Towards a Theory on Sino-Southeast Asian Relations

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This paper seeks to explain the history of Sino-Southeast Asian international relations through the methodology of "grounded theory". Grounded theory proposes modifications to current theories on international diplomacy based on research from a Sino-Southeast Asian perspective, which challenges dominant Western discourses and conceptual paradigms. This will aid in the formulation of a theory of international relations which can explain and interpret current relations between China and Southeast Asian nations.

Relations between China and Southeast Asia can be viewed from the long or a short-term perspective, but the latter only makes sense through the perspective of the former. Historically, Southeast Asian countries, such as Thailand, Malaysia, Indonesia and Vietnam, were the first destiny of Chinese migrants. About 25 to 30 million overseas Chinese are currently living in Southeast Asia, a figure which is similar to the total population of an entire nation like Canada. Geographically, Southeast Asia and China are neighbors. However, China did not have bilateral relationships with four of the five ASEAN nations prior to the normalization of Sino-American and Sino-Japanese relationships, in 1972. Official diplomatic ties between China and Indonesia founded in 1950 were discontinued between 1967 and 1990. Although ASEAN was established in 1967, China did not have formal dialogue with the block until July 1991 when Chinese foreign minister Qian Qichen attended the 24th Annual Meeting of ASEAN Foreign Ministers (AMM). In recent years, however, Sino-ASEAN relations have experienced a dramatic development from consultative partnership in 1993, to dialogue partnership in 1996, and then to strategic partnership in 2003. Why did it take so long to institute formal Sino-ASEAN relations? Why did it only take a short period of time for those relations to jump to the highest stage of diplomacy?

To provide a framework through which these questions can be answered, the second half of this paper will draw on the conventions of Glaser's inductive Grounded Theory (1967). The ultimate intention is to move towards the formulation of a theory which can explain and interpret Sino-Southeast Asian relations. The first half of the paper will endeavor to present the complex historic and historiographic background to provide the necessary data through which that theory can be induced. By historiographic background I mean to include not only a description of past events but also to point out changing interpretations of those events. Working towards a new grounded theory of Sino-Southeast Asian international relations has social and political implications, but it will also change the way we view and write the history of international relationships in the region at hand.

Background

Any theory of current Sino-Southeast Asian relations needs to take the following historical issues into consideration:
1) Ethnic Chinese in Southeast Asia;
2) China's policies and attitudes towards Southeast Asian Countries and the ethnic Chinese therein in different major periods;
3) Southeast Asian countries' policies and attitudes towards China and their own ethnic Chinese residents in the same periods; and
4) recent developments in the relations.

Ethnic Chinese in Southeast Asia

Chinese interactions with Southeast Asia can be traced back more than two thousand years. Although the earliest contacts with Malaysia and Indonesia occurred between the fourth and the third centuries B.C., Chinese communities were not established in Southeast Asia until around the thirteenth century. Most Chinese settlements were founded within the past 350 years (Bolt, 2000).

More than 80% of overseas Chinese were originally from Guangdong and Fujian provinces along the southeast coast of China (Wang, 1992) except for the last wave in the past twenty-five years. Wang (1994) categorizes overseas Chinese into four groups: 1) Traders (*Huashang*); 2) Coolies (*Huagong*); 3) Sojourners (*Huaqiao*); and 4) Descendents or re-migrants (*Huayi*).

Traders made up the majority of migrants to Southeast Asia before 1850. Between 1850 and 1920, Chinese coolies or workers went to Sumatra, the Malay Peninsula, North America and Australia, to work in mines or railroad companies. Sojourners not only included traders and labourers, but also included professionals such as teachers and newspaper reporters. In Southeast Asia, this type of Chinese migration only occurred after 1900 when some intellectuals felt the need for international discovery, or felt the need to escape from an authoritarian central government. Descendents are those who were born in Southeast Asia, some of whom were forced to leave their adopted countries. They re-migrated, usually to western countries, to escape discrimination. This has happened mainly amongst well-educated professionals since 1950s (Wang, 1994).

Since the Chinese have lived in Southeast Asia for such a long period of time and the levels of their assimilation with locals vary from place to place, their identities are more complicated than the simple label of Overseas Chinese implies. Among the ethnic Chinese in Southeast Asia, some want to be considered as Chinese even though they are naturalized. Some of them do not want to be identified as Chinese although they are Chinese-educated and speak Chinese. Some Chinese are assimilated through intermarriage and have native names. All these factors have brought statistical difficulties when assessing the Overseas Chinese in Southeast Asia.

Why did the Chinese migrate to Southeast Asia, and why so many of them? Based on collected data (Wang, 1992; Wang, 1994; Chen, 1996; Shi, 2002), the reasons for Chinese migration vary due to the societal situations in different periods. In the Tang Dynasty (618–907), marine trade brought some Chinese to Sumatra, Malacca, Palembang, Tuban and Java. This international trade was an extension of domestic developments in the expansion of cottage industries and small-company mining. Chinese migrants established small shops, workshops, or mines along coastal regions in Nan Yang (the ancient name for Southeast Asia), and gradually extended their influence inland. Most early Chinese migrants were males; the majority of them married locals and settled there permanently. Another motivation for early migration was to escape repressive minority governments at the ends of Nan Song Dynasty (960–1279) and Ming Dynasty (1368–1644). War, the need for

political asylum, famine, the discovery of the new sea routes, and the development of trade between East and West are also some of the factors contributing to Chinese migration to Southeast Asia. For example, Kublai Khan of the Yuan Dynasty (1271–1368) left many soldiers in Java after the failure of an expedition. Data also shows that during the Wanli period of the Ming Dynasty (1572–1620), there were thousands of Chinese from Fujian province living in the Philippines (Wang, 1992). Explaining new waves of migration after the 1850s, Zheng (2002) listed these dynamic factors:

1) The dramatic increase of the population and serious shortage of arable land;
2) the decline of the central government and resultant social upheaval;
3) the encroachment of Western powers and its impact upon Chinese and Southeast Asian societies;
4) the need for Chinese merchants as intermediaries between Western economic interests and the local indigenous populations; and
5) the need for Chinese coolies to make up for labour shortages.

As the above demonstrates, China and Southeast Asia have had a long history of interaction. Southeast Asia has had a large population of ethnic Chinese who have played a very important role in their adopted countries' economies and furthermore often maintain links with the home country. Why then were formal bilateral relationships never cemented? We may be able to find answers in the policies both sides formulated towards each other.

China's Policies Toward Southeast Asia and Its Ethnic Chinese

Throughout history, there was never a long-lasting or equal relationship between China and nations in Southeast Asia. Aspects of Chinese foreign policy such as the tributary system, prohibition, patriotic appeal, and ideological influences can help to provide an explanation for this.

Throughout Chinese history, many dynasties used tributary trade to establish and maintain foreign relations with neighbouring countries (Wang, 1994; Shi, 2002). During the Tang Dynasty (618–907), the Chinese economy was amongst the strongest in the world. As China considered itself the middle kingdom, a tributary system was the main part of its foreign trade. Within this system, foreign countries paid trading tributes, and China reciprocated. It functioned somewhat like a barter transaction but more than that it was a confirmation of mutual respect. China usually gave back more than it accepted. The transaction had to be finalized in the capital city, but the number of people who were allowed to appear there was strictly limited. There was also a set of rules guiding the whole procedure. In the early Ming Dynasty, in order to show its power, the central government strongly encouraged tributary trade through favourable policies. Not only were all foreign goods duty-free, but they were purchased at high prices. It also cost the Ming government to accompany foreign traders from ports all the way to the capital, including entertainment and the giving of gifts. Since tributary trade became a financial burden, the Ming Dynasty limited the number of ships, traders, and transaction locations. For example, tributary trade with some Southeast Asian countries was only allowed once every three years. Between 1405 and 1431, the government sent fleets to Southeast Asia and beyond, seven times. About three hundred ships and 27,000 people were involved in several trips led by Zheng He.

There was another form of foreign trade called "City Ship Trade." Foreign merchants had to trade with government officials first, then with regular people. Both tributary trade and "City Ship Trade" existed through the Song Dynasty (960–1279) and the Yuan Dynasty (1271–1368). For example, a City Ship Trade office was established in Quanzhou, Fujian Province in 1087, to control the legality of imports and exports (Su, 2003). Merchants involved in City Ship Trade were mostly from Guangdong and Fujian provinces, and Guangzhou was the only port dealing with foreign trade most of the time.

Tributary trade was the major avenue for the maintenance and establishment of foreign relations from the Tang Dynasty through to the Ming Dynasty (1368–1644). When a new dynasty was established, China invited representatives from Southeast Asia to participate in ceremonies which marked formal tributary arrangements. China also conferred ranks and titles on regional kingdoms (Wang, 1994). The roots of the tributary system were located in Confucian notions such as *He Wei Gui* (peace is important), *Zhong Lianmian Qing Liyi* (honor over interests), and *Tianshi, Dili, Renhe* (geographical and cultural harmony).

Due to the cost of tributary trade and the development of a commodity economy, especially in the Zhujiang Delta and southeast China, there were two major changes in China's overseas trade after the mid-Ming Dynasty: commercial trade replaced tributary trade; and exports were seen to be more desirable than imports (Xu, 2004). Originating in the Han Dynasty (206 BC–220 AD), marine trade between China and Southeast Asia became increasingly important from the fifteenth to the nineteenth centuries. For example, between 1570 and 1760, 3097 Chinese ships arrived at Manila (Chen, 1996). Meanwhile, thousands of Chinese established communities in the Philippines, Indonesia, and Malaysia Peninsula (Shi, 2002). However, during the Ming and Qing Dynasties overseas prohibitions limited trade to certain periods, and curtailed the number of Chinese allowed to live abroad. Even salt-water fishing was controlled. When trade was allowed the government strictly controlled imports, the time allowed for trade, and the collection of taxes on each vessel. Up to four ports were open to foreign trade from time to time, but for the most part only one was officially sanctioned.

The Ming authorities claimed that "closing the door" was a way to protect the country from Japanese pirates. For the Qing, who originated in the north of China, the situation was more complex since they had no long-term experience with sea trade. A minority government, they unwittingly encouraged many to leave for Southeast Asia to escape their rule. This resulted in harsh policies towards Southeast Asia, prohibiting trade and emigration. Furthermore, an order was issued to recall Southeast-Asian Chinese within three years. The Qing government also created a unpopulated buffer zone along the southeast coast, so that even the smuggling trade was more difficult than in the Ming Dynasty (Shi, 2002).

Unfavourable laws on marine trade and emigration during the Ming and Qing Dynasties continued until 1842 when the British-forced Treaty of Nankin allowed emigration. In 1861 the Qing government was also forced to sign a convention with Britain and France which regulated Chinese emigrant labour, but it was not until 1893 that China formally and voluntarily rescinded the emigration prohibition. The prohibition policy dominated China's foreign policy for approximately 450 years. Under the policy of prohibition, China's door towards Southeast Asia was largely closed. There were no bilateral exchanges at any level, and therefore no formal diplomatic relations.

Since the end of nineteenth century, China has had three regimes for whom patriotism was ideologically important: dynastic (–1911), republican (1912–1949), and socialist (1949–present). The Qing Dynasty tried to attract overseas wealth and resources for the country's industrial development, especially in areas such as machinery, weapons, shipbuilding, and railroad construction. During the Republican period, the Guomindang continued in this vein by establishing the Overseas Chinese Affairs Commission to exploit overseas Chinese influence and wealth. Because of these new policies and emotional appeal, Southeast Asian Chinese were very much involved in their homeland. From 1889 to 1949 overseas Chinese invested 79.77 million yuan in 4,062 ventures. Approximately 70–80% of the funds came from Southeast Asia. Between 1902 and 1941, the annual average of overseas Chinese remittance to China was 260 million Yuan, with a tendency of greater increase towards the end of the period. Approximately 40–50% of this remittance came from Southeast Asia (Bolt, 2000).

The government of the People's Republic of China (PRC) has also appealed to ethnic Chinese abroad for both political support and economic investment, using various officials and institutions to do so, although this was limited between the 1950s and late 1970s when Leftists dominated China. Even so, throughout the latter half of the twentieth century government officials emphasized the love of overseas Chinese towards their motherland, for example President Jiang in 1997 : "no matter how long they are separate from the motherland, ethnic and Overseas Chinese always cherish deep feelings toward their native land"(Bolt, p. 59). Between 1949 to the start of the Cultural Revolution in 1966 most ethnic Chinese investment in China came from Southeast Asia. In return, the Chinese government avowed to protect the interests of Southeast Asia's ethnic Chinese whenever anti-Chinese sentiment arose. This is in line with the 1954 PRC Constitution which declared that "The People's Republic of China protects the just rights and interests of Chinese residents abroad" (Bolt, 2000).

Throughout the history of Sino-Southeast Asian relations ideology was as powerful a motivating factor as economics when China dealt with Southeast Asia. The mentality of China's ideological influence on Southeast Asia originates from both Chinese nationalism and communism. China has always considered surrounding geographical areas as extensions of the Middle Kingdom, consequently all Southeast Asian Chinese are accepted as subjects. Qing policy made every ethnic Chinese a subject regardless of place of birth or residence. The principle of *jus sanguinis* was reaffirmed by the Guomindang who sent teachers as ideological ambassadors to Southeast Asia to actively promote Chinese nationalism (Bolt, 2000).

When the PRC came to power, the government decided to cut all links to the past including Southeast Asian foreign policy (Tang, 1999). Mao Zedong's three foreign policies were: 1) to establish new international relations; 2) to eradicate remaining influences of Imperialism; and 3) to unite with the Soviet Union and other Communist forces (often called "Leaning to One Side").

On October 2, 1949, the second day after the founding of the PRC, China established a relationship with the Soviet Union. Within the following five days, formal diplomatic relations were established with the governments of Bulgaria, Romania, Hungary, North Korea, and Poland. Shortly after that, formal relationships were established with Mongolia and Albania. In the following year, China established foreign relations with Vietnam, Indonesia, Burma, and some neutral western countries, soon to be followed by Cambodia and Laos. The PRC established formal diplomacy with most of the then pro-communist sovereignties in Southeast Asia. Decisions on China's relations with Southeast Asian countries were based on their relationships with the Soviet Union, whether they had internal communist influence, and if they took a hard line towards the West.

The PRC's long-term Premier Zhou Enlai (1949–1976) proposed his famous "Five Basic Principles of Peaceful Coexistence":

1) Mutual respect for territorial sovereignty
2) Mutual nonaggression
3) Non-interference in each other's domestic affairs
4) Equal reciprocal benefits
5) Peaceful coexistence

The Five Principles were put into both the "Sino-India Joint Statement" of 1953 and the "Sino-Burma Joint Statement" of June 1954. In December 1954, Zhou Enlai tabled the Five Principles at the Bandung Asia-Africa Conference. On one hand, China tried to carry out the Five Principles to make alliances with all Southeast Asian countries, signing, for example, a border treaty with Burma to end the territorial conflict between the two countries. Zhou Enlai negotiated the Sino-Indonesian Treaty of Dual Nationality (Tang, 1999), though was only enacted in 1960 for a two-year period (Gomez,

2004). He also offered to sign a non-aggression treaty with the Philippines and assured Thailand that China had no ill intentions in setting up a Thai Autonomous Zone in Yunnan province (Bolt, 2000). On the other hand, China's goodwill enshrined in the Five Principles was subordinated to its view of the ultimate universal triumph of communist ideology and the need for independence from the United States, and later on including the former Soviet Union.

In Febuarary 1974 Mao Zedong put forward his theory of Three Worlds. According to this theory, the U.S. and the Soviet Union belong to the first world, Japan, Europe, Australia, and Canada to the second, and developing nations including China and Southeast Asia to the third. However, the first and the second worlds were the main objects of China's foreign policy in 1970s. Mao's Three Worlds did not have a great deal of practical meaning in terms of economic interdependence since the theory was largely an ideological weapon toward the U.S.A. and the Soviet Union.

China had double relations with some Southeast Asian countries: governmental and partisan. In certain situations, China supported both the communist movements and the incumbent government at the same time, as was the case in Indonesia. During the Cold War, relations between China and Southeast Asian countries were influenced by the United States and the Soviet Union, something which made comfortable relations with Southeast Asian nations difficult to sustain. China protested about Vietnam's treatment of overseas Chinese in the late 1970s. The primary issue was Vietnam's deepening ties with the Soviet Union (Bolt, 2000). China also kept a distance from countries allied with the United States especially Thailand and the Philippines. The Chinese Communist Party had very close relationships with communist parties in Indonesia, Vietnam, and Laos. During the Cultural Revolution, overseas Chinese were considered capitalists so connections to them were officially curtailed.

In the early 1980s, Deng Xiaoping set up two intentions for China's foreign policy along with economic reform: opposing hegemonies and protecting world peace; and promoting international cooperation and common prosperity. In theory, he replaced communism with his famous "White and Black Cat" concept: as long as the cat can catch mice, color is irrelevant. Pragmatism and economic cooperation were therefore more important in foreign relations than communist ideology. This gave birth to the socialist market economy. In the area of territorial conflict, Deng Xiaoping suggested that controversial issues should be put aside for the time being in favor of mutual cooperation. China finally concluded relations with Southeast Asia's communist parties at the end of the 1980s. In 1994, Jiang Zemin promised Indonesia that China would never again use the Indonesian Chinese its own political or economic gain (Bolt, 2000).

Southeast Asian Policies Toward Their Ethnic Chinese and China

The international political environment and China's policies toward the region shaped the attitudes of Southeast Asian governments to their own ethnic Chinese. Reacting to the tributary system, prohibition, Chinese patriotism and the inculcation of ideology, Southeast Asian nations, in general, dealt with ethnic Chinese and China under two kinds of policy. One was a power policy where nations deliberately forged security links with the USSR or the U.S.A., and the other was a policy of exclusion which tried to sideline the influence of ethnic Chinese in the various ASEAN member states (with the exception of Singapore).

Compared to most Southeast Asian nations, China is a giant so these nations have tended to formulate foreign policies based on relationships with either the USSR or U.S.A. Hence weaker nations can counteract the possibility of Chinese hegemony. Historically, relations between China and Southeast Asia were never based on equality. On the one hand, China and Southeast Asia have had geographical and cultural advantages which could assist in the maintenance of good relations.

China had trade relations with Southeast Asia for two thousand years. Ethnic Chinese totaled 5% of the population in the region. Although trade and migration were sporadic, they were never completely stopped. Yet China was not very successful in establishing equal and long-lasting Sino-Southeast Asian relations. During the nineteenth century, European powers consolidated colonial holds in Southeast Asia. Meanwhile, the Qing government's closed-door policy and its own incipient weaknesses meant that China lost contact and influence in the region.

After 1949, Southeast Asian countries' relations with China were determined by their connections to the Soviet Union or the United States. In the 1950s and 1960s, Vietnam and China were close due to the Soviet Union's influence. Some Southeast Asian countries such as Cambodia, Laos, and Indonesia allied with China in anti-imperialism and anti-colonialism movements. However, relations between China and Indonesia or Vietnam soured for the same reasons. President Sukharto used the Indonesia Communist Party as a tool in his power struggle with the military forces in the government. In the early 1960s, China's anti Russian stance was supported by the Indonesian Communist Party. In return, China provided political, material, financial and military support to both Indonesia and the Indonesia Communist Party. This relationship soured, however, when Suharto's 1965 counter-coup took the lives of many communists and ethnic Chinese. Thousands of Chinese were also forced out of Vietnam in the 1970s. Vietnam claimed in USSR terminology that the Chinese were PRC spies (Wang, 1994). Some Southeast Asian countries such as Thailand and the Philippines followed the U.S.A. and stayed away from China before the establishment of Sino-American diplomacy. Thus, prior to the 1980s, China and Southeast Asia were separated politically and economically despite the opportunities close geographical location provided.

Domestic policies towards the ethnic Chinese has varied greatly from nation to nation and historically, but in general it has been harsh—with the exception of Singapore, where the ethnic Chinese have dominated since independence. Restrictions were common in the political and economic spheres. The Philippines did not grant citizenship status to most of its ethnic Chinese population until 1975 when President Marcos tried to establish diplomatic relations with the PRC. Over 60% of the ethnic Chinese in Indonesia remained resident aliens up to the 1980s. Furthermore, legislation tried to force the Chinese to remain in or move out of different economic sectors. The Agrarian Law in Indonesia barred Chinese land ownership, therefore the Chinese could not be directly involved in agriculture. Chinese were barred from taking the civil servant examination and so could never be civil servants. The Philippines introduced the Retail Trade Nationalization Law after 1954, and introduced the Rice and Corn Nationalization Law. Because of those two laws, the Chinese were barred from the trading, milling and warehousing of rice and corn, activities in which they had a significant presence. Ethnic Indonesians claimed that ethnic Chinese had no right to take over traditionally indigenous industries such as the batik, tobacco and textile industries (Gomez, 2004). Ethnic Chinese were furhermore only allowed to live in certain areas in some Southeast Asian countries. At one time, for example, ethnic Chinese were placed in camps in Malaysia. In the Philippines, Chinese residents were confined to the Parian, an enclosed and fortified location (Gomez, 2004). Even though the majority of ethnic Chinese opted for local citizenship, the view of the indigenous peoples stressed the foreign origin of their Chinese immigrants. During periods of social or economic unrest, Chinese businesses and communities often suffered verbal and physical attacks. This has been repeatedly seen in Indonesia where the Chinese were scapegoats or tools in larger power struggles. Besides the slaughter of thousands of Indonesian Chinese following the abortive military coup in 1965, the Chinese had been subjected to large measures of violence during the Japanese Occupation (1942–45) and the Indonesian Revolution (1945–49). In May 1998, more than one thousand Chinese were killed, and over 150 women were raped in a riot in Indonesia

(Bolt, 2000). As late as April 1994, about 150 Chinese shops were looted in Medan. Wang (1994) summarizes the general views of Southeast Asians on ethnic Chinese:

1) They do not trust ethnic Chinese including those naturalized because they do not trust revolutionary China. They assume ethnic Chinese consider themselves firstly as Chinese, and secondly as local citizens.
2) The political and cultural assimilation of ethnic Chinese is considered to be superficial. It does not reduce the danger of ethnic Chinese undermining the local government.
3) The economic strength of overseas Chinese and local ethnic Chinese is a long term threat to local governments. Without the limiting influence of western powers and transnational companies, Southeast Asian nations would have to struggle to confine the economic power of ethnic Chinese.

Policies of exclusion stemmed from a combination of suspicion regarding the loyalty of ethnic Chinese to their local government, fear of the economic power of ethnic Chinese, and resentment in the face of PRC propaganda at the local and international levels. Behind all that, however, was the constant fear of ethnic Chinese loyalty to China and the threat posed by the burgeoning economic giant China is in the process of becoming.

Recent Developments in Sino-Southeast Asian Relations

Since the mid 1970s, Sino-Southeast Asian international relations were shaped by three high points. The first was during the mid 1970s when Sino-American relations were improving. As a consequence China established formal relations with Thailand, Malaysia, and the Philippines. The second was in the early 1990s when China repaired relations with Indonesia and opened diplomatic dialogue with Singapore and Brunei. The third highpoint commenced in the mid-1990s which ushered in a "honeymoon" period between ASEAN members and China.

Vice Premier Qian Qichen attended the ASEAN Ministerial Meeting (AMM) for three successive meetings from 1991, resulting in the establishment of consultative relations in 1993. According to the joint declaration, the relationship was to be based on equality, mutuality, and common development without prejudice to bilateral relations between China and the member states of ASEAN. In July 1996, China was accorded full Dialogue Partner status with ASEAN at the twenty-nineth AMM. The relationship was again elevated to the higher level of Strategic Partnership for Peace and Prosperity at the ASEAN-China Summit on October 8, 2003 in Bali.

Meanwhile, economic and trade cooperation between ASEAN and China has grown rapidly. From 1990 on, the value of the trade between China and ASEAN has been increasing at an average of 20% each year. ASEAN's share in China's foreign trade rose from 5.8% in 1990 to 9.2% in 2004. In 1999, ASEAN's foreign direct investment in China surpassed Japan's. From 1979 to 2000, five ASEAN countries (the Philippines, Thailand, Malaysia, Singapore, and Indonesia) signed 2,080 contracts of investment valued at over 5 billion dollars, twice as much as the U.S.A and five times as much Japan invested in China.

ASEAN's investment has increased even more in recent years. For example, in the first half of 2001, ASEAN invested in 617 projects to the value of 1.3 billion dollars. ASEAN is the second largest market for contract labor export from China. In November 2002, ASEAN and China signed the Framework Agreement on Comprehensive Economic Co-operation, which provides for an ASEAN-China Free Trade Area (ACFTA) by 2010 for Brunei, China, Indonesia, Malaysia, the Philippines, Singapore and Thailand, and by 2015 for the newer ASEAN Members, Cambodia, Laos, Myanmar and Vietnam. As an important step toward ACFTA, from 2004 the "Early Harvest" project reduced the customs duty on more than 500 goods which will be duty free by 2006. ACFTA will be the largest free trade zone in the world with a population of 1.86 billion. On March 14, 2005, the Philippines, China and Vietnam signed a three-year cooperative agreement for oil resource investment in the

disputed area of the South China Sea.

New leaders of Southeast Asian nations like to give the impression that they have very positive attitudes towards China. Besides Brunei, the top leaders of the other ASEAN countries have taken office after 2001. They share among themselves the political ideology and practices of modernization, social harmony, regional cooperation, and balanced international relationships. They also share a stronger identity with China. They welcome China's proposed establishment of the ACFTA and participation in the ASEAN Friendship and Cooperation Treaty, together with other steps in positive bilateral relations. They value Chinese experiences of economic development.

China was the first main country that Hun Sen, Badawi, and Arroyo visited after they took office. Badawi reduced tax on ethnic Chinese traders, and increased the budget for Chinese schools in Malaysia. During the last Chinese New Year celebration (in 2005), he returned to his hometown where the most of population are ethnic Chinese, and greeted the locals in Chinese. The Premier of Thailand is a fourth generation Chinese living in Thailand. He argues that relations with China should be based on opportunity not threat. Thailand was the first country within ASEAN to have a duty free agreement on nearly 200 agricultural products. President Arroyo has visited China more times than any president in Philippine history. Recently, she appointed the first ethnic Chinese minister to her cabinet. The premier of Singapore, Li Xianlong, speaks Chinese fluently. He values bilateral relationships with China not only because China can be Singapore's "Economic Express," but also because China can strongly influence Singapore's long-term development. Susilo became the President of Indonesia in October 2004. He appointed an ethnic Chinese as Minister of Trade. The Prime Minister of Cambodia, Hun Sen, visited China four times in 2004, and described the relations between the two countries in these terms: "We only recognize true friendship during hardship."

Why didn't this kind of positive and active relationship between China and Southeast Asia happen in a prior age? What are the other reasons for the development of positive bilateral relationships besides the recent development of the Chinese economy and the trends of globalization and economic integration? This paper argues that a grounded theory is one means through which this unique phenomenon in the history of international relations may be explained.

A Grounded Theory of Sino-Southeast Asian Relations

"Grounded theory" in international relations discourse draws on a set of codified propositions or on-going theoretical discussions based on abstract conceptual categories such as "equality", "sovereignty" and "mutual economic benefit." This paper thus proposes a modification of existing theories of international relations through the application of theory grounded in research on China's relationships to neighbouring Southeast Asian countries.

"Equality" is the core premise of emerging theory of international relations. The majority of the world accepts that equality is the premise of international relations in theory. In practice, however, not every country, especially most developing countries, are treated equally. The present existent theories of international relations including some of the post-Cold War ideological trends in the field are more or less written within a Western ideological framework and under the influence of Western hegemony and the assured superiority of Western civilization. Human rights diplomacy, neo-interventionism, and unilateralism, for example, all ignore the principle of equality of all countries, and are used to promote the interests of individual countries. Every country ought to consider its own interests when dealing with other countries, but this should not be at the expense of other nations' interests.

Using equality as the logical start of a theory has two significant benefits: Firstly, the theory will be more representative and can apply to every country in the world; and secondly, it will exist on an

idealistic plane and therefore not simply used to justify the misuse of power.

From the core category of equality, the present grounded theory has developed two related categories: the mutual respecting of sovereignty and mutual economic benefit. Within the framework of grounded theory, the mutual respect of sovereignty is an essential condition for constructive international relations. It is because sovereignty is the most important and basic right of a country. It exists along with a country when it was established. The sovereignty of any country is not given by any power or international law. Countries respecting each other's sovereignties do not necessarily have the desire of establishing bilateral relations. However, without respecting each other's sovereignty, no relations can be established or developed between countries. Sovereignty was used by Jean Bodin (1530–1596) to indicate the highest authority of a country. Beside God's will and natural law, sovereignty is not limited. Hugo Grotius (1583–1642) gave a similar interpretation of sovereignty, saying that it is the highest ruling power of a country, and it is unlimited by any other power or other spirit. This concept was supported by many great scholars including Jean Rousseau (1712–1778) and G. W. F. Hegel (1770–1831). The Charter of the United Nations also includes the equality of all memberstates' sovereignty.

There are a few challenges to the traditional concept of sovereignty, such as the theory of human rights as superior to sovereignty, the theory of sovereignty attenuation, and the theory of sovereignty's sharing and transferring. However, if a country' sovereignty is threatened by another nation, the human rights of its people may also be under attack. Attenuation, sharing and transferring of sovereignty can only happen when individual sovereignty is ensured.

The relation between equality and sovereignty: As every country has the sovereignty of the same quality and quantity, sovereignty ensures the equality of individual countries as well as their independent nationalities. It also provides an important principle for a world order. It protects small countries from the invention or interference of big powers if respecting each other's sovereignty is abided by in all sovereignties. There are differences among the forms of government such as republican, oligarchic, or monarchic. However, the quality of a state's form is fundamentally the same. Choosing a political and economic system, and handling domestic and international issues are all parts of sovereignty.

Mutual economic benefit is considered within the framework of this grounded theory as a sufficient condition of international relations. The history of international relations has showed that countries with strong economies are more powerful in international affairs than nations with a weak economy. Obviously stronger powers have taken advantage of this. When strong economies become stronger and weak economies weaker, then mutual economic benefit is not possible.

The history of international relations shows that economically powerful nations have dominated world affairs for thousands of years. The theory of political benefit is based on three traditional laws of international politics: self-beneficial, rational behavior, and strength. According to the principle of self-benefice, "benefit" is the fundamental factor controlling a country's external activities. In other words, the essence of international relations is the benefit of relations among countries. However, there is no ever-lasting interest. A country only pursuing its own benefits will never find a partner that is willing to be taken advantage of. According to the principle of rational behavior, a country has to set up an interest goal based on a rational analysis of itself and the international environment. The fundamental goal is to get the highest interest at the lowest cost. Rational behavior also concerns approaches to obtain national interests including peace, diplomacy, sanction and war. According to the law of strength, strong countries usually have more opportunities to influence other countries, and are therefore more likely to realize their interests and goals. Thus, the mutual benefits of powers entails the sacrifice and loss of other countries.

Political mutual benefits are artificial and temporal. They do not have objective standards. However, economic mutual benefits are measurable and have objective standards. In the age of globalization, mutually beneficial economic relations represent realistic international politics. They can be combined with an individual country's self interest, because self-interest and public interest are more overlapping in an interdependent world economy. There are more cooperative opportunities to realize the self-interest of the parties involved, not only among countries at the same economic levels, but also among countries at different economic levels.

The relation between equality and mutual economic benefits is thus: mutual economic benefits enhance regionalism and integration of an economy, which is a powerful weapon to fight against hegemony politics. Partners are equal when mutual economic benefits are considered. They are not forced or tricked into any international activities. Willingness to share the benefits shows respect to the partner. By sharing the benefits, a country is protecting its own interests. This is the practical meaning of promoting equality, the unity of reality and morality in the present world.

In the age of globalization, international relations should be among equals. Respecting each other's sovereignty is the essential condition for countries to start any relations. Without this condition, no relations would be established, developed, or become lasting. Mutual economic benefits are a sufficient condition for countries to start beneficial international relations, and with it, relations between countries will ideally develop and last overtime.

Applying Evidence

Why did China not establish equal relationships with all its neighboring Southeast Asian countries? Why could China not maintain established relations? This is because tributary system, prohibition policy, patriotic appeal and ideological influence are factors that are not consistent with the categories of present international relations theory. The tributary system did not treat Southeast Asian countries as equal, but subordinate, as explained before. Patriotic appeal was against the rule of mutual economic benefit and existed mainly for taking advantage of overseas Chinese. When ethnic Chinese became local citizens of Southeast Asian countries, their patriotic feelings should have been toward their countries in Southeast Asia, not China. So China's patriotic appeals to citizens of Southeast Asian countries' violated the sovereignty of these countries. As history has shown this tended to cause an adversarial reaction from Southeast Asian indigenous and their governments. Furthermore, as ethnic Chinese in Malaysia have attested, they invested in China to make profit, not out of a sentimental tugging of the heartstrings (Bolt, 2000). Besides, appeals to one specific ethnic group itself shows disrespect to others, and so to the sovereignty of their country. The investment in China by ethnic Chinese has played a crucial role in propelling the Chinese economy forward. However, it is a social phenomenon for economic reasons including its geographical closeness. So the theoretical emphasis should not be on patriotism but mutual economic benefits. The economic success of ethnic Chinese is unrelated to China. This paper suggests that China should treat ethnic Chinese resident in SEAsia as foreign citizens. In order to respect each country's sovereignty, the cooperation should be between two countries, not to minority groups of ethnic Chinese as this has proven ultimately divisive.

In reacting to China's policies toward Southeast Asia, however, Southeast Asian countries have adopted different policies. Countries like Indonesia, Thailand and the Philippines adhered to policies of assimilation to reduce visible manifestations of Chinese identity to a minimum. In all these three countries, Chinese names, Chinese culture and Chinese education have been prohibited to varying extents. Malaysia and Brunei adopted an accomodationist policy to restrict manifestations of Chinese

identity during official functions. Only Singapore followed a more pluralistic approach to forge a collective sense of nationhood among different ethnic groups (Gomes, 2004). But even amongst countries that adopted the same policy, the results were not the same. The ethnic Chinese in Thailand were more readily absorbed into the broader Thai society than their counterparts in other parts of Southeast Asia. They dominate the country's economy to a far greater extent than other Southeast Asian Chinese do elsewhere in the region. Among reasons one was that many Chinese migrants shared the same religion, namely Buddhism with the Thai. The other one was that China had less ideological influence on Thailand, so there were less serious social or political conflicts between ethnic Chinese and the indigenous Thais.

Ideological influence, which violates all three principles of this grounded theory, was adopted to react to a particular international situation. When China became an established sovereignty in 1949, Cambodia, Vietnam, and Laos were still under the control of France. Malaysia, including Singapore and Brunei, were still under the British rule. China could establish relations only with then independent Southeast Asian countries including the Philippines, Burma, Thailand, and Indonesia. Among Southeast Asian countries, Thailand is the only one that was never colonized by a European power. However, it was in an alliance with Japan during WWII, and became a U.S. ally after WWII. The Philippines were also allied with the United States. Burma had been a province of India for half a century, and then became independent in 1948. Indonesia claimed independence in 1949 from the Netherlands, but France was still involved in Vietnam. However, Vietnam was an independent country after WWII, and the communist influence was also strong in Vietnam. So China could establish diplomatic relations with Burma, Indonesia, and Vietnam in 1950. Here we can see that it was not the principle of Respecting Each Other's Sovereignty, but colonialism, imperialism, and communism that dominated the Sino-Southeast Asian relations. Sino-Southeast Asian relations under ideological influences did not last long because they were not based on equality, mutual respect and mutual benefits. It was also the policy of ideological influence that cost all China's foreign relations in Southeast Asia. Like an individual, a country also needs time and experience to become mature in dealing with its people and other countries.

Conclusion

Equality, respecting each other's sovereignty, and mutual economic benefits are not new concepts. However, it is the first time they are interrelated categories within a grounded theory to interpret important international relations among developing countries, which can be applied at both bilateral and multilateral levels. It may be also applied to international relations among countries with different economic systems and different religions. The relationship between China and Southeast Asia has tended to be strained and separatist due to faulty policies on both sides. These were mainly patriotic in appeal and ideological influence on China's side, and power policy and politically exclusive from the Southeast Asia side. The last ten to fifteen years has seen the recent rapid development of more open and inclusive international relations between China and Southeast Asia due to both objective and subjective factors. The objective phenomenon is mainly the trend of globalization and economic integration happening in the region and in the world. The subjective cause comes from both China and Southeast Asian countries. Since the 1980s, China has tried to erase the memory of the tributary system from history. China has been acting not as a dominant power but as an equal in dealing with Southeast Asian countries. China stopped patriotic appeals toward ethnic Chinese, and appears to respect the sovereignty of Southeast Asian countries' rights over their citizens of Chinese origin. China has been actively and positively pursuing equal country-to-country

relations with Southeast Asian countries, and is willing to nurture economic development together with Southeast Asia so as to be the engines of each other's economic development. On the other hand, Southeast Asian countries have also modified their power policy, and started to look for the benefits of dealing with China. They also changed their attitudes and policies toward ethnic Chinese, and tried not to antagonize Chinese national feeling. In short, both sides are trying to do things according to the principles of equality, respect for each other's sovereignty, and mutual economic benefits.

In conclusion, through this research we can move towards an explanation of Sino-Southeast Asian relations by examining both the long history of, and recent developments in the region. Policies from both sides have been strongly influenced by the historical Chinese tributary system, prohibition, patriotism, the desired inculcation of ideology, racist legislation and the power plays of the most influential nations on earth. The future development of Sino-Southeast Asian relations would benefit from being determined by mutual respect for sovereignty and mutual economic benefit.

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