

# NORTHWEST CHINA COUNCIL NEWSLETTER

#22, July — September, 1986



## *AMERICA'S STAKE IN CHINA'S MODERNIZATION*

The Northwest China Council's June 6 symposium, "America's Stake in China's Modernization" saw the first U.S. Ambassador to China, directors of The Asia Society's China Council and American specialists on China try to discern the extent of future U.S. involvement with China and how important the outcome of China's modernization efforts will be for U.S. interests.

For the most part, discussion focused on factors influencing trade, investment, and education. Definitive answers remained elusive. Discussion highlighted a number of points, among them:

\* China is in ferment right now. Economic, social and political reforms are underway.

\* Just where the reforms are headed is unclear to outside observers and probably to the Chinese themselves.

\* Reforms are likely to continue and survive Deng's passing.

\* Chinese modernization is a Chinese matter. In the last analysis, what happens in China primarily depends on what the Chinese themselves do, not on U.S. involvement,

investment, or trade.

\* Although China's modernization remains largely an internal matter, limited and selective opportunities exist for increased U.S. - China trade and investment.

\* If reforms maintain their current character, it's important they should succeed. Failure would be disastrous for one-third of the world's population.

China is modifying its economic system, said Harry Harding, Brookings Institution Foreign Policy Studies Program senior fellow and co-chairman of the national China Council. But, "it's a wild exaggeration" to claim China is abandoning Marxism. A mixed system combining state, collective, and private production, autonomous and authoritarian administration is emerging.



*"A Golden Monkey Experience"*

*July 15, 5:30 P.M., at the Zoo*

*See Special Events Section*

Stanley Lubman, attorney with Heller, Ehrman, White & McAuliffe in San Francisco, concurred, saying that China's economic reforms "will go on for a very long time." Lubman, who has represented scores of U.S. firms in negotiations with the Chinese, emphasized the reforms are "not always consistent, not always headed in the same direction." Operating in this environment has been frustrating for foreign businesses, and joint ventures are almost impossible to work out.

For one thing, it's difficult to get necessary materials. Salaries remain low, but social costs and subsidies nearly double labor costs. "The total wage bill is very high," Lubman said. "The average cost per worker is close to Hong Kong wages." Given China's lower labor productivity, joint investment ventures have become less attractive. Quality control also remains a problem.

Lubman said foreigners doing business in China have to deal with China's developing legal system. New laws are emerging and expected," observed Lubman. However, he also noted practice does not always conform to theory. Foreigners doing business in China still confront unpromulgated internal regulations that are difficult to learn about.

Given China's concern with foreign reserves, it's become "impossible to get approval for joint ventures

that do not pay enough in foreign currency," Lubman said. And even if a joint venture gets permission to sell on the Chinese domestic market, foreign partners cannot expatriate their profits.

American companies currently are "angry and disappointed," Lubman said. "They feel they are being gouged by the Chinese demands." But, Lubman had little sympathy, claiming business people brought it upon themselves. "They shouldn't have been euphoric in the first place."

Lubman remained convinced U.S. firms will continue to do business with China. But they should be more realistic. "Selective and limited opportunities" exist, Lubman asserted. But, "people on both sides of the table must be clear about their expectations." The Chinese have modified their institutions and procedures to handle foreign trade and investment. But, oscillation between centralization and decentralization has left foreign businesses confused.

Edward Friedman, University of Wisconsin professor of political science, argued that the outcome of China's current debate over "China's style of socialist modernization" is very important.

One-third of the world's population--those living in "Leninist party states" including China--is watching China's experiment. Its outcome likely will influence what happens not only in China but also in other socialist countries.

So far, Friedman asserted, China's reforms have produced a more human, more progressive, freer, and more productive system than that existing in China before Mao's death.

If China's reforms succeed, it's less likely other socialist countries will be able to maintain

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*Editor: Judy Kliks  
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or revert to the kinds of systems characterized by the traditional Stalinist regimes of Albania or North Korea.

But, it won't be smooth sailing for the reforms, as Friedman sees it. To date, China has only modified communal ownership and production. It has not tried to dismantle its "nomenclature" system, a system whereby advancement depends on being on an official list, not on technical competence. Until it does, China will have difficulty implementing production that depends on high technology.

Friedman also fears that adoption of western technology and contact with the west will generate resentment against the inroads of foreign values and ways of doing things, resentment that could hamper continued reforms.

U.S. involvement in China since 1979 has resumed in many areas-- business, educational and cultural exchange, sister-city and sister-state relations, and sports, Harding said. But, he also noted "the degree of U.S. involvement in China is extremely limited."

Two-way trade in 1985 amounted to only \$8 billion, less than the U.S. trade deficit with Taiwan. China still ranks 20th among America's trading partners.

The limited nature of U.S. - Chinese trade should come as no surprise to the astute observer, Harding contended. U.S. involvement in China is more important to the Chinese than it is to America. And, "it's not very important to the Chinese either."

China's development is not foreign trade-driven, Harding explained. Unlike Japan, China is richly endowed with natural resources. It does not have to trade or die. China's phenomenal economic growth has been achieved without extensive exports. China exports approxi-

mately 10% of its gross national product, compared with 40% to 50% for Singapore and Hong Kong.

The likelihood of significant growth in U.S. exports to China is rather slim, according to Lubman. China, which is sensitive about its foreign reserves, has watched them decline from approximately \$12 billion last December to \$10.35 billion at the end of the first quarter of 1986. Those reserves will continue to decline to approximately \$9.5 billion by the end of this year due in part to the recent drop in oil prices, creating a shortfall in expected foreign exchange.

Opportunities for U.S. trade with China will be "at the margin," Harding noted, primarily in the areas of science, technology, and information.

China in 1979 recognized that modernization depended upon its gaining access to western science and technology. One of its strategies has been bicultural and multicultural exchanges of personnel and information, said Joel Glassman, University of Missouri political science professor.

Between 1979 and 1985, nearly 37,000 Chinese went abroad for studies. Of these, 29,000 were state-supported. Most (78%) were mid-career Chinese who took refresher courses. Only 22% pursued degrees--18% graduate and 4% undergraduate diplomas. Lately, a greater percentage are coming for regular degree course work.

Approximately half of the Chinese studying abroad came to the U.S. Most studied the physical and life sciences.

Although Chinese are the fastest growing foreign student group in the U.S., they still constitute only 2% of foreign students studying in the U.S.

The Chinese have some reservations about sending students to the U.S., Glassman said. For one thing, they fear students won't return. On the other hand, they fear they will return, contaminated with western values and attitudes. They also worry about finding jobs for those trained abroad once they return.

Leonard Woodcock, America's first ambassador to China and currently University of Oregon adjunct professor said, the Chinese since 1979 have achieved "a miracle" in the countryside. Rural income has increased significantly; per capita living space has grown dramatically; and China's current 330 kilograms a year per person grain production is very close to the self-sufficiency level of 400 kilograms a person per year.

On the industrial side, China's production grew by 18% last year alone--10% higher than the targeted growth rate of 8%.

Woodcock doubted, as some observers have feared, that conservative forces will gain ascendance once Deng Xiaoping is no longer leader. "I'm confident progress will continue after Deng." Reforms are deeply imbedded in China. Skilled people are in place who are committed to reform. "The feeling of the people" will make it impossible to reverse reform."

The extent of U.S. investment in or trade with China notwithstanding, and regardless of the particular direction China's reform efforts will take, "China has a bright future," Woodcock said. "The U.S. can, should, and will have an integral part in that future--if we have any sense."

John Villaume

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## SPECIAL EVENTS

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### **OREGON - CHINA UPDATE: "A GOLDEN MONKEY EXPERIENCE"**

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Tuesday, July 15  
5:30 - 7 PM

Meeting Center  
Washington Park Zoo  
(The meeting center is up the hill from the Children's Zoo; enter through Gate E)

Admission: \$3 (refreshments included); you will not have to pay Zoo admission if you say you are with the Northwest China Council.

RSVP Required: 229-3049 (limited seating)

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Gene Leo, Washington Park Zoo director and the enthusiastic initiator of the three-month Golden Monkey visit in Portland, will join with the Chinese zoological team, in presenting China Council associates with the story of this important first exchange.

The Golden Monkey pair is from the Chongqing Zoo in Sichuan province where their natural homes are in high and remote mountain forests. Their large size and upright carriage, with gleaming golden hair and blue faces, make them a spectacle in themselves. Along with the giant pandas, whose habitat they share, Golden Monkeys are considered as national treasures. These are endangered animals, whose habitat is being destroyed in the modernization of China. Throughout history, their meat and bones have been used for medicine, and their skins prized as a symbol of high social status.

After the talk, there will be a short reception, followed by time to visit the monkeys themselves and see the Chinese cultural exhibition complementing the exchange.

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## **CHINESE CONVERSATION CIRCLE**

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Three consecutive Chinese Conversation Circles have been scheduled to begin July 31 and conclude October 23. The Circle will include China Council associates who speak some Chinese, and several fluent or native Chinese speakers who will lead the conversations. Tina Chang, Chinese instructor at Portland State University and Lewis and Clark College, will prepare handouts for each session and plan the meetings, which will be held on Thursdays, 6 - 7 PM, at homes, offices, and recreational settings.

The registration deadline is July 15, and you may sign up for one, two, or all three circles (each circle meets three times). For a registration form, call 229-3049.

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## **"CHINESE-AMERICAN HEROES AND HEROINES"**

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A Talk and Bookwarming with  
Ruthanne Lum McCunn

Wednesday, September 10  
5:30 - 7:00 PM

Chinese Community Hall  
315 NW Davis

Co-sponsored by the Asian Artists of Oregon and the Chinese Consolidated Benevolent Association

Admission (includes refreshments):  
\$2, members of sponsoring groups  
\$3, general public

Ruthanne Lum McCunn, an Amerasian of Chinese and American descent, is the author of several historical novels telling the tales of extraordinarily courageous and adaptable Chinese-American men and women. Best known for her 1981 book, Thousand Pieces of Gold, she has just published Sole Survivor, the story of a Chinese man, who, after the sinking of the British merchant ship on which he worked, drifted on a raft for 133 days, setting the record for the longest survival at sea (see review this issue).

Thousand Pieces of Gold tells the story of Lalu Nathoy, who, in McCunn's own words, "was born in Northern China near the Mongolian border. Her parents were forced to sell her to bandits during a time of great drought, and she was brought to America and auctioned off as a slave in San Francisco in 1872. Taken up to Warrens (an isolated mining camp in Idaho) for use as a prostitute, she was kept from that fate by Charlie Bemis, a saloon keeper and gambler. Even before she gained her freedom through a poker game, Lalu (now known as Polly) earned the respect of the townspeople, including the women. She twice saved the life of Charlie Bemis--first from a severe gunshot wound and then, after their marriage, when she dragged him out of their burning cabin on the edge of the River of No Return."

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## **"KAM WAH CHUNG DAYS" GUIDED BUS TOUR TO JOHN DAY**

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The town of John Day celebrates its second annual Kam Wah Chung Festival September 12 - 14, highlighting the pioneering role of the Chinese in Eastern Oregon. Once again the China Council is planning a guided bus tour to the town, 264 miles from Portland, featuring two leaders who will make the trip a spe-

cial learning experience, Jeffrey Barlow and Christine Richardson.

Barlow and Richardson inventoried the Kam Wah Chung Building, which was an all-purpose general store, dormitory for Chinese laborers, traditional herbal pharmacy, shrine, and opium den run by (Doc) Ing Hay and his partner, businessman Lung On, from the late 1880's to the 1940's. Barlow and Richardson later wrote the popular China Doctor of John Day.

The 3-day tour will not only include the banquet, parade, and firework display that are part of the annual celebration, but guided tours of local museums, and stops on the way home in Bend (overnight) and Timberline Lodge. Advance reservations are welcome: 229-3049.

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## CHINA RESOURCES

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### CLASSICAL CHINESE LANGUAGE, TAOISM AT PORTLAND STATE UNIVERSITY

John Emerson teaches two PSU Division of Continuing Education (DCE) courses this fall, "The Taoism of Lao Zi (3 credits, readings in English) and "Classical Chinese" (non-credit, language course based on texts from Lao Zi). Information on the classes: 233-9463; pre-registration: 229-4812.

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## BOOKS IN THE NEWS

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### Sole Survivor

Ruthanne Lum McCunn

Design Enterprises of San Francisco  
1985, 235 pp., maps and photographs

This book, by Ruthanne Lum McCunn, author of Thousand Pieces of Gold, is the story of a Chinese seaman who was the last survivor of a British merchant ship torpedoed off the coast of Brazil in November

of 1942. The seaman, Poon Lim, drifted alone for 133 days on a tiny raft, the record for such survivals during World War II. The book might best be described as interesting and informative. McCunn chose to tell the story of Poon Lim's survival in a fictionalized form, a day-by-day account of his epic trial. For those interested in Chinese history and culture, or that of Chinese-Americans, the primary audience for her earlier books, there is some relevant material. Poon Lim was a native of Hainan Island in the South China Sea, and in flashbacks we learn of his childhood and how it was that he learned the variety of techniques which made his survival possible. There is also some insight into the lives of those many Chinese seamen who worked on British or American freighters as underpaid and exploited labor.

The photographs bring Poon Lim to life for the reader, and McCunn does a good job of showing us how one Chinese, rather an ordinary person in every respect, marshalled the strengths of his heritage and his culture to endure a remarkable experience.

Jeffrey Barlow

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# CALENDAR OF EVENTS

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## July

- 13 PICNIC WITH CHINESE STUDENTS AND SCHOLARS: Sponsored by U.S. - China People's Friendship Association, noon - 4 PM, Sellwood Park, Area A; bring some food to share; swimming; information: Maxine Sweetman, 644-7757.
- 15 \*OREGON - CHINA UPDATE: "A Golden Monkey Experience," with Zoo Director Gene Leo and Chinese zookeepers from Sichuan; 5:30 - 7 PM; Washington Park Zoo, Meeting Center; \$3 admission (includes refreshments); reservations: 229-3049.
- 7/18 - 9/14 "CHINESE WOMEN OF AMERICA, 1834 - 1982": Exhibition of photographs and illustrations; sponsored by Asian Artists of Oregon; Chinese Consolidated Benevolent Association Hall, 315 NW Davis; no admission charge; open Thursday - Monday, noon - 6 PM; information: 232-0204.
- 23 "BUDDHISM AND THE CHINESE WORLD VIEW": Lecture by Raffaello Orlando of Italy, visiting professor at Portland State University (PSU); no admission charge; noon, PSU Smith Center, room 338; 229-3049 (World Affairs Council).
- 31 \*CHINESE CONVERSATION CIRCLE: First meeting of Circle #1; registration and information: 229-3049.

## August

- 7 \*CHINESE CONVERSATION CIRCLE: Second meeting of Circle #1; registration and information: 229-3049.
- 8/7 - 10/11 WING LUKE MUSEUM EXHIBITION OF ASIAN ARTIFACTS: Wing Luke Museum, 414 8th St. S, Seattle, WA; information: 206-623-5124.
- 14 \*CHINESE CONVERSATION CIRCLE: Third meeting of Circle #1; registration and information: 229-3049.
- 27 "WOMEN IN CHINA": Brown Bag Lecture by Lou Weiwei of China; noon; no admission charge; PSU Smith Center, room 338; 229-3049 (World Affairs Council).

## September

- 4 \*CHINESE CONVERSATION CIRCLE: First meeting of Circle #2; registration and information: 229-3049.
- 10 \*"CHINESE-AMERICAN HEROES AND HEROINES": Lecture and bookwarming for author Ruthanne Lum McCunn; 5:30 - 7 PM; Chinese Consolidated Benevolent Association Hall, 315 NW Davis; \$2, members, \$3, general public.
- 11 \*CHINESE CONVERSATION CIRCLE: Second meeting of Circle #2; registration and information, 229-3049.
- 12 - 14 \*KAM WAH CHUNG DAYS GUIDED BUS TOUR TO JOHN DAY: Led by Jeffrey Barlow and Christine Richardson who wrote China Doctor of John Day; registration and information: 229-3049.
- 18 \*CHINESE CONVERSATION CIRCLE: Third meeting of Circle #2; registration and information: 229-3049.
- 23 \*"A CELEBRATION OF CLASSICAL CHINA": Deadline for Northwest China Council's China tour to Beijing, Hangzhou, Suzhou, Shanghai, Hong Kong October 23 to November 8; registration information: 229-3049.

\*Program is sponsored by the Northwest Regional China Council.

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## BECOME A CHINA COUNCIL ASSOCIATE

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*The Northwest Regional China Council is formed to deepen public understanding of China's history, culture, and contemporary affairs (in the People's Republic, Taiwan, Hong Kong, and among Chinese-Americans). Our events are held all over Oregon and in Southwestern Washington and include exhibitions, lectures, conferences, tours, and business seminars. The Northwest China Council is a self-supporting program of the World Affairs Council of Oregon and one of twelve regional China councils in the U.S. affiliated with The Asia Society. There is a branch office in Seattle.*

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