

# Transnational Networks: The Case of the Chinese of Zhejiang

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France is home to one of the oldest and largest Chinese diasporas in Europe. Originating mainly from the southern province of Zhejiang, they come from the suburbs of the port town of Wenzhou, located around 500 km south of Shanghai.

Between 200,000 and 300,000 Zhejiang live in France. Among them are a number of merchants and entrepreneurs, who have the ability to mobilize both human and financial resources to establish networks based on an ethnic-entrepreneurial organization. These men operate outside the boundaries of nation-states by means of transnational financial networks.

Following the development of commercial exchanges between China and Europe, the movement of goods and the accompanying financial flows have particularly intensified, as has the flow of migrants. However, and paradoxically, both China and Europe have maintained the control of their borders, as far as migration is concerned. In such a context, the management of the movement of migration passed into the hands of private organizations. Although the diaspora area is not necessarily an area where no rights exist, and the practices that have developed therein are not always contrary to the legislation of the reception countries, we will discuss the consequences of this paradox and in particular, the relation between migration flow, the tightening of border restrictions and the development of organized crime (an exponential activity of which is illegal immigration). Two aspects enable the development of this analysis on the transnational networks of the Chinese of Zhejiang: the first one is historical, the second is financial.

Rooted in a migration tradition more than a hundred years old, we will show that some clans (settled in their own particular villages) created networks through many generations and in many continents, with China as their nexus. Their geographical mobility is characterized by a steady movement back and forth between different continents, articulated through very flexible entrepreneurial networks. Despite the fact that official Chinese historiography emphasizes the financial factors of emigration, the

ethnographic works show that the political factors in the migration dynamics have been a constant feature both before, and after, 1949.<sup>1</sup> Against a backdrop of extreme violence, emigration would be part of a strategy in which earning money would enable people to attain some kind of autonomy. This financial autonomy would aid the migrant in opposing those circumstances which would limit their freedom of activity and movement.

After a brief historical overview, we shall concentrate on a more recent era, characterized by the intensification of commercial exchanges and focusing on the entry of China into the World Trade Organisation. We shall examine the development of organized crime and the contemporary forms of slavery in the heart of this transnational area. Based on an on-site study conducted recently by the International Labour Organisation in France,<sup>2</sup> we will show that Chinese migrants do not always choose to belong to ethnic entrepreneurial networks and that this is the consequence of a financial process based on the exploitation of labour.

To conclude, we shall present some joint actions undertaken by France and Italy with the Chinese associations within the framework of a European Programme called 'Equal: The Chinese of Europe and Integration' implemented between 2001 and 2006 so as to mitigate extreme situations.

### Historical Factors of Emigration over a Hundred Years

Issues of domination and exclusion lie at the heart of the emigration movements from the province of Zhejiang, which have been taking place for over a century and which are based on a political separation that stands to this day. In fact, this region's emigration towards Europe started as early as the 1930–1940s, centering around the districts of Wencheng and Qingtian, both frontline posts of the Guomindang troops. Wencheng was even the site of an American Air Force base. Moreover, this micro-region was characterized by a shortage of arable land due to the very hilly landscape. These lands belonged to landlords who controlled commercial societies in the prosperous ports of Shanghai and Ningbo. Some of the tribes in Wencheng and Qingtian belong to classes of Mandarins who had close relations with the imperial court of the Qing before 1911, and are linked to a pro-Guomindang class of merchants and industrialists who initiated financial exchanges particularly in the Asia-Pacific zone (Japan and South East Asia, following the Sino-Japanese War of 1937–54). However, from 1932 onwards, trade relations ceased and entrepreneurs were forced to turn to other markets: during this period, between 20,000 and 30,000 Qingtian emigrated to Taiwan, the United States and Europe. Others who remained were marginalized as the local authorities no longer invested in the region. Upon the arrival in France of migrants

originating from Qingtian, one of the most important pro-Guomindang movements in Europe was formed, which had around six hundred members. Some of the merchants of Qingtian who became wealthy either abroad or elsewhere in China, repurchased the most arable lands in the neighbouring plains of Wenzhou (at Ouhai and Li'ao in particular). Originating from village communities organized on the line of tribal alliances, the Qingtian spread abroad and in China, establishing entrepreneurial networks as early as the 1920s and 1930s. During our ethnographic work on the plains, we noted that the pioneers of this emigration had relations with the tribes of Qingtian who came from the hills.

### *The Organization Overseas*

Taken from an article on the history of the Chinese abroad in a local newspaper, the biography of Hu Xizhen illustrates the portrait of a candidate for emigration at that time. In 1925, Hu decided not to enlist in the Guomindang Army and left China to make a living in Japan. That same year, he went to Italy:

From there, he went to France where he knew some compatriots who were itinerant merchants. Following the enactment of new legislation between 1931 and 1932, the French government suppressed the Chinese pedlars and restricted the hiring of immigrant workers in French factories. He returned to Milan and set up a business making leather goods. In 1937, he exhibited at the World's Fair in Paris and one of his leather purses was a huge success. Following this good fortune, he brought his family over to work in the various workshops that he opened.<sup>3</sup>

The international trade fairs enabled the establishment of trade relations abroad, as pointed out by the French Consul in Ghent (Belgium) in 1935:

We note that around two hundred Chinese left China to try their luck at the Brussels Exhibition. The majority have travelled via San Francisco thanks to the low fare offered today by the Pacific shipping companies. It seems that only a few of them shall arrive here through Marseille or Hamburg. It is feared that many of these Asians will establish themselves as pedlars and trinket sellers.<sup>4</sup>

Acting as a logistical support to emigration, the trade societies also played a key role. Indeed, many Chinese societies producing fancy goods and those of Chinese manufacture in Europe supplied the hundreds of newly arrived itinerant merchants.

It is again the diplomatic sources which illustrate this organization: a letter from the French Minister of the Interior dated 2 March 1931, about a group of Chinese from Zhejiang, states that

... these foreigners arrived in Marseille on 21 January 1931 on board the liner *Angers* with transit visas via France for Portugal or Switzerland. Instead of going to these countries they headed for Paris to trade their exotic bibelots. By examining their correspondence, it seems that these foreign traders, who all had relations with Kune He Chong Cie company in Shanghai belonged to an international organization with connections all over: Paris, Manchester, Warsaw, Moscow, Milan, Brussels. They had visas in their passports to enter and leave Germany, which they obtained thanks to the intervention of the Chinese at Ravensburg, Stuttgart, Passau and the German embassy in Copenhagen.

Being the initiators and the driving engine of the first migratory trends towards Europe, the Qingtian, confined in an area surrounded by hills where arable land was not enough, had no other choice but leave the land of their ancestors and spread over a vast territory, aided by their compatriots.

Following the political turmoil before and after 1949, emigration abroad became one of the few choices for supporting the family.

### *The Hukou Glass Ceiling*

More recently, other political factors have contributed to the increase in emigration: mainly, the anti-capitalist and anti-entrepreneurial ideology of the Maoist years, the implementation of an internal passport (the hukou), and the affects of enforced family planning.

In the 1980s, the government brought in new legislation permitting only one child per family. This enforced birth control motivated many clans to go abroad: emigration served, in this particular case, as an escape from the political restrictions which threatened the basis of the social structure of the clan.

As regards population movements inside China, these have been controlled since the 1950s by the internal passport, the hukou. It is not always easy for a internal passport holder to leave and establish themselves elsewhere and the children of migrants are prohibited from joining their parents. This internal border is a source of discrimination, given that town dwellers have better social protection, a more diversified access to the labour market and better paid jobs, and their children benefit from better education in town schools. In such a context, some internal passport holders consider it more beneficial to emigrate abroad rather than establish themselves in towns where they will not have the same rights as established town residents (unless they pay a punitive tax).

Moreover, until the 1990s, entrepreneurial activity was viewed with suspicion in a society whose overwhelming communist ideology disapproved of such enterprise; most merchants held 'pocket passports' which would enable them to leave the country at any time. Both officially and through bribes, they created an autonomous space in which they could carry out their business with relative freedom, avoiding taxation from the central government, fiscal office or other control administrative authorities. However, having achieved a certain level of financial prosperity, it would become difficult to conceal their wealth and they preferred to go abroad with their profits. Those who had close family ties abroad would make financial transfers for investment overseas, using family members as intermediaries. From the 1980s, as China began to open up to the outside world, the networks mobilized for emigration extended themselves to village communities other than those of the Qingtian. At the beginning of the 1990s, at the peak of emigration of the Zhejiang towards France, even the town dwellers of Wenzhou emigrated. For emigration, it is no longer critical to have family contacts abroad: having enough money to travel is sufficient. Upon arrival in France, there are many jobs in the clothing industry and the catering sector. The initial debt can be repaid quickly after two or three years of work.<sup>5</sup>

Though the sociological profile of migrants has changed over decades, emigration as a survival strategy remains the same, both before and after 1949. Indeed, in the country of origin, China, the existence of internal borders is the origin of the discriminatory situations that power the dynamics of migration. But whatever the form of political pressure, the migratory movements of the Chinese of Zhejiang are characterized by returns, 're-migrations' and 'rebound migrations', in which neither the country of origin nor the reception country function as an anchor: more often, the first country of establishment is a bridge to the next migration towards another destination.

Contrary to other diasporas, the Zhejiang one is defined by the inventiveness of those who transcend their difficult social condition, that is, the racism they experience within their national society. They organize themselves, resist opposition, and thrive on the financial and business networks that they weave in the diaspora area, exceeding the borders of nation states to form a transnational area. The choice of country of destination is unimportant, as long as it allows them to work; and it is possible to leave at any time if circumstances seem more promising elsewhere.

### **From the Movement of Goods to the Trafficking of Human Beings**

According to Peter Nolan's thesis,<sup>6</sup> the illegal and informal trade practices that were put in practice in the Wenzhou region from the 1970s proved that

the central government lacked control on a local level. The underground economy had organized itself around small private banks and tightly-knit family businesses. In 1984, the government established the 'Wenzhou economic model', famous throughout China, which only confirmed that the government was now acknowledging an already existing system, of which it had never control, in particular, the control exercised by local officials.<sup>7</sup>

By making financial liberalization official, which had been previously been pursued feverishly by the private local entrepreneurs, the central government exerted some control by making them accountable to the government finance officials. This is how M.X. Fulin,<sup>8</sup> an industrialist from Wenzhou, described the situation prevailing at the time:<sup>9</sup>

Why do so many people in Wenzhou go abroad? ... Because of the controls. We want to carry out a little trade. This is capitalism and we risk ending up in prison .... Those who trade with the outside world need some assistance ... I am one of them ... I thought of going abroad myself in 1987. Now, it is better. If something is not going well with the officials of the Party – and there is trouble sometimes – we have a pocket passport and we are ready to go.

What the Chinese of Zhejiang in Beijing, in Italy and in France have in common is that their shared experience in their home village was characterized by a reluctance to deal with, and a suspicion of, the local government officials. Xiang Biao<sup>10</sup> compares this experience to a similar movement in the Taiji region,<sup>11</sup> which arose from the establishment of professional and sometimes transnational networks, fostering a kind of autonomy as opposed to State control. In France, the 1999 census found that the proportion of Chinese businessmen is above the national average, that is, 2.7 per cent of the active population in France overall, but 10.6 per cent in the case of the Chinese working population.<sup>12</sup> The number of Chinese businesses employing more than ten employees is less than the national average, as they are usually small family-run enterprises. In France, 76.7 per cent of Chinese immigrants work in the production of consumer goods, and in services to private individuals (that is, cleaning, child care, and so on), out of which 30.2 per cent are in the catering industry and 23.8 per cent in trade.<sup>13</sup>

Chinese businesses mainly employ Chinese workers, and conversely, most Chinese workers work in Chinese businesses. The rapid increase in the number of businesses created a demand for labour that must be satisfied by immigration, as the local labour supply is not sufficient. Indeed, data compiled by the International Labour Organisation between 1992 and 1998<sup>14</sup> indicate that the major infraction as far as as illegal work was concerned was

the non-declared worker. The proportion of offences regarding the employment of foreigners of all nationalities who are not in possession of labour documents decreased from 13 per cent to 3 per cent between 1992 and 1998, with the exception of Chinese employers who frequently use people without residence documents or who are in the country illegally.

The need for labour abroad is one of the major drives of emigration from China. A candidate for immigration chooses his destination according to his employability (this determines his ability to repay his debt). To emigrate, he must contact a smuggler; if he tried to go through legal channels, he would not be able to obtain authorization to emigrate to live in France. To collect the money for the trip – between €20,000 and €30,000<sup>15</sup> – he will have to borrow money from his family, given that in most cases, he would not have the full fee even if he sold all his belongings. Upon arrival in France, a part of his salary is earmarked for the travel loan repayment. It is because of this that illegal migrants furnish a cheap, vulnerable, dependant and flexible labour force to the underground market. In France, as in Italy, this ethnic economy only functions when it is integrated with the local labour market, which consists of a chain of sub-contractors (from principals to manufacturers) who are not Chinese themselves. They may even be large and well-known commercial outfits.<sup>16</sup> In a field of activity marked by intense competition, one can only make a significant profit margin thanks to illegal networks and work conditions, a situation in everyone (client, seller and principal) is complicit. From the on-site study conducted in 1996 in Italy by François Brun and Ren Kelong, it is found that the Chinese managed to adapt to the clothing manufacture market in the province of Prato (Tuscany) which was in crisis:

Chinese businesses are increasingly smaller in general but more and more numerous (479 in 1997, 1,559 in 2002, 1,724 in 2003). Recently, the Chinese learned how to survive the requirements of the economic situation. Taking the lead in the production of ready-to-wear fashion and benefiting from the 'Made in Italy' label, they now have a major share of the market that had become difficult, based on the quick execution of orders, guaranteed by the work of Chinese sub-contractors!<sup>17</sup>

According to the latest statistics<sup>18</sup> on the struggle against illegal immigration and related networks between August 2005 and August 2006, even though the removal of illegal foreigners increased by more than 16 per cent, the arrests of network members and employers of illegal workers decreased by 11.71 per cent. The on-site studies on migrations show that the majority of the new migrants who are deported, come back to France some time later, after having been returned to their country of origin by force. The migrants

must pay for the journey again but they actually are more likely to be able to repay double the journey-price (that is, €20,000 x 2) by going abroad than they would be able to pay the price of one journey by staying in China. The 2004 International Labour Organisation study on the trafficking and exploitation of Chinese immigrants in France shows that the increase in deportations and the tightening of borders led to the development of illegal immigration channels and made the smuggler networks even more complex.

The waves of regularization facilitated circulation within the European area: migrants were able to get round the dichotomy between administrative status (possible in some areas) and the opportunities on the labour market (which do not always coincide with the country where the residence permit was issued). Indeed, during the period of regularization, they would go to a European country to obtain administrative status and then were able to follow the labour market. Thus when they return to the first country of establishment (for example, France), should they be deported, they will not be sent back to China but to the country in which they have a residence permit.

Upon the repayment of the journey debt, migrants' dependence on their ethnic business networks remains important, for example, if the immigrant worker wishes to set up their own business, they know they can borrow again. The money may also be borrowed from the family in China. It is important to remember that between 1985 and 1990, many government businesses went bankrupt in China, following the outflow of capital that the managers reinvested either in China or abroad to set up their own businesses. The initial investment capital may vary between €30,000 in the case of a sweatshop to €230,000 in the case of purchasing a business.

In France, the issuing of a merchant's licence is subject to possession of a residence permit. Those migrants who cannot obtain this permit, even after living in France for five or ten years therefore must turn to trustworthy people (usually their family and close friends) to serve as a front for the business. Children who emigrated at a young age or who were born in France are also key to the development of a family business strategy, given that in addition to having a legal status, unlike their parents, they also very often have mastered the French language. The interdependence within these networks is both financial and familial: it concerns both the new migrant who must repay the journey debt and the new businessman who has just borrowed his initial capital in China or in France. Belonging to these networks is closely linked to the development of a business strategy: indeed, on the one side, the commercial success of businesspeople is an indicator of integration, on the other, the gap between the low status of an illegal immigrant and the 'omnipotent' businessperson inhibits social advancement. In this context, as R. Rastrelli stresses, 'Reducing the situation to a forced relation of a master-slave using violence, oppression and isolation, minimizes the significance of

the cultural identity and the rules defied by the local market itself.' The ILO report stresses that the ethnic mixing and the diversity of the professional activities of the Chinese contribute to the enlargement and open up the niches where the Chinese are concentrated (such as the garment industry, leather goods manufacture and Asian catering).

Recognizing this trend, the European Franco-Italian programme entitled 'The Chinese of Europe and Integration' was concluded in 2006: one of its goals was to propose training programmes for young people between 16 and 25 years of age and for women in various professional careers. Paradoxically, the economic area is structured like an autonomous area enabled to operate freely and at the same time, like a no-rights area where the exploitation through labour and organized crime takes place. The new migrants are integrated in economic terms, by working as the labour force for their compatriots who are already established. The power of the transnational professional networks is fuelled by the financial flows and merchants between China and Europe, perpetuating an unequal and hierarchical order. The debate remains open and heated as to how to develop in our reception countries, and societies, the means to fight within those areas where the law is not functioning.

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## NOTES

- 1 The Peoples' Republic of China was established in 1949.
- 2 The study was carried out between 2003 and 2004 and was commissioned by the SPL (Special Action Programme on Forced Labour of the International Labour Organisation). This study's findings were published in C. Gao Yun and Véronique Poisson, *Le trafic et l'exploitation des immigrants chinois en France* (Brussels: Bureau international du travail (BIT), 2005).
- 3 Pan Hongsong, 'Liyi Huaqiao Hu Xizhen', *Ziliao Huijuan, Zhejiang Huqiao Lisbi Yanjiu*, 1 (1983), pp. 34–42.
- 4 AD Series (diplomatic archives): *Asia 1930–1940*, sub category 'Common Affairs', 103, p. 113.
- 5 Since 2000 and following the collapse of textile production in France, it is more and more difficult to repay the debt after some years of work and some migrants even become insolvable as a result of unemployment.
- 6 Peter Nolan and Furen Dong, *Market forces in China: Competition and Small Business – The Wenzhou Debate* (London and New York: Zed Books Ltd, 1990).
- 7 When the control officials came to inspect a business, no mention was made of the illegal trade practices against rake-offs. This way of functioning was developed on such a scale that we can talk about institutionalized racketeering (on behalf of the representatives of the State) against private trades.
- 8 M. Xu at the time of the interview was the director of one of the biggest eyeglass factories in the town of Wenzhou, employing more than 1,500 persons. Originating from Qingtian, some of his family members which emigrated to Hong Kong and Europe.
- 9 Interview number 7, conducted on 21 March 1998 at Wenzhou, annex of the thesis of V. Poisson, p. 183.

- 10 Xiang Biao, 'Zhejiang village in Beijing : Creating a visible non-state space through migration and marketized networks', in Frank N. Pieke and Hein Mallee (eds), *Internal and International Migration* (London: Curzon, 1999), p. 244.
- 11 The comparison with the movements of Taiji enables Xiang Biao to establish the fact that this autonomous area (created from the establishment of transregional financial networks) is not of an anti-State nature, but in a position of a movement of withdrawal, ready to establish links with the government authorities at the right moment.
- 12 Emmanuel Ma Mung, 'Immigration and Ethnic Labour Market', in F. Hillmann, E. Spaan and J. Van Naerssen (eds), *Asian Migration and Labour Market Integration in Europe* (London: Routledge, 2004).
- 13 Ibid.
- 14 Yun and Poisson, *Le trafic et l'exploitation des immigrants chinois en France*, p. 66.
- 15 This amount corresponds to around 20–25 years of an average salary (calculated on the basis of €100 per month )
- 16 Interview with OCRIEST (Central Office for the Repression of Illegal Immigration and the Employment of Foreigners without Documents ) and the Inspection of Labour, BIT 2004
- 17 François Brun and Ren Kelong, 'Europe: the area of the mobility of migrants: The Chinese of Italy', *Migrations Sociétés*, 18, 107 (September–October 2006), p. 151.
- 18 According to the National Crime Watch.
- 19 Referred to in Yun and Poisson, *Le trafic et l'exploitation des immigrants chinois en France*, p. 66, p 134): R. Rastrelli, *Chinese Immigration in Prato* (Prato, 2001), p. 134