Chinese Business Networks
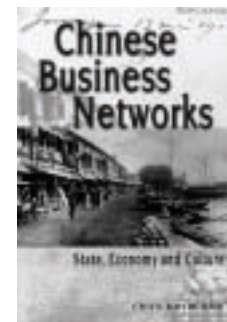
State Economy and Culture

Chan Kwok Bun's book, *Chinese Business Networks: State Economy and Culture*, is a collection of fifteen interesting papers on the Chinese community engaged in business in mainland China and abroad. The collection both highlights and questions the role of informal networks, or *guanxi*, as the main factor responsible for the success of the Chinese business community. The papers in this volume focus on three different issues: Chinese entrepreneurs in mainland China, the success of Chinese enterprises in other countries, and the successes and failures of overseas Chinese enterprises attempting to enter the mainland economy.

By Prema Rajagopalan

Li Cheng, in his paper, traces the rise of technocrats and entrepreneurs in the mainland, effectively exposing the conflict between the 'intellectual' elites, who have generally been the ruling elites, and the 'economic' elites, who have only recently been given a role in decision-making. The ruling elites in mainland China, after the Cultural Revolution, had consistently enacted laws that did not facilitate private enterprise. As a result, Chinese businessmen were forced to operate more and more on personal bonds based on obligation and reputation. Networks were organized to reduce transaction costs and generally compensate for weaknesses in the system; these networks were mobilized for all purposes –from raising capital to finalizing deals.

Holbig's analysis provides a fascinating account of how the Chinese valued trust more than money, as money brought an impersonal dimension to business endeavours. In this process, Chinese cultural values were modified to suit the situation, and *guanxiwang* were extended to include, not only family connections, but also village, neigh-bourhood and clan connections. Authors Wu Ping and Gipouloux also discuss these dimensions in detail.

The papers that focus on the Chinese business networks outside of mainland China first look at the various causes of Chinese migration between the twelfth and twentieth centuries. In the twelfth century, the commercial boom for maritime travellers encouraged Chinese migration. From the seventeenth to the nineteenth century, however, European colonization influenced migration as would politics and economy in the twentieth century. The varying reasons for migration influenced the success of integration in the countries of immigration. Several accounts illustrate that the earlier migrants to Indonesia and Malaysia successfully adapted to the cultural needs and linguistic demands of their host countries (Cribb, Gomez, Shaolin, and Mackie)

Other articles in this volume focus on how the *guanxi* operated overseas and why Chinese migrants entered business world in their adopted countries. It is interesting to note that the *guanxi* functioned primarily as familial resource networks to assist new migrants in finding accommodation and employment, and they also provided assistance in times of disease, death, and so forth. Eventually, the scope widened to include members without actual blood ties, and further still to other business activities. Chinese migrants focused on business activities in their new countries, as almost all of the articles observe, but for various reasons, based on the time period in question. In the early waves of settlement, foreigners were denied entry to other economic areas of life, so the Chinese entered business. During the colonial and post-colonial periods, however, the Chinese chose to move to the most remote areas of the land trading or other small-scale enterprises. As societies became more liberal, some Chinese migrants entered the professions. As a result, those who remained in business extended *guanxiwang* to include members of the local non-Chinese population. The influence of *guanxiwang* was also extended to cultivate people in power. This cultivation has been described as 'crony capitalism' as it was often manipulative unethical in its dealings. Some papers illustrate the cut-throat competition which existed, even among the various Chinese business houses, to obtain the favour of the political elite.

The third topic covered in this volume covers the experience of the overseas Chinese doing business in mainland China, following the implementation of a number of reforms. It is here that the advantages and disadvantages of *guanxi* have received the most attention. Successful Chinese businesses from Taiwan, Hong Kong, and Singapore have for some time been vying with each other to enter the mainland economy, and have resorted to renewing old contacts and making new ones to facilitate their business. Chan Kwok Bun's paper on the experience of the Singaporean Chinese illuminates this experience. Being accustomed to the business practices of Singapore, they have so far been unable to cope with the limited written documents that characterize business dealings in the mainland. Moreover, several meetings with lavish entertaining seem essential before a solid connection can be established. The Singaporean Chinese have found these practices both time-consuming and economically unviable, and consequently have lost business opportunities to the Hong Kong or Taiwan Chinese. *Guanxi* also play a role in the type of people employed in a Chinese enterprise – people who may not always satisfy the requirements of that enterprise. The dysfunctions and liabilities of *guanxi* also receive sufficient attention in the articles.

The so-called East Asian miracle is a strange phenomenon, in that Western-style capitalism has been able to grow and develop in the absence of those economic institutions that are required in the Western model. This, along with the increasing number of Chinese entrepreneurs in foreign countries and the great opportunities in mainland China, has generated a number of popular books which try to explain the 'Chinese mind'. Chinese business networks have become more multicultural, however, facilitated by the revolutions in information and communication technology, and they have gradually moved out of the 'personal trust' syndrome. The focus on *guanxi* and *guanxiwang* by the various authors in this book both demystifies and reassesses their importance and relevance. The book is a well-timed, thorough academic analysis which should become essential reading. ‹

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Red Guards in Mid-life Crisis

Revolutionary enthused and spiritually nourished by novels like The *Gadfly* and *How the Steel was Tempered*, the men of the Red Guard traveled to the countryside, sacrificing their youth to learn from the masses. Only years later, when they returned to the cities, did they realize that they actually were the victims of the Maoist policies they defended. Trying to catch up with their more fortunate contemporaries, they attended universities, married, and took up mid-level positions in various research institutes. The victimization continued, however, since modernization had begun to show its ugly face. Not only did their classic Red Guard belief system become the laughing stock of a newly emerging consumer society, but even worse: they found themselves excluded from the recently en vogue monopoly.

By Irmy Schweiger

In his two stories Panic and Deaf the Chinese author and ex-Red Guard Liang Xiaosheng slightly varies this well-known 'lost generation' meta-narrative in two respects: he chooses the narrative mode of satire and he inserts a psychological dimension which in its turn tells another familiar story - men in mid-life crisis.

Panic opens with the Monday blues of Yao Chun-gang, the vice-director of the China Psychological History Research Institute, who in his better days 'had possessed a robust sexual prowess' and 'could have serviced three wives'. Bored at his office, the vice-director chooses to stay home with an alleged swollen foot – a move that does nothing to relieve his malaise. He tries to reassert his dominant role by barking at his wife, but when director Zhao, a soldier in command of psychologists who hears of Yao's inability to walk, sends his personal car to pick him up, Yao finds himself in the role of lapdog.

Later on, the institute is struck, first by a robbery, in which 'the official records had, sadly, been destroyed', and then by the death of the Chinese patron who was overseas. With its history no longer traceable, the institute is reduced to little more than a self-important structure bestowing symbolical capital upon its agents.

As the story unfolds, our protagonist is introduced to a woman visiting director Zhao's office, and things take their typical mid-life crisis course. But as he has proven that he is still in control of the world, Yao Chun-gang's delicate stability is quickly thrown out of balance when he meets a former classmate who has miraculously transformed himself from the assistant leader of the school's Mao Zedong Thought Propaganda team into one of the nouveau riches without any moral principles. Theoretically, Yao despises this species, but in reality he envies his classmate's new lifestyle. In meeting this ghost of the past, he loses both his last bit of self-respect and his wife: he is rendered completely impotent in every single respect. He now has good reasons to panic!

Liang's novel Deaf drives home the lesson of being out of touch with reality: 'I had pretended I could hear when I was deaf; I'd pretended I was deaf when I could hear.' This time we are introduced to the emotional and psychologically complex world of the director of the Literature and Fine Arts Development Trust and Research Institute. Shortly before his inaugural speech as the newly appointed director, the narrator realizes he is deaf. But the show must go on and, equipped with Chairman Mao's teaching 'Be determined! Fear no death. Surmount difficulties and win victory!' the narrator, without a moment's hesitation, turns his disadvantage into an advantage.

Again we are presented with a contemporary A Q, but while Yao Chun-gang represents the intellectual type at the bottom of society, the protagonist of Deaf works from the top downward by succeeding in making everybody believe that writing is the normal way of communication. His enlightened secretary teaches him the good side of this mentally selective exclusion, and teaches the reader the moral of the tale: some look but don't see, some listen but don't hear, and some talk but do nothing. The narrator realizes that 'if you weren't deaf and you had to face all those people applying for housing, or getting jobs for their children [...] would you be able to show anything like the terrific self-control that you've kept so far, and so successfully?' It only remains for the narrator to regret that they had not met earlier, since her words educate him 'better than ten years of schooling.'

In both stories the reader is informed about the psycho-mental landscape of an ageing Red Guard generation. These are tales of missed opportunities, as the characters continue to adhere to out-dated lofty ideals. Since the women in these stories adapt to modern life more easily - they can make love and money - the heroes struggle in vain both at home and in society. Similar to the author's *Confessions of a Red Guard* and *Random Thoughts on 1993*, we read a pessimistic prognosis of a society caught in transition, revealing Liang's own moral indignation. Unfortunately, the author seems unable to embrace the irreconcilable dilemmas of the time. I would, therefore, suggest that each story presents a refreshingly light and humorous tale about the very normal mid-life crisis of male intellectuals facing modernity, enriched by an exclusive historical experience of the Red Guard generation, rather than a 'contemporary understanding of the psyche of China's urban entrepreneurs and intelligentsia'. Otherwise, the somewhat tragic light of a moralizer shines through and tells the old, familiar story of self-pity and self-contempt which we have had to read for so many years. ‹

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