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NAVAL POSTGRADUATE SCHOOL

MONTEREY, CALIFORNIA

THESIS

THE PRC'S OVERSEAS CHINESE POLICY

by

Shaio H. Zerba

June 2008

Thesis Advisor:
Second Reader:

Michael Malley
Alice Miller

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THE PRC'S OVERSEAS CHINESE POLICY

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Submitted in partial fulfillment of the
requirements for the degree of

**MASTER OF ARTS IN SECURITY STUDIES
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ABSTRACT

This thesis examines the People's Republic of China's (PRC) overseas Chinese policy from its founding to the present. Over time China's overseas Chinese policy has evolved to reflect changing migration patterns and favorable international conditions. The overseas Chinese have been both a problem and an instrument of China's domestic and foreign policy agenda. The one constant in Beijing's domestic agenda has been the need to attract foreign exchange—primarily through the overseas Chinese in the form of remittance or investment. Moreover, there has been significant continuity in its foreign policy and corresponding overseas Chinese policy. One of Beijing's primary foreign policy objectives has been to restore relations with its neighbors. Therefore, China sought diplomatic relations with its Southeast Asian neighbors and made efforts to solve the overseas Chinese dual nationality problem. Finally, China's third and fourth generation leaders have undertaken a more pragmatic, sophisticated, and subtler foreign policy approach to achieving Beijing's ambitions. China's "new diplomacy" is changing the way its neighbors view the emerging power and their overseas Chinese communities. Thus, the estimated 35 million overseas Chinese have become assets in connecting China to the outside world.

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I. CHINA'S OVERSEAS CHINESE POLICY

Since the founding of the People's Republic of China (PRC), the overseas Chinese have been both a problem and an instrument of China's domestic and foreign policy agenda. Typically, China's overseas Chinese policy complemented its domestic and foreign policy agenda. On the whole, China's domestic policies are closely aligned with its foreign policy goals. Domestically, Beijing's focus is continuing rapid economic growth to maintain internal stability. In line with its domestic agenda, China's foreign policy strategy is maintaining a stable international and regional environment conducive to modernizing its economy and increasing its relative power and prestige. According to Dennis Roy "power, wealth and status" are the "three primary and enduring goals" of Chinese foreign policy.¹ Beijing wants power, wealth, and status in order to determine the terms of the game in the changing world order. On its quest, Beijing is tapping all available resources to assist its domestic and foreign policy goals. Beijing is therefore incorporating an estimated 35 million overseas Chinese into its effort to achieve its policy goals.

There are three overarching goals of China's overseas Chinese policy in the twenty-first century: economic, cultural and political.² With respect to Beijing's economic goals, the overseas Chinese play an important role in China's modernization. Ethnic Chinese abroad are significant sources of investment and technical expertise. With respect to Beijing's cultural goals, the overseas Chinese can promote Chinese language and culture abroad and thereby increase China's prestige and soft power. Finally, with respect to Beijing's political goals, the overseas Chinese act as mediums to communicate China's interests in their countries of residence or citizenship. Furthermore, the overseas Chinese are indispensable agents in resolving the Taiwan problem and China's reunification.

¹ Dennis Roy, *China's Foreign Relations* (Boulder: Rowman & Littlefield, 1998): 215.

² Elena Barabantseva, "The Party-State's Transnational Outreach: Overseas Chinese Policies of the PRC's Central Government," Greater China Occasional Paper Series, no. 2, Institute of Chinese and Korean Studies, University of Tübingen (August 2005): 1-2, accessed 1 March 2007; available from <http://www.uni-tuebingen.de/sinologie/sino/gcs/papers/paper2.pdf>.

A. DEFINING OVERSEAS CHINESE

To analyze this topic, it is necessary to define the term overseas Chinese as it is conceptualized by the PRC. The Chinese term for “Overseas Chinese” is *huaqiao*, or “Chinese sojourner,” suggesting a state of transience. The term dates from the late 19th century Qing and its usage is still employed today to describe all Chinese abroad. Two other terms are in usage to describe the ethnic Chinese; *huaren* (Chinese person) and *huayi* (Chinese descent). These three terms—*huaqiao*, *huaren*, and *huayi*—connote a degree of ambiguity in the status of these groups and their relation to China. However, in the PRC’s policy-making realm these distinctions are rarely drawn. Most of the Chinese literature uses the generic term *huaqiao huaren*, signifying that both groups fall within the scope of the PRC overseas Chinese policy.³ The usage of the term “overseas Chinese” in this work is equivalent to the Chinese term *huaqiao huaren* to refer to all ethnic Chinese living abroad.

Who are the overseas Chinese? Where do they live? What are their occupations? Statistics are not reliable, nonetheless at the end of the twentieth century an estimated 35 million ethnic Chinese live abroad. The majority of overseas Chinese are working people, business entrepreneurs and economic migrants of varying levels of skill and resources. They are now a presence in more or less every country of the world. Southeast Asia is home to the majority of ethnic Chinese, estimated at 20 million. In the 1990s, it was estimated that the private wealth of Southeast Asia’s 20 million ethnic Chinese exceeded US\$200 billion.⁴ The 1990s witnessed a notable increase in Chinese migration to Western countries, with more than 4 million ethnic Chinese living in North America alone. These recent migrants are students and science, business and technology professionals. The following statistics illustrate the change in migration patterns. In 1979, there were a total of 1,000 Chinese students studying in the United States. In 1989,

³ Elena Barabantseva, “The Party-State’s Transnational Outreach,” 1.

⁴ Ibid., 9.

there were 33,390 and by 1999, 54,466.⁵ Overseas Chinese are an important group that spans the globe, influencing global commerce and international relations.

Country	2005 Number	Rank	2004 Number	Rank	Growth Rate (%)
Indonesia	7,566,200	1	7,463,404	1	1.38
Thailand	7,053,240	2	7,254,261	2	-2.77
Malaysia	6,187,400	3	6,114,900	3	1.19
United States	3,376,031	4	3,280,823	4	2.9
Singapore	2,684,900	5	2,650,100	5	1.31
Canada	1,612,173	6	1,548,650	6	4.1
Peru	1,300,000	7	1,300,000	7	0
Vietnam	1,263,570	8	1,246,845	8	1.34
Philippines	1,146,250	9	1,139,243	9	0.62
Myanmar	1,101,314	10	1,090,087	10	1.03
Russia	998,000	11	998,000	11	0
Australia	614,694	12	599,600	12	2.52
Japan	519,561	13	487,570	13	6.56
Kampuchea	343,855	14	336,124	14	2.3
United Kingdom	296,623	15	283,470	15	4.64

Table 1. The Ranking of Overseas Chinese ^{6*}

B. BRIEF HISTORY OF THE OVERSEAS CHINESE

For several centuries the Chinese government discouraged Chinese migration. The Ming dynasty (1368-1644) instituted laws creating barriers to emigration and trade. Later, the Qing dynasty (1644-1912) banned all such activities. In the nineteenth century, China's defeat by foreign powers, prompted the Qing government to permit labor

⁵ Sufei Li, "Navigating U.S.-China Waters: The Experience of Chinese Students and Professionals in Science, Technology, and Business," in *The Expanding Roles of Chinese Americans in U.S.-China Relations: Transnational Networks and Trans-Pacific Interactions*, eds. Peter H. Koehn and Xiao-huang Yin. (Armonk: M.E. Sharpe, 2002): 23.

⁶ "The Ranking of Overseas Chinese," *The Overseas Compatriot Affairs Commission, R.O.C. (Taiwan) Website*, accessed 6 April 2007; available from <http://www.ocac.gov.tw/english/public/public.asp?selno=1163&no=1163&level=B>.

* The overseas Chinese population statistics provided by the Overseas Compatriot Affairs Commission (OCAC), Republic of China (Taiwan) may be disputed by the PRC. Note the population of overseas Chinese is in constant fluctuation. The table provides the reader a snapshot in time of how the overseas Chinese population was distributed across the globe in 2004 and 2005.

emigration. A clause in the treaty of Nanking in 1842 recognized the right of the Chinese to emigrate, which opened the way for large-scale migration of laborers not only to Southeast Asia but to farther territories such as the Americas and Australasia. Relaxation of Qing policy coincided with the advent of the industrial revolution and the end of slavery in the West. After 1859, Chinese laborers increased the population of overseas communities, especially in Southeast Asia. It is estimated that over two million Chinese emigrated between 1848 and 1883.⁷ Finally in 1893, the Qing officially lifted the ban on foreign travel.⁸

Motivated by the wealth and resources of the Chinese living abroad, in 1909, the Qing adopted a nationality law containing the principle of *jus sanguinis* to legitimize its claim to these subjects. *Jus sanguinis*, “right of blood,” made every ethnic Chinese, regardless of place of birth or residence, Qing subjects.⁹ This nationality law was later adopted by the Nationalist government and inherited by the PRC. The nationality law and tradition of sojourning served as obstacles to the ethnic Chinese assimilating into their countries of residence. Because of the tradition of sojourning, the Chinese often viewed themselves as temporary residents with the intention of returning. Chinese migrants established separate schools and maintained their own distinct culture and language. Further complicating the overseas Chinese assimilation was the role of racism in creating obstacles to ethnic Chinese gaining citizenship in their countries of residence. The problem of dual nationality would trouble the PRC’s foreign relations with Southeast Asian countries into the 1980s.

During the Republican period (1912-1949), various Chinese governments continued to emphasize links with the overseas Chinese. For instance, Kuomintang (KMT) nationality law of 1929 reaffirmed the principle of *jus sanguinis*. The KMT claimed all ethnic Chinese living abroad, “believing they could be an instrument of foreign policy, and even listed overseas Chinese policy as the first objective of foreign

⁷ Paul J. Bolt, *China and Southeast Asia's Ethnic Chinese: State and Diaspora in Contemporary Asia* (Westport: Praeger Publishing, 2000): 38.

⁸ Wang Gungwu, *The Chinese Overseas: From Earthbound China to the Quest for Autonomy* (Cambridge: Harvard University Press, 2000): 46.

⁹ Paul J. Bolt, *China and Southeast Asia's Ethnic Chinese*, 38.

policy.”¹⁰ Furthermore, the Nationalist government established institutions, such as the Overseas Chinese Affairs Commission, to woo the overseas Chinese. Although the KMT had many reasons to promote ties with the overseas Chinese, the primary motivation was to raise funds. To advance this goal, the KMT drafted special legislation giving overseas Chinese favorable investment terms and incentives, such as the Law to Encourage the Effectuation of Overseas Chinese Enterprise in the Homeland and the Overseas Chinese Incentive Ordinance.¹¹ The KMT also initiated programs to promote Chinese culture and nationalism among overseas Chinese communities such as sending teachers to Southeast Asia. Unfortunately, the KMT’s aggressive courting of the overseas Chinese alienated the countries in Southeast Asia.

When the Communist Party gained control of China in 1949, the international situation was very different from that encountered by the Qing and Nationalist governments. Southeast Asian nationalism was on the rise after the end of the Second World War. This phenomenon further heightened suspicion of the overseas Chinese as subversive elements in the minds of Southeast Asians.¹² The policies of previous Chinese governments complicated the PRC’s effort to establish diplomatic relations with Southeast Asian states—where the majority of overseas Chinese resided. China’s relationship with the overseas Chinese could not be separated from its relationship with the countries in which they reside. The newly established PRC soon discovered the dual nationality problem impeded its efforts to establish diplomatic relations with the nations in Southeast Asia.

C. THE CHINESE IN AMERICA

The Chinese arrival in the United States can be traced back to the eighteenth century. However, it was not until the Gold Rush years in the mid-nineteenth century that Chinese immigration reached a large scale. By the time Congress passed the Chinese

¹⁰ Stephen Fitzgerald, *China and the Overseas Chinese* (New York: Cambridge University Press, 1972): 11.

¹¹ Paul J. Bolt, *China and Southeast Asia's Ethnic Chinese*, 40.

¹² *Ibid.*, 43.

Exclusion Act in 1882, the Chinese population in the United States had reached about 150,000. Including those who returned to China during this period, some 322,000 Chinese took the trip across the Pacific from 1849 to 1882—before the Chinese Exclusion Act Prohibited their entry.¹³

In their new American home, the Chinese “Gold Mountain Travelers” found a great deal of hardship. These immigrants found little support from the Qing government in their struggle to survive in a strange land. Consequently, they attributed their hardship, especially racial discrimination, to the weakness of their homeland. These Chinese sojourners believed that a strong China could help them win acceptance from mainstream American society and improve their lot in their new country.¹⁴ Thus, when asked by Chinese American leaders for donations to help China, they responded enthusiastically. The concerns of early Chinese immigrants for China reflected their wish to improve their treatment and status in the United States.

After the Chinese Exclusion Act of 1882, Chinese immigration to the United States came to a stand still. This changed with the United States Immigration Act of 1965, which removed racial criteria from immigration policy. The new law provided an equal allotment to each nation-state, and the annual quota of 105 jumped to 20,000 for China.¹⁵ The inflow of Chinese immigrants more or less doubled each decade between 1960 and 1995, with the Chinese population in the United States increasing from under 240,000 to over 2 million.¹⁶ However it was not until after the normalization of U.S.-China diplomatic relations in 1979 that large numbers of Chinese immigrated to America.

¹³ Peter H. Koehn and Xiao-huang Yin, “Chinese American Transnationalism and U.S.-China Relations,” in *The Expanding Roles of Chinese Americans in U.S.-China Relations: Transnational Networks and Trans-Pacific Interactions*, eds. Peter H. Koehn and Xiao-huang Yin (Armonk: M.E. Sharpe, 2002): xii.

¹⁴ Ibid., xii.

¹⁵ Haiming Liu, “Historical Connections Between the Chinese Trans-Pacific Family and U.S.-China Relations,” in *The Expanding Roles of Chinese Americans in U.S.-China Relations: Transnational Networks and Trans-Pacific Interactions*, eds. Peter H. Koehn and Xiao-huang Yin (Armonk: M.E. Sharpe, 2002): 10.

¹⁶ Wellington K.K. Chan, “Chinese American Business Networks and Trans-Pacific Economic Relations Since the 1970s,” in *The Expanding Roles of Chinese Americans in U.S.-China Relations: Transnational Networks and Trans-Pacific Interactions*, eds. Peter H. Koehn and Xiao-huang Yin (Armonk: M.E. Sharpe, 2002): 146.

The United States quickly became the largest receiving country of Chinese emigration.¹⁷ This new community of overseas Chinese would eventually contribute to China's modernization and influence U.S.-China relations.

D. LITERATURE REVIEW

Literature on China and the overseas Chinese advances several underlying themes: the legacy of colonization in Southeast Asia, state-to-state relations between China and Southeast Asian countries, ethnic Chinese politics in Southeast Asia, and overseas Chinese economic relations with China. Although various scholars have analyzed the PRC's overseas Chinese policy from 1949 to the present, few studies include the ethnic Chinese living beyond Southeast Asia. This implies that the issue of the overseas Chinese was primarily centered on China's foreign relations with Southeast Asia.

Coming out of a hard fought war with the Japanese and subsequent civil war, the Chinese Communist Party (CCP) faced many challenges in forming a new nation. From the founding of the PRC, the new Chinese government struggled to gain diplomatic recognition. Only a few nations, the USSR and its Soviet bloc, formally recognized the new government. The United States did not formally establish diplomatic relations with the PRC until 1979. Coming out of the Second World War, China as well as its Southeast Asian neighbors faced the legacy of colonialism and the formation of nation-states conforming to the international system. One legacy of colonialism requiring resolution was the issue of the ethnic Chinese living in Southeast Asia. The CCP inherited the Nationalist government *jus sanguinis* policy—citizenship by “right of blood”—which gave rise to the dual nationality problem for ethnic Chinese living abroad. This policy led countries, especially in Southeast Asia, to view overseas Chinese as subversive elements threatening the stability of their governments.

Prior to 1979, one of the major controversies on this topic was the potential subversion of Southeast Asian states by overseas Chinese, the purported “fifth column.”

¹⁷ Haiming Liu, “Historical Connections Between the Chinese Trans-Pacific Family and U.S.-China Relations,” 12.

Stephen Fitzgerald's work *China and the Overseas Chinese: A Study of Peking's Changing Policy 1949-1970* dispels this argument.¹⁸ Although dated, this work provides one of the few studies on the policy of the PRC towards the overseas Chinese during this period. According to Fitzgerald, the PRC's overseas Chinese policy was usually subordinate to foreign policy and evolved over time with the changing international and domestic climate. Fitzgerald contends that Beijing was not able to effectively manipulate the overseas Chinese to subvert Southeast Asian countries. On the contrary, during initial state formation, Fitzgerald finds that the CCP perceived the overseas Chinese more as a problem needing to be resolved rather than an asset.

The next major shift in the PRC's policy toward the overseas Chinese occurred during the Cultural Revolution. Stephen Fitzgerald explains how Beijing's policies in this period focused inward, mainly on the domestic overseas Chinese and returned overseas Chinese. In the past, these two groups received preferential treatment. However, with the onset of the Cultural Revolution the overseas Chinese were labeled as "bourgeoisie" and "capitalists." With their fall from grace, Beijing discontinued special treatment for the overseas Chinese returnees and relatives and soon disbanded the Overseas Chinese Affairs Commission. According to Fitzgerald, the Cultural Revolution marked a period in which overseas Chinese policy became subordinate to the domestic agenda.

By December 1977, the overseas Chinese once again emerged as an important issue on China's political agenda and the Overseas Chinese Affairs Office was re-established. C.Y Chang's study "Overseas Chinese in China's Policy" discusses the resuscitation of the PRC's overseas Chinese policy following the Cultural Revolution. Like Fitzgerald, Chang maintains that China's foreign policy dictated the direction of its overseas Chinese policy. The restoration of overseas Chinese work paralleled broader changes in domestic and foreign policy shifts under Deng's leadership. Beijing appreciated the potential contribution of the overseas Chinese to "the achievement of the

¹⁸ Stephen Fitzgerald, *China and the Overseas Chinese* (New York: Cambridge University Press, 1972).

four modernizations in China and in combating Soviet hegemonism abroad.”¹⁹ During this period, China and the United States established official diplomatic ties and the PRC’s overseas Chinese policy reflected this change.

The next major shift occurred in the 1990s with a strategy of actively appealing to and liaising with ethnic Chinese around the world. The PRC’s overseas Chinese policy transformed from passive anticipation of remittance via relatives to active state liaison. During the 1990s, the PRC took notice of an increasing number of Chinese students and professionals migrating to North America, Australia, Japan and Europe. Mette Thunø’s article “Reaching out and Incorporating Chinese Overseas: The Trans-territorial Scope of the PRC by the End of the 20th Century” explores the evolution of China’s overseas policy to the present.²⁰ Thunø contends Beijing began to recognize these new migrants as potential assets for investment and knowledge resource. The PRC was widening the net to incorporate all ethnic Chinese living abroad. Thunø’s work is a rare study of the PRC’s overseas Chinese policy that includes the growing ethnic Chinese population in North America.

The latest adjustment in the PRC’s overseas Chinese policy also coincided with China’s foreign policy shift toward soft power diplomacy—the so-called “charm offensive.” A convenient date for China’s shift toward soft power is 1997. Coming out of the 1995-1996 Taiwan Strait crisis, Beijing recognized that the use of hard power was ineffective in advancing its foreign policy goals. Additionally, the actions taken by Beijing to alleviate the 1997 Asian financial crisis produced significant goodwill with its Asian neighbors. In the past, political involvement of the ethnic Chinese was viewed with suspicion; however the current international environment has become favorable for ethnic Chinese to take a more active role in politics. As China increased its soft power, ethnic Chinese increased their standing abroad and vice versa. These symbiotic events have led China to increase its soft power and utilize the ethnic Chinese to increase its

¹⁹ C.Y. Chang, “Overseas Chinese in China’s Policy,” *The China Quarterly*, no. 82 (June 1980): 282.

²⁰ Mette Thunø, “Reaching out and Incorporating Chinese Overseas: The Trans-territorial Scope of the PRC by the End of the 20th Century,” *The China Quarterly*, no. 168 (December 2001): 910-929.

influence. There are no current studies specifically tying Beijing's soft power initiatives to its overseas Chinese policy. This thesis analyzes this recent phenomenon in overseas Chinese affairs.

Past works are useful in providing a historical overview of the PRC's overseas Chinese policy and its evolution over time. However, there is a significant gap in the research. Although several scholars contend that overseas Chinese policy is subordinate to foreign policy, none of these studies have specifically linked the two. Furthermore, few studies include the ethnic Chinese living in the West and how the PRC is incorporating these emerging communities into its strategy. Often ignored are the 4 million ethnic Chinese living in North America. Finally, Paul Bolt's work *China and Southeast Asia's Ethnic Chinese: State and Diaspora in Contemporary Asia* examines rising anti-Chinese sentiment in Southeast Asia and the possible backlash as a result of ethnic Chinese attachment with mainland China.²¹ Likewise, a corresponding study is required to investigate anti-Chinese sentiment in the West and other unintended consequences as a result of China's overseas Chinese policy.

E. OVERVIEW

China has a clear worldwide policy towards the overseas Chinese, and its success has implications for Beijing's national agenda beyond economic growth. Over time the PRC's overseas Chinese policy evolved to reflect changing migration patterns and favorable international conditions. The PRC's overseas Chinese policy was typically an instrument of Beijing's foreign and domestic objectives. Thus, changes in China's overseas Chinese policy often parallel broader changes in China's domestic and foreign policy goals and initiatives. In addition, the PRC's overseas Chinese policy was a function of the overseas Chinese themselves—where they lived and what they were capable of doing. When the Chinese migrated to North America, Australia and Europe in greater numbers, the range of policies available to Beijing expanded to accommodate this change. In sharp contrast to the past, rapid economic growth and a favorable international environment have made Beijing's task easier because many overseas

²¹ Paul J. Bolt, *China and Southeast Asia's Ethnic Chinese*.

Chinese now view China in a positive light. For China's neighbors and the United States, the growing relationship between the PRC and the overseas Chinese provides a reason to say "China is on the rise" that goes beyond mere rhetoric.

The following chapters provide an overview of the PRC's overseas Chinese policy, beginning with Mao and ending with the third and fourth generation leaders. Chapter II covers China's policy during Mao Zedong's administration, from the fifties to the late seventies. In the fifties, Beijing's sought state-to-state relations with its Southeast Asian neighbors and made efforts to solve the dual nationality problem. In the sixties, China aspired to become the beacon of Maoist revolution while disrupting the overseas Chinese cause both in and outside China. In the seventies, Beijing assumed measures to mend relations with the overseas Chinese and put policies back on track after the disruption of the Cultural Revolution. Chapter III covers Deng Xiaoping's policies from the eighties to the mid-nineties. In the eighties, China set its sights on improving its economic condition enlisting the overseas Chinese to help it modernize. Chapter IV addresses the mid-nineties to the present, discussing the incorporation of the overseas Chinese in the area of politics to enhance Chinese soft power. Finally, Chapter V provides a few concluding thoughts.

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II. THE MAO ERA

China's overseas Chinese policy usually complemented both its domestic and foreign policy agenda. However, at times the Chinese government had to balance domestic and foreign policy priorities. At times, foreign policy was more important than domestic policy, but at other times the priority was reversed. This was true during the Mao era. During the Mao years—two men, Mao Zedong and Zhou Enlai—monopolized decision-making in foreign policy. Consequently, there was significant continuity in foreign relations in both strategic perspective and foreign policy goals during this period. According to Michael Yahuda, the dominant factors influencing change in China's foreign policy direction were the policies of the superpowers—the United States and the Soviet Union.²² A profound element in China's international posture was its relative weakness with respect to the superpowers. Yahuda identifies three phases of China's foreign policy during the Mao era: the Sino-Soviet alliance, Third World radicalism, and alignment with the West.²³ Since Beijing's changing foreign policy goals influences its overseas Chinese policy, these phases provide context for Beijing's evolving policy towards the overseas Chinese.

A. THE SINO-SOVIET ALLIANCE

The Sino-Soviet alliance phase of China's foreign policy loosely corresponds to the 1950s. From the beginning of the People's Republic of China, the foundation of Beijing's approach to its uncertain international context was the alliance with the Soviet Union. At this time the PRC was recognized by only 18 countries, 11 of those were in the Soviet bloc. With the exception of the USSR, no other great power recognized the government in Beijing. In the summer of 1949, Mao declared that the New China would "lean to the side" of the Soviet Union. The Soviet Union not only provided political recognition but also economic and military assistance to the fledgling state. Moreover, China adopted or copied much of the Soviet model in governance and organization.

²² Michael Yahuda, *China's Foreign Policy After Mao* (London: Macmillan Press, 1983): 25.

²³ *Ibid.*, 17.

Sealing the relationship, on 14 February 1950, the two countries signed the “Sino-Soviet Treaty of Friendship, Alliance and Mutual Assistance.”

Initiating the “Bandung Phase” in 1955, Zhou Enlai attended the first conference of Afro-Asian countries held in Bandung, Indonesia. According to Yahuda, the “‘Bandung Phase’ marked the beginning of the Third World dimension of China’s foreign policy.”²⁴ China’s general line during this period was to establish solidarity with the countries of Latin America, Asia, and Africa, as well as promote the Five Principles of Peaceful Coexistence.²⁵ Mao envisioned China’s role as the leader of the Third World and the vanguard of socialist revolution. In Mao’s view, China and Third World nations shared a common history of colonialism and therefore were potential allies against Western imperialism. Thus, he showed a “willingness to deal with all governments regardless of their political hue and to solve all problems with moderation and diplomacy.”²⁶ In support of Mao’s aspirations, Beijing sought better relations with the newly independent countries in the Third World in particular its neighbors in Southeast Asia. In an effort to improve relations with Southeast Asia, Zhou Enlai negotiated a treaty with Indonesia in 1955 that would end dual citizenship for the Chinese in Indonesia. He also offered to sign a nonaggression treaty with the Philippines and assured Thailand that China had no ill intentions in setting up a Thai Autonomous Zone in Yunnan province.²⁷

The high population of ethnic Chinese living in Southeast Asia complicated Beijing’s relationship with the region’s nations. According to Stephen Fitzgerald, when the CCP came to power in 1949 it inherited three problems in regards to the overseas Chinese: 1) assuming responsibility for the overseas Chinese committed China to involvement in Southeast Asia; 2) the KMT nationality law had engendered little trust and goodwill from Southeast Asians; and 3) the lack of assimilation of ethnic Chinese to indigenous culture strained the relationship between Chinese and non-Chinese in

²⁴Michael Yahuda, *China’s Foreign Policy After Mao*, 31.

²⁵ Paul J. Bolt, *China and Southeast Asia’s Ethnic Chinese*, 44.

²⁶ Michael Yahuda, *China’s Foreign Policy After Mao*, 31.

²⁷ Paul J. Bolt, *China and Southeast Asia’s Ethnic Chinese*, 44.

Southeast Asia.²⁸ Thus, in many respects the PRC viewed the overseas Chinese as an impediment to state-to-state relations with Southeast Asia.

Zhou Enlai first formally acknowledged the existence of an “overseas Chinese problem” in a statement at the First National People’s Congress in September 1954.

China has approximately 12 million national residents abroad. They have lived together in friendship for many years with the people of the countries of residence, and they made positive contributions to the development and prosperity of the local economies. For the most part they do not participate in political activities in the countries of residence. For the last few years, the position of the Overseas Chinese in those countries which are unfriendly to China has been extremely difficult. We hope that these countries will be able to refrain from discriminating against our nationals and respect their proper rights and interests. For our part, we are willing to urge the Overseas Chinese to respect the laws of the local government and local social customs. It is worth pointing out that in the past, reactionary Chinese governments never made any attempt to solve the problem of Overseas Chinese nationality. This not only places the Overseas Chinese in a difficult position, but was often the cause of discord between China and the countries of residence. In order to improve this situation, we are prepared to solve this problem, beginning with those Southeast Asian countries with which we have diplomatic relations.²⁹

A direct product of China’s peaceful coexistence policy, this statement signaled its new policy towards the overseas Chinese. When Beijing set out to play a more diplomatic role in international affairs, it was forced to consider this problem in its relations with Southeast Asia. China’s perception of the problem at the time rested on two considerations: the usefulness of the overseas Chinese and the requirements of peaceful coexistence. If the PRC was genuinely interested in improving relations with Southeast Asia, it was necessary to dispel the belief that it was exploiting the overseas Chinese for political purposes. Unfortunately, Southeast Asians resented the overseas Chinese for either economic or social reasons. In the view of the indigenous residents, the ethnic Chinese appeared as an alien minority who considered themselves culturally superior and

²⁸ Stephen Fitzgerald, *China and the Overseas Chinese*, 9.

²⁹ *Ibid.*, 102.

temporary residents.³⁰ As a consequence, they were seen as subversive elements. The PRC's solution to the overseas Chinese problem was to eliminate dual nationality.

The PRC and Indonesia entered into negotiations on the dual nationality problem culminating in the signing of the "Dual Nationality Treaty" in April 1955 (not fully ratified until 1960). Beijing was anxious to reach an agreement to present the treaty at the Bandung Conference. Although imperfect, the treaty represented a major propaganda achievement for the policy of peaceful coexistence.³¹ The Bandung Conference was an ideal platform to demonstrate China's peaceful coexistence intentions to Afro-Asian leaders. At the conference, Zhou Enlai seized the opportunity to capitalize on the negotiations with Indonesia with an offer to solve the problem of overseas Chinese nationality with other countries. Chinese statements emphasized that the treaty was a precedent for the settlement of similar problems with other countries. Beijing's overall goal was to encourage other nations to negotiate on this issue and perhaps enter into diplomatic relations.

B. DOMESTIC OVERSEAS CHINESE AND REMITTANCE

While China was wrestling with the dual nationality problem, it was encouraging the overseas Chinese to contribute to the motherland in the form of remittance. From 1949 to 1965, the one constant in Beijing's overseas Chinese policy was the necessity to attract foreign exchange to counter the 1951 economic blockade imposed by the United States, and after 1958 to repay its loans to the Soviet Union. It is estimated that from 1950-1957 the overseas Chinese sent US\$1.170 billion in remittances (an average of US\$146 million a year), compared to a total trade deficit in that period of \$1.38 billion.³² Thus, remittances played an important part in offsetting China's deficit.

China's overseas Chinese policy has two dimensions—a foreign and domestic dimension. The foreign dimension involved the ethnic Chinese abroad and the countries in which they resided. The domestic dimension focused on two groups within China: the

³⁰ Stephen Fitzgerald, *China and the Overseas Chinese*, 104.

³¹ *Ibid.*, 108.

³² Paul J. Bolt, *China and Southeast Asia's Ethnic Chinese*, 44.

domestic overseas Chinese (relatives of overseas Chinese) and the returned overseas Chinese. Between 1949 and 1966, almost 500,000 overseas Chinese returned to China.³³ Similar to the KMT, the communist government established the Overseas Chinese Affairs Commission (OCAC) to manage both the foreign and domestic aspect of overseas Chinese work. The OCAC coordinated with other governmental agencies to handle overseas Chinese affairs to protect the interests of the Chinese abroad, the interests of returnees and domestic overseas Chinese all while attracting funds from the overseas Chinese.

Throughout the 1950s and early 1960s, the Chinese government issued numerous decrees, documents and instructions on how to attract overseas Chinese remittance by protecting their interests in China. The CCP stated openly and repeatedly that persuading the Chinese abroad to support the PRC required a light-handed approach towards their relatives and friends in China. Beijing believed it was necessary not only to avoid excesses, but to be lenient, even indulgent in regards to the domestic overseas Chinese.³⁴ The rationale for this policy was that if better conditions were not provided remittance would dry up. For instance, Beijing provided better living conditions allowing the domestic overseas Chinese to keep their homes and other personal property during the 1950-51 land reform. They were often exempt from participating in various manual labor tasks and protected from radical movements. The government also built special stores where scarce goods could be purchased by domestic overseas Chinese only with remittances.³⁵ Stephen Fitzgerald notes the consequences of this special treatment:

By the time the Party entered its second decade of rule there was no question of them (domestic overseas Chinese) being a class apart merely because they had relatives overseas. The guideline was by then very simple; if they received foreign exchange they were entitled to slightly more food and clothing rations than the masses, but in all other respects they were to participate and to conform. But so long as there were some

³³ Stephen Fitzgerald, *China and the Overseas Chinese*, 69.

³⁴ Ibid., 72-73.

³⁵ Xiao-Huang Yin and Lan Zhiyong, "Why Do They Give? Change and Continuity in Chinese American Transnational Philanthropy since the 1970s," *Global Equity Initiative*, Harvard University, 11-12, accessed 1 March 2007; available from http://www.fas.harvard.edu/~acgei/PDFs/PhilanthropyPDFs/phil_Why_Do_They_Give.pdf.

who were better fed and clad than the Chinese masses, they remained conspicuous. There were also wealthy returned Overseas Chinese in the cities and town who led a comfortable bourgeoisie existence, and who were an object of considerable resentment. And while there remained even limited privileges, while there were people who had more than the average peasant and who received money or consumer goods from Hong Kong and overseas, there were opportunities for stretching regulations, for bribery, corruption, and various forms of profiteering.³⁶

Favorable treatment created inequalities and resentment that violated basic Chinese socialist tenets.³⁷ To the detriment of the domestic overseas Chinese and returned overseas Chinese, this resentment would later come to a head during the Cultural Revolution.

C. THIRD WORLD RADICALISM

During the third world radicalism phase, the PRC remained cut off from the West and its relationship with the Soviet Union became increasingly strained. According to Yahuda, “China’s foreign policy during the sixties was characterized by growing opposition to both the superpowers, and by attempts to associate the Third World and the medium capitalist powers in a common united front against them.”³⁸ The split with the Soviet Union was a drawn out process that began in the mid-1950s. Fissures between the two began soon after Stalin’s death in 1953. However, clear signs of a rift manifested after the signing of the nuclear test ban treaty between the USSR, America and Britain in July 1962, when China declared that the Soviet Union was conspiring with the Western powers against it.³⁹ Four years later in 1966, Beijing broke party relations with the CPSU (Communist Party of the Soviet Union). The rupture finally culminated in the eruption of border hostilities over an island in the Ussuri River and elsewhere in March 1969. The Chinese response to mounting isolation was to establish two kinds of international fronts against the United States that excluded the USSR. One international

³⁶ Stephen Fitzgerald, *China and the Overseas Chinese*, 72.

³⁷ Paul J. Bolt, *China and Southeast Asia's Ethnic Chinese*, 44.

³⁸ Michael Yahuda, *China's Foreign Policy After Mao*, 34.

³⁹ *Ibid.*, 34.

front was directed towards small and medium capitalist countries wishing to assert their national independence against American attempts to control them, and the other front was directed towards the Third World.⁴⁰ China's efforts, however, were unsuccessful on both fronts. Shortly after these developments, the Cultural Revolution severely handicapped the execution of Chinese foreign policy in general and ultimately disrupted the united front initiatives.

During the throes of the Great Proletarian Cultural Revolution, the period from 1966-69, the radical movement seriously damaged the united front work among overseas Chinese abroad. During the first few years of the Cultural Revolution, China became a "revolutionary bastion against imperialist, revisionism and all reactionaries."⁴¹ Lin Biao, in his 1965 article on "Long live the victory of people's war," maintained that revolution should rely on the Communist Party. Lin suggested that Chinese foreign policy should support "the people's revolutionary struggles in Asia, Africa, and Latin America," as China's solemn international duty.⁴² During the Cultural Revolution, "revolutionary masses" seized many government departments, including the Ministry of Foreign Affairs, and put them under the control of revolutionary committees, disrupting their normal functioning. It is speculated that Zhou Enlai, as the head of government, was not in a position to make decisions, while his senior staff were either under severe criticism or expelled from office.⁴³ The immediate impact was the repeal of Zhou Enlai's moderate united front approach to foreign policy.

Because of their allegedly bourgeois background and foreign connections, overseas Chinese and their institutions, particularly the ones at home, were considered ideologically suspect and undesirable during the Cultural Revolution. As a result, the Overseas Chinese Affairs Commission was disbanded.⁴⁴ Mounting resentment of the domestic overseas Chinese and returned overseas Chinese generated by past special

⁴⁰ Michael Yahuda, *China's Foreign Policy After Mao*, 35.

⁴¹ Ibid., 35.

⁴² C.Y. Chang, "Overseas Chinese in China's Policy," 286.

⁴³ Ibid., 288.

⁴⁴ Ibid., 281.

treatment prompted the revolutionary movement to target this group. Thus, the privileges previously bestowed on the domestic overseas Chinese and returned overseas Chinese were repudiated and removed. The harsh treatment of the domestic overseas Chinese alienated the Chinese abroad and damaged any gains Beijing had delicately cultivated with the overseas Chinese in the preceding decade.⁴⁵ The Cultural Revolution also devastated state-to-state relations with its Southeast Asian neighbors.

Whether the Cultural Revolution incited radical political movements of overseas Chinese against the governments of Southeast Asia is a major debate in the study of PRC's overseas Chinese policy. The main question is whether Beijing sponsored radical movements or whether the radical movements were spontaneous responses to the call for world revolution. Stephen Fitzgerald argues that it is difficult to demonstrate that these incidents represented a new policy course towards overseas Chinese in Asia.⁴⁶ He contends that Beijing's policy objective was to distance itself politically from the overseas Chinese while encouraging them to become respectful citizens of their countries of residence. Fitzgerald asserts there is little evidence that the Chinese government had made a deliberate decision to change course in overseas Chinese affairs, considering that the official press and radio devoted less attention to the Chinese abroad than at any other time since the establishment of the PRC.⁴⁷ He concludes there was no planned action or directive from Beijing to incite the overseas Chinese against the governments of Southeast Asia.⁴⁸

However, on the other end of the spectrum, some scholars call attention to evidence that domestic events during the upheaval of the Cultural Revolution ignited communist fervor among the ethnic Chinese in neighboring countries. Chinese radicals attempted to export the Cultural Revolution through Maoist propaganda accessible in neighboring countries. During this period, there was an eruption of violence involving

⁴⁵ C.Y. Chang, "Overseas Chinese in China's Policy," 285-286.

⁴⁶ Stephen Fitzgerald, "Overseas Chinese Affairs and the Cultural Revolution," *The China Quarterly*, no. 40 (October – December, 1969): 122.

⁴⁷ *Ibid.*, 122.

⁴⁸ C.Y. Chang, "Overseas Chinese in China's Policy," 283.

overseas Chinese in neighboring countries such as Indonesia, Burma, and Malaysia. The radical incidents in Southeast Asia were therefore a spontaneous reaction to the open call for Maoist revolution issued by the revolutionary rebels in China. One fact is incontrovertible—the Cultural Revolution and Beijing’s apparent reversal from peaceful coexistence to a militant foreign policy posture had devastating results for the Chinese abroad. Justified or not, many Southeast Asian governments viewed their ethnic Chinese populations with suspicion. Across Southeast Asia, governments persecuted their ethnic Chinese populations for their perceived culpability as the “fifth column.” Indonesia, Burma, and Malaysia were a few of the countries affected by radical movements during this period.

Since the 1965 coup deposing China-friendly Sukarno, the ethnic Chinese in Indonesia have suffered indiscriminate and widespread persecution. After seizing power, the Suharto administration used the guise of eradicating Chinese communism to justify increasing discrimination against the Chinese Indonesians. Suharto effectively stripped the Chinese Indonesians of political power, banning them from government and the military. He championed a forced assimilation policy against Chinese Indonesians, denouncing Chinese culture and banning Chinese language and literature. Beijing made ineffective gestures of protection, protests and attempts to repatriate the ethnic Chinese.⁴⁹ The Cultural Revolution only exacerbated the suspicion of the Chinese Indonesian. Tensions between Jakarta and Beijing eventually led to the suspension of diplomatic relations in October 1967. Rather than rallying the overseas Chinese to the PRC cause, Beijing’s radical policies and impotence consequently alienated the Chinese Indonesians.

Friendly Sino-Burmese relations, exemplified by the signing of the boundary agreement and the treaty of friendship and nonaggression in 1960, were also a casualty of the Cultural Revolution.⁵⁰ Beijing’s fall-out with Rangoon stemmed from Chinese embassy personnel attempts to disseminate Mao Zedong thought among Chinese residents of Burma and support for the ethnically Chinese Burma Communist Party

⁴⁹ Stephen Fitzgerald, *China and the Overseas Chinese*, 171-172.

⁵⁰ Robert A. Holmes, “China-Burma Relations Since the Rift,” *Asian Survey* 12, no. 8 (August 1972): 688.

(BCP). After returning from consultation in Beijing in May 1967, Chinese embassy personnel in Rangoon encouraged the overseas Chinese community to participate in Cultural Revolution-type activities. For instance, the embassy distributed Maoist propaganda and encouraged Chinese students to form groups patterned after the Red Guards. Such activities were a clear reversal of previous policies to refrain from sponsoring any political groups. Chinese embassy activities irritated the Burmese Government, which took measures to curb these activities. Chinese embassy staff and overseas Chinese radicals responded militantly leading to the outbreak of violence between Burmese and Chinese students on June 22, 1967.⁵¹ Shortly thereafter, anti-Chinese rioting spread throughout Rangoon, bringing hundreds of Chinese owned shops and homes as well as the Chinese embassy under attack.⁵²

Since colonization, the relationship between the ethnic Chinese and indigenous Malays in Malaysia have been tenuous. First, the ethnic Chinese did not assimilate, maintaining a distinct Chinese identity and culture. Next, the ethnic Chinese, comprising close to 30 percent of the population, controlled a large portion of the Malaysian economy. Finally, they were perceived as a political threat to the indigenous Malays. Further complicating the political landscape, the ethnic Chinese were also associated with Chinese communism. Because of the influence of Maoist indoctrination during the sixties, Malaysia's leftist political organizations, dominated by the Chinese, had become very militant. Their publications became very strident in hailing Maoist revolution.⁵³ Unsurprisingly, following general elections, race riots broke out on May 13, 1969. Although the riots were closely related to the militant leftist campaigns against the government, there is no evidence of Beijing's direct involvement. China, however, displayed its support of the ethnic Chinese by releasing five strongly worded statements,

⁵¹ C.Y. Chang, "Overseas Chinese in China's Policy," 287-288.

⁵² Robert A. Holmes, "China-Burma Relations Since the Rift," 686.

⁵³ C.Y. Chang, "Overseas Chinese in China's Policy," 289.

through NCNA (New China News Agency), condemning the Malaysian Government as “fascist atrocity,” “lackeys of imperialism,” “anti-people,” “anti-communist” and “anti China.”⁵⁴

The Cultural Revolution marked a period in which overseas Chinese policy became subordinate to the domestic agenda. Until the end of the sixties, China turned inwards and presented itself as a revolutionary bastion. Within China there was a wave of xenophobia affecting those with any kind of foreign connection, including the overseas Chinese. Due to Maoist extremists’ efforts to export the Cultural Revolution, Beijing found that the radicalization of foreign policy effectively burned many of the bridges it had carefully constructed during the Bandung era of peaceful coexistence. When the fury of the Cultural Revolution began to wane in 1968, Zhou Enlai led a counterattack to regain control of the Foreign Ministry in an attempt to repair the damage.⁵⁵ Not until Mao’s death in 1976 and the fall of the “gang of four” did the PRC’s overseas Chinese policy return to the forefront in supporting China’s national interests.

D. ALIGNMENT WITH THE WEST

The stark realities of the international environment shaped the last phase of Mao’s foreign policy—alignment with the West. Mao shifted China’s alignment to the West to counter its growing isolation and a mounting Soviet threat. By the late sixties, the Soviet threat manifested in its military build-up to the north and thinly veiled nuclear threats. In March 1969, hostilities on the border led to the highly publicized battles over an island in the Ussuri River. Moreover, Soviet armed intervention in Czechoslovakia in August 1968 proved its readiness to suppress a dissenting ally by force. This use of force clearly articulated a doctrine of intervention in socialist countries judged to be in “danger of losing their socialist gains.”⁵⁶ Further changing the strategic landscape, Beijing perceived the U.S. power as waning due to the prolonged trouble in Vietnam, and reflected in President Nixon’s Guam Doctrine. Mao determined America was on the

⁵⁴ C.Y. Chang, “Overseas Chinese in China’s Policy,” 288.

⁵⁵ Robert A. Holmes, “China-Burma Relations Since the Rift,” 693.

⁵⁶ Michael Yahuda, *China’s Foreign Policy After Mao*, 37-38.

defensive after the wake of the 1968 Tet Offensive—considered a turning point in American fortunes in Vietnam. Thus, Beijing was ready to lean to the side of the United States.

This prompted the PRC's full entry into the international community as symbolized by its assumption of China's seat at the United Nations in 1971. During this phase of moderation, Beijing began to repair some of its relationships with Southeast Asia. For instance, China and Burma returned their ambassadors to their posts in 1970. Burma was among the 75 member majority in the General Assembly that voted the PRC in and Taiwan out of the UN in October 1970.⁵⁷ Malaysia and Thailand resumed diplomatic relations with China in 1975 while Indonesia followed decades later in 1990.

E. CONCLUSION

Despite China's changing international environment, the one constant in Beijing's overseas Chinese policy was the need to attract foreign exchange from the overseas Chinese. Remittances played an important role from 1949 to 1977. Throughout Mao's reign, overseas Chinese generously sent remittances to their families, friends and home villages. From 1950 to 1975 an estimated total of US\$4.6 billion was sent to China (See Table 2). During certain periods, remittances declined due to leftist domestic policies because monies sent would do little to benefit the domestic overseas Chinese. For instance, the Great Leap Forward leftist policies discouraged overseas Chinese from giving, and so remittances averaged only US\$90 million a year. Remittance numbers also plummeted during the Cultural Revolution. The average yearly remittances during this period were US\$252 million. Although the average yearly remittances from 1966-1975 averaged US\$252 million, this masked the fact that for the first three years remittances fell due to the Cultural Revolution and then steadily rose in the following years. Furthermore, the rise in the following seven years was probably due in part to newly established diplomatic and economic relations with the West.⁵⁸

⁵⁷ Robert A. Holmes, "China-Burma Relations Since the Rift," 698.

⁵⁸ Paul J. Bolt, *China and Southeast Asia's Ethnic Chinese*, 46.

Time Period	Remittance US\$	Yearly Average US\$	Trade Deficit US\$
1950 – 1957	\$1.170 billion	\$146 million	\$1.38 billion
1958 – 1962	\$450 million	\$90 million	\$498 million
1963 – 1965	\$454 million	\$151 million	\$963 million
1966 – 1975	\$2.523 billion	\$252 million	No Data

Table 2. Remittance and Trade Deficit from 1949 - 1977⁵⁹

Across the Mao years, there was significant continuity in the PRC's foreign policy and overseas Chinese policy with the exception of the Cultural Revolution. In the fifties, Beijing's sought state-to-state relations with its Southeast Asian neighbors and made efforts to solve the dual nationality problem. In the sixties, China aspired to become the beacon of Maoist revolution, devastating the overseas Chinese cause both in and outside China. Finally, in the seventies, Beijing assumed measures to mend relations with the overseas Chinese and put policies back on track after the disruption of the Cultural Revolution.

In the 1970s, major changes to the international system drastically influenced China's foreign policy and overseas Chinese policy formulation into the next decade. Thomas W. Robinson draws attention to five trends:

- 1) the rise of Soviet military power and the relative decline of the United States;
- 2) the replacement of Cold War bipolarity by a more relaxed and diffuse East-West relationship which included greater trade and elements of cooperation;
- 3) the growth of interdependence in the West, including Japan, and the increasing importance of economic questions, especially concerning energy and oil;
- 4) the emergence of the so-called north-south problem; and
- 5) the militarization of Sino-Soviet relations.⁶⁰

⁵⁹ Paul J. Bolt, *China and Southeast Asia's Ethnic Chinese*, 46.

⁶⁰ Thomas W. Robinson, "Chinese-Soviet Relations in the Context of Asian and International Politics," *International Journal* 34, no. 4 (Autumn 1979): 631.

Robinson also notes significant changes in international relations of Asia during the decade:

- 1) The emergence of six “modern” rapidly growing, capitalist developed states or city-states along the eastern periphery of the continent—South Korea, Taiwan, Hong Kong, Singapore, Japan and (possibly) Malaysia;
- 2) the final American defeat in Vietnam in 1975 and its partial withdrawal from Asia; the new activism by China and Japan; and
- 3) the new activism by the Soviet Union which has brought it militarily and economically into maritime Asia and which in turn has transposed the lines of conflict in Asia.⁶¹

These events and developments would later position Deng Xiaoping’s administration to take advantage of the new international environment. Moreover, rapprochement with America and induction into the community of nations paved the way for Deng’s reforms and subsequent shift in overseas Chinese policy.

⁶¹ Thomas W. Robinson, “Chinese-Soviet Relations in the Context of Asian and International Politics,” 631.

III. THE DENG ERA

The post-Mao era ushered in a dramatic change in China's orientation toward the world capitalist economy. A watershed moment in the post-Mao era, the Third Plenum of the 11th Central Committee of the Chinese Communist Party held December 1978 marked the rise of Deng Xiaoping as the paramount leader and launched economic reforms. The Four Modernizations (agriculture, industry, science and technology and the military) encapsulated the objectives of Deng's reforms. Integral to achieving the Four Modernizations, Deng initiated the "open" policy. In accordance with the open policy, Beijing sought foreign investment, foreign loans, joint ventures with foreign companies and opened several special economic zones. In all these endeavors, Beijing called upon the overseas Chinese to assist in China's modernization. Deng Xiaoping regarded the overseas Chinese as a major source of skilled personnel and capital.

Although Deng's leadership brought about drastic changes to domestic and economic policy, the most striking aspect of his administration was the continuity in foreign policy with Mao. As Michael Yahuda attests, China's leaders continued to perceive international politics within the "highly conflictual framework of Mao's geopolitical thought."⁶² That is, Beijing's approach to foreign policy calculated the perceived power and policies of both the Soviet Union and the United States. In the late seventies and early eighties, Beijing regarded Moscow as the more dangerous and expansionist of the superpowers. Soviet gains in the Third World, especially in areas of direct importance to China, such as Vietnam, compelled China to form a common front with the United States and its allies.⁶³ Thus, throughout most of the 1980s, Deng continued the strategic triangle policy—leaning to the side of the United States—to counter the Soviet threat.

Rapprochement with the United States and induction into the community of nations had the greatest impact on China's modernization initiatives. Signaling China's

⁶² Michael Yahuda, *China's Foreign Policy After Mao*, 167.

⁶³ Robert G. Sutter, *Chinese Foreign Policy: Developments After Mao* (New York: Praeger, 1986): 6.

inauguration into the world economy, in 1971 the United States ended an economic embargo against China that had been in effect since the 1950s. The quasi-alliance with the United States had several benefits for China. In terms of security, it lowered Beijing's defense costs by alleviating the American threat and securing American military assistance. In terms of economics, it increased China's access to Western trade, markets, investment and technology. Furthermore, the warming with the West created an atmosphere in which the overseas Chinese from Southeast Asia to North America could take part in transforming China into a strong and wealthy country.

During the Mao era, the PRC's overseas Chinese policy often focused on the ethnic Chinese in Southeast Asia. This was due in part to the lack of Chinese-American involvement in China after the formation of the PRC. Chinese-American donations and remittances to China declined dramatically because of the hostility between Washington and Beijing. Washington was vigilant about external money flowing into China and considered it support for an enemy country. While remittances from some Chinese-Americans to their families and relatives continued through clan and hometown associations, other forms of financial support to China completely stopped.⁶⁴ Moreover, most Chinese-American communities were dominated by pro-KMT forces until the late 1970s. As a result, channels of giving, cultural ties and exchanges to China were almost non-existent.

After a two decade interlude, normalizing relations with Washington once again allowed Chinese-Americans to engage with the Mainland and their hometowns. The new relationship allowed Chinese-Americans to "reconnect with their loved ones and their hometown in the old country and greatly opened the channels of giving to China."⁶⁵ Moreover, with the opening of China to the West, Chinese students increasingly studied and immigrated to North America. In general, these new immigrants maintained close ties with China. Both Chinese-Americans and new Chinese immigrants had a profound impact on U.S.-China relations as well as PRC modernization. These two groups became essential sources of capital, management know-how and channels for scientific exchange.

⁶⁴ Xiao-Huang Yin and Lan Zhiyong, "Why Do They Give?" 11-12.

⁶⁵ Ibid., 7.

Chinese-American capital ranked fourth largest among the \$220 billion foreign investment in China by 1995, next only to that from Hong Kong, Taiwan, and Southeast Asia.⁶⁶ Due to changing patterns of immigration to North America and Chinese-Americans renewed interest in the Mainland, Beijing adjusted its overseas Chinese policy to target these emerging communities in North America.

A. SINO-VIETNAMESE DISPUTE

The most pressing foreign policy issue during Deng Xiaoping's early administration was Moscow's military buildup and political influence around China's periphery. China's efforts to confront Soviet expansion and encirclement focused primarily on neighboring Vietnam. In this context, the ethnic Chinese in Vietnam, became pawns in the strategic game between Moscow, Hanoi and Beijing. Once strategic allies, relations between Beijing and Hanoi took a drastic turn for the worse at the end of 1976 when a power struggle at the Fourth Congress of the Vietnamese Communist Party resulted in the purge of the pro-China faction and the rise of the pro-Russia faction.⁶⁷ After the rift, the main objective of Beijing's Vietnam policy was to maintain military pressure on Vietnam in the belief that the burden of aiding Vietnam would drain Soviet resources.⁶⁸ Hostility between Beijing and Hanoi would eventually manifest in the discriminatory treatment of ethnic Chinese in Vietnam.

In March 1978, the Vietnamese government introduced a program called "Commercial Reform of Vietnamese Socialism" which curtailed private trade and commerce.⁶⁹ The new program affected many Chinese traders. Interestingly, the announcement of the regulation followed a month after the Vietnamese-Kampuchean conflict in which Beijing surreptitiously sided with Kampuchea. According to Leo Suryadinata, "This policy could have been an act of retaliation against Beijing as much as

⁶⁶ Xiao-Huang Yin and Lan Zhiyong, "Why Do They Give?" 7.

⁶⁷ Pao-min Chang, "The Sino-Vietnamese Dispute over the Ethnic Chinese," *China Quarterly*, no. 99 (June 1982): 201.

⁶⁸ Michael Yahuda, *China's Foreign Policy After Mao*, 168-169.

⁶⁹ Leo Suryadinata, *China and the ASEAN States: The Ethnic Chinese Dimension* (Singapore: Times Academic Press, 2004): 31.

part of restructuring Vietnamese society.”⁷⁰ In carrying out its policy, the Vietnamese Government forcibly resettled the Chinese and expropriated their properties. Under extreme pressure, in the spring of 1978, the ethnic Chinese began a mass exodus across the Sino-Vietnamese border. In the late 1970s, the total number of Chinese refugees into China reached 133,000 and as many as 206,594 boat people reached the shores of neighboring Southeast Asian states. The flow continued into 1980, bringing the total number of refugees into China to 260,000 and boat refugees to 400,000.⁷¹

By May 1978, the PRC decided to send ships to bring home the “victims” of the Vietnamese government. While Hanoi agreed to the PRC sending two ships to repatriate the Chinese, it denied that there were “victimized Chinese” in Vietnam. Moreover, Hanoi only permitted the PRC to “take Hoa people to China.” “Hoa people” were defined as Vietnamese of Chinese origin and ethnic Chinese who have already become citizens of Vietnam. Hanoi also informed Beijing that before PRC ships could enter Vietnamese port, it would provide a list of Hoa people permitted to leave Vietnam.⁷² Beijing considered these conditions unreasonable and nonnegotiable. Because neither side was willing to yield, on 27 July 1978, the two Chinese ships returned home after staying outside Vietnamese territorial seas for several weeks.

Hostilities between the two finally came to a head with China’s invasion of Vietnam in February 1979. Although the invasion was triggered by a combination of factors and aimed at political objectives larger than the settlement of the refugee problem, the issue of the overseas Chinese figured prominently in the thinking of the Chinese leaders. Chang notes that the choice words of “teaching Vietnam a lesson,” which had been repeatedly cited as the primary purpose of invading Vietnam, was sufficiently ambiguous to conceal some of China’s unstated motives and yet revealing enough to show Beijing’s bitterness over Vietnam’s Chinese policy.⁷³ The hardship endured by the

⁷⁰ Leo Suryadinata, *China and the ASEAN States*, 31.

⁷¹ Pao-min Chang, “The Sino-Vietnamese Dispute over the Ethnic Chinese,” 230.

⁷² Hungdah Chiu, “China’s Legal Position on Protecting Chinese Residents in Vietnam,” *The American Journal of International Law* 74, no. 3 (July 1980): 687.

⁷³ Pao-min Chang, “The Sino-Vietnamese Dispute over the Ethnic Chinese,” 226.

overseas Chinese was a testimony to China's weakness and inability to protect them. Understanding they would be left to the mercy of the indigenous majority, the overseas Chinese disengaged from China, maintained a low profile and shied away from politics.

B. REESTABLISHMENT OF OVERSEAS CHINESE AFFAIRS

Following the turmoil of the Cultural Revolution, which disrupted Chinese foreign policy, overseas Chinese affairs once again became an important issue on the national agenda. In 1974, the Overseas Chinese Affairs Commission was reinstated as the Overseas Chinese Affairs Office (OCAO). Beijing realized it needed foreign exchange and decided to resume the practice of encouraging overseas Chinese remittance. Reconnecting with the overseas Chinese, however, required the rehabilitation of the domestic Chinese following their persecution during the Cultural Revolution. In September 1979, Deng Xiaoping made it clear that the policies originally enforced by decree in 1955 would once again apply, but with certain modifications.⁷⁴ The modifications related primarily to the reestablishment of privileges for the domestic overseas Chinese. The granting of privileged status to domestic overseas Chinese was based on the premise that the munificence of the overseas Chinese directly related to the treatment of dependents.⁷⁵

Despite these small measures to regain the favor of the overseas Chinese, overseas Chinese affairs did not gain public interest until 29 September 1977. During the National Day Celebration, Deng Xiaoping commented that overseas Chinese affairs should be put back on China's agenda.⁷⁶ Two months later, Deng's political ideas materialized at a national conference preparatory meeting on new policies concerning overseas Chinese affairs. Following the conference, a *People's Daily* editorial on 4 January 1978 authoritatively articulated China's policy toward the overseas Chinese. The editorial declared that good relations with the overseas Chinese were essential in advancing the Four Modernization, expanding the united front, and improving relations

⁷⁴ Mette Thunø, "Reaching out and Incorporating Chinese Overseas," 913.

⁷⁵ Ibid., 914.

⁷⁶ Paul J. Bolt, *China and Southeast Asia's Ethnic Chinese*, 53.

with countries with large populations of overseas Chinese. In addition, the editorial castigated the “gang of four” for their culpability in the persecution of the domestic overseas during the Cultural Revolution. Furthermore, the editorial called for the restoration of overseas Chinese policy and special treatment for the domestic overseas Chinese to include “protection of remittances, help in arranging travel, and the provision of good conditions for overseas Chinese students.”⁷⁷ The editorial also reaffirmed pre-Cultural Revolution policy encouraging overseas Chinese to take on the nationality of their countries of residence. Finally, foreign governments were asked to “protect the legitimate rights and interest of the overseas Chinese and respect their national traditions, custom and habits.”⁷⁸

Following the party plenum of December 1978 (Third Plenum of the Eleventh Central Committee), the watershed that inaugurated the reform period, the work of the overseas Chinese affairs focused primarily on mobilizing the Chinese abroad to assist in China’s modernization. Beijing considered the overseas Chinese ideal sources of capital and expertise. In order to put overseas Chinese affairs back on track, however, it was necessary to clean-up the mess created by the Cultural Revolution. Mending relations with the overseas Chinese and gaining diplomatic recognition and trade with countries in the region were of utmost importance to Beijing. Therefore, Beijing decided to reiterate the pre-Cultural Revolution principles of disengagement from the overseas Chinese for political purposes and clarify its nationality law. Nevertheless, many countries in Southeast Asia and their ethnic Chinese residents remained wary of Beijing’s political intentions.

Sensitive to the concerns of Southeast Asia, in 1980, the PRC passed its first nationality law. In September 1980, the third session of the Fifth National People’s Congress (NPC) formally approved the Nationality Law of the PRC, which clearly states that “the People’s Republic of China does not recognize dual nationality for any Chinese national.”⁷⁹ The Nationality Law further stipulates that a PRC citizen residing in a

⁷⁷ Paul J. Bolt, *China and Southeast Asia's Ethnic Chinese*, 53-54.

⁷⁸ *Ibid.*, 53-54.

⁷⁹ George Ginsburgs, “The 1980 Nationality Law of the People’s Republic of China,” *The American Journal of Comparative Law* 30, no. 3 (Summer 1982): 461.

foreign country that voluntarily accedes or acquires foreign citizenship will automatically forfeit his or her PRC citizenship. This law codified former premier Zhou Enlai's policy that any Chinese who voluntarily acquired foreign citizenship ceased being a citizen of the PRC.

C. REMITTANCE TO INVESTMENT

In the early reform years, overseas Chinese policy primarily targeted domestic overseas Chinese and returnees because of their importance as channels of remittances and donations. According to official Chinese sources, from 1979 to 1989, the PRC received approximately RMB 5.5 billion in remittance.⁸⁰ By the mid-1980s, it became evident that remittances and donations were insufficient channels of foreign currency. As a result, overseas Chinese works broadened in terms of scale and scope with Beijing implementing strategies to directly attract investments from the overseas Chinese. In 1984, Party General Secretary Hu Yaobang met with local OCAO leaders and addressed the financial assets of the overseas Chinese in Southeast Asia and North America and the potential of attracting 10 percent of this capital likely equaling to US\$20 billion.⁸¹

With the objective of attracting investment and resources from the overseas Chinese, Beijing enacted several policies and projects to appeal to the profit oriented nature of the overseas Chinese. One of the centerpieces of its early reform efforts, Beijing established "special economic zones" (SEZs) to attract investors to China. China's four original SEZs—Xiamen, Shenzhen, Zhuhai, and Shantou, located in the southeastern provinces of Fujian and Guangdong—were selected specifically for their links with the overseas Chinese.⁸² Each SEZ strategically targeted a particular group of overseas Chinese from Hong Kong, Macau, Taiwan and Southeast Asia. Beijing also enacted legislation in 1983 and 1985 granting special privileges to overseas Chinese citizens (including those in Hong Kong and Taiwan) and other ethnic Chinese wanting to

⁸⁰ Elena Barabantseva, "Trans-Nationalizing Chinese Nation-State: Overseas Chinese in the PRC's Modernization Strategies," ASIEN, no. 96 (July 2005): 12, accessed 1 March 2007; available from <http://www.asienkunde.de/articles/Barabantseva96.pdf>.

⁸¹ Mette Thunø, "Reaching out and Incorporating Chinese Overseas," 919.

⁸² Paul J. Bolt, *China and Southeast Asia's Ethnic Chinese*, 55.

invest in China.⁸³ In 1986, Beijing enacted 22 sets of regulations establishing clear standards for investment from the overseas Chinese. These policies led to the predominance of overseas Chinese capital on China's market. As Table 3 shows, the overseas Chinese have on average contributed 65 percent of foreign direct investment (FDI) in China from the period of 1975 to 2000.⁸⁴

Years	Total FDI	Overseas Chinese FDI	% Overseas Chinese FDI
1979-1991	26,885	17,932	66%
1992-1997	196,810	127,600	65%
1998-2000	126,633	82,200	65%

Table 3. Overseas Chinese Foreign Direct Investment in China (in 1 million US\$)⁸⁵

D. REBUILDING HUMAN CAPITAL AND SCIENTIFIC EXCHANGE

To implement its modernization program, China required capital and trained people. Deng Xiaoping would rely on the overseas Chinese to both augment and educate China's current and future professional workforce. Unfortunately, the Cultural Revolution caused a massive brain drain and stymied the educational system. During this period, China failed to produce sufficient numbers of highly skilled professionals and suffered from an acute shortage of trained engineers, technicians and other specialists.⁸⁶ Even after the Cultural Revolution, China's professional and intellectual force continued to receive bad treatment and many fled. The period between 1966 and 1976 is often referred to by both Chinese intellectuals and domestic overseas Chinese as the "ten years' disaster" (*shinian haojie*).⁸⁷ According to the *Ming Bao Yuekan* (*Ming Bao Monthly*) in Hong Kong, the number of returned overseas Chinese in China between 1949 and 1966

⁸³ Elena Barabantseva, "Trans-Nationalizing Chinese Nation-State," 12-13.

⁸⁴ Elena Barabantseva, "The Party-State's Transnational Outreach," 9.

⁸⁵ Ibid., 9.

⁸⁶ Leo Suryadinata, *China and the ASEAN States*, 50.

⁸⁷ Ibid., 50.

was approximately 500,000; by the end of 1976, there were only about 100,000 returned overseas Chinese remaining in China. If these numbers are accurate, between 1967 and 1972, approximately 400,000 returned overseas Chinese had left China.⁸⁸ A great number of overseas Chinese who fled China during this period were intellectuals and professionals—people China most needed for its modernization.

The PRC intended to reestablish closer contact with overseas Chinese intellectuals, professionals and businessman by encouraging them to visit, study, invest, or resettle in China. This was a very difficult task, however, because many overseas Chinese feared another “ten years’ disaster” upon their return. Illustrating the apprehension, Deng Yingchao, the widow of Zhou Enlai, on a visit to Burma in 1977 had spoken with “disenchanted overseas Chinese intellectuals who complained that the treatment they received [in China] made work impossible and life intolerable.”⁸⁹ She brought this to the attention of Deng Xiaoping, who was then in the midst of recruiting ethnic Chinese scientists to work in China.⁹⁰ He planned to recruit 400 ethnic Chinese scientists. Even though it is doubtful Deng achieved his recruitment goal, many overseas Chinese intellectuals and scientists did return to China not as permanent residents but as visitors. According to Leo Suryadinata, “some visitors felt that China was not yet ready to have too many ethnic Chinese return and live in China because of the lack of facilities.”⁹¹

Scientific exchanges carried great importance for Chinese leaders concerned with economic development. The normalization of the U.S.-China relationship provided Chinese-American scientists the opportunity for scientific and cultural exchange. Although prominent Chinese scientists living abroad only returned as visitors to China, their reconnection with China was helpful in revitalizing the Chinese scientific community in the aftermath of the Cultural Revolution. For example, Physics Nobel Prize recipients C.N. Yang, from Princeton’s Institute of Advanced Studies, and T.D.

⁸⁸ Leo Suryadinata, *China and the ASEAN States*, 49.

⁸⁹ *Ibid.*, 50.

⁹⁰ *Ibid.*, 50.

⁹¹ *Ibid.*, 69.

Lee, from Columbia University, both visited China following normalization of U.S.-China relations.⁹² C.N. Yang was the first prominent Chinese-American scientist to visit China, in summer 1971, right after the Nixon administration lifted the ban on U.S. citizens' travel to China. These two scientists felt very passionate about assisting China in modernizing. In Yang's words, it is "my responsibility to build a bridge of understanding and friendship between the two countries that are close to my heart. I also feel that I should help China in her drive toward developing science and technology."⁹³

Scientific exchange alone was not enough to rebuild China's science and technology base. In 1978, Deng Xiaoping introduced a series of major reforms that included the education sector in order to expedite development and modernization of the country. After China's isolation from the outside world for more than a decade, Deng emphasized the importance of sending students to study abroad. In June 1978, during a meeting with the governing body of Qinghua University, Deng maintained that China should send large numbers of student to study other countries' advanced science and technology as soon as possible. This speech later became the basis for the new national policy on sending students abroad. According to China's Ministry of Education, between the time of Deng's 1978 speech and 1999, about 320,000 Mainland students and scholars studied in approximately 103 countries.⁹⁴ After the normalization of U.S.-China diplomatic relations in 1979, a large wave of Chinese students went to the United States for advanced education and training—especially in science and technology.⁹⁵

⁹² Zuoye Wang, "Chinese American Scientists and U.S.-China Scientific Relations," in *The Expanding Roles of Chinese Americans in U.S.-China Relations: Transnational Networks and Trans-Pacific Interactions*, eds. Peter H. Koehn and Xiao-huang Yin (Armonk: M.E. Sharpe, 2002): 210.

⁹³ Ibid., 218.

⁹⁴ Sufei Li, "Navigating U.S.-China Waters," 21.

⁹⁵ Ibid., 20.

Year	Total Number	Year	Total Number	Year	Total Number
1979-80	1,000	1986-87	20,030	1993-94	44,381
1980-81	2,770	1987-88	25,170	1994-95	39,403
1981-82	4,350	1988-89	29,040	1995-96	39,613
1982-83	6,230	1989-90	33,390	1996-97	42,503
1983-84	8,140	1990-91	39,600	1997-98	46,958
1984-85	10,100	1991-92	42,940	1998-99	51,001
1985-86	13,980	1992-93	45,126	1999-00	54,466

Table 4. Chinese Students Studying in the United States, 1979 - 2000⁹⁶

Although the intended purpose of Deng's study abroad program was the eventual return of these newly educated intellectuals, many students continued to live abroad. Official Chinese data indicates that more than 700,000 Chinese studied abroad from 1978 to 2003 and only 172,000 returned after graduation; about one in four of those who studied abroad returned to China. One independent study found that only 10 percent of Chinese Ph.D. students in the United States intended to return after they received their degree.⁹⁷ Since the late nineties, Beijing has encouraged students to return voluntarily. For instance, Xinhua announced in 1999, that China would attempt to attract ethnic Chinese scientists to return with grants totaling 600 million Yuan over the following three years.⁹⁸ Additionally, a booming economy has helped entice larger numbers to return home. Despite the apparent brain drain, training of Chinese scientists and engineers in advanced degrees abroad has contributed a great deal to the growth of China's human capital base. Some students do return home with work experience in the United States or other foreign countries. Moreover, returnees play a disproportionately

⁹⁶ Sufei Li, "Navigating U.S.-China Waters," 23.

⁹⁷ Barry Naughton, *The Chinese Economy: Transitions and Growth* (Cambridge: The MIT Press, 2007): 363.

⁹⁸ Paul J. Bolt, *China and Southeast Asia's Ethnic Chinese*, 58.

large role in establishing new high-technology start-ups and improving academic institutions. Even when students do not return, they act as bridges in connecting Mainland scientists and engineers to international networks of research and innovation.⁹⁹

E. TIANANMEN

The June 1989 Tiananmen Square Massacre had important consequences for Chinese foreign relations. Foremost, Tiananmen and the fall of the Soviet empire effectively terminated the strategic triangle period. Beijing would no longer need to lean to the side of Washington to counter Moscow. Following the incident, the United States and many other nations imposed diplomatic and economic sanctions to isolate Beijing. Widely reported by the international media, the massacre left a lasting impression on the American public. Americans continue to view China through a Tiananmen Massacre lens. Prior to Tiananmen, favorable opinion toward China gradually rose from 1967 to 1989 and then dramatically dropped.¹⁰⁰ Favorable opinion toward China has not approached pre-Tiananmen levels and remains steadily unfavorable (see Table 5). This negative perception and distrust continues to influence Sino-American relations today. No longer bonded by a common threat, Washington increasingly viewed China as the primary threat to American interests.

⁹⁹ Barry Naughton, *The Chinese Economy*, 363.

¹⁰⁰ Charles Tien and James A. Nathan, "Trends: American Ambivalence toward China," *The Public Opinion Quarterly* 65, no. 1 (Spring 2001): 125.

	Very Favorable (%)	Mostly Favorable (%)	Mostly Unfavorable (%)	Very Unfavorable (%)	No Opinion (%)
1967	0	5	16	75	4
1976	3	17	29	45	6
1979 (Feb)	5	25	31	33	6
1979	18	46	18	7	10
1980	6	36	30	24	4
1983	6	37	31	21	5
1985	5	33	35	16	11
1987	8	57	23	5	7
1989 (Feb)	12	60	10	3	15
1989 (Aug)	5	29	32	22	12
1991	5	30	35	18	12
1993	10	43	24	15	8
1994	4	36	38	15	7
1996	6	33	35	16	10
1997	5	28	36	14	17
1998 (Jul)	6	38	36	11	9
1999 (Feb)	8	31	34	16	11
1999 (May)	5	33	38	18	6
2000 (Jan)	4	29	33	18	16
2000 (Mar)	6	29	40	16	9

Table 5. Gallup Poll: General Opinions Toward China¹⁰¹

Finding itself isolated by the West, Beijing sought to repair its damaged diplomatic relationships. Within three years, the PRC established diplomatic relations with South Korea, South Africa, Israel, Saudi Arabia, Indonesia, Singapore and Brunei.¹⁰² Especially significant was normalized relations with Southeast Asian states after decades of mistrust over the overseas Chinese problem. The end of the Cold War provided an opening for both China and Southeast Asian states to improve relations. China's neighbors were also eager to improve their economic conditions through trade.

¹⁰¹ Charles Tien and James A. Nathan, "Trends," 132-133.

¹⁰² Dennis Roy, *China's Foreign Relations*, 35.

Interestingly, the overseas Chinese played significant roles in improving relations between China and Southeast Asian states. For example, Southeast Asian delegations to Beijing often included ethnic Chinese.¹⁰³

Tiananmen caused a fissure between China and the overseas Chinese. Tiananmen made it difficult for Beijing to entice students studying abroad to return to China. At the time, many students had little desire in returning to China. Reflecting the sentiments of Chinese students living abroad, a Berkeley engineering student said the PRC would “make Chinese intellectual as scapegoats, just like what they have always been doing in every political movement in the last forty years.”¹⁰⁴ A few students expressed interest in returning only after the ruling-class elite had passed away.¹⁰⁵ As a gesture of sympathy with the student victims, on June 5, 1989, President George H. W. Bush signed an executive order allowing all Chinese nationals to remain in the United States. Eighty-thousand Chinese students and their families would be allowed to stay in the United States. Furthermore, the policy permitted all Mainland Chinese who had arrived before the end of 1989 to apply for permanent residency. The “June 4th green card” provided numerous Chinese students and scholars with a shortcut to permanent residency.¹⁰⁶

Tiananmen also provoked fears of political and economic instability across Asia, discouraging overseas Chinese capitalist investment in China. Following Tiananmen, conservatives in the CCP attempted to roll back reforms. During this period of economic retrenchment, FDI came in as a trickle. Signaling a shift in Chinese policy in the spring of 1992, Deng Xiaoping gave a series of speeches during his famous “southern tour.” Deng’s “southern tour” reemphasized the need for “accelerated economic reform and specifically reaffirmed a non-ideological pragmatic approach to experimentation.”¹⁰⁷ Deng wanted to restore the reform agenda and assuage investor uncertainty created by economic retrenchment. When Deng succeeded in relieving the anxiety of investors

¹⁰³ Leo Suryadinata, *China and the ASEAN States*, 175.

¹⁰⁴ Iris Chang, *The Chinese in America: A Narrative History* (New York: Viking Penguin, 2003): 336.

¹⁰⁵ *Ibid.*, 336.

¹⁰⁶ Haiming Liu, “Historical Connections Between the Chinese Trans-Pacific Family and U.S.-China Relations,” 12.

¹⁰⁷ Barry Naughton, *The Chinese Economy*, 99.

about China's overall policy direction, FDI turned into a flood. Foreign investors, led by the overseas Chinese primarily from Hong Kong and Taiwan, responded with enthusiasm.¹⁰⁸

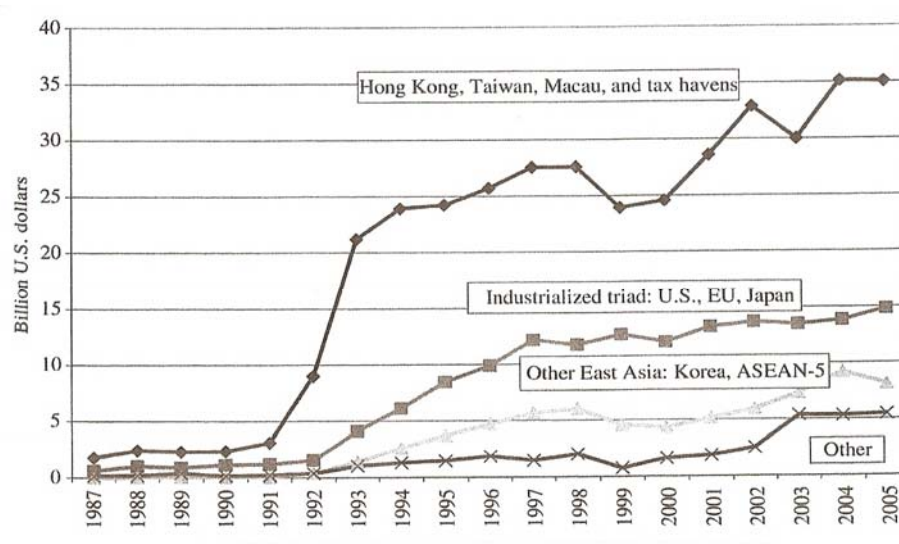


Figure 1. Main sources of FDI in China¹⁰⁹

F. CONCLUSION

Once Deng Xiaoping was in full control, he began economic reforms bringing impressive economic growth and significant social changes to China. Deng recognized the need for a stable international environment in order to focus on modernization which required improving relations with the outside world. China established normalized relations with the United States and later with its Southeast Asian neighbors. Coming full circle, Deng's administration began with the overseas Chinese problem in Southeast Asia and ended with normalizing relations with its Southeast Asian neighbors. The overseas Chinese, once a problem in foreign relations, became assets in connecting China to the outside world. Finally, the demise of the USSR in 1991 ended the strategic danger

¹⁰⁸ Barry Naughton, *The Chinese Economy*, 404.

¹⁰⁹ *Ibid.*, 403.

which dominated Chinese foreign policy for the past three decades. The end of the Cold War allowed Beijing to reassess its relationship with Washington, Moscow and other regional players.

Deng realized that China could not develop in isolation; modernization would require foreign science, technology, capital and management skills. China's achievements in these areas are intimately related to the contributions of the overseas Chinese. For one, overseas Chinese students and scholars were responsible for promoting scientific and technology exchange. However, the most significant contribution of the overseas Chinese to China's transformation was foreign direct investment. According to Barry Naughton, FDI brings "a bundle of management experience, marketing channels, and technology, along with the basic inflow of resources."¹¹⁰ Therefore, overseas Chinese FDI played an important role in industrial growth and technology transfer. With the assistance of the overseas Chinese, by the beginning of the 21st century, China had reached Deng Xiaoping's goal of modest prosperity.

¹¹⁰ Barry Naughton, *The Chinese Economy*, 406.

IV. CHINA'S NEXT GENERATION

The strategic outlook and policy goals of China's current leaders have not strayed far from those established by their predecessors. Similar to Mao's and Deng's strategic outlook, China's current leaders continue to balance against the perceived dominant power in the region; presently, that power is the United States. As an emerging economic power, China has an insatiable need for energy, resources, markets, and security. Beijing is concerned Washington will constrain or contain China and thereby block its rise to power. Under present conditions, China's foreign policy goals include defending against American containment, expanding Chinese political influence and reducing the international influence of Taiwan. As past chapters have elucidated, these aspirations are not unlike Mao's and Deng's vision for China.

Although there is continuity in Beijing's policy goals, China's third and fourth generation leaders have undertaken a new approach to achieving Beijing's ambitions. Beijing's foreign policy approach is more pragmatic, sophisticated and subtle. Beijing is skillfully using diplomatic tools and soft power to influence and achieve policy objectives. This "new diplomacy" is changing the way China's neighbors view the emerging power. Since the 1990s, Beijing has made efforts to resolve border disputes and work cooperatively with neighboring countries. According to Evan Medeiros and M. Taylor Fravel, "Evidence of the change abounds. Since the mid-1990s, China has expanded the number and depth of its bilateral relationships, joined various trade and security accords, deepened its participation in key multilateral organizations, and helped address global security issues."¹¹¹ Beijing's new diplomacy has also translated into changes in its relationship with the Chinese overseas. This new approach has allowed Beijing to bring the overseas Chinese into the fold not only in economic but in political terms. In the past, Beijing shied away from overtly utilizing the overseas Chinese for political influence; however, this is no longer the case. Beijing recognizes the potential

¹¹¹ Evan S. Medeiros and M. Taylor Fravel, "China's New Diplomacy," *Foreign Affairs* (November/December 2003), accessed 17 December 2007; available from <http://www.foreignaffairs.org/20031101faessay82604/evan-s-medeiros-m-taylor-fravel/china-s-new-diplomacy.html?mode=print>

influence overseas Chinese communities' hold in matters of culture, economics and politics. As a consequence, in a virtuous circle, Beijing's new diplomacy is not only utilizing the Chinese diaspora to gain influence, it is also opening doors for overseas Chinese communities to wield political influence abroad.

A. THE MID-1990S TRANSFORMATION

There are several factors prompting the change in Beijing's approach in the mid-1990s. First, the Communist Party witnessed a significant turnover in leadership and personnel in the nineties. Alice Miller's assessment of China's third and fourth generation leaders details a dramatic transformation in 1997. Miller's findings show a noteworthy change between officials appointed at the 1982 Twelfth National Congress and the 1997 Fifteenth National Congress. Of the twenty-four officials appointed in 1997, their average age was at least ten years younger than their 1982 predecessors. In contrast to older leaders, many of the new leaders had completed undergraduate and even graduate studies. While none of the 1982 members possessed a university education, 17 of the 24 1997 appointees held university degrees (14 engineers; 2 scientific fields; and 1 in enterprise management.)¹¹² Contributing to their experience, many had studied abroad, often in Western nations. Armed with a more sophisticated knowledge of the world, these leaders recognized China's ambitions could be achieved through soft power techniques and working within the international system. Furthermore, with the changing of the guard, foreign policy decision-making had become less personalized and more institutionalized.¹¹³

In tandem with Beijing's leadership transformation, the international circumstances had also changed in the 1990s with the end of the Cold War. For one, the global economy took center stage and countries became more integrated with globalization. Multinational organizations such as the WTO and ASEAN became more relevant in regulating the affairs of nations. Another 1990s development was the

¹¹² Alice Miller, "1989-2002: The Jiang Years," Government and Politics of China Presentation, Naval Postgraduate School, Fall 2006.

¹¹³ Evan S. Medeiros and M. Taylor Fravel, "China's New Diplomacy."

reversion of Hong Kong. Regaining Hong Kong boosted the PRC's economic and political prestige—both highlighting China's emergence as a great power and symbolizing closure to the century of humiliation. Finally, Taiwan was transforming into a legitimate democracy—holding its first competitive presidential election in 1996. Taiwan's democratization threatened reunification, and therefore, caused serious concern for Beijing. After the dismal attempt to intimidate the Taiwan populace with missile tests, Beijing looked to other strategies to isolate Taiwan politically. Instead of using military measures which had proven ineffective, Beijing began employing more sophisticated tools of influence. For example, China's diplomatic team in Washington began to hire lobbying firms to work with the Congress after the Taiwan Straits crisis in 1996.¹¹⁴ Beijing, therefore, decided to isolate Taiwan by expanding its diplomatic corps, improving bilateral links, increasing its involvement in multinational institutions and cultivating soft power.

Coming out of the 1995-1996 Taiwan Straits crisis, Beijing realized that the use of military power was ineffective in advancing its foreign policy goals. These military maneuvers backfired and added fuel to what Beijing calls the "China threat" theory. To repair the damage done to its image, China began its "charm offensive" by employing more sophisticated tools of influence such as soft power. Soft power refers to a nation gaining influence abroad by persuasion and appeal rather than by threats or military force.¹¹⁵ Joshua Kurlantzick identifies 1997 as a convenient year to mark China's soft power emergence. According to Kurlantzick, during the Asian financial crisis Beijing refused to devalue its currency as a show of Asian solidarity and thereby produced significant goodwill with its neighbors.¹¹⁶ Beijing realized this goodwill boosted its influence within the region, influence it could wield in other policy matters.

¹¹⁴ Tsung Chi, "From the China Lobby to the Taiwan Lobby," in *The Expanding Roles of Chinese Americans in U.S.-China Relations: Transnational Networks and Trans-Pacific Interactions*, eds. Peter H. Koehn and Xiao-huang Yin (Armonk: M.E. Sharpe, 2002): 121.

¹¹⁵ Esther Pan, "China's Soft Power Initiative," Council on Foreign Relations, 18 May 2006, accessed 1 March 2007 available from http://www.cfr.org/publication/10715/chinas_soft_power_initiative.html.

¹¹⁶ Joshua Kurlantzick, "China's Charm: Implications of Chinese Soft Power." *Carnegie Endowment for International Peace* (June 2006): 2, accessed 1 March 2007; available from http://www.carnegieendowment.org/files/PB_47_FINAL.pdf.

In Beijing's quest to increase China's soft power, it is utilizing diplomacy and tools of culture—tools related to Chinese culture, arts, language and ethnicity. According to Elizabeth Economy, "The Chinese have historically had a very well-established network for promoting this kind of influence."¹¹⁷ China's soft power strategy includes making best use of the ethnic Chinese abroad to promote all things Chinese and help boost relations between China and other nations. Thus, in recent years, the Chinese government has begun to view the overseas Chinese as more than sources of investment and technology. Beijing is actively rebuilding relations with ethnic Chinese organizations around the globe, groups ranging from cultural associations to clan organizations to business chambers.

Most recently, one of China's top leaders, Jia Qinglin, the chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), spoke at the opening ceremony of the 9th World Chinese Entrepreneur Convention (WCEC) held in Japan in September 2007.¹¹⁸ Speaking to over 3,000 ethnic Chinese entrepreneurs in attendance, Jia Qinglin articulated the PRC's five-point hope for the overseas Chinese:

- 1) overseas Chinese can live harmoniously with local people and actively push forward the development and progress of the country they live in;
- 2) China welcomes overseas Chinese, with their own advantages, to take part in China's modernization in various forms;
- 3) overseas Chinese can be united closely in opposing "Taiwan independence" secessionist activities in any form, and continuously promote personnel, economic and cultural exchanges across the Straits so as to push for an early realization of China's reunification;
- 4) overseas Chinese, while learning from other countries, can carry forward and promote Chinese culture;

¹¹⁷ Esther Pan, "China's Soft Power Initiative."

¹¹⁸ The World Chinese Entrepreneur Convention has been successfully held in Singapore, Hong Kong, Bangkok, Vancouver, Melbourne, Nanjing, Malaysia and Seoul since its conception in 1991 to enhance business exchange and networking among ethnic Chinese around the world.

5) overseas Chinese can help promote people-to-people friendship between China and other countries in the world.¹¹⁹

Jia Qinglin's speech clearly expresses Beijing's policy to incorporate the overseas Chinese communities in its foreign policy ambitions to include isolating Taiwan and increasing its soft power.

B. COURTING THE OVERSEAS CHINESE

Beijing is methodically recruiting the overseas Chinese while increasing its soft power globally. Acknowledging the importance of the overseas Chinese by hosting their conventions or sending prominent PRC leaders to visit ethnic Chinese abroad are two practices to reconnect. For example, in 2001, top officials from Beijing's Overseas Chinese Affairs Office (OCAO) visited more than twenty countries to hold meetings with leaders of diaspora Chinese communities.¹²⁰ According to Hong Liu of the National University of Singapore, the "three pillars" of overseas Chinese societies are Chinese schools, newspapers and voluntary associations (*shetuan*).¹²¹ Beijing's strategy to reconnect with the overseas Chinese is based on these "three pillars." Aimed at coordinating these activities, the OCAO at various levels is supported by corresponding front organizations such as the Overseas Exchange Association. In the words of OCAO's official website, official and semi-official policy organs undertake extensive work "to protect the legitimate rights and interests of the overseas Chinese; to enhance the unity and friendship in the overseas Chinese communities; to keep contact with and support overseas Chinese medias and Chinese language schools; to accelerate the cooperation and exchanges of the overseas Chinese with China in terms of economy, science, culture and education."¹²²

¹¹⁹"Jia Qingling Voices Five-Point Hope for Overseas Chinese," *Xinhua Online*, 15 September 2007, accessed 14 January 2008; available from http://news.xinhuanet.com/english/2007-09/15/content_6729877.htm

¹²⁰ Joshua Kurlantzick, *Charm Offensive* (New Haven: Yale University Press, 2007): 77.

¹²¹ Hong Liu, "Old Linkages, New Networks: The Globalization of Overseas Chinese Voluntary Associations and Its Implications," *The China Quarterly*, no. 155 (September 1998): 582.

¹²² "Overseas Chinese Affairs Office of the State Council," *Chinese Government Official Web Portal*, accessed 1 March 2007; available from http://english.gov.cn/2005-10/03/content_74290.htm.

Proliferating around the world are Chinese language media outlets to service the growing overseas Chinese population. A large number of official and unofficial Chinese newspapers have increased in circulation concomitantly with the growing overseas Chinese population. For example, with the increase of Chinese migrants in Australia there are 43 Chinese periodicals in print, a 24-hour Chinese business radio station and a television channel. In Europe there are more than 30 Chinese newspapers in circulation and in Japan there are more than 40 different Chinese language media bodies.¹²³ As for the United States, the number of Chinese newspapers and magazines in circulation is exceeded only by those in China, Taiwan and Hong Kong. There are at least four major transnational Chinese-language dailies circulating throughout North America; most of them are subsidiaries of media networks in Asia with international circulation.¹²⁴ Finally, Beijing is expanding CCTV's international broadcasting. Addressing the Annual Convention of World Chinese Language Press Institute in 2003, Liu Yunshan, the head of the CCP's Central Propaganda Department, expressed his hope to activate exchange and cooperation with overseas Chinese language newspapers. The intended purpose of the cooperation was to "help the world understand China better."¹²⁵

Next, Beijing is establishing Chinese language schools across the globe and increasing the distribution of Chinese language teachers to promote the use of Chinese language. In the 1990s, the PRC supported the establishment of local Chinese schools and exported educational materials used in 78 countries.¹²⁶ Most Chinese embassies and consulates provide free Chinese textbooks designed by PRC educators exclusively with overseas Chinese students in mind.¹²⁷ China also dispatched teachers to instruct Chinese while inviting several thousand teachers from abroad to train in country.¹²⁸ According to

¹²³ Elena Barabantseva, "The Party-State's Transnational Outreach," 23.

¹²⁴ Xiao-Huang Yin, "Diverse and Transnational: Chinese (PRC) Immigrants in the United States," *Journal of Chinese Overseas* 3, no.1 (May 2007): 138.

¹²⁵ Elena Barabantseva, "The Party-State's Transnational Outreach," 23.

¹²⁶ Mette Thunø, "Reaching out and Incorporating Chinese Overseas," 924.

¹²⁷ Wanning Sun, "Media and the Chinese Diaspora: Community, Consumption, and Transnational Imagination," *Journal of Chinese Overseas* 1, no.1 (May 2005): 76.

¹²⁸ Mette Thunø, "Reaching out and Incorporating Chinese Overseas," 924.

China's Ministry of Education, approximately 40 million people are learning Chinese as a foreign language worldwide and the figure will hit 100 million by 2010 due in part to China's booming economy. The Ministry of Education predicts the world will need at least 5 million Chinese teachers to teach overseas students.¹²⁹ Beijing now plans to establish 100 Confucius Institutes around the world to promote Chinese language and culture. Further marginalizing Taiwan within the overseas Chinese community, Beijing's language training programs are exporting the PRC's simplified characters. The new Confucius Institutes will teach simplified Chinese characters, which are used on the Mainland, instead of the traditional Chinese characters used by Taiwan.

In the past two decades, there has been an unprecedented globalization of overseas Chinese voluntary associations, called *shetuan*, due in part to the favorable political and economic environment. These associations' activities include organizing professional conferences, facilitating cultural exchanges, holding celebrations for Chinese festivals, sponsoring trade fairs, transnational philanthropy in China and arranging tours to China.¹³⁰ Another significant group of new players in transnational Chinese organizations are alumni associations founded by Chinese student immigrants since the 1990s. China's leading universities, such as Beijing University, Qinghua University and Nanjing University, all have large numbers of alumni in North America.¹³¹ These *shetuan* and alumni associations are one of the primary vehicles used by the PRC to network with the overseas Chinese. According to Liu, nearly 100 world conventions of Chinese *shetuan* have taken place since 1980.¹³² These meetings are patronized by prominent ethnic Chinese entrepreneurs, business barons, and PRC national leaders. Elena Barabantseva expresses the importance of these associations and conventions: "Where can one find a better occasion than a world convention—in which prominent transnational entrepreneurs, indigenous and PRC politicians, and fellow clan/kinship

¹²⁹ "China Threat Fear Counteracted by Culture," *People's Daily Online*, 29 May 2006, accessed 2 March 2007; available from http://english.peopledaily.com.cn/200605/29/eng20060529_269387.html.

¹³⁰ Xiao-Huang Yin, "Diverse and Transnational: Chinese (PRC) Immigrants in the United States," 141.

¹³¹ *Ibid.*, 142.

¹³² Hong Liu, "Old Linkages, New Networks," 586.

people are all present—to be seen and to know people in strategic positions? This symbolic capital can be converted into social and economic capital.”¹³³

Media, education, associations and conventions all inspire overseas Chinese to return to China in some capacity. Beijing is not only assisting overseas Chinese to return as tourists, but also to return as students and perhaps take permanent residency. Specifically, Beijing is setting up “Root-Seeking Summer Camps” for second and third generation ethnic Chinese to fortify cultural ties.¹³⁴ According to Xinhua news, in 2006 the 5-day summer camp was attended by 5,000 overseas Chinese youths from 45 countries.¹³⁵ Many ethnic Chinese parents fearing their children will lose their language and culture willingly send their children to these camps and other educational opportunities in China. Because of China’s increased prestige and power, parents view Chinese language as an essential skill for business opportunities. Finally, Beijing is offering special incentives for overseas Chinese students to attend Chinese universities by lowering tuition fees. Overseas Chinese students are charged the same tuition and boarding fees as their native counterparts.¹³⁶ All these programs are intended to deepen the connection between the overseas Chinese and the Mainland.

C. GLOBAL IMPLICATIONS

In policy considerations, the Chinese long adhere to the formula of “promoting politics through business, to influence government through people.”¹³⁷ As China’s economy advances, this formula becomes more relevant. Hence, success in business equates to success in political influence. Although Beijing’s overseas Chinese policy mainly serves the cause of modernization, since the 1990s, its scope has widen to encompass the political realm. China’s economic success, new diplomacy and improved

¹³³ Hong Liu, “Old Linkages, New Networks,” 591.

¹³⁴ “Cultural Camp 2006 Kicks Off in Beijing,” *Xinhua Online*, 15 July 2006, accessed 4 March 2007; available from http://news3.xinhuanet.com/english/2006-07/15/content_4835815.htm.

¹³⁵ Ibid.

¹³⁶ “Lower Tuition for Overseas Chinese University Students,” *Xinhua Online*, 25 October 2006, accessed 4 March 2007; available from http://news3.xinhuanet.com/english/2006-10/25/content_5247578.htm

¹³⁷ Hong Liu, “Old Linkages, New Networks,” 596.

image are creating an environment amenable to overseas Chinese political involvement. Realizing their potential political influence, Beijing is working to gain the favor of the overseas Chinese communities. The overseas Chinese are helpful agents in achieving Beijing's broader foreign policy goals in defending against American containment, expanding Chinese political influence and reducing the international influence of Taiwan. Finally, the PRC's overseas Chinese policy could potentially shape U.S.-China relations. While the overseas Chinese around the world are instrumental in bridging their country to China, persistent suspicions have deterred ethnic Chinese in America from playing a more active political role.

1. Southeast Asia and ASEAN

Beijing's active liaison with the overseas Chinese is most visible in Southeast Asia, with the greatest per capita population of ethnic Chinese. Undoubtedly, the ethnic Chinese in Southeast Asia are helping to lay a solid foundation for greater cooperation between the Association of Southeast Asian Nations (ASEAN) and China. For instance, Thaksin, former Prime Minister of Thailand, emphasized his ethnic Chinese background and publicized his ability to bridge relations between Bangkok and Beijing. Thaksin led some of the largest delegations to the Boao Forum, China's World Economic forum, and pushed for a closer Thailand-China strategic partnership.¹³⁸

Economic cooperation is increasingly the driving force propelling the China-ASEAN relationship. Beijing's economic interests in Southeast Asia are threefold: developing markets for Chinese goods, securing natural resources, and establishing a regional economic bloc comparable to the EU. The middlemen or glue are the 20 million ethnic Chinese in Southeast Asia. A relevant example of the overseas Chinese bridging Southeast Asia and China is the efforts of Charoen Pokphand (CP) Thai-Chinese conglomerate. CP was founded by Chia Eksaw, a Chinese immigrant who settled in Bangkok in 1921. His company and successors have maintained deep links to China over the years. For instance, CP was the first foreign investor in China and when other

¹³⁸ Joshua Kurlantzick, *Charm Offensive*, 126.

investors pulled out of China after the Tiananmen incident CP stayed.¹³⁹ Moreover, CP has “advised the Thai government on its relations with China, and reportedly even helped the Chinese government with its overseas lobbying efforts.”¹⁴⁰

Globalization is in full force in the region and the trend is towards increased economic integration. According to the *Xinhua*, since 1991, the China-ASEAN trade volume grew more than 15 percent each year. Bilateral trade reached \$130.4 billion in 2005. Moreover, ASEAN is China's fifth-largest export market, the third-largest import origin and fourth-largest trade partner. China is ASEAN's fourth-biggest trade partner. By the end of 2005, ASEAN's investment in China totaled \$38.5 billion while Chinese investments in ASEAN totaled \$1.085 billion.¹⁴¹ In short, money is the engine that drives cooperation. Because economic trading blocs such as NAFTA and the European Union wield a lot of power, China is aggressively courting ASEAN to join it in a Free Trade Agreement (FTA). During the ASEAN + 3 Summit in November 2000, Chinese Premier Zhu Rongji proposed “In the long term, China and the ASEAN countries should explore the establishment of a free trade relationship.”¹⁴² At the ASEAN-China summit in November 2001, Premier Zhu formally made the proposal for the formation of a China-ASEAN Free Trade Area (CAFTA) in ten years. CAFTA would encompass Brunei, Indonesia, Malaysia, the Philippines, Singapore, and Thailand in 2010 and expand to Vietnam, Laos, Myanmar and Cambodia by 2015.¹⁴³ China is enticing ASEAN members with the lure of open Chinese markets. According to Sheng Lijun, from the Institute of Southeast Asian Studies, CAFTA is a “political confidence building” exercise for both sides. “CAFTA talks mean that China can engage ASEAN countries

¹³⁹ Joshua Kurlantzick, *Charm Offensive*, 74.

¹⁴⁰ *Ibid.*, 127.

¹⁴¹ “Summit Will Cement Strategic Partnership,” *Xinhua*, 28 October 2006, Lexis Nexis.

¹⁴² Lijun Sheng “China-ASEAN Free Trade Area: Origins, Developments and Strategic Motivations,” *Institute of Southeast Asian Studies Working Paper: International Politics and Security Issues*, Series No. 1, p. 2; accessed on 10 February 2008; available from <http://www.iseas.edu.sg/ipsi12003.pdf>.

¹⁴³ *Ibid.*, 6.

constructively for at least ten years under one friendly political and economic framework.”¹⁴⁴ Establishing CAFTA could possibly position China as the anchor of the economic trading bloc.

China’s partnership with ASEAN is a stepping stone in increasing Beijing’s influence in East Asia. Its engagement of Southeast Asia is part of a greater strategy to create an interdependent Sinocentric region conducive to its interests. According to a senior ASEAN official, “This is a long-term game that China is playing. They want a situation in Southeast Asia that automatically takes into account China’s interests. The whole objective of the policy is to avoid strategic encirclement by the United States.”¹⁴⁵ China’s partnership with ASEAN defends against American containment and expands Chinese political influence. Along these lines, the overseas Chinese are instrumental in this strategy.

2. Resolving the Taiwan Issue

High on Beijing’s agenda is the resolution of the Taiwan question. From the founding of the PRC, Beijing has considered the overseas Chinese indispensable agents in reunification. Historically both sides of the Taiwan Strait compete for the loyalty of the overseas Chinese communities. Similar to the PRC, Taiwan has its own official organ to coordinate its overseas Chinese programs and policies, the Overseas Compatriot Affairs Commission (OCAC). For overseas Chinese communities whose ancestral lands are on the Mainland, the PRC holds significant advantage over Taiwan. Beijing often hosts conventions and meetings in these ancestral hometowns and uses slogans such as “Chinese cultural roots are in China not in Taiwan” to win over the overseas Chinese.¹⁴⁶ Moreover, as China’s economy grows and business opportunities become more enticing the more the overseas Chinese are willing to support Beijing’s interests regarding Taiwan. For instance, Beijing’s Taiwan policy includes cultivating leading ethnic

144 Lijun Sheng “China-ASEAN Free Trade Area,” 16.

145 Murray Hiebert and Michael Vatikiotis, “How China is Building an Empire,” *Far Eastern Economic Review*, 20 November 2003, 31.

146 Elena Barabantseva, “The Party-State’s Transnational Outreach,” 27.

Chinese tycoons. The tycoons' influence then trickles down into the larger ethnic Chinese community. In many cases, they can push the boards of Chinese chambers of commerce to remove pro-Taiwan members and develop closer ties to Beijing.¹⁴⁷

The overseas Chinese have always played a role in the relationship between Taiwan and China. Specifically, Chinese-Americans are influential in shaping U.S.-China-Taiwan triangular relations. Chinese-Americans have taken part in both the China lobby and later the Taiwan lobby to protect the interests of Taiwan.¹⁴⁸ From the 1940s to the 1970s, the China lobby succeeded in helping Taiwan block China's entry into the United Nations and United States recognition of the PRC government. Replacing the China lobby, the Taiwan lobby promoted Taiwan's security and international visibility in the face of the Mainland's strong opposition in the 1990s.¹⁴⁹ As China's image and relationship improves with the Chinese-Americans, the influence of the Taiwan lobby over Washington's China policy is likely to be counterbalanced by groups favoring the PRC. The pro-PRC lobby still in its infancy; however, as immigrants from the Mainland begin to settle and participate in the political process, they will also challenge the Taiwan lobby.

Independent of their political allegiance, Chinese-Americans' interests lie in the promotion of stable relations between China and Taiwan. Chinese-American newspapers' editorials continue to praise prospects for peaceful unification and criticize military exercises. Through editorials and public forums, these newspapers repeatedly expressed Chinese-Americans' desire for "unification and hope that China and Taiwan would break the ice and start negotiating."¹⁵⁰ Furthermore, readers of the *World Journal* expressed opinions that political disputes between the PRC and Taiwan should be a thing

¹⁴⁷ Joshua Kurlantzick, *Charm Offensive*, 77.

¹⁴⁸ The China Lobby appeared at the end of the 1940s based on a broad coalition of foreign and domestic members including Chinese agents of the Nationalist government, Chinese Americans, paid U.S. lobbyists, U.S. politicians, businessmen with financial stakes, and missionaries expelled from the newly founded PRC. As the influence of the China Lobby faded away in the 1970s, the influx of Taiwanese American immigrants formed the better-organized Taiwan Lobby in the 1980s.

¹⁴⁹ Tsung Chi, "From the China Lobby to the Taiwan Lobby," 121.

¹⁵⁰ Xiaojian Zhao, "Chinese Americans' Views on U.S.-China Relations," in *The Expanding Roles of Chinese Americans in U.S.-China Relations: Transnational Networks and Trans-Pacific Interactions*, eds. Peter H. Koehn and Xiao-huang Yin (Armonk: M.E. Sharpe, 2002): 134.

of the past and that Chinese-Americans should no longer favor one government over another.¹⁵¹ These published views reflect a striking conversion in Chinese-American views over the past two decades. Once in the anti-communist camp, Chinese-American businessmen have made lucrative business deals in China. Moreover, a large number of Chinese-Americans have visited the PRC and see China in a new light.¹⁵²

Overseas Chinese organizations have begun arranging international meetings specifically to denounce Taiwan. For instance, one thousand overseas Chinese held a two-day meeting in Bangkok entitled “Global Overseas Chinese Congregation of Anti-Taiwan Independence” in 2004.¹⁵³ Beijing often advertises these events in the official press. *People’s Daily* published an article in March 2005 entitled, “Overseas Chinese communities back Anti-Secession Law.” According to this article, the Chinese-American Alliance for China’s Peaceful Reunification in New York, the National Association for Chinese Unification in Washington D.C., and other overseas Chinese associations around the world to include Japan, Germany, France, Italy, Britain, Belgium, Bulgaria and etc. supported China’s adoption of the anti-secession law aimed to prevent Taiwan’s secession from China.¹⁵⁴ A more recent example of overseas Chinese support for the PRC over Taiwan was also propagandized by *Xinhua* in September 2007. According to *Xinhua*, the Alliance for China’s Peaceful Reunification in Washington D.C. sent a letter to the U.S. Congress denouncing Taiwan’s attempt at United Nations membership. Furthermore, this organization affirmed their support for American continued observance of the “one-China” policy regardless of Taiwan authorities’ secessionist activities.¹⁵⁵

¹⁵¹ Xiaojian Zhao, “Chinese Americans’ Views on U.S.-China Relations,” in *The Expanding Roles of Chinese Americans in U.S.-China Relations: Transnational Networks and Trans-Pacific Interactions*, eds. Peter H. Koehn and Xiao-huang Yin (Armonk: M.E. Sharpe, 2002): 134.

¹⁵² *Ibid.*, 135.

¹⁵³ Joshua Kurlantzick, *Charm Offensive*, 145.

¹⁵⁴ “Roundup: Overseas Chinese Communities Back Anti-Secession Law,” *People’s Daily Online*, 16 March 2005, accessed 14 January 2008; available from http://english.peopledaily.com.cn/200503/16/eng20050316_177105.html

¹⁵⁵ “Taiwan Referendum Plan Rapped by Chinese in U.S., Italy, Brazil,” *Xinhua Online*, 17 September 2007, accessed 14 January 2008; available from http://news.xinhuanet.com/english/2007-09/17/content_6736591.htm

Adding a new dimension to cross-Taiwan Strait relations, economic globalization is enticing hundreds of thousands of Taiwanese personnel to accept assignments in China. For example, according to unofficial estimates, there are 300,000 Taiwanese in the greater Shanghai area.¹⁵⁶ This phenomenon is directly related to the common experiences of the overseas Chinese studying in American universities and working in high technology companies in Silicon Valley.¹⁵⁷ Additionally, ethnic Chinese technology associations in Silicon Valley serve as a bridge to link technology and talent between America and the Greater China area.¹⁵⁸ Appealing to this pool of high technology talent, local governments in China are accommodating the Taiwanese and their families by providing living amenities and quality schools. These appeals are working. According to a survey conducted in February 2001 by a Taiwanese human resources company, 64 percent of respondents expressed interest in working in China; as to site preference, 43 percent preferred Shanghai.¹⁵⁹ Despite political differences, cross-Strait talent exchanges spurred by shared experiences in the U.S. are helping the Taiwanese to identify with “China” by its historical, cultural, and economic context. These exchanges may portend the prospect of future reunification.

3. U.S.-China Relations

China’s rising international status is permitting the overseas Chinese to play a larger political role in their communities. However, the opposite is true in the United States. Within the United States, “Communist” China continues to be defined in Cold War terms, negatively affecting acceptance of ethnic Chinese living in America. Many Americans believe China will be the enemy of the United States in the 21st century. The unfavorable opinion of China is correspondingly linked to rising anti-Chinese sentiment within the United States. Although Beijing is interested in increasing its soft power through the overseas Chinese, its relationship with the ethnic Chinese in America has a

¹⁵⁶ Tse-Kang Leng, “Economic Globalization and IT Talent Flows Across the Taiwan Strait: The Taipei/Shanghai/Silicon Valley Triangle,” *Asian Survey* 42, no. 2 (March/April 2002): 233.

¹⁵⁷ *Ibid.*, 230.

¹⁵⁸ *Ibid.*, 238.

¹⁵⁹ *Ibid.*, 231-232.

hard power element. The PRC's interest in American advanced industrial and military technologies has put the ethnic Chinese under suspicion. In many cases, the Chinese government is appealing to the overseas Chinese for economic, scientific and political gain. Beijing's aggressive recruitment of the overseas Chinese in America for seemingly nefarious purposes is tarnishing the standing of these communities and their organizations. The United States government views some of these activities as detrimental to either American business interests or even to national security.

China's relationship with the ethnic Chinese in America came under suspicion when the PRC purportedly tried to influence the 1996 U.S. presidential election. Agents of China sought to direct contributions from foreign sources to the Democratic National Committee (DNC) before the campaign. According to the findings of the 1997 Senate Committee special investigation, Beijing devised a seeding strategy, under which PRC officials would organize overseas Chinese communities in the United States. The PRC encouraged overseas Chinese to promote persons from their communities to run in certain state and local elections with the intent to develop viable candidates sympathetic to the PRC. Further implicating Chinese-Americans and overseas Chinese communities in America the report stated that, "the use of businesses and individuals as intermediaries is increasingly common among Chinese intelligence and military organizations" and, "given the way the PRC exercises control over certain businesses and individuals, it hardly would be surprising to learn that the PRC directed overseas Chinese to contribute to particular parties or candidates."¹⁶⁰ Unfortunately, the scandal and subsequent Congressional findings made it difficult for Chinese-Americans to legitimately participate in the political process.

In May 1999, Congress released an unclassified version of the Cox report on Chinese espionage against the United States, which stated that "threats to national security can come from PRC scientists, students, business people, or bureaucrats, in

¹⁶⁰ The United States Senate Committee on Homeland Security and Governmental Affairs, "The China Connection: Summary of the Committee's Findings Relating to Efforts of the People's Republic of China to Influence U.S. Policies and Elections," *1997 Special Investigation in Connection with 1996 Federal Election Campaigns*, 20, accessed 1 March 2007; available from <http://hsgac.senate.gov/18.pdf>.

addition to professional civilian and military intelligence operations.”¹⁶¹ Years later, China continues to be viewed by the United States government as the biggest espionage threat. The *2005 Annual Report to Congress on Foreign Economic Collection and Industrial Espionage* identifies China as one of the most aggressive nations in collecting sensitive and protected U.S. technologies.¹⁶² The report also identifies the potential security threat of Chinese nationals working in the United States:

The number of scientists, engineers, and academics working in the United States from China shows no signs of abating...It is likely, moreover, that the informal organizations that have been set up in the United States to help Beijing track the access of these experts will be refined in the years ahead, further facilitating the flow of technology abroad.¹⁶³

According to Mr. Szday, assistant director of the FBI’s counterintelligence division, “China is the biggest [espionage] threat to the U.S. today.” He states that “In most cases, Beijing’s spy agencies don’t send trained agents to the U.S. to penetrate companies and government agencies, but rather simply seek to glean information from the hundreds of thousands of Chinese who visit and study in the U.S. every year. They also try to get Chinese-Americans to provide information, appealing to their desire to help uplift China’s economy.”¹⁶⁴ He asserts that Beijing doesn’t recognize the concept of Chinese-American. In the Chinese government’s eyes, “they are all overseas Chinese.”¹⁶⁵ In short, Beijing’s policies toward the overseas Chinese, including Chinese-Americans, are to blame for the notion that every Chinese is a possible agent.

In the future, the PRC’s overseas Chinese policy could become a topic of concern in U.S.-China relations. Although Beijing is interested in increasing its soft power through the overseas Chinese, its relationship with ethnic Chinese in America has a hard

¹⁶¹ Zuoye Wang, “Chinese American Scientists and U.S.-China Scientific Relations,” 224.

¹⁶² Office of the National Counterintelligence Executive, *Annual Report to Congress on Foreign Economic Collection and Industrial Espionage—2005*, (August 2006): iii, accessed 17 April 2008; available from http://www.ncix.gov/publications/reports/fecie_all/FECIE_2005.pdf.

¹⁶³ *Ibid.*, 12.

¹⁶⁴ Jay Solomon, “Phantom Menace: FBI Sees Big Threat From Chinese Spies; Businesses Wonder; Bureau Adds Manpower, Builds Technology-Theft Cases; Charges of Racial Profiling; Mixed Feelings at 3DGeo,” *Wall Street Journal*, 10 August 2005, A1.

¹⁶⁵ *Ibid.*, A1.

power component. The PRC's interest in American advanced industrial and military technologies has put ethnic Chinese under suspicion. The Cox report and subsequent congressional reports substantiated American mistrust of Chinese nationals and Chinese-Americans studying and working in critical national security fields. The treatment and handling of overseas Chinese communities in America is a delicate balancing act for both the United States and China. Washington must balance infringing on the rights of its citizens against protecting United States business interests and national security. On the other hand, Beijing must balance requirements for technology, scientific knowledge, and skilled personnel against respecting the sovereignty of other nations. Often China treats foreign nationals of Chinese descent under the broad umbrella term "overseas Chinese" blurring the lines of national sovereignty. A Chinese living overseas, whether a Chinese national or not, is considered to be "Chinese."

D. CONCLUSION

Since Beijing set its compass on a course for modernization, its approach to the overseas Chinese has focused primarily on economic relations. In the past, Beijing was careful not to implicate the overseas Chinese in the area of politics. However, China's economic boom, new diplomacy and improved image are creating an environment amenable to overseas Chinese political involvement. The improved status of ethnic Chinese abroad is directly related to the improved status of China itself. Due in part to China's economic success and new diplomacy, in the past ten years, the overseas Chinese's position in society and politics has been significantly transformed. The overseas Chinese once avoided politics for fear of being tied to China's radical politics; today they increasingly advertise their Chinese heritage. Because of their potential links to China, Chinese ethnic identity has acquired positive connotations. Thus, the PRC's relationship with the ethnic Chinese abroad is increasingly linked to its broader political goals such as defending against American containment, expanding Chinese political influence and reducing the international influence of Taiwan.

As the Chinese immigrant population increases in the United States, the PRC's overseas Chinese policy could emerge as a topic of concern in U.S.-China relations.

Unlike the Chinese diaspora in Southeast Asia, who are instrumental in bridging their country to China, persistent suspicions have deterred Chinese-Americans from playing a more active, constructive role in U.S.-China relations. Growing apprehension regarding the Chinese threat is increasingly tainting the views of Americans toward the Chinese diaspora communities within the United States. Although Beijing is interested in increasing its soft power through the overseas Chinese, its relationship with ethnic Chinese in America has a hard power dimension. The dubious relationship between the Chinese government and the overseas Chinese business and scientific community is often a target of speculation. Furthermore, Chinese-Americans are often viewed with suspicion for their political activism. Chinese-Americans cannot engage in politics without raising fears the PRC is manipulating the American political system. It's a no-win situation for overseas Chinese and Chinese-Americans alike: while assisting China in its development and relations with the U.S. could improve their status at home, it may also contribute to perceptions that their loyalties lie in China.

V. CONCLUSION

The PRC's overseas Chinese policy has been typically a reflection, or instrument, of Beijing's main policy objectives both foreign and domestic. Often the Chinese government has to balance domestic and foreign policy priorities. At times, foreign policy was more important than domestic policy, but at other times the priority was reversed. In addition, the PRC's overseas Chinese policy was a function of the overseas Chinese themselves—where they lived and what they were capable of doing. Conversely, the capabilities and means of the overseas Chinese themselves were a function of China's prestige. In a virtuous circle, as China became wealthier and more powerful, the overseas Chinese were able to do more; and as the overseas Chinese were able to do more, China became wealthier and more powerful. Furthermore, with the majority of overseas Chinese living in Southeast Asia, China's overseas Chinese work focused primarily on this region. However, when the Chinese migrated to North America, Australia and Europe in greater numbers, the range of policies available to Beijing expanded to accommodate this change.

Despite China's changing international environment and foreign policy agenda, the one constant in Beijing's domestic agenda has been the need to attract foreign exchange—primarily through the overseas Chinese in the form of remittance or investment. Throughout most of Mao's reign, except during periods when leftist domestic policies took precedence, overseas Chinese generously sent remittances to their families, friends and home villages. When Deng Xiaoping came to power, overseas Chinese remittance shifted to investment. Deng recognized early on that China could not develop in isolation and needed foreign capital. The overseas Chinese would be called upon to provide the lion's share of initial foreign direct investment. Unsurprisingly, subsequent administrations continued to entice the overseas Chinese to contribute money to China. Thus, the central focus of China's relationship with the overseas Chinese was and still is based on economic symbiosis.

During most of the PRC's short history there has been significant continuity in its foreign policy and corresponding overseas Chinese policy. One of Beijing's main foreign policy objectives has been to restore relations with its neighbors. In the beginning of Mao's administration, China sought diplomatic relations with its Southeast Asian neighbors and therefore made efforts to solve the overseas Chinese dual nationality problem. The Cultural Revolution wrecked earlier foreign relation initiatives while devastating overseas Chinese work both in and outside China. Following the disruption of the Cultural Revolution, Beijing resumed measures to mend fences with its neighbors and reconnect with the overseas Chinese. These efforts continued with Deng Xiaoping, whose foreign policy focused on improving relations with the outside world to create a stable international environment for economic growth. Coming full circle, Deng's administration enacted the PRC nationality law, decisively resolving the overseas Chinese problem and attained diplomatic relations with the majority of Southeast Asian nations.

China's third and fourth generation leaders have undertaken a new foreign policy approach to achieving Beijing's ambitions. It is more pragmatic, sophisticated and subtler using a variety of diplomatic tools, such as soft power, to influence and achieve policy objectives. China's "new diplomacy" is changing the way its neighbors view the emerging power and their overseas Chinese communities. Previous Chinese policy was careful not to exploit or employ the overseas Chinese in the area of politics. However, China's pragmatism is creating an environment amenable to overseas Chinese political involvement. The overseas Chinese once avoided politics for fear of being tied to China's radical politics, now increasingly advertise their Chinese heritage. The overseas Chinese have become assets in connecting China to the outside world. Although the overseas Chinese are now welcomed for their economic links to China, in many cases they are still viewed with reserve and suspicion. It's a catch-22 for the overseas Chinese: while assisting China in its development and diplomatic relations could improve their status at home, it may also add to the perception that their loyalties lie in China.

With the opening of China to the West, Chinese have increasingly studied and emigrated to the United States and North America. Due to changing patterns of

immigration to North America and to renewed Chinese-Americans interest in the Mainland, Beijing expanded its overseas Chinese work to accommodate these burgeoning communities. Recent immigrants and Chinese-Americans have become essential sources of capital, management know-how and channels for scientific exchange. In the past, the overseas Chinese were mainly a Southeast Asian concern, but as the Chinese migrated to North America they became an issue in the United States. Growing apprehension regarding a “Chinese threat” is increasingly tainting the views of Americans toward the Chinese diaspora communities within the United States. The relationship between the Chinese government and the overseas Chinese business and scientific community is often a target of speculation.

As China becomes more powerful, will other nations begin to foster more resentment? Beijing’s restraint has contributed to a marked decline in anti-Chinese sentiment. However, the goodwill China is cultivating could easily vanish. The long history of anti-Chinese sentiment around the world, especially in Southeast Asia is not easily forgotten. Assertiveness on Beijing’s part could still lead to outbreaks of anti-Chinese violence. In many respects, the fortunes of the overseas Chinese are intimately bound to the fortunes of the PRC. While China’s reputation is improving around the world, the “China threat” is gaining traction in the United States. Adding to fears, American news networks broadcast daily a stream of negative press regarding a Chinese menace. For instance, recent stories hitting the airways include Chinese human rights transgressions in Tibet, Chinese product safety and Chinese espionage. As long as China remains a communist regime and is viewed as a potential threat to its neighbors, the status of the overseas Chinese will remain influx.

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