

Compatriotic Economic Integration in Asia: Explaining the Role of Overseas Diaspora for Developmental China and South Korea

PARK WOO | HANSUNG UNIVERSITY

The purpose of this study is to explore the roles of diasporas in the development of Asia's capitalism through the lens of compatriotic Asianization. To do this, it explains how China and South Korea economically mobilized their overseas compatriots in a period of globalization. The study identifies three key roles that the respective diasporas have played in China and Korea's economic development. First, the diaspora served as investors. This trait was prominent in the Chinese setting. Second, the diaspora served as a source of labor. This role has been particularly salient in South Korea. Third, the diaspora served as overseas customer and middleman. This was evident in both China and South Korea. The diasporas were integrated into the capitalist systems of both their ethnic homeland and their country of residence. Compatriotic Asianization thus appears to be a greater part of economic integration in Asian countries than previously recognized.

Keywords: *Diaspora, Compatriots Asianization, China, South Korea, Economic Role, Capitalism in Asia*

Introduction¹

What kind of relationships did Asian countries form with their overseas compatriots as they developed and expanded their economic boundaries through capitalist integration? Diaspora communities are an active field of research, but most existing studies in the field of social science (including political science and economics) have focused on diaspora policies, the concept of diaspora itself, and the economic behavior of diasporas. These studies have also limited themselves to analyzing individual diaspora cases and describing their characteristics, such their identity or ethnicity.² From a sociological perspective, these studies have not been able to sufficiently explain how Asian countries have integrated through their diasporas, nor how dynamic relationships arose between Asian countries and their foreign compatriots. A comparative approach would offer a better perspective on the relationships between ethnic homelands and diasporas. In order to better understand Asian capitalism, this study examines the relationship between Asian countries' economic development and their overseas compatriots through the cases of China and South Korea.³ These cases are fruitful as, in the process of economic transformation and development, China and South Korea both actively revised their economic and social relationships with their overseas compatriots.

China (together with India) has the largest diaspora in the world, numbering around 50 million. The majority of the Chinese diaspora (hereafter CD) resides in Asia, with particularly large populations in Southeast Asian countries. Starting in the late 1970s, China abandoned its far-left political governance and declared an economic reform and opening program. To encourage rapid development, China established special economic zones in the southeastern coastal areas and attempted to attract foreign investment. From the Chinese government's perspective, overseas compatriots were a valuable resource contributing to China's development.

¹ This research was financially supported by Hansung University.

² See Lever-Tracy and Ip (1996).

³ Some Chinese scholars prefer to use the concept Sinophone instead of Chinese diaspora (Shih, Tsai, and Bernards eds 2013; Shih 2007), criticizing the traditional approach to diasporaness. Their work provides some significant insights. However, it remains the case that both China and South Korea emphasize ethnic ties and utilize their diasporic networks in the process of economic development. And at the same time, a number of diasporas mobilize their ethnic ties with ethnic homelands to solve their economic problems.

China has actively implemented diaspora policies and tried their best to restructure its relationship with the CD. These initiatives facilitated economic, social, and cultural contact between the CD and mainland China. During the economic reform era, the affairs of the CD became one of the most important elements of the central government (Zhuang and Wang 2010; Yang 2006; Lever-Tracy, Ip, and Tracy 1996; Wang 2004).

Although South Korea has a much smaller diaspora than China in absolute terms, relative to its population, it too has a significant diaspora community. The overseas Korean diaspora (hereafter KD) was expected to have reached 7.5 million by 2020. In the 1980s, South Korea began to experience labor shortages in practically every sector of the secondary labor market, including manufacturing, service, and construction. Its government implemented policies for foreign employees based on the domestic labor market and small and medium-sized business needs. In order to facilitate exchanges between South Koreans and the KD in numerous fields, the South Korean government, like China, actively expanded overseas compatriots' access to their ethnic homeland through the establishment of the overseas Korean policy. Although the diaspora was not as important to domestic and diplomatic affairs in Korea as it was in China, the KD was still an important consideration for the South Korean government (Lim and Seol, 2018; Seol and Skrentny 2009; Seol 2012). In this sense, it could be said that one component of development in China and South Korea was the aid provided by a revived network between the diasporas and their respective homeland countries.⁴ In other words, these two diasporas played an important role when their ethnic homeland and countries of residence became economically intertwined. Accordingly, the economic interaction between a diaspora and its ethnic homeland is indicative of the characteristics of the integration between Asian countries. How can we explain this feature of integration?

The end of the twentieth century has been described as the beginning of Asia's era of globalization. On the one hand, Asia experienced economic regime transformation in a number of socialist countries, including China, Vietnam, and the countries of central Asia. On the other hand, the logic of (neo)liberalism shared by Asia's liberal economies and post-socialist regimes encouraged inter-Asian integration.⁵ According to the theory of Asianization

⁴ It is difficult to suggest that the experiences of China and South Korea can be used to explain the economic development of Asia as a whole. However, as nations with a large diaspora, the logic behind the interaction between ethnic homeland and diaspora could explain some features of other Asian countries' economic development.

⁵ The economies of Asian countries have become increasingly intertwined since the end of the

of Asia advanced by Chang Kyung-Sup, “Asia is rising while it is being simultaneously integrated or even (re)constructed internally. The internal integration of Asian nations and peoples—most conspicuously in economic terms, but gradually in social, cultural, and demographic terms as well—has enabled them to find and utilize each other as unexplored resources for sustained economic, social, and cultural advancement” (Chang 2014, p. 337). Here, economic integration can be seen as an aspect of Asianization. The subject being integrated is the people of Asian nations, the specific aspect of integration is economic relationships, and the logic of integration is economic development or advancement (Park 2019, p. 379). Chang has also outlined the dimensions of Asianization. Of these, the *compatriotic Asianization* dimension is very helpful for our case (Chang 2014, p. 337). According to compatriotic Asianization, as the world’s most diasporic nations, China and South Korea are utilizing overseas compatriots as resources for their developmental purpose (economic regime transformation). At the same time, overseas compatriots want to establish new economic relationships with China and South Korea to improve their own economic status.

This study will thus examine how China and South Korea use (or mobilize) diasporic resources in their pursuit of economic development. Specifically, here the “diasporic resource” refers to the economic activity and potential of diaspora communities.

twentieth century as a result of post-Cold War and post-socialist transformations. The terms “the rise of Asia” and “the Asian century” have been coined to describe this phenomenon. Many of the commentators who use these terms, however, have been more concerned with the economic progress of individual countries than with Asia as a (whole) region. “Asianization” draws attention to the regional nature of the phenomenon in the same way as Europeanization, which has evolved to explain the integration among European nations. Although it is difficult to assert that Asian people have created an Asian identity, Asian countries are becoming closer and more connected in numerous industries (Chang 2014). Asianization is a type of regionalization that developed spontaneously as a result of globalization. Therefore, the Asianization of Asia is not a concept that is in opposition to or contrary to globalization. Korean and Chinese capital has expanded outside Asia in recent decades to Africa, Latin America, and even North America and Europe. However, I would want to underline that the focus of this research was on Asia’s economic integration from the 1980s to the end of the 2010s.

Overseas Compatriots as Diasporic Resource

Chinese Diaspora

Since the second century, socioeconomic exchanges have been taking place across the South China Sea. Chinese settlements have existed in Southeast Asian ports since the sixth century. As trade between China and adjacent countries in the South China Sea flourished from the Song Dynasty onwards, more and more people went to Southeast Asian countries via maritime trade routes. Since the nineteenth century, people have traveled to North America, Europe, and Oceania, in addition to Southeast Asia. These migratory people established the foundation of today's CD communities, including Chinatowns, all over the world (FitzGerald 1965; Pan 1990; Bolt 2000; Hicks 1996; Huang, Zhuang and Tanaka eds, 2000).

TABLE 1
THE CHINESE DIASPORA: SIZE ACCORDING TO REGION (UNIT: MILLION)

Year	Asia	America	Europe	Oceania	Africa	Total
1970	14.15	0.71	0.11	0.07	0.06	15.10
1980	17.10	1.56	0.53	0.11	0.08	19.37
1990	21.59	2.66	0.59	0.36	0.10	25.30
2000	27.36	5.96	0.96	0.63	0.14	35.25
2010	29.82	7.26	0.13	0.95	0.24	39.57
2020	34.38	9.68	0.24	0.17	0.11	49.33

Source: Figures for 1970-2000, selected years are based on Li and Li (2013, p. 20), data for 2010 are from Overseas Compatriotic Affairs Commission of Republic of China (2010). Data for 2020 are from Overseas Community Affairs Council of Republic of China (2020).

The majority of the CD is found in Asia, as seen in table 1. In the 1970s, the CD numbered around 15.10 million people, 14.15 million of whom lived in Asia, and in 1980s the CD numbered around 19.37 million, with 17.10 million in Asia. Both the total diaspora population, and the portion in Asia, has expanded. Today the total population of the CD is thought to number around 49.33 million, with 34.38 million in Asia (see table 1). Indonesia has the largest share of the CD, with well over 10.84 million people who claim Chinese heritage. The CD in Thailand numbered 7.01 million and 6.72

million in Malaysia. Singapore had 3.01 million, and the Philippines had 1 million people who can be described as part of the CD. About 5.44 million people from the CD are living in the United States, and this has recently grown in size. In Canada, there are 1.91 million people from the CD, while in Australia there are 1.41 million (see table 2).

TABLE 2
POPULATION OF CHINESE DIASPORA IN TOP COUNTRIES (UNIT: MILLION)

Area	Country	Population
Asia	Indonesia	10.84
	Thailand	7.01
	Malaysia	6.72
	Singapore	3.01
	Philippines	1.00
	Burma	1.00
	Vietnam	1.00
America	USA	5.44
	Canada	1.91
Europe	France	0.75
	England	0.47
	Spain	0.30
Oceania	Australia	1.41
	New Zealand	0.27
Africa	South Africa	0.50
	Nigeria	0.30

Source: Overseas Community Affairs Council of Republic of China (2020, p. 10).

Since the 1970s, most of the overseas compatriots who visit mainland China have been from Hong Kong, Taiwan, and Southeast Asia.⁶ However, as shown in table 2, it is Southeast Asia which is home to the largest CD populations. Here, the history of their economic activities has been shaped by colonialism. In the mid to late nineteenth century, most Southeast Asian

⁶ Taiwanese and Hongkongers are referred to as Chinese compatriots by the mainland government. At the same time, the Taiwanese and Hong Kong entrepreneurs were referred to as *Taishang* and *Gangshang*, respectively.

countries were forced to endure colonization by Western powers. In Southeast Asia, the CD also had to be included in the colonial economy. Despite the fact that some CD entrepreneurs achieved great success as a result of their excellent business skills, during the colonial period both ethnic majority and CD capitalists found large-scale expansion difficult because of the metropole's influence. The majority of CD businesspeople were small business owners. However, as Southeast Asian countries won independence after World War II, the CD economy began to shift. Changes in citizenship laws have had the most significant impact on the CD. Southeast Asian countries have begun to impose restrictions on the CD's commercial activity, business management, education, and employment. Yet, paradoxically, such restrictions have tended to stabilize these CD communities by encouraging many to obtain citizenship. As a result, the CD in Southeast Asia has changed from "overseas Chinese" (*huaqiao*) to "Chinese overseas" (*huaren*). Due to the stabilization of their legal status and the policies for economic development that Southeast Asian countries had followed since the late 1950s, the CD was able to expand its economic activities beyond commerce, where it had been primarily engaged in the past, into manufacturing and other parts of the industry. In the 1960s, the CD community began to develop very tight commercial ties with liberal economies such as Taiwan, Hong Kong, and Macao. It then endeavored to establish and make use of contacts in Japan, South Korea, the United States, and Europe (Reid ed 1996; Wang and Wang eds 1998; Suryadinata ed 1997).

As a result, through business networks and capital, the Southeast Asian CD had a significant impact on the growth of Asian capitalism after the 1970s. The so-called Bamboo Network was named so for the flexibility and liveliness of the CD-created networks. It was meant to be a metaphor for bamboo's ability to bend without breaking (Weidenbaum and Hughes 1996). In the early twentieth century, CD capitalists from Southeast Asian countries such as Indonesia, Malaysia, the Philippines, Thailand, and Singapore invested extensively in mainland China (Lin 1988). However, they were forced to leave China as a result of the communist revolution and the socialist governance. China began looking for resources—more specifically, its diaspora—from neighboring countries for its economic expansion in the late 1970s, after declaring economic reform and opening up (Zhuang 2000).

Korean Diaspora

The KD population was estimated to number 1.34 million at the end of the 1970s. Within a decade this estimate had risen by around one million. The figure rose sharply in the early 1990s when South Korea established diplomatic links with China and the USSR (Russia) and Koreans in these countries (including CIS nations) were included in the South Korean government's category of KD. This brought the number to about 5.6 million. In 2019, the KD was calculated to include over 7.49 million people. If you look how this population is distributed across the globe you can see that Northeast Asia is home to 3.29 million members of the KD, whilst North America, Europe, South Asia, and the Pacific, have communities of about 2.79 million, 0.69 million, and 0.59 million individuals, respectively. 51.8% of the global KD population live in Northeast Asia, South Asia, or the Pacific region, making Asia home to just over half of the KD (see table 3).

TABLE 3
THE KOREAN DIASPORA: SIZE ACCORDING TO REGION (UNIT: MILLION)

Year	Northeast Asia	South Asia/Pacific	North America	Middle and South America	Europe	Africa	Middle East	Total
1979								1.34
1989								2.27
1999								5.64
2009								6.82
2013	3.47	0.49	2.30	0.11	0.62	0.01	0.25	7.01
2015	3.44	0.51	2.46	0.11	0.63	0.01	0.25	7.18
2017	3.37	0.56	2.73	0.11	0.63	0.01	0.24	7.43
2019	3.29	0.59	2.79	0.10	0.69	0.01	0.24	7.49

Source: Overseas Koreans Foundation/Statistics.

Of all the countries in Asia, China has the biggest KD community, with Japan coming in at a distant second. Uzbekistan, Vietnam, Kazakhstan, the Philippines, and Indonesia are also home to members of the KD. The number of KD in the United States is comparable to that in China. We can also see that there are large KD communities in nations like Canada, Russia, and Australia (see table 4).

TABLE 4
POPULATION OF KOREAN DIASPORA IN TOP COUNTRIES (UNIT: MILLION)

Region	Country	Number of Diaspora
Asia	China	2.46
	Japan	0.82
	Uzbekistan	0.18
	Vietnam	0.17
	Kazakhstan	0.11
	Philippines	0.09
	Indonesia	0.02
America	USA	2.55
	Canada	0.02
Europe	Russia	0.17
	Germany	0.04
	England	0.04
Oceania	Australia	0.17
	New Zealand	0.04
Africa	South Africa	0.004
	Kenya	0.001

Source: Overseas Korean Foundation/Statistics

The KD also has a dynamic history. Since political regimes on the Korean Peninsula exerted influence into lands to the north, population mobility between the Korean Peninsula, Far East Siberia, Manchuria (Northeast China), Mongolia, and areas inside the Great Wall of China was particularly high. Koreans also made use of sea routes to travel to Japan and other parts of the Western Pacific (Hyeon 1967; Lee 1978; Lee 2000; Yoon 2012). However, large-scale migration from Korea can be traced to the nineteenth century. Northern Koreans settled in Northeast China, where they began farming (Suh and Shultz eds 1990; Sun 2009). During this period Koreans also traveled to Hawaii and North America. Their history is well documented in KD studies (Hurh 1998; Abelman and Lie 1997; Min 2011). A second phase of significant migration was the colonial period lasting from 1910 to 1945, when significant numbers Koreans moved to Japan (Lie 2008). It is important to note that a sizable number of Korean immigrants have moved away from the areas where they originally settled. For example,

Primorsky Krai was home to a significant proportion of the individuals who migrated to Northeast China before the Stalin administration forcibly transferred Koreans living in the Russian Far East to Central Asia (Kim 2005; Reckel and Schatz 2020). In another example, Christian Koreans living in the Gando region migrated to Canada in the early twentieth century and formed a branch of the Korean Canadian community.

Korea's independence from Japanese colonial control was followed by the Korean War and the start of the Cold War. The latter split East Asia into two ideological camps. Japan and South Korea joined the liberal group led by the United States, and China and the Soviet Union established communist regimes—as did North Korea. China and the Soviet Union were home to large KD communities, and while some Koreans living outside the peninsula returned to South and North Korea, others became citizens of the countries where they lived. Since socialism made it fundamentally impossible for capitalists to emerge, the KD in socialist countries was unable to accumulate money through private economic activity. The majority of these communities were dedicated to their jobs as peasants and workers (“the people”) in the primary and secondary industries. However, the KD in these socialist regimes has had access to new economic opportunities since the 1980s thanks to legalization of the market economy (Park 2019, 2022a). This was also the period when South Korea, finding itself in need of industrial labor, focused its attention on overseas compatriots. South Korea discovered KD in China and the Soviet Union and began mobilizing them as both a source of imported workers and an overseas consumer market (Piao 2017; Park, Easthope, and Chang, 2020; Jo 2018).

The Diaspora as a Source of Investors in Post-Mao China

Attracting CD capital was explicitly advocated during China's economic reform and opening. Deng Xiaoping stated in 1979 that the overseas compatriots' capital should be a major consideration in attracting foreign investment. This can be seen as the Chinese government's first move in terms of attracting CD investment after announcing economic reforms. Four years later, in 1983, the Chinese government conducted a meeting on foreign investment, and it was announced that Chinese nationals in the overseas diaspora and compatriots in Hong Kong, Macao, and Taiwan would receive special treatment when investing in mainland China (Ren 2014). Hu Yaobang stated at a conference on overseas Chinese held in 1984 that the overseas

compatriot population had significant power. He claimed it had the potential to aid China's modernization, assist national reunification, grow China's influence, and help the country to make international allies. Xi Zhongxun also said that the overseas populations' economic power was worth around US\$200 billion, and that if China could attract only 10% of this, it would play a significant role in modernization and development. He also stated that there were many talented compatriots, such as scientists, engineers, and managers, and that the Chinese government would enact policies providing benefits for investment on the mainland (Zhuang 2000, pp. 5-6).

The "Notice of the State Council on Issuing the Interim Provision of Investment Preferences for Overseas Chinese" was enacted by the Chinese government in 1985 (State Council 1985). According to this notification, overseas Chinese could operate businesses in China on their own, or as part of joint ventures with state-owned or collective enterprise. In other words, as overseas Chinese capital entered China, there were few limits on how it was invested and managed. This regulatory document was later replaced by the "Notice of the State Council on Repealing the Interim Provisions of the State Council on Investment Preferences for Overseas Chinese" in 1990 (State Council 1990). This was part of a strategy designed to attract foreign capital from Hong Kong and Macao to China. The areas in which overseas Chinese money could be invested were increased, marking a significant change from the prior policy. This money was able to flow not just into manufacturing and service industries, but also into land development and real estate. Leaders such as Deng Xiaoping and Jiang Zemin continued to believe that the diaspora would play an important role in China's development. While the Chinese government protects the rights and interests of overseas Chinese who have invested in China, it also does its best to help the investors' families who live in China (Zhuang 2000, p. 6; Tang 2007).

In the CD, however, there were overwhelmingly more "Chinese overseas" than "overseas Chinese." As a result, China's fundamental challenge was determining whether Chinese overseas investment and overseas Chinese investment in China could be held to the same standard. At the time, the Chinese government was of the opinion that while it was necessary to recognize that overseas Chinese and Chinese overseas have different nationalities, the Chinese overseas should not be equated with foreigners in terms of national consciousness and relations with China. As a result, while policies for overseas Chinese and Chinese overseas differed, these two groups received similar preferential treatment in China and benefits in areas such as investment, tax breaks, and tourism. The second issue to be resolved was

which part of China should be targeted for CD investment. Deng Xiaoping stated during a visit to Shanghai in 1992 that the Chinese government created special economic zones (SEZs) in Guangdong and Fujian primarily to attract investment from Chinese living abroad, as well as Hong Kong and Macao compatriots. “This is because, beginning with the geographical situation, Shenzhen is adjacent to Hong Kong, Zhuhai is adjacent to Macao, Shantou has many Chaozhou people in Southeast Asia, and Xiamen has numerous Minnan people who are economically engaged abroad,” Deng said. The Chinese government attempted to attract diaspora capital by establishing SEZs in this fashion (Zhuang 2000, pp. 5-8).

Taiwanese people were likewise included as overseas compatriots in China’s eyes. As a result, China actively encouraged Taiwanese capital to invest in the mainland. The “Special Preferential Measures of the State Council for Taiwan Compatriots to Invest in SEZs” was implemented by the State Council in 1983 to provide special benefits to Taiwanese compatriots who invested in SEZs in Southern China. According to this policy, income tax and land usage fees could be partially waived based on the business term. In addition to the SEZs, the Chinese government indicated it would apply this policy to Taiwanese capital invested in Hainan Province (State Council 1983). In 1988 the Chinese government passed the “Rules of the State Council on Encouraging Investment by Taiwan Compatriots” to encourage more Taiwanese investment. The difference between this policy and the one that preceded it is that this allowed for Taiwanese capital to be invested in practically every province of China, as well as in islands and land development projects in coastal areas like Hainan, Fujian, Guangdong, and Zhejiang (State Council 1988). The Chinese government also enacted the Law of the People’s Republic of China on the Protection of Investment by Compatriots from Taiwan in 1994 (Standing Committee of the National People’s Congress 1994), and the Detailed Rules for the Implementation of the Law of the People’s Republic of China on the Protection of Investment by Taiwan Compatriots in 1999 (State Council 1999) to protect Taiwanese investors and to attract more Taiwanese capital.

Let us take a look at the current state of CD capital in China and the aforementioned policies. Figure 1 shows changes in China’s loans, foreign direct investment (FDI), and foreign indirect investment (FII) from the late 1980s to the early 2000s. The amount of loans, FDI, and FII increased gradually from 1984 to 1991. When compared to 1991, FDI roughly tripled in 1992, increasing to \$11.07 billion. The following year it more than doubled, expanding to \$27.52 billion. FDI has continued to rise, reaching

\$52.74 billion in 2002. FII increased in 1997 but remains tiny in comparison to FDI and foreign loans (Wang 2004, p. 50).

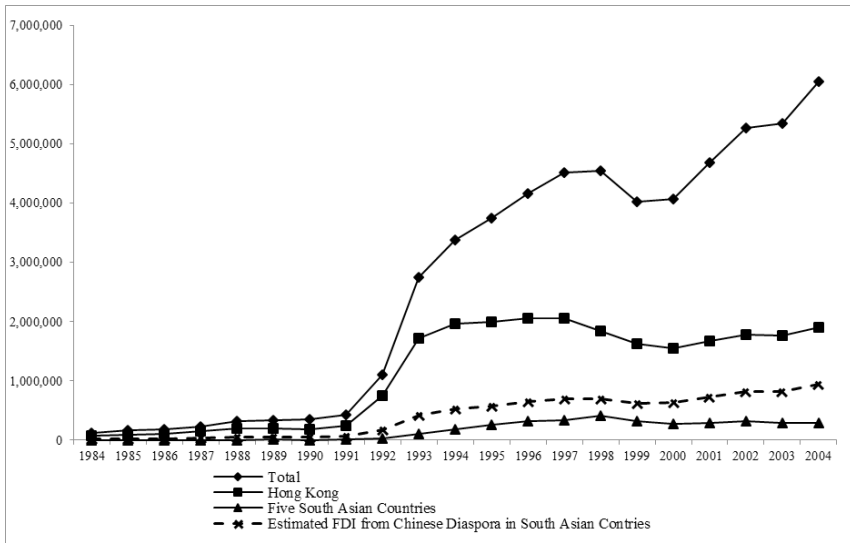


FIG. 1.—CHINA'S FOREIGN DIRECT INVESTMENT FROM HONG KONG AND FIVE SOUTHEAST ASIAN COUNTRIES (1984-2002) (UNIT: TEN THOUSAND USD, %)

Source: Wang (2004, p. 53); Guo (2006, p. 14).

Note: Except Hong Kong and Five Southeast Asian Countries (Indonesia, Malaysia, Philippines, Singapore, Thailand) most of the FDI were from America, Japan, or Europe.

In 1984, China's overall FDI was \$1.26 billion, with Hong Kong accounting for 59.44% (\$750 million) of that total. FDI from five Southeast Asian countries totaled \$8.51 million. The CD's investment was assessed to be worth \$19.49 million. FDI increased steadily until 1991, before rising sharply in 1992. In 1992, overall FDI sat at \$11.01 billion, with HK's investment accounting for \$7.51 billion and Southeast Asia's for \$260 million. CD investment was anticipated to be \$1.71 billion in the same year. Since 1993, HK and Southeast Asian investments have been constant, with no significant changes in their levels. In 2004, total FDI was \$60.63 billion, with \$19 billion from HK and \$2.91 billion from five Southeast Asian countries. The invested CD capital was anticipated to be \$9.40 billion in the same year (see figure 1).⁷

TABLE 5
CHANGES OF FDI FROM SOUTHEAST EAST ASIA IN CHINESE PROVINCES (%)

Provinces	1990	1995	1999	2000
12 Provinces in Coastal Area	94.87	87.23	86.52	85.21
9 Provinces in Middle Area	2.35	7.82	10.23	11.36
10 Provinces in West Area	2.78	4.95	3.25	3.43

Source: Tang (2004, pp. 209-213).

Guangdong, Fujian, and Hainan were the provinces in China that received the most FDI. In 1990, 72.51% of the total FDI was invested in these three provinces. The percentage fell to 20.4% in 1995 and 15.8% in 1999 before rising to 32.6% in 2000 (Tang 2004, pp. 209-213). Table 5 reveals that between 1990 and 2000, more than 85% of foreign capital was invested in China's 12 coastal provinces.

TABLE 6
FDI OF FUJIAN AND GUANGDONG FROM HONG KONG AND FIVE SOUTHEAST ASIAN COUNTRIES, 1979-2002 (UNIT: TENS OF THOUSANDS USD)

Province	Total	Hong Kong	Five Southeast Asian Countries					
			Total	Indonesia	Malaysia	Philippines	Singapore	Thailand
Guangdong	12,490,138	8,594,245	422,289	26,606	30,314	6,409	312,942	46,018
Fujian	4,320,179	2,156,635	298,524	20,720	45,221	80,758	140,158	11,667

Source: Wang (2004, p. 155, 175).

Let us turn our attention to the situation in Guangdong and Fujian, the provinces that draw the most investment. Guangdong received a total of \$124.9 billion in FDI between 1979 and 2002, and HK accounted for 68.8% of this figure. The FDI from five Southeast Asian nations, accounted for another 3.38%. FDI inflows into Fujian totaled \$43.2 billion for the same time period. In Fujian HK made up 49.9% and the five Southeast Asian nations accounted for 6.9% (see table 6). This means investment from HK and Southeast Asia

⁷ The majority of HK and Southeast Asian capital was in the form of CD capital. Because the majority of Southeast Asian CD capital is invested in China through HK, HK's investment in mainland China also includes Southeast Asian CD capital (Wang 2004, p. 51). Around 70% of Southeast Asian capital invested in China was in the form of CD capital. Before 1997, this rate had reached 98% (Zhang 2003).

accounted for more than half of all foreign investment in these two provinces. As previously mentioned, CD capital accounted for a considerable portion of FDI from these regions. This capital was concentrated in overseas compatriots' hometowns like Jinjiang, Fuqing, and Chaoshan, as well as special economic zones in Xiamen, Shantou, Shenzhen, and Zhuhai (Wang 2004, pp. 150-186).

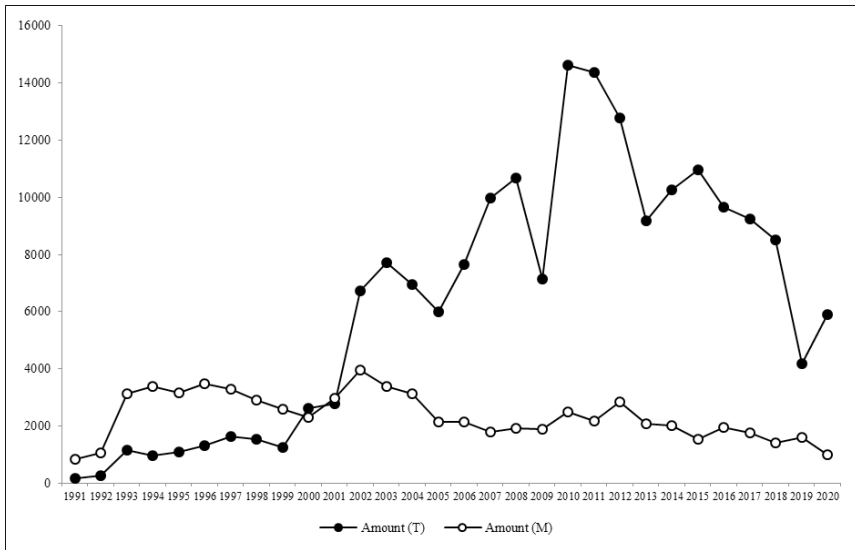


FIG. 2.—TAIWANESE INVESTMENT IN MAINLAND CHINA (UNIT: MILLION USD)

Source: Mainland Affairs Council of Republic of China.

Notes: Amount (T) is based on data from the Ministry of Economic Affairs of Republic of China (Taiwan), and the Amount (M) is based on data from the Mainland China government. The Contracted Amount and Realized Amount for 1991 included data from before 1991.

According to data from Taiwan, CD investment in mainland China stood at \$174.16 million in 1991. By 1993 this figure had increased six-fold. It remained steady until rising from \$2.61 billion in 2000 to \$14.62 billion in 2010. From that point on, investment in mainland China from Taiwan began to fall, and in 2020 it was estimated to be worth \$5.91 billion. However, data from mainland China differs significantly from data from Taiwan and suggests that the level of Taiwanese investment was much lower.⁸ The Chinese data gives a figure of \$844 million in 1991 and records a peak in 2002, when figure reached \$6.72 billion. According to Chinese data,

investment from Taiwan was worth \$1 billion in 2020 (see figure 2).

China has seen a surge in CD capital investment. CD entrepreneurs were dispersed throughout the world, but formed a network and shared business-related information. The World Chinese Entrepreneurs Convention (WCEC) is a typical example of one such network. Formed in Singapore in 1991, it has since held meetings in a number of countries. In the keynote address at the group's first meeting, Singapore's senior minister, Lee Kuan Yew, argued that CD money and technology would assist China's economic reform and opening up (Lee 1991). In 1998, the WCEC created a secretariat position to organize regular conferences. The Singapore Chinese Chamber of Commerce & Industry, the Chinese General Chamber of Commerce, and the Thai-Chinese Chamber of Commerce were in charge of the secretariat. To date, the WCEC has organized 15 conferences, most of which have been held in cities in Asia, including Singapore, Hong Kong, Bangkok, Nanjing, Kuala Lumpur, Seoul, Kobe and Osaka, Manila, Chengdu, Bali, and Yangon. Exceptions were Vancouver (4th conference), Melbourne (5th conference), and London (15th conference).

The 6th and 12th conferences were held in China. At the 2001 Nanjing conference, which was held in the same year as China's entry into the WTO, Chinese Prime Minister Zhu Rongji remarked, "Over the years, overseas Chinese have enthusiastically supported and participated in China's economic development in various ways. Most of the foreign-funded enterprises in China are in fact funded by overseas Chinese. They have made indelible contribution to China's remarkable economic achievement" (Zhu 2001). In his opening address, Li Ruihuan said, "A lot of our import of foreign funds, export, trade and exchanges with other countries and regions depend on them. I would like to take this opportunity to pay high respects and express hearty thanks to all the overseas Chinese communities that have made contribution to China's development" (Li 2001).

The Diaspora as a Workforce in South Korea's Neoliberal Economy

The Industrial Technical Training System (ITTS), which permitted Korean enterprises to hire foreign workers, was implemented by the South Korean government in the late 1980s (Korea Federation of Small and Medium

⁸ The two sets of data were calculated according to a different standard and method.

Business and Korea Small Business Institute 2001). It came in response to small and medium-sized businesses' calls for the domestic labor market to be opened up. Rather than a unique legislation or norm, the category of "industrial trainee" (foreign workers with student visas) was administrated by adding a new class of visa to the existing Immigration Act. In 1991, the Ministry of Justice established the "Business Process Guidelines for Visa Issuance under Industrial Technical Training System" (Ministry of Justice 1991). This system marked the beginning of Korean businesses using foreign workers. In 1998, the ITTS was reformulated into the Training and Employment System. This, in turn, was revised and renamed the Employment and Management System in 2002.

Along with foreign worker policies, changes in overseas Korean policy were another theme of the 1990s. From the founding of the South Korean government through the end of the 1980s, the country's overseas Korean strategy can be considered a policy for compatriots living in liberal economies such as the United States, Japan, and Europe. However, from the late 1980s, when South Korea implemented its Nordpolitik strategy, this policy changed. The "Special Declaration by President Roh Tae-Woo in the Interest of National Self-esteem, Unification and Prosperity" (Ministry of Foreign Affairs 1988, pp. 538-540), and the "Follow-up Measures on the Implementation of the Open-door Policy for Ensuring Free Visits of Overseas Koreans to South and North Korea" (Ministry of Foreign Affairs 1988, p. 584), in 1988 were key events. According to this declaration and its follow-up measures, South Korea would work to develop relations with communist countries such as the Soviet Union and China. At the same time, it would welcome compatriots living in socialist countries with open arms. In 1990, South Korea established diplomatic relations with the Soviet Union (Russia), then with China (and Vietnam) in 1992.

The South Korean government formed the Globalization Promotion Committee in 1995. The purpose of this committee was, firstly, to response to changes in the internal and external conditions of the twenty-first century by improving the fields of politics, economy, society, and culture, to a globally competitive level. Secondly, it aimed to actively participate in the formation of the world order. Thirdly, it sought to promote cooperation between South Korea and the international community through deliberation and effective task implementation (Globalization Promotion Committee 1994). Additionally, South Korea joined the long-awaited Organisation for Economic Co-operation and Development, or OECD, in 1996. For South Korea to open up its domestic labor market and build a new, reciprocal

socioeconomic relationship with foreigners, it needed to form a national committee and participate in international organizations. This relationship was organized around the Korean diaspora abroad. President Kim Young-Sam told compatriots in Osaka in 1995, and Los Angeles in 1996, that the Korean government would establish the Overseas Korean Foundation to support various programs linked to KD in a thorough and methodical manner (Ministry of Foreign Affairs 1997, pp. 288-289). This foundation was established in 1997 in Seoul.

The Asian financial crisis of 1997 hastened the institutionalization of South Korea's ties with its diaspora (especially the diaspora in America). Following President Kim Dae-Jung's visit to the United States in 1999, the South Korean government enacted the Act on the Immigration and Legal Status of Overseas Koreans (or Overseas Koreans Act, hereafter OKA) to bypass obstacles Korean Americans faced, such as the restrictions on dual citizenship, and the obligations asked of South Korean citizens, such as military service for men. The OKA defined overseas Koreans as persons who migrated to other countries following the foundation of the South Korean government in 1948. However, KD from China and CIS regions who were already working in South Korea were exempt from this act. As a result, the OKA was declared unconstitutional by the Constitutional Court and was revised in 2004. Overseas Koreans with foreign nationality and overseas Koreans with Korean nationality were defined as overseas compatriots in the modified statute (Piao 2017).

The previous foreign worker policy was divided into two parts following the modification of the OKA. The Act on the Employment of Foreign Workers permitted non-ethnic Korean foreign workers to work in Korea (Environment and Labor Committee of National Assembly 2003). The "Visit and Employment System, an Engagement Policy towards Overseas Koreans with Foreign Nationalities" (or Visit and Employment System, hereafter VES) implemented in 2007 allowed ethnic Korean foreign employees to work in the country (Ministry of Justice 2007). According to this VES, the KD workers might work in the agricultural and fishing industries, as well as manufacturing and construction sectors. Since 2009, KD workers have been able to operate in fields where South Korean workers are scarce. In 2007, the VES was instrumental in dramatically boosting the number of the KD workers in South Korea. Compared to other foreign workers, KD workers were able to stay in Korea for longer periods of time and work in a wider range of industries. Small and medium-sized businesses also chose to hire KD workers who could communicate well in Korean to save on costs. In

2007, there were 258,835 KD workers in South Korea, and by 2019 this number had risen to 708,730. The number of KD workers dropped to 648,658 in 2020 because of the COVID-19 pandemic (see figure 3).⁹ Koreans from China developed a residential area around Guro Digital Complex (GDC), which was built by the South Korean government in the 1960s and 1970s in southwest Seoul. Other Korean Chinese live in the urban areas of their respective cities. KD workers from the CIS region live in the area around industrial complexes in local cities (Park 2021).

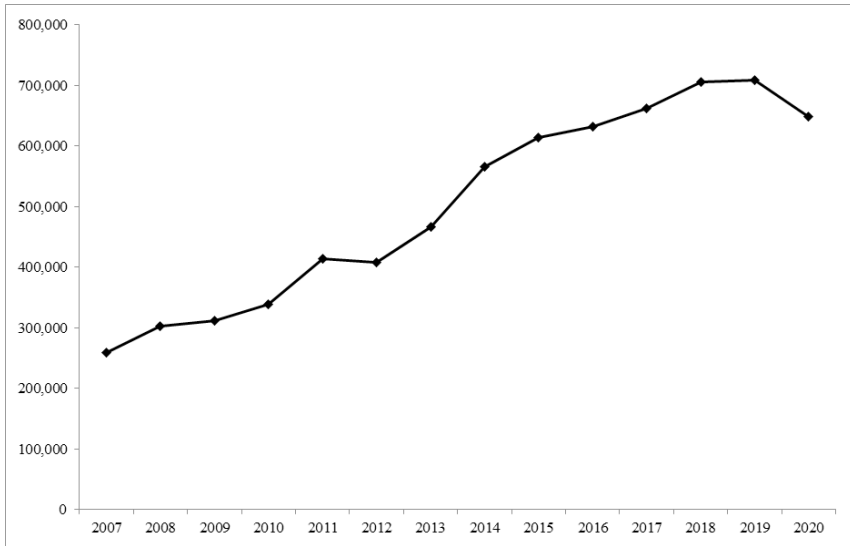


FIG. 3.—DIASPORA WORKERS IN SOUTH KOREA

Source: Korea Immigration Service of Ministry of Justice.

Note: KD workers were from China, Uzbekistan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Russia, and Ukraine. In 2007, there were 246,356 people from China, 10,606 from Uzbekistan, 719 from Kazakhstan, and 5 from Tajikistan. In addition, there were 1,114 from Russia and 35 from Ukraine. The number of KD workers has continued to rise. The number of KD worker from China climbed to 630,219 in 2019, while the number of workers from Uzbekistan, Kazakhstan, Kyrgyzstan, Tajikistan, and Turkmenistan increased to 33,436, 13,087, 2,660, 254 and 257, respectively.

⁹ The explanation for the drop was that they were unable to enter owing to movement limitations. Furthermore, some of them were unable to find work, and the social security system in place during the pandemic did not cover foreigners, forcing them to return to their home countries.

Let us examine KD workers' economic conditions. We will concentrate on KD workers from China as the number of KD workers from the CIS region is not substantial and data on their economic conditions is scarce. Table 7 shows workers' former wage in China, their age, and the wage disparity between Korea and China by occupation in the 2000s. The average age of Korean Chinese who arrived in South Korea before 2004 was 44, with a wage gap of 7.1 times. The average age was 45 in 2005-2006, and the wage disparity was 6.9 times. The average age in 2007 was 46, and the wage gap was 6.3 times, whereas the average age in 2008 was 47, and the wage discrepancy was 6.1 times. The wage difference was 7.7 times for unemployed individuals, 8 times for peasants, 5.5 times for self-employment, 5.5 times for public service, 5.3 times for professionals, 6.7 times for workers, and 6.3 times for other jobs when looking at the situation by occupation between China and South Korea. When comparing China and the CIS region, because there is no proof that the latter is economically superior to the former, it may be assumed that the economic standing of CIS KD workers is comparable to or lower than that of Korean Chinese workers.

TABLE 7
MONTHLY SALARY BY JOB TYPE, AVERAGE AGE AT TIME OF ENTRY,
AND FORMER JOB IN CHINA (UNITS: X'S, YUAN (RMB), AGE)

		Unemployed	Agriculture	Self-employment	Public Service	Professional	Worker	Other	Total
2008	Wage gap	6.5	8.0	5.1	4.5	5.5	6.5	5.9	6.2
	Chinese salary	1,300	1,048	1,744	1,706	1,757	1,359	1,475	1,414
	Avg. age	50	51	47	49	46	43	46	47
2007	Wage gap	7.4	7.4	5.1	5.3	5.3	6.4	5.3	6.3
	Chinese salary	1,366	1,254	1,757	1,702	1,775	1,420	1,763	1,463
	Avg. age	40	48	46	46	43	47	40	46
2005 - 2006	Wage gap	9.4	8.3	5.7	6.4	5.1	7.2	6.9	6.9
	Chinese salary	1,000	1,110	1,594	1,810	2,033	1,244	1,280	1,344
	Avg. age	42	46	43	48	35	48	47	45
Before 2004	Wage gap	8.1	8.5	6.2	5.7	5.3	7.0	7.2	7.1
	Chinese salary	1,208	1,062	1,476	1,808	1,835	1,289	1,262	1,298
	Avg. age	37	47	43	48	39	43	41	44
Total	Wage gap	7.7	8.0	5.5	5.5	5.3	6.7	6.3	6.6
	Avg. age	1,238	1,128	1,641	1,757	1,835	1,337	1,443	1,387

Source: Park (2020, p. 38).

Note: Chinese salary was estimated by job type, based on salary earned in Korea in addition to exchange rate and average wage differential at time of survey.

Korean Chinese women workers tend to work in the service and manufacturing industries. According to research by Park, Park, and Jeong (2015, pp. 75-77), 65.9% of Korean Chinese in the GDC area received 1.51-2 million won per month in the service industry. Meanwhile, 26.9% were paid 1.01-1.50 million won. Those earning less than 1 million won made up 2.2% of the total, while those making more than 2 million won made up 5%. In the manufacturing sector, 57.1% received 1.51-2 million won, while 18.7% received 1.01-1.5 million won. Those with being paid less than 1 million won made up 12.1% of the total, while those with more than 2 million won made up 12.2%. This monthly wage was higher than that of South Korean women workers in the same working place. 29.1% of South Korean industrial workers earned 1.51-2 million won and 46.6% earned 1.01-1.5 million won. Those making less than 1 million won made up 16.5% of the total, while those earning more than 2 million won made up 7.8%. Working hours were the source of this disparity. Of Korean Chinese women workers, 46.2% worked over 60 hours per week. Meanwhile, 19.2% worked 53-59 hours, 18.1% labored 48-52 hours, 3.3% worked 41-47 hours, and 13.2% worked 40 hours or less. At the same time, 11.4% of South Korean women workers worked 60 hours or more per week, 12.4% worked 53-59 hours, 19.1% worked 48-52 hours, 26.7% worked 41-47 hours, and 31.5% worked less than 40 hours. Because they worked substantially longer hours, Korean Chinese female workers' incomes were higher than those of their South Korean counterparts. We find a similar scenario in the service industry. 52.7% of Korean Chinese women worked more than 60 hours per week, 7.5% worked 53-59 hours, and 17.2% worked 48-51 hours. When this situation was converted to an hourly minimum wage, it came to 5,549 won for Korean Chinese women working in manufacturing and 5,433 won for service workers, both of which were lower than the 5,850 won for South Korean women working in manufacturing at the same location and time.

The construction industry employed a large number of working men. Koreans from China worked an average of 8.8 hours per day, while Koreans from the CIS worked an average of 9.0 hours per day. When these daily hours are converted into weekly hours, people from China worked 53.9 hours and CIS people worked 62.3 hours. Koreans from China were paid 156,000 won per day, while workers from the CIS were paid 90,000 won. When these daily salaries are converted to monthly wages, Koreans from China received about 3.41 million won, while Koreans from CIS regions received about 2.10 million won. The main cause for the salary disparity was due to human resource factors such as work experience and language skills. Korean Chinese

TABLE 8
SOCIOECONOMIC CHARACTERISTICS OF MALE KOREANS FROM CHINA AND CIS IN
SOUTH KOREAN LABOR MARKET

	Daily Work Hours	Weekly Work Hours	Daily Salary (Thousand won)	Monthly Salary (Million won)	Job Career (year)	Length of Stay (year)	Language Ability (score)
China	8.8	53.8	156	3.405	6.3	6.8	4.5
CIS	9.0	62.3	90	2.096	2.3	2.5	3.0

Source: Seol, Kim, Park, and Joo (2018, p. 204-205, 210, 240-249).

Note: The points between 1 and 6 represent language ability. People who can read and write Korean alphabets are given a score of 1, and those who have a level of skill that is similar to that of Koreans are given a score of 6.

had an average of 6.3 years of construction experience, compared to 2.3 years for Koreans from the CIS. The length of their stay in Korea had a direct impact on their careers. Koreans from China stayed for 6.8 years, whereas Koreans from the CIS stayed for 2.5 years. Koreans from China received an average of 4.5 points for linguistic competency, while those from the CIS received 3.0 points (see table 8).

The Diaspora as Overseas Customers and Middlemen for China and South Korea's Economic Expansion

Trade between China and Southeast Asian countries has risen rapidly since 1990. In 1990, China bought \$2.63 billion from Southeast Asia; by 2007, this figure had risen to \$108.37 billion. Exports from China to Southeast Asia grew from \$4.79 billion in 1990 to \$94.18 billion in 2007 (see figure 4).

The majority of the Chinese products that made their way into the Southeast Asian market were low-cost everyday essentials. These items were mostly sold in locations with a big CD population. Products were disseminated and sold not only in brick-and-mortar businesses, but also via cross-border trading between Chinese migrants and merchants. As the number of newcomers expanded, so did the need for Chinese everyday necessities in Southeast Asian countries. These newcomers included Chinese employees, technicians, and managers who came to Southeast Asia with Chinese firms. Chinese capital has mostly invested in the manufacturing sector in Southeast Asia for export to developed countries, as well as the development of resources that can be exported to China. In 2006, Chinese

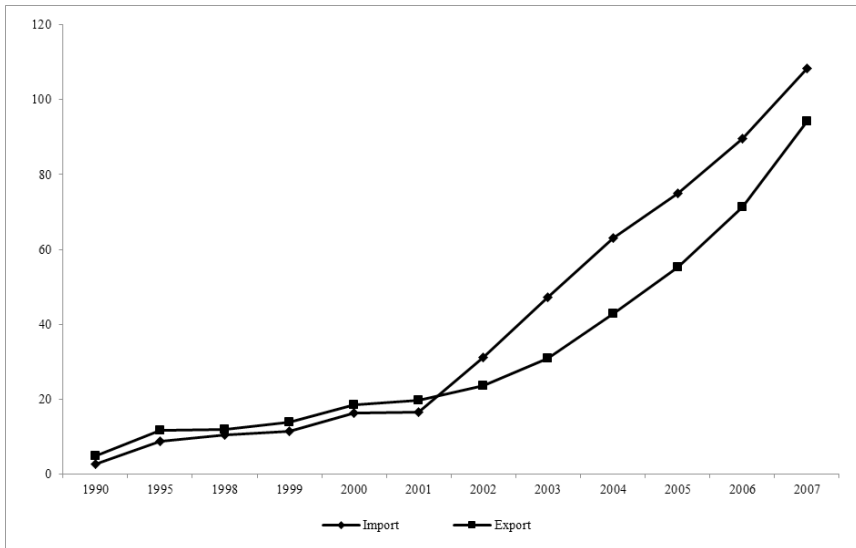


FIG. 4.—CHINA'S TRADE WITH SOUTHEAST ASIA (UNIT: BILLION USD)

Source: Operated from Zhuang and Wang (2010, p. 182).

capital invested in Laos, resulting in the initiation of 43 mining projects, accounting for 34% of all mining projects in the country. Furthermore, Chinese investment in Cambodia, Thailand, and Myanmar was mostly focused on energy, textiles, clothing, construction supplies, and engineering contracts. In Thailand, the main activities that attracted Chinese capital was the processing of agricultural products and the exploitation of natural resources. TCL, a Chinese television manufacturer, invested in Vietnam. As a result, the number of Chinese immigrants to these countries climbed from 11,979 in 1995 to 40,652 in 2005. This was due to a rise in Chinese capital entering Southeast Asia: Chinese investment grew from around \$40 million in 1996 to almost \$1.079 billion in 2007 (Zhuang and Wang 2010, pp. 184-188). In this way, the CD may be understood as serving as both a middleman and an outside customer in the process of Chinese capital and product expansion. This role was also acknowledged by Chinese leaders. Xi Jinping gave a congratulatory address during a WCEC meeting in Chengdu in 2013. "Over the past 30 years, overseas Chinese have given full play to their advantages in capital, technology, management and business network, invested and started businesses all over China, and with their wisdom and sweat, they have effectively promoted China's economic and social

development and China's exchanges and cooperation with the world. I would like to express my heartfelt thanks to you!" he said (Xi 2013). Yu Zhengsheng, at the same meeting, said, "China is implementing a more proactive opening-up strategy, promoting more enterprises to go global and participate in international competition in an all-round way, which will open up a broader international stage for the career development of the majority of Chinese businessmen" (Yu 2013).

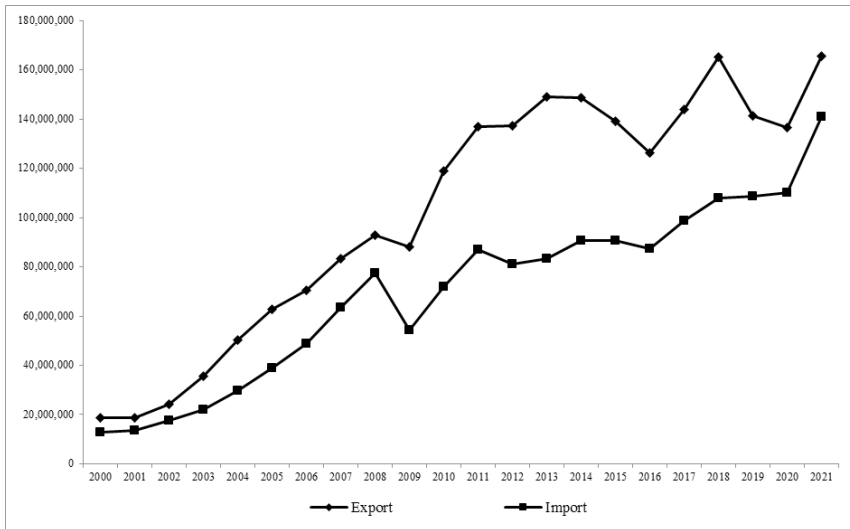


FIG. 5.—SOUTH KOREA'S TRADE WITH CHINA AND COUNTRIES OF CIS
(UNITS: THOUSAND USD)

Source: Korea International Trade Association.

Let us consider the KD's role in South Korea's economic expansion. In the 1990s, many Korean products were sold to Yanbian, a Chinese area administered by ethnic Koreans. The market in Yanbian carried almost every type of processed food, including large-scale food firms' confectionaries and candies, as well as seasonings and dried fish. Yanbian served as a crossroads for the distribution of Korean goods in Northeast China. Korean pop music began to gain popularity during the same period, reaching Koreans in China, who began listening to it (Park, Easthope and Chang 2020). As a result, it is fair to say that these compatriots were the ones who initiated the Korean

Wave (*Hallyu*) in China. As China's economic reforms ushered in the growth of the service industry, South Korean cash poured into the country's tourist and leisure industries. The Daewoo Group's five-star hotel in Yanji, which opened in 1996, was Northeast China's first Western-style hotel. This hotel catered to both locals and visitors from South Korea. A football team made up of ethnic Koreans existed in Yanbian. It was one of China's earliest football clubs. When China launched its professional football league in 1994, the system that had previously been run and governed by local government was replaced with corporate sponsorship. Samsung Electronics became the team's sponsor in the first year of the Chinese league. It was also the first football team in the Chinese league to be sponsored by a foreign firm. Hyundai Motor Company sponsored the Yanbian football club in the 1995 and 1996 seasons. Yanbian Hyundai Motors Football Club was the team's name at the time. This football club, for example, sported the same outfits as the South Korean league football teams sponsored by Samsung and Hyundai at the time. This emphasis on ethnicity was very recognizable to compatriots in China, and it had a significant impact on their like and preference for Korean products (Park 2022b).¹⁰ Korean products began to spread through Central Asia about the same time. South Korea's economic ties with Central Asian countries have grown significantly since 2000. These countries have seen a surge in Korean fashion, beauty, and medical items and services. Exports of machinery, computers, and vehicle parts, as well as food and everyday essentials, rose after the mid-2000s.¹¹ Figure 5 depicts the economic transition quite well. South Korea's exports to China and the CIS region climbed from \$18.78 billion in 2000 to \$165.63 billion in 2021, while imports increased from \$12.96 billion in 2000 to \$141.09 billion in 2021.¹² In this regard, the KD serves as a foreign customer who consumes Korean items outside of Korea, a distributor who distributes Korean products in the country of residency, and a middleman who directly or indirectly facilitates the spread of Korean capital.

¹⁰ Of course, the KD was not the only population that consumed Korean goods in China. Korea's investment has been centered in the Southeastern coastal regions on a large scale.

¹¹ Please see Korean International Trade Association.

¹² The economic interchange with China accounts for almost 98% of total trade, but exchange with Central Asian countries remains vibrant.

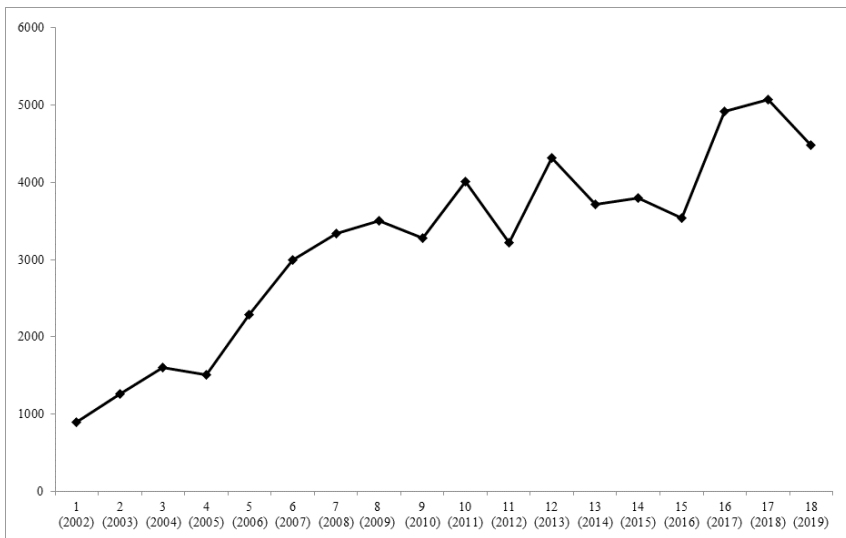


FIG. 6.—NUMBER OF PARTICIPANTS IN WORLD KOREAN BUSINESS CONVENTION

Source: Overseas Korean Foundation/hansang.

At the same time, the South Korean government desired to create a network of KD entrepreneurs. This idea gained traction in the South Korean government after the WCEC was held in Singapore, and was sparked by the Chinese government's expansion of economic links with CD businesspeople. With the support of Overseas Koreans Foundation, the World Federation of Overseas Korean Traders Associations (World-OKTA) and the Korean American Small Business USA (KASBUS) began sponsoring the Overseas Korean Economic Network Convention in 1998. The meetings, however, did not achieve their desired aim. Since 2002, the Korean government has had the Overseas Koreans Foundation host the World Korean Business Convention (WKBC) to address this issue. The purpose of this organization is, firstly, to provide a platform for domestic and overseas Korean entrepreneurs to exchange market and production information; second, to promote globalization and glocalization through networks of domestic and overseas Korean entrepreneurs; third, to provide opportunities for scientists, engineers, and lawyers to participate in this network; fourth, to improve the economic status of overseas Koreans in their countries of residence; fifth, to increase exports of Korean products, and sixth, to improve the economic potential of the entire Korean people (Overseas Koreans Foundation 2002).

In his congratulatory speech of the first WKBC, President Kim Dae-Jung said, "I extend a hearty welcome to all overseas Korean businessmen who have come to miss their homeland. I'd also like to thank you for your unshakable collaboration and support during difficult times in the ethnic homeland and during the development process ... the Gyeongui Railway Line and Donghae Railway Line are particularly essential and relevant routes for our people. This is the 'Iron Silk Road,' which will shape Korea's economy in the twenty-first century. Korea's 'Iron Silk Road' will connect the entire continent of Eurasia. It will serve as a crossroads for trade and logistics between Eurasia and the Pacific Ocean" (Kim 2002). Despite the fact that the WKBC was not limited to overseas Korean entrepreneurs in Asia, they made up a large proportion of the participants. Seven of the convention's presidents have been Korean Americans, and eight have been Koreans from Asia. Many of the presidents from Asian countries have been elected since the mid 2010's. The number of participating countries and participants rose as Koreans from Asian countries were elected as president(see figure 6).¹³

When compared to the WCEC, the WKBC has the following characteristics: first, the Korean government played an important role in both the organization and management process, and second, the WKBC is a platform for promoting the expansion of Korean products and services rather than attracting foreign investment.

Conclusion

China and South Korea have made extensive use of overseas compatriots to advance their economies. These diasporas played varied roles in the development of capitalism in the nations where they were mobilized. We can identify the roles of diaspora, and the similarity and differences between China and South Korea.

First, the diaspora served as an investor (or capitalist). This trait was prominent in the Chinese setting. China needed to attract foreign capital to expand domestic production and employment as part of its post-socialist restructuring. From all corners of the globe, money poured into China. This investment can be classified as foreign capital based its country of origin, but a significant amount was diaspora capital. In this regard, part of China's post-

¹³ The president of the 2020 convention was Korean Chinese. The annual meeting had to be canceled due to the COVID-19 pandemic.

socialism has been achieved through attracting overseas compatriots' investment from Hong Kong, Southeast Asian countries, and Taiwan. The Chinese government thought that by opening up its market and allowing overseas compatriots to act as entrepreneurs and investors, the diaspora could help China's economic progress. Policies targeting diaspora entrepreneurs were an essential aspect of China's diaspora policy, and while these policies classified such entrepreneurs as foreigners, their ethnic Chineseness was also maintained.

Second, the diaspora served as a source of labor. This role has been particularly salient in South Korea. When the secondary labor market was short of workers, Korea's small and medium-sized businesses urged the government to bring in foreign workers. The government acceded to their requests and gradually implemented the policies required to bring in foreign employees. At the same time, the Korean government also implemented policies aimed at Koreans living abroad. These two policies created a group of people who were classified as foreign workers but at the same time identified as foreign Korean workers on the bases of their Koreanness. This group was made up of Koreans from China, the CIS region, Russia, and Ukraine. They have been integrated into South Korea's domestic labor market and, in comparison to non-Korean foreign employees, have more economic rights.

Third, the diaspora served as overseas customer and middleman. This was evident in both China and South Korea: both used their diaspora as a resource to expand their products and services internationally. Compatriots are far from the only market for international expansion, but they were one of the first points of entry for commercial expansion into other countries' local communities. In this process too, ethnicity naturally became a fundamental criterion for economic relations between diaspora and ethnic homeland; overseas compatriots were more open than other potential markets to consuming items and service from their father (or mother) nation. At the same time, by marketing these items and services in their local areas, the diasporas had a significant impact on market expansion. They traded directly with their ethnic homeland or redistributed products that had been imported by others. In this regard, they might be viewed as middlemen in the distribution of goods and services. Overseas compatriots have played a direct and indirect role in the process of investing Chinese and Korean capital abroad. Of course, members of the respective diasporas did serve as intermediaries in all foreign investments, but, as the leaders of both nations acknowledged, the importance of the diaspora in the economic expansion of Chinese and Korean capital should not be underestimated.

In summary, economic integration between Asian countries led members of the Chinese and Korean diasporas to function as investor (capitalist), worker (employee), customer, and middleman. Diasporas were integrated into the capitalist systems of both their ethnic homeland and their countries of residence. As a result, it seems clear that one facet of Asian countries' economic integration is compatriotic Asianization. Although not the subject of this study, some other Asian countries have begun (or already) to mobilize diaspora communities in pursuit of economic development. In this respect, compatriotic economic integration, which has yet to receive much attention, is likely to contribute valuable insights into the nature of capitalism's development in Asia. Furthermore, understanding the relationship between the economic roles of diaspora and capitalism in Asian countries will likely help us analyze the various multicultural social difficulties that have emerged as a result of concurrently addressing developmental concerns and population decline.

(Submitted: March 9, 2022; revised: June 26, 2022; Accepted: June 29, 2022)

References

- Abelmann, Nancy and Lie, John. 1997. *Blue Dreams: Korean Americans and the Los Angeles Riots*. Cambridge and London: Harvard University Press.
- Bolt, Paul J. 2000. *China and Southeast Asia's Ethnic Chinese: State and Diaspora in Contemporary Asia*. Westport, CT and London: Praeger Publishers.
- Chang, Kyung-Sup. 2014. "Asianization of Asia: Asia's Integrative Ascendance through a European Aperture." *European Societies* 16(3): 337-342.
- Environment and Labor Committee of National Assembly. 2003. (In Korean) "Oegugingunrojau i goyong deunge gwanhan beobryulan[Act on the Employment of Foreign Workers]." Seoul.
- FitzGerald C. P. 1965. *The Third China: The Chinese Communities in South-East Asia*. Vancouver: University of British Columbia.
- Globalization Promotion Committee. 1994. (In Korean) "Segyehwachujinwiweonhoe gyujeong[Rules of Globalization Promotion Committed]." Retrieved December 4, 2021. <https://www.law.go.kr/LSW/lsInfoP.do?lsiSeq=21434#0000>.
- Guo, Bibo. 2006. (In Chinese) "Dongnanyahuawhangzaizhongguodalutouziyanjiu (1980nian-2004nian)[A Study on Investment of Southeast Asian Chinese Business in Mainland China (1980-2004)]." Master's Thesis, Xiamen University.
- Hicks, George. 1996. *Chinese Organisations in Southeast Asia in the 1930s*. Singapore:

Select Books Pte Ltd.

- Huang, Cen, Zhuang, Guotu and Tanaka, Kyuko eds. 2000. *New Studies on Chinese Overseas and China*. Leiden: International Institute for Asia Studies.
- Hurh, Won-Moo. 1998. *The Korean Americans*. Westport: Greenwood Press.
- Hyeon, Kyu-Hwan. 1967. (In Korean) *Hangugyuyiminsa [History of Korean Immigration]*. Seoul: Oemungag.
- Jo, Mi-Jeong. 2018. "Koryo Saram in South Korea: 'Korean' but Struggling to Fit in." *Korean Expose*, Retrieved November 9, 2021. <https://www.koreaexpose.com/koryo-saram-from-central-asia-and-russia-struggle-in-south-korea/>.
- Kim, Dae-Jung. 2002. (In Korean) "Chugsa[Congratulatory Letter]." Retrieved January 12, 2022. https://www.hansang.net/hansang/hansang_convention/pg_summary_1.do.
- Kim, German N. 2005. "Korean in Kazakhstan, Uzbekistan, and Russia." *Encyclopedia of Diasporas*: 983-992.
- Korea Federation of Small and Medium Business and Korea Small Business Institute. 2001. (In Korean) Oegugin saneobyjeonsujedo baljeonbangan [*The Development Plan for Foreign Industrial Technical Training System*]. Seoul.
- Korea Immigration Service of Ministry of Justice. *Korea Immigration Service Statistics*. Retrieved November 5, 2021. <https://www.immigration.go.kr/immigration/1570/subview.do>.
- Korea International Trade Association. Retrieved January 10, 2022. <https://stat.kita.net/stat/kts/pum/PumCtrImpExpList.screen>.
- Lee, Gu-Hong. 1978. (In Korean) *Hangugyiminsa [History of Korean Migrants]*. Seoul: Jungangbangsong & Dongyangbangsong.
- Lee, Kuan Yew. 1991. "On China and Chinese Overseas." Retrieved December 12, 2021. https://www.wcecofficial.org/en/pdf/01/lee_kuan_yew_5.pdf.
- Lee, Kwang-Gyu. 2000. *Overseas Koreans*, Seoul: Jibmoondang.
- Lever-Tracy, Constance, Ip, David, and Tracy, Noel. 1996. *The Chinese Diaspora and Mainland China: An Emerging Economic Synergy*. London: Macmillan Press Ltd.
- Li, Peter S and Li, Xiaoling. 2013. "The Chinese Overseas Population." Pp. 15-28, in *Routledge Handbook of the Chinese Diaspora*, edited by Tan, Chee-Beng. London and New York: Routledge.
- Li, Ruihuan. 2001. "Speech by Chairman Li Ruihuan at Opening Ceremony of the Sixth World Chinese Entrepreneurs Convention." Retrieved January 12, 2022. https://www.wcecofficial.org/en/pdf/06/li_ruihuan_7.pdf.
- Lie, John. 2008. *Zainichi (Koreans in Japan): Diasporic Nationalism and Postcolonial Identity*. Berkeley: University of California Press.
- Lim, Timothy and Seol, Dong-Hoon. 2018. "Explaining South Korea's Diaspora Engagement Policies." *Development and Society* 47(4): 633-662.
- Lin, Jinzhi. 1988. (In Chinese) *Jindaihuaqiaotouziguoneiqiyegailun [An Introduction of Overseas Chinese Investing in Domestic Enterprises in Modern China]*. Xiamen: Xiamendaxuechubanshe.

- Mainland Affairs Council of Republic of China. Retrieved December 2, 2021. https://www.mac.gov.tw/News.aspx?n=2C28D363038C300F&sms=231F60B3498BB19&_CSN=CA60F31A88AF3736.
- Min, Pyong-Gap. 2011. *Koreans' Immigration to the U.S.: History and Contemporary Trends*. The Research Center for Korean Community, Queens College of CUNY.
- Ministry of Foreign Affairs. 1988. (In Korean) *Daehanmingug Oegyoyeonpyo* [*Diplomatic Chronology of Republic of Korea*]. Seoul.
- _____. 1997. (In Korean) *Oegyobaekseo* [*Diplomatic White Paper*]. Retrieved December 4, 2021. www.mofa.go.kr/www/brd/m_4105/list.do?page=7&srchFr=&srchTo=&srchWord=&srchTp=&multi_itm_seq=0&itm_seq_1=0&itm_seq_2=0&company_cd=&company_nm=.
- Ministry of Justice. 1991. (In Korean) *Oegugin saneobgisul yeonsusazeung balgeub deunge gwanhan eobmucheori jicim* [*Business Process Guidelines for Visa Issuance under Industrial Technical Training System*]. Seoul.
- _____. 2007. (In Korean) *Oeguggugjeogdongpo poyongeul wihan bangmunchwieopjedo* [*Visit and Employment System, an Engagement Policy towards Overseas Koreans with Foreign Nationalities*]. Seoul.
- Overseas Community Affairs Council of Republic of China. 2020. (In Chinese) *Zhonghuaminguo109nianqiaowutongjiniannbao* [*Statistical Yearbook of the Overseas Community Affairs Council*]. Retrieved August 4, 2021. https://www.ocac.gov.tw/OCAC/File/Attach/313/File_245373.pdf.
- Overseas Compatriotic Affairs Commission of Republic of China. 2010. (In Chinese) *Zhonghuaminguo99nianqiaowutongjiniannbao* [*Statistical Yearbook of the Overseas Compatriot Affairs Commission*]. Retrieved August 4, 2021. https://www.ocac.gov.tw/OCAC/File/Attach/313/File_409.pdf.
- Overseas Korean Foundation. 2002. (In Korean) “Segyehansangneteuwokeui taedong [The Birth of the World Korean Business Convention].” Retrieved January 12, 2022. https://www.hansang.net/hansang/hansang_convention/pg_summary_1.do.
- Overseas Korean Foundation/hansang. Retrieved January 13, 2022. https://www.hansang.net/hansang/hansang_convention/pg_summary_19.do.
- Overseas Korean Foundation/Statistics. “Statistics of Overseas Compatriots.” Retrieved November 4, 2021. https://www.korean.net/portal/info/pg_knt.do.
- Pan, Lynn. 1990. *Sons of the Yellow Emperor: A History of the Chinese Diaspora*. Boston: Little, Brown and Company.
- Park, Woo, Easthope, Robert and Chang, Kyung-Sup. 2020. “China’s Ethnic Minority and Neoliberal Developmental Citizenship: Yanbian Koreans in Perspective.” *Citizenship Studies* 24(7): 918-933.
- Park, Woo, Park, Jun-Do, and Jeong, Yeong-Sup. 2015. (In Korean) *Junggugcuisin yeoseongnodongjaui nodongsijanggwa sanghwalseagyeyeongu* [*A Study on Female Workers from China*]. Seoul: Gurogeunrojabogjisente.
- Park, Woo. 2019. “The Asianization of Northeast China: Fragmented Integration of

- Local Authority and the Yanbian Korean Autonomous Prefecture.” *Journal of Asian Sociology* 48(3): 377-414.
- _____. 2020. *Chaoxianzu Entrepreneurs in Korea: Searching for Citizenship in Ethnic Homeland*. Abingdon: Routledge.
- _____. 2021. “From Domestic Migrant’s Region to Ethno-Transnational City: Explaining the Changes of Daerim-dong in Metropolitan Seoul.” Paper presented at annual conference of Korean Association of Sociology.
- _____. 2022a. “Restored Korean Ethnicity and China’s Post-Socialist Local Development: Yanbian Koreans in Perspective.” *Korea Journal*, forthcoming.
- _____. 2022b. (In Korean) “Jaehan junggugdongposahoe 30nyeon: pyeonggawajeonmang [30 Years History of Korean Chinese in Korea: Evaluation and Prospect].” Paper presented at International Conference on the 30th Anniversary of Establishment of Diplomatic Relations between South Korea and China, and the South Korea and Vietnam held in Incheon National University.
- Piao, You. 2017. “Hierarchical Citizenship in Perspective: South Korea’s Korean Chinese.” *Development and Society* 46(3): 557-589.
- Reckel, Johannes and Schatz, Merle eds. 2020. *Korean Diaspora: Central Asia, Siberia and Beyond*. Göttingen: Göttingen University Press.
- Reid, Anthony ed. 1996. *Sojourners and Settlers: Histories of Southeast Asia and the Chinese*. Honolulu: University of Hawai’i Press.
- Ren, Guixiang. 2014. (In Chinese) “Zhongguogaigekafangyuhuaqiaotouzi [China’s Opening Up and Overseas’ Investment].” *Renminwanglilunpindao [Theory Channel of Reminwang]*, Retrieved October 23, 2021. <http://theory.people.com.cn/n/2014/1020/c40531-25867944.html>.
- Seol, Dong-Hoon and Skrentny, John D. 2009. “Ethnic Return Migration and Hierarchical Nationhood: Korean Chinese Foreign Workers in South Korea.” *Ethnicities* 9(2): 147-174.
- Seol, Dong-Hoon, 2012. “The Citizenship of Foreign Workers in South Korea.” *Citizenship Studies* 16(1): 119-133.
- Seol, Dong-Hoon, Kim Myoung-Ah, Park, Woo, and Joo Jong-Sup. 2018. (In Korean) *Oegugjeogdongpo deung Oeguginryeogui geonseolyeonjang chwieopsiltae bunseok mit gwanribangan [Employment Status of Foreign Workers including Ethnic Koreans with Foreign Citizenship in Construction Industry in Korea]*. Ulsan: Human Resources Development Service of Korea.
- Shih, Shu-Mei, Tsai Chien-Hsin, and Bernards, Brian eds. 2013. *Sinophone Studies: A Critical Reader*. New York: Columbia University Press.
- Shih, Shu-Mei. 2007. *Visuality and Identity: Sinophone Articulations Across the Pacific*. Berkeley, Los Angeles, London: University of California Press.
- Standing Committee of the National People’s Congress. 1994. (In Chinese) *Zhonghua renmingongheguotaiwantongbaotouzibaohufa [Law of the People’s Republic of China on the Protection of Investment by Compatriots from Taiwan]*. Retrieved December 4, 2021. http://www.npc.gov.cn/wxzl/gongbao/2000-12/05/content_

- 5004612.htm.
- State Council. 1983. (In Chinese) *Guowuyuanguananyutaiwantongbaodaojingjitequtouzi detebieyouhuiwangfa* [Special Preferential Measures of the State Council for Taiwan Compatriots to Invest in SEZ]. Retrieved October 5, 2021. <http://policy.mofcom.gov.cn/claw/clawContent.shtml?id=2792>.
- _____. 1985. (In Chinese) *Guowuyuanguananyuhuaqiaotouziyouhuiidezhanxingguiding* [Notice of the State Council on Issuing the Interim Provision on Investment Preferences for Overseas Chinese]. Retrieved October 12, 2020. <http://www.lawinfochina.com/display.aspx?lib=law&id=4775&CGid=>
- _____. 1988. (In Chinese) *Guowuyuanguananyugulitaiwantongbaotouzideguiding* [Rules of the State Council on Encouraging Investment by Taiwan Compatriots]. Retrieved October 5, 2021. <http://www.mofcom.gov.cn/article/swfg/swfgbl/201101/20110107352176.shtml>.
- _____. 1990. (In Chinese) *Guowuyuanguananyugulihuaqiaohexianggang'aomentongbaotouzideguiding* [Notice of the State Council on Repealing the Interim Provisions of the State Council on Investment Preferences for Overseas Chinese]. Retrieved October 12, 2020. <http://www.lawinfochina.com/Display.aspx?lib=law&Cgid=161568>.
- _____. 1999. (In Chinese) *Zhonghuarenmingongheguotaiwantongbaotouzibaohufashishixize* [Detailed Rules for the Implementation of the Law of the People's Republic of China on the Protection of Investment by Taiwan Compatriots]. Retrieved December 4, 2021. <http://www.people.cn/zixun/flfgk/item/dwjf/falv/2/2-1-33.html>.
- Suh, Dae-Sook and Shultz, Edward J eds. 1990. *Koreans in China*. Hawaii: Center for Korean Studies.
- Sun, Chunri. 2009. (In Chinese) *Zhongguochaoxianzuyiminshi* [History of Korean Chinese]. Beijing: Zhonghuashuju.
- Suryadinata, Leo ed. 1997. *Ethnic Chinese as Southeast Asians*. New York: St. Martin's Press.
- Tang, Jiakuan. 2007. (In Chinese) "Woguoquanliweihuhaiwaiqiaobaozaiguoneidetouziqianyi[China Fully Protects the Investment Rights and Interests of Overseas Chinese in China]." Retrieved December 4, 2021. http://www.gov.cn/ldhd/2007-06/28/content_665713.htm.
- Tang, Lizhi. 2004. (In Chinese) *Dongnanyahuashangqiyejituanduiwanzhijietouziyanjiu* [A Study on Foreign Direct Investment of Ethnic Chinese Business Groups in Southeast Asia]. Xiamen: Xiamendaxuechubanshe.
- Wang, Ling-Chi and Wang, Gungwu eds. 1998. *The Chinese Diaspora: Selected Essays*. Singapore: Times Academic Press.
- Wang, Wangbo. 2004. (In Chinese) *Gaigekaifangyilaidongnanyahuashangzaizhongguo daludetouziyanjiu* [Studies on Southeast Asian Chinese Capital Investments in Mainland Chinese since 1978]. Xiamen: Xiamendaxuechubanshe.
- Weidenbaum, Murray and Hughes, Samuel. 1996. *The Bamboo Network: How*

- Expatriate Chinese Entrepreneurs Are Creating a New Economic Superpower in Asia*. New York: The Free Press.
- Xi, Jinping. 2013. (In Chinese) “Kaimuliyangjiang: hexin [Opening Ceremony Speech: Congratulatory Letter].” Retrieved January 12, 2022. <https://www.wcecofficial.org/cn/index.php/event/189-12wcec1>.
- Yang, Chun. 2006. “Overseas Chinese Investments in Transition: The Case of Dongguan.” *Eurasian Geography and Economics* 47(5): 604-621.
- Yoon, In-Jin. 2012. “Migration and the Korean Diaspora: A Comparative Description of Five Cases.” *Journal of Ethnic and Migration Studies* 38(3): 413-435.
- Yu, Zhengsheng. 2013. (In Chinese) “Kaimuliyangjiang [Opening Ceremony Speech].” Retrieved January 12, 2022. <https://www.wcecofficial.org/cn/index.php/event/193-12wcec5>.
- Zhang, Xinwei. 2003. (In Chinese) “Dongmengguojiazaihuatouzixianzhuangjiquanjin gzhanyang [Current Situation and Prospect of ASEAN Countries’ Investment in China],” *Guojingjijiezuozuo [Journal of International Economic Cooperation]* 12: 36-41.
- Zhang, Guotu. 2000. (In Chinese) “1978nianyilaizhongguozhengfuduihuaqiaohuarentaiduhezhengcedebianhua [Changes in the Chinese Government’s Attitude and Policies towards Overseas Chinese since 1978].” *Nanyangwentiyanniu [Southeast Asian Affairs]* 103(3): 1-13.
- Zhu, Rongji. 2001. “China’s Economy, Greater Opening-up and Growing Prosperity.” Retrieved December 12, 2021. https://www.wcecofficial.org/en/pdf/06/zhu_rongji_18.pdf.
- Zhuang, Guotu and Wang, Wangbo. 2010. “Migration and Trade: The Role of Overseas Chinese in Economic Relations between China and Southeast Asia.” *International Journal of China Studies* 1(1): 174-193.

Park Woo (Hansung University) has studied labor migration between China and Korea, the Korean Chinese community (enclave) in Korea, Northeast China, and more. His work on these issues has appeared in *Citizenship Studies*, *Journal of Asian Sociology (Development and Society)*, and elsewhere. He recently authored *Choaxianzu Entrepreneurs in Korea: Searching for Citizenship in the Ethnic Homeland* (2020, Routledge), and co-authored *Newcomers and Global Migration in Contemporary South Korea: Across National Boundaries* (2020, Lexington Books) [E-mail: piaoyou34@gmail.com].