

Book Reviews



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Pál Nyíri, *Chinese in Eastern Europe and Russia: A Middleman Minority in a Transnational Era*, London: Routledge, 2008, 173 pp. + xvi.

Over the past two decades, numerous studies have appeared on Chinese international migration, which in the late twentieth century quickly became massive and took new directions, economic and geographic. This migration is a main topic and source of evidence in the recent literature on transnationalism, which pictures the migrants' world as a system of multipolar transnational networks.

Pál Nyíri's richly researched book focuses on China's "new migrants" in Russia and Eastern Europe (mainly Hungary). He argues that Chinese in these places are less likely than their counterparts in Western Europe to seek local citizenship, make claims in the "local public arena", and want their children to stay and settle. Instead, they engage in "intense transnationalism", i.e., extreme international mobility and economic dependence on China. Their social mobility in local society is limited, due to (a) a lack of attractive possibilities and (b) indigenous hostility, so they adopt the strategy of a "middleman minority" (a term Nyíri resurrects from American sociology in the 1980s). The economies they enter lack goods and services that the migrants, through their ties with China's state enterprises and transnational connections, are in a position to provide, filling the region's underdeveloped and poorly managed market niches with Chinese manufacture and models of transnational entrepreneurship. The study concludes that the option of "flexible citizenship" – Aihwa Ong's coinage for the strategy of moving regularly across state boundaries to circumvent and benefit from different nation-state regimes – is no longer an aspiration but has become a reality for China's transnational entrepreneurs in Russia and Eastern Europe, who are unlikely to integrate in their places of fixation.

Nyíri provides strong evidence for transnational ties, but the situation he describes is in many ways peculiar to its time and place. The migration is nearly all new and exploratory. The migrants have better contacts than Chinese in Western Europe with enterprises in China, since they left China (a) more recently and (b) at a time when Chinese state industry was in transition to lesser regulation. China is contiguous with Russia, and most of the migrants are "commuters" rather than settlers, i.e., they are closely tied, physically and economically, to China. Their homeland ties are reinforced

by the ease of cross-border transportation (including by the Trans-Siberian Railway) and new means of communication. Most of the new migrants have neither the opportunity nor the wish to settle in Russia and Eastern Europe, unlike Chinese migrants past and present in Western Europe. This is because Russia and Eastern Europe are poorer and therefore more difficult and less promising destinations than countries in the West, for which they are often seen as mere transit points, and because indigenous bureaucratic authorities often put obstacles in the way of migrants registering for residence or getting visas. The migrants also feel insecure because of anti-Chinese feeling among officials and the general population.

Can a general theory be spun from data about migrant communities so strongly shaped by transitory, contextual, and exceptional circumstances? Many of the migrants seem not to have made a permanent commitment to the place they live in or a final decision about their migration strategy; the economies of Russia and Eastern Europe are poor, unstable, and in transition; and China was itself also a transition economy in the early period of this migration.

On the basis of his analysis of Russia and Eastern Europe, Nyíri proposes a theoretical model of regions of Chinese migration described as “transitional peripheries”. This model stretches to South America, Africa, and China’s neighbouring countries in Southeast Asia and is characterized by migrants’ “very high level of international mobility and economic dependence on China”. When building big theories, it is best to start by sorting out the details. Such an approach would look at each country or region separately, to identify its special features and likely trajectories. It would analyze the relationship between the local economy (of which there are many different sorts in the continents and regions Nyíri lists) and the migrant Chinese economy. It would look at the way in which new Chinese migration differs from country to country and region to region; the nature of the country or region’s broader China tie; the migrants’ relationship to non-migrant Chinese state or private investment in the local economy (where such investment happens); the presence or absence of one or more pre-existing, settled ethnic Chinese communities; and the nature of the new migrant flow – who are they, how many of them are there, and why, when, and how did they leave China? In the absence of empirical studies of this sort, the theoretical model remains speculative.

Nyíri also discusses Chinese community politics in Russia and Eastern Europe, which he describes as embodied in political organizations acting “more on a transnational arena than in a particular country”. Such organizations vigorously protest their patriotism and maintain close ties with authorities in China. However, their membership is usually small and their legitimation lies, according to Nyíri, in their leaders’ personal contact with

Chinese authorities rather than in any social or political work they do in the community. These organizations, he concludes, are “widely discredited as irrelevant and serving primarily the interests of their leaderships in building connections in China”. These findings chime with studies of new-style Chinese community organization at the European level in the 1990s. They seem somewhat to undermine the idea of extreme economic transnationalism and the role played in structuring the “transnational social space of the ‘new migrant’ community” by political associations of this sort (p. 120).

As migrant communities, the Chinese groups in Russia and Eastern Europe are by definition more closely tied with their sending places than mature communities. So it is interesting to note that the oldest of the new Chinese communities in Eastern Europe, in Hungary, would seem to be evolving in a similar direction to the older communities in Western Europe. Mixed marriages are common and the children are bilingual and study at Hungarian universities. This suggests that sections of the Chinese community in Hungary are starting to develop a Hungarian culture and identity.

Both these findings – the absence of a pervasive and well-supported transnational political culture and the first flowering of a new national identity and culture among ethnic Chinese in Hungary, different from that of the migrant generation – would seem to raise questions about the nature of Chinese transnationalism in Eastern Europe.

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James McGregor, *One Billion Customers: Lessons from the Front Lines of Doing Business in China*, New York: Wall Street Journal Book, 2005, 312 pp. + xxi.

Westerners have always found China mysterious. The two-thousand-year tradition, customs, language, the bizarre shift in politics can be powerful barriers for doing business in China. Nevertheless, behind these barriers is a market of more than one billion people, many of them eager to seize every opportunity to learn and to get ahead. This has made China such a frustrating yet rewarding place for so many foreign businesses.

One Billion Customers, often referred to as “the bible for anybody doing business in China”, reveals timeless insights and indispensable, street-smart

strategies, tactics and lessons for succeeding in the world's fastest growing consumer market. Unlike many other books that portray China as a cold monolithic state, the book is a series of stories about people and events in China, illustrating the chaotic Chinese business environment in a systematic and chronological manner. The book is deeply perceptive about China's true strengths and glaring weaknesses. The real life stories are interesting and even fun, which made them contagious to read; however, they should be read with caution about rushing into a place which most Westerners know very little.

The author, Jim McGregor served as *The Wall Street Journal's* China bureau chief after the 1989 Tiananmen Square massacre, the chief executive of Dow Jones' China business operation during the 1990s, and a venture capital investor during China's dotcom boom. These positions gave him access to people and information that few businesses have. McGregor relates his engaging account based on almost two decades of experience. He even recounts his efforts to make contact with local Chinese, most were afraid of talking to foreigners after the Tiananmen massacre; he would troll the parks using his young daughter who has Shirley Temple blond curls, as an interview lure, in order to create opportunities for interaction with the locals.

The book has a structure that is well made. The writing is clear and the story-telling is compelling. Each chapter tells the story of a particular corner of Chinese business. This is followed by a section entitled "What This Means to You", whereby McGregor explains how what happened in the chapter can affect how one does business in China. Each chapter finishes with the very clever "The Little Red Book of Business", a pithy summary of McGregor's own observation in a takeoff on Mao's *Little Red Book*.

The book begins with a historical overview, whereby McGregor took the reader to a whirlwind tour of China's past, starting with British Lord George Macartney's 1793 arrival on the Chinese coast, attempting to crack open the prosperous but insular nation, up to China's 2001 entry into the World Trade Organization. McGregor writes about the two hundred years of foreign domination and internal duplicity, such as Chiang Kai-shek's corrupt capitalism, the opium trade, slaughter by the Japanese and the Cultural Revolution which have left a residue of suspicion and distrust within China. He advises, "China society is all about self-interest. It is very strong on competition but very weak on cooperation", he further reiterates, "In China, a conflict of interest is viewed as a competitive advantage".

McGregor follows up with the engrossing tale about how the former head of China Construction Bank, Beijing Mayor Wang Qishan jousting with Morgan Stanley Asia's chairman, Jack Wadworth – and how ultimately, the two created China's first joint venture investment bank, CICC. McGregor succeeds in putting into light the huge gap of understanding between the Western thinking and the Eastern thinking. He advises, "Avoid joint venture

with government entities unless you have no choice, then understand that this partnership is about China obtaining your technology, know-how, and capital while maintaining Chinese control.”

McGregor keeps things interesting by recounting the experiences of many Western and Chinese characters that includes businesspeople, officials, entrepreneurs, journalists and the occasional crook. He writes about people like Zong Qinghou, founder of Chinese beverage maker Wahaha Group, the power couple Zhang Xin and Pan Shiyi, two real estate magnets, and the former telecom czar Wu Jichuan. The latter tried to stymie the rise of telcos such as UTStarcom Inc. and to control foreign investment in the Internet. Then there was Lai Changxing, the man who went from ditch digger to celebrated tycoon and a model citizen, and finally became the most-wanted fugitive. He alleged to have been running a very aggressive family-managed smuggling operation that partnered with all levels of government and military. His \$6 billion operation demonstrates how corruption greases the wheels of Chinese business. McGregor warns, “If you decide to sell your soul and succumb to China’s corruption, get a good price and focus on charity work in your old age.”

I particularly enjoy reading the saga of media mogul, Rupert Murdoch’s attempt to enter China’s media market. McGregor recounts how even Murdoch had trouble meeting with the appropriate officials. In 1993 just after Murdoch bought control of a satellite network that reached all of China, he said that advances in communications technology had “proved an unambiguous threat to totalitarian regimes everywhere”. This had earned him the enmity of China’s top leadership. A month later, China banned the private ownership of satellite dishes. It was not until four years later that Murdoch was granted an audience with the Chinese President. Murdoch used those years to learn more about China and how to live within what McGregor calls, “the size of his cage”, or the current limits set by the government. Although Murdoch may now be in good graces of China’s leadership, satellite dishes remain illegal. McGregor suggests, “Avoid the ‘slobbering CEO syndrome.’ Don’t fall for China brilliant use of its huge size and two-thousand-year tradition of manipulating political pageantry to intimate foreigners into accepting unwise deals.”

Another element that really sets this book apart is McGregor’s tremendous amount of goodwill, respect and affection for the Chinese as people and for China as a business experience. He does not settle with a sloppy approach of simply criticizing the Chinese way of doing things. It is also a great book for Chinese to see how Chinese ways of thinking and behaving are seen and interpreted through foreigners’ eyes. McGregor explains the complexities of the Chinese in ways that make sense. For example, he writes, “The Chinese appear to the West to be a collective society ... But always simmering just

below that collective veneer is a dog-eat-dog competitive spirit that makes the Chinese among the world's most individualistic and selfish people.”

There are two minor criticisms I have for this book. The China picture it paints might not really apply to all businesses. Although McGregor writes about the difficulties of establishing a large scale foreign investment bank, a foreign media empire and a foreign wireless network, he never dwells into the challenges of starting up small and medium sized manufacturing and service businesses that are operating so successfully in China. In addition, McGregor's experiences are not likely to be relevant to the vast majority of readers, as one is unlikely to have the same access in one's business dealings. For example, very few people are able to draw upon high level contacts in either the US or China government, or have the media's attention when one's intellectual property is being stolen.

Overall, *One Billion Customers* offers a well-written and often humorous insiders' guide on how to – and how not to – do business in China. It is very readable and quite enjoyable. Highly recommended if your intention is to do business in China or that you are simply curious about China.

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