

# Newsletter



Consul General Ambassador, Wang Yunxiang, C.B. Sung, Chairman 1990 Institute & Michael Lan, Keynote Speaker. Toasting the Institute.

## Eleventh Annual Dinner Emphasizes Chinese Youth

by Don Berglund

In keeping with The 1990 Institute's new direction established in August of 2000, "to learn from the young people from China", the 11th annual dinner held on April 20, 2001 emphasized China's youth.

The featured speaker was 35 year old Michael Lan whose speech was entitled "Journey From Fujian". He spoke of his business experiences both in China and the US and the major obstacles he had to overcome. Two young Chinese women provided the entertainment, which is discussed in more detail in a separate article. Also, the concept of the "Dragon Fund" which has educational aid to young Chinese girls as one of its goals was explained by Roz Koo, one of The Institute's Directors. The "Dragon Fund" is also the subject of a more detailed article in this newsletter.

Michael Lan spoke of his childhood which was spent in a very poor area of Shanghang, Fujian Province. According to Lan, "people there are willing to take risks to fight for a better life. When China started

her reform and open policy, a group of creative and hard-working folks went to Guangdong, which is close to Hong Kong, and built a successful construction business. They and their families benefitted from going outside their local area."

When he was young in the 1970's, his family could not provide enough food for their children. He and his parents were always fighting for a better life. He went to the village market to sell goods, but realized this type of business was really tough and not what he liked. His father told him to go outside the village to have an easier life. His father also said: "getting educated is almost the only way to achieve this purpose."

He still remembers how exciting it was in 1974 to see an automobile for the first time. The first time he saw a train was in 1980 when he attended Zhejiang University in Hangzhou; his first time to travel by air was in 1989.

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## The Dragon Fund *Educating For The Future*

by Rosalyn Koo and Matilda Young

One of The Institute's new projects in China was presented at the 11th Annual Dinner by Roz Koo, a Director and CFO of The Institute, and by Patti Chang, President and CEO of the Women's Foundation (San Francisco). An initial group of five traveled to the western part of China last October for this project. In addition to Roz Koo and Patti Chang the group included Elizabeth Tsai and Matilda Young, also of The Institute, and Xie Heng of Beijing. The purpose of the journey was to gain insight into the needs of women and girls in the rural areas and to find ways for improvement. The Dragon Fund, so named because it was created in the year of the dragon, was established in order to pursue funding for the project.

Roz's 20 years of volunteer experi-

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## Two New Research Projects

### Pension Reform

by Hang-Sheng Cheng

For good reasons, pension reform is at the center stage of economic reform in China today.

As a part of its comprehensive new economic-reform program, China began a major restructuring of its banking system in 1994. The drive paralleled ongoing efforts to reform its state-owned enterprises. However, it soon became evident that unless the banks were relieved of their responsibility to bail out failing enterprises, the success of its banking reform would be limited. In 1998, the People's Congress passed a constitutional amendment and laws to allow rapid privatization of most of the state-owned enterprises. But due to the heavy social service burden of virtually all the state owned enterprises there have been few buyers and progress has been slow. Also in 1998, the government established a new Ministry of Labor and Social Security (MOLSS) by merging several existing min-

*continued on page 6*

### Tax Reform-Next Phase

by Hang-Sheng Cheng

In 1999, The 1990 Institute published "Fiscal Policy in China: Taxation and Intergovernmental Fiscal Relations", by Roy Bahl, Professor of Economics and Dean, School of Public Policy, Georgia State University. The book was translated into Chinese and published in 2000 by the China Taxation Press, with a substantive introduction by Xu Shanda, Deputy Director General of the China State Administration of Taxation (CSAT). The book deals with the 1994 tax reform in China and its aftermath. It received national distribution through the CSAT's network in China and considerable worldwide attention. The World Bank, for instance, requested and received the Institute's permission to use portions of the book as background material for an international conference on taxation in China, held in Beijing in the fall of 1999.

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## Letters to the Institute

February 27, 2001

Dear Mr. C. B. Sung:

Thanks to the sponsorship and support of The 1990 Institute, the Forum on Women, Leadership and Sustainability achieved great success with the common efforts of both the All-China Women's Federation and The Institute. All participants from the Chinese side felt very satisfied with the Forum.

After the Forum your Institute actively explored new activities in cooperation with the ACWF. With the great effort made by Ms. Rosalyn C. Koo, the Director of The 1990 Institute, the joint projects will be carried out in Shaanxi Province to help the drop-out girls to go back to school, and in Zhangxian County of Gansu Province to build up a Women and Children's Activity Center and a green house for rural women's training. These projects are now under

preparation and we hope they could be approved and start soon. The ACWF would like to extend its sincere appreciation for the contribution made by The 1990 Institute for Chinese women and children.

In order to further the mutual understanding and friendship between our two organizations, the All-China Women's Federation is pleased to invite a 6-person delegation from The 1990 Institute to visit China for about 10 days in mid-Sept. or some other time appropriate for both sides. The food, accommodation and transportation inside China will be covered by the ACWF. The international airfare will be on your own. Please let us know your opinion on the time frame and program of the visit.

With best regards,

All-China Women's Federation

## Power Crisis

*Information Exchange With China*  
by Stephen Lee

China has been transitioning its state-owned electric power system to a market-based system. In November 2000, it was reported in the news media that China "will accelerate the pace of reforms, opening up the power market and ensuring that power prices are determined entirely by market demand. The government indicated it has nearly completed drafting the plan, and will seek opinions on it from specialists and academics within the month, adding that the plan may be implemented by year-end."

Meanwhile, California was experiencing an electricity crisis. Concerned about the implications of the Chinese news report, the Executive Committee of The 1990 Institute authorized Stephen Lee, a Board member, to brief Chinese officials about California's experience in deregulation, while he was on other business in Beijing. Stephen Lee received a Ph.D from MIT in 1972 and has over 30 years of experience in electric utility planning and operation. He is currently area manager of grid operations and planning at EPRI (Electric Power Research Institute) in Palo Alto, California.

Professor Wu Jinglian, the top economic advisor to Premier Zhu Rongji, arranged a meeting between Stephen Lee and key technical personnel of the State Power Company, and between Lee and key personnel from the Department of Electric Power. At these meetings Lee presented his view of lessons learned from the California Power Crisis. Professor Wu also urged Lee to write a paper summarizing his presentations.

The following are excerpts from that paper:

### MARKET COMPETITION RE-EXAMINED

#### Objectives of Market Competition

Having analyzed the power crisis in California, it is time to re-examine the theory of market competition and to consider what lessons can be learned from the California experience. Following are four major objectives of market competition.

1. Lower electricity cost
2. Encourage innovation in technology by profit incentives
3. Encourage capital investment with potential higher profits
4. Create greater stock value for the industry

#### POTENTIAL DANGERS OF MARKET COMPETITION

The power crisis in California brought out some potential dangers of market competition in the electricity industry. In re-examining market competition, a good question to ask is, "Does market competition introduce new or greater risks into the power industry?" It seems that the following risks are now in evidence.

1. Electricity price is now more volatile.
2. Blackouts are more frequent.
3. Social unrest can result from price spikes and blackouts.
4. Power companies may go bankrupt (boom and bust cycle).
5. Government and taxpayers have to bail out power companies.
6. There may be a new factor for inducing economic recession, due to all these undesirable outcomes.

*continued on page 5*



*Stephen Lee, 1990 Institute Board member, and Professor Wu Jinglian, top economic advisor to Premier Zhu Rongji*

## Children's Environmental Art Competition

*by Bill Lee*

The 1990 Institute is in the process of planning a national Children's Environmental Art Competition in China together with CEEC-SEPA (Center of Environmental Education and Communication at the State Environmental Protection Agency) and CNCC (China's National Children's Center). The 1990 Institute will provide prizes and subsequently arrange to have one hundred selected drawings brought to the United States for exhibition at various museums or public libraries, etc. across the country.

The goal is to build public environmental awareness in both China and the United States, as well as to promote a better relationship between the two countries. An advisory committee consisting of accomplished artists, environmentalists, educators and civic leaders from both countries is being formed. Fundraising is about to commence, and museums and public libraries, etc. should soon be approached. Interested volunteers should contact The 1990 Institute - Tel: 650-872-0787 - FAX: 650-872-1033, or Director William Ming Sing

*continued on page 4*



*Example of Drawing from a previous Chinese Environmental Art Contest Drawn by a 10 year old Girl - Lin Chow Yen. Contest Sponsored by CEEC-SEPA, CNCC, and Xerox China.*

## Two Musical Virtuosos Perform At Annual Dinner

by Rosalyn Koo

Two superstars of Chinese musical instruments, the erhu and the yangqin, entertained and captivated the audience with a program of popular songs that included “When Will You Come Again”, “Butterfly Lovers”, and “Galloping Horses”.

Ms. Jiebin Chen, a virtuoso of the erhu, was a child prodigy giving her first recital at the age of six in Shanghai. In 1982 she graduated from the Shanghai Conservatory of

Music with top honors. After moving to the United States in 1989 Jiebin has premiered several major concertos written for the erhu including “Double Concerto for Violin and Erhu” by Situ Gang. During the past four years she has performed as a soloist with many symphony orchestras including the San Francisco, the New Moscow, and the Hungarian Symphony Orchestra, as well as the Taipei Municipal Chinese Classical

Orchestra. She has recorded more than 20 albums.

Ms. Yangqin Zhao was named for the instrument for which she is famous, the yangqin, better known as the Chinese hammer dulcimer. In 1982 she graduated from the Nanjing Normal University, having specialized in yangqin and in 1986 from the Shanghai Conservatory of Music. Shortly thereafter she was appointed the Chairperson for the Department of Instrumental Music at the Nanjing Normal University. She remained in that position until her emigration to the United States in 1992. She has performed and lectured worldwide, in Australia, Europe, and Asia. Her recordings of yangqin music are available on CDs, audio and video tapes.

On Saturday, September 29, 2001, these two musicians will perform together again with the Women’s Philharmonic at Herbst Theatre. For information on the future performances of these two musicians, contact Melody of China, Inc. at 415-681-8599 or visit [www.melodyofchina.com/calendar.html](http://www.melodyofchina.com/calendar.html). You may also reach Ms. Chen at [erhuchen@aol.com](mailto:erhuchen@aol.com) and Ms. Zhao at [info@melodyofchina.com](mailto:info@melodyofchina.com).



*Musical Performers with Jiebin Chen - ERHU (left) and Yangqin Zhao - Chinese Harpsichord (right)*

### Children’s Environmental Art Competition

(from page 3)

Lee’s e-mail: [wmslee@attglobal.net](mailto:wmslee@attglobal.net).

CEEC-SEPA and CNCC have jointly and separately conducted many such national art competitions in China in recent years. Samples of the Chinese children’s art work have demonstrated many different styles, and often they are surprisingly provocative and enlightening. The impact of this project is immeasurable. Consider the hundreds of

teachers and thousands of students in China participating! Imagine thousands and thousands of U. S. children, parents and teachers viewing the exhibits! Imagine what this learning and development of expression can do for the environment in future years. A drawing is worth a thousand words, and the visual image can be both abstract and real.

**Power Crisis***(from page 3)*

7. The deregulated power market may be prone to an unstable business cycle in the absence of a regulating policy.

**IS ELECTRICITY SUITABLE FOR MARKET COMPETITION?**

Continuing the re-examination of market competition, one should ask the question, "Is electricity suitable for market competition or deregulation?" The following points deserve to be considered before this question can be answered.

1. Electricity is a necessity— for light, heat, business and public safety.
2. Other power sources cannot always be substituted for electricity.
3. It takes a long lead time to build power plants & transmission lines.
4. The entry cost and risk for new competitors are high.
5. Market imbalance takes time to change.

None of these factors alone would disqualify electricity from being placed under market competition. Policies, market structure, and market rules can be designed to overcome or reduce the impact of these factors.

Also, a government agency or an independent agency may be empowered to monitor regional balances of electricity supply "and demand, and pursue timely options to maintain the long term balance of electricity supply and diversity of fuel depen-

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**"The jury is still out on the question of whether the electricity supply business is better in the regulated environment or in the competitive market. The California power crisis has given more arguments to those against deregulation."**

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dence, for the sake of public good.

If measures are taken in a comprehensive manner, they will reduce the likelihood of flaws or crisis in the electricity market.

The jury is still out on the question of whether the electricity supply business is better in the regulated environment or in the competitive market. The California power crisis has given more arguments to those against deregulation. However, because the problems in California were specific to the

conditions and the particular deregulation path taken there, its failure is not proof that some other market structure in some other conditions would not be successful.

**CAN MARKET COMPETITION BE GUIDED BY GOVERNMENT ACTIONS?**

Among the lessons learned from the California power crisis is the possibility that market competition could be and should be guided by government actions.

We should recognize that no competitive market is without some form of regulation. It is also conceivable that the government would implement some form of action or actions that guide and control the regional or national power market.

Foremost, I believe, is the need to maintain a balanced regional supply of capacity, both in generation and in transmission. The market cannot be relied upon to provide this balance. The government or an independent and empowered entity should monitor the market and take actions to build new plants or cause them to be built when the market fails to provide, for whatever reason. The consequence of power shortage is simply too great, and the lead time to correct the imbalance is simply too long for the consumers to be subject to shortages.

**POLICY IMPLICATIONS FOR CHINA****Unique Conditions or Problems in China**

In my recent visit to Beijing, through discussions with people familiar with the restructuring of the power industry in China, I have been able to obtain only the bare minimum of facts. The following represent personal comments and observations and are not the results of extensive studies.

**SHOULD GENERATION AND TRANSMISSION BE SEPARATED?**

It appears that one recent question was whether the generation business and the transmission business should be separated? The answer is yes. However, even though the two systems should be separated, the expansion of the generation supply and the expansion of the transmission grid must be coordinated. This coordination is very difficult in a competitive market. There are examples of successes and failures in this problem. California is a failure. Texas is an

example of success, where a well coordinated planning process involving all parties has provided for the timely construction of new transmission lines.

**NATIONAL GRID OR REGIONAL-GRIDS?**

Another question is whether there should be a national grid (implying market) or several regional grids (markets)? The answer is not so simple. Ultimately, a national market would be desirable. However, the cost of building sufficient transmission to link the existing power grids into a national grid is likely to be very high

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**"Foremost, I believe, is the need to maintain a balanced regional supply of capacity, both in generation and in transmission."**

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and not economical. Economic studies should continue to be made before major infrastructures such as long distance transmission lines are built.

If a regional grid does not have more than adequate generation capacity and enough internal transmission capacity for the market to freely deliver power from the power plants to the customers in different parts of the grid, bottlenecks of congestion will develop. When network congestion occurs regularly, market prices will increase to reflect local scarcity and market efficiency will be impaired. It is important to solve the problem of building enough transmission capacity before deregulation. In the U.S. this was not done and the result has been gridlock and network congestion.

**RELIABILITY AND QUALITY STANDARDS?**

China seems to lack a national body that sets reliability and quality standards. It does not have an industry organization like the National Electric Reliability Council (NERC) in the U.S. In addition to an industry voluntary organization, there should be a government organization like the Federal Energy Regulatory Commission in the U.S. which regulates the national or regional wholesale markets.

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## Pension Reform

(from page 2)

istries and bureaus in related areas, and charged it with the responsibility of planning and administering a national social security reform, which would lift the burden from the state-owned enterprises. The MOLSS reform program covers a wide spectrum of areas, including old-age pension, medical services, unemployment insurance, poverty relief, etc., but the centerpiece that has captured most of the limelight and made the most impressive progress is its pension reform plan.

Actually, pension reform in China began on an experimental basis in the mid-1980s in a number of major cities and provinces. It gathered momentum in the early 1990s. By the mid-1990s, most of the 31 provinces and special municipalities had established some comprehensive social pension schemes within their respective jurisdictions, with some central coordination in the form of State Council decisions. After considerable studies of domestic conditions and foreign practices, the State Council in July 1997 announced a decision to establish a multi-pillared pension system for urban workers in all China.

In essence, the 1997 system consists of three pillars. The first pillar is a "basic social pool" funded by mandatory contributions from all enterprises, and supplemented by aid from provincial/municipal governments. The second pillar consists of individual workers' "personal accounts" funded by mandatory contributions by the workers themselves through payroll deductions. Lastly, the third pillar is a "voluntary pension pool" to which individual workers are free to contribute, with the funds being held in their individual accounts to be drawn upon at their retirement. The plan was generally regarded as well-conceived, reflective of some of the most advanced thinking of the foremost experts in the world, containing some innovative features (for instance, fully funded individual accounts for workers) that are the envy of most of the developed countries.

Yet, the system is in deep trouble. Like many of China's reform programs, this one looks good on paper, but is hard to implement because of the realities of the coun-

try's conditions. Difficulties are many. In this article, only a few can be mentioned as examples for illustration.

First, although it is a national plan promulgated by the highest central authorities, in reality it is administered by a myriad of state-owned enterprises, provincial and municipal governments, each jealously protecting its own fiscal turf.

Second, as in all similar pension plans undergoing transition from a "pay-as-you-go" scheme (i.e., collecting from current workers to pay the retirees, as in the U.S. social security system) to a "fully-funded" scheme (i.e., paying pensions out of funds

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**"Yet, the system is in deep trouble. Like many of China's reform programs, this one looks good on paper, but is hard to implement because of the realities of the country's conditions."**

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that have been set aside and designated for the purpose), paying for the current retirees and those soon to retire could be a heavy fiscal burden. There are exceptions under certain favorable circumstances but these exceptions are absent in most developing economies today. Funds that are collected now for the fully funded portion of the scheme are often diverted to pay the current retirees, out of necessity for want of alternatives, leaving the so-called "individual accounts" mere empty shells.

Third, the early retirement age and the generous terms of pension payments in most of the existing pension plans plus the population's prolonged expected life span, conspire together to make the sustainability of the current scheme suspect. Trying to make the ends meet, the various levels of the government have tried to raise social security tax rates, only to find the result to be increased avoidance of enterprises from the plan. These attempts to avoid increased tax rates are often conducted under the protection and even active encouragement

of the local governments in whose jurisdiction they are located.

Because of the central importance of the pension reform in China, The 1990 Institute decided, under the advice of its Research Advisory Committee, to start a research project earlier this year to explore the feasibility of an Institute study on the problems of implementation of the pension reform in China and their potential solutions. Michael Keran and Hang-Sheng Cheng, both 1990 Institute directors, volunteered to lead the project.

Early on the team decided that the task would be greatly facilitated by the participation of a team of experts in China, who are by definition thoroughly familiar with the conditions in China. In early May they succeeded in recruiting such a team headed by Zuo Xuejin, Vice President of the Shanghai Academy of Social Sciences and Director of the Academy's Institute of Economics, who is a renowned scholar on pension reform in China.

The joint U.S.-China team is now in the process of drawing up a detailed research agenda, to be agreed upon by both sides. Preliminarily, its immediate goal is to produce a short policy paper to summarize the teams' view of the problems confronting China's pension reform today and to suggest feasible ways of tackling these problems. In the longer run, the paper

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would be aimed at providing the basis for a closer study of the subject at a later stage. Since at the time of this writing the research agenda is still being formulated, no completion date can yet be established.

□

**Eleventh Annual Dinner***(from page 1)*

Though financially poor, he was excited to gain a lot of knowledge in college, especially in the field of technology. He expected to be assigned a job by the government and to have a permanent job after graduation. With that job his parents expected him to support his other 2 younger brothers and sisters, but the reality turned out differently. He obtained a job as a college teacher in 1987, making 10 US dollars per month and could not even support himself, not to mention his family.

Then he started thinking of turning what he learned into a business. That was how he started his technology business

career. Three years later he formed his first venture, Fuzhou Lanbo Technology Co., providing technology and engineering services for local enterprises. Although that was successful, he was not satisfied. First of all, the company was not a scalable business. Secondly, he wanted to run a global business and thirdly, he was still looking for a business in a better environment for both his career and his family life.

He came to the US in 1996 and started a new adventure. He spent a whole year travelling around the country to figure out what he could do in the US, but he felt it would be too tough to compete in business with Americans. He almost decided to go back to China to continue his business career. However, after learning about the

Internet he realized that it presented a business opportunity open for everybody, including foreigners. Everyone began from basically the same starting line. He then decided to settle down in Silicon Valley at the end of 1996.

He decided to study Computer Science and learn more about the Internet at San Jose State University. At that time joining a start-up was very popular, but the probability for a start-up to succeed was very low. That gave him a business idea: group engineers together to bet on multiple start-ups, thereby diversifying the risks. They used this business idea to attract their first round of fund raising. Venture capitalists were excited about this concept.

During recent trips to China his company made big moves into the China market. This was in addition to the company's efforts in the US. They want to bet on two markets at the same time, which provides a better opportunity to survive and possibly even grow during the economic down cycle here in the United States.

Michael overcame three major obstacles in order to become a successful business man in the US. First, he overcame a lack of knowledge about American business when he discovered that the Internet was so new that he would be able to start at about the same level as everyone else. Second, as a native of China he had to learn a second language thoroughly enough to compete with businessmen who spoke English as their native language; and thirdly, he had to learn the business and social customs of a foreign country. His business success in the US is a strong indication of how well he overcame these three obstacles. □



*Eleventh Annual Dinner Meeting - Back Row - Honorary Co-Chair Dr. Robert Scalapino, Beulah Sung, and Institute Chairman C.B. Sung  
Front - Dee Scalapino*

**Power Crisis***(from page 5)***Recommendations for Discussion in China**

1. Interpret the California experience in light of China's unique social and economic conditions.
2. Study restructuring and market liberalization carefully before making irreversible changes in industry structure.
3. Include transition costs into the analysis of restructuring and market liberalization, especially social costs.
4. Consider the reality that with continuing legal and financial reforms, restructuring may be hard to reverse because of complex legal and financial barriers. □

# Eleventh Annual Dinner



*Director and Mrs. C. J. Huang, and President Hang-Sheng Cheng*



*Bo Li, President, Overseas Young Chinese Forum, Beulah Sung, Sung Kwok Foundation, Mr. & Mrs. Edwin Wang, General Partner, Cross Pacific Technology Partners*



*Left to Right: Ed Shea, Linda Shea, Patti Chang, Women's Foundation President and CEO, Julie Lanuch, Virginia Yin, Yangzin Zhao, Jiebin Chen, and Consul Hong Lei*



*Left- Director and Publication Committee Chairman Wei-Tai Kwok  
Right- Director and Newsletter Editor Don Berglund*

**The Dragon Fund***(from page 1)*

ences in China was the impetus that led to the creation of the current project. Her focus has always been on the education of women and girls because education for them is an area still neglected in modern China. The lack of priority for girls still exists as a result of Confucian doctrines practiced many years ago. In her most recent project in Nancheng, the provincial capital of Jianxi Province, 84 teenage girls were selected to complete 3 years of senior high school. The project further succeeded in helping 60 percent of the high school graduates continue their education in the universities pursuing degrees in teaching, medicine, law, engineering, computer science, finance, and accounting.

During The Institute's Conference on Women in April of 2000, Madame Gu Xiulian, member of the First Secretariat of the All-China Women's Federation (ACWF), encouraged Roz and members of The Institute to find out more about the needs of women and girls in the western province. When the trip was finalized, it included some of poorest rural counties in three western provinces: Gansu, Shaanxi, and Shanxi.

Following the introduction, Patti Chang

presented slides of photos brought back from the villages. These included photos of the three projects to be supported by the Dragon Fund. Following is a brief description of the three projects.

The first project is to assist in the completion of the Women's and Children's Center in Zhengxian County, Gansu Province. This 14,000 square-foot building will have four floors. The ground floor will be shops leased and operated by women. The second floor will be a much needed kindergarten classroom. The third floor will be dormitory rooms and a classroom for the training and education of women from the villages. The top floor, an assembly and exhibition hall, will be partly devoted to the exhibition of arts and crafts of rural women. The Dragon Fund is responsible for \$25,000, which represents the remaining 20 percent of the cost of construction.

The second project is an 8,000 square-foot state-of-the-art greenhouse. In a climate where only 155 days are frost free each year and only 15 percent of the land is arable, it is very important to teach women how to cultivate plants, herbs, and vegetables in greenhouses to supplement their

income. The cost of this project is \$9,000.

The third project is support for the Spring Bud Scholarship programs in various villages in Shaanxi Province. Two of the most impoverished districts, An Kong and Shan Luo, have been selected for this program. One thousand girls beginning in the 4th grade this fall will be given financial support for 3 years for books and necessary school equipment to complete their primary school education. Of the 1,000 girls, 600 will be day students and the other 400 will be boarding students, who live too far from the schools. The average household income in these districts is RMB 1,000 (US \$125) per year, but the girls selected for this program will come from homes with annual incomes of less than RMB 500 (US \$65). The Dragon Fund will contribute \$33 per year to each girl for a total of \$100, so that the student can attend school for 3 years and complete primary school.

In conclusion, Roz emphasized the three criteria used for selection of the projects: need, impact, and accountability. And she believes that until all women are educated in China, it is not accurate to say that "women hold up half the sky." □

## Dragon Fund Acknowledgments

The Dragon Fund gratefully acknowledges the following supporters for their generous donations.

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# Dragon Fund Project



*Rosalyn C. Koo, Chief Financial Officer  
1990 Institute, Introducing the Institute's  
new project, The Dragon Fund*



*Greenhouse mushroom cultivation project.  
Shaanxi Province*



*Women's Building in Zhang Xian,  
Gansu Province*



*Classroom - Shaanxi Province*



*Children in classrooms, Shaanxi Province*

**“Tax Reform - Next Phase”***(from page 2)*

In Xu’s introduction, he pointed out several serious remaining gaps in the 1994 tax reform and suggested that further reform might be in order. (Note that before his promotion to his present position, Xu was the director of taxation reform in CSAT. Undoubtedly he was, and most likely still is, the most knowledgeable person in China

on the remaining shortfalls of the 1994 reform.) Early this year The 1990 Institute was approached by a high official of the CSAT to explore our interest in conducting a comprehensive assessment of the present taxation system in China with a view towards pinpointing the remaining gaps and suggesting directions of further reform.

Since then, The Institute has been engaged in a three-way discussion to explore both

the feasibility and the scope of such a study. For various reasons the discussion has been protracted, however major concrete results have already been attained. The Institute will announce the outcome, perhaps in the next issue of this newsletter, when and if a full agreement is reached among the three negotiating parties. □

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*We gratefully acknowledge the following supporters for their generous donations, received by The 1990 Institute since our last newsletter:*

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*We apologize for any errors or omissions in the list above.*

# Eleventh Annual Dinner

## Emphasizing Chinese Youth



*Directors Kathy Xu, Li-an Zhou and Bill Lee with a group of Stanford graduate students*

 **The  
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