direction of Filipino and Chinese relations.

This chaper argues that ethnic hatred did not emerge from the presence of a dominant economic minority, but that it was, in fact, the state and public policies, such as the colonial divide and rule policy and the lack of citizenship, and their concomitant far-reaching consequences, that gave rise to the cultural divide, racial conflict and/or the schism between the majority Filipinos and the minority Tsinoys in their midst. It is also the Philippine environment, and especially the experiences of the Tsinoys in their daily lives with Filipinos and vice versa, that brought about identity transformation and the evolution from the old sojourners' or *Huaqiao* mentality to a *Huaren* identity deeply rooted in Filipino soil.

State and public policies

Despite the long presence of the Chinese Filipinos in Philippine society, their significant integration into Philippine society happened only in the late twentieth century. Crucial historical factors and government policies served to retard the process of integration and to constrain the ethnic Chinese from finally identifying themselves as Filipinos. A summary of these crucial policies will be followed by a discussion of their significant and far-reaching impact on shaping the Tsinoy community today.

Spanish divide-and-rule policy

The attitude of the Spanish colonial government wavered between acceptance and need for the Chinese and fear, envy and outright persecution. The government itself instigated the political and racial divide, through the colonial divide-and-rule policy. Because the Spaniards feared the growing number of the Chinese immigrants, they were herded physically into the *Parian* enclave and travel permits were required for them to get out of the premises. Only Christian Chinese or those married to Filipinas were allowed to live outside the *Parian*. Although the Chinese immigrants arrived in the Philippines long before the settlement of the Spaniards in the country in 1565, six massacres and several mass expulsions during the Spanish colonial period easily wiped out nearly a hundred thousand early Chinese immigrants. These policies had far-reaching consequences in isolating the Chinese from mainstream society.[6] The massacres and mass expulsions interrupted the flow of immigration and accounted for the relatively small size of the Chinese population. It should also be noted that the massacres and mass expulsions, as well as the discrimination and persecution, were carried out by the

Spanish government and not by the Filipino people themselves. At this time, the economic interests of the Filipinos and the Chinese were complementary to the interests of the Spanish colonial economy.

On the other hand, the Christianisation of the Chinese, as a major policy of the Spaniards, also had far-reaching consequences. Nearly 85 per cent of ethnic Chinese are now Catholics or Protestants. Christianity teaches that all men are brothers under one God. There is no racial or ethnic division under the one God and religious tolerance was one factor that helped spur the integration of the early Chinese. The Christian religion also facilitated the intermarriages between the early immigrants and native Filipinas. The mestizo offspring of these intermarriages were brought up in the Christian tradition by their Malay mothers, thus effectively erasing racial and ethnic barriers. At the turn of the twentieth century, it was these mestizos, born out of Filipino and Chinese unions, who would form the intelligent and enlightened middle class that would later be instrumental in the formation of Filipino nationality, in the agitation for reforms and in the outbreak of the Philippine revolution in 1896.[7]

American-instigated ethnic tensions

After the American occupation, the Chinese Exclusion Act was applied to the Philippines in 1902 and it was mainly merchants, children and spouses of merchants, as well a students, teachers and tourists, who were allowed entry into this new American territory. This gave rise to the phenomenon of discontinuity in population growth that not only directly affected the number of ethnic Chinese but also gravely influenced the relations between the Chinese and the native population.[8] The discontinuity or disruption in migration also adversely affected the position of the Chinese in economics, politics and culture. Likewise, because Chinese immigration to the Philippines had been disrupted several times and across generations, many of the present Chinese adults still belong only to the first to third generations.

More significantly, while the Spaniards separated the Chinese physically by enclosing them within the *Parian* enclave, the Americans perpetuated a psychological divide by allowing a separate existence for the Chinese and intensifying the mobilisation of the Chinese community's own institutions such as the schools, press and associations. The proliferation of such associations coincided with the national awakening in China, which heightened Chinese consciousness and evoked ethnocentrism.[9] The Americans agitated racial tensions between Filipinos and Chinese by fanning discrimination and stereotyping. Both the Spanish and the American colonisers took full advantage of the Chinese presence to serve their economic interests. The ubiquitous *sari-sari* (variety) stores of the Chinese were used to distribute American goods all over the country and the Chinese were also used to procure cheap native products and raw materials for sale to the American and foreign markets. This visible presence of the Chinese in the daily buying and selling activities often triggered volatile emotions of envy and resentment among the Filipinos, especially in times of economic crisis. The Race Riots

of 1924 and the Rice Crisis of 1919 were but two examples of racial tensions and conflict during the American occupation.[10]

Post-independence period

The Philippine government's policy on immigration and citizenship, and on education, the Filipinisation laws nationalising the practice of professions, ownership of land, retail trade and other businesses, and the diplomatic ties to China all had varying degrees of impact on the integration of the Chinese Filipinos and in their relations with mainstream society.

Citizenship and Chinese-language education

Up to 1975, the lack of citizenship was the biggest stumbling block to the full integration of the local Chinese into mainstream society. The majority of the local Chinese did not have legal recognition as Filipinos before 1975, even if they were born in the Philippines, had grown up and been educated in the country. It was understandable that their sense of identification with the Philippines would also suffer.

In June 1975, however, the Philippines established diplomatic relations with the People's Republic of China (PRC). In preparation for this, the Philippines had to address two main issues: the question of the allegiance of the local Chinese and the fear that Chinese might become tools of communism. Two presidential decrees (PD) specifically dealing with these problems were promulgated by President Ferdinand Marcos before diplomatic relations were established. The first was PD 176, promulgated in 1973 to implement the constitutional provision on the Filipinisation of all alien schools. The second was Letters of Instruction (LOI) 270 issued on 11 April 1975, just two months before the establishment of diplomatic relations with China. LOI 270 paved the way for the mass naturalisation of the resident Chinese by administrative means. Both decrees had a quite significant and far-reaching impact on the Chinese community, particularly in hastening the integration of the local Chinese into mainstream society.[11]

Filipinisation laws and retail trade nationalisation

After Philippine independence from the United States was obtained in 1946, the Philippine Congress passed one piece of legislation after another nationalising areas of economic endeavour where the Chinese had gained considerable foothold. This legislation included the nationalisation of the practice of many professions such as medicine, nursing, engineering, law, architecture and many others. Only Filipino citizens were allowed to take board examinations and become licensed professionals. The most traumatic and harshest post-war legislation – it had significant and long-term impact on the Chinese business in particular and Philippine business in general – was the passage of the Retail Trade Nationalisation Law in

1954. These measures, however, turned out to be a blessing in disguise because they encouraged the Chinese to apply for Philippine citizenship and to become legal citizens of the country. That hastened the political integration of the ethnic Chinese through the change in the legal identity from an alien minority to that of a citizen of the country. Moreover, it further hastened and strengthened the economic basis of integration when Chinese businesses shifted from retail trading into manufacturing.

The pro-Taiwan and pro-PRC divide

In the first two decades immediately following Philippine independence, the Chinese community was still heavily influenced by China politics and factionalised by the pro-Taiwan vs pro-PRC (People's Republic of China) conflict. This arose out of the Philippines' geographic proximity to Taiwan and its being pro-America and staunchly anti-communist. Until recent times, the Philippines, among other Southeast Asian countries, continued to have specially close relations with Taiwan. The conflict also affected the identification of the older generation in the local Chinese community with that of Taiwan rather than the Philippines and influenced their stand on many issues affecting the Chinese community. Likewise, the intense factionalism carried on even up to the late twentieth century, hampered and delayed the integration of the older generation into mainstream society and their sense of identification and belonging to the Philippines.

Non-homogeneous and factionalised community

While the community wields considerable economic and political influence, it has not fully exploited or drawn strength from it. At the same time, the response to crisis, such as their vulnerability to kidnapping, showed the true nature of the Chinese community and debunked the belief that the local Chinese community is close-knit, homogeneous and cohesive. Many other traditional organisations such as family or clan associations, sports and athletic clubs, literary and music groups, as well as brotherhood associations, were also factionalised into the pro-Taipei and pro-Beijing camps even up to the 1990s, although the pro-Beijing camps now have become increasingly dominant. There are three rival chambers of commerce – the Federation of Filipino-Chinese Chambers of Commerce and Industry Inc. (菲華商聯總會), the group that splintered out of it, namely the Chinese Filipino Business Club (菲華工商總會), and the Filipino-Chinese General Chamber of Commerce (菲律濱中華總商會). All three groups have the word *Zong* (總), meaning that they are an umbrella organisation. The Federation was a product of the anti-retail trade nationalisation law lobby in 1954. The General Chamber – although smaller in scope since it is only Manila-based – is one of the earliest Chinese chambers of commerce since it was formed in 1904.

The state policies and historical factors briefly presented above highlight the significant reality that the present Chinese-Filipino community – its composition,

direction, identity and the concomitant socio-cultural, economic and political integration into mainstream society – is shaped not by its so-called dominant market position but by the objective realities of its present environment. Factors such as the interrupted immigration, the lack of citizenship and the nationalisation laws significantly affected the composition of the Chinese-Filipino community. On the one hand, it delayed the appearance of the local-born generation and retarded the process of integration; on the other hand, it allowed for a smooth and relatively painless and thus more successful integration into mainstream society. Given this image of a non-homogeneous, non-cohesive, factionalised community, it is hard to imagine its wielding a disproportionate economic power as an ethnic group enough to control 50 to 65 per cent of the Philippine native economy as Amy Chua, in her book *World on Fire* (1999), contended.[12]

The so-called 'significant economic presence' of the Chinese Filipinos is a by-product of integration and the shift from their parochial 'Chinese' alien identity to that of an ethnic minority within mainstream Philippine society. When the Philippine government adopted stringent Filipinisation policies that nationalised the practice of a number of business endeavours hitherto open to the Chinese Filipinos, it forced them to change their legal identities to hold Filipino citizenship. Again, when the Philippine government prepared to establish diplomatic ties with the People's Republic of China, it allowed easy access to Filipino citizenship through administrative (in contrast to judicial) process. These two legislative fiats had a significant and long-lasting impact on the Chinese Filipinos. It was these far-reaching policies, among other factors, that lent impetus and hastened the process of national integration.[13]

Professor Anuar Zaini Md Zain, vice-chancellor of the University of Malaya, made a relevant point in his keynote address in a conference on Economic Development and Ethnic Co-existence:

> A truly cohesive society is characterised by far more than the mere absence of conflict. A functioning, efficient and transparent state, the respect for human rights and justice, and a socio-economic system based on distributional equity are fundamental characteristics of a cohesive society.[14]

Civil societies and democratic space

Many institutions within the Philippines, a democratic country, helped to reinforce the process of integration and identity transformation as soon as the barriers that served to retard or delay the process were lifted. Discussing two products of democratisation will emphasise their impact on the process of integration.

Citizenship and socio-cultural integration

First, acquisition of Filipino citizenship allowed the Chinese Filipinos to own real estate. With this privilege, many of them opted to move out of the old Binondo (a predominantly Chinese enclave) into the suburbs and there live and interact

with Filipino neighbours, thus further hastening integration. Second, with Filipino citizenship, the Chinese Filipinos ventured into larger-scale investments and heavier industries, many of which called for ownership of larger properties and thus further improved their economic position. Third, and most importantly, with citizenship, the young college students went out of the previously favourite business and management courses into other professions, since they are allowed to practise such professions after finishing. Today, Chinese Filipinos shine in courses such as social work and community development, journalism and communications, literary pursuits and arts, engineering, architecture, law, medicine and nursing and other related courses hitherto closed to them before they became Filipino citizens. In these fields, they get more chances to interact with Filipino classmates and work with Filipino colleagues. Thus, the rate of intermarriage is increasing and this, again, hastens the process of integration. The economic position, therefore, is a function of their gradually moving out of their parochial ethnic enclave to participate more actively in mainstream social milieu. Rather than carve a separate world for themselves, they achieve and consolidate greater economic success as their identities are transformed from being an alien Chinese minority to that of Filipino citizens, albeit of Chinese descent.[15] The children of these citizens in turn have their roots planted deeply in Philippine soil. Dr Edgar Wickberg, in his 'Anti-Sinicism and Chinese Identity Options in the Philippines' (1997) reinforced this observation: 'These dramatic changes (Citizenship and Filipinisation of Chinese schools) redefined the ethnic Chinese as no longer marginals but as citizens, and so at least nominally a part of Philippine society.'[16]

Civil society and political integration

With the restoration of democratic space after the authoritarian Marcos regime ended and President Corazon C. Aquino was catapulted to power in 1986, non-government organisations (NGOs) proliferated and the right to suffrage was restored. Tsinoys played an active role in many cause-oriented NGOs. In particular, the Kaisa Para Sa Kaunlaran was organised by a group of young Chinese-Filipino academicians, professionals and businessmen in 1987 with the aim of tapping the full potential of the Tsinoys in rebuilding the nation. Its vision-mission: 'As Chinese Filipinos, we commit to play a leading role as a bridge of mutual understanding toward an integrated Philippine society.'[17]

Kaisa was thrown into national prominence when it took up the cudgels to fight against all forms of discrimination and extortion, and acts inimical to the Tsinoys. It was at the forefront of the fight against criminality, especially the kidnapping menace. One of the biggest political rallies assembled after the restoration of democracy was the funeral protest march in January 1993 and the anti-crime rally in February 1993 to prod the government to end the kidnapping scourge. The Tsinoy community, spearheaded by Kaisa, capitalised on the freedom of speech and assembly enshrined in the Philippine constitution. Kaisa issued a strong statement of indignation and concern condemning government inaction on the kidnapping menace. Its officers appeared in radio, print and television, locally and

internationally, to drum up attention to the crisis. With the help of other young Tsinoys in other NGOs, and working hand in hand with other Filipino members of civil society, Kaisa succeeded where other traditional organisations failed.

In contrast to the conservative traditional organisations made up of the older generation, who cautioned against the outspokenness of the organisation, Kaisa was the only group willing to come out in the open and make full use of public opinion and public pressure through interviews with local and foreign media and by working side by side with mainstream society. These mass actions are allowed under the aegis of a democratic society and the fact that the Tsinoys identify themselves as Filipinos: speaking out and putting public pressure on government is not just the right of a citizen, it is a duty and responsibility also. To a great extent, the events also led to the isolation of traditional organisations. The helplessness of the traditional leadership was revealed, and the community learned that the age-old practice of solving problems through the so-called *kuo min way jiao* (國民外交) or political patronage no longer worked.[18] Thus, from the old role as bystanders during crucial events, the Tsinoys now play a proactive role in influencing events.[19]

Majority–minority relations

The analysis given above points to an important reality that, in general, the Tsinoys enjoy a better position in mainstream Philippine society compared to some of their other Southeast Asian counterparts. Tsinoys have gained social acceptance from mainstream society through a much smoother and more natural process. The public statements and pronouncements that they were able to issue could be done only in a democratic and racially tolerant climate and after they gained the sympathy of the Filipino middle and upper class. But this is not to say that prejudices and stereotypes are unknown. Undercurrents of racism and latent prejudices exist. In present-day Philippine society, these have lain far below the surface, but they raise their ugly heads from time to time, especially when exploited by politicians for their selfish interest. As Dr Wickberg himself posited, the historical background and its political baggage affect majority–minority relations considerably: 'The keys to understanding anti-Sinicism and Chinese identity options in the Philippines are, on the one hand, the tutorial nature of Philippine colonialism and its consequences, and on the other, the physical proximity of China and its consequences'.[20]

In social distance studies done in the past, an analysis of both the positive and negative images of the Chinese points to one conclusion – the traits mentioned are all economic in nature. On the positive side, the survey says they are hard-working, thrifty, even tempered and they contribute to the economy. On the negative side words are used such as shrewd, crafty, stingy and they are said to control or dominate the economy.[21] However, such prejudices and stereotypes, especially those that arise due to economic disparities, result mainly from class and social differences rather than race.[22] Although it is not easy to differentiate between class and racial differences, one thing is true: race and race relations

exacerbate existing misunderstandings and social class differences. Some examples below will illustrate a few economic relations that may be exacerbated due to an overlay of racial problems.

Take, for instance, the relation between a Chinese employer and his Filipino employee. The conflict that arises from the differences in economic position and class status becomes more marked, and is often exacerbated so as to become a leading source of racial conflict. Dr Amy Chua, in the introduction to her book *World on Fire*, cited the case of her aunt who was murdered by her Filipino servant and used it to exemplify her thesis of ethnic hatred due to a market dominant minority.[23] But the big question remains, did the servant kill the employer because she was Chinese and a 'market dominant minority'? The employer, Chua's aunt, was a school teacher, not even a business woman. Is it not more probable that it was a master–labourer relationship that turned sour? The uneducated Filipino boy who killed her would not have taken his employer as a member of a 'market dominant minority' and thus kept, in Chua's words, 'a well of ethnic hatred within him' enough to murder her.

There are more cases of Filipino workers killing their employers. Filipino employers who maltreat their workers are even more prevalent in Philippine society. Just recently, Filipino workers in a sugar plantation, Hacienda Luisita, were killed when they went on strike against the Filipino owners, the prominent Aquinos in Tarlac, because of long, seething landlord–tenant problems.[24] By and large, Chinese employers are more careful and more compassionate towards their workers because they know that being of a different race, they are more vulnerable when legal complaints are filed. But once things go wrong, then the ethnicity of the employer or the master comes to play on top of the legitimate or non-legitimate complaints. Such actuations, however, are still quite far from being considered or generalised as 'ethnic hatred'.

Likewise, the reaction of Chua's family regarding the murder is not the generally accepted practice these days. The refusal to cooperate with the police to pursue the case further is atypical nowadays when more educated and more articulate Tsinoys make use of their organisations and other contacts for help. In many other cases where Tsinoys are killed, ready access to higher authorities and agencies are explored. Chua's aunt being a school teacher, the Association of Chinese-Filipino Schools could have interceded on behalf of the family. At the very least, anti-crime non-government organisations such as the Crusade Against Violence (made up of families of victims of heinous crimes), the Citizens Action Against Crime (advocates for reforms in the Criminal Justice System), Movement for Restoration of Peace and Order (made up of families of victims of kidnapping) and Kaisa Para Sa Kaunlaran Inc. (made up of young, socially conscious, cause-oriented Chinese-Filipino professionals and businessmen), among others, are approached to intercede in facilitating police investigations. This is one more contrast between the more traditional, conservative Chinese who hide behind their own parochial enclave and those who would exert efforts to reach out to the mainstream society for help.

Finally, the myth of Chinese control of the economy is no more than just a myth. Amy Chua's figure of 'Chinese control 60 per cent of Philippine economy'

is mere conjecture and has no basis in fact. She herself cited as sources (in her own words) 'journalistic writings which are gossipy in nature', just as her conclusion that in Indonesia, the Chinese control 70 per cent of the economy is another unfounded stereotype.[25] Edmund Terence Gomez, in his work 'Ethnic Enterprise, Economic Development and Identity Formation: Chinese Business in Malaya' (2003), raises the same questions as this author:

> The paucity of empirical studies on the formation and development of even the largest Chinese-owned companies calls into question many of the sensational claims made about ethnic Chinese business. Do a handful of deals by a tiny number of leading capitalists add up to a 'global tribe'? Do the popular notion of a dynamic 'Chinese capitalism' and a proliferation of intra-ethnic corporate ties among Chinese businesses stand serious examination in the wider Chinese communities of Southeast Asia?[26]

Dr Ellen Palanca's paper, 'An Analysis of the 1990 Top 1000 Corporations in the Philippines: Economic Position and Activities of the Ethnic Chinese, Filipino and Foreign Groups', came up with an average 30 per cent share in the country's top corporations. This figure is bolstered by Go Bon Juan's study on the 'Ethnic Chinese in Philippine Banking', which also came up with an average of 30 per cent share of ethnic Chinese among the country's 35 banks. Both articles came out in 1993, and unfortunately, there have been no follow-up studies in the past decade, but they are a good reference point to question Amy Chua's conclusions.[27] There has been a merging also of other private banks owned by Tsinoys in recent years (see Tables 7.1, 7.2 and 7.3). Unfortunately, work like that of Amy Chua gives rise to even more prejudices and misunderstandings. Coming from an academic, the book would unfortunately be used as a reference and sadly serve to perpetuate stereotypes.

The studies by Japanese economist Dr Yoshihara Kunio and the Filipino economist Dr Ellen Palanca accurately considered ethnic Chinese capital as part of the Philippine domestic economy and not as alien capital belonging to a dominant minority.[28] It is true that Chinese-Filipino businesses are very visible and they are quite dominant in trading and some selected sectors. The economic position of the Chinese Filipinos is also uppermost in Filipino consciousness. But Tsinoy businessmen are not a unified homogeneous group. Cutthroat competition among them is even keener than between Chinese and the Filipinos. For example, two of the prominent Tsinoy taipans, Henry Sy and John Gokongwei, are at loggerheads in the mega shopping malls business. George Ty and Henry Sy are in stiff competition now in the position of the country's top commercial bank. Hence, it is far from plausible for the Chinese-Filipino businessmen to unite and form themselves into a market dominant minority enough to control the economy. As Gomez points out: 'Chinese capitalism is not hewn from a single block but organised in a number of spheres that do not necessarily connect much. Beyond the small circle of capitalists, the fragmentation of Chinese business rules out extensive intra-ethnic cooperation'.[29]

Table 7.1 Percentage distribution of the 1990 Top 1000 corporations (public and private): ownership classified according to government, nationality and ethnic groups

Nationality	*Top public and private (%)*	*100 private (91) (%)*	*Top public and private (%)*	*200 private (189) (%)*	*Top public and private (%)*	*500 private (488) (%)*	*Top public and private (%)*	*1000 private (985) (%)*
Filipino-owned	61.0	57.1	63.5	61.4	66.2	65.4	71.3	70.8
Government	9.0	0.0	5.5	0.0	2.4	0.0	1.5	0.0
Non-Chinese	27.0	29.7	32.0	33.9	32.8	33.6	34.4	34.9
Chinese	25.0	27.5	26.0	27.5	31.0	31.8	35.4	35.9
Foreign-owned	39.0	42.9	36.5	38.6	33.8	34.6	28.7	29.2
US	24.0	26.4	20.5	21.7	16.8	17.2	12.5	12.7
European	5.0	5.5	7.0	7.4	8.2	8.4	7.2	7.3
Japanese	8.0	8.8	6.5	6.9	5.2	5.3	4.1	4.2
Others	2.0	2.2	2.5	2.6	3.6	3.7	4.9	5.0
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
% of revenue to Top 1000 revenue	62.8	55.9	74.6	69.7	90.3	88.4	100.0	100.0

Table 7.2 Frequency of distribution of the Top 10, Top 30 and Top 50 corporations: ownership classified according to government, nationality and ethnic groups

Classified	*Top 10*	*Top 30*	*Top 50*
Filipino-owned	8	23	34
Government	5	7	8
Non-Chinese	3	12	15
Chinese	0	4	11
Foreign-owned	2	7	16
US	1	4	9
European	1	2	3
Japanese	0	1	4
% of revenue to Top 1000 revenue	28.7	38.5	44.4

Source: Ellen Huang Palanca, *China, Taiwan, and the Ethnic Chinese in the Philippines Economy*, Manila, 1995, pp. 53–54.

More importantly, the economic interests of the Chinese Filipinos, as an integral part of the Philippine domestic economy, dovetail with those of the majority in mainstream Philippine society. Chinese-Filipino businessman Tony Tancaktiong of Jollibee Foods Inc won the prestigious World Entrepreneur Award in 2004 as a Filipino and not as a Chinese.[30] The most successful Chinese-Filipino business venture in Shanghai, Oishi Foods, flies the Philippine flag on top of its factory and the owner, Carlos Chan, considers his success to be as a Filipino, and not a Chinese.[31] The biggest and most visible mega shopping mall in many parts of the country, SM Department Store, though owned by Chinese-Filipino businessman Henry Sy, has become a pride and a symbol of successful Filipino entrepreneurship. The department store has not just become a landmark but an oasis for Filipino families nationwide who go 'malling' at weekends as a pleasant family activity. What is important is that we should not take the economic role of the Tsinoys as apart from mainstream society or domestic economy. It is inseparable from the national economy, is dependent on the national economy and contributes to the national economy rather than to a mythical or imagined dominant minority group.

Conclusion

The transformation of ethnic Chinese identity is a product of their inter-linkages and daily interaction with people of different ethnic, cultural and religious backgrounds, giving rise to a sense of mutual respect and partnership. Such daily interaction and activities highlight the blending of cultures and practices rather than emphasise the differences between the two. The identification and loyalty of the Chinese Filipinos are towards their country, the Philippines, and their integration to Philippine mainstream society has become even more visible in recent years. Ashis Nandy, in his book *Time Warps*, described how ethnic conflicts are exacerbated

Table 7.3 Percentage share of 'Chinese' banks in the Philippines banking system, June 1993

Percentage share of 'Chinese' banks	*Total assets (%)*	*Liquid assets (%)*	*Loan portfolio (%)*	*Total deposits (%)*	*Capital (%)*	*No. share (%)*
Among domestic private commercial banks	38.43	37.80	38.00	38.06	35.67	9/28 = 32.14
Among domestic and four foreign private banks	34.01	35.30	35.14	36.28	34.06	9/32 = 28.12
Among domestic private and public commercial banks	28.17	27.12	29.67	28.36	25.70	9/30 = 30.00
In the whole commercial banking system	25.72	25.81	27.40	26.87	24.86	9/34 = 26.47

Source: Go Bon Juan, 'Ethnic Chinese in Philippine Banking', in Ellen Huang Palanca, *China, Taiwan, and the Ethnic Chinese in the Philippines Economy*, Manila, 1995, p. 88.

Note:
The Chinese-Filipino owned banks in the study (as of 1993) are Metropolitan Bank and Trust Co. of George Ty, Rizal Commercial Banking Corporation of Alfonso Yuchengco, Allied Banking Corporation of Lucio Tan, Equitable Banking Corporation of George Go, China Banking Corporation of Peter Dee, Philippine Bank of Communication of Ralph Nubla, Philippine Trust Company of Emilio Yap, Philippine Banking of Domingo Lee and Producers Bank of Henry Co.

There have been quite a number of changes: as of 2000 Philbanking became Philbank which was absorbed by Metropolitan Bank; Banco de Oro, formerly just a savings bank owned by Henry Sy has become a universal bank also and has recently acquired China Banking Corporation; Lucio Tan is now a single majority stockholder of the Philippine National Bank (although the Philippine government appears still to own the majority); and Equitable Bank has acquired Philippine Commercial and Industrial Bank and negotiations are ongoing to merge possibly with Banco de Oro. Asia United Bank, owned by Jacinto Ng, is a new player in the Tsinoy-owned bank. With the entry of some new foreign banks, such as Bank of China, China Trust, ABN-AMRO and others, there could be changes in the share of the Chinese-Filipino owned banks in the entire banking system but this remains to be further analysed.

by religious intolerance and communal differences that politicians and governments sometimes capitalise on. Different ethnic communities must work out a fine balance between communal and religious enmity and co-existence to contain ethnic conflict. What divides nations is the politics of ethnicity and religion that self-serving and reactionary politicians propagate.[32] Nowhere is this truer than in Philippine society. While the Philippines is not the poorest among third world countries, it has one of the highest inequalities in income distribution. 30 per cent of the population earns 70 per cent of total national income;[33] there will naturally be resentment and animosity from the 70 per cent against the 30 per cent (made up of Filipinos, foreign nationals from multinational companies especially, and Tsinoys). Much work still needs to be done in bridging the income gap and seeking a more equitable income distribution but whether it is the liberal democratic political system or other systems that recognise multicultural citizenship[34] that could craft state policies enough to achieve this is a question that deserves further research.

This chapter can only point out that the ethnic hatred and misunderstandings that have been the source of much of the recent wars and conflicts cannot be simply explained away by alleging the existence of a so-called market dominant ethnic minority. In fact, political, socio-cultural and economic integration in the Philippines has paved the way to a lessening of the racial tensions and differences that arose out of a multitude of diverse historical and political factors. This conclusion is echoed by Professor Anuar Zaini Md Zain:

> The idea of the suspect loyalty of the descendants of migrants to the nation of their birth, while erroneous, is dangerous as well, because new generations have emerged who have a profound sense of identification with their nation. The sense of rootedness that descendants of migrants have to local communities and nations ultimately determines how and why they participate in politics, business, associations and culture. It is for this reason that we need to build a more inclusive nation.'[35]

Definitely, ethnic hatred, like that discussed in Amy Chua's thesis, has no place in an inclusive nation.[32]

Notes

1 Teodoro A. Llamzon, *Handbook of Philippine Language Groups,* Quezon City: Ateneo de Manila University Press, 1978, pp. 1–4. Also in Nick Joaquin, *The Philippines – A Manifold Land*, Manila: Department of Tourism, 1992, pp. 7–23.

2 Several previous papers presented by the author contain this background. Refer in particular to 'Integration and Identity: Social Changes in the Post World War II Philippine-Chinese Community', in Teresita Ang See, *The Chinese in the Philippines: Problems and Perspectives*, Vol. One, Manila: Kaisa Para Sa Kaunlaran Inc, 1990, pp. 1–19.

3 Teresita Ang See, 'The Ethnic Chinese as Filipinos', in *The Chinese in the Philippines: Problems and Perspectives*, Vol. Two, Manila: Kaisa Para Sa Kaunlaran Inc, 1997,

pp. 24–68. The article contains figures on language spoken at home, religion, political participation, citizenship, and other indicators of integration.

4 Renato Constantino, *A Past Revisited*, Quezon City: R. Constantino, 1973, p. 151.

5 Miguel A. Bernad, SJ, 'Philippine Culture and the Filipino Identity', in Vitaliano Gorospe, SJ and Richard L. Deats, eds, *The Filipino in the Seventies – An Ecumenical Perspective*, Quezon City: New Day Publishers, 1973, pp. 9–10.

6 The best references on the Chinese in the Philippines in the early period of the Spanish regime are the articles dealing with the Chinese economy, politics and society found in Felix Alfonso Jr, *The Chinese in the Philippines 1570–1770*, Vol. One, Manila: Solidaridad Publishing House, 1966.

7 For references on the Chinese in the Philippines at the turn of the twentieth century to the American occupation, see Antonio Tan, *The Chinese in the Philippines 1898–1935: A Study of their National Awakening*, Quezon City: R.P. Garcia Publishing Company, 1972.

8 Clark L. Alejandrino, *A History of the 1902 Chinese Exclusion Act: American Colonial Transmission and Deterioration of Filipino–Chinese Relations*, Manila: Kaisa Para Sa Kaunlaran Inc, 2003. For references on the Chinese in the Philippines at the turn of the twentieth century to the America Occupation, see Tan, ibid.

9 Tan, ibid., pp. 134–55.

10 Ibid., pp. 339–45, 353–55.

11 Teresita Ang See, 'The Chinese in the Philippines: Changing Views and Perceptions', in *The Chinese in the Philippines: Problems and Perspectives,* Vol. One, pp. 107–21.

12 Amy Chua, *World on Fire: How Exporting Free Market Democracy Breeds Ethnic Hatred and Global Instability*, New York: Doubleday, 2003.

13 Teresita Ang See, 'Globalization and the Ethnic Chinese: The Philippine Perspective', in *The Chinese in the Philippines: Problems and Perspectives*, Vol. Three, Manila: Kaisa Para Sa Kaunlaran Inc, 2004, pp. 14–27.

14 Professor Anuar Zaini Md Zain, 'Economic Development and Ethnic Co-existence: The Role of the State', in Edmund Terence Gomez and Robert Stephens, eds, *The State, Economic Development and Ethnic Co-Existence in Malaysia and New Zealand*, Kuala Lumpur: Centre for Economic Development and Ethnic Relations (CEDER), University of Malaya, 2003, p. 4.

15 Teresita Ang See, 'Tradition and Development: the Case of the Chinese in the Philippines', in Teresita Ang See, *The Chinese in the Philippines: Problems and Perspectives*, Vol. Two, pp. 190–200.

16 Edgar Wickberg, 'Anti-Sinicism and Chinese Identity Options in the Philippines', in Daniel Chirot and Anthony Reid, eds, *Essential Outsiders: Chinese and Jews in the Modern Transformation of Southeast Asia and Central Europe*, Seattle: University of Washington Press, 1997, p. 170.

17 Teresita Ang See, Go Bon Juan and Fannie Tan Koa, 'International Collaboration, Research, Publications, and Advocacy on Ethnic Chinese Issues: The Kaisa Experience in the Philippines', in Teresita Ang See, *The Chinese in the Philippines: Problems and Perspectives*, Vol. Three, Manila: Kaisa Para Sa Kaunlaran Inc, 2004, pp. 83–108.

18 Teresita Ang See, 'On Kidnapping, Elections, and the Political Position of the Chinese in the Philippines', in Teresita Ang See, *The Chinese in the Philippines: Problems and Perspectives*, Vol. Two, pp. 161–89.

19 Refer also to the discussion about Kaisa in Edgar Wickberg, 'Anti-Sinicism and Chinese Identity Options in the Philippines', in Daniel Chirot and Anthony Reid, eds, pp. 170–74.

20 Ibid., p. 174.

21 For other earlier studies on anti-Chineseness, refer to Allen Tan, 'A Survey of Studies on Anti-Sinoism in the Philippines', *Asian Studies*, 4 (1968), pp. 198–207; George H. Weightman, 'Anti-Sinocism in the Philippines', *Asian Studies*, 5, 1 (1967), pp. 220–31; Rodolfo Bulatao, 'A Test of Belief Congruence Principle in Prejudice against Chinese in the Philippines', MA thesis, University of the Philippines, 1967.

22 Teresita Ang See, 'Images of the Chinese in the Philippines', in Teresita Ang See, *The Chinese in the Philippines: Problems and Perspectives*, Vol. One. Also Teresita Ang See, 'Cultural Conflict and Integration in the Philippines: The Case of the Ethnic Chinese Minority', in Teresita Ang See, ibid., Vol. Two, 1997, p. 2.
23 Chua, Introduction.
24 Two websites that carried news of the violence and unrest are: www.malaya.com.ph/oct27/metro1.htm (2005) also www.cyberdyaryo.com/statements/st2004_1119_01.htm
25 Amy Chua, p. 287. This is her note to cite her sources for the 50 per cent control of the economy:

> Estimates of Chinese economic control in the Philippines vary somewhat, but usually hover between 50 percent and 65 percent. For an up-to-date, if slightly gossipy, report on the wealth and holdings of Chinese Filipino tycoons, see Wilson Lee Flores, 'The Top Billionaires in the Philippines', *Philippine Star* (PS), 16 May 2001. See also 'A Survey of Asian Business,' *The Economist* (TE), 7 April 2001; Cecil Morella, 'Ethnic Chinese Stay Ready, Hope to Ride out Crime Wave', *Agence France-Presse* (AFP), 30 April 1996; and Rigoberto Tiglao, 'Gung-ho in Manila', *Far Eastern Economic Review* (FEER), 15 February 1990, pp. 68–72.

As Chua herself qualified, the sources are 'gossipy' in nature.

26 Edmund Terence Gomez, 'Ethnic Enterprise, Economic Development and Identity Formation: Chinese Business in Malaya', in Gomez and Stephens, p. 121.
27 Dr Ellen Palanca, 'An Analysis of the 1990 Top Corporations in the Philippines: Economic Position and Activities of the Ethnic Chinese, Filipino and Foreign Groups' and Go Bon Juan, 'Ethnic Chinese in Philippine Banking', both articles appear in Ellen Huang Palanca, ed., *China, Taiwan, and the Ethnic Chinese in the Philippine Economy*, Quezon City: Philippine Association for Chinese Studies, Chinese Studies Journal, Vol. Five, 1995, pp. 47–84 and pp. 85–91.
28 Yoshihara Kunio, *Philippine Industrialization: Foreign and Domestic Capital,* Quezon City: Ateneo de Manila University Press, 1985.
29 Gomez, p. 122.
30 Annie de la Cruz, 'The Buzz Behind Jollibee', *Philippines Business,* 11, 9 (2004).
31 Criselda Yabes, 'The Rising Taipan', *Newsbreak*, 5, 5 (14 March 2005), pp. 19–21.
32 Ashis Nandy, *Time Warps: Silent and Evasive Pasts in Indian Politics and Religion*, London: Hurst & Company, 2002, pp. 105–08.
33 Family and Income Distribution, Report of Bureau of Census and Statistics for 2003.
34 Stephen Castles, *Ethnicity and Globalization*, London: Sage Publications, 2000: see in particular his chapter on 'Multicultural Citizenship: the Australian Experience', pp. 133–35.
35 Anuar Zaini Md Zain, 'Economic Development and Ethnic Co-existence', in Gomez and Stephens, p. 5.

8 The politics of redefining ethnic identity in Indonesia

Smothering the fires in Lombok with democracy

Kendra Clegg

The perceived boundaries and composition of ethnic identity in Indonesia are continuously reconstructed in response to the political policies and structure of power. The political systems throughout the past century in Indonesia have maintained perceptions of difference between specific ethnic groups and contributed to existing ethnic tensions. The political policies served the governing authority by strengthening a sense of allegiance and unity through marginalising specific ethnic groups. The Dutch administrative system established the framework for continued ethnic segregation between the *foreign* ethnic groups and the underprivileged *indigenous* ethnic groups. These policies were maintained in the new nation of Indonesia. The national motto of Indonesia, Unity in Diversity, allowed the national government to unify indigenous ethnic groups, and segregate the foreign ethnic groups, specifically the Chinese.

Following 32 years of tight control of issues pertaining to such matters as ethnic and religious inter-communal relations during the New Order period (1966–1998), the contemporary transition from nationalism to localisation is again changing the dynamic of ethnic identity and sense of community in Indonesia. The recent transition awakened the voice of the local indigenous ethnic groups in Mataram, the capital of the West Nusa Tenggara Province on the island of Lombok. In Mataram, the indigenous ethnic group, Sasak, form the majority among a diverse number of ethnic groups redefining identity since the implementation of regional autonomy in 2000. Regional autonomy gave Sasak the authority over their territorial homeland, previously controlled by a Javanese bureaucracy, as well as the opportunity to focus on the development of the local economy and the majority cultural identity.

The political history of Indonesia has always been centred on the island of Java. Consequently, most discourse on Indonesia continues to generalise the political and economic situation from a Jakarta perspective. This chapter provides a case study from one specific region within the diverse archipelago of Indonesia and argues that the introduction of democracy, in the case of Mataram, was another transition in identity that was not *disastrous*, in the phrase used by Chua in *World on Fire*,[1] but essentially quenched the fires blazing in the aftermath of the fall of a post-colonial authoritarian government.

Defining ethnicity in Indonesia

In Indonesia there are over 1,000 ethnic and sub-ethnic groups, each recognised as having its own name, language, culture, customary values (*adat*) and territorial homeland.[2] Each ethnic group maintains and celebrates its own unique ethnic identity, and in turn all contribute to the national Indonesian identity, as established under the post-colonial government.[3]

Throughout the history of Indonesia, each political period has had a variable impact upon the construction of identity for the diverse ethnic groups in Indonesia. The relationship between politics and ethnic identity can be observed through notions of self-identification, definitions of *the other*, ethnic solidarity, tensions and conflict, and representation in government bodies, mass media and civil society groups. Ethnic identity is not a stable definition, nor is it portrayed through stable expressions.

Ethnicity frequently changes its cultural contents but maintains its boundaries through varying methods. In Indonesia the main parameters of ethnicity are portrayed through shared characteristics, such as ancestry, heritage, cultural boundaries, language, origins, territorial homeland, environment, self-definition and definition by others. This approach to defining ethnicity in Indonesia is partially supported by the post-Suharto government of Indonesia, which, in its first population census to include ethnicity since the Dutch colonial census in 1930, used the method of self-identification to record data of ethnic groups.[4]

Redefining identity: the historical framework of political structures and policies

From the nineteenth century, the Dutch administrative system's political policies enforced social, spatial, political and economic segregation throughout Indonesia. The impact of these policies impinged on all levels of the governed society, which endured during the post-colonial era through social memory and political policies maintained by the independent government.

Mataram did not become subject to the Dutch administration system until 1894. Administration policies were not enforced until after 1908, when Balinese control was ended. Despite the short period of colonial control, colonial policies impacted upon local identities in Mataram. One significant policy was the Dutch Agrarian Law introduced in Java from 1870, which sought to reinforce and maintain indigenous and foreign boundaries through prohibiting intra-ethnic land retail. This law was abolished in 1970.[5] From 1896, the colonial population was defined in terms of three legal categories: Europeans, Foreign Orientals and Natives. Each category was subject to a separate code of law. This strengthened identity boundaries and provoked the indigenous population to object to the dominant roles of foreign ethnic communities, who were increasingly perceived as socially and economically exclusive. In Mataram, the exclusive groups included the foreign groups, the Chinese and Arab, and also the indigenous Banjar and Malay (from the island of Sumatra). These ethnic groups were

generally wealthier, because many had aligned themselves with the Balinese and later the Dutch administration and were well positioned within the prosperous trade community. Meanwhile, the Sasak were subjected to heavy economic exploitation under Dutch administration, which further stabilised the position of Islam as an essential part of Sasak ethnic identity.[6]

Regardless of ethnicity, linguistic group or class, all indigenes were identified as subjects of the Dutch colony. Consequently, indigenous notions of culture and tradition flowed from colonial classification of customary law, *adat* and also from colonial ethnologies. In 1906, indigenous traditional law began to be codified, which was the process that defined what has become *tradition*. A main objective of the *adat* process was to distinguish *tradition* from *foreign Islamic influence*. Colonial policies and classifications were able to redefine the parameters of identity.

Under Dutch administration, ethnic specific living districts were enforced. Each ethnic territory was locally governed by an urban neighbourhood head, called a *Kapitan* or later a *Kepala Kampung*. The position of the *Kepala Kampung* was highly regarded and he was referred to as the leader of an ethnic group. The District Heads generally were wealthy individuals who exercised a high degree of influence over the local community and maintained close relations with the Dutch authorities.

Education and schooling also exacerbated rifts among ethnic communities and within ethnic groups alike. Schools opened for the aristocrats, as well as private ethnic and religious schools for the Arab and Chinese communities. The education system became inadequate for the Arab and Chinese during the three years of Japanese occupation from 1942, but improved for the indigenous Sasak. The Japanese had eradicated dual education and forced all primary schools up to grade 6 to teach the indigenous Lombok population (at the time almost 99 per cent illiterate) about Japan and Japanese discipline. Only indigenous Indonesians could enter Japanese institutions in Lombok, while 'foreign' Chinese citizens were restricted to specific schools.[7]

The post-colonial condition: redefining ethnicity within the contexts of nationalism

During the early twentieth century, a wave of nationalism spread throughout Indonesia, affecting indigenous Indonesians, Chinese and Arab groups alike, but – as politically engineered – separately. The formation of a new Indonesian nation was taking shape, and simultaneously the issue of Chinese and Arab ethnic identity was also heightened. Development of an indigenous national identity in the Dutch East Indies during colonisation excluded 'foreign natives', namely the Arab and Chinese, even though some had resided in the East Indies for generations. They had enjoyed a 'political legal status superior to that of the "native natives"'[8] as part of the Dutch government's separatist policies, and this maintained and broadened the ethnic boundaries that had made assimilation of the Arab and Chinese descendants into the indigenous Indonesian society

difficult. Effectively, these policies increased the Chinese and Arab recognition of their own unique ethnic identities, which was further encouraged through an education system that separated 'foreign' groups from the government and the indigenous.[9]

By the time independence was proclaimed on 17 August 1945, the idea and the reality of the Indonesian nation had been moulded by geography, a spatial territorial experience, a shared history, and a discourse, language and a consciousness of belonging.[10] Indonesia, because of its geography and ethnic diversity, has had to invent itself in the face of colonialism on the basis of myths of racial or cultural origin. Such national myths continue to be central to contemporary ideas about identity, and were often first defined in the process of strengthening resistance against the imperialists. National identity is dependent upon the construction of nationalist cultures, which tend to be produced from the perspective of a dominant minority group.[11] It is typically the leaders of a nation who construct a national culture that positions and defines its people in the world and promotes pride and position in the created national identity. National culture, in turn, needs to be legitimated by reference to and promotion of a nation's past 'dignity, glory and solemnity'.[12]

Indonesia's nationalism, while central to the legitimation of the new indigenous rulers and a product of the national culture and identity of the post-colonial nation, had its origins in colonialism. A common theme during colonisation, which continued to generate problems for post-colonial Indonesia, was ethnic segregation.[13] During both the Sukarno and the Suharto regimes the Indonesian government attempted to integrate the Indonesian nation and define identity through the celebration of the culture and ethnic diversity of the indigenous Indonesian people. As a result, during both these regimes, ethnic data were not recorded in national population censuses. Ethnicity was considered too sensitive an issue, which could increase conflicts and hinder the central government's efforts in nation building.[14] On the other hand, this did not prevent the exclusion of the non-indigenous ethnic groups, particularly the Indonesian Chinese. Meanwhile, the Arab community were accepted by the new nation based on their religious heritage. The impact of Chinese exclusion was evident in the urban community's social sphere throughout Indonesia, especially during critical points in Indonesia's political history. Ethnic conflict would flare up against the foreign nationals, more specifically the market-dominant minority, the Chinese. This conflict was a product of political policy under authoritarian rule and a post-colonial condition.

The post-colonial condition was the conception of a unitary national identity produced from within a dominant ethnic perspective of an indigenous Javanese aristocracy, which was closely linked to the colonial rulers, and adapted ideas of nationalism from colonial discourse. This resulted in a cultural hegemony influenced by colonialism, with the Javanese aristocracy controlling the definition of national culture.[15] Following independence, the nation belonged to the indigenous Indonesians and the Javanese controlled the state. Within this tension the development of a hierarchy of cultures resulted based on the recognition of pre-given

cultural 'contents' or 'authentic' cultures as they appeared within the dominant regional cultures.[16] Out of this was constructed the uniquely Indonesian concept of a unity based on cultural diversity, that is, of a collective identity that was defined by cultural difference. This was then consolidated in the Indonesian National Constitution. National culture established by the central government was exemplified by the existence of national institutions, central government agencies, military and national symbols.

Independence involved the nation redefining itself culturally as autonomous. Under President Sukarno, the nationalist ideal of a symbolic unity between Indonesia's cultural, religious and ideological strands in fact suppressed difference in a search for commonalities.[17] What was intended was to accommodate the three main historical ideological groups (the Nationalists, the Communists and the Muslims). Identifying national identity in terms of the alternative modern ideologies involved the suppression of traditional ethnic difference. But while Sukarno in the 1950s emphasised Indonesia's modernity and sought to convey 'the feeling that Indonesia was an important nation, great in international status', he at the same time needed to identify the modern nation with 'the glory of its past civilisations'.[18] That drew on a concept of essential ethnicity embedded in the diversity in the archipelago. Thus, alongside the national motto of 'Unity in Diversity', the new nation at the same time excluded the Chinese and Arabs. They were considered to belong to other nations, such as *bangsa Tionghoa* (Chinese nation), whereas the *orang asli* (indigenous 'authentic' people) were automatically assumed to be part of the constructed nation.[19]

Ethnicity, therefore, was central to Indonesian national identity. The diverse range of identities in Indonesia was partially constructed by Indonesia's national leaders, in an attempt to designate the position of individual ethnic groups in the central bond of a larger, non-ethnically defined community: the Indonesian nation.[20] This sense of nation as the by-product as it were of the coagulation of multiple ethnicities is expressed in the national Indonesian motto 'Unity in Diversity'. 'Indonesia itself, as a reality and notion, was created on the basis of a mixed multi-ethnic and multi-cultural society.'[21] The national ideology *Pancasila*, complementing the national motto, provides the indigenous Indonesian ethnic groups with a common frame of guidelines for a broader nationalistic unity. Many theorists argue that a common frame of reference in constructing Indonesia's national identity and culture, which all identity groups could identify with and be represented by, is central to the survival of an Indonesian nationalism.[22]

An official national culture in Indonesia was constructed that was separate from most ethnic cultures, yet the definition of their cultural boundaries has remained ambiguous. Leaders of the Indonesian nation attempted to systematise culture as the basis for national identity. Selected parts of each ethnic culture were recognised, appropriated and incorporated into the State at a regional and national level by the central government, while other aspects of ethnic culture were partially suppressed because it was a personal identity that conflicted with allegiance to the state.

New order politics: realigning identity and strengthening boundaries

The policies of the New Order government (1966–1998) were to turn Indonesia into a developing industrialised country with an established national identity, a nation that was economically integrated into the global economy, as well as being internationally recognised for its unique culture. Throughout the New Order period, President Suharto aimed to capitalise on his predecessor's efforts by focusing upon economic and cultural development policies that enforced his national control through emphasis on prosperity, tradition, national integration and stability.[23] Suharto 'traditionalised' Indonesia's national heritage, creating the impression of historical continuity, which subsequently legitimised his regime and politicised cultural heritage.[24] The New Order's cultural policies aimed to reinforce national identity and unity by exalting regional cultural identity. On a local level these policies further defined cultural boundaries, but on a national level they incorporated and acknowledged regional differences. During the immediate post-Suharto period, residents in Mataram often referred to the popular 'Indonesian culture' to explain the move away from particular traditional ceremonies in the urban environment. This 'Indonesianisation' was a result of New Order policies.

Through educational, language, cultural, architectural and commercial (tourism) programmes and the controlled media the government propagated its definitions of national cultural identity. This ultimately strengthened national stability and developed the Indonesian citizens' subservience to a sense of patriotism.[25] Through the promotion of cultural identity the New Order government was able passively to enforce state control while simultaneously restraining cultural aspects of modernisation. This dramatisation of traditional subjectivity through cultural discourse was categorised into a series of shared 'traditional values', 'cultural inheritance' and 'ritual events'. Political policies during this period encouraged a constant re-articulation of culture and instilled a sense of social stability through artistically defining ethnic place within the nation, which seemingly hid the hand of authority and controlled potentially disruptive cultural differences.

The New Order government was ethnocentrically controlled by the Javanese and, therefore, all forms of Javanese culture and spiritualism were supported and underpinned the regime's cultural policies and national imaginings. The excessive Javanese political and cultural influence, based in the pivotal centre of the Indonesian nation, upheld the official virtues of order, stability and progress while several 'outer islands' struggled with their new *authentic* regional identities handed down from Jakarta. Sasak symbolism was created in Jakarta as the 'authentic' timeless tradition of Lombok. It formed the contemporary image in Sasak social memory that defined tradition and modern concepts of identity. This was a modern constructed cultural heritage developed from perceptions of exaggerated representations of common Sasak culture and history, that were 'consciously "invented" and reinvented over time and that were the product of conflicting perceptions of what constitutes "authentic" culture'.[26] For the Indonesian nation, these

memories were based on images reinvented and portrayed and assigned to any one group by the New Order's cultural policies in its vision to develop national unity.[27]

Culturally suppressing political policies: the case of the Chinese in the New Order

The variety of centrally produced local identification representations under the New Order highlighted the diversity rather than the unity of the Indonesian nation and simultaneously emphasised ethnic identity boundaries. Aspects of culture and identity may be deeply influenced by political ideology to exclude or suppress other voices. The Chinese communities were an example of exclusion in Suharto's Indonesia. This *foreign* ethnic group was further segregated from the wider Indonesian community on the grounds of cultural and religious tradition in the New Order's symbol of nationhood, the *Taman Mini Indonesia* (Mini Indonesia Theme Park).

During the New Order, Chinese assimilation on a national level was further enforced, with strict rules specifically designed to regulate Chinese behaviour. These anti-Chinese measures played on the fears of the 'Communist threat' relating all Chinese descendants to Communism. This ethnic minority's economical dominance alongside its long history of segregation through the overstatement of difference of religion, cultural tradition and economic status positioned it as a threat to the 'nationalist project of seeking native roots and authentic origins'.[28]

All manifestations of Chinese culture were prohibited as part of the assimilation policy. The Chinese press was closed, and descendants were instructed to confine their expressions of religious belief to their home. They were also encouraged to abandon the more traditional religions of Taoism for Buddhism, Christianity and to a lesser extent, Islam. All Chinese language schools were closed between 1966 and 1974, so few of the younger generation at present speak, read or write Chinese. In 1979, in order to 'help develop Indonesian culture and nurture unity among the people' the government banned the import, sale and distribution of any literature printed in Chinese characters.[29]

Regional autonomy: the localisation of identity

The New Order's staunch control over policies that affected and socially inhibited identities on all levels came crashing down at the end of Suharto's presidency on 19 May 1998. The ensuing political transition and economic crisis caused an immediate change that resonated throughout Indonesia. Conflicts flared, particularly in Indonesia's political and economic centre, Jakarta, which experienced the heaviest shock from the power vacuum. Unchecked discrimination and repressive action were again adopted toward matters pertaining to ethnic, religious and racial relations on a local level. The conflicts immobilised inter-ethnic relations, and weakened tolerance and understanding between those from different social and cultural backgrounds.

Typical of the outer islands, there was a delay in the impact of the regional and national economic crisis affecting Jakarta, which began to be felt in Mataram from November 1998. Prices fluctuated and rural areas began to suffer. In response to the increased economic hardship and the resolve to be led by local leaders, anti-Javanese demonstrations became a regular event in the municipality of Mataram during this period. At this important juncture in political transition and economic hardship, there was no backlash against the market-dominant minority in Lombok, as was the case in Java. The focus of discontent was on political representation, a position the Chinese have never held in the West Nusa Tenggara province. The loudest protests were against the Governor of the Nusa Tenggara Province, who was Javanese and previously appointed by the central government during the New Order. The people of Lombok demanded the appointment of a regionally ethnic representative, which would support local interests.

In the immediate post-Suharto era, there was 'a demand for a clear positioning in terms of an appropriate local identity".[30] The implementation of regional autonomy in 2000 signified that ethnic groups were no longer restrained from asserting their identities. There was an intensified articulation of regional and local identities that challenged the narrow Jakarta-imposed definition of regional cultural and religious forms and practices during Suharto's New Order. Local elites attempted 'to create the centre within their boundaries in decentralised Indonesia where new power dynamics have to be negotiated'.[31] In the post-Suharto era, the prohibited subjects commonly referred to by the acronym *SARA* (ethnicity, religion, race and social relations) were no longer considered a sensitive issue, and ethnicity could now be discussed in the public domain.

In Lombok, this restraint was supported by the new local leaders who generally represented the dominant or indigenous ethnic and religious group and increasingly exuded ethnic and religious pride. On 17 January 2000, three days of what started out as religious riots soon turned into ethnic violence mainly targeting the market-dominant minority, the Chinese. The brief social unrest put stress on community relations. Nevertheless, the newly appointed municipal government of Mataram responded by attempting to rebuild social and economic stability through encouraging minority social group participation in socio-cultural political forums.[32]

The partial transition in power from national to local resulted in a politicised Sasak identity in Mataram. Cultural symbols and specific ethnic traditions were re-manipulated to manifest themselves in political expressions. Moreover, the position of minority groups under regional autonomy legislation became increasingly unstable due to the strengthened ability of the dominant ethnic group to implement changes best suited to its interests. The emphasis on promoting and strengthening local indigenous identities threatened the delicate inter-communal relations within the urban environment. In the face of the less resolute central government, local power groups were able to appropriate policies and legislative opportunities in order to favour a majority group at the expense of minorities.

In Mataram, the introduction of regional autonomy has led to new localised definitions of culture, religion and *adat*. Localisation has resulted in a re-definition of what it is to be Sasak. Re-emphasis and re-definition of what is the 'authentic' indigenous culture of Lombok has impacted upon local constructions of urban Sasak identity and urban community identity. Following the implementation of regional autonomy, the diverse multi-ethnic and multi-religious population was represented by the dominant voice of the indigenous Sasak leaders, who are Muslim. However, there are several local Balinese and Javanese representatives within the municipal government and, since 2003, one local Muslim Chinese representative. The dominant position of the Sasak in local authority is characteristic of many democratic societies where the government in power is representative of the majority.

As a response to the growing ethnic tensions since the end of the New Order and a means of resolution, the Mataram municipality stepped up new programmes to promote ethnic identity, focusing upon three specific prominent ethnic cultures within the city of Mataram: Sasak, Chinese and Balinese. Cultural signifiers, such as dance, music and religion, were abundantly promoted to encourage tourism under the cover of attempting to improve integration and to encourage mutual understanding. As a result, Chinese culture was able to breathe relatively freely in the public domain for the first time in over 30 years. This in turn attracted much genuine interest from the wider society of Lombok.

This encouragement by the municipality of Mataram to show off regional cultures, to boost cultural pride and to promote cultural awareness, while presented as an attempt to express tolerance, also assumes the acceptance by the municipal government of certain defined cultural parameters. This is expressed in ways that are very similar to those which prevailed under the New Order cultural policies. It also has the tendency to magnify the foreignness and difference of a minority culture. Therefore, the promotion of cultures also sharpens or redefines cultural boundaries between dominant indigenous and other ethnic groups. The recent implementation of educational policies further undermines government-declared efforts to promote tolerance and, more directly, the social situation in the urban environment.

The freedom provided through regional autonomy dissolved limitations previously set by the central government, as well as those of the provincial government, in allocating funding to develop regional-specific traditional and religious cultures. With its new powers, however, the municipality of Mataram has given higher priority and allocated more funding to the promotion of local ceremonies, notably Sasak ceremonies. The promotion of local ceremonies increases the role they play within local communities.

The resurgence in awareness of Sasak identity and the increased forums of discussion surrounding Sasak tradition since regional autonomy present a new transition in the urban environment of Mataram, supported by the implementation of policies under regional autonomy. Within the Sasak communities, the regional government's approach has been widely acknowledged to be beneficial for the wider Sasak community, but the question can be asked whether this has occurred at the expense of reinventing a homogenous Sasak culture. This new *cultural*

politics, while different in approach, is similar in design or outcome to those of the New Order cultural policies.

The recent policy changes and the shift between the New Order and localised approach under regional autonomy to cultural policies raises a real question about the relation between the religious and cultural dimensions of ethnic identities which are by no means timeless constructions. Identity and culture are not convergent, can be inconsistent and experience periodic phases. The local Mataram government's relative ease in re-inventing homogeneous Sasak traditions indicates that culture and tradition are relatively modern constructions, and the product of conflicting perceptions of what constitutes *authentic culture*. Definitions of authentic culture are in continual transition, and are impacted upon by the interplays of multiple forces, the most noticeable in recent years being the impact of the cultural politics embedded in government policies.

The positive effects of regional autonomy for the local communities include among others, the growth and development of community initiative and participation in coping with real problems, such as those relating to security, health, poverty and definitions of *adat* and religion. It has led to an increase in new civic organisations that function within the scope of religious, social or even political spheres. It has also led to the growth and development of self-awareness in individuals of their existence as a member of an ethnic group, responsible for the success of regional development. Regional autonomy has also contributed to the push to establish functional institutions considered important to the community.[33] Negative influences of regional autonomy include the over-development of awareness and regional sentiments within the community, and the emergence of arrogant superiority attitudes that may cross and have on occasion crossed established acceptable boundaries.[34]

The localisation of authority provides opportunities for both economic and cultural development. However it also heightens tensions within a plural community. The politicisation of ethnic identity, with a dominant discourse relating to the dominant culture and dominant ethnicity, disguises the existence of differing perceptions of ethnic culture and identity. Beyond this, it does not take into consideration the unique and complex pluralist nature of the urban community.

The revitalisation of Sasak culture under regional autonomy maintains and extends the New Order approach towards establishing a regime of diverse but internally homogeneous regional cultural traditions. Furthermore, Mataram's municipal government has introduced programmes that again bring to the fore religious and cultural differences, as for example, compulsory religious and cultural education in the municipality's government schools. Curriculum programmes for *adat* Sasak now include Sasak language taught from school texts produced by the local government. Sasak language education raises other questions, namely, that localisation through education represents a shift away from developing allegiance to a national identity. The single-level national language acts as a bridge over cultural or social divisions, as well as providing a link or commonality through communication.

The move by the Department of Education in the municipality of Mataram to educate in religious devoutness and *adat* conflicts with the fragile plurality of

Mataram as a typically Indonesian urban environment. Mataram is a plural community that tolerates the abundance of difference stemming from the multitude of undercurrents that make up day-to-day living in the urban environment. The minorities are defined by religious affiliations (the non-Muslim residing in a Muslim majority environment), and that also leads to further ethnic divisions. The non-Muslim religious minorities are predominantly the ethnic Balinese and Chinese. The ethnic-religious identity of the Balinese communities is also promoted through the donning of religious garb for public schools on Fridays and encourages ethnic pride. However, the lack of Hindu religious and cultural education in government schools throughout the municipality may encourage future ethnic conflicts within the municipality of Mataram, especially between Balinese and Sasak dominant territories. Such government-led programmes do not represent or cater for the multi-ethnic make-up of the urban environment and rather than increase understanding of the majority culture may lead to further ethnic and religious tensions developing between the dominant group and those underrepresented minorities.

Averting disaster: how democracy subdued ethnic conflict in Lombok

Regional autonomy has received a positive response from many sections of the Sasak community in Mataram. It was intended to give autonomous authority to the local region to organise and control issues deemed important by the local community. Programmes are implemented in response to the community's own initiative and aspirations and based upon democratic foundations, which are to be transparent, fair and responsible. These programmes and policies are also monitored, to some degree, by the central government.

Indonesia has fared well in the 'overnight democratisation'[35] through the strategic implementation of political policies and the structure of regional autonomy. The community of Mataram has embraced the introduction of democracy and its new local authority through regional autonomy, which has set in motion mechanisms that aim to smother the traditional sparks that spread out of control during periods of political and economic hardship under the authoritarian systems.

Despite the new localisation of power and identity, the traditional market-based minority, the Chinese, continue to experience cultural and religious freedom since the implementation of regional autonomy. The Chinese were repeatedly targeted in respect of economic and political grievances as the effect of colonial and post-colonial policies that caused this ethnic group to occupy a place on the social periphery. Under regional autonomy, this aura of latent suspicion is declining with the lifting of the restrictions on discussing ethnicity and with specific legislation removing some of the limitations placed on public expression of ethnic identity. Recent political changes directed towards tolerance have increased community awareness of this ethnic minority, and increased public participation of minority groups in all sectors of public life.

While Lombok is undergoing yet another social identity transformation with its newly politicised majority ethnic group following the implementation of regional autonomy, the likelihood for social unrest is subsiding. The local government increasingly involves and consults with representatives of the various ethnic and religious groups, as well as the growing representation of these groups in the local government. This indicates that the 'demagogues' or new little kings of regional autonomy are kept in check through their responsibility to the general public, controlled and monitored through public opinion and the local democratic elections.

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9 Development of China's ethnic minority areas

The state and the market

Xin Chen

In November 1999, nearly two years before the 9.11 tragedy, the Chinese government commenced the campaign to 'Open Up the West' and pledged that the development of China's interior regions would be a crucial component of its mission to build a 'well-off society' throughout China by mid twenty-first century.[1] The campaign was publicly described as the next logical and planned stage in China's modernisation process featuring a sequential coast-first-and-inland-second model. Underlying the official rhetoric, however, was a widespread unease over the widening regional disparities and their potential impact on social stability and national integration.

While the Chinese may not talk as often or openly about the issue of fragmentation as Western anthropologists,[2] they do not by any means take the unity of their country for granted either. In fact, behind the calm facade prevails 'a deep-seated anxiety about the possibility of China breaking up' and the awareness that ethnic issues could easily become 'fault lines' in the system.[3] The history of China's internal conflicts has driven home the lesson for many that although ethnic differences by themselves are not necessarily a source of threats to the national unity, they may become powerful media for expressing social frustrations and grievances.[4] The implosion of the former Soviet Union and Yugoslavia has further demonstrated that uneven development and income disparities may lead to the flare-up of ethnic tensions and eventually national disintegration.[5]

When China embarked on the Open Up the West campaign in the late 1990s, there was little empirical evidence showing that it was plagued with unmanageable ethnic tensions. Nor had any of the ethnic and civil unrest incidents in Tibet or Xinjiang been documented as having threatened any of the state's strategic infrastructure targets, be it an oil refinery, or a dam, or a railroad.[6] Yet some in the Chinese policy circle and academia sounded the alarm that development gaps 'between Han areas along the east coast and minority-concentrated areas in the west' were already larger than those in the former Yugoslavia before its break-up.[7] Indeed statistical data indicated that regional disparities in China already resembled those between industrialised countries and the Third World.[8] In some ethnic villages, for example, diseases such as tuberculosis staged a comeback because many of those affected 'simply could not afford . . . even the bus fare to get to the nearest hospital'.[9]

China has 55 ethnic groups besides the Han. They are officially known as national minorities because they comprise less than 10 per cent of the total population. Yet residing on 64 per cent of China's land mass, they number about 105 million and would form the twelfth largest country in the world should they decide to break away together.[10] Of the Chinese national minority population 80 per cent live in West China, where lie 85 per cent of the country's territory boundary lines, including many strategically sensitive border areas. It is thus not surprising that many in China have been agonising over the economic situation in China's western regions and believe that people's well-being there bears directly on China's social stability and national security.[11]

Those who worried that economic disparities were already dangerously too wide in the mid 1990s petitioned the government to play its role in interfering with the market for a more balanced regional development. They were little bothered by the negative comments from the international China watch circle equating the developing-the-west campaign as continued internal colonisation and exploitation of the ethnic peoples at the periphery by the state and the Han in the core. They lobbied strongly for the central leadership to increase the state's capacity in integrating the interior into the national economy and ensuring greater equality across the land. Their effort prevailed. Economic growth of the lagging west has since occupied a central position on China's policy agenda. Furthermore, that Inner Mongolia in the north, Guangxi Zhuang (ethnic) Autonomous Region in the east and three prefectures in central China are also included in the geographic boundaries of the 'west', 'on the ground of being home to minority nationalities', indicates an ethnic focus of the Open Up the West campaign.[12]

Yet the story does not just end there. While the development programme enjoys tremendous support from local governments and ethnic groups in western regions, the central leadership is no longer able to simply issue state mandates about this new round of development campaigns as it used to in the planned economy. Instead, to resource the project, it has to negotiate with the market effect and juggle parallel and often competing interests.[13] Local people, meanwhile, have also quickly found that the market is empowering but also very demanding for socio-cultural trade-offs. Maintaining a balanced development is thus not only a challenge for the state, but also for individual ethnic communities.

State ethnic policies: equality and unity

The Chinese Communists believe that until the very distant utopian world of Great Harmony, the existence of nationality and ethnic differences are inevitable. They further argue that in the social evolution process towards that perfect world, class will wither away first, then the state and finally nationality.[14] They regard ethnic groups as building blocks of a nation and have therefore attached great importance to inter-ethnic relations in China's domestic policies.

In constructing the state of the People's Republic and the Chinese nation, the central government has made it clear, through laws, policies and administrative

setups, that it is a government of and for all the 56 nationalities. In reality, however, the Han's dominant position in both population size and political power often leads ethnic minority communities to perceive government policies about and aids to them as from the Han, and disagreements between the central government and ethnic autonomous areas as between the Han and other nationalities.[15] This perception has complicated the job of the government, but does encourage many in leading positions to be sensitive about potential ethnic repercussions of their decisions. The Chinese government labels disputes between ethnic groups as 'contradictions among the people', which often arise from different economic interests, or cultural and religious diversities. When the Han is involved, it often responds apologetically, acknowledging that since the Han in history offended ethnic minorities more than vice versa and today still remains in a more favourable position, they should be held more accountable in a dispute.[16]

Conscious about the many unhappy memories of the Han among ethnic groups, the Communist leadership has also adopted a gradualist strategy in its effort to integrate ethnic minorities into the Chinese nation.[17] While the official rhetoric differentiates between autonomy and self-determination and claims that the latter is no longer applicable to China as class exploitation has been done away with by its socialist revolution, it does emphasise that ethnic minorities should enjoy full autonomous rights over the administration of their own affairs. Since all nationalities should enjoy equal rights which encompass not only civil and political, but also economic rights, the leadership promises to build common economic prosperity for all ethnic groups.[18]

The socialist/Communist rhetoric aside, the Chinese leadership is fully aware that the participation and support of ethnic minorities are indispensable for its state- and nation-building effort. The reason is simple, as put forward by Mao in 1956:

> We say China is a country vast in territory, rich in resources and large in population; as a matter of fact, it is the Han nationality whose population is large and the minority nationalities whose territory is vast and whose resources are rich, or at least . . . their resources under the soil are rich.[19]

Attempting to attract the interest and participation of ethnic minorities in building the Chinese nation, the government in the Mao era gave top priority to balancing the development of regional productive capacity and equalising the distribution of income. Upon assuming office in 1949, it inherited an economy with 77.6 per cent of the total industrial output generated in a few costal provinces. For the central officials, such a lopsided industrial distribution was not only politically unacceptable, but also economically irrational. Their ideological conviction also led them believe that without state intervention, capital would continue to move to regions where conditions already existed for maximising returns, leaving others further and further behind.[20]

Making a conscious effort to improve this uneven and unequal economic layout, the Mao leadership introduced institutional and structural changes to

ensure that adequate amounts of capital investment and production factors would flow to the less-developed inland areas. The fiscal system, for example, required economically more advanced provinces to turn over large portions of their revenues and allowed poor provinces to not only retain all their earnings, but also collect additional direct subsidies from the government. Its strong extractive capacity also enabled the central government to make fiscal transfers to reduce regional inequality in income and distribution of public goods and services. These transfers meant that consumption was relatively evenly distributed across regions even though they varied greatly in output.[21]

While the government throughout the Mao era projected the image of a 'strong state', its extractive capacity was not constant but fluctuated with political movements such as the Great Leap Forward (1958–60) and the Cultural Revolution (1966–76), both of which promoted decentralisation. Yet its commitment to balanced regional development remained unchanged. This political will, reinforced by security concerns related to the Cold War and the Sino-Soviet tensions, paid off. From 1956 to 1978 when the economic reform began, more than two thousand large and medium-sized enterprises were set up in or moved from coastal areas to West and Central China, which greatly boosted the industrial growth of these regions.[22]

Viewed as engines of development, these enterprises were expected to help improve the unequal socio-economic standings of China's poor western regions vis-à-vis its eastern seaboard provinces. They were thus faced with the challenge of incorporating themselves into at least major aspects of the local economy and society so as to lead Han and, in particular, ethnic minority communities there, who had been disadvantaged by historically, institutionally and structurally constructed unequal opportunities, onto the path of common prosperity. Yet this quick-fix strategy did not produce an immediate effect. Nor could these transplanted high capital-input, hi-tech, often military-oriented industrial complexes easily fit into local economies characterised by traditional farming and primitive agricultural and light industrial processing businesses. The enterprises were thus often mocked as enclaves within which satellites were made and launched, but outside which slash-and-burn cultivation continued.[23]

Indeed, the capital infusion and hardware input could not work miracles overnight. It would take time for the preferential policies and massive capital and technology investment to work towards narrowing regional disparities. Yet time was not on the side of those supporting balanced regional development. The market-driven reform began in 1978 and shifted regional policies and development priorities.

Economic reform: growth and uneven development

China has always wanted to stand on an equal footing with other countries in the world, especially the powerful ones. The Communist leaders, like their former Soviet counterparts, believe that the only way to reach this goal is industrialisation.[24] Obsessed with this idea, they take to heart the economic growth rate. It is

thus not surprising that while egalitarianism is a core principle of the Marxian socialist tradition, voices are constantly raised within the Communist Party to preach the necessity of flexibility in the order of priority between equality and efficiency. The economic reform means that in the late 1970s this opinion prevailed.

During the reform, the open-door policy has enabled China to link up quickly with the forces of international capitalism. Despite the fact that its official loyalty to the Communist ideology continues, China has actively promoted marketisation.[25] Chinese leaders have laboured conceptually to justify their political deviation. They carefully crafted the phrase 'socialist market economy', implying the 'hybrid nature' as a given. This make-do recipe has so far proved effective in covering up their 'discursive incapacity' to explain the true relationship between Marxian socialism and the capitalist market, and in allowing them to focus on economic growth and modernisation.[26]

In pushing for marketisation, the mainstream rhetoric in China claims that the market economy is built on the competition of different interests. It follows that while the market may acknowledge different regions and nationalities entering the competition from different starting lines, it should not be expected to attend to the differences and bend its rules to accommodate the less qualified. In this regard, China's economic reform should be understood as being built on the recognition and acceptance of inequality and unevenness, as was encapsulated in Deng's celebrated dictum 'let some people and regions get rich first'. The official rationale for tolerating the disparity is that those who get rich first will eventually help the rest to catch up through serving as role models and providing financial assistance.[27]

In today's world, few would disagree that economic growth and balanced development, or efficiency and equality, are both desirable. Most governments, if not all, would want to see gaps between the two goals narrowed, if no extra costs are incurred. In reality, however, the two are often in conflict with one another; and governments are often forced to consider trade-offs between them.[28] The Chinese Communist leadership has been challenged with this dilemma virtually since the day it took office in 1949.

The Mao leadership accentuated balanced development and regional equality. On the advent of the reform in the late 1970s, however, this approach was officially rejected as having greatly compromised China's economic growth and the cost-effectiveness of its industrialisation effort. To bring improvement, differentiation and efficiency should not only be stressed but also encouraged.[29] With their growth-centred mentality, the Chinese leaders in the Deng era made a conscious choice to concentrate on the development of the eastern and coastal provinces and meanwhile to allow inland regions to lag in the race towards modernisation. They believed that the coastal provinces had a much better chance than other parts of the country of quickly boosting the export-oriented productivity growth and attracting, again in a speedy manner, foreign capital and technology requisite for China's economic take-off.

To facilitate the marketisation and internationalisation of the designated open cities and development zones in the eastern and seaboard provinces, the central

government put in place policies granting them various preferential tax treatments, exemptions on duties and from labour regulations, favourable terms in foreign exchange retention and larger shares of the state investment allocations.[30] To help these provinces accelerate the technological transformation of their traditional industries and develop high value-added ones, the government also artificially kept prices of raw industrial materials supplied by the central and western provinces low and thus in effect transferred income from the already resource-deficient inland producers to coastal enterprises.[31] Furthermore, the favourable investment environment, preferential treatments and high returns not only directed FDI (foreign direct investment) flows almost exclusively to eastern and seaboard regions,[32] but also lured the little capital the western provinces had eastward in pursuit of greater yields.[33] Finally, the up-to-date management know-how and training opportunities for entrepreneurship that often came with FDI further enhanced the productivity and competitiveness of the seaboard areas and redoubled the gap between them and inland China.

Deng and his colleagues reiterated time and again that the east-to-west sequential development approach was aimed at the economic growth of all the regions of China. Yet the fact that disparities were expected, even if only at the initial stage, already rendered the strategy incompatible with the perceived purpose of China's having a socialist revolution in the first place and remaining socialist in the reform. As socialism is supposed to negate capitalist profit- and growth-centred values and work towards socio-economic equality in society, the east-to-west development strategy unavoidably provoked public suspicion about its ethics and the political legitimacy of the Communist government.[34]

To justify the deliberately uneven development approach and also to assure compliance and patience on the part of the inland provinces, Deng argued that the uneven approach, or the 'ladder-step' strategy, was an expedient strategy intended for the temporarily privileged coastal region quickly to become an engine of growth and pull the rest of the country on to the path of development.[35] He promised that while the coastal regions with strong growth impetus should be encouraged to take off, polarisation would not occur because after becoming rich, they had to help less developed areas through paying more taxes and remitting more profits.[36]

This line of reasoning echoes the 'trickle down' theory. Indeed, in formulating regional development policies, Chinese central government and its think tanks spent much time researching Western economic concepts and models. Among them, they attached special attention to the 'trickle down' theory because it backed up their judgement that as a large developing country China could not but concentrate its limited resources in areas with the potential to become growth points and to create spread effects that would lead to the economic development of the whole country.[37] They were confident that foreseeable regional disparities, as suggested by the inverted U-curve hypothesis, would increase initially, but would begin to decrease once the diffuse effects kicked in.[38]

What seemed missing in this formula, however, was a check-and-balance mechanism that would ensure the development strategy could deliver. In other

words, while there were policy and structural arrangements to guarantee differential investment and opportunities in favour of the eastern and seaboard regions, there did not seem any similar means to specify how rich these regions should become before they began transferring their profits to poor provinces, how much they should donate and what penalty they would face should they fail to fulfil the obligations promised by the government on their behalf. Since the various preferential treatments granted to East China were built on decentralisation and deregulation and implied limited state intervention in this regard, market forces appeared to be expected to lead the show. The result was not impressive, however, as the gains of growth did not significantly trickle down.[39] While regional differentials did decrease in the first few years of the reform, they increased sharply from the mid 1980s. By the end of the 1990s regional development and income disparities portrayed a V-shape rather than the inverted U-curve.[40]

Developing the west: the state and the market

China's topography is high in the west and low in the east. The high elevation and rugged landscape of West China impinge upon its climate and rainfall, availability of arable land and development of transportation infrastructure.[41] The relatively poor geographical endowment partly explains why its economy has been lagging behind that of East China throughout contemporary Chinese history. The export-driven industrialisation strategy in the reform era has further disadvantaged the provinces in this region as they did not get on to the 'getting rich first' agenda. Worse still, not only did taxing, financing and pricing policies privileged their eastern neighbours, but the unequal treatment also resulted in their subsidising the already better off coastal provinces. In 1999 when the government shifted its development strategy westward, most of these hinterland provinces had little economic strength to compete in the market, domestic or international. Some of the ethnic areas in this region could not even generate half of the core revenues required to cover salaries or daily operation costs of their local governments.[42] According to UNDP's Human Development Index measurement, the bottom six provinces in China that year were all from the west with high or very high ethnic population concentration, while the top six were all in the east with very low numbers of minority members.[43]

With 80 per cent of China's ethnic minority people living in its western provinces, the increasing distinction between the 'rich' coastal areas and the 'backward' west regions has become a political issue of direct and negative bearing upon national unity. In recent years there is much discussion on ethnic awareness as a powerful emotion. Yet ethnic awareness does not exist in a vacuum, but is closely connected to economic considerations and expectations.[44] China's rapidly changing socio-economic context and the haves-and-have-nots differences make many of its ethnic communities not only worry about their survival but also feel estranged.[45] China's constitution stipulates that all ethnic groups enjoy equal socio-political-economic status and rights. Ethnic minorities cannot but interpret regional disparities as a deprivation of their lawful economic rights.[46] Modern

media technologies have made the problem even worse, as televised stories of 'successful' entrepreneurs, who drive flashy cars, live in luxurious houses, wear designer clothes and drink imported liquor, keep lifting comparison benchmarks and exacerbate the discontent in less developed regions.[47] Perceived regional inequalities may exaggerate and misrepresent the reality. Yet they feed resentment and are believed to have contributed to many social unrest incidents in ethnic border areas in the 1990s.

With regional disparities becoming a salient ethnic issue of serious negative political impact, the government had to re-evaluate its regional policy and it decided in November 1999 to shift the emphasis of economic development westward. By contrast with the east coast, efficiency does not appear a key word in the campaign to open up the west. At its heart, instead, is a grand vision of an integrated economy[48] and all ethnic minorities sharing in the economic growth and wealth created in the reform.[49]

The overall blueprint for developing the 'west' encompasses a wide range of policies covering physical infrastructure including water conservancy and transport and telecommunications, ecology and environment, commerce, investment, science and technology, and human resources.[50] Given that many local economies in the west are not too far above China's poverty line and will not be able, in a long while, to compete in the market for their growth, Open Up the West will have first to function as a policy-driven subsidy transfer mechanism.[51]

Most Chinese conflate the 'state', the 'government' and the 'centre' into one monolithic entity and take it as the unquestionable pivot.[52] They expect this 'centre' to exercise macro-economic control and guarantee a coordinated development of the entire economy.[53] While people in rich places may or may not credit the government for their affluence, those in poverty-stricken areas would for certain address their disappointment, frustrations and grievances to the government and expect the latter to get them out of the plight. The government, meanwhile, is indeed the only entity that has the obligation, the incentive and the authority to mobilise social resources to bridge regional gaps. As poor regions are often less developed because of inadequate internal investment in infrastructure, human capital and public services, no other institution except the central government and perhaps charity organisations are likely to seek external resources for them. Being the only official national redistribution agent, the government also has the ability to influence inter-regional flows of economic and social resources with fiscal transfers and policy loans.[54]

As is indicated by the experience of the coastal regions, the engine of growth for West China, especially ethnic minority areas, is acceleration of capital investment. Since many ethnic prefectures in this region are dependent on the central government even for their core budgetary expenditures, they have little self-accumulation ability that the central government can count on for the development scheme. To turn the vision of Open Up the West into reality, the government has to aggregate and channel external resources to this region. Yet its capability in this regard seems to fall short of its commitment. While still controlling the country in a highly unified and centralised way, the economic power of the

Communist Party and its state apparatus has become much more dispersed in recent years than it was in the Mao era.[55]

In other words, the fiscal decentralisation unleashed for ideological reasons and the demands of the market have significantly eroded the government's extractive capability to generate revenues and mobilise resources.[56] Decades of preferential policies to eastern development zones and hi-tech industrial parks have further reduced the government's fiscal incomes. Believing that they are the 'backbone' of the national economy, many in the eastern provinces in general reject the practice of fiscal transfers to low-growth regions because they view it as trying to sustain inefficient economic activities and therefore irrational.[57] As for fiscal contributions from the non-state sector, while decentralisation has stimulated its growth, structural shortfalls in the taxation system and cultural habits have encouraged many enterprises in the sector to evade paying their fair shares to the centre's tax revenues.[58] As a consequence of all these factors, the proportion of central financial revenues in Gross National Product (GNP) has shrunk so rapidly that some World Bank officials are astonished by the fact that '[t]here is probably no more dissipated state revenue and expenditure system anywhere else in the world than in China'.[59]

Whether the dissipation of economic decision-making powers is partly to blame for the widening regional disparities in the first place, as some in China argue, it is more and more regarded as a potent institutional barrier to their improvement.[60] The lack of transparency surrounding the provision of central funds for the Open Up the West programme is interpreted by some as a tactic of the government to not only avoid stirring up too many expectations, but also disguise the shortage of resources.[61] Intended to enlarge the pool of funds from supplementary sources, the government has again put in place preferential policies. It hopes that its seed capital will attract provincial government investment from the east as well as domestic corporate and foreign direct investment. Yet, as may be imagined, these investments are purely market driven. Not only their reliability is questionable, but they also often come with high economic and social costs.

Take foreign direct investments for example. In general, it flows to either places where there are already mature markets for the products the FDI intends to produce, or areas where conditions exist for producing commodities of high market demand cost-effectively.[62] Most FDI in China has so far been export-motivated. Easier access to sea transportation is thus a top concern in the FDI location selection. The geographical isolation and poorly developed infrastructure of western China suggest high transportation costs, and that has greatly dampened the attractiveness of its lower labour cost.[63] In 1999, for example, foreign direct investment to western China amounted to only 3 per cent of the country's total. The inflow has not since picked up momentum either.[64]

Provincial government and corporate investments prove equally self-serving and profit-driven. The public rhetoric may continue to commend regional economic cooperation. The days of aid given gratis are, however, long gone. When making decisions on investing in their less developed western neighbours, officials and entrepreneurs in the rich east think about market returns, rather than

worry about how well development may progress in the poor regions. Similarly, in responding to the call for more balanced regional development, many are only interested in winning tenders for lucrative projects planned for opening up the west. Others, when purchasing raw materials for production, think only about profit margins and would not hesitate to import them from overseas if that proves cheaper than ordering them from the western provinces, even though those provinces desperately need the business to help transform their natural resource endowment into economic strength.[65]

Worse still, the getting-rich-first-and-fast mentality has pushed some corporations from the east even to engage in commercial practices that directly hurt local communities and undermine the development programme. For example, some, under the pretence of technology transfer, have moved high polluting or high energy-consuming production lines or enterprises to western regions and thus put pressure on the already fragile environment and further strained economies of West China. Others do not hesitate to exaggerate the remaining value of their obsolete equipment and overcharge western provinces that have decided on second-hand shopping because of financial constraints.[66]

Profit-motivated business activities as such have stirred up in local ethnic communities much suspicion and sometimes even resentment of the programme to develop the west and against the Han in general. Some believe that investors from the east will be the major beneficiaries of the campaign, who will take advantage of tax breaks offered by local governments and return home with most of their profits.[67] Others even argue that the campaign will protract regional inequality and label it a project of 'western exploitation, eastern development', highlighting that the resource-based programme will eventually benefit eastern consumers more than western suppliers.[68]

At a more personal level, many ethnic groups feel that although developers from the east have created business and job opportunities, they have not put forth a sincere or serious effort to transfer technological and management know-how. As a result locals are stuck in lower paid, tertiary sector jobs providing services to Han business people.[69] Others believe that while ethnic 'villages', 'theme parks', sightseeing spots, have yielded impressive income streams, the commercialisation of ethnic cultures has benefited international, Han Chinese and minority elites tourism agents and operators much more than locals. The latter are often relegated to preparing food and cleaning rooms for tourists.[70] More radical and emotionally charged voices even argue that developers and other economic migrants have come to take over their home and resources.[71]

Arising from the campaign to Open Up the West, such ethnic tensions and concerns do not necessarily imply that development of China's lagging hinterland should be stopped or avoided. They have simply unfolded the daunting challenge facing the policy makers and designers of the campaign in trying to reactivate the rather handicapped 'visible hand' to direct resource flows to the socially productive end of balanced economic development. Central to the challenge is for the make-do formula of 'socialism plus the for-profit market' to be substantiated with strategies to generate win–win results of both efficiency/growth and equality. The

aforementioned local resentments have also accentuated the necessity for empowering economically backward communities, especially ethnic minorities, to manage the development campaign in their own regions and bring about economic and social improvement in their own lives.[72]

Sustaining growth: human capital and education

With the Open Up the West programme pressing forward, many in China have begun to question the initial assumption that massive capital investment in infrastructure and natural resource development will suffice to boost economic growth in western regions and integrate them into China's growing economy. One problem with the assumption is that China's WTO entry is likely to result in the west losing its competitiveness in prices of its raw materials and agricultural produce.[73] Another concern is that the resource-centred approach will encourage excessive extraction and worsen the already appalling situation of local environment and ecological systems in many areas.

At a deeper level, however, is the belief that the Open Up the West programme should strive at building a knowledge-based economy in West China, rather than repeating what coastal areas did at the beginning of the reform. Those who hold this opinion think that, like the world economy, China's economy has also entered the phase in which knowledge and technology are more crucial than other economic resources in the creation of wealth. To integrate the west into China's growing economy thus means to integrate it into a knowledge-based economy. This new focus, with its emphasis on the availability and development of human capital, is believed to provide a better chance of sustaining productivity and growth in West China and of enabling local ethnic communities to gradually take control of their own economic growth.

The development of a knowledge-based economy requires an educated and skilled labour force. Yet having been disadvantaged in the reform, West China is deficient in resources of literally every category, including qualified human capital. Statistical data show that western regions have a pitifully small pool of R&D researchers and other types of professional, representing 4 per cent of the national total in comparison with 75 per cent in East and coastal China.[74] Those who push for a knowledge-based economy in the west are, however, not too discouraged as they maintain that such an economy values 'learning' as an important component. Citing empirical studies showing that an increase of the average national education level by one year will yield a minimum 3 per cent increase of GDP,[75] they are confident that the welfare returns of input in education and skills training will be significant and probably immediately effective.[76] The reality in West China is, however, that in many places, particularly ethnic minority areas, there are not sufficient resources even to provide basic education, let alone the kind of training that will have this kind of impact on economic performance.

The quality of education in most parts of West China has long been widely recognised to have lagged behind the rest of the country.[77] At the end of the twentieth century, when the development campaign began, 39.5 per cent of the

labour force in this region was illiterate or semi-illiterate, 11 per cent higher than that of the east. The average years of schooling were similar to the east's 1980s figures. Per 10,000 labour force, only 92 had tertiary education. This number is one-tenth of that of East China.[78] One explanation for these wide gaps is that West China hosts 80 per cent of China's ethnic minority population, whose access to mainstream education and hence education level is much lower than the national average. In Tibet, for example, the illiteracy and semi-illiteracy rate is 50 per cent, and remote areas have universalised only three-year compulsory education.[79] Poverty and geographic differentiations are two major factors underlying these observed educational disparities by ethnicity.[80] To a great extent, the market-driven reforms and the uneven development programme have significantly aggravated the problem.

In China, as everywhere else, the state is responsible for providing basic education to its populace. Yet while it is rapidly becoming an economic power in the world, China's educational expenditures in relation to its Gross National Product have been for many years below any of the world's regional averages.[81] The financial decentralisation discussed earlier has further eroded the central government's capability to provide sufficient resources for even the most basic education. Between the mid 1980s and early 1990s, for example, the central government completely let go its responsibility for funding the primary and junior secondary education and made the lowest administrative levels, that is, counties, townships and villages, resource public schools in their jurisdictions.[82] This change put an enormous pressure on poor regions in the west, 'tightened the link between school resources and local economic conditions', and widened regional disparities in access to education.[83] Areas with fewer resources to finance education were found shifting the costs to equally poor parents by charging fees. This, as may be expected, led to a drop of the average enrolment rate in ethnic regions by 11 per cent during those years.[84] Regional disparities in access to primary and secondary education also translated into disparities in opportunities to attain the higher educational credentials valued in China's emerging market economy for individuals' socio-economic upward mobility and the development of the regions they reside in.[85] To increase the access of ethnic minorities to higher learning and vocational training, the government has put in force affirmative action policies and programmes, including lowering admission thresholds for them. Yet students of ethnic minority background still have to meet some minimum criteria, one of which is a solid basic education.

Another challenge facing West China in building a knowledge-based economy, or any meaningful economy, is the outflow of skilled labour. It is no secret that rapid economic change stimulates migration. It is also commonly known that '[w]hile capital moves out of core regions for higher marginal returns on investment, labour moves from low productivity areas to areas of higher wages'.[86] In China, the migration floodgate was completely opened only in the early 1990s when the household system was relaxed, the rationing system of food distribution removed, medical insurance, retirement funds and other fringe benefits arranged by commercial underwriters, and commercial housing appeared. Brain drain has

since quickly become a serious problem, impeding the economic growth of many areas in West China. Inner Mongolia, for example, has lost 16,000 leading R&D researchers, the majority of whom are under 40. In 1999, a research institute in the iron and steel sector received 53 resignations within a year, all of whom migrated to East China.[87] Meanwhile, only a small percentage of university graduates from ethnic minority areas have returned to their hometowns. In 2002, for example, less than 3 per cent of those graduated from the Central Nationality University went back to West China even though 80 per cent of the cohort came from ethnic minority areas of the region.[88] To slow down the outflow and to attract personnel in science and technology fields from the east, the central and local governments have developed preferential policies to reward those who come and stay. Yet the brain-drain trend continues. Worse still, even skilled blue collar workers are now looking for more lucrative employment elsewhere in China. A popular saying describes the situation: not only 'peacocks', but also 'sparrows' fly eastward.

Today, human capital is a key motive power behind any type of economic growth. This is especially the case for latecomers in development, for whom 'catching up' involves leaping over intermediate stages of the industrialisation process. Therefore, the larger their human capital and the higher its quality, the greater is the likelihood of a high per capita productivity and output. The worth of human capital also has a direct bearing on the cost-effectiveness of the operation of the available physical capital and its regeneration.

Since the advent of the Open Up the West campaign, the average annual GDP growth rate of ethnic-populated areas in West China has notably increased to more than 9 per cent, slightly higher than the national mean.[89] Yet at this speed, according to many Chinese statistical calculations, it is still likely to take West China 30 to 40 years to come up to par with their economically successful eastern neighbours.[90] To step up the pace in a sustainable manner requires an educated and flexible workforce that is able to adapt to the rapid changes of a knowledge-based economy and to create and exploit new processes of production.

The market economy has undoubtedly compromised the ability of the Chinese government to direct human resource flows. It remains, however, a central figure in strengthening China's basic education. It is liable for sustaining an effective public education establishment, encompassing pre-school, primary, secondary, tertiary and vocational learning, to support and enhance the development of China's human capital. Required by its ideological commitment, it is also accountable for seeing to a fair distribution of education and access through enforcing policies that accord the highest priorities to geographic spaces trapped in or condemned to chronic socio-economic deprivation because of poor physical endowment or public policy arrangement. The financing of these obligations will, again, be a test of the government's own commitment and capability as market forces, emphasising efficiency, profits and fee-charging, have demonstrated little motivation to help with the supply of quality universal basic education to ethnic minority areas in West China.

Engaging with the market: opportunities and challenges

In many ways, the clamour about opening up the west resembles a vigorous marketing campaign for China's inland provinces.[91] Thanks to the publicity drive and large-scale investment in the transportation infrastructure in western regions, the market has, indeed, quickly reached these formerly remote areas, increasing local ethnic communities' exposure to the outside world, their interactions with fellow Chinese from other regions and their awareness of commerce. Although they did not initiate their contacts with the market, they are by no means passive recipients, when it begins to affect their lives.[92] Successful entrepreneurs have emerged as new economic elites in many ethnic communities. Grasping opportunities brought by the market, they have not only built wealth, but also introduced concepts such as profits, competition, innovation, market behaviour and entrepreneurship into their traditional cultures. Their successful adaptation to the market is, furthermore, a self-reflective process in which individual entrepreneurs and their communities have developed a sense of confidence in their roles and positions in the economy and their improved bargaining power in society. With their new economic-based self-consciousness, successful entrepreneurs together with their trade or other civil-society associations have begun to function as bridges between ethnic traditions and modernity, and add new markers to the identity of their respective communities.[93]

Successful ethnic businesses in China's major cities have begun even to influence the Han public opinion about their cultures and concerns. Often-cited examples include restaurants run by Uyghurs in Beijing. Frequented by 'foreign embassy officials, foreign ministry workers, university students, scholars and journalists', who can exert influence on public opinion, many of these restaurants have provided Uyghur owners, staff and their acquaintances with informal but effective forums for speaking up on Uyghurs' perceptions of tensions between ethnic communities and the Han back in their hometown, Xinjiang.[94] Other restaurants have extended their services beyond selling food and turned their business premises into alternative museums of ethnic cultures and history and amateur theatres for authentic singing and dancing performances.[95] Exercising their conscious agency, that is, capability and power to act, which has been activated by the market, successful ethnic entrepreneurs are thus engaged in 'the construction and representation of the public identity of China's different ethnic groups', which do not necessarily conform to official representations.[96]

The market and urban areas have also provided ethnic entrepreneurs with more opportunities to interact and communicate with their Han counterparts. The fact that the majority of the latter are similarly self-employed and have to rely on their own efforts to subsist has helped ethnic entrepreneurs understand that irrespective of economic inequality, real and perceived, many Han business people are little better off than themselves. They have also discerned that Han entrepreneurs share their social and cultural values and do not base their business decisions merely on economic rationality. Instead, they attend to communal obligations and resent making profits without thinking of the community they live in, be it a

village or a clan. Ethnic entrepreneurs are thus ready to develop personal friendships or business relationships with their Han peers.[97] At the institutional level, however, economic segregation is still manifest in the sense that entrepreneur associations and other professional networks are often organised along ethnic lines. The state has been promoting ethnically mixed trade organisations. Yet entrepreneurs themselves believe that the ethnic phenomenon in that regard is the corollary of different cultures, divergent interests, distinct approaches to solving problems and disparate employer–employee relations and expectations.[98]

Different or segregated as they may be, ethnic communities and entrepreneurs are faced with the same kind of challenge as their Han counterparts, posed by the market values and profit considerations that are increasingly enshrined in China. Among the most testing are remaining competitive and continuously finding new resources to sustain their economic growth. Many have turned to their cultural uniqueness as a handy and renewable resource designated by and subject to the laws of supply and demand.[99] While Western scholars forever voice concerns over the impact of modernity on ethnic cultures, both the Han and ethnic minorities in China appear less critical of modernisation. In fact, a number of empirical studies have shown that the developmentalist perspective of encouraging ethnic people to commercialise their cultural uniqueness and improve their productivity and profiting capabilities for better welfare dominates the thinking of both ethnic officials and communities they represent. Indeed, making money and doing it fast has become the common concern across ethnic boundaries.[100]

This in part reflects China's quickly changing and often confusing social context, in which the state becomes ever less prominent, and individuals are more and more on their own in finding sources and ways for their livelihood.[101] It also comes from a widespread perception that globalisation highlights the market value of cultural uniqueness as a viable gold mine that poor regions may tap for development.[102] Being culturally rich, regions in West China should therefore try to link economic growth to establishing cultural enterprise sectors and marketing ethnic brand names.[103] The strong interest among ethnic communities in turning their cultures into cash crops is also a market response to the growing popularity among the Han of ethnic arts, products, food, performances and spiritual practices.[104]

Indeed, Han Chinese have a pervasive fascination with ethnic minority cultures. Their stereotyped perceptions portray ethnic peoples as being simple, innocent, happy, colourful, exotic, sexy and primitive.[105] Excessive materialism, commercialisation and urban development since the market reform have only intensified the yearning among the Han for spiritual purity. Ethnic minority areas in West China have thus become places where they can at least temporarily escape from material civilisation and be close to nature and humanism. The prevalent aspiration to become rich fast, the anxiety over job security and inadequate social safety nets and the sense of instability and unpredictability amid rapid socio-economic changes have also driven many Han to seek supernatural guidance and blessings. Not necessarily practising polytheism or appreciating the esoteric teachings of any specific religion, they tend to offer incense at every Buddhist temple, perform kowtow at

every Taoist shrine and cross themselves at every church that they pass.[106] Ethnic religions and folk spiritual practices have thus gradually taken on a general appeal to the Han Chinese, with Tibet as the symbol and place of ultimate spirituality.[107] The enormous demand among the Han for alternative cultural products and spiritual values, accompanied with a strong consumption power, is regarded by both designers of the Open Up the West campaign and local ethnic communities as an indication that the commercialisation of cultural assets has a good potential for becoming a viable growth pole that is easy to access, does not require much start-up capital and may deliver quickly.

In developing cultural products, there is always the challenge of balancing cultural and market values, and individual and collective interests. The temptation of market returns is, however, often too big for individuals to worry about the long-term impacts of their choices on their communities and cultures. Ethnic entrepreneurs, for example, often candidly express their frustrations over the dilemma between concerns over profit margins and societal expectations of their fulfilling communal obligations. Many decide to focus on the former and rationalise their choices by arguing that taking care of their communal members with jobs and material gifts is likely to slow down economic development and perpetuate the backwardness of their communities.[108] Others, to compete for customers, are often found pointing fingers at each other for not being 'authentic'. Still others would modify the proceedings of traditional ritual ceremonies to cut costs and take businesses away from others by offering lower charges.[109] To increase profits, others would cater to tourists' expectations and exaggerate the exoticness of certain aspects of their cultures in distasteful ways. Most ethnic communities find nothing wrong with having a traditional festival several times a day all year round to entertain tour groups. They would even extend or shorten ritual activities of a festival to accommodate tour groups' itineraries.[110] To create new products, others would cross-breed their traditional arts, handicrafts, celebration activities with profitable ones from other ethnic groups or cultures.[111] Still others have torn down their own heritage buildings, not yet known to tourism developers, and constructed on the spot replicas of better known architectures from other ethnic tourism attractions.[112] The commercialisation of ethnic minority culture as such emphasises presentation more than the cultures themselves. An obvious danger in this market behaviour is that while many ethnic communities have become better off through promoting and popularising their cultural commodities, the essence of their cultures is quietly disappearing.[113]

Conclusion

Civil disputes are common in any society. Yet if those involved are from different ethnic backgrounds, civil disputes may easily develop into ethnic conflicts. Similarly, uneven economic growth may happen in any country. Yet in China disparities fall along the fault lines between Han-concentrated east and ethnic minorities-populated west. An otherwise methodological problem relating to choices of development models becomes a serious ethnic issue bearing directly

and negatively on social stability and national integration. At the root of the issue is the trade-off between growth and distribution. There perhaps does not exist an optimal point, as most trade-offs in this regard would involve subjective judgements informed by political beliefs, policy agendas and socio-cultural values. That the 'invisible hand' may magically bring harmony between economic development and social concerns proves only an illusion. When left alone, market forces have not decreased growth disparities between East and West China. Nor have they balanced the socio-economic-cultural impacts of economic development on China's ethnic communities. To sustain adequate growth and at the same time maintain a relatively equal distribution of economic wealth, public goods and social services, the state will need to intervene or negotiate with the market. The state government, of course, has to be willing and able to do so in the first place. In narrowing the development and income gaps between coastal and hinterland China, the government's determination will not only be boosted by its socialist commitment, but also energised and nourished by pressures from self-conscious ethnic minority communities.

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10 Public policies and ethnic relations in Sri Lanka

S.T. Hettige

Introduction

Ethnic relations in a country, whether conflictual or harmonious, cannot be explained in terms of a single theory, derived either from a particular school of thought or from a single social or human science discipline. For ethnic relations in a given setting are likely to be influenced by a range of factors to varying degrees. In other words, it may not be reasonable either to unduly privilege a particular factor or to rule out the possible influence of a particular circumstance. This does not, however, mean that valid theoretical propositions cannot be derived from systematic empirical investigations. On the other hand, a particular theoretical proposition derived from an analysis of a limited body of empirical data is likely to offer a partial explanation as it leaves out other types of data. In other words, it is necessary to be mindful of the fact that a fuller understanding of the nature of ethnic relations in a particular country necessitates a wide-ranging analysis based on empirical data drawn from diverse sources. Unfortunately, most studies conducted by social scientists do not necessarily conform to such a mode of analysis. The analysis embodied in the present chapter is no exception in the above regard.

Many social science analyses of ethnic conflicts have highlighted 'grievances' that ethnic groups have towards each other or vis-à-vis the state. It is often assumed that grievances of one kind or another fuelled ethnic conflicts. These may range from discriminatory state policies to religious persecution. With the establishment of the modern state, the nature of state policies became a contentious issue as various groups of citizens began to agitate for state policies or actions that would safeguard their interests or at least not undermine them. On the other hand, not all social groups are able to elevate themselves to a position that allows them to be involved in state-centred competition and negotiation. The groups that are excluded from the competition may agitate against exclusion, at times making way for violent anti-state movements.

While it is true that competition among ethnic groups often takes place at the state level, competition and conflict may also take place at local level. Such local level conflicts may or may not be influenced by state-level processes. On the other hand, localised conflicts may spread to other areas, at times leading to widespread violence.

The formation of groups and communities with a sense of collective identity is an integral aspect of modern state formation. Many groups and communities predate the formation of the state, but they usually become self-conscious and organised in the process of their being incorporated within the state structure.[1] Once incorporated within the structure, ethnic and other groups may even acquire new features such as formal organisations, political parties, community leadership, new cultural symbols and so on. These novel features in turn reinforce collective identity and ethnic consciousness, thereby making even imagined communities appear to be real.

Ethnic communities in modern states are not to their self-conscious members and leaders just imagined communities. The communities are usually internally differentiated, both structurally and culturally, yet they are often treated as homogenous entities. Intermittent conflicts often help mobilise diverse segments of a community for a common objective. When the members of a community rally round a set of common interests and act together to safeguard such interests, other communities are also persuaded to act in the same manner, setting in motion a process of continuing conflict. When different ethnic groups act simultaneously to further their interests, they are already in competition with each other. For all of them, the state is the most important mediator between conflicting or competing interests. The state is expected to stand above individual ethnic groups. Yet what has often happened is that the state becomes closely intertwined with a dominant ethnic group or any other groups, and is no longer perceived by the other groups as a neutral mediator but as the protector of the interests of a dominant ethnic group.[2]

The evolution of the post-colonial Sri Lankan state by and large conforms to the general pattern outlined above. The British colonial administration that lasted for nearly one and a half centuries prior to the country's independence in 1948 facilitated the emergence of a native colonial elite drawn from different ethnic and regional divisions of the population. In spite of their diverse origins, the members of this elite shared certain attributes such as western education and privileged social class background. Initially they were enlisted to occupy important positions in the state bureaucracy. When the British colony gradually moved toward 'representative' government, members of the colonial elite were accommodated in the legislative arm of the colonial state. 'Representation' was initially based on broad ethnic and regional divisions. This practice no doubt gave legitimacy to pre-existing and new identities as ordinary people tended to by and large follow officially sanctioned demarcations. On the other hand, broad divisions by no means corresponded to various divisions that existed in society based on such diverse factors as caste, occupation, ethnic origin, religion and language. Nevertheless, officially sanctioned divisions became reinforced through political practice and administrative action. By the time of political independence, Sri Lanka's political map was already shaped by certain broad divisions. These divisions were to be further reinforced by post-colonial political practice with far-reaching implications.

Post-colonial politics and the role of the state

Sri Lanka emerged from colonialism as a state characterised by deep divisions. The growing leftist movement had given expression to social class divisions, based on the distributions of landed property and various social privileges. The newly introduced democratic system of government allowed politicians of various ideological and other persuasions to mobilise newly enfranchised masses around economic and social issues, thereby giving overt expression to latent socio-cultural divisions in society. Consequently, religion, caste, class, ethnicity, language and so on became important factors influencing the electoral process.[3] This is perhaps understandable given the fact that, though the country's social structures had undergone considerable change during the colonial period, the emergent socio-economic conditions were hardly conducive to the growth of modern citizenship as it occurred in the developed industrial countries. There was hardly any urban industrialisation leading to the rise of a large urban industrial working class. Most people continued to live in the countryside engaged in subsistence agriculture and other primary production activities. Traditional village communities, in spite of significant changes during the colonial period, continued to be characterised by caste divisions, ritual practices, inequities based on traditional service and property relations and so on. The highly commercialised plantation sector which was the mainstay of the colonial economy was dependent on poverty-stricken indentured labour that continued to reproduce itself under sub-human conditions.

When modern democratic institutions were introduced along with political independence, they were bound to be influenced by the conditions outlined above. For instance, some of the political parties became too closely identified with certain ethnic groups. Many popularly elected legislators, deviating from their legitimate functions, became patrons to their voter-clients, offering personalised favours to the latter in return for political loyalty; a practice that has continued to this day.

Many of the political developments that followed independence prevented the emergence of a rational democratic polity. Neither the state nor the citizenship appeared to transcend deep divisions in society. The post-colonial state in fact failed to formulate policies that had a wider appeal, cutting across socio-cultural divisions such as those based on ethnicity.

Post-colonial Sri Lankan state as a development state

Sri Lanka at the time of independence was essentially an under-developed country beset with myriad socio-economic problems. Yet, being exposed to modern ideas of progress, development and prosperity, the country's population, in particular the middle classes, had very high life aspirations. The country had to achieve a higher level of economic development to satisfy those aspirations.

On the other hand, ordinary people were not ready to wait till the country was developed to have access to basic goods and services such as clean water, education, healthcare and transport. Popularly elected governments were compelled to respond to such popular demands. Allocation of scarce resources to

provide such basic services to a rapidly expanding population hampered productive investments, leading to a slowing down of the rate of economic growth. A low rate of economic growth in turn produced such negative outcomes as poverty, unemployment and shortage of goods and services. Initial improvements in the living conditions due to public investments in health education and rural infrastructure resulted in population growth that easily outstripped the rate of economic expansion, leading to a proliferation of socio-economic problems.

What is presented in a nutshell above is the pattern of development in the country from the time of independence till the mid 1970s. Given the widely popular ideas about development prevalent at the time of independence, in particular those advocated by an increasingly influential leftist movement in the country, the state was expected to take the lead in the development process, relegating the private sector to a secondary position. This is exactly what happened in Sri Lanka, particularly from the mid 1950s. State-led development, due to various circumstances,[4] did not generate economic growth at a rate commensurate with the increasing demand for employment, income and basic services. Agitated social groups began to exert pressure on the state to have their grievances redressed. Political parties and their leaders had to respond to such pressure. Since it was impossible to satisfy the grievances of all groups, some of them were bound to be left out. The latter were naturally the least influential in political terms. Even if the above process of inclusion and exclusion were guided by state policy, such a policy would not be perceived by everybody as just and fair. Those who were excluded would naturally treat the policy as unjust, unfair and discriminatory.

It is against the above background that the nexus between state policy and ethnic relations in post-colonial Sri Lanka should be discussed. The remaining pages of the present chapter are devoted to such a discussion, paying attention to certain policy areas that have been highly significant in the context of ethnic relations in Sri Lanka. These include policies on land, education, employment, the medium of school instruction, official language, religion and higher education.

State policy and ethnic relations

The nexus between state policy and ethnic relations is complex. Certain state policies are perceived as discriminatory towards some groups. Other policies, implemented over a period of time, shape ethnic relations due to the changes they produce in important spheres such as socialisation, identity formation, residential patterns and social relationships. This will become clear when we discuss specific policy areas. The sequence in which the policy issues are discussed in this chapter has no particular significance, as they are not organised in any priority order or in chronological terms.

Land, resettlement and ethnic relations

As is well known, the land question figures prominently in many ethnic conflicts around the world. The issue has many dimensions. It also goes back to the

colonial period. The British colony of Ceylon was primarily a plantation economy producing a few plantation crops for export. The plantations were established in what was popularly known as the Wet Zone in the south-western region of the country. This is the area with ample rainfall and the country's population at the time was mostly concentrated here. The Dry Zone areas in the north-central and south-eastern regions, where the medieval kingdoms flourished under artificial irrigation based on an extensive network of reservoirs and canals, had already become largely depopulated[5] by the time the western colonisers arrived in the island in the early sixteenth century, firstly the Portuguese, followed by the Dutch and the British in later centuries. Both the Portuguese and the Dutch rulers were keen to exploit primary produce in the country but did not invest in large-scale commercial farming or industry. The British, who subjugated the entire island in 1815 developed relatively long-term interests in politico-economic terms.[6] The establishment of large plantations was the cornerstone of British colonial economic policy. British land, tax and labour policies were fashioned in such a way as to facilitate the development of plantations. The acquisition of large tracts of land for plantation crops such as tea had an adverse impact on a growing rural population dependent on subsistence agriculture. Growing landlessness among them resulted in land fragmentation leading to conditions of agricultural involution and shared poverty. Some of the landless peasants began to migrate to other areas looking for agricultural land or other sources of subsistence.

Increasing landlessness in the Wet Zone areas was identified as a major social problem towards the end of the British rule. Authorities were aware of the deteriorating conditions in the densely populated villages. Alienation of state land to landless villagers was increasingly viewed as a desirable solution. Enactment of the Land Development Ordinance and the establishment of a Land Commission in the mid 1930s were two significant measures taken to facilitate the above process. Rehabilitation of dilapidated irrigation works in the Dry Zone was also considered as a desirable way to resettle landless peasants.[7] Several resettlement projects in the north-central Dry Zone were initiated even before independence in keeping with the above objective. The problem of landlessness became worse after independence as population grew more rapidly after 1946, when a rapid decline in the mortality rate was coupled with an increasing birth rate. Inadequate increase in non-agricultural employment in the next few decades compelled more and more people to rely on agricultural income for which the land was naturally the most critical factor.

Meanwhile, post-independence governments continued to rely on agricultural development as a strategy to address issues of food security, poverty, unemployment and underemployment. Much of the public investment was devoted to irrigation and resettlement of peasants. Some of the settlement projects were established in the eastern province of the country where Tamils and Muslims constituted the majority of the population. Since most of the settlers came from densely populated southern and central provinces and were mostly Sinhalese by ethnicity, the establishment of agricultural settlements was perceived as colonisation of traditional Tamil areas by the Sinhalese under state patronage. The fact

that agriculture was the mainstay of the economy in the north and east was also a critical factor. This has continued to be a contentious issue affecting ethnic relations ever since. When the ethnic conflict became more violent after 1983, eviction and displacement of villagers in the affected areas also became a frequent occurrence. Many families, belonging to every ethnic community, continue to live in refugee camps, being evicted from their permanent settlements.

The issue of land is also connected with the notion of traditional homeland. The latter is often an integral aspect of ethnic conflicts. The concept of a homeland is intertwined with human security. When ethnic conflicts threaten the lives of certain groups, the latter naturally look for a place where they can have a sense of security. Intermittent ethnic violence in post-independence Sri Lanka instilled a sense of insecurity in the minds of Tamils. This has no doubt reinforced the desire to secure a homeland where they feel secure.

Public sector employment

As mentioned earlier, the British administration created a native, colonial elite that provided a link between the colonial administration and the native population. The members of this native elite occupied important positions in state institutions. Access to such employment depended on an English education. Given the dual system of education that the British fostered during their rule,[8] only the well-to-do parents could give their children an English education in fee-levying urban schools. The only other schools that imparted instruction in English were the ones established and run by Christian missions. The latter were mostly located in a few coastal areas. Overall, rural peasant families did not have access to English-medium schools: children from these families received an elementary education in their native language and could hardly secure prestigious white collar positions in the state sector. On the other hand, having been influenced by secular egalitarian ideologies emanating from the West, the lower classes also tended to aspire to upward social mobility. This was particularly so in the agricultural villages where traditional production and service relations did not leave much space for the vast majority of landless tenants and near-landless peasants to improve their socio-economic status. The traditional institutions of caste imposed additional handicaps on lower caste groups.

White collar employment in the state sector, hitherto confined to the English-educated upper classes, appeared to be an ideal avenue for social mobility for upwardly mobile youth from lower class social backgrounds. When radical educational reforms were introduced in the early 1940s to enable underprivileged youth to acquire educational qualifications, the demand to remove the language barrier that hitherto restricted opportunities emerged as a critical political issue. Within a few years following political independence, there was a demand to dislodge English from the position of being the official language. However, given the fact that there were two major native languages in the country, the critical question was whether to replace English with the language of the majority community, namely Sinhala, or to introduce two national languages including the

language of the minorities, namely Tamil. When the parliament had to pass legislation to change the official language, the Sinhala nationalist forces prevailed upon the political leadership at the time and ensured that English was replaced by Sinhalese as the official language. This, of course was not to the satisfaction of the leaders of the Tamil minority who campaigned for a two-language policy.

Political campaigns around the official language issue had a significant impact on ethnic relations in the country. In fact, they also resulted in ethnic violence though the scale of violence was not very significant in comparison to more recent riots. On the other hand, such incidents no doubt contributed to a hardening of attitudes across the ethnic divide. The immediate and long-term impact of the policy is even more significant. For instance, those who could not readily adjust to the new policy environment began to leave the country. These were English-educated Tamils and Eurasians who were not fluent in the Sinhalese language.

Subsequent legislation passed in 1958 sanctioned the use of Tamil for official purposes in predominantly Tamil areas, namely the north and east. Yet, competency in the Sinhalese language was a pre-requisite for public sector employment in the rest of the country. Those who attended Tamil-medium schools in the north and east usually were not fluent in Sinhala and therefore could not secure public sector employment outside the north and east. This situation contributed to spatial segregation along ethno-linguistic lines and hampered mobility and social interaction across ethnic boundaries. Needless to say this would have been highly conducive to the formation of parochial identities and ethnocentric attitudes among ethnic groups. When educated youth could not find employment, for whatever reason, they would have generally attributed it to discrimination or lack of equality of opportunity.

Education policies and their implications

As mentioned before, the general education policy during the British colonial rule supported a dual system of education. Under this system, the vast majority of underprivileged children had access to basic education in their own native language. This dual system was abolished after independence but was replaced by another duality. Now, the duality was not English vs vernacular. It was Sinhala vs Tamil. In other words, children could now learn in their own native language, be it Sinhala or Tamil. As mentioned earlier, this system resulted in the segregation of school children along ethno-linguistic lines. This situation had two very significant implications. First, segregated schooling continued to influence the processes of socialisation, identity formation and the development of prejudicial attitudes and perceptions regarding the other communities. Second, ethno-linguistic segregation of school children over an extended period of time facilitated the spread of monolingualism among children and youth. Monolingualism, in turn, hampered spatial mobility and restricted employment opportunities.

What is significant is that it was the underprivileged youth who usually found themselves in the above situation. Affluent or privileged parents could provide their children with opportunities to learn international languages such as English.

They could even send their children abroad for higher education. Being bilingual, these youth could easily find employment in the private sector or in international agencies.

Under-privileged monolingual youth could see the connection between state policy and their predicament. Deprived Tamil-speaking youth would perceive the policy environment as unfavourable to them as they could not have access to many opportunities outside their own areas. They could perceive the situation to be advantageous to equally monoligual Sinhalese youth as the latter could find employment in many parts of the country.

Widespread monolingualism produced by Swabasha education ensured ethno-linguistic segregation in higher education institutions as well. The establishment of regional universities in the provinces allowed students to follow courses in their own language. For instance, universities in the northern and eastern provinces enabled students to learn in the Tamil medium. Similarly in many of the universities in the other provinces, the medium of instruction is Sinhala and it is mostly students competent in that language who are enrolled there.

University graduates are usually youth with high occupational and social aspirations. When they do not have access to employment opportunities in all parts of the country due to the language barrier, they naturally feel restricted in terms of social and spatial mobility. Such feelings and experiences no doubt have a significant impact on inter-community relations. In this regard, their perceptions of the role of the state are highly significant. Those Tamil youth, for example, who were confined to the north and east, became increasingly alienated from the Sri Lankan state.

The formation of the post-colonial state

The issue of the official language strained ethnic relations in the country in the immediate aftermath of political independence. Several other aspects of the state also became contentious issues. These included the highly centralised nature of the Sri Lankan state, the nexus between state and religion, and the dominant position of the majority ethnic community. The centralised parliamentary system of government allowed the majority community to take the upper hand in decision making, often detrimental to minority interests. The nationalist groups associated with the majority community could influence the decision-making process. Hence the demand of the Tamil minority, largely concentrated in the north and east, to have a federal system of government that devolves extensive powers to their regions. The Tamil minority, which is predominantly Hindu, has not been pleased with the considerable influence that the Buddhist clergy has had on the successive post-independence governments.

The above issues have figured prominently in the country's political discourse. Increasingly ethno-lingusitically segregated minority groups have been concerned about this situation and perceived state policies in the areas already discussed as products of the above state structure. Marginalised minority youth constituencies, widely exposed to the above discourse, were increasingly attracted to anti-state ideologies and political movements guided by them. These political

currents prepared a sound basis for the emergence of a separatist movement among minority Tamils in the north and east in the early 1970s. These developments were perceived by the Sinhalese nationalist forces in the south as a direct threat to the integrity of the Sri Lankan state, as it was constituted after independence. These two antithetical political movements have been critical influences on inter-ethnic relations in Sri Lanka over the last three decades.

As is well known, ethnic relations in Sri Lanka have taken an increasingly violent form, at least since the late 1970s. Ethnic violence reached unprecedented proportions when mass ethnic riots against the Tamil minority broke out on 23 July 1983. This prepared the groundwork for the ethnic war that raged in the country till 2002 when an MOU (memorandum of understanding) was signed between the LTTE, the dominant Tamil nationalist group, and the Government of Sri Lanka to implement a ceasefire agreement, until a permanent political solution to the conflict is found. Even though a full-scale war has not broken out after the signing of the agreement, ethnic relations have remained tense and intermittent violence has continued in the form of isolated killings, violent protests, and so on. The ceasefire agreement has recognised the status quo and the areas controlled by the LTTE are allowed to remain in their hands as a condition of the agreement. Any negotiation for a permanent settlement has to deal with the issue of regional autonomy. In fact the main issue is the extent of regional autonomy to be granted to the regions concerned. The issues are no longer state policies that influenced ethnic relations at the time of independence and thereafter. In other words, the focus has shifted from state policies to power relations between the central government and the regional government. So the debate is no longer about state policies. It is about the extent of autonomy to be granted to the regions.

From public policies to political autonomy

Public policies in a number of critical areas had a significant impact on ethnic relations in Sri Lanka from around the time of political independence in 1948. The changing policy environment after independence continued to influence ethnic relations in the country. Agitations by minority Tamil parties against certain state policies did not necessarily produce the desired results. By the mid 1970s a clear shift of focus in minority politics could be observed. The focus from the mid 1970s onwards has been primarily on greater political autonomy for the Tamil-dominated regions, not on the policies of the central government. This shift also signalled a major change in ethnic relations in the country. Ethnic relations from then on became increasingly violent. The demand for greater autonomy eventually became a violent campaign for a separate state. The 1983 anti-Tamil riots resulting in widespread death and destruction reinforced the separatist campaign, culminating in a full-scale war between the Sri Lankan state and the LTTE.

As discussed earlier, communal politics involving the majority Sinhalese and minority Tamils emerged before political independence but became increasingly intense after independence.[9] Though the issue of political autonomy figured prominently in the political discourse, inter-community contestation was

primarily focused on the shape and the policies of the Sri Lankan state. However, when minority politics became almost synonymous with a struggle for political autonomy, state policies in such areas as land, education, language, employment and so on became almost irrelevant in the context of the on-going political discourse.

The various policy issues discussed above are in fact about structural integration of communities within the Sri Lankan state. When the state failed to formulate appropriate policies that would have facilitated structural integration, the state itself became the most contentious issue. In fact, the separatists have gone well beyond the issue of structural integration. In the process, issues of state policy that played a pivotal role in ethnic relations have become virtually irrelevant today, at least in the context of dominant political discourse. The latter almost exclusively focuses on the nature of the Sri Lankan state.

Conclusion

This chapter has discussed some of the post-independence state policies that have had an adverse effect on inter-ethnic relations involving the Sinhalese majority and the main Tamil minority in Sri Lanka.[10] The chapter has argued that the policies adopted by successive post-independence regimes contributed to a widening of the gap between the Sinhalese majority and the Tamil minority. The policies in the areas of land settlement, language, medium of school instruction, education and so on have been critically important in the above regard. On the other hand, the significance of various other factors that influenced ethnic relations should not be under-estimated. The colonial legacy, ideology, historiography, demography, economic underdevelopment, regional and global factors and so on have also played a significant part. These areas have been beyond the scope of the present chapter. On the other hand, it was largely issues of public policy that dominated the political discourse at the time of independence and thereafter. Failure to address those policy issues in a reasonable manner had a decisive impact on ethnic relations. Progressively worsening ethnic relations since the time of independence have contributed to a decisive shift in ethnic politics in the country, away from public policy issues, in favour of issues of political autonomy within a state framework that is likely to be radically different from the one that came into being toward the end of British colonial rule.

Notes

1 The first population census in British Ceylon was conducted in 1871. Enumeration of persons was based on such divisions as caste, religion, race and regional groupings. The detailed statistical data collected no doubt had an enormous impact on popular perceptions regarding the size and spatial distribution of different social cultural and demographic categories. Such categorisations not only are taken for granted but form the basis of discussion and debate in national politics. Spatial distribution of ethnic groups figure prominently in the context of ethnic conflicts.

2 A. Wimmer, *Nationalist Exclusion and Ethnic Conflict*, New York: Cambridge University Press, 2002.
3 U. Phandis, *Ethnicity and Nation-building in South Asia*, New Delhi: Sage Publications, 1989.
4 Rapid population growth, worsening terms of trade, rapid increases in the price of oil, unavailability of foreign investment and development assistance and so on, all came together to produce a major economic crisis. The unemployment rate also reached an unprecedentedly high level in the mid 1970s.
5 While invasions from South India figured prominently, other factors such as disease have also attracted the attention of historians and commentators.
6 Yet Sri Lanka, like many other British colonies, did not become a settler colony. The British investors managed their businesses in Sri Lanka through specialised agency houses while they themselves lived in England. Their profits were constantly transferred to the mother land and this prevented the investment of profits in Sri Lanka. As a result, there was hardly any urban industrial development in the country.
7 M. Roberts, 'Irrigation Policy in British Ceylon during the 19th Century', *Journal of South Asian Studies*, 1 (1972), pp. 47–63.
8 While the vast majority of the native population had access to publicly provided basic education in the vernacular, privileged families could provide their children with an English education in fee-levying private schools.
9 N. Wickramasinghe, *Ethnic Politics in Colonial Sri Lanka (1927–1947)*, New Delhi: Vikas, 1995.
10 The main formal minority is largely concentrated in the north-east of the country. Tamil plantation workers concentrated in plantation areas in the central and south-western parts of the country are descendants of more recent migrants from South India. These migrants were brought down to Sri Lanka to work on newly established tea plantations from the mid nineteenth century onwards during the early part of the British colonial rule.

11 A nation within?

Maori people and autonomy in New Zealand, 1840–2004

Danny Keenan

Within a general Asian ethnic context, focusing upon *Ethnicity, Equity and the Nation: The State, Development and Identity in Multi-Ethnic Societies,* the planners of the Kuala Lumpar conference suggested a number of areas for comment and research. One area focuses upon the State and its capacity to provide policies that might advance equity among its ethnic peoples. Another area is concerned with locations of capital, among ethnic groups, with questions asked as to locations of enterprise development and wealth concentrations. A third focus is upon ethnic identity transformation, as it might occur within States or across national boundaries, and the extent to which this transforming process might contribute to perspectives of ethnic difference.

These research areas connect to several others which, together, act as a kind of 'organizing device' by which we might investigate further the past, present and future of 'ethnic politics' in Asia in very broad terms. The maintenance and assertion of ethnic difference is a major theme; as is the State's 'management' (if not 'accommodation') of such differences, over time, especially as experienced by the component groups themselves. The State's 'managing of ethnic difference' is closely related to issues of State dominance, and the prospects of the State promoting its own interests when providing 'equitable rights'. One way that this is done of course is to encourage, or insist upon, a greater homogeneity of identity among its various and many peoples.[1]

There is some literature, like that of Amy Chua, which suggests that the State should dominate ethnic groups, especially those which control capital, in order to ensure national sustainability, and ultimately equitable community existence. Other scholars, like Ashis Nandy, have considered that such views distort ethnic diversities, political activity and processes of identity formation, especially where these impinge upon the establishing of a national identity. '*Ethnicity, Equity and the Nation*' therefore encapsulates a set of interesting and important issues for researchers to consider.[2]

New Zealand has been included in this conference because of its 'positive experience' in handling such issues when related to the relationship between Maori and European settlers.[3] The New Zealand case is, I think, rather different from that of Asia. 'Ethnic Asia' incorporates an enormous sweep of geography, nationality, religion and of course ethnic variation. The New Zealand case seems,

by comparison, to be relatively simple. However, many of the larger themes do resonate within the recent New Zealand experience of 'ethnic politics'; or 'cultural politics', as we tend to call it.[4]

The Maori–new European settler case demonstrates at least six of these themes: aspects of the assertion of ethnic difference; the State managing that difference; State domination compelling ethnic homogeneity; the issue of inequitable rights; identity formation and transformation; and, finally, the reconfigurations of ethnic identity. The present chapter is focused on aspects of these themes, seen in the context of recent New Zealand experience, in the hope that this can add to the comparative bases upon which ethnic research might continue.

When New Zealand is viewed from a distance, it is often observed that Maori and European settlers have indeed handled such issues with a reasonable degree of success. However, this view is not necessarily shared by Maori and European at home, and with good historical cause. As one New Zealand historian wrote recently, this was because 'the Crown's suppression of Maori autonomy, and Maori resistance to this suppression, became the most fundamental and ongoing relational nexus between State and Maori since 1840'.[5] Maori and the New Zealand Crown have been engaged in a classic colonial struggle ever since the first European settlers started arriving in the 1830s.[6]

Within New Zealand scholarship at the moment, a 'revised' historical paradigm has been emerging which presents State/Crown activity towards Maori in a way that is more benign than has previously been the case. The Crown is now seen as forever 'missing opportunities' to share power with Maori. The Crown is seen to have 'possessed good intentions but missed the chance' for creating a genuine bi-cultural New Zealand. However, critics of this 'benign view' argue that in fact Maori territory, people and physical resources were fully colonized and exploited by various means based upon the considerable coercive power of a State which demonstrated little willingness to accommodate Maori.[7]

I am well aware of this historiographical debate in New Zealand, and at various times I have contributed to it myself.[8] However, for the purposes of this conference and research, I do think there are happenings and conclusions that one might point to, without directly addressing the 'beastly colonization'[9] context at this time. In New Zealand, for whatever ultimate purpose, we have seen the State stumble its way towards providing for its peoples equitably. I would like to examine aspects of this 'stumbling' process.

New Zealand was first settled by Eastern Polynesians as early as 800 CE, it seems, though scholarly opinion does vary. Over time, these communities of Eastern Polynesians became Maori. A unique Maori culture and 'identity transformation' from East Polynesia evolved over about a thousand years of isolation from the rest of the world. This isolation was broken in 1642 when Dutch explorer Abel Tasman encountered the western coast of the South Island. He was also the first European to encounter Maori, when a brief violent engagement cost the lives of four of his crew. About one hundred and thrity years later, the British arrived, with James Cook, a naval captain, circumnavigating the New Zealand coastline. James Cook saw New Zealand as resource-rich and ideal for

colonizing. One major impediment to this, though not anticipated at the time, was the presence of Maori people, as occupiers and owners of New Zealand's organic landscape.[10]

Since first settling New Zealand about a thousand years earlier, Maori people had evolved into about fifty tribal groups (iwi) that were spread the length of New Zealand. The primary political unit among Maori, however, was not the tribe but the sub-tribe (hapu); and there were scores of sub-tribes equally well spread. In time, under pressure from colonization and waves of incoming settlers from Europe, these sub-tribes would constantly transform their structures and identities, as they sought to unite in defence of common Maori interests.[11]

In the early period, up to 1840, Maori were seen as resourceful, intelligent and warlike. Cook's men sketched and collected a vast array of cultural artefacts, attesting to a culture that seemed, to European eyes, to be highly developed, and not a little threatening. Maori had evolved a sophisticated epistemology and knowledge system, grounded in cosmogony and genealogy, as well as being well grounded into the land itself. Maori had also developed a complex system of customary laws which imposed structures upon their temporal and spiritual worlds. Maori custom law is receiving some interested attention from legal scholars these days because, embedded within its myriad of concepts, it is thought, lie certain answers to the continuing mediation of the contemporary Crown/Maori relationship, especially where the establishing of equitable rights for Maori is concerned.[12]

New Zealand's first European settlers were traders and missionaries. A significant number of settlers also moved over from Australia; and many wanted cheap land. Many land deals forged at this time would later be declared 'highly suspect' by an investigating British authority. New Zealand seemed to be turning into a lawless place, beyond the reach of British law. As a consequence, the British government appointed a Resident Agent to New Zealand in 1833, but his powers were always severely limited. Towards the end of the lawless 1830s, it became apparent to the British that some form of formal intervention in New Zealand would soon be required. But the question was – how was this 'fatal but necessary' intervention to be achieved?[13]

The answer was a treaty of cession. In 1840, the British offered Maori a treaty which had three parts, or 'articles'. The first declared that the sovereignty of New Zealand would now pass to Britain. The second stated that Maori rights over their lands would be protected. The third article declared that Maori were, henceforth, to be considered as equal citizens within an ever-expanding British Empire. As some of you may know, this is a fairly simple telling of a very complex history and historical scholarship. The treaty offered by the British, and signed by 500 Maori chiefs, was called the Treaty of Waitangi. To Maori, the Treaty offered recognition of difference. In the oral discussions that preceded the signing, the many and independent Maori sub-tribes asserted their 'ethnic difference' – from each other, and from the Crown. Once the Treaty was signed, the Crown took it upon itself thereafter to manage – or accommodate – that difference.[14]

The Treaty of Waitangi began the long process by which independent government was established in New Zealand. In those early years, from 1840 to 1852,

New Zealand was a Crown colony, initially depending on New South Wales, and then on Britain itself. The 'New Zealand State' was a fairly simple operation – an executive council and a legislative council, in total involving no more than a dozen settlers under the leadership of a governor, William Hobson.[15]

What was most noticeable about this new State governing apparatus was that Maori were not involved. For the 12 years of the Crown colony rule, Maori had no voice within government. In 1852, the British government finally granted constitutional independence to New Zealand. But the new Constitution Act once again excluded Maori from the franchise. It would not be until another 15 years later, in 1867, that Maori were finally admitted to the New Zealand Parliament, with the creation of four special Maori seats. In short, this meant that Maori people had had to wait 27 years after the Treaty was signed before being granted the franchise.

Throughout the course of those 27 years, despite denying Maori active participation within central government, the New Zealand State made some interesting attempts to create policy that might grant forms of equity to Maori. In so doing, a 'policy pattern' was established whereby the New Zealand State, one could argue, constantly sought ways to accommodate Maori interests, as a distinct minority interest within (it is true) a dominant European settler interest. In suggesting that the State was constantly looking for ways to accommodate Maori interests, I am not buying into the benign view that a well-meaning New Zealand government 'could have done it better', because, as most New Zealand historians discover, the coercive apparatus available to the New Zealand government was considerable; and it was used against Maori. But, nonetheless, the State did attempt to provide for the interests of Maori, however flawed the attempt was.[16]

Within this long process, Maori were always economically and politically marginalized. In the present day, at least since the 1980s, the Crown has sought to move Maori beyond that position of marginalization by granting them more power and agency, though always within significant constraints. It is therefore remarkable to observe that Maori responses to marginalization, while at times suggesting acquiescence, were always strategic, as Maori people internalized the mores and structures of Europe, while holding fast to their own. A remarkable identity transformation occurred, as a consequence, in part facilitated by the Crown's very willingness to seek a basis for equitable Maori rights from the beginning.

For example, in 1841, one year after the Treaty was signed and despatched back to Britain, a special agency was established, the Protectorate of Aborigines. The purpose of this agency, as the name suggests, was to protect the interests of Maori against the pressures being exerted by new settlers wanting to purchase land. The story of the Protectorate is an interesting one – suffice to say, for our purposes, that by 1845 it was being viewed with suspicion by some in government because, to many, it had become an agency that, in defence of Maori interests, was in fact subverting the colonial ideal. So it was abolished in 1845.

A year earlier, in 1844, Governor FitzRoy had wanted to established independent districts where Maori might reside under their own conventions, norms and laws; and they would not have to transform themselves. This initiative failed

partly because the British government was unable to accommodate the material outcomes of such a policy, which seemed to offer Maori a chance at real autonomy. The prospect of Maori people being offered an independent district, where they might govern themselves (under certain constraints) appeared again in 1852,[17] and again in 1858[18] and perhaps for the last time, in 1861.[19] The policy option of granting autonomous districts to Maori was not offered after 1863.

In the meantime, however, a second attempt had been made to establish a special agency to deal with Maori issues, and to promote policy options of equity for about Maori. The Department of Native Affairs was established in 1854 and survived for forty years as an important State agency mediating State policy to Maori, and relaying Maori responses back to government. How strong the Department was, in policy terms, depended upon whichever government was in power, and upon the personal influence of the Native Minister. The Department's power ranged from hugely influential, as under Native Minister Donald McLean's leadership 1869–76; to the woefully neglected, as under William Rolleston's headship in 1879–81.[20]

Migration from Europe into New Zealand in this early period was quite dramatic. In the 1840s, thousands of new settlers from Britain flocked in, mainly from Ireland and England. Early colonial politics in New Zealand became the pursuit of the well-endowed transplanted Englishmen. Later settlers also arrived from Scotland. In the 1870s, many more thousands of Britons arrived, alongside peoples from all over Europe and Asia. For example, New Zealand now has a sizable 'Dalmatian' community, originating from the 1870s influx. And many Chinese New Zealanders of fourth or fifth generation status trace their New Zealand ancestry to early Chinese migrants who moved to New Zealand to work in the goldfields.

By 1894, the New Zealand population ran 5:1 in favour of Europeans, representing a huge demographic shift. The New Zealand European population, once settled, became homogenized very quickly; and also attuned itself to the New Zealand landscape, though scholarly opinion as to how quickly this happened does vary. To some extent, it may be argued, the harshness of conditions, and the lack of disparate frontier communities (because New Zealand was too small to have a 'frontier') contributed to a 'bonding' of Europeans into a common 'Pakeha' identity, though, admittedly, this is a controversial thesis. 'Pakeha' is a Maori word which means a person with fair skin; in other words, a European. However, at the present time, not all European New Zealanders accept, much less like, the term. Many reject it outright, and refuse to be called 'Pakeha', insisting that New Zealanders are so homogenized as to make such ethnic distinctions unwelcome. But that is a very conformist and conservative view that invariably bespeaks of a reactionary political stance.[21]

Where European New Zealanders are concerned, I think it is fair to say that the State was not a major player in the homogenizing of Pakeha New Zealanders: a far greater influence beyond European homogeneity was the need for the State and settlers to deal together with the more problematic Maori. Hence, the scholarly view that the Crown/Maori relationship has provided the continuing 'relational nexus' since 1840.

Throughout this period, then, from 1840 to about 1890, one could argue that the New Zealand State, for a variety of motives, sought ways of accommodating the interests of Maori; and of providing the basis for equitable consideration in public policy terms. For example, Parliament allocated thousands of pounds to Maori social programmes, after 1858. Maori education in English was provided for by the government in 1867 with the establishment of the Native School system. Under this scheme, hundreds of rural Maori schools were set up to work alongside distant Maori communities in the education of their young. Some scholars have represented this Native School system as a subtle and ongoing form of colonizing Maori, or the Maori young, even further. But others, including myself, believe that Maori were able to subvert the system and this notion. Even if appearing acquiescent, Maori made an important strategic decision to participate. Some of the greatest Maori leaders to emerge in the late nineteenth century were products of the Native School system.[22]

Throughout this period, Maori people aspired to forms of autonomy beyond the sponsorship of the State. In 1858, a Maori King movement was formed which sought to unite the Maori tribes into a single Maori nationalist movement. The second Maori King was Tawhiao, who served in that role for 34 years, until his death in 1894. One of his most important advisers, in the early years, was Wiremu Tamihana, who made many proposals directly to government concerning Maori participation in Parliament, prior to the setting-up of the King movement. The King movement survives today; we now have a Maori Queen.

Maori formed other nationalist movements. But the awarding of the franchise in 1867 changed forever the nature of Maori participation in politics. Maori were now able to use Parliament as a venue for activity, and as a forum within which to express their political aspirations. Within a new Parliamentary context, Maori could now address issues of State domination and orchestrate their interests in pursuit of equitable policy, as the State continued to insist upon managing the difference of interest, between Crown and settlers on the one hand and Maori on the other.

By the turn of the century, Maori were able to draw upon some thirty years of Parliamentary experience, as a means of negotiating equity issues with the New Zealand Crown. It is important to note the influence of many Maori who served as Members of Parliament. Important policy strides were made in the areas of health and welfare. Between the two world wars, however, very little was achieved for Maori. This was the period when it might be argued that Maori acquiescence, or strategic placement of effort, was most marked.[23]

This changed significantly after 1945, when Maori urbanization began. Between 1945 and 1960, almost one half of Maori people moved away from their rural homes and found work in the urban centres. In policy and equity terms, this migration was most significant because it led to the emergence of urbanized Maori who would soon be detached from their customary roots back in the tribal regions. Urbanization has been described as the ‘second Great Fleet migration’ for Maori, a reference to ancient Maori notions of having settled New Zealand via a Great Fleet of canoes from that distant place in eastern Polynesia.

For Maori and for the State, the modern world arrived very suddenly after World War Two. With Maori people now residing in the cities in increasing numbers, State policy changed very quickly as new equity issues replaced the old. Maori were now substantially urbanized and highly visible. It became increasingly difficult for the State to ignore Maori issues and concerns, as it had become accustomed to doing, especially given the increasingly vocal nature of Maori communities. Maori were now keenly aware of economic and social disparity, and that was undoubtedly a consequence of intensive urban dwelling.[24]

What was also now clear to Maori was that they had little real access to political power. Maori could only rely upon the good will of the major political parties to incorporate Maori policy; and with only four seats within an ever-expanding polity, Maori increasingly felt themselves to be powerless, somewhat paradoxically because this was also the time when Maori seemed most powerful – they were now more vocal than they had ever been, certainly in modern times.

The story of Maori protest across the 1960s–80s is quite a story. What was important was that the State constantly sought to establish a policy basis upon which Maori concerns might be incorporated into public policy. That was a long and tortuous process. The State increasingly recognized, and gave legislative effect to, Maori difference and distinct interests. But it showed little willingness to relinquish its traditional role of mediator or manager of that difference in policy terms. The bottom line was now well established – that Maori had not been served well by 'equity policies'.

As the decades of Maori protest gathered momentum, it was apparent that the 'new European settler' community was now the overwhelming beneficiary of State policy, and as a consequence held about 90 per cent of private capital in New Zealand. Pakeha New Zealanders became dominant in government affairs from the very beginning; even by setting the terms and the language by which the Treaty of Waitangi was drafted, Pakeha secured the 'high ground', and this was never relinquished. Pakeha New Zealanders became the dominant 'ethnic group' in New Zealand as early as the late 1850s – though, today, many will argue that they do not constitute an 'ethnic group'. But over the 200 years since first arriving, European New Zealand had very successfully undergone an identity transformation, from a colonial origin with strong emotional links to Britain, into a kind of 'reforged Pakeha prototype' which emerged after a process of re-colonizing New Zealand, in its own interests, once the apron strings to Britain had been severed.[25]

And, in this context, what can be said of Maori?

Perhaps the critical event to occur was the passing of the Treaty of Waitangi Act 1975 which established the Waitangi Tribunal. This Tribunal was charged with hearing claims from Maori people that the 1840 Treaty of Waitangi had been breached by the Crown. The Tribunal's task was to listen to Maori claimants, and to decide whether it might be argued that the Crown had indeed breached the Treaty. If that were the case, then recommendations would be made to government for appropriate redress. It was up to the government to decide whether redress would be made, or not, and in what terms.

This was a significant development in the long relationship between Crown and Maori because it meant that all of New Zealand's history was now 'under judicial review'. The Waitangi Tribunal has continued its work, since 1975; and it now has some six hundred claims registered. This has far exceeded the best – or worst – fears of those who supported its establishment; and so, as a consequence, the activities and future of the Tribunal are constantly the focus of at times acrimonious political debate, especially whenever Pakeha felt threatened by its deliberations.[26]

One other event of importance was the Maori Economic Development Conference of 1984. This summit conference brought together Maori leaders from all parts of New Zealand. The government called the conference in order to hear Maori concerns directly and Maori were not slow in placing before the government an extensive array of them. Largely as a consequence of the conference, the devolution policy was created whereby resources and legal recognition would be granted to Maori structures. Crown agencies such as the Department of Maori Affairs, long dedicated to the working out of Maori public policy, would be abolished, as indeed it was in 1989. Its funding and powers were to be devolved to Maori communities through tribal structures. Despite some hitches, this policy has now largely been brought about. Maori communities are now generally empowered to perform a significant range of services under contract to the State. Historical issues with the Crown have not gone away, and they will not in the near future, since resolving many of the historical claims will provide the basis for Maori to acquire the means to provide social and economic strength for future generations.[27]

New Zealand now has an official policy of bi-culturalism which, in theory at least, means that Maori cultural imperatives receive a greater recognition than was ever the case before. New Zealand is also increasingly multi-cultural, with many new migrants having arrived from the Pacific, and from Asia, especially. These new migrant groups of course add strength and diversity to the New Zealand ethnic mix. In fact, Asian New Zealanders are possibly the fasting growing ethnic group within our mix of peoples. In this context, New Zealand undoubtedly faces new challenges.

In the end, the relational and policy nexus in New Zealand was, and for the time being remains, Crown and Maori. This is of course a long-standing relationship that goes back to the founding of New Zealand as, first, a Crown colony, and then as a State with constitutional independence in its own right. As the State developed, with new settlers arriving from Europe, the assertion of ethnic or cultural difference was soon apparent from among its peoples. The State took control of that difference – and especially Maori – in order to manage it in the national interest. As a consequence of the Crown insisting upon political homogeneity, at the very least, issues of inequitable rights for Maori especially dominated; and they remain dominant today. So, the Crown–Maori relationship remains challenging today, but that is perhaps especially so because of the increasingly large numbers of new ethnic migrants arriving on our shores to join the New Zealand mix of peoples.

Notes

1 Narrative Description of the Project (and Conference), *Ethnicity, Equity and the Nation: The State, Development and Identity in Multi-Ethnic Societies*, paper issued by Conference organizers, August 2005.
2 Amy Chua, *World on Fire: How Exporting Free Market Democracy Breeds Ethnic Hatred and Global Instability*, New York: Doubleday, 2003; Ashis Nandy, *Time Warp: Silent and Evasive Pasts in Indian Politics and Religion*, London: Hurst & Company, 2002.
3 Narrative Description, p. 3. I would like to thank Dr Xin Chen and Professor Graham Smith, Auckland University, New Zealand, for providing me with the opportunity to attend this conference, convened at Hotel Singgahsana, Petaling Jaya, Kuala Lumpur, Malaysia, 4–5 August 2005.
4 The phrase is most associated with (and used by) Dr Ranginui Walker, Auckland University, New Zealand. See Ranginui Walker, *Ka Whawhai Tonu Matou*: *Struggle Without End*, Auckland: Penguin, 1990.
5 Richard S. Hill, *State Authority, Indigenous Autonomy. Crown–Maori Relations in New Zealand Aotearoa 1900–1950*, Wellington: Victoria University Press, 2005, p. 12.
6 Alan Ward, *An Unsettled History. Treaty Claims in New Zealand Today*, Wellington: Bridget Williams, 1999.
7 Hill, *State Authority*, pp. 20–22.
8 Danny Keenan, 'Bound To The Land. Maori Assertion of Land and Identity', in Eric Pawson and Tom Brooking, eds, *Environmental Histories of New Zealand*, Auckland: Oxford University Press, 2002; and 'Predicting the Past. Some Directions in Recent Maori Historiography', *Te Pouhere Korero Journal*, March 1997.
9 Maori society in the nineteenth century was often referred to by Crown officials as 'beastly communism'.
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11 E.T. Durie, *Custom Law*, paper released by Waitangi Tribunal, 1994.
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15 Ian Wards, *Shadow of the Land; A Study of British Policy and Racial Conflict in New Zealand 1832–1852*, Wellington: Historical Publications Branch, 1968.
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17 Sec 71 of the New Zealand Constitution Act 1852.
18 Proposal by Native Minister JC Richmond to the government.
19 Governor George Grey's 'New Institutions' policy, 1861–1863.
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