This paper deals with what appear to be the main issues historically associated with overseas Chinese: (1) assimilation and (2) economic control. The assimilation issue involves the problems of Chinese allegiance to (mainland) China and the responsibilities of maintaining an ethnic Chinese community in the host country, versus the pressures to adopt the citizenship and values of the host country. The threat of economic control by the Chinese, though often exaggerated for political purposes (e.g., scapegoatism) by some government leaders of the host countries has greatly diminished compared to the pre-World War II era. However, the overriding success of Chinese entrepreneurs when compared with their host country counterparts has continued to be a source of irritation to the non-Chinese natives. This resentment has been mainly in legislation blatantly designed to deter and regulate the ethnic Chinese entrepreneur.

The focus of our discussion of assimilation is Southeast Asia, where ethnic Chinese represent a sizable proportion of the population. For the economic question, it is narrowed to the context of the ethnic Chinese in Thailand. Thailand was chosen because of the author's familiarity with the country and because there the economic issue has been of relatively greater importance than that of assimilation. For example, the threat of the unusual entrepreneurial skills of the Chinese in Thailand prompted King Vajiravudh's now famous Jews of the Orient speech in 1914. In contrast, the issues of assimilation and economic control combined have been more intense in the Philippines, Indonesia, and Malaysia.

I. DEMOGRAPHY

Before examining historical developments, it is appropriate to describe overseas Chinese population patterns. The size and dispersion of the overseas Chinese are particularly significant.

Though the Philippine Chinese comprise only about 1.5% of the Philippine
**Table 2**: Racial distribution within each class in Singapore

<table>
<thead>
<tr>
<th>Class</th>
<th>Malays</th>
<th>Chinese</th>
<th>Indians</th>
<th>Others</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upper Class</td>
<td>3.1%</td>
<td>59.5%</td>
<td>12.4%</td>
<td>24.9%</td>
<td>92.9%</td>
</tr>
<tr>
<td>Middle Class</td>
<td>9.6%</td>
<td>67.8%</td>
<td>14.0%</td>
<td>8.5%</td>
<td>99.9%</td>
</tr>
<tr>
<td>Lower Class</td>
<td>12.5%</td>
<td>73.6%</td>
<td>13.0%</td>
<td>1.0%</td>
<td>99.9%</td>
</tr>
</tbody>
</table>


15. Particularly in the two larger Chinese papers Nanyang Siang Pau and Sin Chew Jit Pau. Two of the detainees released in 1973 had been detained two years earlier for exploiting Chinese communalism through articles in the former newspaper, at the same time as the English-language and foreign-financed newspaper, Singapore Herald, was closed.

16. This is the overall picture presented in S. Schram (ed.), "Authority, Participation and Cultural Change in China", Cambridge (Eng.), 1973, a study of the effects of the cultural revolution. Strangely, the "effects" would seem to be a return to the general pattern that was supposed to have spurred Mao to the cultural revolution in the first place, i.e. abundant signs of "revisionism" in China.

population, they constitute 25% of the population in such areas as Quiapo, Tonado, San Pablo in Manila, and other certain districts of the major urban centers.

In Indonesia, the Chinese population is only about 2.5%, but their concentration in the major urban areas of Java (e.g., Bandung, Djakarta, Surabaya, etc.) have made Indonesia Chinese extremely "visible." 4

In Thailand, although the Chinese population is little more than that of Indonesia in terms of numbers, in some Thai cities, ethnic Chinese are as numerous as the Thais. Thus, Thailand's capital, Bangkok, its twin-city, Thonburi, are often referred to by Thais as Chinese cities.

Even more striking are the Malaysian Chinese, comprising about 34% of the total population of Malaysia. They are a clear majority in all major urban areas. Singapore, of course, is the most extreme case, with over 30% of its population Chinese. For this reason, it has been omitted from this comparative analysis since it does not represent a juxtaposition of majority indigenous nationals and minority Chinese.

Table I below indicates the size of countries, in numbers and percentage of the total population.

<table>
<thead>
<tr>
<th>Country</th>
<th>Number (by million)</th>
<th>% age of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Malaysia</td>
<td>3.4</td>
<td>34</td>
</tr>
<tr>
<td>Thailand</td>
<td>3.3</td>
<td>11</td>
</tr>
<tr>
<td>Indonesia</td>
<td>3.0</td>
<td>2.5</td>
</tr>
<tr>
<td>Philippines</td>
<td>0.5</td>
<td>1.5</td>
</tr>
</tbody>
</table>

Table II presents the approximate percentage of Chinese in the urban centers.
Table II

<table>
<thead>
<tr>
<th>Country</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Malaysia</td>
<td>55 - 65 %</td>
</tr>
<tr>
<td>Thailand</td>
<td>45 - 65 %</td>
</tr>
<tr>
<td>Indonesia</td>
<td>30 - 40 %</td>
</tr>
<tr>
<td>Philippines</td>
<td>25 %</td>
</tr>
</tbody>
</table>

Note: Source for Table I and II is the 1972 Chulalongkorn University Population Institute Survey (CUPIS).

In addition to determining the approximate ethnic Chinese population of the major urban areas, a longitudinal study conducted by the Population Institute of Chulalongkorn University in 1972, also sought to find differences in rural-urban distributions among the ethnic Chinese. In an effort to delineate the various degrees of Chinese ethnicity, interviewers were instructed to observe and record the presence of certain items in the household which were considered typically Chinese. In addition to data on place of birth, first and family names, and dialects, presence of photos of Chinese leaders (e.g., Dr. Sun Yat-Sen), Chinese lanterns, Chinese altars, and paper strips with Chinese characters, were also recorded. The survey results showed that photos of Chinese leaders and Chinese lanterns are becoming so rare that they were of virtually no use in determining ethnic Chinese households. Chinese altars and paper strips with Chinese characters were the most prevalent items. Both suggest that Chinese households are about twice as common in Bangkok-Thonburi than as in urban areas in the provinces. Only 5% of the rural households had any of the characteristic Chinese items at all. About 35% of the households in Bangkok-Thonburi had at least one such item, while approximately 50% of the provincial urban households did. Heads of households with names that are at least in part Chinese are also about twice as common in Bangkok than as in the provincial towns. In the rural areas they only occur infrequently, however, the number of household heads in Bangkok-Thonburi with at least one Chinese name is less than the number of households with at least one Chinese item. This finding supports other data on Chinese names which suggests that the later generation and even some of the first generation Chinese have adopted Thai names.
Overall, probably the most meaningful and useful single indicator of Chinese ethnic affiliation is the language spoken at home. For example, a recent study on assimilation identified Chinese as those who were raised in a family where parents spoke any Chinese dialect as their native language. The results of the CUPI study showed that the proportion of households in which only Chinese is spoken is small, with a much more substantial proportion being bilingual (i.e., both Chinese and Thai spoken at home). There were, however, several households where the older generation spoke primarily Chinese and the younger generation spoke both Thai and Chinese. When households in which only a Chinese dialect is spoken is combined with bilingual households, the proportion of ethnic Chinese households by this index is similar to the proportion of households in which at least one Chinese item was observed. Moreover, the longitudinal study showed that across all indicators of Chinese ethnicity the proportion of Chinese households in Bangkok-Thonburi was more than twice that of provincial towns, while Chinese households represented less than five percent of the total in rural areas.

II. HISTORICAL PATTERNS OF ASSIMILATION

Assimilation of the overseas Chinese in Southeast Asia can in large measure be understood from historical perspective which reveals a four-stage series of shifts in the accommodation patterns, arising from the changing role of the leaders of the Chinese communities.

Period One (1800-1900)

Chinese communities during the first period were represented by leaders who, although tradition-oriented, often acted as local agents of the intruding colonial power. These leaders were in the mold of what has come to be referred to as the "Kapitan" type. The name derived from the Kapitan system prevalent in Java and Manila in the nineteenth century. In this system both constituencies of the Kapitan, local Chinese community notables and colonial authorities, were usually in agreement on the qualifications for the position and participants in the selection process for the post. Wealth was the most significant criterion for selection. It was deemed necessary for the continued provision of community

* This name is hereinafter used to refer generally to the colonial power-Chinese community middle agent throughout Southeast Asia.
services. Moreover, as Skinner points out, rich men would be less likely to challenge the colonial power or abscond with funds. In Manila, Chinese community electors (the highest taxpayers) nominated two candidates every two years. The candidates' names, plus that of the incumbent, were passed to the civil governor in rank order. Although the governor made the final choice, he was committed by law to give preference to Catholics and to favor the electors' first choice.

**Kapitan Strategies.** In Indonesia, the Kapitan often interceded with colonial authorities to attempt to modify decrees affecting the community adversely. However, even though the Kapitan might submit petitions to the Dutch and represent individuals and groups in their contracts with those outside, these middle agents and protective strategies became less important over time than the accommodative and regulative strategies. Kapitans developed to fulfill objectives of the colonial system. Ultimately it was the Kapitan who was responsible for community control and taxation.

**Cambodia.** In Phnom Penh, chef de Congregation (heads of the five speechgroups who were equivalent to Kapitans in rank) transmitted regulations and decrees from the French authorities to the Chinese, and functioned generally as record clerks (recording marriages and births), family court judges, and community marshals.

**Philippines.** In implementing these strategies, Kapitans typically organized networks of followers into a loose governing coalition in the community. By the end of the nineteenth century in Manila, specialized agencies were developed to respond to each constituency. A council called the gremio de chinos aided the gobernadorcillo (Kapitan) in handling relations with the colonial power while an association called the Shan-chu Kung-so (Benevolent Association) built the first Chinese hospital, managed the Chinese cemetery, and was responsible in general for community welfare. Throughout this period, the Kapitan worked through existing associations in the community, particularly the secret societies, to insure peace and order. As this system matured, Kapitans eventually became indigenously acculturated, losing their support base in the Chinese community. Originally dependent agents of the colonial power, they now developed affective ties with leading officials, usually assuming the names of their patrons, and often receiving privileges, honors, and even citizenship from the state. As most of the rewards were given to the Kapitan by the state and not by the Chinese community, the Kapitan's role became increasingly adaptive during the 19th Century.
Period Two (1900-1945)

With the development of Chinese nationalism in the twentieth century, the Kapitan's role became increasingly anachronistic even though it continued among the Cambodian Chinese until 1950. More ethnic-oriented Chinese leaders emerged following the turn of the twentieth century in response to changing conditions in China. This pattern of leadership continued among Indonesian and Philippine Chinese elites up until World War II.

In contrast to Kapitans, these leaders were much more culturally adapted. Although wealth and economic power continued to receive high status among Chinese throughout the region, the set of leadership qualifications was now influenced by efforts to realize Chinese national aspirations and objectives. Hence, leadership roles became attainable for some men who were not wealthy, but whose skills were instrumental in the development of ethnic awareness (e.g., publicists, educators, etc.). For example, in the Philippines, head officers in the Chinese community now received their patents of authority from the local Chinese and from the new Embassy of the Republic of China. Leadership positions in the community had become equated with ranking posts in the Chamber of Commerce. Now, this Embassy played an active role in the recruitment and selection of leaders of the Chamber. This function was eventually performed by the Philippine Branch of the Chinese Nationalist Party (developing in the Philippines from 1912 to 1926, the time of its first national conference). Non-business members of the elite were directly recruited by KMT leaders, and during this time, the colonial authorities in the Philippines and Indonesia played no direct role in the selection of Chinese leaders.

This pattern of leadership reflected two elite goals: 1) to improve the life-conditions of Chinese, serving their needs and interests, and thereby limiting assimilation. An interesting description of the origin of the Tiong Hoa Hue Koaan (The Chinese Association, the first pan-Chinese association in modern Indonesia) articulated the goals of the new Indonesian Chinese leaders as follows:

At the beginning of 1900, when word of the reform movement in China had already come, there were several Chinese residents of Batavia, educated abroad in perspective and liberal in thought... (who were) awake to the need for the Chinese here in Java to reform in order to lighten the oppressive burden of great variety in those customs and ceremonies connected with funerals, weddings, and other affairs... (They) met together to form an association to serve as the center of the whole movement for the reform and improvement of Chinese customs and traditions.
Newspapers

Unifying the Chinese community culturally and politically required the establishment of new sinitic institutions and the development of propaganda vehicles that could be used to disparage the old and proselytize the new—a language to link dialect groups and a medium, the Chinese newspaper. In the Philippines, the first Chinese school—Chung-hsi Hsueh-hsiao—was founded in 1899. By the outset of the Pacific War, forty-five schools had been founded. Mandarin was the language of instruction in most of these schools by the 1930's, with instruction by Philippine Chinese. The development of an educational alternative for Chinese effectively halted the assimilation of the youth generation. Of equal importance to the growth of ethnic schools was the development of the Chinese press, founded at the turn of the century and flourishing by the 1930's. Thirteen dailies were started in the first three decades of this century, three of which continue to publish. Similarly, in Indonesia a number of weeklies were founded: the Li Po in Sukabumi, Ho Po in Solo, and Loen Boen in Surabaya. The new press allowed the overseas Chinese to experience the Chinese literary renaissance.

The press proved most important in linking Chinese communities abroad to China through its focus on developments in areas of origin of the overseas Chinese and coverage of China's diplomatic and military crises. Another new ethnic institution—the Chinese Nationalists Party—founded newspapers and developed community-wide political campaigns. Southeast Asian Chinese had been energized through their support of the Republican Revolution of 1912. Their new elites were instrumental in financing the anti-Manchu campaigns. For example, the focus of support shifted in response to the Japanese threat. The vehicle for overseas support was the traditional mutual-assistance associations. For example, Philippine Chinese leaders developed the Nanyang Overseas Chinese Salvation Association in 1924, for relief and development of Fukien Province. Chinese community leaders responded to appeals from nationalists party officials for assistance against Japanese incursions on the mainland. Filipino-Chinese party leaders formed an anti-Japanese society in 1926, through which they encouraged Chinese merchants to stop trading in Japanese goods. Community leaders spurred the masses into direct political participation by staging boycotts in the 1930's against the Japanese goods. These campaigns were quite successful with rewards and even positions in China provided which were much
more coveted than anything the host country could offer.  

Mobilization appeals of leaders during this period were almost entirely effective and ideological, with the main objective to evoke a positive, active ethnic response, to strengthen the Chinese community and to support China. It is probable that these appeals produced a level of group awareness within the Chinese community that exceeded that within the host society.

**To sum up**: This period witnessed a noticeable shift in the role of the Chinese leaders, from appeasement of the host society elite to overriding and more rewarding responsibilities toward the ethnic Chinese community. The appeals from the leadership were more directly linked with the China homeland. Illustrative of this was a Chinese leader in Quezon who became a promoter of overseas development of his native Fukien province, served as a member of the Provincial Board and was eventually decorated by Chiang Kai-shek.  

*Period Three (1950-1965)*

The crucial third period commenced with the culmination of anti-colonial pressures eventually leading to the emergence of independent states and Communist control of mainland China. This caused another shift in the pattern of leadership roles in the Chinese communities of Southeast Asia. Some of these shifts were accomplished with greater ease as in the case of Thailand, than they were in places like Indonesia and Malaysia. The Chinese communities, in general, became increasingly divided along ideological lines as antagonism from the newly formed nationalistic governments of the host countries greatly increased. The means employed were greater pressure for assimilation and citizenship, or deportation and disenfranchisement. Under these post-war circumstances, Chinese leaders were compelled to minimize their ties with the China mainland and to reduce promotion of Chinese ethnicity in an attempt to compromise with the new host-country governments. What evolved was a dual role for the leaders of the Chinese communities marked by appeasement and compromise much in the manner of the Kapitans who had been agents of the state, while at the same time acting as Maires with the Chinese community to promote Chinese interests in the host society.

The leadership and recruitment procedures of these Chinese leaders began to resemble those of the Kapitan leaders of the nineteenth century much more than those of the ethnic nationalist type of pre-World War II. Wealth and economic power again became highly valued in the community and men of wealth
came to dominate this leadership even to a greater extent than previously (e.g., 85% of the Chinese elite in Bangkok were rich businessmen). This pattern of leadership has persisted to the present, although there may have commenced an on-going fourth stage in the years following the admission of mainland China to the United Nations reflective of new Western respect for that country coupled with its more peaceful stance. Modern day Philippine and Thai Chinese and Malaysian Chinese Association (MCA) elites are at least partly acculturated. In Thailand, for example, being a Chinese Thai has become more advantageous for leadership roles even in the Chinese communities, than being merely an ethnic-Chinese because of the wider support and contacts one of such mixed heritage receives. As Skinner points out, "the more powerful the Chinese leader, the more likely he is to have been born and reared in Thailand, to hold Thai citizenship, to use a Siamese name and speak Thai well, and to send his children to Thai schools." Unlike the ethnic nationalist leaders, the modern Malay and Thai Chinese elite contain few "propagandists" such as editors, educators, or Party leaders. These modern elites tend to be relatively better educated and acculturated which even further facilitates their relationship with national leaders, much more so than under the old Kapitan system. However, even though the two constituencies recruit and select leaders as they did in the old system, ethnic constituencies have changed and non-elites in the Chinese communities monitor elite action much more closely. Moreover, the modern day Kapitan tends to be generally more pragmatic, varying his strategies as dictated by the nature of the issues and crises.

Schools. A problem very much related to assimilation which best illustrates the various strategies of adaptation employed by the Chinese leaders was and remains the issue of Chinese schools. In the Philippines, the Chinese school system survived both Japanese occupation and national government pressures. Some scholars attribute this unusual development to the Sino-Philippine Treaty of Amity which guaranteed reciprocal privileges for Chinese and Filipino educational institutions and the American mission which emphasized support for private schools. However, the inability of the Philippine government to design effective control policy on the overseas Chinese in the country was probably also a factor. Although these institutions (i.e., the Amity Treaty and America mission influence) did not prevent the media campaigns during the 1950's and 1960's, against the Chinese schools, they did provide an important mediating effect which allowed Chinese leaders to ally themselves
with anti-communist Filipinos. This strategy by the Chinese leaders helped shift the issue from the question of existence of Chinese schools to only the presence of Communist elements in Chinese schools. When Chinese leaders joined Filipino officials to suppress communism, then the elimination of the schools themselves no longer became the major issue. Another adaptive strategy of the Chinese-Filipino elite was the establishment of five "Filipinized" schools which enrolled not only children of affluent Chinese, but also children of Filipino politicians and other non-Chinese elite. Moreover, even provincial Chinese schools began to actively enroll Filipino students in the English-language session to avert charges of ethnic segregation.

In contrast, Chinese schools in Thailand could not survive government pressures even though Chinese elite ties with the Thai elite were probably stronger than those existing in the Philippines. Rather than successfully developing a subtle Thai intrusion into the Chinese educational system as occurred in the Philippines, the Thai Chinese elite had to either send their children to English-language private religious schools or send them abroad (e.g., Taiwan, Hong Kong, etc.). In 1949, after a year of raids on Chinese schools, the last of the Chinese middle schools were closed. The new regulations on Chinese education included requirements that all teachers must pass an exam in Thai, instruction must be in Thai, the headmaster must be a Thai, and the syllabus must conform to government regulations. At present there are less than 200 Chinese primary schools. The legal limit is 16 in Bangkok and 2 in each of the 71 provinces in Thailand.

Economic Adaption. Another illustration of the adaptive nature of the modern leaders of the Chinese communities was the attempt by the national governments to nationalize certain economic sectors. In pre-World War II days Chinese community elites could often prevent nationalization measures by bribing friendly legislators. In fact, in the Philippines some legislators would draft nationalization bills precisely so that they could be bribed. However, in the post-war period with the emergence of strong nationalist leaders, even bribes could not prevent the passage of such laws as the one in the Philippines which nationalized the operation of the retail trade in 1954. Some Chinese leaders realized the need to establish new organizations and develop more indirect adaptations to pressures from the national government. In the Philippines the Federation of Filipino-Chinese Chamber of Commerce comprised
primarily of the nation-wide KMT party elite was established as an alternative to the old Chamber of Commerce which represented mainly Manila-based economic interests. The Federation leaders strengthened their adaptive capabilities by hiring Filipino lawyers to lobby in Congress for Chinese economic interests and by appealing to Chinese entrepreneurs to diversify their economic interests. Moreover, the Federation leaders began the publication of a Trade Journal which provided an exchange of relevant economic information, and often urged Chinese to begin investments in the import/export field and "pioneer industries," not yet proscribed from Chinese participation. Similarly, as a consequence of Thai government pressures, the Bangkok Chamber leaders urged various strategies of adaptation, the most significant of which was the partnership scheme. Consequently, formal business alliances were formed between Chinese elite and Thai officials and existing Chinese corporations were reorganized to include Thai officials as stockholding members of the boards often with a controlling interest in the business.

This adaptation was the result of yet another compromise in which the extraordinary entrepreneurial skills of the Chinese were monitored by incompetent and often corrupt Thai government leaders. The perceived threat of Chinese economic control which has been historically a major issue in Thailand is further explained in the following section.

III. THE QUESTION OF CHINESE CONTROL OF THE THAI ECONOMY

Up to the end of the nineteenth century the Chinese in Thailand tended to assimilate rather well and were relatively well treated. However, beginning about 1888, the Thais began to view the Chinese as money-accumulating transients. The death of the great King Chulalongkorn in 1910 seems to have been the turning point in Thai attitudes toward the Chinese entrepreneur. Moreover, events on the China mainland caused the overseas Chinese leadership to become more conscious of their Chinese nationality and more exclusive in their economic relationships for reasons previously discussed. Three particular strategies were employed by the Chinese leaders to achieve business advantages for the Chinese. These were: (1) development of Chinese business opportunities and organizations, (2) promotion and unification of the Chinese society and culture, and (3) development of political awareness. Trade associations were formed to unify and strengthen the position of Chinese merchants and assist the Chinese in improving their
bargaining position with native or colonial producers. In this way the trade association played the role of a new economic vehicle, allowing the Chinese to expand cooperation limits beyond the Chinese family enterprise. This approach made good sense economically and culturally for it supported the Chinese saying, "Do business with Chinese" because "Chinese can be trusted".

Meanwhile, nationalism and the need for nation-building also became important to Thailand in the 20th century. King Vajiravudh (1910-1925), perhaps the greatest of the royal propagandist, stressed the need for a revitalization of old values (e.g., unity) in his writings aimed at furthering nationalism. Part of his idea of nationality was loyalty to the King. He also argued that adherence to traditional Buddhist values would further Thai strength.

The very idea of "national" consciousness was borrowed from the West and Vajiravudh's desire to create it was partly due to internal and external pressure from Westerners and other aliens. In order to increase the awareness of Thai identity, Vajiravudh established the Wild Tiger Corps, introduced surnames and stressed the need for unity. Perhaps it was Vajiravudh himself speaking at the close of a play which he wrote about Phra Ruang, the legendary founder of Sukothai:

I ask only that we Thai not destroy our nation. Let us unite our state, unite our hearts into a great whole. Thai--do not harm or destroy Thai, but combine your spirit and your strength to preserve the state so that all foreign peoples will give us increasing respect.

Two of the nationalistic aims of the "Promoters" who carried out the Watershed 1932 coup were to rid the country of royal absolutism and economic control by foreigners. A nationalistic campaign, aimed primarily at the Chinese, which has been promoted by the military-bureaucratic elite from that time to the present, reached its greatest intensity in the period 1939-1944 and 1952-1954. Governmental policies, particularly with regard to schooling and immigration, have been very successful in assimilating the Chinese but they have called attention away from the cooperation and lack of enmity which has always existed between the Chinese and the Thai. As Barnett put it in 1954, "...being anti-Chinese is now virtually a prerequisite for playing a part in Thai politics, regardless of one's personal feelings toward the Chinese." However, this attitude changed after Field Marshall Sarit led the 1958 coup.
Although the anti-Chinese theme was still present, it became more anti-communist under his leadership.

Overall, it is the authors' judgement that the case for detrimental Chinese monopolistic control in Thailand has been exaggerated, and sometimes fabricated. The result has been a negative effect on economic development in that the functional role of the Chinese has been obscured and their potential role as innovators with valuable entrepreneurial skills has been scorned rather than adopted.

In Thailand, as throughout Southeast Asia, a striking, common ethnic division of labor exists, which, it is sometimes alleged, hinders economic development and prevents a more equitable distribution of income: minority Chinese are dominant in commerce, industry and artisan occupations and they play the strategic role of middle-men between primary producers and processors, exporters and retailers, while non-Chinese indigenous peoples, who constitute the majority, are concentrated in agricultural production, government and professional work. In order to see the origins of the Chinese middle-man position and the reasons for their economic effectiveness, primary focus here shall be on certain econo-logical (sic) factors --kinship, time-horizon and world view-- which have helped to make the Chinese more economically functional than the ethnic Thais within the economic constraints imposed by the Thai environment.

To begin, it is important to note how the Chinese arrived on the scene. Chinese traders and artisans probably came to Thailand in increasing numbers during the late Tang and Sung Periods (9th to 13th centuries) when there was a commercial revolution in China bringing with it an expansion of maritime activity. The Chinese interest in tin mining in the Malay peninsula region dates from about the 14th century. In 1629 royal monopolies began and the Chinese took part in this trade, which included the sale of tin, pepper and saltpeter in the nineteenth century, until such monopolies were ended following the Bowring Treaty of 1855, when Thailand was opened to Western trade. However, the Chinese continued to be the principal operators and consumers in the lucrative opium, gambling, lottery and liquor concessions which provided "...between 40 and 50 percent of the total state revenues during most of the nineteenth century." 34

Immigration gradually increased in the 19th century as China underwent a period of unrest, due to Western intrusion. Prior to the 1880's, when steamship service was inaugurated between Bangkok and Swatow, many of the immigrants, who came mainly from Fukien and Kwangtung on the south China coast,
were merchants. However, beginning in the latter part of the century, the dominant type was the coolie laborer, and during the reign of King Chulalongkorn, (1868-1910), Thailand became increasingly modernized and Chinese immigrants were readily utilized for the construction of roads, railways and bridges. Most of the Chinese immigration was in the first three decades of the 20th century. By 1957, the ethnic Chinese (those speaking Chinese as a first tongue and following Chinese customs) numbered about 2,315,000 out of a total population of 20,480,000. More recent estimates put the number of ethnic Chinese at some 3,321,180 (11%) out of a total population of 34,738,000 (1969).

The Chinese became firmly established in paddy collection, rice milling and export, tin mining, wood production, coastal fishing, fish processing and marketing, pork slaughtering and preparation, rubber production and processing, sugar production and processing, plantation agriculture, truck farming, textile trade and light industry. Moreover, they became compradores (i.e., agents who act as guarantors for unknown borrowers in exchange for a small percentage of the loan) for Western banks and import-export houses in Bangkok. They bought large tracts of land in the Central Plain but did not undertake rice cultivation themselves.

Today, the Chinese still dominate inter-village market trade and they bring manufactured goods to the villages and towns. Local intra-village market trade, however, is controlled by Thai women who engage in small quantity transactions involving the exchange of vegetables and fruits, peanuts, soap, locally made cigarettes, fried banana chips, eggs and poultry, sweets, matches and similar items. Thais are also engaged in fishing and household industry, e.g., basket making, pottery, weaving and niello ware manufacture. However, many of the local stores which keep a stock of small goods on hand for after-market-hours and emergency buying, are run by the Chinese.

The position of the Chinese as middle-men is explainable to a large extent by some of the historical developments examined above. They had secured an early foothold in Thai commerce through the junk trade and they further consolidated their position through participation in the royal monopolies and later through the revenue concessions. King Taksin, the ruler in 1767, whose father was Chinese, favored the Chinese as did the Chakkri kings who followed him.
Contrasts In Horizontal Mobility

Up to the 1890's, the movement of the non-slave, non-elite section of the Thai population was restricted by the patron-client system which obligated a freeman to his patron. In addition, freeman had to pay a yearly head tax and they were required to render corvee (labor) service four months of the year.

The Chinese, on the other hand, only had to pay a trinennial head tax and they were free to go anywhere and to rent or own land. The first significant legal restrictions on their freedom of movement and property only came into effect in 1943, although there may have been de facto restrictions on their movement and right to own property prior to this legislation.

The Chinese emigrants had probably gained some commercial experience in the south China port cities prior to their departure. Even in the rural villages, they came into contact with a commercialized economy which was becoming increasingly monetized...Emigration itself made for selection of the bold and strong. Thus, according to Lee, "About 30 or 40 years ago, only the Chinese coolies (mainly Teochins) were employed to carry rice in the mills and to load vessels--because Thai coolies could not carry such a heavy bag as 100 kilograms." In sum, greater freedom of movement and a lesser tax burden than that of the Thais plus commercial experience and boldness put the Chinese in a good position to go into trade.

Farming & Wage Labor

At first, the Chinese only planned on staying overseas temporarily and thus, they were willing to go into low paying wage labor jobs in order to get money more quickly than one could in agriculture. In addition, prior to the 1920's, most of the Chinese men were single while rice agriculture required family cooperation. In the latter part of the 19th century, moreover, as rice prices rose due to an increasing external demand, the government pursued a liberal land and tax policy which encouraged Thai farmers to stay in agriculture and increase production by expanding their paddy land. There were low tax rates on newly acquired land and in some areas taxes were not collected. The amount of land which might be acquired was only limited to about as much as a farmer could reasonably cultivate. The freeing of the Thai masses through the elimination of corvee requirements, slavery and the patron-client system and the increasing demand for wage labor for the purposes of modernization during Chulalongkorn's reign might have brought the Thai farmer out of agricultural
production. This did not occur, however, due, in part, to the influx of Chinese immigrants willing to undertake wage labor, and to increasing farm income brought about by the rising price of rice. Perhaps the crucial attitude, then and now, which inhibits large-scale movement of the Thais from agricultural production to urban wage labor, is that which has been observed among Burmese and northern Thai hill tribesmen, namely, a tendency to equate wage labor with bondage and to value independence more highly than economic advantage.

The historical factors we have considered show, to some extent, how the Chinese assumed their traditional position in the economy as wage laborers and traders. They do not, however, sufficiently explain the continuation of the ethnic division, the apparent reluctance of the Thais to engage in commerce or Chinese efficiently in that area. In order to examine the question of entrepreneurial efficiency more closely, we must first note some of the limiting conditions of the Thai environment.

Overall, the Thai economic environment is based upon agriculture, particularly rice production. To a large extent, this production is at a self-subsistent level which minimizes profit margins and makes capital accumulation difficult. Capital sources are expensive and few. A farmer's activities are primarily confined to his village and he has few personal contacts outside of the village. The inter and intra village trade that exists between Thais is on a small scale, and it is characterized by many buyers and sellers meeting only transiently; profit margins must be kept low or else the producer will be encouraged to sell directly to the consumer. Thus, the scale of exchange makes capital accumulation difficult. Inforceable contract law is largely undeveloped at the village level and farmers and traders tend to rely on verbal agreements. Since a Thai farmer or petty trader has few contacts outside of the village or district, he has virtually no means of bringing informal sanctions to bear in order to assure that agreements are fulfilled and debts paid. Means of transportation and communication links are still in a developing stage.

In this context, how have the Chinese been able to succeed so well in trade and business? Is it that the Thais are spiritually orientated, as some would claim, and that thus they are uninterested in commerce? Religion is a factor, but this is not to say that the Thais are not materialistic. Muscat's study shows that the Thai, just as much as the Chinese, is an economic man, always interested in maximizing profit. For example, in Udorn, where the
railway was late in coming, the local retail and wholesale trade is handled almost exclusively by ethnic Thai. 41 To examine the question more systematically, it is necessary to examine the difference between the Chinese and Thai kinship relationships, time-horizon and world view.

Thai Kinship

The fundamental difference in kinship relationships between the Thai and Chinese is that between bilateral and unilateral descent. The Thai family is based upon bilateral descent; however, the significance of the family unit is based upon the conjugal tie. The sphere of kindred relationships of the family is based upon the individual in the family. He has a great variety of relationships available to him, and he is free to choose in establishing relationships; for example, he can decide whether or not he will help his uncle or brother in a business venture; he can decide upon how he will relate to his mother’s sister. The possibilities of extending relationships horizontally on both matriline and patriline sides are great. However, compared to the great possibilities of extending ties, the importance of these ties to the individual is relatively small. They are transient and often described as "casual". An example of the casualness mentioned can be seen in the case cited by Embree of a Thai in the North who went to live with his relatives in Bangkok. They secured him work in a factory, but after a time he returned to the North without saying anything to them. Neither party was greatly perturbed by the casualness of his departure. 42

The typical Thai family is nuclear, consisting of the parents, children and perhaps a few grandparents. To the extent to which there is cooperation the family functions as an independent unit. Its existence is transient, however, and it tends to break up as the children marry and move away. Upon the death of the parents, the family breaks up as property is divided among the siblings. During its existence, family property and money is not controlled by one individual. The wife has considerable control over the family budget and children have their own activities. Although the mother teaches the children the Buddhist rules of family obligation, which include parents' duties to children—such as transferring property in good times—there is little emphasis placed on the continuation of the family tradition nor on the necessity of preserving family capital over time.

Family names only came into use in 1916, 44 and family records are
seldom kept. The looseness of the Thai family structure can be seen "... in the ease with which a person loses contact with his immediate family if he marries outside the village or moves to a new locality." 45 According to De Young, "within one generation kinship ties among villagers tend to be broken and contact is rarely maintained among family members in neighboring villages unless they are of the same generation." 46 In connection with this, Embree states, "...in practice there is none of the strong sense of duty and obligation to parents which is so characteristic... of China." 47 There is also less stress on the importance of reciprocal rights and duties towards others in ones' kindred. As Embree puts it, "...the structure of the (Thai) family is a loose one and while obligations are recognized, they are not allowed to burden one unduly. Such as are sanctioned, are observed freely by the individual--he acts of his own will, not as a result of social pressure." 48

Chinese Kinship

The Chinese family, on the other hand, is patrilinially organized and thus it is easily socially delineated. The significance of the family is based upon descent. There is great emphasis placed on obligations to one's relative. The individual is affiliated into a corporate kin group, and he is exclusively related to others in the group through the patrilinial line. He cannot establish ties with "relatives" on the matriline side of the family because such "relatives", e.g., his mother's sister, are not considered relatives by the corporate family group. Thus, the possibilities of relating to others for the individual only exist on the patriline side. In extending relationships with relatives on the patriline side, the individual is not able to be casual about these ties as is the Thai. The ties have a lasting and great importance for him, and they are predicated on his obligations to the family members. A typical Chinese family includes three generations, and the family endures over time. Property rights are divided but control is typically by one member of the family. The control of the family money is by one member of the family or even lineage. There is a great tendency to keep property corporately controlled. Thus, Lee, in describing Chinese business concerns in Thailand, states, "Many of the companies nominally called 'company limited' are not really of such a nature because the shareholders are the family members and capital and management is under the control of one man." 49 Unlike the Thai family, when the parents die, the family property will not be dispersed; rather, it will be corporately controlled, and thus preserved.
over time. Each unit of the Chinese family belongs to a greater unit at different levels. Thus, units of the family may be geographically separated, but nevertheless, family ties of obligation still exist and relatives in other areas can be called upon for assistance or credit.

**Thai World Views & Time-Horizon**

In comparing world views one is immediately struck by the high value placed on leisure by the Thais, which some scholars attribute to the long standing favorable agricultural conditions and low ratio of population to land in the country which meant that the basic necessities of life could be secured with relative ease. As the 13th century Thai monarch Ramkamhaeng put it in a now famous phrase: "In the water there are fish; in the fields there is rice." The importance of leisure, convenience and fun is related to the Thai attitude toward time and prestige. Since subsistence production leaves little room for long-term investment and planning, the Thai farmer tends to have a short time-horizon. Thus, it makes sense for him to seek immediate gains of money, fun or prestige. This often means that a large part of a Thai's income will be spent on liquor and clothes. One Thai I talked with said that when Thai students graduate from school they want to be the boss now, and thus, they go into government work rather than commerce. Government work also allows a Thai to maximize his leisure sometimes by working short hours so long as he has the tacit consent of his superior. Finally, in the Thai world view, the preservation of one's prestige, or "face", is a concern which is often paramount. To insure that one does not lose face, disputes will often involve a third party who is the communication link between the two disputants. In a conflict situation, the "correct" attitude for a Thai is cool, unruffled demeanor. Such situations are sometimes avoided when one or both of the parties in potential conflict adopt a stoic-like disposition toward the difficulty, stating, "mai ben rai" (it doesn't matter), even though they sometimes still feel that it really does.

**Attitude Toward Borrowing**

With the foregoing considerations in mind, the Thai attitude toward borrowing money can perhaps be more easily understood. Thais are typically reluctant to borrow money. If it is done, it is kept a secret. This suggests that there is some loss of face involved if it is known that one has had to borrow money. This attitude appears to be a common one in Southeast Asia. Thus, a Filipino student stated that borrowing money is taken as a sign of weakness.
In Thailand, kinship makes borrowing even more difficult. Consider Phillips' observation, "Very often people do not want to borrow from or lend money or equipment to kinsmen precisely because the intrusion of the kinship tie makes the collection of such debts doubly awkward..."

This attitude toward borrowing has made it difficult to survey the amount of indebtedness existing. When money is lent between Thais, very often the date for repayment is left open. The creditor will not press the borrower for repayment because it might embarrass the latter. He will often say, "Pay it back some day". Such a statement exemplifies both the "mai ben rai" attitude and the desire to prevent a loss of face. One Thai said that this is why a Chinese money lender is successful. He is likely to ask for repayment at a certain time and he is not reluctant to press the borrower for repayment. Thus, the Bang Chan study showed that the farmers did not want to borrow money from urban lenders because they were more strict about repayment. When a Thai lends money to an acquaintance there is often greater risk involved. If the borrower defaults and leaves the village there is no way to bring informal sanctions to bear upon him.

**Chinese World View and Time-Horizon**

In contrast to the above, the Chinese world view is characterized, ideally, by a long time-horizon. There is a great emphasis on saving now for the sake of security and wealth in the long run. For the Chinese, hard work, perserverance and frugality are important values, for through them, capital can be accumulated. In contrast to the Thais, the Chinese are willing to work long hours rather than get immediate gains in leisure, profit convenience or fun. In the home, the value of saving, frugality and the preservation of the family business and name are stressed.

In the Thai setting, education traditionally has not been seen by the Chinese as a path toward upward mobility. As Skinner puts it, "Scholarship was a luxury indulged in after high status was attained through the accumulation of wealth." Following compulsory education, the Chinese student was encouraged to join the family business and to pick up the necessary skills on-the-job. Today, this attitude is changing as more second generation Chinese enter the civil service and move into big business and finance. Yet the preferred education is one in business and thus Thai-Chinese are predominant in business and commerce schools.
Chinese spending is for the sake of life—in this life—and thus, compared to the Thais, less money is spent for religion. For example, the Chinese do not have to undertake the great expense of ceremoniously initiating their sons into the priesthood as do the Thais.

Trust, a crucial value essential to the Chinese corporate philosophy is reinforced by kinship ties and the potential for sanctions if it is broken. It arises out of the need for reciprocity between family members. Although geographically separated, one Chinese can rely upon his relatives or friends for help or credit, for reciprocity means that it is in the borrowers' own interest not to default—for he is not an isolated agent. Rather, he is tied into a nexus of reciprocal relationships with other Chinese. He does not want to default, for he is counting on other Chinese fulfilling their agreements with him. Very often, these relationships are preserved by not paying off debts completely. If he were to default on his agreement, the injured party could impose sanctions on him by getting in touch with other Chinese who have agreements with him and perhaps give him credit. It is like the village situation wherein a Thai can impose informal sanctions on another, if necessary, so long as the other person stays within the village or in close proximity. If a Chinese in Bangkok does not make good on his agreement and leaves, the injured Chinese party can still "get to him" so long as the defaulter is in contact with other Chinese.

It should be clear at this point that the difference in kinship relationships and what they imply for the Chinese and Thai and their respective world views complementing these relationships tend to preserve the ethnic division of labor which was established historically. The corporate organization of the Chinese family makes it better suited for trade and commercial activity than the Thai family. Moreover, the possibilities which exist for bringing informal sanctions to bear on non-kin Chinese who may be distantly located—which hardly exist for the Thai dealing with other Thais outside of his community—further increase the advantages for the Chinese concern. A typical illustration follows. A Chinese family initially having a low income can, given its world view, begin to overcome this problem by emphasizing saving and hard work. The family is not dependent on small-scale agricultural production, with its minimal profit return, for its income, thus, it is in a better position than the Thai one to accumulate capital. The Chinese family can mobilize its members, dividing tasks in a complementary way and pooling the income of the
family members, with unified control and direction supplied by the patriarch or another designated leader. It is quite unlike the case of the Thai in Bang Chan for whom "...the squandering of money is the most frequent cause of family discord." 52

Again, unlike the considerable permissiveness which exists for the members of a Thai family, the members of the Chinese family are obligated to work for the sake of the family business and name. Moreover, the penalties for mismanagement are severe.

Government Policy

Returning to the ethnic division of labor, governmental attempts to increase the participation of Thais in non-agricultural work by reserving certain occupations for them, such as taxi driving were unsuccessful in excluding ethnic Chinese from these occupations. In fact, the government pressure against the Chinese, which reached its peaks in 1930's and 1950's has resulted in the linking up of Chinese commercial power and Thai political power, an accommodation strategy mentioned in Section II. Members of the Thai political elite, in the post World War II years, became advisors or members of the boards of Chinese corporations, thereby gaining a financial base while the Chinese entrepreneurs gained protection and government help. As Skinner puts it, "In one of the most intriguing paradoxes of Thai history, militant economic nationalism has resulted not in defeat of the enemy but in cooperation between the antagonists." 53

Strangely enough, while government rhetoric tended to criticize the Chinese for alleged monopolistic control, the government itself has continued to operate monopoly control over such products as whiskey and tobacco, resulting in increased revenue sometimes through higher prices to the consumer and lower returns to primary producers than would prevail in a free market situation. Furthermore, most of the more than 100 state manufacturing enterprises established between 1953 and 1958 produced a net drain on the treasury so that by the late '50's, due to increasing criticism, government policy called for a disengagement from entrepreneurial activity in industry as increasing reliance was placed on the private sector. 54

At this point, it should be noted that the ethnic division of labor which has been examined has become less noticeable in recent years and the rising trend of Thai participation in non-agricultural jobs will probably continue in the future as the supply of farm land decreases and opportunities
for employment in commerce and industry become available. This trend can already be seen in the increasing number of Thais coming to Bangkok from the Northeast to find employment. As Freyn explains it, in the future, no matter how much Thai school graduates want to work for the government or armed forces, eventually the limited number of openings will force them to seek employment in industry and commerce.

Immigration policies no longer permit a free influx of Chinese. Thus, as the population rises, the percentage of Chinese in the country will diminish. Moreover, government politics of basing citizenship on jus soli and requiring the teaching of Thai and the following of a Thai curriculum in the Chinese schools will continue to promote assimilation of the Chinese.

As the Southeast Asian countries seek rapid economic development, entrepreneurship is perhaps the key resource for this purpose. It is in the interest of these national aspiration, for the respective governments to cooperate with and enlist the support of the experienced Chinese elite rather than to condemn it outright.

In Section One, the primary focus of discussion was overseas Chinese assimilation in Southeast Asia. Three district stages of change in the pattern of Chinese leadership were delimited, with the possibility raised that a new fourth stage pattern has been evolving since the mid '60's. These periods are as follows:

**Period One (1800-1900)**: Prevalence of the Kapitan System. The Chinese middle-agent typically acquiesces to colonial power initiatives and mandates.

**Period Two (1900-1945)**: A more ethically oriented Chinese leadership elite emerges following the collapse of Chinese dynastic government and the awakening of Chinese Republican nationalism.

**Period Three (1950-1965)**: The Chinese leadership stresses compromise with the host-country and minimization of Chinese ethnicity in the face of government hostility arising from government fear of Chinese communist consciousness & economic control. The prevailing strategy resembles that in the Kapitan System.

**Period Four (1965 - present)**: It is hypothesized but perhaps too early to determine conclusively that with the decrease in Mainland Chinese militancy and increasing world respect for that country, overseas Chinese emphasis on ethnicity and links with the mainland may become increasingly legitimized in a
pattern reminiscent of Period Two.

Section Two of our discussion has dealt with the issue of overseas Chinese economic control - with the developments in Thailand as a case study. Thai and Chinese Kinship, World-views and Time-horizon were compiled in the context of the economic constraints of the Thai environment. It was suggested that Chinese patrilinial kinship tends to mobilize and preserve family capital over time and space. This factor coupled with the typical Chinese value system ranking work higher than leisure plus an extended time-horizon seems to give the Chinese entrepreneur a comparative advantage over the Thai. This advantage considered in the light of historical developments would seem to explain the typical two-sector division of labor common in Thailand and elsewhere in Southeast Asia. The final part of Section Two presented the thesis that detrimental Chinese economic control - at least in the Thai setting - has been exaggerated and perhaps even fabricated at times for governmental political reasons. The spectre of Chinese economic domination has in fact been used to mask not only the operations of governmental monopoly enterprises but also economic cooperation between Thai politicians and Chinese businessmen. In the process, the valuable features of Chinese entrepreneurship have been obscured. For achievement of Southeast Asian rational economic development objectives, it would seem to be more constructive if these features were objectively considered and perhaps even emulated. This could mean a government policy of cooperation with the Chinese entrepreneurial elite - with reliance on this group for the training and development of new managerial resources.

FOOTNOTES

1 - Broadly defined as those maintaining Chinese customs and language. For more detail see CUPI Survey, 1972, infra, p. 43.

2 - Those of mixed descent delineated by Thai-Chinese lineage rather than customs and language exclusively.

3 - The discussion of Chinese entrepreneurship is based on an earlier study by William King: Chinese Entrepreneurship in Thailand as a Paradigm of Economic Functionalism in Southeast Asia 1972.


13 - The demands of two ethnic constituencies and the nature of ties formed to service these distinct groups produced increased role stress, resolved finally by the Kapitan's neglect and/or exploitation of his community. When the last Manila Kapitan, Don Carlos Palanca, was appointed acting Chinese Consul General in 1898, he was vehemently opposed by major factions in the community who objected to his naturalization as a Spanish citizen. See Tan 1972, p. 211.


16 - Hoay, op. cit., p. 63.

17 - see A.S. Tan, op. cit., p. 273.

18 - Ibid., p. 131.

19 - Hoay, op. cit., p. 64.

20 - see A.S. Tan, op. cit., p. 303.

22 - Ibid., p. 242.


24 - see G.W. McBeath, "Political Integration of the Philippine Chinese", Research Monogram (R.M.) n° 8, Center for South and Southeast Asian Studies (Berkeley, 1973).


26 - Ibid.


28 - see McBeath, op. cit., p. 36.


30 - Wickberg, op. cit., pp. 100-104.

31 - McBeath, op. cit., and Wickberg, op. cit., pp. 100-104.


35 - Ibid., p. 212.

36 - "1969 Statistical Yearbook of Thailand".


43 - Ibid., p. 183.


45 - Ibid.

46 - Ibid.

47 - Embree, op. cit., p. 183.

48 - Ibid., p. 184.


51 - Skinner, op. cit., p. 135.


53 - Skinner, op. cit., p. 360.