

The Myth of Greater China

BY SIN-MING SHAW

IN RECENT YEARS it has become fashionable to write about the 50 million or so overseas Chinese and their impact on China. *The Economist* popularized the subject in a July 1992 article, "The Overseas Chinese, a Driving Force."

John Naisbitt embellished the notion in his book *Megatrends Asia*: "The economy of the borderless overseas Chinese is the third-largest economy of the world. . . . The force at work is a secretive sophisticated network that will catapult China to being the world's dominant economy. There are 57 million of them, 53 million in Asia alone."

Sterling Seagrave, another best-selling writer, pushed the theme to breathless heights in *Lords of the Rim*: "Offshore China is an empire of 55 million, intricately interlaced systems of guilds, benevolent societies, tongs, triads . . . which supply the personal connections and financial linkages that make the overseas Chinese such a potent force."

ASIA, INC. ran a cover story in March on overseas Chinese rebuilding "an ancient empire." The article was balanced but again projected the overseas Chinese as a relatively homogeneous group devoted not just to making a buck but to restoring the glory that was China.

In their recent book, *Bamboo Network*, Murray Weidenbaum and Samuel Hughes wrote: "China could not have achieved the sweeping changes that have occurred over the last two decades without the help of [the overseas Chinese]. Nor is it likely that Thailand, Malaysia and Indonesia would have attained such rapid growth without the bamboo network's active network."

This talk of a homogeneous "bamboo network," devoted to rebuilding China for nationalistic reasons, is a myth.

The term Greater China is itself misleading. It is often defined as the sum of Hong Kong, Taiwan, Macau and



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China. But Hong Kong and Macau will revert to Beijing before the end of the century and Taiwan has always been part of China, as agreed by both sides.

Defining Greater China as the mainland plus the Chinese scattered around the globe is also misleading, if not racist. This assumes people of Chinese origin in Malaysia, Taiwan or Indonesia act in the national interest of Beijing, as opposed to simple economic arithmetic.

Beijing's unsuccessful attempt to influence Taiwan's presidential election in March and the equally unsuccessful decade-

long courtship of Hong Kong public opinion in preparation for the 1997 takeover is evidence enough to debunk the theory that Chinese the world over are responding to the bugle of the motherland to restore China's glory. Clearly Hong Kong and Taiwan are not exactly jumping with joy to return to the fold.

What drives most overseas Chinese to invest in China is profit. As long as the numbers add up, investment flows will continue from overseas Chinese and from any sensible investor, Asian or Western.

Going forward, there is no doubt that foreign investment from non-Chinese will dwarf that of the "borderless Chinese" because China needs technology. Only Taiwan, among the members of so-called Greater China, has credible technology. To date most Hong Kong investors have focused on real estate and light manufacturing.

Finally there is the myth that borderless Chinese investment fueled the growth of China. That's nonsense.

From 1979 to 1989, when China was growing at an average clip of 9.2 percent a year, foreign investment averaged a mere \$1.4 billion a year. In 1993, when the economy peaked, investment reached \$27.5 billion. And yet last year, when foreign investment reached an all-time high of \$37.3 billion, it still only accounted

SHANGHAI-BORN BUSINESSMAN SIN-MING SHAW WAS BITTEN BY THE MASS-MEDIA BUG EARLY IN A CAREER THAT HAS PROPELLED HIM FROM ACADEMIA TO JOURNALISM TO THE HELM OF HIS OWN INVESTMENT COMPANY IN HONG KONG. SHAW SHARES HIS INSIGHTS ON THE REGION'S LEADING ISSUES IN A REGULAR ASIA, INC. COLUMN

for 16.3 percent of that year's total capital formation. Money from Hong Kong, Taiwan, Macau and Singapore accounted for 10.9 percent of total investment — hardly of a magnitude that “fuels” growth.

There are other misconceptions. Overseas Chinese do not as a rule co-invest in projects unless economic interests align. Joint ventures with Western companies are just as sought-after, perhaps more so, because they bring management and technology. The notable exception is real estate, which Westerners generally avoid in Asia. Nor are overseas Chinese a socially and politically homogeneous group; they really only share the traits of loyalty to family and respect for elders.

What has made Hong Kong, Taiwan, Singapore, Malaysia and Indonesia successful is not that their economies are dominated by Chinese. This is a racist argument refuted totally by the fact that the economy of mainland China remained largely dormant until 1979, when Deng Xiaoping repudiated the central planning system. Economic advancement is not inherent in Chinese as a race.

It is the system that matters more than ethnic origin. Material prosperity results largely from governments that are pro-growth, pro-savings and pro-private ownership. At the turn of the century Burma was one of the wealthiest nations in Asia. That it is now among the poorest proves that stupid policies matter more than ethnicity.

There is no “secret bamboo network” running Asian economies. Robert Kuok, the Hong Kong-based Malaysian billionaire of Hokkien origin, would not do business with a Taiwanese or Singaporean businessman — as at least one author has claimed — just because his counterpart came from the same village. He is guided primarily by business principles which have led him to partnerships with Sir Run Run Shaw, the movie magnate from Shanghai, or with America's Coca-Cola Co., with which Kuok has an expanding

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The really important story today is stark in its clarity. It is the emergence of mainland China as the biggest power in Asia and a superpower-in-waiting.

Has the world focused on how to build profitable relationships with China? Far from it. China continues to be treated as a state to be pampered, lectured at or feared. It is time to engage China actively, constructively, without fear, sycophancy or, worse, ignorance. Currently, no country apart from Singapore is systematically teaching Mandarin. Ignorance breeds fear and fear could lead to wars.

The reason overseas Chinese have so far accounted for the bulk of direct foreign investments in China is pedestrian: They have a language advantage. This is also true of the Koreans and Japanese, whose languages have links with Chinese.

Teaching Chinese should not be seen as cultural imperialism, just as teaching English to our kids is not an acknowledgment that Britain is superior. It is simply practical. China's influence will not be merely geopolitical. It has profoundly affected the cultures of Korea and Japan. Its unfolding renaissance will have a major impact on global business and other cultures. Should one not try to understand it? Isn't studying the language an essential step? In a generation, I predict there will be two global languages: English and Mandarin.

As we approach the 21st century, the pivotal story is about one-fifth of the world population reclaiming its powerful past, shaking off 400 years of decay and shame that began with the Manchus and ended with British gunboat diplomacy. Of course, Beijing is not exactly making an elegant re-entry, but neither is the world adequately prepared to deal with this new superpower.

Forget all the silly books on the Chinese diaspora. The overseas Chinese are just a sideshow. ■