State Policy and Entrepreneurial Ethnic Migrants:
The Experiences of the Overseas Chinese in Southeast Asia

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This study explores the variations in the experiences of entrepreneurial ethnic migrants. In particular, it focuses on Chinese migrants in selected Southeast Asian countries and attempts to explain variations in outcome by examining state policy related variables. The Chinese in Indonesia have faced periodic bouts of violence and entrenched institutionalized discrimination. Their counterparts in Malaysia have also faced institutionalized discrimination, but very little violence. In contrast, the Chinese in Thailand have been fairly successfully assimilated into Thai society. While economic, demographic, social and cultural explanations shed some light, they are unable to delineate the specific variations in migrant experiences. This study argues that respective state policies adopted by the host governments best explain the divergent outcomes. Such state policies have ranged from forced assimilation to partial accommodation in each country.

Keywords*: international migration, Chinese, Southeast Asia, state policies*

Introduction

This research focuses on international migration of groups identified as entrepreneurial ethnic minorities. The term is used in the context of immigrant minorities playing a dominant role in trade and capital accumulation in the host country (Reid, 1997). Such minorities are renowned (and resented) for superior commercial skills and frequently carry visible markers of identity that differentiate them from majority groups in the countries where they reside. Archetypal entrepreneurial ethnic migrants include the Chinese in Southeast Asia, Jews in parts of Europe and Russia, Indians in East Africa, the Caribbean and parts of Asia, and Armenians in Turkey.

The presence of entrepreneurial ethnic minorities has often resulted in tensions over matters that range from perceived security threats to concerns about shifting balances of economic and political clout (McLaren, 2003). They are resented for their economic dominance, lack the legitimacy of belonging to the nation as "natives," in spite of being legally considered as citizens in many cases (Purdey, 2006) and often tolerated only for their vital economic role. In essence, entrepreneurial minorities are treated as "essential outsiders" (Chirot & Reid, 1997). Indeed, many such minorities have been at the receiving end of violent riots, especially during times of socioeconomic or political upheaval. The Chinese in Indonesia have faced periodic riots (Mackie, 1976; Sidel, 2006), the Jews in Europe experienced numerous pogroms in the late 19th and early 20th centuries (Fein, 1979) and anti-Indian riots in Fiji in 2000 took place in the context of unexpectedly strong electoral performances by Indian political parties (Lal & Pretes, 2001).

Despite the frequency of attacks against entrepreneurial ethnic minorities, not all groups have been subjected to violent rioting. Some groups have faced institutionalized discrimination to varying degrees while others, such as the Brazilians in Paraguay and

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Russians in Estonia, have been peaceably accommodated within host communities. (Alexseev, 2003). Even within violent cases, significant variations exist in terms of geographic distribution, intensity, frequency and duration of hostilities.

This study examines the many variations in the experiences of entrepreneurial ethnic migrants. In particular, it focuses on Chinese migrants in selected Southeast Asian countries and aims to explain variations in outcome by focusing specifically on state policy related variables. The study is based on an in-depth qualitative analysis of secondary research material on the overseas Chinese, as well as the literature on state policies and ethnic violence in general. The research adopts a comparative case study approach to delineate variations in outcome.

The overseas Chinese are known for their business know-how and entrepreneurial skills (Zenner, 1991). While accurate data is hard to obtain, over 80% of all overseas Chinese are estimated to be living in Southeast Asia (Armstrong, Armstrong & Mulliner, 2012). With an economic influence far exceeding their numbers, they have lived in various countries of the region for many generations. Furthermore, an examination of the patterns of Chinese migration in Southeast Asia reveals a microcosm of the variation in outcomes underlined above, thereby making the group ideal for this comparative assessment.

The Chinese in Indonesia have faced intense discrimination, while periodically being subjected to high levels of outright violence, most recently in the anti-Chinese riots of 1998. The Chinese in Malaysia have been discriminated against intensely, but unlike in the Indonesian case, have faced low levels of physical violence, apart from the race riots of 1969. The apparent ease of integration and assimilation of the Chinese in Thailand into the very fabric of Thai society distinguishes them as a notable success story in inter-ethnic accommodation. The Chinese in the Philippines and Singapore have also been able to participate in the host societies, for the most part on their own terms, infusing them with their cultural contributions and freely expressing a separate identity without fear. The Chinese in Myanmar, Vietnam and Brunei, however, face a more insecure future and are, to varying degrees, at risk of officially tolerated discrimination (Ho & Amer, 2000).

This research focuses in particular on Chinese communities in Indonesia, Malaysia and Thailand. This is largely due to the availability of literature, the relative significance of the aforementioned countries in the Southeast Asian region and the sharp variations in outcomes. Accordingly, this paper presents brief case studies of each community to tease out causal mechanisms responsible for the divergent outcomes affecting the Chinese in each country.

Theoretical Overview

A multitude of explanations attempt to account for the presumed destabilizing effects of entrepreneurial ethnic migrants. Some scholars explain that the newness of migrants contributes to social stress and that interactions over time are likely to reduce conflict (Antweiler, 2001). Others examining demographic changes contend that there is a strong relationship between group size and its access to political/economic power. With a few exceptions, this relationship is positively correlated (Bookman, 2002a). Greater population size facilitates economic power through more access to scarce economic resources, control over productive inputs, influence in policymaking and allocation of economic favors.

Similarly, political power is manifested through enhanced representation in political bodies, higher participation in political processes and increased political legitimacy overall (Bookman, 2002a). Therefore, policies of demographic engineering are often attempted in an effort to maintain a favorable demographic balance for dominant groups in the receiving country. When groups are geographically concentrated, ethnic demands are more likely to be articulated along regional lines as groups attempt to solidify numbers within their territories (Bookman, 2002b).

Some scholars argue that improved economic growth can lead to relatively more tolerance for immigrants (Dancygier & Donnelly, 2013) and economic hardships, in contrast, can foster more tension (Falk, Kuhn & Zweimüller, 2011). Similarly, those facing direct competition with immigrants for jobs are also less likely to be supportive (Malhotra, Margalit & Mo, 2013). Moreover, economic growth can exacerbate ethnic grievances by generating a perception of relative deprivation (Stewart, 2010). These perceptions are more likely to be created when migrant communities are perceived as economically superior to the natives. Superior educational levels, business acumen and work patterns among migrants tend to make them more desirable to potential employers (Chandra, 2002). Chua (2004) contends that market-dominant minorities can inflame conflict in free market democracies. Free markets increase the economic power of the market dominant minority while democratization increases the political power of the majority, which in turn can foment ethnic envy and hatred.

In contrast, others argue that resentment against immigrants is based less on economic trends and more on the necessity to preserve cultural, political and social identities threatened by migrant influxes (Adida, Laitin & Valfort, 2011; Hainmueller & Hangartner, 2013). In a similar vein, indigenous groups - also known as "sons of the soil"- narrate their grievances through politics of identity, belonging and exclusion (Fearon & Laitin, 2011).

State policies often have a significant impact on ethnic relations in the receiving country (Dancygier, 2010; Waddington, Jobard & King, 2009). Michael Brown (1997) articulates an intriguing state policy based framework. He acknowledges that state policies are formulated in conjunction with domestic, regional and international factors. Broadly, he notes that states have two kinds of policy goals with regard to ethnic minorities: a unicultural vision, where the goal is assimilation, or a multicultural vision, where the policy goal is maintenance of both political unity and ethnic diversity. These goals are implemented using two broad policy instruments: coercive or persuasive. Thus, four different outcomes are possible depending on the type of policy goal and policy instrument used: 1) a unicultural vision implemented with coercive instruments leads to *forced assimilation*; 2) a unicultural vision implemented with persuasive instruments leads to *induced assimilation*; 3) a multicultural vision implemented with coercive instruments leads to *toleration with attitude*; and 4) a multicultural vision implemented with persuasive instruments results in *benign accommodation*.

Thus, a variety of explanations have aimed to account for social stresses resulting from the presence of ethnic migrants. However, there is no generalizable, theoretical framework that could be applied across a vast spectrum of cases and each perspective on its own does not account for the divergences satisfactorily. For instance, the economic arguments seem to favor particular cases, while at the same time not being able to account for other cases with ostensibly similar structural conditions.

The objective in this study is to explain the different kinds of stresses generated by the presence of Chinese migrants in Indonesia, Malaysia and Thailand. As explained later,

accounts based on population and demographic shifts, cultural narratives, and economic inequalities do not satisfactorily account for the variations across cases. In order to account for the varied experiences of the overseas Chinese, this research focuses on state policies, and the relationship of ethnic migrants to such policies.

Chinese in Indonesia

Large-scale Chinese migration to Indonesia first took place during the Dutch colonial period. The 18th century saw a wave of Chinese migrants who came to work as miners in Bangka and Western Borneo. The development of large-scale export agriculture triggered an even larger wave of migrants in the late 19th and early 20th centuries. According to the 2010 census, ethnic Chinese account for approximately 2% of the Indonesian population. They are well dispersed in the country, with substantial numbers in Sumatra, Java, Kalimantan and Sulawesi (Suryadinata, 2003). They are generally categorized into *Peranaken* and *Totok*. People born in Indonesia of foreign origin are referred to as *Peranaken*. The *Totok* are recent Chinese arrivals, primarily Buddhist or Christian, who speak Chinese and follow Chinese customs (Mackie, 1976).

The Chinese are widely perceived to control approximately 70% of corporate domestic capital in Indonesia (Haley et al., 2012). The ethnic Chinese control many of the leading banks, supermarkets and shopping malls and the group is associated with ostensible markers of wealth (Schwarz, 2000).

The Chinese in Indonesia have long experienced myriad forms of institutionalized discrimination, dating back to the Dutch colonial era. Antipathy towards the Chinese increased in the 1950s because of their economic strength and exclusiveness (Suryadinata, 1986). A dual nationality treaty signed between Indonesia and China during Sukarno's rule in 1955 pledged to protect the interests of the Chinese (Bertrand, 2004). However, in 1959, the Chinese were banned from conducting retail trade in rural areas. Many members of the indigenous trading and business community in Indonesia saw the Chinese as their main economic rivals, and the decree was designed to provide more opportunities to *Pribumi* (indigenous) traders (Mackie, 1976). The Chinese have faced an increasingly restrictive environment in obtaining citizenship. Since the early 1950s, they have been pressured into "Indonesianizing" their names as a condition of citizenship. Further, Indonesia revoked a dual-citizenship treaty with China in 1969, leaving 80,000 Chinese citizens stateless (Coppel, 1983).

The regime of President Suharto (1966-1998), popularly known as the "New Order," aimed to forcibly assimilate the Chinese. Draconian regulations prohibited Chinese language schools, cultural groups and trade associations. Identity cards, compulsory for all Indonesians, included a special code for identifying ethnic Chinese. The special code also automatically excluded the Chinese from civil service and the military (Suryadinata, 2004; Tan, 1991).

In an effort to consolidate his personal power and wealth, Suharto handpicked a select group of Chinese businessmen as his business cronies. They came to be known as *Cukongs* and quickly became active business partners of the Suharto regime (Schwarz, 2000). It is believed that Suharto chose the Chinese for preferential treatment as they had a fine reputation for entrepreneurial dexterity and, more importantly, could not challenge him for political power

no matter how wealthy they became (Anderson, 1983). A lasting legacy of Suharto's policy, however, was to exacerbate resentment of the *Pribumi*, who grew increasingly frustrated with the economic monopolization of the *Cukong* elite (Bertrand, 2004).

The Chinese in Indonesia face a significant degree of resentment. Their assimilation has proven difficult. In particular, the outbreak of massive anti-Chinese riots in 1998 raises concerns about the group's status in the country. Over 1,000 people, including many ethnic Chinese, were killed with countless properties destroyed and widespread allegations of rape and torture of ethnic Chinese women. Further, around 150,000 fled the country in the wake of the riots (Schwarz, 2000; Sidel, 2006).

The plight of the Chinese improved significantly after the fall of the Suharto regime (Bertrand, 2004). The post-Suharto period saw the formation of several ethnic Chinese political parties. In late 1998, President Habibie passed a decree repealing many forms of discrimination in government, including the use of terms *Pribumi* and non-*Pribumi*, and many cultural restrictions were revoked in 1999. While the Chinese enjoy considerably more cultural and religious freedom today, many still fear provoking anti-Chinese sentiments. There are still statutes, as well as local regulations, that demonstrate discrimination against the Chinese (Turner & Allen, 2007).

Chinese in Malaysia

Chinese immigration to Malaysia started in the 15th century but gathered momentum during British rule in the late 19th and early 20th centuries (Freedman, 2000). According to the 2010 census, Chinese people make up 24.6% of the population, and are distributed across all provinces and in both urban and rural areas (Department of Statistics Malaysia, 2010). Urban Chinese in particular are economically stronger in relation to their Malay counterparts with the Chinese in general estimated to control 69% of market capital (Haley, Haley & Tan, 2012).

The Japanese occupation during World War II led to tensions between the Chinese and Malay communities with the latter supporting the Japanese against British rule. The Chinese opposed Japanese presence in Malaysia and formed the Malaysian People's Anti-Japanese Army (MPAJA). As a counter to the communist MPAJA, the British supported the Malays. The Malayan Communist Party (MCP), formed in 1948, succeeded the MPAJA and launched insurgent activities between 1948 and 1960. The MCP was largely supported by the rural Chinese, who had suffered from discriminatory government programs such as large-scale population transfers to "New Villages" in the 1950s. More than 1,000 people were killed when tensions erupted in violent race riots in 1969, following impressive Chinese gains in the general election (Lee & Tan, 2000).

The party system in Malaysia is largely ethnic-based. The Barisan Nasional coalition (BN) has continuously ruled the country since independence in 1957. While it professes to be a multi-ethnic coalition, the BN is dominated by the United Malay National Organization (UMNO). The Malaysian Chinese Association and the Malaysian Indian Congress, while officially a part of the BN, play clearly secondary roles in the coalition. They are allocated some ministerial positions for mobilizing the votes of their ethnic communities (Landé, 1999).

The preservation of Malay nationalism, political supremacy and Islam are dominant ideological pillars of the UMNO. A complex system of gerrymandering has ensured that

two-thirds of the legislative seats are located in rural areas where ethnic Malays predominate, thereby ensuring that the UMNO always wins the largest number of electoral seats (Weiss, 2014). The UMNO argues that since the Malays are the numerical majority as well as the *Bumiputera* (sons of the soil), they have the right to dictate the terms of citizenship for other communities. As a result, the Chinese parties have not been able to effectively advance Chinese interests (Freedman, 2000).

The basic foundations for Malay special privileges emanate from two main sources: the constitution and the New Economic Policy (NEP) (Haque, 2003). The NEP was inaugurated in 1970 and, essentially, has two facets: the elimination of the association of race with occupation and the elimination of poverty (Ganguly, 1997). Both the NEP and its successor, the New Development Policy (adopted in 1990), instituted a 30% quota for *Bumiputera* in all social and economic spheres (Ho & Amer, 2000). The policies included provisions of job quotas, subsidies to Malay businesses and restrictions of entry to non-Malays in large business ventures. The system was justified on the grounds that the economic gulf between the Chinese and the Malay could lead to political instability. The inter-ethnic riots in Kuala Lumpur in 1969 lent weight to such arguments.

As a result, the Chinese have suffered discrimination in employment, education and economic opportunities. This has restricted opportunities for the Chinese, and it is estimated that non-Malays occupy less than 10% of the top civil service positions (Ho & Amer, 2000). In terms of culture, the government has attempted to integrate Chinese and Indian schools within the dominant school system. Chinese vernacular schools have been marginalized and encouraged to have a Malay-centered curriculum (Freedman, 2001). For years, a quota system restricted tertiary educational access to the Chinese (Bakar, 2014). While the quota system was disbanded in 2002, minorities experience continuing discriminatory practices in university admissions. There have not, however, been significant violent hostilities between the Chinese and the Malays since the 1969 riots. While the Chinese have often protested for greater group rights, there has not been any rebellious activity since the insurgency led by the Malaysian Chinese Association (MCA) in the 1960s.

Chinese in Thailand

The opening of the Thai economy in the mid-19th century provided ample opportunities for labor and middlemen roles that were rapidly filled by Chinese immigrants (Keyes, 1997). The majority of the Chinese in Thailand came to the country in the late 19th and early 20th centuries. Today, the Chinese form roughly 14% of Thailand's population and reside primarily in urban areas (Central Intelligence Agency, 2014).

The early Chinese immigrants understood the country's power structure and focused on offering their economic expertise to those who could promote their interests (Thomson, 1993). Chinese traders received trade monopolies from Thai kings in exchange for a share of the profits. Thus, a mutually beneficial relationship allowed the Chinese a strong foothold within the economy (Hamilton & Waters, 1997).

Chinese businesses expanded throughout the period when Thailand was under military rule (from the 1930s to the 1970s) and bankrolled many military rulers in return for protection. By the early 1970s, the Chinese owned some of the largest business conglomerates, and dominated imports and exports. Even today, the Chinese enjoy a clear economic advantage

over the dominant Thai community and, by some accounts, the Chinese control over 80% of market capital (Haley et al., 2012).

Governmental attitudes towards the Chinese have changed over time. King Chulalongkon (1868-1910) viewed the Chinese as a source of cheap labor and encouraged migration. His successor, King Wachirawut, in contrast, was known for his strident anti-Chinese views and often denounced them as "clogs on our wheels" (Tejapira, 1997). In the 1940s, Field Marshal Phibunsongkhram also engaged in frequent anti-Chinese rhetoric (Landé, 1999).

The rise of Thai nationalism meant that the state imposed several curbs on the Chinese. Popular discontent against the Chinese reached a peak in the 1930s. The government felt compelled to pursue several policies that adversely affected the Chinese. The 1931-1932 Immigration Act made it mandatory for immigrants to purchase certificates of registration at 30 baht (Landon, 1940). Phibunsongkhram pursued a particularly nationalist policy and ethnicized Siamese policy as exclusively and monolithically Thai (Skinner, 1957). For example, Thai language was made the mandatory medium of instruction, even for Chinese children, and restrictions were imposed on the number of hours that schools could devote to the Chinese language.

In general, such policies were meant to assimilate the Chinese forcibly, and predictably coincided with increasing Chinese resentment against the Thai government. The policy atmosphere improved after Phibunsonghkram's retirement, but the period from the 1940s to the mid-1980s saw periodic discrimination against the Chinese, interspersed with bursts of policy liberalization.

The rapid rise of the economy since the 1950s dramatically increased the size of the middle class, including both Chinese and non-Chinese. The middle class was at the forefront of several political movements and was gradually able to force the former military bureaucracy to open the political system to wider participation. The 1986 elections marked the beginning of Chinese participation in Thai politics. Chinese-dominated businesses invested heavily in the electoral campaign, and business interests gained 86 seats in the 347-member House of Representatives, challenging the position of the Thai military (Keyes, 1997). Several Thai prime ministers have been of Chinese descent, and the extent of Chinese participation in the Thai political process has expanded rapidly in recent decades.

There has been substantial intermarriage and ethnic socialization between the Chinese and the Thais. Recent governments have actively encouraged cultural assimilation. Restrictions on new immigration as well as compulsory education in Thai have facilitated the assimilation process (Landé, 1999). While Thailand has undergone a period of extreme political turbulence since 2006, with alternating democratic and military governments, the Chinese community is well integrated in Thailand today and faces limited discrimination. Further, the Thai government policy is, arguably, among the most liberal towards the overseas Chinese in Southeast Asia.

Assessing Variations in Outcome

The above case studies bring to light many fascinating aspects of inter-ethnic relations in Southeast Asia. In Indonesia, the Chinese suffered high levels of institutionalized discrimination, especially under the regime of Suharto. They were also attacked during the

riots that took place in 1998, in the wake of the Asian financial crisis, as well as other episodes of violence. The Chinese in Malaysia have faced institutionalized discrimination, particularly after the adoption of the New Economic Policy (NEP) following race riots in 1969. However, the group has been spared the level of physical violence that their counterparts in Indonesia have faced in recent times, and relations between the Chinese and the Malays have been generally peaceful in spite of the prevalent undertone of tension. While the Chinese in Thailand have faced discrimination in certain periods, state policy towards the Chinese for the most part has been liberal, and the group is at little risk today. The high levels of Chinese political participation make it unlikely that the group will face significant marginalization in the foreseeable future.

Such variations in outcome create an intriguing empirical puzzle. In order to make sense of this diversity and to construct a theoretical framework that may account for such variation, it is useful to assess the commonalities in the three cases studies and evaluate a few theoretical explanations that have been put forward.

The Chinese are clearly the dominant economic group in all three countries. That being said, not all Chinese are rich; this is particularly the case in Indonesia where many Chinese live in poverty (Ananta, 2006). However, it is critical to note that most natives hold deeply embedded notions of Chinese wealth and prosperity. Much of the resentment generated towards the Chinese in the region stem from such perceptions of economic dominance, whether real or imagined. The 1998 riots in Indonesia demonstrate this dynamic and underscore a narrative of relative deprivation. Due to the visibility and the political connections of the minority *Cukong* class, there was a common perception of Chinese wealth among the *Pribumi* and consequently their frustrations were directed towards the Chinese as a whole and not just the *Cukong* class (Bertrand, 2004).

In Malaysia, the NEP was instituted in 1970 to reduce relative economic disparities between the Chinese and the Malay. It can be argued that the beneficial effects of the NEP—in the creation of a burgeoning Malay middle class and the astounding growth of the economy in the last decade or so—have thus far been able to keep Malay-Chinese ethnic relations in check, in spite of persistent resentment against the Chinese.

However, the validity of the relative deprivation argument is thrown into question when considering the Chinese in Thailand. There, too, the Chinese have a firm hold on the economy, yet there has been neither institutionalized discrimination nor sustained resentment against the Chinese, at least not since the 1950s. This begs the question of why the economically dominant Chinese are "tolerated" in Thailand, given that similar levels of dominance have caused widespread ethnic turbulence and resentment elsewhere. Thus, economic arguments of relative deprivation alone cannot fully account for the differences in outcome.

Proponents of demographic arguments note a positive correlation between population size and increased access to economic and political power, though they caution that this could lead to ethnic resentment among the majority population. Further, scholars note that, in most cases, economic and political power go together—a rise in one sees a simultaneous rise in the other (Gurr, 2000). However, this does not quite ring true for the Chinese in Indonesia and Malaysia, and it did not ring true for the Thai Chinese until democratic reforms in the 1980-1990s. As Tan (2001) emphasized, there is a clear dichotomization of economic and political power, and this is especially pronounced with the Chinese in Indonesia and Malaysia. This

may partly be due to the fact that the Chinese were mainly associated with business that enabled them to carve an economic niche (Bookman, 2002a).

Cultural and social arguments are often used to explain the smooth assimilation of the Chinese in Thailand. According to Landé (1999), "easy Chinese assimilation into Thai society may be explained in part by the proximity and ethno-linguistic connections between lowland Thai and the Chinese 'Tai' peoples of Southern China" (p. 104). Landé also emphasized the importance of religious similarities.

> *In the Philippines and Thailand, the assimilation of Chinese immigrants has been eased also by their ready acceptance of the religion of the country's majorities. Most Philippine Chinese have become Catholics. Most of Thailand's Chinese are Buddhists… the Chinese find it more difficult to accept or be accepted into the more demanding Muslim faith, which calls for a way of life alien to most Chinese. (Landé, 1999, p. 104)*

Although sociocultural arguments may have some explanatory power in accounting for different levels of assimilation in the three countries, it still does not adequately account for the timing and different levels of violence in Indonesia and Malaysia. Moreover, preliminary research about other Chinese communities in the region provides incongruous evidence with cultural arguments. Predominantly Muslim Brunei has accommodated its sizeable Chinese population considerably better than Indonesia, for instance, and the predominantly Buddhist countries of Myanmar and Vietnam show significantly low levels of Chinese assimilation (Ho & Amer, 2000). While differences in religion no doubt play a role in inciting tension, Chinese experiences in Myanmar, Vietnam and Brunei caution against placing too much explanatory emphasis on religion.

Examining State Policies

The above discussion makes it evident that economic, demographic, social or cultural arguments alone fail to adequately account for why the Chinese are successfully integrated in some countries while facing significant levels of violence and discrimination in others. Some scholars examine the possible nexus between state policy and the presence/absence of strife in ethnically divided societies. In all three cases in this study, the policies adopted by the state were crucial in the evolution of inter-ethnic relations between the dominant group and the Chinese. As previously discussed, Michael Brown (1997) asserts that there are two distinct policy goals and two distinct policy instruments that states may adopt in dealing with ethnic others. Depending on its ideology, a state may entertain either a unicultural vision (with the goal of assimilation) or a multicultural vision (in which the goal is maintenance of political unity while safeguarding cultural diversity), and use either coercive or persuasive instruments for the implementation of its policy goals.

This research seeks to apply the Brown (1997) thesis to the Chinese in Southeast Asia. To begin, it is important to consider the terms "assimilation" and "accommodation." Assimilation has been defined as a "blending process whereby two distinct groups form a homogenous society" (Suryadinata, 1997, p. 11). Assimilation, according to Suryadinata (1997), aims to reduce the ethnic characteristics of the minority, so that groups like the Chinese can be absorbed into indigenous populations. Accommodation, on the other hand, is a broader, more-debatable concept. Brown (1997) refers to it as a multicultural vision that is defined as the maintenance of political unity with the preservation of cultural diversity.

Others define it as an effort by the majority and the minority to adapt to each other, in turn, helping the minority to maintain its unique identity (Ho & Amer, 2000). For Suryadinata (1997), the term refers to "groups developing working arrangements while maintaining distinct identities" (p. 13). However, as Suryadinata (1997) and others have noted, accommodation is a broad term and often "accommodationist" policies tend to have "assimilationist" features, such as attempts to develop a common national identity and linguistic assimilation through a national language policy, as seen with the Chinese in Malaysia and Brunei, two countries said to be pursuing a strategy of accommodation (Suryadinata, 1997).

Given the complexity of the above terms and the complexity of the case studies under investigation here, it is necessary to construct an extended typology of state policy goals; one that would include "partial accommodation" as an intermediate category between assimilation and accommodation. This is especially useful given that the policies adopted in Malaysia in particular fall neither into a category of pure assimilation or pure accommodation.

Brown (1997) asserts that states use both coercive and more persuasive measures in the attainment of policy objectives. He contends that state policy toward ethnic migrants is shaped by a variety of factors; chief among them are demographic patterns, pre-colonial/colonial legacies, fears and goals of ethnic groups, economic factors and regional/international considerations. Moreover, official policy espoused by a state does not remain constant but varies over time according to situational and contextual changes. A dynamic framework such as this is well suited to explain the diverse outcomes experienced by the Chinese in Indonesia, Malaysia and Thailand.

State Policy in Indonesia

This study argues that Indonesia has adopted a unicultural vision since independence, in which the ultimate policy goal was assimilation. As Brown (1997) asserts, countries with a dominant ethnic group often adopt unicultural visions. However, a closer look at Indonesian state policy over time reveals subtle variations. This includes an "induced assimilation" approach (using more persuasive instruments and allowing for some group identity) during the parliamentary democracy period of 1949-1958; a more "coercive assimilation" approach from 1958-1965 (the latter part of Sukarno's rule); a "forced assimilation" approach during Suharto's New Order; and finally, an approach hovering between induced assimilation and partial accommodation during the post-Suharto period.

In spite of open hostility towards the Chinese and a policy goal of assimilation, the Chinese were relatively free to pursue their own cultural and sociopolitical organizations during the parliamentary democracy period. Indonesia's first citizenship law was based on the principle of *jus soli* (the right of anyone born in a particular state to claim citizenship of that state), where any Chinese born in the republic was considered Indonesian. This was an effort at facilitating assimilation, motivated by Sukarno's desire to maintain close ties with China (Aguilar, 2001).

However, the rapid economic dominance of the Chinese community in the late 1950s and their perceived exclusiveness caused deep discontent among the indigenous business class. The Sukarno regime recognized this as a further erosion of the economic viability of the

natives and promulgated a decree that outlawed retail trade by aliens. This was a clear effort to undermine the economic superiority of the Chinese and at the same time improve the economic position of the *Pribumi*. A new citizenship law passed in the late 1950s made it more difficult for the Chinese to obtain citizenship as it was now based on a principle of *jus sanguinis,* which meant that being born in Indonesia, in itself, was insufficient for citizenship and the Chinese had to present proof of one parent's birth in Indonesia and a minimum of 10 years of residence in Indonesia (Bertrand, 2004).

The imposition of the New Order in the aftermath of the botched coup attempt of 1965 (for which the Chinese were blamed) was a blatant attempt to forcibly assimilate the Chinese. The prohibition of Chinese language schools, the ban on Chinese cultural activities and the imposing measures for the acquisition of citizenship can be considered coercive instruments, or instruments of political and cultural repression in Brown's (1997) rubric. These were widely used against the Chinese in an attempt at forced assimilation. However, while the official policy of the regime was assimilation, it also practiced a strategy of differentiation vis-à-vis the Chinese that impeded the process of assimilation. In effect, this contradictory policy heightened differences between the Chinese and the *Pribumi*. Identity cards, compulsory for all Indonesians, included a special code for identifying ethnic Chinese, thus making them vulnerable to exploitation. Moreover, Chinese applicants for company licenses, passports, legal papers and the like were often subject to additional charges. The special code also automatically excluded the Chinese from civil service and the military, and an informal quota (10%) operated in state-funded universities (Ho & Amer, 2000). While assimilation strives to blur the ethnic distinctions between groups, some of the discriminatory policies outlined above illustrated ethnic differentiation and impeded the efforts of assimilation.

Suharto's dalliance with the *Cukongs* is not in line with the framework of discrimination and forced assimilation outlined above. Suharto chose the Chinese for preferential treatment as they had a fine reputation for entrepreneurial dexterity and, more importantly, could not challenge him for political power no matter how wealthy they became due to the simultaneous political repression of the Chinese. The advent of the *Cukong* class can be viewed more as a symbiotic relationship conferring mutual benefits to both parties. Thus, an explanation for the rise of the *Cukongs* is also seen in the vagaries of Indonesian state policy. Furthermore, the policy of preferential treatment to the *Cukongs* succeeded in reinforcing the ethnic differentiation of the Chinese from the *Pribumi*s and helped intensify feelings of frustration and resentment among the *Pribumis*, which manifested in several violent attacks on the Chinese in the 1990s. Thus, the culture of violence and underlying tension that characterized ethnic relations in Indonesia in the 1980-1990s was due to several policies that succeeded in not blurring the distinction between the ethnic groups, in contrast to the official policy of assimilation.

State Policy in Malaysia

The patterns of inter-ethnic relations in Malaysia can also be explained through the vagaries of state policy. While many scholars have described official Malay policy as one of accommodation, this study argues that it is more accurate to describe the policy as partial accommodation. In Malaysia, the Chinese presence is more visible (roughly 25% of the population) and this makes an Indonesian-like strategy of assimilation impractical. The political landscape is dominated by a unique "ethnic bargain" between the three major ethnic groups in the country that has resulted in a diluted form of consociationalism. The

term refers to an institutional power-sharing arrangement, which is often recommended for ethnically heterogeneous societies. In such a system, all major ethnic groupings are incorporated into a grand coalition that governs the country. But the form of consociationalism practiced in Malaysia is very weak or, as Mauzy and McGarry (1993) note, a form of "coercive consociationalism." While there is implicit power-sharing among the three groups, in practice, the Chinese and Indian representatives in the government coalition play a clearly subordinate role to their Malay colleagues. The Chinese and Indian minorities also do not have veto power, which, according to the proponents of consociationalism, is an integral part of the arrangement (Lijphart, 1969).

The Malaysian state "managed" ethnic relations by focusing heavily on the interests of the dominant Malays, often at the expense of the minorities (Haque, 2003). The NEP institutionalized discrimination against the Chinese and sought to reassert notions of Malay primacy. The system was justified on the grounds that inter-group economic differentials could spark political unrest. Again, this can be seen as an effort that was taken to strengthen the ethnic dominance of the Malays. As a result, the Chinese have suffered discrimination in employment, education and economic opportunities. It is also critical to note that while the policy sought to eliminate the association of race in the economic sphere, it did not seek to eliminate the association of race in the political sphere and the Malays have maintained their political primacy.

Cultural restrictions against the Chinese in the educational sector have sought to embed minority language schools within the public school system. A quota system restricted tertiary educational access to the Chinese. While it has officially ended, the admission process is still heavily skewed towards the Malays. The marginalization of vernacular languages and the promotion of Bhasa Malaya as the country's lingua franca are also arguably policies intended at assimilation (Haque, 2003).

Even though the Chinese and the Indians are officially represented in the Barisan Nasional coalition, they lack sufficient power to influence policy in favor of their ethnic groups. (This is partly due to the gerrymandering mentioned earlier.) The rise of the Malay economy in the last few decades has contributed to the relatively quiescent role played by minority elites. The reality is that while ethnic minority elites do resent the favoritism of Malays, they are unwilling to engage in vehement protest, lest it upset the economic growth of the country. This may explain the relatively docile nature of inter-ethnic relations in recent times. The policy adopted in Malaysia can be considered one of partial accommodation at best—one that includes features of accommodation as well as assimilation.

State Policy in Thailand

Finally, Thailand provides another clear case of how state policy affects ethnic relations. As in Indonesia, various Thai governments attempted to assimilate the large Chinese community in the country. The rise of Thai nationalism in the early 20th century (prompted by rising Chinese migration and economic dominance), led Thai leaders, notably King Wachirawut and Field Marshall Phibunsongkhram, to embark on an aggressive campaign of assimilation and the imposition of several curbs on the Chinese (Tejapira, 1997). As Chua (2004) notes, most of the strategies used for assimilation during this period were coercive. These included the declaration of Chinese schools as alien in character, restrictions on Chinese language and social organizations, the banning of Chinese books and the shutting

down of newspapers. Furthermore, anti-Chinese commercial restrictions were passed, discriminatory taxes drawn and many Chinese industries nationalized. Chinese were also encouraged to adopt Thai-sounding surnames (Chua, 2004).

Thus, the instruments used for assimilation in the Thai case were very similar to those used in Suharto's Indonesia. However, assimilation was decidedly more successful in the Thai case. Several factors may have contributed to this: compulsory education in Thai, facilitation of the acquisition of citizenship for the Chinese already in Thailand (based on a principle of *jus soli)* and restrictions on new citizenship. Assimilation was also facilitated by the fact the Thai nation was defined in cultural and not racial terms (Suryadinata, 2003). From a cultural standpoint, the frequency of intermarriage and the presence of a common religion (Buddhism) also made assimilation more seamless. The opportunities afforded to the Chinese political parties in the wake of the opening up of the democratic process in the 1990s have further strengthened the status of the Chinese minority. In spite of recent political turmoil in the country, it appears that the Thai-Chinese face considerably less uncertainty than their counterparts in Indonesia and Malaysia.

It is crucial to note that forced assimilation in Indonesia under the Suharto period did not have the desired effect. This was due to several formal and informal discriminatory policies adopted by the state that did not blur distinctions between the ethnic groups and in fact ended up reinforcing ethnic identity. The process of assimilation in Thailand on the other hand was not characterized by such strategies of differentiation and the state was more successful in "creating a blending process whereby two distinct groups formed a larger homogenous body" (Suryadinata, 1997, p. 12).

Conclusion

This paper examined the disparate experiences of Chinese migrants in Indonesia, Malaysia and Thailand. Such experiences exist on a vast continuum ranging from periodic bouts of mass violence to peaceful cohabitation in the host country. Having analyzed the validity of applying various alternative theoretical paradigms, the study argues that state policy arguments can best explain the diversity of outcomes among the Chinese communities in these three Southeast Asian countries. In all three cases, the policies adopted by the state at various junctures were crucial in the historical evolution of inter-ethnic relations between the hosts and the Chinese. State policies toward the overseas Chinese are driven by an assortment of factors including demographic patterns, economic prerogatives, regional and international pressures and the fears and concerns of dominant ethnic groups. Such situational and contextual factors mean that state policies rarely remain constant and encompass both coercive and persuasive overtones at different times. Hence, it is the contention of this research that such a dynamic framework is well suited to explain the diverse outcomes experienced by the Chinese in Indonesia, Malaysia and Thailand.

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