

From Communism to Criminality

The evolution of Chinese secret societies and smuggling networks

Prem Mahadevan*

The voice of Chinese Communist Party (CCP) chief Jiang Zemin wafted over the airwaves through the autumn darkness. It spoke of a new economic model for China. To a committed Marxist like Professor Xie Wanying, the party boss' message foretold the death of all he had believed in. He pulled out a copy of the CCP's theoretical journal and scribbled on the front page: 'Communism will certainly triumph!' He then hurled himself off the balcony of his fifth-floor apartment.¹

Professor Xie's death in autumn 1992 was a tragic footnote in a 'crisis of ideology' that had gripped the People's Republic of China (PRC). For decades, citizens had scorned private enterprise. Suddenly they began hearing their national leaders assert that 'to get rich is glorious'. Almost overnight, profiteering became respectable and notions of service to the wider community were dismissed as *feihua* or 'empty talk'.

The evolution of ethnic Chinese organized crime has been influenced by the transition shock from communism to state-

* Prem Mahadevan is a researcher in intelligence and irregular warfare.

1 Jaime A. FlorCruz, "The Crisis of Ideology in China", *The Brown Journal of World Affairs*, Volume 2, Number 1, 1994, p. 169.

led capitalism. The PRC's economic reforms over the last four decades have come at a hidden cost: massive psychological dislocation that, when combined with systemic rigidity, has fed crime waves. These waves have successively shown greater signs of being 'organized'. China's economic miracle fostered a criminogenic environment within which subversion of state authority has taken the form of official corruption, corporate crime and private protection rackets. These trends affect not just the mainland, but also overseas Chinese communities and territories, such as Hong Kong, Macau and Taiwan, as well as the enormous Chinese diaspora.

A COMPLEX AND NUANCED PHENOMENON

Chinese organized crime can be understood as a multifaceted and multi-layered entity, characterized by three subdivisions. First, there is a basic distinction between elite corruption and gang criminality. In many countries, elite corruption might not be thought of as a form of 'organized crime' but the PRC is special. A permanent concentration of power in the communist party leadership, and the party's inclination to respect not the 'rule of law', but instead to 'rule by law', gives the CCP some of the characteristics of a mafia-style organization.² No

2 Jian Xu, "The Role of Corporate Political Connections in Commercial Lawsuits: Evidence From Chinese Courts", *Comparative Political Studies*, Volume 53, Number 14, 2020, p. 2326. The argument that the CCP is a mafia-style entity is politically sensitive to Chinese ears, but it has repeatedly come up in the course of researching this paper. One interviewee openly stated this (Interview of British expert on Chinese security policy, September 16, 2022). A member of a Hong Kong criminal or 'triad' society told researchers: 'The CCP is the largest triad society in the world with 90 million members.' See T. Wing Lo, Sharon Ingrid Kwok and Daniel Garret, "Securitizing the Colour Revolution: Assessing the Political Role of Triads in Hong Kong's Umbrella Movement", *The British Journal of Criminology*, Volume 20, 2021, p. 13. An exiled Chinese businessman and political dissident, Desmond Shum, who was once among the most influential tycoons in the PRC, now describes the CCP as 'almost like

criminal entity in the country can either survive or prosper for any length of time without a ‘protective umbrella’ to shield it from police action. The umbrella is typically provided by local CCP leaders. If a gang gets targeted by the police, it is because the protective officials have themselves either fallen from grace or have been transferred to different locations within China. Either way, elite corruption is a prerequisite to gang-level criminality.

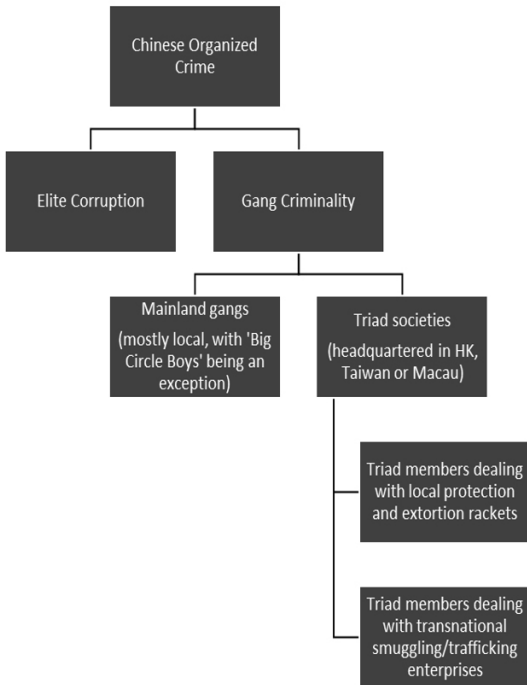
The next layer of subdivision is within gang criminality. There are two types of actors here: those who are primarily based in mainland China, and those who are based in overseas Chinese territories such as Hong Kong, Macau and Taiwan. The second type of groups are sometimes loosely referred to as ‘triad societies’. The term has little analytical value except to distinguish them from groups that originated on the Chinese mainland. It is near-impossible for non-governmental researchers to distinguish who is a triad member from who is not. Only law enforcement professionals, skilled in surveillance and undercover operations, can gain such insight, based on monitoring techniques that are normally off-limits to NGOs, academic scholars and investigative journalists.³

The third and final layer of subdivision is between individual members of a triad society who might engage in local racketeering such as extortion, and those among their peers who engage in transnational criminal enterprises such as drug smuggling. The latter often have highly personalized social capital that links them with legitimate entrepreneurs outside of the triad fraternity. They prefer to keep their distance from ‘domestic’ counterparts who lack comparable business

a mafia’. See transcript of his interview on the Jordan Harbinger Show, accessible at <https://www.jordanharbinger.com/desmond-shum-wealth-power-corruption-and-vengeance-in-china/>.

3 Interview of Professor Roderic Broadhurst, June 22, 2022.

contacts, for fear that the latter will blab about their activities out of carelessness or jealousy and expose their international networks to police action. The triad community is fairly close-knit and loose gossip as well as rumours spread quite easily. To protect themselves, triad members who are engaged in high-risk activities such as transnational organized crime keep their domestically-focused counterparts at bay to minimize any risk of information leakage.⁴ Thus, it can be the case that a single triad society will have an internal divide between members who engage in transnational criminality and those who engage in racketeering based on territorial control and selling protection services.



4 Interview of Dr. Sharon Kwok, July 2, 2022.

Five characteristics of Chinese organized crime are identified in this study:

1. It is predominantly of a local (often city-level) nature, whether in mainland China or overseas, with personal networks being crucial to enabling trafficking and smuggling operations across both long and short distances.⁵ These networks are based on blood ties, as well as extra-familial relations based on common places of origin (such as a village or school).
2. Criminality is shaped by opportunities at the provincial level rather than the national level, due to the regionally fragmented nature of illicit markets within China. Thus, a landlocked province like Yunnan which faces South East Asia's Golden Triangle region, would be a hub of drug and human trafficking, while a coastal province with strong overseas diaspora links like Fujian would be a hub of money laundering and migrant smuggling.⁶
3. Whatever overarching governance exists over the ethnic Chinese criminal fraternity, it is exercised by the PRC state machinery being willing to permit the local activities of transnational criminal groups for larger political or strategic purposes. The degree to which this is permitted for strategic purposes versus simple criminal conduct by individual officers, however, can

5 An Chen, "Secret Societies and Organized Crime in Contemporary China", *Modern Asian Studies*, Volume 39, Number 1, 2005, p. 81; Robert J. Kelly, Ko-Lin Chin and Jeffrey A. Fagan, "The dragon breathes fire: Chinese organized crime in New York City", *Crime, Law and Social Change*, Volume 19, 1993, p. 247 and Zhang, Sheldon, "China Tongs in America: Continuity and Opportunities", in Dina Siegel and Henk van de Bunt eds., *Traditional Organized Crime in the Modern World: Responses to Socioeconomic Change*, Springer, New York, 2012, p. 110.

6 Interview of Professor Ming Xia, September 8, 2022.

sometimes be hard to separate.⁷ At non-state level, there is no central authority in Chinese organized crime and no controlling body, either formal or informal, as one might find in the case of criminal groups in Europe (such as the Sicilian Cosa Nostra).⁸

4. Over the last 30 years, since the end of the Cold War and the phase of economic reform launched in 1992, there has been a shift in the structure of Chinese organized crime groups such as the Hong Kong triads, from a hierarchical to a networked model, with at least as much emphasis on white-collar economic crime as on rent collection through extortion.
5. Three ethnolinguistic identity groups within the wider Chinese community stand out in the literature on organized crime (this is not to suggest that such identities have an inherently criminal quality to them, but only that sharing a distinct sub-regional Chinese dialect often serves as an instrument of trust-building in illicit transactions). The identities are Teochow (from the eastern areas of Guangdong province adjoining Fujian province), Cantonese (from Hong Kong, Macau and Guangdong more generally) and Fujianese (from Fujian, as well as Taiwan).

These five points reappear as markers of Chinese organized crime throughout this paper.

METHODS OF DATA COLLECTION

This paper is based on a literature review of just over 100 academic articles on Chinese organized crime. The articles yielded valuable insights about long-term crime trends in China,

7 Interview of expert on Chinese foreign policy, June 21, 2022.

8 Interview of British expert on Chinese security policy, September 16, 2022.

as well as the evolution of the Hong Kong triad societies and on human smuggling operations from Fujian province to the US. The author also interviewed eleven academic and policy experts on Chinese organized crime. All were based outside of Chinese territory. Approaches were made to another twenty experts but these were often impeded by political restrictions, as the majority of the experts were located within Chinese territory. For example, one expert based in Hong Kong told the author that the new National Security Law, enacted on the PRC mainland in 2015 and extended to Hong Kong in 2020, made it too dangerous for him to speak on organized crime.

Another expert, based outside China, when informed of the difficulty of interviewing in-country experts, expressed scepticism that any such interviews would be possible, or that any insights would be gained from field visits. His doubts were supported by a second respondent, who pointed out that it is against Chinese law for officials to associate with foreign researchers without authorized permission. This latter respondent also said that Western-based scholars cannot realistically hope to examine the nature of overseas networks of Chinese criminality without expert guidance. His assessment was that since Chinese criminal actors in foreign countries often subcontract to local gangs, especially those consisting of ethnic minority groups with few legitimate job prospects, it is difficult to untangle ‘local’ from ‘transnational’ organized crime in practice.⁹

Also, much of the business of Chinese organized crime in Western countries is transacted in ethnically-distinct environments such as Chinatown restaurants, massage parlours and gambling houses.¹⁰ Caucasian or other Western researchers

9 Interview of Dr. Hai Luong, June 23, 2022.

10 Sander Huisman, “Investigating Chinese Crime Entrepreneurs”, *Policing*, Volume 2, Number 1, 2008, pp. 41-42.

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can attract unwanted attention in these places if they turn up and start asking unusual questions. To elicit information from other customers, the proprietors, or even just observe goings-on without being harassed or threatened, it is necessary to have the cooperation of an ethnic Chinese researcher, ideally one who is familiar with the dialect of the criminal group being studied.

Finally, a third respondent, who had, in the past, conducted extensive fieldwork in the PRC on organized crime actors, pointed out that the country's 2017 National Intelligence Law made it legally risky to conduct field studies for the foreseeable future.¹¹

These restrictions on data collection mean that the information produced in this paper comes from secondary sources and interviews with the few experts who agreed to offer their insights. The paper only aims to introduce the topic of 'Chinese organized crime' to generalist readers, and identify further angles of research and exploration. Most respondents agreed that, under President Xi Jinping, the PRC has significantly reduced its openness to the outside world and this has had a chilling effect on academic research as well. Further studies will have to adapt to operational reality and focus on 'doable' topics such as reports of elite-level corruption within China as well as gang criminality outside of Chinese territory, particularly in countries affected by the Belt and Road Initiative (BRI).

THE 'SOUTHERN TOUR' AS A TRIGGER FOR CRIMINALITY

The year of Professor Xie's death – 1992 – was a crucial year in the evolution of Chinese organized crime. It was the year when Deng Xiaoping, the PRC's paramount leader and guiding light of post-Maoist revisionism, embarked on

11 Interview of Professor Ming Xia, September 8, 2022.

what became known as his ‘southern tour’. The much-hyped event accelerated China’s economic transition towards what one prominent writer has termed ‘crony capitalism’.¹² In the opinion of that writer as well as others, contrary to what over-optimistic Western analysts thought in the 1990s, the PRC never totally gave up on communism. Rather, under Deng and his successors, the CCP elite only loosened restrictions on international trade and permitted the emergence of private enterprise in economic sectors that catered to consumer spending.¹³ High-value industries and those deemed of strategic value remained firmly under state control.

The 1949 establishment of the PRC had led to the banishment of so-called ‘secret societies’ to fringe territories such as Taiwan, Hong Kong and Macau, which at the time lay outside the communist regime’s jurisdiction. From the 1970s, however, variants of such societies, shorn of rigid hierarchies and cult-like rituals, began clandestinely appearing in the PRC. Labelled as ‘black societies’ by communist officialdom, their origins lay in a convergence of three factors: the tenuous control that CCP cadres maintained over their own areas of responsibility; the tenuous nature of employment (especially for rural workers) as China’s economy transitioned to manufacturing; and the celebration of private wealth acquisition that accompanied Deng’s economic reform process (first launched in 1978).

The initial wave of reforms in 1978 had attracted foreign investment by devolving power to provincial governments to make economic decisions. Starting with four special economic

12 Minxin Pei, *China’s Crony Capitalism: The Dynamics of Regime Decay*, MA: Harvard University Press, Cambridge, 2016, pp. 7-9.

13 Darrell D. Irwin and Cecil L. Willis, “Success or sorrow: the paradoxical view of crime control campaigns in China”, *International Journal of Comparative and Applied Criminal Justice*, Volume 38, Number 1, 2014, p. 74.

zones in the next two years, the PRC followed an enclave-based model of development that loosened regulations on a localized basis. This localization would play a crucial role in shaping the extent to which criminal syndicates could expand: their operations were circumscribed by the degree to which each municipality's officials tolerated illicit commerce for the sake of encouraging overall economic growth. Even as more areas in China opened up to foreign investment, criminality never lost its localized nature. In the 2020s as much as the 1970s, organized crime in the PRC remains influenced by physical limits that are determined by local CCP officials. This collusion has been described by one scholar as a red-black collusion ('Red' to depict communist officials and 'Black' for the explicitly criminal entrepreneurs who survive due to the protection provided by their government partners).¹⁴

The 1992 reforms were important because, for the first time, a distinction was made between ownership rights of industrial facilities and usage rights of these facilities.¹⁵ The state retained ownership of many industrial units but allowed them to be managed by private individuals in a manner that emphasized cost-efficiency. The result was an increase in asset productivity, but one which did not require a transfer of ownership rights from the state. The beneficiaries – those assigned usage rights – were often individuals with ties to the CCP and thereby to the state coercive apparatus. They were the relatives and associates of high-ranking CCP functionaries. Combined with administrative reforms which had taken place eight years earlier in 1984, and tax reforms which came into effect two years afterwards, in 1994, the 1992 reforms birthed the modern Chinese mafia.

14 Peng Wang, "The Increasing Threat of Chinese Organised Crime", *The RUSI Journal*, Volume 158, Number 4, 2013, p. 8.

15 Minxin Pei, *op. cit.*, pp. 30-31.

BUYING AND SELLING OF PUBLIC SPACES

Until 1984, appointments of government officials in the PRC had to be vetted at two levels: the director supervisor of the appointee, as well as the supervisor's supervisor. But after the administrative reforms came into effect, this was reduced to one level of scrutiny, that of the direct supervisor.¹⁶ Thus, a practice of buying and selling of public offices took hold in the country. Government bureaucrats bribed their immediate superiors to promote them into prestigious posts. When in 1992, the linkage between ownership rights and usage rights of state-owned assets was broken, corrupt officials ensured that they would be appointed to posts where they could decide the allocation of public contracts to companies owned by their cronies. And even if an official did not yet have personal networks of cronies, merely occupying a post where s/he could allocate contracts made him/her a magnet for bribery from private entrepreneurs.

Besides the three sets of reforms (1984, 1992 and 1994), there were two other factors which led to a rise in organized crime in China during the 1990s. One was the growing presence of Hong Kong triad societies in the Chinese mainland, a development that, as this paper will show, was not contested by the CCP leadership. The triad bosses injected liquid capital into the country through initial investments in the entertainment and hospitality sectors. These investments later served as commercial covers for the expansion of their illicit businesses in the vast Chinese market for vice and luxury products.¹⁷

A second factor was the inflow of money that poured into the PRC from all other (non-triad) sources, including Western companies. With this inflow of capital came a sense that, if

16 Ibid., pp. 71-72.

17 Interview of Professor Ming Xia, September 8, 2022.

one was lucky enough to occupy a senior public office, one needed to make the most of it, often also through bribe-taking.¹⁸ Although corruption had been a problem in China previously, it rose significantly in the 1990s and has remained high since then. The presidency of Jiang Zemin (1993-2003) was characterized by a shotgun marriage between the CCP and the private sector.¹⁹ This allowed the party to squarely associate itself with the success of the economy and of private enterprise, and it allowed select businessmen to prosper based on personal ties with influential policymakers.

A culture of impunity and rampant cronyism came into being by the turn of millennium, which Jiang's successor Hu Jintao (2003-13) made an ineffectual effort to control. It was in this context that Xi Jinping was brought in as the CCP's General Secretary in 2013, with a mandate from the party elders to recentralize decision-making and combat corruption. He did so, but he focused most of the state's coercive might on first breaking up patronage networks run by his political rivals. Given the systemic nature of corruption, cleaning up the system of governance as a whole, would also risk undermining his own power base. The system of collusion under Jiang's regime had meant that no-one could stay completely uncorruptible and yet hope to rise within the party. The CCP's promotion structure gave one's immediate boss both career-killing and career-boosting power, which meant that if the boss was on the take, so would his most loyal subordinates have to be.²⁰

A researcher who lived in China for many years told this author that, in the Beijing start-up scene, there used to be a saying: it is better to do one bad thing (basically, an illegal

18 Interview of Dr. Nis Gruenberg, September 2, 2022.

19 Interview of Jason Tower, Myanmar Country Director, United States Institute of Peace, September 6, 2022.

20 Interview of Dr. Nis Gruenberg, September 2, 2022.

act) in collusion with your boss than to do one hundred good things (favours or good deeds) out of deference to your boss. To do one bad thing would mean that ‘your fates are entwined in the Chinese political landscape where the Party is not afraid to employ extra-legal measures if needed.’²¹ Your boss would thereby feel more obliged to protect you in difficult times, because he cannot easily sacrifice you without risking his own standing in the social and political hierarchy. This is an illustration of how official corruption and cronyism ensure that even an accurate reading of levels of criminality is difficult to produce, due to interference from within the party-state machinery in China.

‘BLACK SOCIETIES’ AND THEIR CORRUPT PATRONS

The 1994 tax reforms centralized most of the revenue yield from taxation, delivering it from the provinces to Beijing. Municipal and provincial administrators thus came under pressure to meet their own operating costs as best they could, with whatever means were at their disposal. In some jurisdictions the police had to raise up to 50 per cent of their budgets through whatever rackets they could unofficially engage in. Among the methods resorted to was falsely charging young women with prostitution offences (sex work being illegal in the PRC) and imposing administrative fines upon them as well as anyone they identified under police coaching as being a sex client. In some of these cases, the alleged prostitutes turned out to be virgins and charges against them were dismissed in court.²² Another way of meeting operating costs was to reach a discreet accommodation with the local

21 Email correspondence with expert on Chinese corruption and political patron-client networks, February 14, 2023.

22 Elaine Jeffreys, “Exposing Police Corruption and Malfeasance: China’s Virgin Prostitute Cases”, *The China Journal*, Volume 63, 2010, p. 138.

mafia. In one jurisdiction in Sichuan province, a hard-up police station depended on a local criminal gang to pay for officers' salaries, fuel needed for patrol cars and even the upkeep of jail cells.²³

During the 1990s, it reportedly became common for some taxi drivers to brag that they earned more income than even the governors of their respective provinces. The failure of the CCP to prepare a soft landing for soon-to-retire government officials in the midst of a transforming economy gave rise to the '59 phenomenon'.²⁴ This was a term implying that bureaucrats aged 59 and thus one year away from retirement, were highly susceptible to bribes. Since their personal authority stemmed solely from their official status, once they would step down from public office, they faced the prospect of obscurity and financial hardship. This hardship would be accentuated in a China where the state intervened a lot less in individuals' lives than previously, leaving them free to make a range of personal consumption choices provided they had the money to do so. While many senior administrators were able to enrich themselves through accepting bribes from legitimate businessmen, for low- and mid-ranking policemen the opportunity to generate comparable illicit revenues was severely limited. They had little to offer wealthy private entrepreneurs or corrupt managers of state-owned enterprises, both of whom would already have powerful patrons in the state machinery.²⁵ All they could do was to interfere effectively with any criminal racket unless they were well paid to ignore it.

23 Ming Xia, "Assessing and Explaining the Resurgence of China's Criminal Underworld", *Global Crime*, Volume 7, Number 2, 2006, p. 170.

24 Ko-Lin Chin and Roy Godson, "Organized Crime and the Political-Criminal Nexus in China", *Trends in Organized Crime*, Volume 9, Number 3, 2006, p. 26.

25 Minxin Pei, *op. cit.*, p. 207.

Thus, relationships began to be established between criminal gangs and local police officials.

The numbers tell the story: in 1990 there were an estimated 500 mafia-type syndicates in the PRC. Two years later, as the property rights reforms were introduced, that figure more than tripled to 1800.²⁶ The same year, a district in Yunnan province (adjacent to the Golden Triangle of South East Asia's heroin-producing states) was almost taken over by drug traffickers from a Muslim ethnic minority. A major offensive had to be launched by armed police before the district could be pacified.²⁷ By the late 1990s, according to one estimate, mafia-style crime had risen from 6.5 per cent to 30 per cent of total criminality reported in the People's Republic.²⁸ Another estimate suggests that overall crime rates rose eight-fold between the 1980s and the early 1990s.²⁹ In part, this was because of political events within the country, which have always had an impact on its crime trends.

THE LINK BETWEEN POLITICAL DEVELOPMENTS AND CRIMINAL TRENDS

Between 1949 and 1999, the PRC experienced six crime waves. All of these occurred on the heels of a major domestic political event. The first, in 1950, followed the establishment of the People's Republic and of communist rule. The second, in 1961, flowed from the failure of Mao's Great Leap Forward and the catastrophic famine that it caused. The third, in 1973, marked the decline of Mao's personal hegemony as ideological guide for the Chinese people, as it occurred on the back of the Lin Biao incident, when intrigues within the CCP led to

26 Ming Xia, op. cit., pp. 165-166.

27 Guilhem Fabre, "State, corruption, and criminalisation in China", *International Social Science Journal*, Volume 53, Number 3, 2001, p. 462.

28 An Chen, op. cit., pp. 90-91.

29 Ko-Lin Chin and Roy Godson, op. cit., pp. 7-8.

an abortive coup. This wave coincided with the time when scholars believe indigenous organized crime groups started to appear again in mainland China. Previously, such groups had been driven out following the 1949 revolution. The fourth wave of criminality occurred in 1981. It was characterized by a rise in particularly brutal crimes, including sex crimes against women. The state apparatus responded with the first of many ‘*yanda*’ or ‘strike hard’ campaigns, intended to overawe criminal gangs through displays of massive force. Although the inaugural *yanda* campaign, which lasted from 1983 to 1986, did bring down crime rates temporarily, these rose again once the campaign began to lose momentum. The fifth crime wave occurred in 1991, two years after the PRC had been rocked by popular protests (and, it is alleged, Army mutinies) prompted by pro-democracy activists at Tiananmen Square in June 1989. The sixth wave occurred in 1999, when the Chinese central government clamped down on a new quasi-religious cult that was agitating for regime change in the country. The cult’s name was Falun Gong, and its year of formation, 1992.³⁰

Political repression went alongside economic reform. The reforms led to job insecurity; during the 1990s, 50 million people were sacked from state-owned enterprises and another 18 million were forced into accepting roles that offered far less professional stability than they had been used to. Between 1993 and 2010, the annual number of ‘mass disturbances’ in the PRC rose 18-fold, from 8,300 incidents to 180,000. Likewise, during the period 1994–2005, the annual number of collective petitions protesting abuse of power by government officials rose from 1.6 million to 10 million.³¹ Clearly, not

30 Ming Xia, *op. cit.*, p. 169.

31 Wooyeal Paik and Richard Baum, “Clientelism with Chinese Characteristics: Local Patronage Networks in Post-Reform China”, *Political Science Quarterly*, Volume 129, Number 4, 2014–15, p. 691.

everyone was benefiting from the country's economic miracle. This was an ugly truth buried under tight state control of crime statistics. Knowing that Western governments would seize upon any facts and figures that suggested popular unrest within the People's Republic, the CCP has maintained a degree of censorship over data relating to crime trends. As the PRC has transitioned towards becoming an economic superpower, it has developed an underclass of formerly agrarian workers who now constitute a floating population of job-seekers. Lacking social support networks in the country's large cities, where the bulk of jobs have been generated, members of this underclass have been left to fend for themselves on the margins of society. When the first wave of reform was launched in 1978, they were thought to number around two million.³² By 2000, that number had risen to 121 million, then to 160 million in 2009, even as the size of the economy tripled between 2001 and 2008.³³

THE 2008 SHOCK AND A SEVENTH CRIME WAVE

The next years are crucial: the number of impoverished itinerant workers shot up to 221 million in 2010 and reached 245 million in 2013, the same year that Xi Jinping became the PRC's president.³⁴ The jump from 2009 to 2010 might have been due to the global financial crisis, which particularly affected employment rates in the country's southern coastal belt. The region has long been a manufacturing and export-oriented hub. What happened here was a combination of bad luck and poor planning. In 2007, the communist party had

32 Shi Li, "The Economic Situation of Rural Migrant Workers in China", *China Perspectives*, 2010/4 (2010), <https://journals.openedition.org/chinaperspectives/5332>, p. 8.

33 Roderic Broadhurst, "The suppression of black societies in China", *Trends in Organized Crime*, Volume 16, 2013, p. 97.

34 Travis S. K. Kong, "Sex and work on the move: Money boys in post-socialist China", *Urban Studies*, Volume 54, Number 3, 2017, p. 678.

forced industrialists to create welfare funds for workers, which depressed profit margins.³⁵ It did this, perhaps anticipating that the boom years would continue for some time to come. However, a year later, this decision came back to haunt the CCP when overseas demand for Chinese products dropped as a result of the financial crisis. Although the central leadership in Beijing should have anticipated that a slowdown in the American market would eventually occur, it was nonetheless caught unprepared for such an eventuality.³⁶ To tide over the economic shock, it released massive stimulus funds to local and provincial governments, who used these, not to boost consumer demand directly, but to invest in state-owned enterprises, in the stock market and the real estate sector. Thus, private enterprise in China continued to retreat in 2009-10, but the government's favoured industries prospered through speculative investments. It was around this time that a seventh crime wave began to appear in the PRC, fuelled by economic distress.³⁷

Even as the number of workers threatened by job losses grew, a political drama was unfolding in Beijing. Zhu Yongkang, a top CCP leader who was considered the third most powerful man in the country, was intriguing to prevent Xi Jinping from becoming President. His gambit failed and from 2012 Zhu together with his loyalists was subjected to an anti-corruption investigation that had overtones of a score-settling purge. It is estimated that as of mid-2021, the careers of up to four million civil servants had been adversely affected to varying degrees as a result of this internal power struggle.³⁸ The Xi regime doubled down on domestic policing,

35 Interview of Professor Ming Xia, September 8, 2022.

36 Interview of British expert on Chinese security policy, September 16, 2022.

37 Interview of Professor Ming Xia, September 8, 2022.

38 Ge Xinghang and Cai Xuejiao, "Four Million Chinese Officials Punished for Graft Since 2012, Watchdog Says", *Caixing Global*, June 30, 2021,

which already in 2012 had consumed a larger budget than defence against external threats (USD 111 billion compared to USD 106 billion).³⁹ Part of the reason for such nervousness may have been that, over the previous two decades, China's economic growth had not only lifted several hundred million citizens out of poverty, it had also resulted in a worsening of socio-economic equality. Under Xi Jinping, the CCP rebuilt a welfare system for the rural poor which has since ameliorated the worst effects of the 2008 crisis. This has been an important reason for the containment of organized crime in China since the early 2010s, together with the deterrent effect of the anti-corruption crack down launched by Xi.⁴⁰

THE GEOGRAPHY OF ORGANISED CRIME

Guangdong province (often Anglicized to 'Canton' and home of the Cantonese language) is thought to have the strongest presence of organized crime actors in China.⁴¹ Three of the four special economic zones that were set up in the country immediately following the 1978 reforms were in Guangdong, in the cities of Shenzhen, Zhuhai and Shantou. The fourth SEZ was in Xiamen in neighbouring Fujian province, which is also known for a particular type of organized crime activity: migrant smuggling.

Shenzhen lies adjacent to Hong Kong, while Zhuhai is adjacent to Macau. All four cities are clustered in the Pearl River Delta, together with the provincial capital Guangzhou and several other Chinese cities that are world leaders in the

<https://www.caixinglobal.com/2021-06-30/four-million-chinese-officials-punished-for-graft-since-2012-watchdog-says-101734343.html>.

39 Steve Tsang, "Making sense of China's 11% increase in defence budget", *The Asia Dialogue*, March 6, 2012, <https://theasiadialogue.com/2012/03/06/making-sense-of-chinas-11-increase-in-defence-budget/>.

40 Interview of Professor Ming Xia, September 8, 2022.

41 Ming Xia, op. cit., pp. 166-167.

manufacturing sector. Shantou, located further to the east near the interprovincial border with Fujian, is often clubbed with a nearby city called Chaozhou. The so-called ‘Chaoshan’ (Chaozhou plus Shantou) region is known as the Sicily of China, due to its propensity for smuggling and racketeering based on tightly-knit clan-based networks.⁴² People in the Chaoshan region (known as Teochew or Chiu Chow) are distinct from the predominantly Cantonese-speaking population of the Pearl River Delta. Their language is a variant of the southern Min language found in southern parts of Fujian, which itself is distinct from the northern Min spoken by inhabitants of northern Fujian. Two researchers consulted for this paper independently stated that the Teochew language is sufficiently unusual that a Cantonese speaker would struggle to follow a conversation in it, unless s/he had either trained specifically in this dialect or had a family background in it.⁴³

The four original SEZs (Shenzhen, Zhuhai, Shantou and Xiamen) between them attracted 60 per cent of total foreign direct investment in China in 1981. Although their share of FDI rapidly declined thereafter, as other SEZs were set up elsewhere in the country, they ensured that Guangdong and Fujian provinces got a head start in integrating into the world economy. Guangdong, in particular, became the PRC’s biggest revenue earner, with a provincial gross domestic product in 2011 equivalent to that of South East Asia’s most populous nation, Indonesia.⁴⁴ The Cantonese language shared between

42 Chuin-Wei Yap, “Underground Banks Trace Roots to the Sicily of China”, *Wall Street Journal*, October 26, 2015, <https://www.wsj.com/articles/BL-CJB-27972>.

43 Interview of Professor Roderic Broadhurst, June 22, 2022 and Interview of British expert on Chinese security policy, September 16, 2022.

44 John S. Van Oudenaren, “Enduring Menace: The Triad Societies of Southeast China”, *Asian Affairs: An American Review*, Volume 41, Number 3, 2014, p. 138.

Guangdong and the formerly colonial territories of Hong Kong and Macau meant that the province was susceptible to infiltration from triad societies based in these two safe havens.

During the 1980s, as the countdown began for ending British rule in Hong Kong, the Chinese Communist Party leadership in Beijing and the Hong Kong triads explored the possibility of reconciliation. Although the triads had initially supported Taiwan during the years following the 1949 revolution, by the 1980s their leaders had come to accept the inevitability of CCP control over Hong Kong in the foreseeable future. They were encouraged by none other than Deng Xiaoping himself, who made statements that some of the triads were patriotic and that outreach should be made towards them. His message was amplified by the deputy head of the Chinese news agency Xinhua in Hong Kong, who told triad leaders that, as long as they stayed within limits and respected the PRC's national interests, they would be free to pursue their profit-making activities, regardless of how the local Hong Kong police viewed these activities.⁴⁵

The most cohesive and regimented of the Hong Kong triad societies, the Sun Yee On, was led by the Heung family, who originally hail from Chaoshan. This society is the closest that Hong Kong has got to a Cosa Nostra-style mafia. The Sun Yee On is part of a larger Teochow cluster of triad organizations that, in the 1950s, had set up heroin trafficking operations in partnership with remnants of the fleeing Kuomintang Army's 93rd Division.⁴⁶ Following the communist victory in China,

45 Bertil Lintner, "Chinese Organised Crime", *Global Crime*, Volume 6, Number 1, 2004, pp. 90-91.

46 John Clark, "'Tradition' in Thai Modern Art", *Southeast of Now: Directions in Contemporary and Modern Art in Asia*, Volume 4, Number 2, 2020, <https://muse.jhu.edu/article/770697> and Peter Dale Scott, "Operation Paper: The United States and Drugs in Thailand and Burma", *The Asia-*

the Division had sought refuge on Myanmar's Shan state and later in Thailand's Chiang Rai province, where there was already a Teochow settler population. Its soldiers turned to cultivating opium to raise funds for a future invasion of the PRC, an invasion that never occurred. The Chaoshan group of triads leveraged its ethnolinguistic ties with the Thai Teochow, some of whom had commercial interests in Hong Kong, and also built relations with the Union Corse, the Corsican mafia based in Marseilles.

Chemists in the Teochow triads' employ travelled to the tri-border area of Myanmar, Thailand and Laos, to set up heroin-refining laboratories.⁴⁷ This infrastructure allowed the triads to corner a large share of the international heroin trade between the 1950s and '80s, before South West Asia's Golden Crescent firmly displaced South East Asia's Golden Triangle as the world's leading producer of opium.

One writer comments that the Thai Teochow, which were probably the most successful and politically influential of all diaspora Chinese networks,

... were somehow predestined to become the main suppliers of the Golden Triangle's opium and heroin since one of their Siamese commercial associations had very early on obtained an official license for opium retail sales in Shanghai's French concession: the first opium retail store of Shanghai, Hongtai, was owned by Teochiu [*sic*] merchants.⁴⁸

Pacific Journal, Volume 8, Number 44, 2010, <https://apjff.org/-Peter-Dale-Scott/3436/article.html>.

47 Mark S. Gaylord, "The Chinese laundry: International drug trafficking and Hong Kong's banking industry", *Contemporary Crises*, Volume 14, 1990, p. 25.

48 Chouvy, Pierre-Arnaud, "Drug trafficking in and out of the Golden Triangle", in Pierre-Arnaud Chouvy ed., *An Atlas of Trafficking in*

It was this early relationship between the Chaoshan triads and the colonial French presence in Asia that later enabled the westward transportation of heroin to the United States. The so-called ‘French Connection’ run out of Marseilles by the Corsican mafia, which had previously trafficked European women to Shanghai brothels in exchange for opium, meant that the influence of Chinese organized crime in the global opiate trade was disguised.⁴⁹ In recent decades the Teochow are thought to remain highly active in the international drug trade, which has shifted towards amphetamine production using precursor chemicals sourced from the Chinese and Indian pharmaceutical industries.⁵⁰

THE SUN YEE ON AND THE CCP

The Sun Yee On was among the most active triad societies in moving into Shenzhen in the mid-1980s. This city’s proximity to Hong Kong has made it by far the most favoured landing spot for criminal organizations from the former British territory that were looking to gain a presence in the massive Chinese market for illicit goods and services. For the longest time, there had been an expectation among crime analysts that the Hong Kong triads, accustomed to the liberties of a partly-free society, would attempt to move their operations out of Chinese territory prior to the handover. Instead, the opposite happened: the triads were only too glad to establish a presence in the PRC, seemingly confident that their activities would not be interfered with. In 1993, a senior Sun Yee On leader opened a nightclub in Beijing. One of the co-owners of this nightclub

Southeast Asia: The Illegal Trade in Arms, Drugs, People, Counterfeit Goods and Natural Resources in Mainland Southeast Asia, IB Tauris, London, 2013, p. 8.

49 Roger Faligot, *Chinese Spies: From Chairman Mao to Xi Jinping*, Harper Collins, Gurugram, 2022, pp. 8-9.

50 Interview of Professor Roderic Broadhurst, June 22, 2022.

was Tao Siju, the PRC's minister for public security, a position which equated with being the communist regime's chief of police.⁵¹ The same year, a Chinese-born Australian citizen was abducted from a hotel in Macau (which was still a Portuguese colonial possession at the time) and smuggled across the border to Shenzhen. On PRC territory, he was charged with fraud and sentenced to eighteen years in prison, although there have been allegations that he was the victim of a business dispute with Deng Xiaoping's niece. His kidnapers were allegedly from the 14K triad, the largest and most powerful triad society in Macau.⁵²

In more recent years, there has been speculation that the PRC government has leveraged the global reach of ethnic Chinese criminal networks to kidnap self-exiled dissidents living overseas.⁵³ As documented in a January 2022 NGO investigation, since 2014 Beijing has coerced, coaxed and intimidated 10,000 fugitives to return to the PRC.⁵⁴ In a minority of the cases, the targets appear to have been kidnapped, sometimes brazenly by covert operatives (who might be members of organized crime gangs) and at other times, with the informal cooperation of local law enforcement agencies in the countries where they were hiding out. Details of such operations might never appear in the public domain, or

51 T. Wing Lo, "Beyond Social Capital: Triad Organized Crime in Hong Kong and China", *The British Journal of Criminology*, Volume 50, Number 5, 2010, p. 856.

52 Fredric Dannen, "Partners in Crime: How Beijing is teaming up with Hong Kong's gangs", *New Republic*, June 14, 1997, <https://newrepublic.com/article/90738/partners-in-crime>.

53 Interview of expert on Chinese foreign policy, June 21, 2022.

54 "Involuntary Returns, China's covert operation to force 'fugitives' overseas back home", *Safeguard Defenders*, January, 2022, <https://safeguarddefenders.com/sites/default/files/pdf/INvoluntary%20Returns.pdf>.

might take a long time to come out. For a loose parallel, one might recall that, following the Tiananmen Square crackdown in 1989, Hong Kong triad societies facilitated the escape of around 150 pro-democracy activists from the PRC, via Hong Kong to the West. ‘Operation Yellowbird’, as the smuggling operation was known, was one of the reasons why the Chinese communist regime grew eager to reach an accommodation with the triads, to stop them from supporting further anti-regime activities in China.⁵⁵ There is also a hypothesis that the escape of the most high-profile dissidents actually suited Beijing’s interests at the time, since it allowed the PRC to avoid hostile international scrutiny that could have arisen if the dissidents had been put on trial.⁵⁶

In any case, by the turn of the millennium, with both Hong Kong and Macau returned to Chinese sovereignty, triad societies like the Sun Yee On and the 14K were expanding into the mainland with little interference from the state. One reason for this is that the triads had significantly bought off officials of the various public security organizations in southern China.⁵⁷ Guangdong was especially susceptible. Eventually the triads set up synthetic drugs factories in the province, especially near Guangzhou, because authorities at the commune and county level were so easily corruptible.⁵⁸

Shenzhen too was a favoured hunting ground. When the PRC abolished movement controls into the city in 2003, rates of violent crime such as murder and assault rose by a third and kidnappings by 75 per cent. Some of this increase could

55 T. Wing Lo and Sharon Ingrid Kwok, “Triads and Tongts”, Gerben Bruinsma and David Weisburd eds., *Encyclopedia of Criminology and Criminal Justice*, Springer, New York, 2014, pp. 5338-5339.

56 Roger Faligot, op. cit., p. 191 and 195.

57 Interview of British expert on Chinese security policy, September 16, 2022.

58 Interview of Professor Roderic Broadhurst, June 22, 2022.

be attributed to the influx of migrants from across the PRC, and not specifically to organized crime. But the Hong Kong triads' impact was seen in another sphere: following the 1997 handover – the street price of narcotics in Shenzhen dropped to half of that in Hong Kong. A survey among Chinese businessmen found that the city was 2.5 times more likely to host bribery and corruption scams than Hong Kong, and that extortion levels were comparable with the latter city.⁵⁹

TAIWAN AND THE POLITICAL USE OF TRIADS FOR 'REUNIFICATION'

There remains only Taiwan, which has long been a refuge for triad members since the 1949 communist revolution. But in recent decades the CCP appears to have reached an accommodation with Taiwanese triads as well, tempting them with business opportunities in the vast mainland market. As far back as 2001, Fujianese authorities estimated that up to 17 criminal organizations from Taiwan had invested in the province, taking advantage of the lessening of bilateral tensions.⁶⁰ That year, Beijing launched an economic integration programme known as 'Three Links', connecting the Taiwanese island of Kinmen with the city of Xiamen in Fujian province. Kinmen is an anomaly in that it is much closer to the PRC than the rest of Taiwan (depending on where one calculates from, the island is between two and six kilometres from Xiamen's shoreline but nearly 300 kilometres from Taipei).

The 'Three Links' (interconnectivity of transport, postal services and telecommunications) brought the island psycho-

59 Roderic Broadhurst and Lee King Wa, "The Transformation of Triad 'Dark Societies' in Hong Kong: The Impact of Law Enforcement, Socio-Economic and Political Change", *Security Challenges*, Volume 5, Number 4, 2009, pp. 32-35.

60 Jason Blatt, "Recent Trends in the Smuggling of Chinese into the United States", *Willamette Journal of International Law and Dispute Resolution*, Volume 15, Number 2, 2007, p. 267.

logically closer to communist-ruled territory than had ever been the case during the Cold War.⁶¹ Kinmen also became a favoured hunting ground for pro-Beijing businessmen and triad societies (in Taiwan, the boundaries between politics, business and criminality were increasingly blurred during the 1990s, a trend that worked in favour of the PRC's efforts to build influence).⁶²

The most prominent such Taiwanese triad, the United Bamboo (sometimes called the Bamboo Union) was, for much of the Cold War, opposed to the PRC. But as Taiwanese authorities cracked down on its illicit activities within Taiwan itself, one of its leaders, Chang An-le, fled to the PRC. There, he built up cordial relations with CCP officials and after years of living in self-imposed exile, returned to Taiwan in 2013. He immediately set about creating a political party, the China Unification Promotion Party, whose objective is stated in its name.⁶³ The CUPP has worked to intimidate anti-Beijing activists in Taiwan, using mafia-style tactics. One incident in January 2017 seemed to suggest that Chang An-le was part of a larger network of PRC assets. On that occasion, a number of pro-democracy leaders from Hong Kong were coming to visit Taiwan. They were first assaulted at Hong Kong airport by pro-Beijing activists and then, after catching their flight to Taipei, were subjected to an attempted assault upon landing. Chang's son Chang Wei was involved in the latter altercation. Among

61 Amber Lin, "Will Kinmen, Taiwan's Frontline, Become the Next Crimea?", *Pulitzer Center*, January 25, 2020, <https://pulitzercenter.org/stories/will-kinmen-taiwans-frontline-become-next-crimea>.

62 Cain Nunns, "Taiwan and the Mob", *The Diplomat*, June 15, 2012, <https://thediplomat.com/2012/06/taiwan-and-the-mob/>.

63 J. Michael Cole, "Nice Democracy You've Got There. Be a Shame If Something Happened to It", *Foreign Policy*, June 18, 2018, <https://foreignpolicy.com/2018/06/18/nice-democracy-youve-got-there-be-a-shame-if-something-happened-to-it/>.

the suspects arrested for the attempted assault in Taipei was a former United Bamboo member, who had defected to join another triad society, the Four Seas Gang. The two criminal organizations are suspected of being part of an influence campaign by the PRC to prepare public opinion in Taiwan for reunification with the mainland.⁶⁴ Since it is illegal for a political party such as the CUPP to receive funding directly from the PRC or CCP, the triads, whose commercial interests span across the Taiwan Straits, might serve as intermediaries for laundered money to reach the CUPP.

Another organization with suspected links to organized crime is the ‘Hongmen’, a worldwide network of ethnic Chinese with some characteristics of a secret society. In Taiwan, the Hongmen are believed to support the ‘For Public Good Party (FPGP)’, which advocates the peaceful ‘reunification’ of Taiwan with the PRC (although the PRC since its formation has never actually ruled Taiwan, the term ‘reunification’ is widely used in Chinese discourse).⁶⁵ A former leader of the 14K triad society in Macau, Wan Kuok-Koi, better known as ‘Broken Tooth’ has set up a Cambodia-based World Hongmen History and Culture Association. The US government considers this entity a front for organized crime and ‘Broken Tooth’ as linked to the CCP.⁶⁶ His 14K faction is reported to have ties with the Japanese Yakuza, and he has been observed visiting Pacific island nations such as Palau, which are transit points for drug

64 J. Michael Cole, “On the Role of Organized Crime and Related Substate Actors in Chinese Political Warfare Against Taiwan”, *Prospect and Exploration*, Volume 19, Number 6, 2021, https://www.mjib.gov.tw/FileUploads/eBooks/6f2646ebb06a4ddba2449c950a42533d/Section_file/8a0b255919bc48e1bc3d2a38825cd3c8.pdf.

65 Amber Lin, op. cit.

66 Bertil Lintner, “Why the US bit back at China’s ‘Broken Tooth’”, *Asia Times*, December 12, 2020, <https://asiatimes.com/2020/12/why-the-us-bit-back-at-chinas-broken-tooth/>.

shipments originating from the PRC and also money laundering hubs, due to the presence of online casinos. The drugs might be imported inside shipping containers, since many island nations rely on imports from the PRC. On a visit to Palau, ‘Broken Tooth’ was hosted by a prominent local politician and also by an influential Chinese entrepreneur who is believed to be a CCP member.⁶⁷

THE ECONOMICS OF COLLUSION

Understanding the PRC’s influence over formerly hostile triad societies such as the Sun Yee On, 14K and United Bamboo, requires recognition of how greatly economics shape the relationship. With the PRC’s economy offering a vast market to criminal actors that have already saturated their home bases, cooperation with the CCP is an offer they cannot refuse. As has been noted by one writer on Chinese organized crime, rather than families it is business enterprises that are the organizing units which give structure to a mafia-style actor.⁶⁸ Many gangs are hidden in plain sight within legitimate companies that create cover jobs for musclemen to engage in criminal violence and intimidation. These for-hire thugs work alongside *bona fide* office staff who engage in ordinary corporate sector duties. Such an arrangement gives contemporary Chinese mafias more of a white-collar character than has been associated with triad societies in the past. Originally, the triads had been linked with migrant welfare. They recruited from the hordes of impoverished youth fleeing communist China for better economic opportunities in Hong Kong, Macau and Taiwan. But with such opportunities

67 Interview of researcher based in the Pacific islands, who is tracking Chinese organized crime, August 22, 2022.

68 Peng Wang, “The rise of the Red Mafia in China: a case study of organised crime and corruption in Chongqing”, *Trends in Organized Crime*, Volume 16, 2013, p. 61.

now being found in the PRC, the structure of triad societies has changed. They are less hierarchical and regimented than before, and more like entrepreneurial networks, with flexible and overlapping memberships. Promotion is determined not on the basis of who is the fiercest street fighter, but on who is more adept at understanding how to run legitimate businesses.⁶⁹

The Sun Yee On still maintains a largely centralized structure and is thought to have the closest ties with the CCP, of all the Hong Kong triad societies. The Teochow-dominated triad, and other triads of the Chaoshan group, preserve a tight sense of cohesion due to their distinct dialect. Regardless of where they are located, members of these triads anywhere in the world are linked by a native tongue shared by just seven villages in the vicinity of Shantou city.⁷⁰ For other triads, such as the Wo Shing Wo and especially the 14K, centralization has long given way to local opportunism. This is remarkably similar to what happened within the state machinery of the PRC itself over the last four decades.

The decision-making power afforded to provincial authorities as a result of Deng's economic decentralization has fostered an informal culture of tolerance for criminality. There have been reports that local officials ignore abuses of labour law, including child trafficking, because they see this as a form of successful entrepreneurship which benefits the wider community. Private businesses that rely on forced child labour, such as in the mining and construction sectors and some factories, are spared rigorous inspections so that abuses can

69 John S. Van Oudenaren, *op. cit.*, pp. 135-136.

70 Glenn E. Curtis, Seth L. Elan, Rexford A. Hudson and Nina A. Kollars, "Transnational Activities of Chinese Crime Organizations: A Report Prepared under an Interagency Agreement by the Federal Research Division, Library of Congress", *Trends in Organized Crime*, Volume 7, Number 3, 2002, p. 20.

remain undiscovered as far as official records are concerned. In some cases, officials have obstructed investigations into child trafficking operations and hampered rescue efforts, going to the extent of informing the traffickers of planned law enforcement actions.⁷¹

RED-BLACK COLLUSION

One of the sectors that is most prone to red-black collusion is the real estate sector. Local officials who are keen to build new infrastructure projects often face resistance from so-called ‘nail households’.⁷² These households consist of families or even lone individuals who refuse to sell their properties at rates that are arbitrarily determined by government bureaucrats. They insist that the financial compensation offered to them is insufficient, a claim that may sometimes be true. Officials are wont to requisition private land at very low rates and resell this to large-scale developers at a steep premium. In such cases, with legal options having been exhausted and the developers wary of being embroiled in prolonged litigation, the task of evicting the households is delegated to extra-legal enforcers. The latter use a combination of tactics, including physical stalking, threats and illegal trespass, to intimidate recalcitrant homeowners into relocating for their own safety.

Likewise, certain sectors of the illicit economy which are perceived to stimulate local entrepreneurship, such as gambling and the sex industry, are tolerated by government officials. It is generally accepted in the PRC that a ‘hidden rule’ of attracting foreign investors to a city is to offer forbidden hospitality

71 Anqi Shen, Georgios A. Antonopoulos and Georgios Papanicolaou, “China’s stolen children: internal child trafficking in the People’s Republic of China”, *Trends in Organized Crime*, Volume 16, 2013, pp. 43-44.

72 Peng Wang, “The Chinese mafia: private protection in a socialist market economy”, *Global Crime*, Volume 12, Number 4, 2011, p. 310.

services, such as high-end prostitution, which would charm visiting businessmen.⁷³ The practice of bribing local law enforcement officials and party chiefs with free sexual services is also a favoured tactic of criminal syndicates. Chinese law has not explicitly criminalized sex-related corruption because it is difficult to gather evidence to support a prosecution, unlike instances where large amounts of money has changed hands, and also because sex is seen as a private matter. Were a government official found to have been influenced by paid-for sexual favours provided by a private businessman or a crime boss, that would be seen as a moral problem rather than a criminal offence. For this reason, the use of sex to corrupt government officials is fairly commonplace in China.⁷⁴

THE CASE OF FUJIAN

In the province of Fujian, where a thriving migrant smuggling industry operated through the 1980s and '90s, provincial officials are thought to have turned a blind eye because of the overseas remittances that flowed in. In Chinese history Fujian has long been an outward-looking province with a seafaring tradition, located as it is on the PRC's southeastern coast. Since it was thought to be the likely frontline of any war fought between the PRC and Taiwan, it received a paltry budgetary allocation from the central government after 1949. This changed in the 1980s as relations between the PRC and Taiwan improved and the threat of war receded. But Fujian's lack of development meant that it had a surplus of labour and not enough jobs. Since a number of Fujianese had managed to escape abroad during the years after 1949, often by leveraging linguistic links with Taiwanese smugglers who had extensive

73 Peng Wang, op. cit., pp. 66-67.

74 Peng Wang, *The Chinese Mafia: Organized Crime, Corruption and Extra-Legal Protection*, Oxford University Press, Oxford, 2017, p. 162.

contacts in the West, and especially the US, awareness spread of the high wages that illegal migrants could earn overseas.

During the 1990s the outflow of migrants became a flood that transformed the province's economy. Whereas in 1990, foreign investment in Fujian was USD 379 million, five years later it had climbed to USD 4.1 billion.⁷⁵ The increase was largely driven by remittances from Fujianese living in the West, where wages for even unskilled work were much higher than in China. The provincial authorities thus had an incentive not to look too closely at the migrant smuggling business, lest they be forced to shut off an inflow of cash. Even if they were compelled to go after smugglers, they focused on the small fry while high-level financiers tended to escape arrest or even identification. This is not to suggest that the PRC government at the apex level was indifferent to the problem of migrant smuggling. Indeed, it was acutely aware that stories of poorly-educated and low-skilled Chinese nationals swarming to the shores of democratic industrialized nations was bad publicity for the People's Republic. But the calculations of the central government were overridden by the exigencies of provincial development.

Like the Teochow triads, Fujianese migrant-smugglers relied on a distinct dialect (northern Min) to build trust among themselves and with their clients. They solicited for business in the area around Fuzhou, the provincial capital, located in the north. Their primary service was offering passages by air and sea to the United States. It has been estimated that during the 1990s, anywhere between 80 and 90 per cent of all illegal Chinese migrants to the US came from Fujian, an astonishing

75 Patrick Radden Keefe, *The Snakehead: an epic tale of the Chinatown underworld and the American dream*, Doubleday, New York, 2009, p. 45 and 47.

predominance for what is geographically and demographically a small province within China. But there were also smuggling lines to Europe. Countries of the former communist bloc, such as Hungary, were favoured destinations because they had a local Chinese community from the days of Cold War solidarity, into which undocumented migrants could disappear. There was, reportedly, already a triad society presence in cities like Budapest and Szeged. Perhaps because the spirit of the times encouraged private risk-taking as a means of boosting one's personal fortune, rather than depending on state intervention to raise overall living standards, local officials in Fujian seem to have encouraged the export of labour to Europe. In the 1990s, authorities in Mingxi county (which is in Fujian) proposed to the Hungarian embassy in Beijing that it set up a visa processing centre in nearby Sanming city. The Sanming administration itself sought to establish 'sister city relations' with the 8th district of Budapest, where many Chinese migrants, both legal and illegal, had settled. Both proposals were declined by the Hungarian government, perhaps due to concerns that closer ties with Fujianese society would only increase the flow of illegal immigration.⁷⁶

THE GLOBALISATION OF CHINESE ORGANISED CRIME?

In the 1990s and 2000s, two distinguished American professors of ethnic Chinese origin, Sheldon Zhang and Ko-Lin Chin, conducted meticulous fieldwork on Chinese organized crime.⁷⁷ Much of their research focused on the activities of

76 Mette Thunø and Frank N. Pieke, "Institutionalizing Recent Rural Emigration from China to Europe: New Transnational Villages in Fujian", *The International Migration Review*, Volume 39, Number 2, 2005, p. 505.

77 Sheldon X. Zhang and Ko-Lin Chin, "Snakeheads, mules, and protective umbrellas: a review of current research on Chinese organized crime", *Crime, Law and Social Change*, Volume 50, 2008, p. 182 and 189.

‘snakeheads’ or migrant smugglers. Their work suggested that migrant smuggling networks were *ad hoc*, transnational and entrepreneurial, and thus less suited to overarching control by traditional organized crime groups such as triad societies.⁷⁸ The latter were modelled as being regimented, territorially-defined and reliant on protection racketeering for the bulk of their revenue. Zhang and Chin’s research has had an indelible impact on how transnational aspects of Chinese organized crime have been perceived, but there are grounds for a re-appraisal.

A 2009 study that contrasted migrant smuggling and drug smuggling networks in the Netherlands threw up extremely interesting findings. Migrant smuggling, according to this study, did indeed seem to be a form of crime that lent itself to relatively flat and loose networks of part-time collaborators, who came together on an opportunistic basis. As documented by Zhang and Chin, the Netherlands case suggested that such smugglers were usually not career criminals. They may have treated migrants as merely a lucrative commodity that they dealt in as a side-hustle to their main business or day-job, which could be perfectly legal. In contrast, drug smugglers tended to be involved in a broader range of crimes, were more open to collaborating with criminals of different (i.e., non-Chinese) ethnicities, and operated under a measure of centralized direction.

Whereas migrant smugglers tended to operate in family-based networks, extra-familial loyalty was quite rare because it did not make business sense. There seemed to be no overarching authority in the case of migrant smuggling, even if individual

78 Sheldon X. Zhang and Ko-Lin Chin, “Enter the Dragon: Inside Chinese Human Smuggling Organizations”, *Criminology*, Volume 40, Number 2, 2002, p. 762.

families or cells that made up part of a smuggling network were hierarchically organized at a local level. The same was not true of drug smugglers, who seemed to have greater deference to centralized control across large distances because of the ever-present risk of brutal reprisals if they acted in a selfish and opportunistic manner. Even though drug smugglers seemed more loosely organized than the family-run migrant smuggling networks, they were actually more likely to be controlled by a larger criminal entity with roots back in China.

There was also a difference in age profile and socio-economic backgrounds: migrant smugglers were younger and, more often than not, recent arrivals in the host society where they committed their crimes. Drug smugglers were older and better integrated into the host society. Lastly, because most illegal migrants from China originated from Fujian and Zhejiang provinces (the latter is immediately to the north of Fujian), the working languages of migrant smugglers were Fujianese (northern and southern Min dialects) and the Wu dialect commonly used in Zhejiang. Mandarin was only used when smugglers from the two provinces collaborated. What was notable was the subordinate role of Cantonese-speakers in migrant smuggling. People from Guangdong, Hong Kong and Macau were not prominent among recent waves of illegal migrants from China. So migrant smugglers had little need for this language. In contrast, drug smugglers, whether they dealt with heroin in previous decades or synthetic drugs more recently, tended to be Cantonese-speakers, because Guangdong was a hub of the Chinese pharmaceutical industry and Hong Kong was a major transshipment seaport. The importance of bottlenecks in the drugs supply route suggested that access to them would constitute a prize for a territorially-defined

criminal group, such as a triad society.⁷⁹ The 14K in particular, has been mentioned in connection with the drugs trade through the Netherlands.

One of the experts interviewed for this paper explains why Zhang and Chin's conclusions about the lack of Chinese organized crime group involvement in smuggling might need to be qualified:

In drug trafficking, there is a real need for violence, and there is a real need for organization to ensure that for each part of the process, from the source country to the destination country, there is an overarching view of the planning and investment involved. In human smuggling, you do not have to control people if you are not going to be using them as trafficked labour or for the sex trade. But in drug trafficking, you do need to exercise power, through violence, to punish people if they step out of line. Human smuggling appears more sporadic and is dominated by legitimate or semi-legitimate people who like to make money on the side. With drug trafficking, we are talking about professional criminals who are in a very tight network because it takes a lot of trust and it takes strong relationships to conduct that type of activity.⁸⁰

The same view was voiced by another interviewee, that human smuggling is more a 'mom-and-pop' business that has little need for violence, in contrast to high-risk cargoes such as drugs.⁸¹

79 Melvin R. J. Soudijn and Edward R. Kleemans, "Chinese organized crime and situational context: comparing human smuggling and synthetic drugs trafficking", *Crime, Law and Social Change*, Volume 52, 2009, p. 464, 466-468 and 471-472.

80 Interview of Dr. Alex Chung, June 11, 2022.

81 Interview of Professor Roderic Broadhurst, June 22, 2022.

THE IMPORTANCE OF PERSONAL NETWORKS

Seen with the benefit of hindsight, the *zeitgeist* of the 1990s and the 2000s emphasized the power of adaptive networks over procedure-bound hierarchies. This perhaps led to an under-estimation of the need for identity and security among migrants, especially illegal ones. A study of Chinese migrants in the Czech Republic found that they noticeably self-differentiated, depending on their communities of origin. Even though hailing from a common province (Zhejiang), they tended to speak one of three distinct local dialects. Their sense of belonging was derived from their specific place of origin, whether it was a city (like Hangzhou) or a county (like Qingtian county). While the host society viewed them homogenously as ‘Chinese’, they remained acutely conscious of differences between themselves.⁸²

The same differentiation applied in New York’s Chinatown during the massive wave of Fujianese illegal immigration in the 1980s and ‘90s. The wave is thought to have peaked during the period 1988-93. It was at this time that the US government liberalized its asylum policy as regards Chinese nationals, offering refuge to those fleeing political persecution after the June 1989 Tiananmen Square crackdown in China, and also those fleeing the country’s one-child policy (which had outraged American conservative politicians). Snakeheads, as the migrant smugglers were called (because the routes taken to cross international boundaries featured many twists and turns, like the body of a moving snake), tutored their clients on what to tell US immigration judges. It became comically common for Fujianese asylum seekers in American courts to claim that they personally had been present in Tiananmen

82 Markéta Moore and Czeslaw Tubilewicz, “Chinese migrants in the Czech Republic”, *Asian Survey*, Volume 41, Number 4, 2001, p. 621.

Square during the crackdown, or that they were being hunted by Chinese authorities for having had more than one child. It was not until 1993 that the US State Department began to sensitize immigration officials that Fujian was not as hellish as the asylum-seekers claimed. Meanwhile, the Fujianese migrants disappeared into Chinatowns across the country, which soon became miniature ghettos within a larger ghettoised community.⁸³

Since the 1850s, Chinatowns in American cities had been dominated by Cantonese-speakers, descendants of labourers who had laid the railway lines that connected the US east and west coasts in the years following the California Gold Rush. The Cantonese saw themselves as something of an entrenched elite among the Chinese diaspora, and looked down on the recent Fujianese arrivals for being rustic and undignified. They referred to them as ‘eighteen thousand dollar men’ – the going rate in the 1980s for securing a place on a smuggling route from Fujian to the US.⁸⁴ The fact that the Fujianese worked extremely long hours doing menial tasks such as dish-washing in Chinatown restaurants only added to the sense of contempt. For their part, the Fujianese resented the condescension received from their Cantonese counterparts and stuck to themselves in specific areas of Chinatown. The result was that localities where migrant smuggling operations were run became black holes for intelligence collection. In 1993, when about 80 to 90 per cent of all illegal Chinese migrants to the US came from Fujian, there was only one law enforcement officer at any level of government in the New York area, who spoke Fujianese.⁸⁵

83 Patrick Radden Keefe, *op. cit.*, p. 192-193.

84 *Ibid.*, p. 39.

85 Jennifer Bolz, “Chinese Organized Crime and Illegal Alien Trafficking: Humans as a Commodity”, *Asian Affairs: An American Review*, Volume 22, Number 3, 1995, pp. 153-154.

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The small number of Cantonese-speakers in agencies like the Federal Bureau of Investigation were of limited value in interrogating suspects, since their effectiveness depended on the suspects' ability (and willingness) to communicate in Cantonese. Telephonic wiretaps were also of marginal use, since any intelligence that could be derived from them became stale and non-actionable by the time it was translated, if at all that happened.

Regional dialect also explains why Fujian in particular, became a place of origin for migrant smuggling to the US. The crucial link was Taiwan, which shared the southern Min dialect of south Fujian. Although most America-bound migrants came from the north of the province, the similarity of dialect with Taiwan allowed collaborative linkages to be fostered. During the Cultural Revolution, smuggling between Fujian and Taiwan had laid the groundwork for transporting human cargo. Political turmoil in the PRC prompted a weakening of individuals' trust in the communist system, which was so consumed by fratricidal warfare that it seemed to be devouring its own.⁸⁶ Instead of relying on the state, citizens fell back on blood ties and trusted only their closest associates – those whom they knew from school-going days, while conducting any transactions. The result was the emergence of highly personalized and secretive networks, which relied on members having a shared place of origin, dialect and impeccable references from insiders.⁸⁷ In the case of Fujian and Taiwan, the cross-strait ties that sprang up during the Cultural Revolution prepared the mainland population in how to subvert the laws of a totalitarian system for private benefit. These skills were put to considerable use as the Fujianese diaspora built up from the 1980s onwards, and a distinctly Fujianese sub-mafia emerged.

86 Interview of Dr. Nis Gruenberg, September 2, 2022.

87 Interview of Professor Ming Xia, September 8, 2022.

When the Taiwanese government attempted to boost its ties with Latin America in the 1970s, by providing assistance to governments in the region in setting up industries, it strengthened the smuggling trend. Snakeheads used the cash generated from cross-strait traffic and the political connections forged by Taiwanese entrepreneurs in Latin America, to corrupt policymakers in Guatemala, Belize and Honduras.⁸⁸ Officials in these countries were, at various stages in the 1990s, involved in assisting the movement of Fujianese migrants to the United States. Their involvement could consist of selling genuine national passports to the migrants, providing security to smuggling ships that approached their territorial waters, or simply ignoring the activities of snakeheads.

The actual routes taken by migrants varied, depending on local conditions. During the early 1990s, Fujianese migrants would be taken to the PRC's Yunnan province, which abuts South East Asia. From there they would cross the land border with Myanmar, before proceeding further south and entering Thailand. Within Thailand, they would move south to Bangkok, where forged travel documents awaited them. Those travelling by air would be put on planes to Latin American countries, from where they would be relayed northward across the continent by various subcontractors until they crossed the US-Mexico border. An alternative route was to travel by sea at least part of the way, or even directly to the US. The sea route was preferred by snakeheads because they could make a greater profit by transporting their cargo (migrants) in bulk. Plus, document checks at Bangkok airport became stricter from 1992 onwards, prompting a search for alternative means of transportation.

88 Patrick Radden Keefe, "Snakeheads and Smuggling: The Dynamics of Illegal Chinese Immigration", *World Policy Journal*, Volume 26, Number 1, 2009, pp. 41-42.

In June 1993, the existence of the sea route was dramatically revealed to the American public when a squalid ship carrying nearly 300 Chinese migrants, almost all from Fujian, appeared off the New York shoreline. Television news cameras captured footage of law enforcement personnel chasing the bewildered migrants around and corralling them onto buses to be taken into detention. The whole scene, as one writer described it, equated Chinese migrant smuggling with being a mafia-style version of the Normandy landings of World War II, an invasion of the United States, launched by sea.⁸⁹ The publicity surrounding this one incident prompted a series of policy changes in the US, including putting migrants into detention and sensitizing immigration courts about false asylum claims. Ultimately, such changes slowed the rate of illegal migration. Changes in the PRC's economy probably made a bigger difference though: by the late 2000s, societal norms in Fujian emphasized that it was better to remain in China and become an entrepreneur than become indebted to smugglers and perform low-skilled work in a foreign land, where one would have few social connections. No longer was a young person's social status enhanced by emigrating to the West, legally or otherwise.

MIXTURE OF TERRITORIALITY AND TRANSNATIONALITY

All of this paints a mixed picture about how much of the Chinese migrant smuggling business is characterized by transnational market forces that are independent of local factors. The importance of territoriality is occasionally emphasized through the use of street gangs to handle some of the logistics of smuggling. For example, the June 1993 seaborne landing in New York happened to fall in the glare of the news media only by accident. A local Fujianese gang, the Fuk Ching, was supposed to receive the migrants discreetly using hired boats

89 Patrick Radden Keefe, *op. cit.*, p. 15.

which were to meet the transport ship offshore.⁹⁰ But it had been crippled by fratricidal warfare and a police crackdown. Investigators found that the gang worked as subcontractors for a snakehead known as ‘Sister Ping’, a Fujianese lady based in New York’s Chinatown. Sister Ping was more of an illicit entrepreneur than a mafia godmother. She had in fact previously been the victim of a home invasion and armed robbery by the same gang that she later subcontracted to be her logistics agents. The gang’s main source of revenue came from extortion rackets. The Fuk Ching was widely thought to be affiliated with a New York-based Fujianese welfare association known as the Fukien American Association, an allegation that was denied by the latter entity. Whether acting on its own, or under covert instructions from the Association, the Fuk Ching levied protection fees on businesses in the Fujianese parts of Chinatown. Migrant smuggling was a highly lucrative side-show for the gang, but one it had diversified into at a later stage.

A similar dynamic seems to have been replicated in parts of Latin America where Fujianese communities came up, consisting of snakeheads and those of their customers who had dropped out of the effort to emigrate to the US. In Argentina’s small provincial towns, Fujianese gangs set up protection rackets that mirrored those found in New York.⁹¹ Such rackets were not fundamentally different from those associated with larger ‘traditional’ crime organizations like the Hong Kong triad societies. Even if the triads themselves were not directly involved in smuggling migrants to the US, their business model

90 Andrew J. Sein, “The prosecution of Chinese organized crime groups: the Sister Ping case and its lessons”, *Trends in Organized Crime*, Volume 11, 2008, pp. 168-170.

91 R. Evan Ellis, “Chinese Organized Crime in Latin America”, *PRISM*, Volume 4, Number 1, 2012, pp. 66-67.

was replicated across the world because it operated on the universal principle of selling protection services to vulnerable entrepreneurs with immigrant (Chinese) backgrounds.

THE 'TRIAD MODEL' OF ORGANISED CRIME

By one count, in the early 1990s there were over 50 triad societies in Hong Kong, of which no more than 15 regularly came to the attention of law enforcement agencies.⁹² This, in itself, represented a drastic reduction from the mid-20th century, when the number of societies was estimated to be 300, and up to one-sixth of Hong Kong's population was thought to consist of triad members.⁹³ By the 1990s this had reduced to one in every twenty persons. The 1970s had seen a notable decline in the triads' influence as a result of anti-corruption measures instituted within the colonial police. Membership of triad societies, already criminalized by the colonial regime since 1845, became easier to prosecute as a result of new laws introduced in the 1980s and early '90s. Even so, the societies managed to outlast the colonial apparatus and adapted to a new political order when Hong Kong returned to the control of mainland China in 1997.

The strength of the triads lay in the fact that, although they were underground (illegal) entities, they provided a valuable service in assimilating new migrants to Hong Kong. Following

92 Zhang, Sheldon X., "China Tongs in America: Continuity and Opportunities", in Dina Siegel and Henk van de Bunt eds., *Traditional Organized Crime in the Modern World Responses to Socioeconomic Change*, Springer, New York, 2012, p. 111. Also see John Dombrink and John Huey-Long Song, "Hong Kong After 1997: Transnational Organized Crime in a Shrinking World", *Journal of Contemporary Criminal Justice*, Volume 12, Number 4, 1996, p. 330.

93 Yiu Kong Chu, "Hong Kong Triads After 1997", *Trends in Organized Crime*, Volume 8, Number 3, 2005, p. 5 and T. Wing Lo, "Triadization of Youth Gangs in Hong Kong", *The British Journal of Criminology*, Volume 52, Number 3, 2012, p. 556.

the 1949 communist revolution in the PRC, Chinese youth fleeing the mainland had sought shelter in the British-controlled territory. The British authorities, until 1980, followed a liberal asylum policy that allowed such youth to stay on in Hong Kong, despite being illegal migrants (some curbs were introduced in 1974, as a result of the global economic slowdown caused by the oil price shock).⁹⁴

Since there were not enough jobs to keep the migrants gainfully employed, triad societies served as an informal welfare system. Such had been their role since the 19th century. Not all triads were engaged in criminal activity. Those that were, had an hierarchy of cut-outs to protect the top bosses from being incriminated in illegal activity. As documented in ethnographic research conducted by Hong Kong-based scholars, there were two layers of criminal involvement. At the lower level, were youth gangs that consisted of teenagers and pre-teens aged 12-18 years, although some were as young as ten. These youth banded together mainly to avoid getting picked on by neighbourhood bullies. They were a kind of preparatory school for entry into triad societies. Some of their members left the gang upon completion of their schooling, or at the insistence of their parents, or upon moving to a new address. Those that stayed, might move on to the next level. At the next level came street gangs, consisting of older teens and young adults (aged 16-25 years) who had personal ties with triad members.⁹⁵ These ties took the form of a boss-subordinate relationship, where the triad member would offer protection to his subordinates in

94 Jon Vagg, "The Borders of Crime: Hong Kong-China Cross-Border Criminal Activity", *The British Journal of Criminology*, Volume 32, Number 3, 1992, pp. 319-320.

95 James J. McKenna Jr., "Organized Crime in the Royal Colony of Hong Kong", *Journal of Contemporary Criminal Justice*, Volume 12, Number 4, 1996, pp. 321-322.

exchange for their obedience and subservience. They would provide the muscle in case any dirty work needed to be done. The street gang members were akin to criminal probationers, on course to becoming career criminals within a triad society, for which they would need to pass various initiation rituals. These differed from one triad to another.

LESS STRUCTURE, MORE FLEXIBILITY

Due to fear of undercover operations by the Hong Kong police, as well as changes in market conditions as Hong Kong integrated into the PRC, the cult-like rituals and strict hierarchy associated with triad membership have slowly been diluted.⁹⁶ Some triads, like the 14K, have become almost indistinguishable from street gangs, fighting between themselves for dominance of turf. The decentralized nature of its activities means that 14K is among the most opportunistic and active of triad societies, which gives it a greater global reach than most other societies, barring the Wo Shing Wo (from the Wo group of triads, the oldest triad cluster in Hong Kong) and the so-called ‘Big Circle Boys’. The latter was formed by former Red Guards who fled the city of Guangzhou for Hong Kong during the Cultural Revolution. One story says that since Guangzhou was marked in police maps by a big red circle, these fugitive gangsters became known as the Big Circle Boys (BCB).⁹⁷

The BCB did not originally have criminal intentions when they settled in Hong Kong. But discrimination by local inhabitants pushed them to the margins of the legitimate economy. As migrants from Guangzhou, they spoke the same

96 John S. Van Oudenaren, *op. cit.*, p. 133.

97 Stephen Marche, “The Company Man”, *Toronto Life*, November 1, 2021, <https://torontolife.com/city/this-man-is-the-jeff-bezos-of-the-international-drug-trade/>.

Cantonese language as Hong Kongers. But their distinctive accent was ridiculed. When they tried to work as street hawkers, local triad societies preyed on them for protection money.⁹⁸ With the desperation of refugees who had little to lose, the BCB went on the offensive against the triads, battling for territory which they would in turn, offer protection services in. Like the 14K triad society, which had been formed as a paramilitary organization to fight the CCP in the 1940s, the BCB had a violent sub-culture, forged as a result of its members having been brutalized in various ways by the Chinese state apparatus during the Cultural Revolution.⁹⁹ Hong Kong triads were unprepared for this level of aggression, and soon came to regard the BCB as potential allies in their own internal conflicts. Some of the triad societies admitted BCB members into their ranks. The group represented a new (but slow) trend in Chinese organized crime: less hierarchical, more entrepreneurial, but willing to use violence on a localized and opportunistic basis. Like the 14K, it had a flatter structure than most of the Hong Kong triads, which gave its members greater flexibility in decision-making and carving out their own territories against competitors.

The BCB demonstrated something which was alarming for the triads: a propensity to learn fast, innovate and scale-up. To some extent, it can be seen as representing the entrepreneurial hunger of a socialist PRC mainland that was discovering the luxuries of capitalism in Hong Kong. The former British colony's underworld did not unite in the face of this external threat. Some BCB networks became among the

98 Alex Chung, *Chinese Criminal Entrepreneurs in Canada, Volume I*, Palgrave Macmillan, Cham, Switzerland, 2019, pp. 75-76.

99 Martin Purbrick, "Patriotic Chinese Triads and Secret Societies: From the Imperial Dynasties, to Nationalism, and Communism", *Asian Affairs*, Volume 50, Number 3, 2019, pp. 312-314 and Stephen Marche, op. cit.

most successful Chinese criminal actors worldwide due to the flexibility afforded by their interpersonal contacts. In Canada, they began as street pickpockets, but within a short period of time, using their connections to the PRC, upskilled to the much more lucrative business of credit card fraud.¹⁰⁰ In Guangdong in the 1980s, they learned how to ‘cook’ synthetic drugs using techniques taught to them by the Hong Kong triads, who expected the BCB networks to work under their supervision as subcontractors. But once some BCB members mastered the necessary techniques, they showed little hesitation in kicking the triads out and going into business for themselves, as the triads’ rivals.¹⁰¹

The triads themselves were forced to adapt. One study summarized how the leading societies have operated since the 1990s, when China’s economic take-off gathered momentum:

Triads transformed from formal societies organized for the purpose of mutual protection to interlinked informal networks, which associate primarily for economic gain. In many ways triad organizational structure has come to resemble franchises as opposed to centralized businesses where headquarters calls the shots. Locally based triad-gangs benefit from the mother group’s established reputation and name recognition (street cred), but they have broad latitude in how they generate income. In return for the overarching triad organization’s brand name and protection, subgroups kick up a portion of their income to the top. High-level triad leaders do not derive most of their income directly from gang activity, but from monetary gifts delivered in red envelopes to bosses on special occasions such

100 Interview of Dr. Alex Chung, June 11, 2022.

101 Interview of Dr. Sharon Kwok, July 2, 2022.

as Chinese New Year. Obviously, the money in the envelopes probably comes from crime, but the gift-giving ritual provides another layer insulating leadership from illicit activity. Greater emphasis on profit maximization and the need to launder money has led triads to invest in legitimate enterprises and to form partnerships with normal white-collar businessmen.¹⁰²

Among the professions most compromised by triad influence in Hong Kong is the legal profession. Triads can allegedly manipulate the workings of the court system through inside support among legal clerks. Traditional mafia-style activities, such as collecting protection money from local shops, street hawkers, restaurateurs, as well as taxi stands, construction sites, bars, brothels and nightclubs continue to generate revenue, as do low-level crimes such as cigarette and fuel smuggling. At a higher level, beyond narcotics, some of the triads specialize in certain sectors of the illicit economy. The Sun Yee On has a strong grip over Hong Kong's film industry, to such an extent that it is the triad society of choice for actors who wish to avoid being threatened and coerced by other triads that are more brutal in their efforts to control which actors appear in which films.¹⁰³ The Sun Yee On offers protection from such coercion. The 14K meanwhile, is thought to specialize in gambling (owing to its dominance of Macau's casinos) while the Wo Shing Wo was once reported to be a leader in pirated videos.

The 14K has been mentioned specifically in connection with the drug trade in the Netherlands, while Wo Shing Wo is reported to have a stronghold in the UK. In London's Chinatown, an estimated 75 per cent of businesses operated by

102 John S. Van Oudenaren, *op. cit.*, pp. 135-136.

103 James J. McKenna, Jr., *op. cit.*, pp. 322-323.

ethnic Chinese are required to pay ‘tea money’, a euphemism for protection fees.¹⁰⁴ In Paris, extortion rackets among the Chinese are divided up by place of origin. Gangs whose members originate from the city of Wenzhou in Zhejiang province, for example, extort from merchants who also hail from Wenzhou. The Parisian Teochow also extort from their own people.

Payments can range anywhere from the equivalent of USD 500 to USD 2500.¹⁰⁵ The actual collection is done by gangs that are controlled by businessmen who form part of the underworld of the Chinese diaspora in France. Much as in Hong Kong, ethnic Chinese gangs worldwide prey upon members of their own community, whose code of silence prevents local law enforcement from fully perceiving the degree of criminal activity. Triad societies themselves are a hybrid of traditional and entrepreneurial organized crime, which makes them more adaptive than might have previously been thought in the 1990s, when the first empirical studies were conducted on migrant smuggling. Rather, Chinese communities in the West tend to show a replication of triad-style criminality at a local level.

THE EVOLVING NATURE OF ETHNIC CHINESE ORGANISED CRIME

Five decades ago, the term ‘Chinese organized crime’ would probably have meant Taiwanese, Hong Kong and Macau triads. The turmoil of the Cultural Revolution was still in the process of weakening the Chinese Communist Party, and its effects were yet to be fully felt. Nor had Deng Xiaoping instituted his economic reforms. The PRC was, for the most part, sealed off from the rest of the world. Due to the totalitarian nature of the country, there was little room for ‘black societies’

104 Peng Wang, *op. cit.*, p. 13.

105 Glenn E. Curtis, Seth L. Elan, Rexford A. Hudson and Nina A. Kollars, *op. cit.*, p. 26.

or street gangs to operate, unless their members had a death wish.

The phenomenon of street gangs was associated more with Hong Kong, due to its constant inflow of migrants from the PRC. When ethnic Chinese gangs first appeared in the United States in the mid-1960s, researchers traced their origins to a wave of migration from Hong Kong.¹⁰⁶ Taiwanese syndicates were dominant in the international narcotics trade, due to their links with ex-Kuomintang fighters (who had become drug cultivators) in South East Asia's Golden Triangle. Even during the 1980s, when Taiwan introduced political reforms to allow for a greater measure of democracy, it seemed to have a stronger problem of criminal infiltration of politics than the PRC. Fears of 'Black-Gold Politics' on the island were a forerunner to the 'Red-Black' nexus that appeared in the PRC during the 1990s. It was the 1984 administrative reforms, 1992 property reforms and 1994 tax reforms that made criminal collusion with state actors a widespread problem in China. The influx of Hong Kong and Macau triads into the mainland's illicit markets, as well as the massive amounts of cash that suddenly became available to lubricate business deals, fuelled corruption within state agencies.

Street gangs which lack the protective structure and loyalty oaths of triad-like secret societies, now instead have protection provided by state actors. In June 2022, a small example was provided when four female diners in the city of Tangshan in Hebei province were brutally set upon and beaten in public by a gang consisting of seven men and two women. Local police were at first slow to respond to the incident and attempted to

106 Paul Takagi and Tony Platt, "Behind the Gilded Ghetto: An Analysis of Race, Class and Crime in Chinatown", *Crime and Social Justice*, Volume 9, 1978, pp. 14-15.

trivialize the serious injuries suffered by the victims (who did not know their attackers). The perpetrators were only arrested after an outcry erupted on Chinese social media. The police's shoddiness led to suspicions that the gang had a protective cover. This hypothesis received added weight when it emerged that, of the roughly two dozen people arrested, nine were police officers.¹⁰⁷ Seven members of the gang were alleged to have previously been involved with internet gambling and money laundering.¹⁰⁸ Some journalists reported that authorities in Tangshan were citing Covid-19 restrictions on free movement to interfere with their efforts to report on the case.¹⁰⁹

The PRC's official reportage of crime trends and statistics needs to be treated with caution because it is suspected of being influenced by political considerations. Among these are the need to deny the existence of societal tensions caused by high-level corruption within the CCP, between the CCP and business figures, and between the police and gangsters. There is a need to present China's economic success as one that has benefited all sections of the polity. The incident in Tangshan, according to one foreign commentator, was symptomatic of a larger problem of under-policing in the PRC.¹¹⁰ Focused on political surveillance and controlling civic protests, the country's police allegedly have few resources to actually

107 Interview of Professor Ming Xia, September 8, 2022.

108 Zhang Yu, "Suspects in Tangshan assault case linked to other crimes", *China Daily*, June 22, 2022, <https://www.chinadaily.com.cn/a/202206/22/WS62b25109a310fd2b29e67b8b.html>.

109 "Chinese reporter Zhang Weihang recounts police harassment, detention in Tangshan", *Committee to Protect Journalists*, June 21, 2022, <https://cpj.org/2022/06/chinese-reporter-zhang-weihan-recounts-police-harassment-detention-in-tangshan/>.

110 James Palmer, "A Brutal Attack Stirs Anger and Shame in China", *Foreign Policy*, June 15, 2022, <https://foreignpolicy.com/2022/06/15/china-tangshan-attack-gender-violence-anger/>.

investigate criminal offences of a non-political nature. Thus, although the PRC may claim that ‘organized crime’ in the sense of the Sicilian mafia does not exist within the country, such assertions are half-truths at best.¹¹¹ Given the sheer size of China, it is understandable that no mafia organization can have a nation-wide presence. But localized influence, perpetuated with the aid of corrupt officials is very possible. With more Chinese nationals now going abroad in ever-greater numbers to work on projects connected with the Belt and Road Initiative, there is an urgent need to map out the geography of ‘black societies’ in China and compare this with the places of origin of many of the Chinese expatriates working on BRI projects. Thus far, little hard information is available in the public domain about the regional origin of many Chinese firms engaged with the BRI.

This paper has demonstrated that dialect and regional networks are crucial factors that give structure to ‘Chinese organized crime’. The term itself is almost too broad to serve an analytical purpose, but with the PRC’s growing international stature and the CCP’s tight control over domestic politics, it serves to focus attention on a policy issue of considerable relevance. In China, ‘organized crime’ does not exist independently of some degree of local tolerance from officialdom. But its proliferation in other parts of the world, which may be characterized by different political systems and police apparatuses, requires that it should be studied, not as a national but an international policy concern.

Previously there had not been any such monolithic entity as ‘Chinese organized crime’, due to political divides between

111 Margaret K. Lewis, “China’s Implementation of the United Nations Convention against Transnational Organized Crime”, *Asian Criminology*, Volume 2, 2007, p. 181.

communist China on the one hand and Hong Kong/Macau/Taiwan on the other. But with the PRC's growing international political and economic profile and more importantly, the centralization of political power in Beijing, it is becoming more accurate to speak of such an entity. The Belt and Road Initiative, most experts seem to agree, will add more routes, methods and personnel to the Chinese criminal underworld, allowing it to assume unprecedented dimensions.

The knowledge base and existing literature on Chinese organized crime focuses more on the southern coastal region, not because other parts of the country do not have issues with or a presence of organized crime, but because organized crime groups in the former have deeper ties into Hong Kong and Macau, where historically it has been easier for researchers to conduct fieldwork.¹¹² Southern Chinese criminal groups, such as the triad societies, are more likely to interface with Western law enforcement agencies, due to the historical trans-oceanic spread of Cantonese-speakers and more recently, Fujianese-speakers. The BRI might now open up the landlocked interior of the PRC to the outside world, through out-migration of construction workers and project specialists who would bring their own local dialects and networks with them. The ability of non-Chinese researchers and law enforcement professionals to penetrate these networks, or even engage with them in a spirit of honest discussion, is likely to be very limited. For such reasons, it might make more sense to study Chinese organized crime not as a standalone phenomenon, but more in relation to how it affects crime trends outside of China. Two possibilities exist. One is to examine whether local ie., non-Chinese criminal networks show signs of long-term behavioural and structural

112 Interview of Jason Tower, Myanmar Country Director, United States Institute of Peace, September 6, 2022.

changes as a result of the PRC's growing economic profile in the developing world. The challenge with such an approach is proving causality: it is easy to hypothesize but obtaining empirical evidence will remain a challenge. A second approach is to study the Chinese model of elite corruption, including state surveillance and political authoritarianism, and examine whether Beijing's attempts to promote its own favoured paradigm of state-led capitalism is enriching or destabilizing countries which are trying to implement it.

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