THE IMPACT OF THE FOREIGN CHINESE MIGRATION ON URBAN AMERICA

BY

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HARVARD BUSINESS REVIEW ARTICLE TITLED: "THE CHINA TRADE - MAKING THE DEAL - MAKING THE DEAL WORK"

COMMAND COLLEGE CLASS III

EXECUTIVE SUMMARY

THE IMPACT OF THE FOREIGN CHINESE MIGRATION ON URBAN AMERICA

Foreword

The discussion below summarizes the major sections of the report and highlights the findings and conclusions drawn from the analysis. The reader should refer to the appropriate section of the report for further information.

Overview

In recent years numerous cities and law enforcement agencies across the country have been experiencing a change in their communities. The type of crime is different; business signs are in languages other than English; people in the community are changing ethnically; shopping centers are changing because of the type and size of stores; traffic on surface streets and business districts is congested; things just don't seem to be as they were in the past and are changing too rapidly to understand and make appropriate long-range plans. Finally, citizens and city officials are asking themselves and their neighbors "Where did these Chinese people come from? Where are we going as a community? And what must we do today to plan for, and develop, a socially desirable community in the future, considering the social and cultural differences of the new citizens?"

The report identifies demographic and cultural issues that are impacting the nation and California. A case study is made of the City of Monterey Park which allows the writer to forecast the impact of the Chinese migration for the year 2000 and identifies future issues that will allow local government to pro-actively plan for the impact and the changes that may logically occur. A summary of the sections of the report follows:

Demographics

Nation

In recent years the country has experienced heavy immigration. Asian Americans grew from 1.4 million into 3.5 million, by the April 1980 census and an estimated 5.1 million, as of September, 1985. Barring major changes in U.S. Immigration policy, they could number almost 10 million by the year 2000. The major Asian American groups are Chinese (21 percent of the total in 1985), Filipinos (20 percent), Japanese (15 percent), Vietnamese (12 percent), Koreans (11 percent), and Asian Indians (10 percent).

In 1980, 49 percent of Asian Americans lived in California or Hawaii, 9 percent lived in New York. Ninety-two percent lived in metropolitan areas, compared to 75 percent of the general population.

California

The 1985 population of California is estimated to be in excess of 25 million people. By the turn of the century, California's population will be approaching 32 million. This represents an increase of about 7 million over 1985 and an average annual rate of growth of about 1.5 percent.

Percentagewise, Asians will grow more rapidly than Hispanics. Their numbers will double over the twenty-year period between 1980 and 2000. Asians numbered only 1.3 million in 1980 but will increase to 3 million by the year 2000.

The growing heterogenity among Asian immigrants will result in some remarkable shifts in the ethnic make-up of California and will create a significant challenge to public administrators in the future.

Chinese Culture

The Clan

The report addresses the clan in China which includes all classes of Chinese. Membership is determined by ties of blood and marriage rather than economic and educational considerations.

The family

The family as the basic social unit in China is discussed and focuses on the Traditional Family, Family Relationships and the Changing Chinese Family.

Case Study of Monterey Park, California

Monterey Park is a 7.7 square mile city with a 1986 population of 60,200, consisting of 37% Hispanic, 40% Asian, 1% black and 22% white. This contrasts to the 1960 population of 32,300 then consisting of 12% Hispanic, 3% Asian, and 85% white. Thus, there has been a tremendous population shift in the past twenty-three years. Specifically, the last eight years have shown dramatic increases in the percentages of overseas Chinese who are coming to Monterey Park to live and work.

Current data reveals that the Chinese people coming to Monterey Park have little in common with the harsh old Chinatown image of the inner city. They are people who have come to this country to be successful, to raise their children with pride in their Chinese heritage, accompanied by a strong desire to enter into the mainstream of America. Monterey Park welcomed this challenge and has initiated numerous programs to achieve this goal. The programs range from cultural awareness classes, language translation services, bilingual community information, recruitment of Asian employees and volunteers and numerous more that are listed and summarized in the report.

Trends

The study identified the following five trends that will have the most influence on Monterey Park in the future. All trends are forecast to continue in an upward direction.

This Command College Independent Study Project is a **FUTURES** study on a particular emerging issue in law enforcement. Its purpose is **NOT** to predict the future, but rather to project a number of possible scenarios for strategic planning consideration.

Studying the future differs from studying the past because the future has not yet happened. In this project, useful alternatives have been formulated systematically so that the planner can respond to a range of possible future environments.

Managing the future means influencing the future -- creating it, constraining it, adapting to it. **A futures study points the way.**

COMMAND COLLEGE CLASS III

THE IMPACT OF THE FOREIGN CHINESE MIGRATION ON URBAN AMERICA

BY

JOSEPH A. SANTORO

MONTEREY PARK POLICE DEPARTMENT

ABSTRACT

In recent years numerous cities and law enforcement agencies across the country have been experiencing a change in their communities. The type of crime is different; business signs are in languages other than English; people in the community are changing ethnically; shopping centers are changing because of the type and size of stores; traffic on surface streets and business districts is congested; things just don't seem to be as they were in the past and are changing too rapidly to understand and make appropriate long-range plans. Finally, citizens and city officials are asking themselves and their neighbors, "Where did these Chinese people come from? Where are we going as a community? And what must we do today to plan for, and develop, a socially desirable community in the future, considering the social and cultural differences of the new citizens?"

The report identifies demographic, cultural and criminal issues that are impacting the nation and California. A case study is made which allows the writer to forecast the impact of the Chinese migration for the year 2000 and identifies future issues that will allow local government to pro-actively plan for the impact and the changes that may logically occur. The report also includes a strategic plan that can be used to address the issues.

1. Asian population trend to the year 2000.

2. Land use/increased density trends to the year 2000.

3. Traffic trends to the year 2000.

4. Financial difficulty trends to the year 2000.

5. Law enforcement trends to the year 2000.

The report also addresses strategic recommendations that can be used to address the trends.

Trend/Event Projections

A group of eight persons was selected to help identify the Trends and Events that are relative to Chinese migration. The group was comprised of business-persons, law enforcement and government representatives. To prepare the group for a workshop session, selected pieces of literature were sent out in advance.

During the workshop an effort was made to address the Trends and Events listed in this report. The group was asked to weigh probability values for each event and measure the impact of Events upon Trends. Nominal Group Technique and Cross Impact Analysis was used.

Scenarios

Based upon the Trend Analysis, two Scenarios were written to depict alternative future relating to the impact of the Chinese migration on local governments. The first scenario addresses the subject from a positive perspective, titled, "We Can Plan For It Now." The second scenario addresses the subject from a negative perspective titled, "Or Pay For It Later."

Strategic Plan

A Strategic Plan was developed to implement a set of policies to assist local governmental agencies achieve the desired future; assist cities prepare for the impact of the Chinese migration; develop a system to measure the impact and to make periodic adjustments. The Plan defines the situation thoroughly. The Plan is followed by a strong mission statement and subordinate objectives. The Plan goes on to say how the mission will be accomplished, by whom, and with what resources.

Conclusion

The conclusion states that the impact of foreign Chinese migration is not unique to the City of Monterey Park and is, in fact, being experienced by numerous communities across the nation. Hopefully, this report will serve as a guide for other communities to more effectively address the issue.

INTRODUCTION

In recent years numerous communities and law enforcement agencies across the country have been experiencing a change in their communities. The type of crime is different; business signs are in languages other than English; people in the community are changing ethnically; shopping centers are changing because of the type and size of stores; traffic on surface streets and business districts is congested; things just don't seem to be as they were in the past and are changing too rapidly to understand and make appropriate long range plans. Finally, citizens and city officials are asking themselves and their neighbors "Where did these Asian people come from? Where are we going as a community? And what must we do today to plan for, and develop, a socially desirable community in the future, considering the social and cultural differences of the new citizens?"

Because of the various unique cultures that have a tendency to be placed into the "Asian" category, this report will concentrate on the Asian culture of the City of Monterey Park which is predominately Chinese. There is not enough time for me to research and develop a report that would properly present the uniqueness of the various other Asian cultures.

This is not a chronological account of the Chinese migration. It is, rather, an attempt to introduce the Chinese people and help the reader understand and explain a highly complex phenomenon that is taking place in the United States of America, California and the City of Monterey Park specifically.

It is not possible to tell the complete story about a people so numerous, so diverse, and so ancient, in one document, but perhaps after reviewing this report government officials will be better able to know the Chinese people more intimately and more fully and understand the changes that are taking place in their communities because of the Chinese migration. I have, as it were, attempted to speed up the film of the Chinese migration through a series of projectors, stopping it whenever I found a relevant frame. The sum of these superimposed frames is, or is meant to be, something resembling a portrait of two diverse cultures joining together in mutual understanding and respect.

Bibliognosts will note that there are few footnotes. Work of this sort cannot be annotated. Because so much of the material could only be attributed to what academics call "Personal Information" that has been acquired throughout the years by working close with the Chinese community of Monterey Park, California. If footnotes were to be the norm the writer would be constantly referring to himself. Moreover, if every fact were subject to direct citation, the report could not have been written. Readers will find that I respect and admire the Chinese culture and have written this report to facilitate harmony not discord.

My major sources of information are personal observations of Chinese communities in Monterey Park, California; Los Angeles County, California; Orange County, California; San Francisco, California; Houston, Texas; Missouri City, Texas; Arlington, Virginia; Washington, D.C.; New York City, New York; Flushing, New York; and Boston, Massachusetts; and numerous interviews with

citizens, community leaders and law enforcement officers who have special knowledge and/or experience with some of the issues addressed in this report. Whenever possible, I have used my instinct to track down data. I have learned that sources, like history, is a ceaseless flow of information. Much that follows is a blend of my own findings and those of others. My debt to my colleagues is great and is gratefully acknowledged. Occasionally I encountered different versions of the data; in those cases I settled for the information which seemed to me to be correct because of my personal experiences.

I offer my deepest thanks to those individuals who gave generously of their time, provided advice, loaned material and gave of their experiences of the past, their insight of the present and their vision of the future. Inevitably some names must be omitted, but special gratitude is extended to:

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Robert Albano, Officer, Boston Police Department
Yuk Sung, Executive Director, Boston Chinese Economic Development Council
A. P. Lee, Detective Superintendent, Royal Hong Kong Police Department

The views in the report are not always their views and some of them may disagree with some of the content of this report. The responsibility for any omissions or conflicts is mine alone. However, without their cooperation, this report would not have been possible.

Special appreciation is given to my secretary, Mrs. Rose Gotanda, who worked very hard typing, editing and organizing this report. Without her skilled talents and expert advice, the end product would not have been possible.

DEMOGRAPHICS

THE NATION

The United States of America has been experiencing a significant increase in Asian migration that is rapidly changing the complexion of the country. The 1980 U.S. census counted 3.5 million Asian Americans, up from 1.4 million in 1970. Asian Americans made up just 1.5 percent of the total U.S. population of 226.5 million as of April 1, 1980, but this was the third largest racial or ethnic minority after blacks (26.5 million and 11.7 percent of the total) and Hispanics (14.6 million, 6.4 percent of the total). Asians increased far more during the 1970s (141 percent) than blacks (17 percent) or Hispanics (39 percent) although Hispanics added the most numbers of the three minorities.

Taking into account natural increase (births minus deaths) and continuing immigration, especially of refugees from Southeast Asia, the Asian American population is estimated at 5.1 million as of September 30, 1985, about 2.1 percent of the 239 million total U.S. population. The gain of nearly 50 percent in the five and a half years. The 1980 census reaffirms Asian Americans' status as currently the U.S.'s fastest growing minority. Barring substantial changes in U.S. immigration law, Asian Americans could total 9.9 million by the year 2000 and approach 4 percent of the U.S. population.

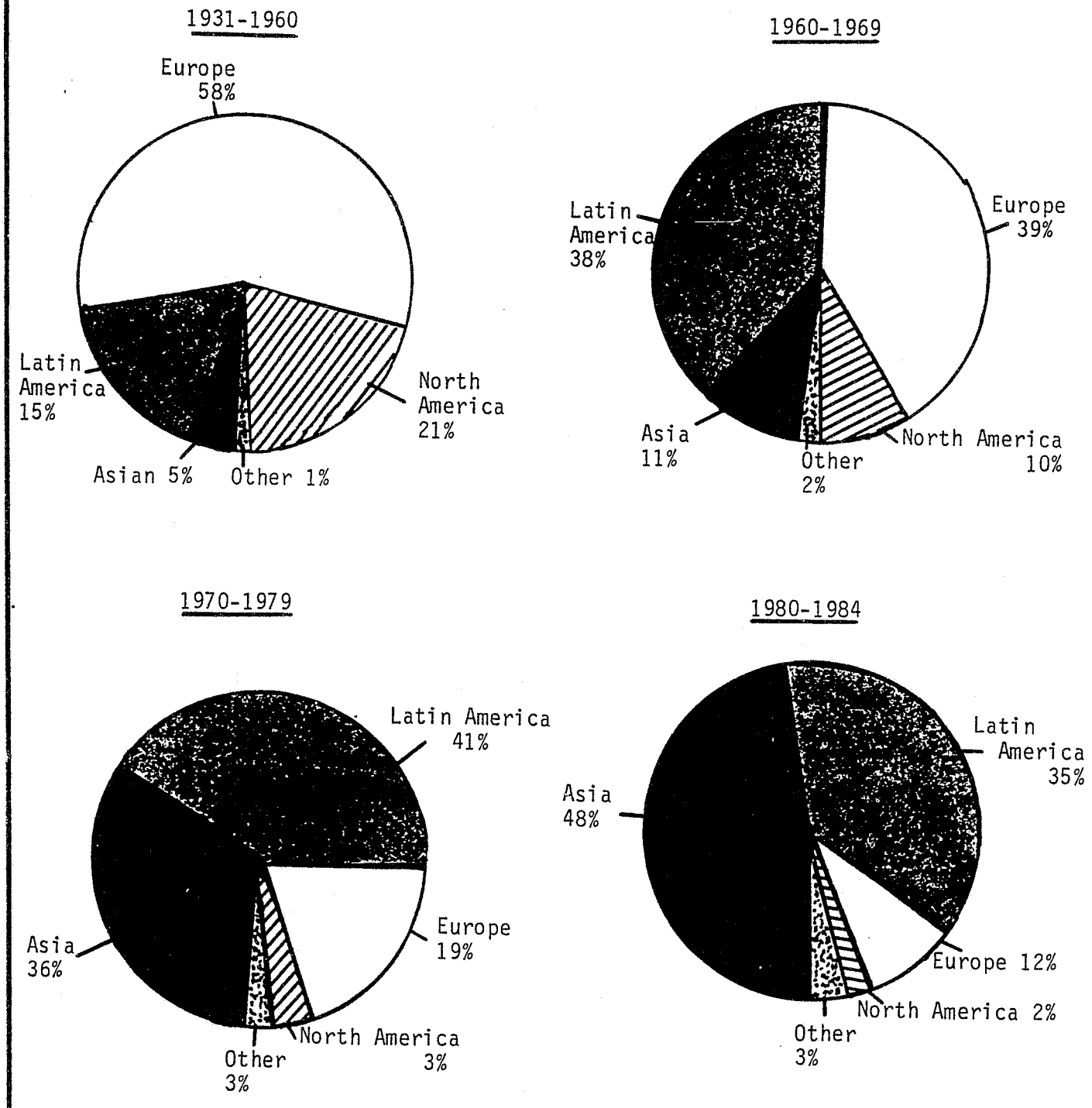
These new residents are having an impact on this country that far exceeds their numbers, yet Americans know surprisingly little about them. As a group, Asian Americans do not resemble other racial or ethnic minorities. Less well known is the fact that Asian Americans vary widely in their characteristics according to their cultural origins and when they arrived in the U.S.

Asia is a vast region that contains over half the world's population. China alone has more than four times the U.S. population. The rich variety of peoples in Asia, fluctuating U.S. immigration policies, and this country's changing relations with Asia have combined to shape the characteristics of today's Asian Americans.

Successive waves of immigrants have come to the U.S. from Asia for more than a century, beginning with the Chinese and Japanese. More recently, people from Taiwan, Hong Kong, Philippines, India, and Korea have come in growing numbers. Waves of refugees from Indochina, especially Vietnam, followed the end of the Vietnam War in 1975. From 1931 to 1960, Asians accounted for only 5 percent of immigrants legally admitted to the U.S., just one-third of the 15 percent of immigrants from Latin America, and far below the 58 percent of immigrants still coming from Europe (Figure 1). With changes in the immigration law in 1965, the proportion of legal immigrants from Asia grew to 34 percent by 1970-79, still below the 41 percent from Latin America. By 1980-84, however, the share of Asian immigrants, 48 percent, exceeded legal immigrants from Latin America, 35 percent, and far outstripped the share from Europe, that shrunk to just 12 percent.

FIGURE 1

LEGAL IMMIGRANTS ADMITTED TO THE UNITED STATES, BY REGION OF BIRTH: 1931-1984



Source: U.S. Immigration and Naturalization Service.

Though this nation was settled largely from the countries of Europe, now, as the balance shifts, an America that historically has looked across the Atlantic finds itself looking across the Pacific as well. America's future will be increasingly Asian.

Once looked down upon as poorly educated, blue-collar "Orientals," Asian Americans are now often perceived as a "model minority." It is true that Asian Americans as a whole are better educated, occupy higher rungs on the occupational ladder, and earn more than the general U.S. population and even white Americans. But the broad averages mask great disparities; many recent arrivals, particularly refugees from Indochina, come ill-equipped for life in America and fare far less well than other Asians.

TABLE 1. Asian American Population: 1980 Census and Estimates for September 30, 1985

Rand of Ethnic group	Number	%	Percent foreign-born of group	Ethnic group	Number	%	% in number 4/1/80-9/30/85
Total	3,466,421	100.0	--	Total	5,147,900	100.00	48.5
1 Chinese	812,178	23.4	63.3	Chinese	1,079,400	21.0	32.9
2 Filipino	781,894	22.6	66.3	Filipino	1,051,600	20.4	34.5
3 Japanese	716,331	20.7	28.4	Japanese	766,300	14.9	7.0
4 Asian Indian	387,223	11.2	70.4	Vietnamese	634,200	12.3	158.8
5 Korean	357,393	10.3	81.8	Korean	542,400	10.5	51.8
6 Vietnamese	245,025	7.1	90.5	Asian Indian	525,600	10.2	35.7
Other Asian	166,377	4.8	--	Laotian	218,400	4.2	358.0
Laotian	47,683	1.4	--	Kampuchean	160,800	3.1	902.2
Thai	45,279	1.3	--	All other	169,200	3.3	64.8
Kampuchean	16,044	0.5	--				
Pakistani	15,792	0.5	--	Percent of total U.S. population			
Indonesian	9,618	0.3	--	(239,447,000) = 2.1 percent			
Kmong	5,204	0.2	--				
All other*	26,757	0.8	--				

Percent of total U.S. population (226,545,805) = 1.5 percent

Sources: 1980: Bureau of Census, 1980 Census of Population, PC80-S1-12, Asian and Pacific Islander Population by State, December 1983, Table B. 1985: Estimates by Bulletin authors.

*Includes Bangladeshi, Bhutanese, Bornean, Burmese, Celebesian, Cernan, Indochinese, Iwo-Jiman, Javanese, Malayan, Maldivian, Nepali, Okinawan, Sikkimese, Singaporean, Sri Lankan, and Asian not specified (e.g., "Asian").

Current Numbers and Definition

For our purposes, Asia includes Pakistan and the countries lying east of it in South Asia, Southeast Asia, and East Asia, but not Soviet Asia or the Pacific Islands. Asian Americans include immigrants and refugees from these countries and the U.S.-born descendants of earlier arrivals living in the U.S., plus students, businessmen, and their families from these countries whose "usual" residence is the U.S. at the time of the census (which is conducted on a de facto basis). Excluded are visitors and others from Asia who are temporarily in the U.S.

In this report the focus is on the six largest Asian American groups--Chinese, Filipinos, Japanese, Asian Indians, Koreans, and Vietnamese. Combined, they accounted for over 95 percent of the 3.5 million Asian Americans counted in the 1980 census. Their numbers were: Chinese, 812,000; Filipinos, 782,000; Japanese, 716,000; Asian Indians, 387,000; Koreans, 357,000; and Vietnamese, 245,000 (Table 1). Twenty-two smaller Asian groups were reported in the census, of which the largest were: Laotian, 47,700; Thai, 45,300; Kampuchean (Cambodian), 16,000; and Pakistani, 15,800.

The proportion of foreign-born (immigrant) Asian Americans in the six largest groups was only 28 percent for Japanese but about two-thirds for Chinese (63 percent) and Filipinos (66 percent) and higher still for the other three groups (Table 1).

Using data on immigration and refugee flows along with calculations of natural increase since the census date of April 1, 1980, we have estimated the Asian American population as of September 30, 1985 (Table 1). These estimates--the most current available--indicate that this population increased by over 1.6 million in these five and a half years, from just under 3.5 million to almost 5.2 million--an annual growth rate of over 7 percent. This is slightly less than the Asian American growth rate of almost 8.8 percent per year during the 1970s, but it is far higher than the annual growth rate of 1.1 percent for the total U.S. population since the 1980 census. Between April 1, 1980, and September 30, 1985, the proportion of Asian Americans in the total U.S. population increased from a little over 1.5 percent to 2.1 percent.

No Asian group in the U.S. numbered more than a million in 1980. By Septmber 30, 1985, both Chinese and Filipinos exceeded a million. The Chinese were still in first place with 1,079,400, but likely soon to be overtaken by Filipinos, with an estimated 1,051,600. Vietnamese increased by over 150 percent in these five and a half years, from 245,025 to 634,200, and Koreans by over 50 percent, from 357,393 to an estimated 542,400.[1]

[1] Population Bulletin - Asian Americans: Growth, Change, and Diversity, by Robert W. Gardner, Bryant Robey, and Peter C. Smith.

Where Asian Americans Live

Asian Americans are far more concentrated geographically than the general U.S. population. The 1980 census found 56 percent of Asian Americans living in the West (which includes Hawaii), compared with just 17 percent of all Americans, and only 14 percent of Asian Americans in the South, versus 33 percent of all Americans (Table 2).

These regional patterns, however, vary among the different groups. Japanese and Filipinos are especially concentrated in the West, and more than half of Chinese Americans also live in the West. Only 17 percent of all Asian Americans live in the Northeast, but 27 percent of Chinese compared with 22 percent of all Americans, Koreans, although 43 percent live in the West, are distributed most similarly to the total population. Vietnamese, found in relatively large numbers in the South (especially Texas, Louisiana, and Virginia), are more widely distributed than the other five major Asian American groups because the aim of the refugee resettlement program has been to disperse refugees about the country in an effort to speed their assimilation and lessen the impact on American communities because of large groups arrving at one time. The largest share, however, were settled in California and many refugees later moved there to be with relatives and friends.

Asian Americans are even more clustered in just a few states. At the time of the 1980 census, nearly 59 percent lived in California, Hawaii, and New York, and only four other states had 100,000 or more--Illinois, Texas, New Jersey,

TABLE 2. Total U.S. and Asian American Population by Region: 1980

(Percent distribution)

Population	Region			
	Northeast	Midwest	South	West
Total U.S.	21.7	26.0	33.3	19.1
Total Asian*	17.1	12.3	14.2	56.4
Japanese	6.5	6.5	6.6	80.3
Chinese	26.8	9.2	11.3	52.7
Filipino	9.9	10.4	11.0	68.8
Korean	19.1	18.1	19.9	42.9
Asian Indian	34.2	23.1	23.4	19.2
Vietnamese	9.0	13.4	31.4	46.2

Sources: Bureau of the Census, 1980 Census of Population, PC80-1-B1, General Population Characteristics, and PC80-S1-12, Asian and Pacific Islander Population by State.

*Includes all Asian Americans; not just those listed separately.

and Washington (Table 3). California is the first-ranking state for both Asian Americans and Americans in general but in 1980, 36 percent of Asian Americans lived there, compared to 10 percent of the total U.S. population. The difference was even greater in Hawaii, with 13 percent of Asian Americans but only 0.4 percent of all Americans counted in 1980. Nearly half the population of Hawaii is Asian. California, the state with the next highest proportion of Asian Americans in its population, is just 5.3 percent Asian.

California has the highest proportion among the six largest Asian American groups, especially for Filipinos (46 percent) and Chinese (40 percent). Nine percent of all Asian Americans live in New York, but twice that proportion of Chinese. Japanese are most heavily concentrated in Hawaii, with twice the representation of Filipinos and almost five times that of Chinese.

While Asian Americans are still heavily concentrated in the West, the 1970s brought their distribution among the country's four regions closer to that of the population in general. For the U.S. population as a whole, the proportions living in the Northeast and Midwest fell from 1970 to 1980 and rose in the South and West. For Asian Americans, the share living in the West fell to below 60 percent, while the share for all other regions rose. The South was the biggest proportionate gainer.

TABLE 3. Seven States with 100,000 or More Asian Americans in 1980 (in thousands)

Area	Total U.S. Population	Total Asian*	Japanese	Chinese	Filipino	Korean	Asian Indian	Viet
U.S.	226,546	3,466	716	812	782	357	387	245
%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Calif.	23,668	1,247	269	326	358	103	60	85
%	10.4	36.0	37.5	40.1	45.8	28.7	15.4	34.8
Hawaii	965	453	240	56	132	17	1	3
%	0.4	13.1	33.5	6.9	16.9	4.9	0.2	1.4
N.Y.	17,558	328	25	147	36	33	68	6
%	7.8	9.4	3.5	18.1	4.6	9.3	17.5	2.4
Ill.	11,427	171	18	29	44	24	37	6
%	5.0	4.9	2.6	3.6	5.7	6.8	9.7	2.6
Texas	14,229	130	12	27	16	14	23	28
%	6.3	3.7	1.7	3.3	2.0	3.9	6.0	11.3
N.J.	7,365	108	10	23	24	13	31	3
%	3.3	3.1	1.4	2.9	3.1	3.7	7.9	1.2
Wash.	4,132	105	27	18	26	23	4	9
%	1.8	3.0	3.8	2.2	3.3	3.8	1.1	3.6

Sources: Bureau of the Census, 1980 Census of Population, PC80-1-B1, General Population Characteristics, and PC80-S1-12, Asian and Pacific Islander Population by State.

*Includes all Asian Americans; not just those listed separately.

These changes were due primarily to internal migration and especially because of settlement patterns of new immigrants. Over 90 percent of the growth of the Asian American population in the West and South was due to immigration from out of the country and less than 10 percent to net internal migration. The Northeast and Midwest actually lost Asian Americans through net internal migration but gained overall because of the large influx of newly arriving immigrants. The largest streams of Asian Americans moving between regions during the 1970s were toward the West, but internal migration had more impact in the South because its initial Asian American population was so much smaller than that of the West.

Urban dwellers

Asian Americans are far more cosmopolitan than Americans as a whole. In 1980, 92 percent in the six major groups were living in standard cosmopolitan statistical areas, with the proportion close to 96 percent in the Northeast, 93 percent in the West, and 89 percent in the Midwest and South. The total proportions were 75 percent overall, 85 percent in the Northeast, 83 percent in the West, 71 percent in the Midwest, and 67 percent in the South. Among the different Asian American groups, Japanese are the least cosmopolitan, at 89 percent, and Chinese the most, at 96 percent.

Just four metropolitan areas, however, had 50,000 Asians of any one ethnicity in 1980. There were more than 50,000 Chinese in San Francisco, Honolulu, New York, and Los Angeles--and similar concentrations of Japanese in Honolulu and Los Angeles, Filipinios in Los Angeles, San Francisco, and Honolulu, and Koreans in Los Angeles.

One reason Asian Americans are so cosmopolitan is that so many are recent immigrants. Immigrants traditionally flock to cities; later generations are distributed more evenly. This pattern is likely to be repeated when Asian Americans as immigrants make up smaller and smaller proportions of their populations.

Future Projections for the United States to the Year 2000

It appears that if present immigration trends continue to the year 2000, Asian Americans will expand their share of the total U.S. population significantly during the next fourteen years.

However, the Japanese are likely to become a decreasing proportion, because Japan is now sending relatively few immigrants--an average of just 4,000 a year since 1980[2]--and because Japanese American fertility is low. The share of Filipinos and Koreans should increase, because their immigration levels are now high--over 43,000 a year since 1980 from the Philippines and over 32,000 a year from Korea.

[2] INS, Immigrants Admitted by Country or Region of Birth, Fiscal Years 1954-1984.

Most likely to increase is the share of Vietnamese, because of both relatively high fertility and immigration. A steady stream of immigrants from Southeast Asia and especially Vietnam is likely to continue as refugees already in the U.S. acquire permanent resident (immigrant) status and are able to bring in family members high on the preference list for 20,000-per-country annual quotas and then later, as U.S. citizens, can bring in immediate family members under the numerically unlimited category. For Vietnam, these numbers could be high if relations with Vietnam are regularized and the Orderly Departure Program, which has been permitting several thousand immigrants from Vietnam to enter the U.S. each year, is replaced with regular immigration coming under current U.S. law.[3]

Projections of the future size of the Asian American population are particularly risky because U.S. immigration policy is so important in determining that size and this policy may well change. The continuing efforts to change existing immigration law, while not prompted by the recent high level of Asian immigration, could, if successful, have a marked effect on that flow. For example, the flow would decrease if the system of preferences and emphasis on family reunification were changed and a cap put on the now unlimited category of immediate family members of U.S. citizens. On the other hand, some national flows might be increased by law changes. In 1981, for example, the annual 20,000-per-country quota for immigrants from "China" was changed to apply separately for the People's Republic of China and Taiwan, resulting in an increase in immigrants from the two countries from 25,800 in fiscal year 1981 to 35,800 in fiscal year 1984.[4]

In addition, the flow of Asian immigrants is directly tied to political and economic trends in the countries of origin. Here the uncertainties abound; the effect of Hong Kong's reversion to Mainland Chinese authority in 1997, the political fates of Taiwan and the Philippines, the future attitude of the People's Republic of China concerning emigration from that vast pool, as well as what happens in Vietnam.

For all these reasons, projections based simply on the assumption that today's flows will continue unchanged are likely to be inaccurate, just as projections of the Asian American population made 20 years ago would have been wrong because few people would have predicted the impact of the 1965 immigration law changes and the outcome of the Vietnam War. Table 4 presents projections of the Asian American population to the year 2000.

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3 Office of Refugee Resettlement, Department of Health and Human Services, August, 1985, personal communication.

4 INS, Immigrants Admitted by Country or Region of Birth, Fiscal Years 1954-1984.

TABLE 4. Asian American Population: 1980 and Projected for 1990 and 2000

	1980			1990			2000	
Rank	Ethnic group	Number	Percent	Ethnic group	Number	Percent	Ethnic group	Number	Percent
	Total	3,466,421	100.0	Total	6,533,608	100.0	Total	9,850,364	100.0
1	Chinese	812,178	23.4	Filipino	1,405,146	21.5	Filipino	2,070,571	21.0
2	Filipino	781,894	22.6	Chinese	1,259,038	19.3	Chinese	1,683,537	17.1
3	Japanese	716,331	20.7	Viet	859,638	13.2	Viet	1,574,385	16.0
4	Asian Ind	387,223	11.2	Korean	814,495	12.5	Korean	1,320,759	13.4
5	Korean	357,393	10.3	Japanese	804,535	12.3	Asian Ind	1,006,305	10.2
6	Vietnamese	245,025	7.1	Asian Ind	684,339	10.5	Japanese	856.619	8.7
	Other Asian	166,377	4.8	Other Asian	706,417	10.8	Other Asian	1,338,188	13.6

Source: Leon F. Bouvier and Anthony Agresta, "Projections of the Asian American Population, 1980-2030" in James T. Fawcett and Benjamin Carino (eds.), Asian and Pacific Immigration to the United States, forthcoming.

The projections show a near-tripling in the Asian American population in the 20 years from 1980 to 2000, from just under 3.5 million to almost 10 million. In 2000, according to these projections, Asian Americans will comprise almost 4 percent of the U.S. population (projected to be about 268 million by 2000), up from 1.5 percent in 1980. By 1990 Filipinos will long have surpassed Chinese as the largest Asian American group, and Koreans, and especially Vietnamese, will have caught up to the Japanese who, as recently as 1970 were the largest Asian group in the U.S. In 2000 the Japanese are projected to be the smallest of the six major Asian American ethnic groups and the Vietnamese are projected to be in third place, up from sixth place in 1980.

Field Research

My field research took me to Boston, Massachusetts; New York City, New York; Houston, Texas; Missouri City, Texas; San Francisco, California; and Los Angeles, California. A brief discription of my observations in and out of state follows; observations in California are documented in the California section of this report.

NOTE: Statistical data in this report was provided by Population Bulletin - Asian Americans: Growth, Change, and Diversity, by Robert W. Gardner, Bryant Robey, and Peter C. Smith.

Boston, Massachusetts

The Boston Asian population consists mostly of Chinese Cantonese, Vietnamese and Cambodians. There are very few Taiwanese in the city with the majority living in suburbs. The Asian population is approximately 70,000, and in the past 10 years, the Asian population has increased approximately tenfold. At the present time, 50% of Chinatown is occupied by Vietnamese, however most new immigrants are still from Hong Kong. In Boston there is a Chinatown and Vietnamese Town. Currently the Cantonese are buying up property in the Boston "Red Light" (combat zone) district, to open businesses. Because of the expansion, property values have doubled and tripled. Chinese and Vietnamese gangs are on the increase, with the main crime problems being robbery, assaults and burglaries.

New York City, New York

The New York City's Asian population consists mostly of Chinese Cantonese, with increasing numbers of Taiwanese, Vietnamese, and Koreans. The Japanese population is mainly transient businessmen. The Chinese population is growing by "leaps and bounds" in the City of New York, the approximate Chinese population is 400,000, Vietnamese is at most 10,000 and Koreans are approximately 200,000. At the present time, the Chinatown area is expanding rapidly, as the Chinese are buying the "the Little Italy" area of New York. This expansion is causing a considerable amount of conflict between the "old time" Italian people and the Chinese. Chinatown now covers between 15 to 20 square blocks, as compared to 10 square blocks 5 years ago.

Flushing, New York, a suburb of New York City, has also experienced a growing number of Chinese and Koreans. Approximately 5 years ago, Flushing had approximately 5,000 Chinese. Today there are approximately 40,000 Chinese and 40,000 Koreans. Flushing was mainly a residential community, but is rapidly increasing in commercial development.

Houston, Texas

Houston has a Chinese population of approximately 45,000. The majority are stable old established Cantonese. However in recent years, there is a large amount of influence of Taiwanese. The Vietnamese population in Houston is approximately 60,000. The Asian population in Houston has increased by approximately 30% in the last five years. Houston is approximately 570 square miles, the Asians are living in the inner city Chinatown and in pockets throughout the city and suburbs. There is a significant migration into the suburbs of Houston. This migration has the same appearance as the migration in every city that was visited during my research. The window and building signs, type and density of buildings, design of buildings, traffic and the paliferation of large red banner signs throughout the area are present in every Chinese area visited both in the inner city Chinatowns and newy developed suburbs.

Missouri City, Texas

In the suburbs of Houston, Texas is a community called Missouri City. The population of Missouri City, Texas is currently 33,000 and is expected to reach 75,000 by the year 2000. Commercial construction is proceeding at an equally rapid rate and is projected to increase by 750 percent by the year 2000.

Within Missouri City there is a 200-acre commercial development underway called Tang City. Tang City is being marketed as a self-contained modern "Chinatown." Unlike other Chinatowns, Tang City (named after the Tang Dynasty) is the first ever master-planned Chinese community in North America and perhaps in the world. In the master-plan for the 200-acre parcel, future developments will include several major comercial retail shopping centers, medical/dental professional complexes, business and industrial parks, office building, financial center, convention/trade center, restaurants, hotels, residential, single family condominiums, schools, churches and park sites.

Within Tang City is a 50-unit commerical-residential townhouse project. Each 2500 square feet townhouse is designed to provide a place for business and a place for living quarters. While this very unique combination of commercial and residential townshouse is uncommon and seldom approved anywhere in the states, it is rather popular and common development in the Orient. This same configuration is common in inner city Chinatowns and also in newly developed suburb areas throughout the country. Most of the developments of this type are illegal when measured against the building codes and regulations in communities being impacted by the Asian migration. This trend will continue because the Chinese people are used to this standard of living in their country of origin. The combination is particularly attractive to newly arrived foreign immigrants who can work and live at the same address without leaving the "house." This enables the immigrant who does not have the language and/or driving skills necessary to get around in the hustle-bustle of a great metropolitan area to feel right at home. Within the comfort of his home, he can conduct business and make a living.

CALIFORNIA

Rapid population growth has always been prevalent in California. During the century beginning in 1960, a fortyfold increase in numbers took place. At the same time, the nation grew only four and a half times. Between 1950 and 1960 there was a 48.5 percent growth in the state compared to only 18.5 percent for the nation. A similar pattern was noted in the 1960s as the population increased by 27 percent to just under 20 million in 1970 while the country added 13 percent of its 1960 population. By 1963 California had surpassed New York as the largest state in the union. According to the 1980 census, California's population totaled 23,667,902 reflecting an addition of some 3.7 million over 1970 or an increase of 18 percent. This is notably larger than the national increase of 11 percent, though the difference is less than in earlier decades. Today the population of California is estimated to be over 25 million.

California is the nation's most urban state with 95 percent of its population living in cities with a concentration in the southern section. Fully 60 percent live in Los Angeles and adjacent counties. The state's second largest urban center is the San Francisco Bay Area, comprised of nine counties which contain 5 million people or 22 percent of the state's population.

With more than 15 percent of its population foreign-born, California's cultural diversity cannot be overstated. The evolution of the state's heterogeneity began during the 1840s when Chinese as well as Americans from the East came to find work and fortune in the gold mines. There they joined the Native Americans and Hispanics already in California and were later joined by Japanese immigrants. Early in the 20th century Mexicans streamed in as civil unrest in their country pushed them out, and a demand for unskilled labor pulled them over the northern border. Blacks did not reach the state in great numbers until the Second World War when their labor was needed.

Migration from other states remained a contributing factor to California's growth until the 1970s. However in that decade more people left the state than moved in. A recent Urban Institute publication on the impacts of immigration on California notes that: "Although immigration to this region has virtually stopped because there is a decreasing propensity of people to move to California coupled with a rising tendency to leave for other states." It further notes that: "Those net migrants to California from other parts of the nation tend to be better-educated professional workers, whereas there has been a net out-migration of the less educated, unskilled, blue-collar and service workers."[5] Since 1980 net internal migration has once again been positive.

[5] Donald M. Manson, Thomas M. Espenshade and Thomas Muller, "Mexican Immigration to Southern California: Issues of Job Competition and Worker Mobility," Impacts of Immigration in California, The Urban Institute, Washington, DC, August 1985, p. 25.

In recent decades immigration from a number of Asian and Latin American countries has contributed significantly to the state's growth in both size and cultural diversity. Because of changes in census definitions, comparisons by race are not always accurate. Nevertheless, the 1970s did witness major shifts in the state's racial composition. (Table 5)

TABLE 5. Population by Race/Ethnicity: 1970 and 1980 (in thousands)

	1970	%	1980	%
Non-Hispanic White	15392	77.1	15704	66.5
Black	1400	7.0	1783	7.6
Hispanic	2369	11.9	4544	19.3
Asian & Other	792	4.0	1575	6.6
Total	19953	100.0	23608	100.0

Since 1970 the proportion of Californians from Asia and the Pacific, then 3 percent, has climbed each year as the number of Southeast Asian immigrants and refugees has accumulated; in 1980 Asian and Pacific Islanders made up 5.5 percent of the state's population. Twenty-seven percent of these are Filipino, followed by 25 percent Chinese and 21 percent Japanese.[6] Latin Americans are even more visible in California. Hispanics--80 percent of whom are of Mexican origin--make up 4.5 million. Though its size enables California to accomodate more people than most states, it contains disproportionately more of the newest immigrants. Fully one out of every four foreign-born persons living in the United States resides in California which is home to one out of ten Americans. The foreign-born population in California includes nearly a third of all Hispanics and close to 40 percent of all Asian-Americans in the United States.[7]

Both past and current immigration have spawned cultural diversity in California and sustained a relatively young age structure. Internal movement has brought mobile young adults from all states.

[6] California Almanac, p. 1-2.

[7] Population Bulletin, op. cit. p. 1.

California has been undergoing radical alterations in its population size and ethnic make-up. People are born; people move; people die. Shifts in the rates of fertility, migration and mortality are the causes of variations in racial and ethnic distribution. In turn these shifts affect every aspect of society. This report deals with both the demographic changes and the societal impacts of these changes over the next 14 years.

Future Projections for California to the Year 2000

To look into the demographic future of the State of California we must develop a series of population forecasts that are based on a series of assumptions about demographic behavior.

The population of California as enumerated in the 1980 census is the base population for all projections. In turn this population is subdivided into racial and ethnic categories. Assumptions about future demographic behavior are then applied to these base populations and the projections are derived.

Data are available to construct population projections for four basic racial groups: Non-Hispanic whites, blacks, Hispanics, and Asian and Pacific Islanders (simply referred to as Asians). All Others are primarily Native Americans and a few racially unidentified individuals. No further analysis will be done on this group except to determine its future size and include it within the total population.

Asians are very heterogeneous in origin, and no one group predominates in California. Thus separate projections will be made for Filipinos, Chinese, Japanese, Koreans, and Vietnamese and others.

Demographic Projections

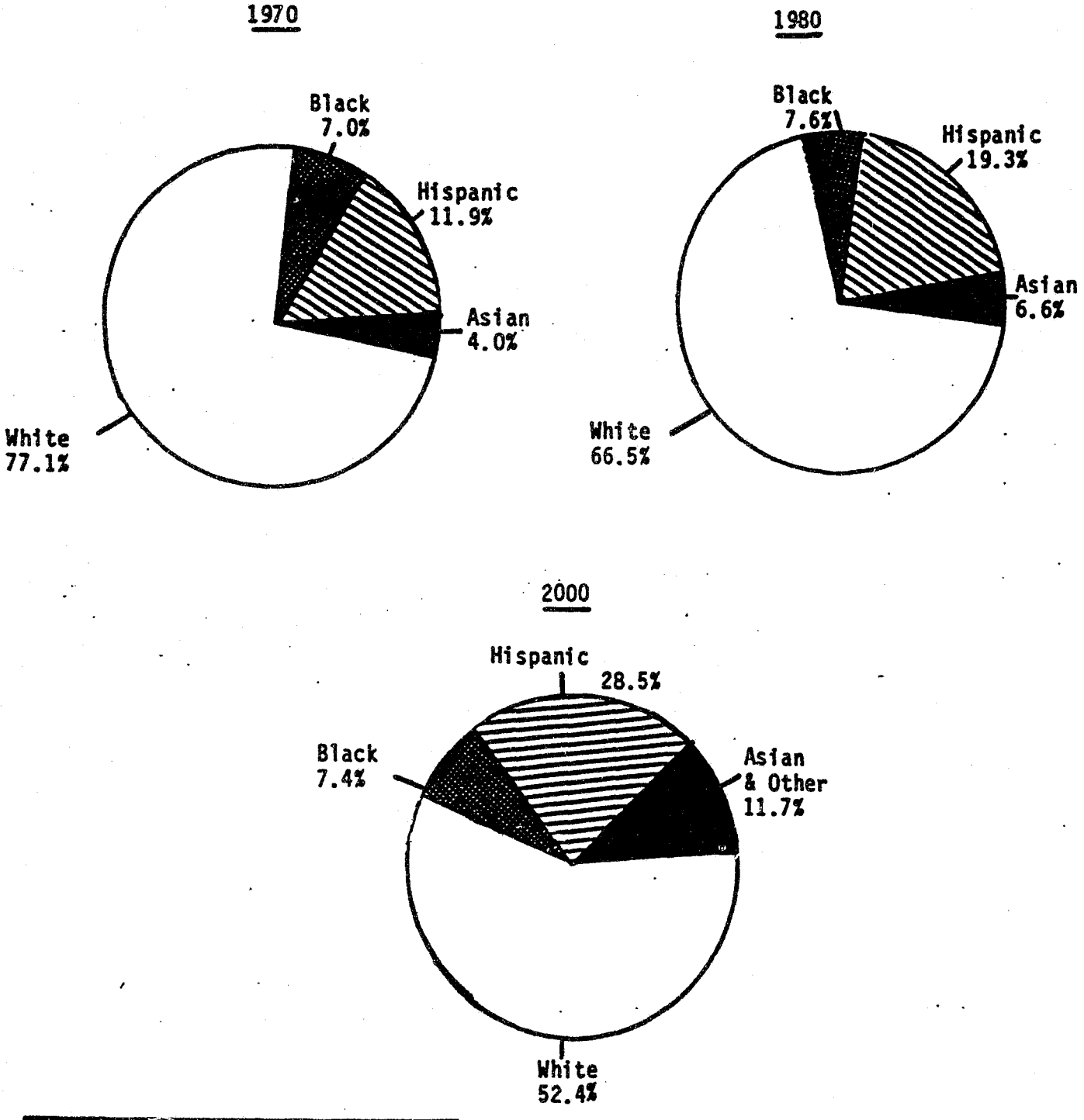
California's 1985 population is estimated to be in excess of 25 million people. By the turn of the century California's population will be approaching 32 million. This represents an increase of about 7 million over 1985 and an average annual rate of growth of about 1.5 percent. Such growth, based on the assumptions described above, is consistent with other projections developed by California agencies. (Table 6)

TABLE 6. Projected Population of California: 1980 to 2000 (in thousands)

Year	Population	% Change
1980	23600	---
1990	27880	18.1
2000	31883	14.4

FIGURE 2

POPULATION OF CALIFORNIA BY ETHNICITY



POPULATION

1970 - 19 million
1980 - 23 million
2000 - Forecast to be 32 million

Hispanics and Non-Hispanic whites will be numerically equal, each representing 38 percent of the total population. Asians, in the meantime, will exhibit steady growth, reaching 10 percent of the population by 2000. (Figure 2)

"Percentagewise," Asians will grow more rapidly than Hispanics. Their numbers will double over the twenty-year period between 1980 and 2000. Asians numbered only 1.3 million in 1980 but will increase to 3 million by the year 2000. The growing heterogeneity among Asian immigrants will result in some remarkable shifts in ethnic proportions. In 1980, Filipinos became the largest Asian ethnic group in the state, passing the Chinese. Following closely behind were the Japanese. Almost three-quarters of all Asians in California were either Chinese, Japanese, or Filipino. (Table 7)

TABLE 7. Projected Asian Population by Ethnicity: 1980 to 2000 (in thousands)

	1980	1990	2000
Chinese	325	465	591
%	24.8	20.2	17.6
Filipino	358	620	896
%	27.3	26.8	26.6
Japanese	268	309	335
%	20.5	13.4	10.0
Korean	102	215	333
%	7.8	9.3	9.9
Vietnamese	85	356	674
%	6.5	15.4	20.0
Other*	170	343	537
%	13.1	14.9	15.9
Total	1308	2308	3366
	100.0	100.0	100.0

* Other includes Asian Indian, Kampucheans, Laotians and all other Asian and Pacific Islanders.

By the turn of the century, Filipinos will constitute by far the largest Asian ethnic group, but the Vietnamese will be second and the fastest growing.

Immigration assumptions should also be kept in mind. Will the current levels from Southeast Asia be maintained for the foreseeable future? Will immigration laws continue to encourage family reunification? Will this result in growing numbers from Taiwan, Hong Kong, Korea, the Philippines and eventually Vietnam? Will possible political unrest in the Philippines lead to massive refugee movements? Will the 1997 shift in political power in Hong Kong mean an increase in the number of Chinese coming to California? These questions remain unanswered, but such future non-demographic development could affect the projections.

One thing is certain: the racial and ethnic composition of the State of California will become ever more complex and diverse in the next century. Non-Hispanic whites will no longer comprise the majority. They will be replaced, not by another majority group, but by a combination of significant minorities, Asian and Hispanic, as well as black and Non-Hispanic whites.

California Regional Distribution of the Population

Developing projections on the substate level for the year 2000 is extremely tenuous. Straightforward demographic projections are inappropriate, given the additional knowledge that is necessary, such as size of the area, potential for growth, local ordinances limiting growth, etc. For these reasons, we rely on county level projections developed by the state demographic group in the Department of Finance.[8] These projections take into consideration many such local issues. The regional categories are limited to four: the two Standard Consolidated Areas (SCA) of Los Angeles-Long Beach-Anaheim; San Francisco-Oakland-San Jose; San Diego, which is the largest Standard Metropolitan Statistical Area (SMSA) not included within an SCA; and the balance of the state.

The changing regional distribution calculated by the state demographers was applied to the projections of this report to arrive at regional totals for 2000.

Demographic Projections

The projected population for the four "regions" is shown in Table 8. The proportion residing in the two SCAs will fall from 70.4 percent in 1980 to 66.6 percent in 2000. Both the San Diego SMSA and the balance of the state will grow proportionately. However, population numbers will increase in all four regions over the 20-year period. The Los Angeles-Long Beach Beach-Anaheim SCA will add 3.5 million people by the turn of the century. In the San Francisco SCA, the population will increase from 5.1 million in 1980 to 6.3 million in 2000.

[8] Dept. of Finance, op. cit.

TABLE 8. Projected Population by Region: 1980, 2000 (in thousands)

	1980	2000
Los Angeles SCA	11,449	14,921
%	48.5	46.8
San Francisco SCA	5,170	6,312
%	21.9	19.8
San Diego SMSA	1,865	2,901
%	7.9	9.1
Balance of State	5,163	7,747
%	21.7	24.3
Total	23,647	31,881
%	100	100

Will new Vietnamese immigrants concentrate among their countrymen or will they move to other less densely populated parts of the state? Will future immigrants from China settle in Chinatown and will they, and earlier immigrants, then move outside the metropolitan areas to the suburbs? There are strong indicators which show that existing inner city Chinatowns are expanding in size along with a large migration to the suburbs. This migration is currently changing the appearance of several communities. The projection technique will tend to underestimate the numbers in some areas at the expense of others, but it should give the reader a rough estimate of the future racial/ethnic composition in the four major regions.

At the turn of the century, the SCA which includes San Francisco, slightly more than half will be Non-Hispanic white and another 17 to 18 percent each will be Hispanics and Asians. Blacks will comprise less than 9 percent of the population.

Changes projected for the Los Angeles SCA are similar. In 1980 about 61 percent of the population was Non-Hispanic white, 24 percent was Hispanic, 5 percent was Asian, and 9 percent was black. At the turn of the century, only about 45 percent will be Non-Hispanic white. However Hispanic and Asian proportions will have grown substantially to 34 and 9 percent, respectively. This distribution projected for the Los Angeles SCA in 2000 is close to that in the "Moderate-High" projections developed by the Southern California Association of Governments (SCAG).[9] It appears quite probable that the Los Angeles metropolitan area will be the first in the nation to have a "no majority" population with no single racial or ethnic group comprising more than fifty percent of the total number of people living in the area.

[9] Southern California Area Governments. Southern California: A Region in Transition. Vol One: "Scenarios of Future Immigration and Ethnicity." Los Angeles, CA. December, 1984.

As noted earlier, the San Diego SMSA will grow proportionately more rapidly than its two larger neighbors to the north. Its 2.9 million people in 2000 will be divided roughly along these lines: Non-Hispanic white, 60 percent; Hispanics, 23 percent; Asians, 11 percent; blacks, 5 percent.

The balance of the state, while containing less than one-quarter of the population, is still predominantly urban and includes such cities as Sacramento and Fresno. In 1980 three-quarters of this population was Non-Hispanic white and another 17 percent was Hispanic; Asians and blacks made up only about 3 percent each. The racial composition of this population will also change. In 2000 the 7.7 million people living outside the largest metropolitan areas will be distributed as follows: Non-Hispanic white, 62 percent; Hispanic, 27 percent; Asian, 6 percent; black, 3 percent.

TABLE 9. Percent Distribution of Racial/Ethnic Group by Region: 1980, 2000

1980	Non-Hispanic White	Black	Asian	Hispanic	Other	Total
Los Angeles	61.0	9.1	4.9	24.1	0.9	100.0
San Francisco	69.2	8.8	8.7	12.2	1.1	100.0
San Diego	73.7	5.4	5.1	14.7	1.1	100.0
Balance	74.8	3.6	2.9	17.2	1.5	100.0
2000						
Los Angeles	46.4	8.6	9.4	34.5	0.1	100.0
San Francisco	54.7	8.7	17.4	18.2	1.0	100.0
San Diego	60.0	5.5	10.6	22.9	1.0	100.0
Balance	61.8	3.7	6.0	26.8	1.7	100.0

These admittedly rough estimates of the future population of selected regions of the State of California are not surprising. The changing racial composition of the state will be particularly noted in the large metropolitan areas. Although this report will only make projection for the City of Monterey Park, California, it seems obvious that most cities, as opposed to metropolitan areas, will consist of minorities and no majorities by the year 2000, and in some instances, sooner.[10]

[10] Statistical data in this section of the report provided by Population Change and California's Future, by Leon Bourvier and Philip Martin.

CHINESE CULTURE

The preceding sections of this report were intended to help us focus on what is taking place in our nation and California in regards to ethnic change. The rest of the report will first concentrate on understanding the Chinese culture and subsequently focus on the change that has occurred and is occurring in the City of Monterey Park.

The Clan in China

The clan includes all classes of Chinese. Membership is determined by ties of blood and marriage rather than by the economic and educational considerations which distinguish class of people. Thus class conflicts are often harmonized and class divisions are often spanned by the blood links of the clan.

The clan is an organized and united group of people who trace their ancestry back to a common ancestor. The group is often very large, some clans having thousands of members. Descent is patrilineal, that is, traced back to the father's ancestor rather than the mother's. Some clans trace their first ancestor back to a legendary figure in the mythical period of Chinese history, others to some prominent emperior or official; but few genealogies go beyond the Sung Dynasty. Generally, the clan is limited to the descendants of that ancestor who came to the region first. It does not embrace all those people in China who bear the same surname, but ony those of the same surname who are descended from a common ancestor who settled first in a given locality.

Chinese names are generally made up of three characters. The family or surname is written first, the second character is common to all cousins and brothers of the same generation, and, the third character is unique to the individual. When the Chinese migrate to America, they often change their name to reflect American style. When this occurs, it becomes extremely difficult to apply this principle. The importance of the family name is stressed by putting it first. The ties of blood indicated by the same surname are emphasized by the traditional custom of the individuals concerned who were of different clans and came from widely separated parts of the country.

The Family

The family, the basic social unit in China for thousands of years, was so important that not only the clan, but even the state was regarded as an extension of it. Chinese thought of the interests of their families as the basis for all their judgments and decisions. What was advantageous and good for the family was permitted; what was disadvantageous and bad for the family was prohibited. Individuals thought of themselves as members of a family, and they were viewed by others in the same light. The success or failure of an individual reflected upon the family and increased or decreased its prestige. The family was responsible for the acts of its individual members and was held accountable for them by the community and the government. In this sense traditional China was composed of a large number of families rather than of individuals.

Confucian philosophy emphasized the fundamental importance of the family. Of the five basic social relationships necessary to the right functioning of Chinese society, three were family relationships--the relationship between father and son, elder brother and younger brother, and husband and wife. It was in the family that individuals learned their roles in Chinese society, or not at all. There is awe for the father and also for the elder brother. Wife and children, servants and concubines, are like the common people, serfs, and underlings.

Economically, the traditional Chinese family was a joint productive effort. All members were supposed to do what they could for the common family, and they were supported from the common funds. There were three important variations of this economic family in China: the small or conjugal family, the middle-way or stem family, and the large or joint family. The small family usually consisted of the parents and their unmarried children. It was similar to the family common in America and the West. The middle-way family was composed of the parents, all their unmarried children, and one married son with his wife and children. The large joint family included the parents, both married sons and unmarried children, and all the wives and children of the married sons. Sometimes other close relatives, such as grandparents, uncles, aunts, counsins, and nephews, might live in this family. The head of the family, usually the father but sometime the elder brother, supervised the common property and watched over the moral life of the members.

Traditional Family

The large or joint family was the traditional ideal family. From the time of the Tang Dynasty until very recently, the large family system was praised and encouraged by the leaders of society as the ideal family arrangement. The presence in one family of six or more generations who functioned together as one economic unit was the highest expression of this system. Few families achieved this aim. Most large families never included more than three or four generations, and only certain wealthy families were able to achieve this goal.

Probably a typical Chinese family today would include the two parents and up to three or four children. It is also not uncommon for aged parents to live together with one of their children, usually a son. After the advent of the Communist government in China the members of the former gentry, who most frequently lived in large or joint families, disappeared from Chinese society. Their land, which was the source of their wealth, was redistributed, and they could no longer support the practice of large families. As a result, the small family, so common in America and the Western world in general, is also becoming typical in present-day China.

Family Relationships

Until recent times the parents had almost complete authority over their children. Society sanctioned whatever steps parents took to enforce their commands, and public opinion permitted harsh and prolonged physical punishment when the children rebelled against parental edicts.

However when the grandfather retained headship of the family, he often protected his grandchildren from the arbitrary dictates of the father and mother. It was common for the grandchildren to scurry to the loving shelter of a grandparent when the father threatened or attempted to punish his children. Others in the older generation, such as uncles and aunts, were also in a position to protect the child from harsh discipline. This was true even when the old one had relinquished formal supervision of the family. The aged were revered and their wishes and desires granted whenever possible. Thus, love for the child was diffused over a wide range of relatives. The children found early that they often received more warm affection from grandparents, uncles, and aunts than from their own father.

Traditionally, Chinese fathers were regarded by the sons with a great deal of fear. Since untrained and undisciplined sons gave the community a bad impression of the father, Chinese fathers were often severe and inflexible in training their sons to assume their future role in society and the family. Since the father did not have the same responsibility to discipline and indoctrinate the daughter in her future family duties, the relationship between father and daughter was usually warmer and closer. In some of the more wealthy families it was not uncommon for the father to teach his daughter to read, write poems, and compose music.

The relationship between the mother and her children, both girls and boys, was generally one of warm love and affection. She acted as an intermediary between the children, especially the son, and her husband, and often protected them from his wrath. In poorer peasant families, the love of the daughter for her mother was so great that, many times, the daughter would take something from the family of her husband in order to give her mother a few more material comforts. This act of "borrowing" was one of the seven valid causes for divorce in traditional China.

Parents were obliged to train their children to assume their proper stations in Chinese society. For each generation, for each age, for each sex, there was an accepted pattern of behavior which each Chinese individual had to be taught. Thus, from about four to fifteen or sixteen years of age, the children were taught their future duties. The boys of gentry families were sent to schools or put under the guidance of tutors, to start the long and difficult task of scholarship. The boys of the peasant families were taught field work at an early age and instructed in all the arduous task demanded of the farmer-peasant in China. The boys of both gentry and peasant families were taught the ancestral ritual. Both peasant and gentry girls were taught the household duties of sewing, cooking, washing, and cleaning. The peasant girl, in addition, learned to help in the fields during the planting and harvesting seasons. It is a common sight in China to see a long row of bending women planting the delicate rice shoots in the water-covered rice fields.

The Chinese thought children must do everything possible to ensure the comfort and happiness of parents. The lives of the son's children, and even his own life, should not be valued over the lives of the parents. One of the strictest and most important filial obligations was the support of parents in their old age. Another important duty was faithfully to carry out ceremonial rites to

them after their death. Confucius said, "When the parents are alive, serve them with propriety; when they die, bury them according to propriety; and sacrifice to them according to propriety." Greatly prized and respected, the aged in traditional China were valued even over children.

The Changing Family

Traditional attitudes toward the family are being modified in China in response to the changing pattern of modern life. Individuals are now encouraged to think in terms of loyalty to the nation rather than to the family alone. Theoretically the relationship between the individual and the state is of more significance than the one between the family and the state. The failure of individuals should no longer reflect upon the family, but solely upon themselves. Most Chinese, however, continue to feel that the family is also responsible.

Though families are still held responsible for teaching members their new roles in society. Other institutions are beginning to perform this function. More and more nurseries, schools, clubs, discussion groups, committees, indoctrination courses, unions, cooperatives, and other groups and institutions outside the home and family are molding the character and values of the modern Chinese. He or she is in the process of becoming a different person, oriented outside the family rather than inside.

Although the Chinese society is undergoing change, it has not completely changed everywhere. The most radical changes have taken place in mainland China. Elsewhere, in Taiwan, Hong Kong, and Southeast Asia, many Chinese still retain the old customs. The importance of traditional attitudes in shaping Chinese families today varies with the individual, the circumstance, and the locality.

It is important to note, the Chinese people bring their traditions and customs to the United States when they migrate. Because of this, it is common to see Chinese families living and working together to be successful and establish a solid base for future generations.

CASE STUDY

CITY OF MONTEREY PARK, CALIFORNIA

Introduction

In the late 1970s and the early 1980s, people driving through Monterey Park realized that something was happening. The city was changing from a traditional "bedroom community" into a city with energy and excitement. Old buildings were being torn down and replaced with new shopping centers, office buildings and condominiums. Construction was taking place all over the city and shopping districts seemed busier than they used to be. The signs on the businesses were conspicuously in languages other than English. In general, the make-up of the community was changing. Things simply were not the way they used to be. We all wonder if there has been such a dramatic change in the last few years, what will the city be like in the next fourteen years and what must we do today to plan and prepare for tomorrow?

In my research I found that people get excited thinking about how the future will be shaped. Because of this, I would like to share with you my visions of the new Monterey Park.

Our information on the future is just as uncertain as anyone else's, so what you read in this study is to be looked on, not as fact, but as forecasts made by interested and informed people. Some of the speculations may never materialize because of unanticipated changes in policy, changes in the social environment and some changes that are taking place today. The purpose of this study is to stimulate thinking on this subject and provide some information and speculation on the future of Monterey Park.

History of the Change in Monterey Park

It is important to realize the change in Monterey Park did not occur overnight but gradually, over a period of years. The evolution of the city is an ever-changing process. Monterey Park will probably never be as it was in the past, and will only be what we want it to be in the future.

No one knows exactly what the future holds for the city, but we do know what has taken place in the past. When we couple this information with our knowledge of other events and trends in the rest of the world, we can make some logical forecasts for the future.

Monterey Park is a 7.7 square mile city with a 1986 population of 60,200, consisting of 37% Hispanics, 40% Asians, 1% blacks, and 22% white. This contrasts to the 1960 population of 32,300 then consisting of 12% Hispanic, 3% Asian, and 85% white. Thus, there has been a tremendous ethnic population shift in the past twenty-three years. Specifically, the last eight years have shown dramatic increases in the percentages of overseas Chinese who are coming to Monterey Park to live, work, invest money and spend leisure time. The reason for this large immigration of Chinese people who have come from the People's Republic of China (PRC), Hong Kong, and the Republic of China on Taiwan (ROC), is somewhat complex.

In 1965, America restructured its immigration policy, permitting new quotas of 20,000 immigrants annually from virtually all areas of the earth. Because of this new law, the Chinese population of cities like Monterey Park, Los Angeles, New York, Boston, and Chicago all more than doubled since 1965. About 20,000 Chinese legally entered the United States annually from Hong Kong and Taiwan, and it is estimated that an equal number entered illegally. The upswing in immigration continued through the '60s, '70s and '80s.

The recognition of the People's Republic of China by the United States Government, the exclusion of the Republic of China from official diplomatic status, and the threat of military take over of Taiwan by the People's Republic of China, undoubtedly are major causes of concern for Chinese people seeking to find new life opportunities in Southern California.

The uncertainty regarding what the year 1997 will bring to the British colony of Hong Kong plays a significant role in the contemporary development of the Chinese image in Southern California. In 1898 British convinced the steadily weakening Qing Court in China to grant a large augmentation to the holdings that were known as Hong Kong. Sixty years earlier the British were given the rights to Hong Kong in perpetuity. The real support base for that trading community, and the subsequent settlement base as well, came to be Kowloon and the New Territories, which China granted to Britain for only 99 years. That lease expires in 1997, and it is unknown if business will go on as usual after these territories revert to the People's Republic of China. This uncertainty about the future of Hong Kong has caused a significant outflow of people and capital and has made 1997 serve as a date of considerable concern to the Chinese in Southern California.

Monterey Park, more than most small cities in Southern California, has felt the impact of this migration, not only of new Chinese immigrants, but also of Chinese immigrants with considerable financial resources looking to establish a base that does not have a time limit on its use.

Monterey Park became a center of focus for Chinese immigration because of its climate, hilly areas, sizeable established oriental population, and close proximity to Los Angeles Chinatown. The high cost of business opportunities and the lack of adequate residential homes in and around Los Angeles' Chinatown made Monterey Park, with its abundant, relatively low-priced business and residential areas a desirable location for Chinese people seeking a new life in the United States. As new arrivals returned to the Republic of China on Taiwan and Hong Kong for visits and business, the word spread of opportunities in Monterey Park. In a very short period of time, this small city became widely known in the Far East.

Beginning in 1976, overseas Chinese began purchasing businesses in Monterey Park as well as the adjacent residential homes. During the real estate boom of that era, condominiums and apartments quickly replaced single-family residences and the density of the city began to increase in a dramatic fashion. At the same time, the city began to integrate the newcomers into the community. Because of the change, some of the "Old Guard" members of the community met this changing socio-economic condition with a mixture of resentment and fear. Many local business merchants and residents sold their properties in a value-escalating market, and left the community, being replaced in most instances by newly arrived

overseas Chinese. Significant problems were experienced in elementary and high schools, as well as in all other areas of government services. Culture and language problems manifested themselves quickly and remedies were sought. The attitudes of the remaining "Old Timers" in the city have since rapidly become more critical of the ethnic make-up of the community. The overseas Chinese quickly and adroitly entered into the mainstream of the community's business, social and political activities, most notably demonstrated by the ethnic diversity of the 1984 City Council which was made up of two Hispanic American males, one Italian American male, one Filipino American male, and on November 28, 1983, Lily Lee Chen became the first mainland-born Chinese woman to become mayor of a city in the United States. However, since the unprecedented term of Mayor Chen things have changed dramatically in Monterey Park.

On April 8, 1986 Council Member Chen and the two Hispanic Council Members all were defeated in a City Council election. They were replaced by three Anglo candidates, two males and one female, who were opposed to the type of development that had taken place in the past. All three new Council Members ran on a "Quality Growth" platform and two of the candidates supported a movement to make "English the Official Language of Monterey Park." The election of the three new Council Members resulted in an immediate majority vote for the five-member City Council on various controversial issues.

Immediately upon taking office the new City Council imposed a one year building moratorium for the city. On June 3, 1986 with three "yes" votes, the Council passed a resolution supporting "English as the Official Language of Monterey Park," and stated that Monterey Park will never be a sanctuary for illegal immigrants. The Council also initiated efforts to restrict foreign language signs.

As a result of the Council action, a citizens group was formed to oppose the "English as the Official Language of Monterey Park" action by the Council. The group consisted predominately of Asian and Hispanic citizens. The group's opposition was based on the belief that the new City Council actions were bigoted, devisive and a result of a racial backlash against Asian citizens of Monterey Park.

Ultimately, two groups formed--one group in favor of the Council action and one group opposed to the Coucil action. Both groups appeared before the City Council on numerous occasions venting their individual positions. Demonstrations were conducted by both groups in an effort to gain media coverage and establish support for their positions.

The media gave both groups a considerable amount of coverage and, by doing so, added to the escalating conflict in the community.

On July 29, 1986, the opposing group targeted three Council Members for recall because they voted for the "English" resolution. The supporting group targeted one Council Member for recall because he opposed the resolution. The status of the recall petitions were not known at the time this report was written. If the petitions for recall are accepted, the recall election will take place either in May or June, 1987.

On October 27, 1986 after numerous months of considerable debate, the City Council rescinded the "English" resolution with a three to two vote.

Obviously, Monterey Park is a community in transition that has experienced numerous issues because of the Chinese migration and the change in the ethnic make-up of the community. After visiting numerous cities in the United States, I believe the issues facing Monterey Park are currently being experienced by other communities in the country and will continue to be experienced as the Asian migration continues. Hopefully, this report will assist other cities in addressing similar changes in their communities.

Monterey Park Today - A City in Transition

Images of Monterey Park are strong in the Far East. The city is known as the "Chinese Beverly Hills" and "Little Taipei." The Chinese coming to Monterey Park have special cultural needs which are being met by the redevelopment of shopping centers and commercial centers, and the rejuvenation and expansion of old buildings. These centers include markets with rows and rows of items that never appear in traditional American markets, Chinese restaurants, small curio shops, banks, savings and loan institutions, small professional centers and medical complexes that include acupuncture and traditional medical services.

The cars on the streets and in the parking lots of these centers tend to be large, expensive sedans. The traditional Chinatown stereotype of the white-haired elderly lady with parasol and string bag is present, however, it is rapidly being replaced by the sight of young mothers getting out of their expensive cars with small, well-dressed children. Meeting this special need to provide specific cultural services to the Asian citizens and the people visiting the city presents a real and significant opportunity in the late 1980s and 1990s for the City of Monterey Park.

The Chinese in Monterey Park have little in common with the harsh old Chinatown image of the inner city. Increasing participation of the Chinese in the political, social, business, and professional roles in Monterey Park indicates they are an upwardly mobile society who are innovative, energetic and well educated. They are people who have come to this city to be successful, to raise their children with pride in their Chinese heritage, accompanied by a strong desire to enter into the mainstream of America.

The following programs have been developed to address the evolution of Monterey Park:

PROGRAM	SYNOPSIS
Yung Ho Sister City Association	Official recognition and strong interaction between Monterey Park and our Sister City Yung Ho.
Chinese Committee of the Chamber of Commerce	An active group of Chinese American businessmen interacting with the Monterey Park Chamber of Commerce.

Taiwan Benevolent Association	An active group of Chinese American businessmen who promote business and trade relationships between ROC and Monterey Park.
California Oriental Peace Officers Association	A fraternal group of approximately 200 Asian police officers in Southern California, including approximately 15 Monterey Park officers and the Police Chief.
Citizens Translator Program	Provides instant interpretation to citizens needing police service by means of a telephone/radio patch between the citizen/interpreter and field police officers via a telephone/radio patch in the Police Department's communication center.
Asian Crimes Task Force	Five officers working full time to handle police services for Asian victims, witnesses, and suspects.
	City business cards of Police Chief and Asian Detail members are printed in both the Chinese and English languages.
Asian Business Checks	Daily checks of Asian businesses by uniformed police officers to increase communications and demonstrate police-citizen cooperation.
Cultural Information to Police Personnel	The Detective Division provides at least one hour per month of Asian cultural awareness to all personnel.
T.V. and News Media Exposure	Daily interaction and exchange of information with three major Chinese newspapers. Appearances by Police Department personnel on Chinese TV stations to increase understanding and explain legal matters.
City Cultural Awareness Survey	An on-going, citywide program to determine cultural awareness needs and develop programs targeted at increased communications and sensitivity.
Monterey Park Newsletter	A quarterly newsletter produced by the City for all Monterey Park citizens, a part of which is printed in the Chinese language.
Bilingual Information	Driving instruction manuals, earthquake booklets and other safety publications are printed and distributed in the Chinese language for non-English speaking citizens.

Asian Investigators Association	Monterey Park formed a group of skilled police investigators who specialize in investigation of crimes involving Asians. This Association has met with great enthusiasm and support from all police agencies in the Southern California area.
Bilingual Testing Emphasis	Emphasis is given to entry level police officers with language skills. Particular preference is given to officers speaking Hispanic and Asian languages.
Ride-Along Program	Accessibility to ride along with the officers of the Police Department given to all members of the community. Active participation of Asian-American ride-alongs solicited.
Guest Speaker Program	The Police Chief and members of the Department routinely speak at service clubs, civic gatherings, law enforcement seminars and training sessions to increase awareness of Asian culture and to offer solutions to problems encountered.
Police Recruitment	Aggressive seeking out of qualified Asian applicants for the Police Department. This is accomplished by the direct personal contact of the Police Chief and members of the Department.
City Recruitment	Ethnicity studies conducted by the City's Personnel Department are conducted in order to seek out and hire qualified minority applicants.

These are just a few of the many programs that the City of Monterey Park and the Police Department have successfully used to meet the changes which have recently occurred in the city. Because of this effort, the city was selected as one of eight cities in the country to receive the "All-America City Award" in April, 1985. These programs are a good start, however, as we near the twenty-first century there are several issues to be addressed and several trends to be examined.

Trends and Emerging Issues

In order to make a realistic forecast of the trends listed in this report, and make informative recommendations, a planning group was formed. This group was made up of representatives from city government, and business/professional people from the community. The group met on two separate occasions for several hours.

Further information was received by studying surrounding cities, discussing the subject with other members of the city staff and the community, and reading newspaper articles, business reports and magazine articles.

The planning group identified the following trends that will influence the future of Monterey Park:

- Asian population trends to the year 2000.
- Land use and increased density trends to the year 2000, both commericial and residential.
- Traffic trends to the year 2000, combining vehicle, pedestrian and parking issues.
- Financial difficulty trends to the year 2000, regarding demand for public service.
- Increased crime trends to the year 2000, especially white-collar crimes, violent crimes and mitigating Asian gang problems.

CITY OF MONTEREY PARK:

ASIAN POPULATION TRENDS TO THE YEAR 2000

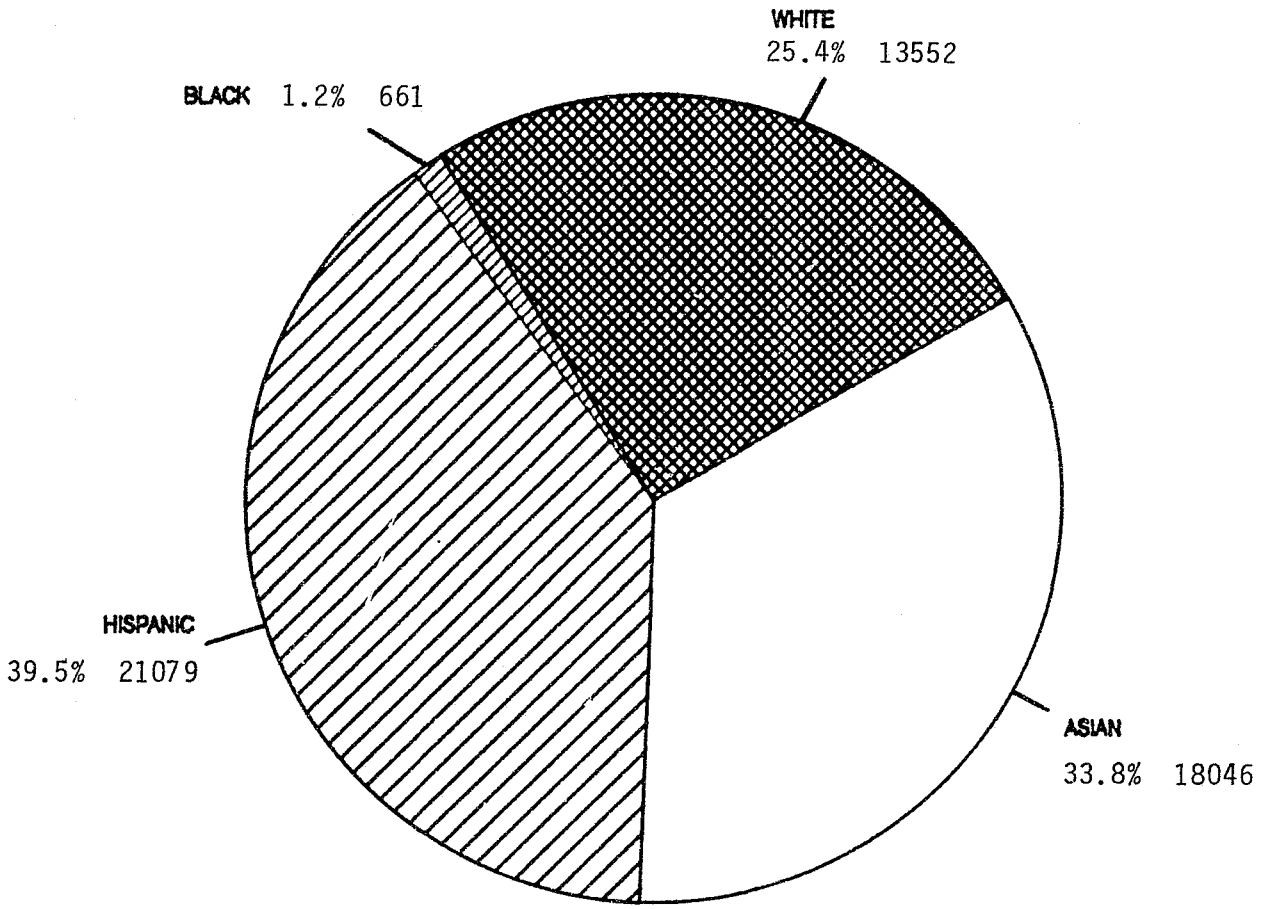
AND

STRATEGIC RECOMMENDATIONS

FIGURE 3

ETHNIC BREAKDOWN OF POPULATION

FOR THE YEAR 1980

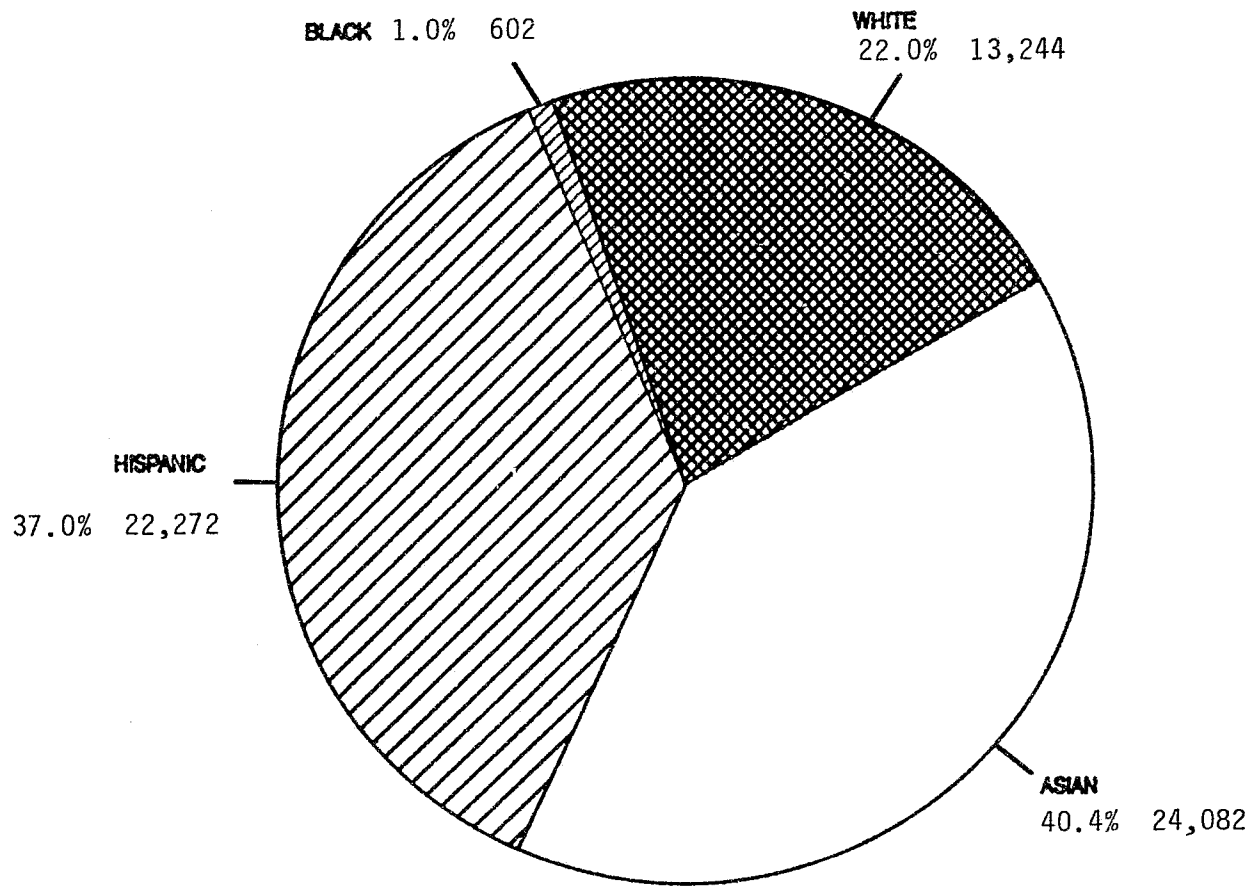


TOTAL POPULATION 53,338

FIGURE 4

ETHNIC BREAKDOWN OF POPULATION

FOR THE YEAR 1986

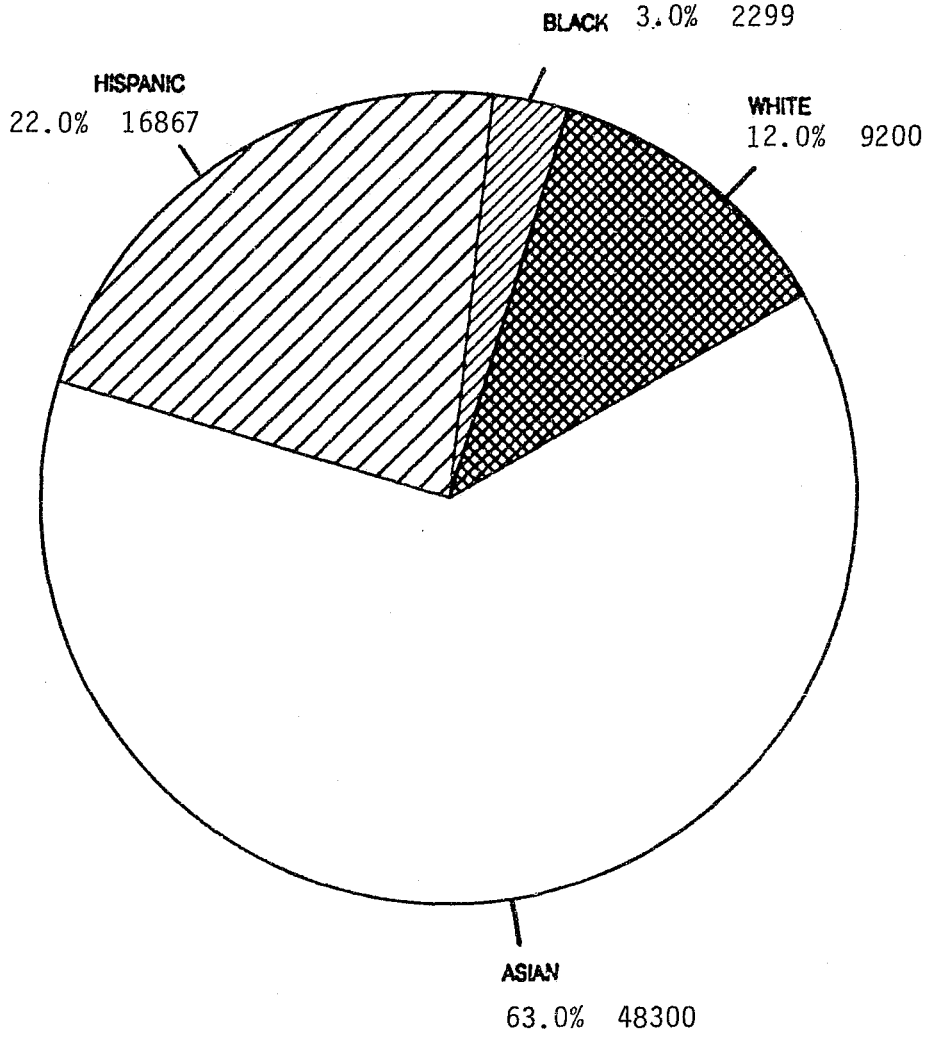


TOTAL POPULATION 60,200

FIGURE 5

ETHNIC BREAKDOWN OF POPULATION

FOR THE YEAR 2000



TOTAL POPULATION 76,666

THE CITY OF MONTEREY PARK:

ASIAN POPULATION TRENDS TO THE YEAR 2000 AND STRATEGIC RECOMMENDATION

CITY DEMOGRAPHICS

The first section of this report addresses demographic information on the nation and California. This section is dedicated to Monterey Park and other cities in the San Gabriel Valley of California.

The 1980 census data, which is the only verifiable data available, indicates the Asian population is the fastest growing ethnic population in the San Gabriel Valley. It has grown more than 700% in the last twenty years and has become the second largest ethnic population in the Valley, after Hispanics.

A recent article from the Los Angeles Times Newspaper reported school enrollment figures which reflect the continuing rapid increases of Asians in the Valley. Asian enrollment in the Alhambra School District has increased by one-third to 42% in just the last four years. Asian enrollment in South Pasadena has doubled to 24% in just the last two years. The Garvey School District is currently 28.5% Asian, the Montebello School District is currently 7.8% Asian, the San Marino School District has seen a 70% increase in Asian enrollment to 27% since 1981, and the Arcadia School District is currently 19% Asian.

The 1980 census states that 70% of the Asian population lives primarily in the following eleven communities in the Valley: Monterey Park, Alhambra, Rosemead, San Gabriel, El Monte, West Covina, Baldwin Park, Temple City, Pasadena, South Pasadena and Hacienda Heights.

The Asian population is made up of five primary ethnic groups: Chinese, 30.8%; Japanese, 25.4%; Filipino, 19.9%; Korean 10.1% and Vietnamese, 7.2%. Of this rapidly increasing population, 80% are immigrant newcomers and a high percentage of them are monolingual.

Age comparison from the 1980 census shows children ages 0 to 14 make up 25.5% of the Asian population as compared to 24% for the San Gabriel Valley as a whole. Individuals, ages 15 to 59, make up 67.2% of the Asian population as compared to 62.9% for the Valley. Persons aged 60 and above make up 7.3% of the Asian population as compared to 13.1% for the Valley.

The Chinese culture is forecast to be the predominate culture in Monterey Park. This will require a special effort in addressing language, social, cultural and community issues. Emphasis should be placed on expanding and developing the following programs if current trends continue:

CITY ASIAN POPULATION STRATEGY

- Annual Surveys

  A continual effort to analyze and survey the needs of citizens in the community.

- Cultural Training

  Recruitment of more bilingual Asian personnel as employees and volunteers in local government would result in the development of strong cross-cultural training programs in schools and government agencies directed at familiarizing employees and citizens with Asian and American cultures.

- Participation in Government

  Asians should be encouraged to participate more in all aspects of government.

- Communications

  The city should develop a multi-language communication and information system for public services. This service will familiarize new arrivals with American customs and services.

- Language Training

  English should remain the primary language in schools. Programs should be developed to assimilate newly arrived Asians into the American mainstream.

- Mental Health Services

  The city should work for the establishment of a community-based mental health services program to address the social and emotional needs of the Asian community and provide the following services: (1) Crisis Intervention; (2) Outreach and Education; (3) Individual, group and family counseling and (4) Medication. Currently, there are no services available to handle marriage and family problems, emotional and mental health problems, and all of the social ills that accompany the immigration of Asian people who are significantly, ethnically and culturally different from the American population.

- Asian Politics

  Asian political issues may have strong social impacts on the overall community as opposing factions vie for power in Monterey Park and surrounding cities. Conflict may also take place when political groups express opposition to the issues taking place in their country of origin. These issues should be monitored and understood.

- Media Relations

  Asian newspapers that are printed in languages other than English play a significant role in political issues as they express independent political views. As a result, the issues are confined to the Asian community. Government is then placed in the position of reacting to the issue after the fact, when it is presented by special interest groups. Other non-Asian segments of the community will not understand

the problems because of language and social barriers. A program should be developed to provide a method of monitoring these issues in order to bring them to the attention of the appropriate segments of government and the community. A strong media relations program should be established to use the foreign media in a positive fashion for the distribution of accurate governmental, social and safety information. This program should include the ability to make press releases in English as well as Chinese and Vietnamese. Using this approach will ensure the delivery of accurate information that could become distorted because of inaccurate translation.

- Racial Violence

Government agencies should monitor the potential for racial violence that does not parallel our past experiences of violence between White and Black or White and Hispanic. The potential exists for a new form of racial violence that could manifest itself when various ethnic groups vie for power, jobs, money, services, etc. The future could hold violence between White and Asian, Asian and Black, Asian and Hispanic.

CITY OF MONTEREY PARK:

LAND USE/INCREASED DENSITY TRENDS TO THE YEAR 2000

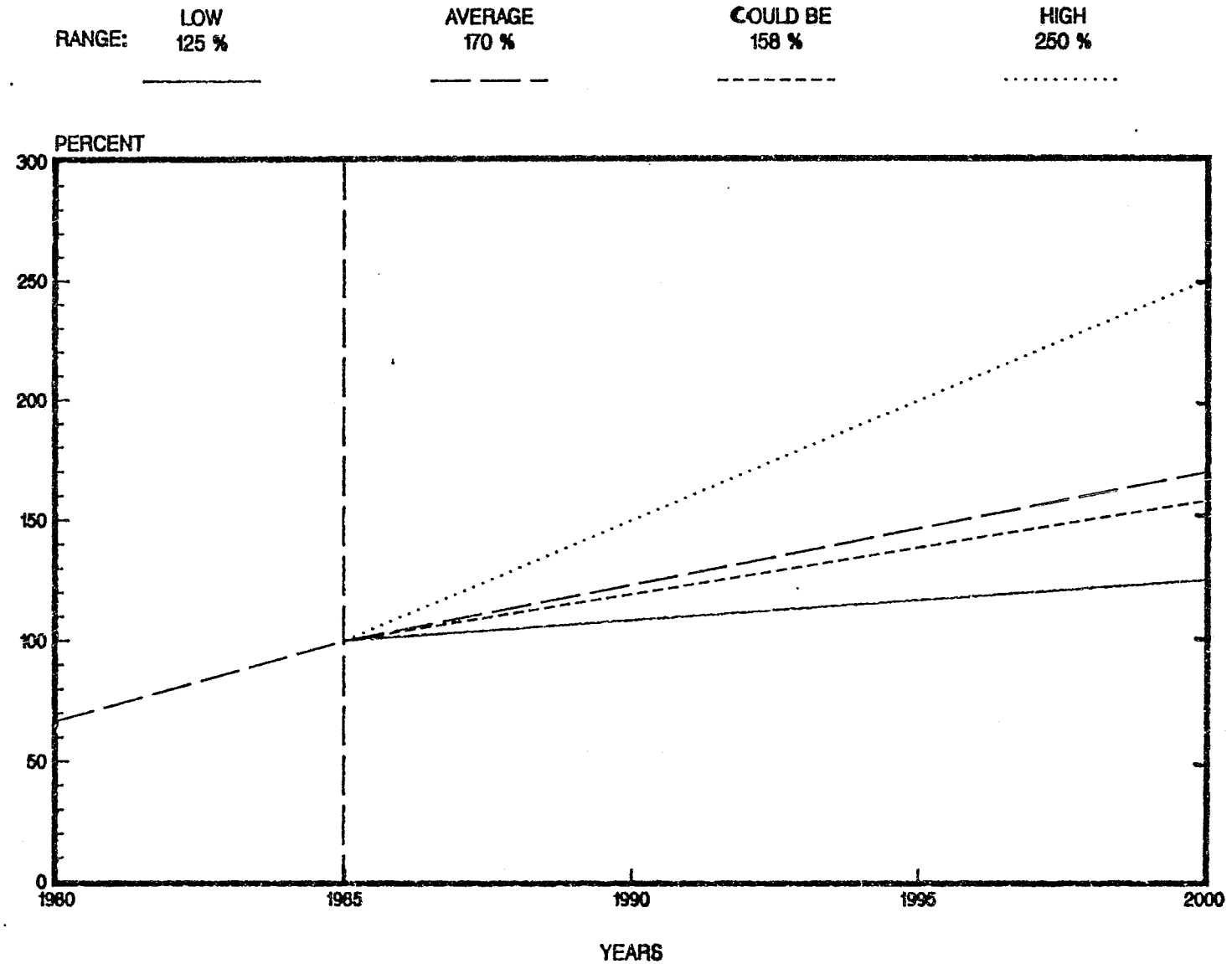
AND

STRATEGIC RECOMMENDATIONS

FIGURE 6

INCREASED DENSITY TRENDS TO THE YEAR 2000

COMMERCIAL AND RESIDENTIAL COMBINED



CITY OF MONTEREY PARK:

LAND USE/INCREASED DENSITY TRENDS TO THE YEAR 2000 AND STRATEGIC RECOMMENDATIONS

LAND USE/INCREASED DENSITY is expected to continue in the future. Asian influence is obvious in the community and is currently guiding the development of future business districts. This trend is not unique to Monterey Park. During the field research for this report I observed the same influence in Houston, Texas; New York City; Boston, Massachusetts; Los Angeles County and Orange County, California. Interesting enough, the inner city Chinatowns all look the same in every city that I visited. Some were more deteriorated than others. However, the high density, window markings, signs, type of businesses, design, traffic, and cluttering of business interiors and exteriors were virtually the same. The new development in suburbs was also the same in every city.

In 1982, Proposition K passed in Monterey Park. It established environmental controls for the development of dwelling units in the city for a ten-year period of time. The controls limited the net dwelling unit increase to 272 units the first year and 100 units the remaining nine years. This law expires in December, 1992, and if not renewed, will have significant impact on the development of the community.

Also, in 1982, Proposition L passed. It established an ordinance regulating zoning changes for parcels of land that are one acre or more. It requires that a zoning change must be approved by a majority vote of the people. Programs exempt from this ordinance are: Conditional use permits, variances, changes in uses and requirements within zones which do not increase residential density, rehabilitation and remodeling of existing developments, construction of any low or moderate income dwelling units, and senior citizens projects funded by federal, state or local laws.

Past history indicates that standards for development of the city is a concern to practically everyone in the community. Because of this, it is difficult to determine if future regulations will be more or less stringent. It is possible, however, to consider the following issues:

CITY LAND USE/DENSITY STRATEGY

- Chinese Development

  It is reasonable to believe the Chinese development taking place in Monterey Park and throughout the nation is a cultural issue as well as a building issue. Therefore, efforts should be made to understand Chinese business methods, and cultural development issues regarding land use. Once understood, the city should establish strict ordinances and regulations to guide the unique development of the city if current trends continue.

- Code Enforcement

  The city should hire sufficient Code Enforcement Officers to ensure that municipal codes and regulations are followed. Aggressive code enforcement is necessary if the community is to have an orderly appearance in redevelopment projects and new developments. Emphasis should be placed on density regulations, sign regulations and maintenance standards.

- Business District Themes

  Consider setting a theme for business districts. This would provide the city a vehicle to capitalize on the uniqueness of the Chinese culture. Citizens and tourists would come to the city to shop and spend leisure time in the unique shops, restaurants and entertainment centers. Identifying the theme and setting guidelines is the key to the successful execution of this concept.

- Specialization of Shopping Centers

  Renovation, revitalization and expansion of business centers ranging from a simple "facelift" to give the centers a new look, to a major redesign and/or expansion of an existing shopping center to accommodate new anchor tenants such as hotels, restaurants, business offices theaters and cultural centers. The specialization of these centers with the intent to serve a more defined market could result in long-range advantages for the city.

- Reorganization of Chamber of Commerce

  Consideration should be given to the reorganization of the Chamber of Commerce. This is necessary to professionally represent the changing business interests of the community. Evaluations of funding sources should be made to identify the possibility of government grants, private funding of office space, supplies, and equipment, and foreign business funding, in return for a positive and aggressive business representation in the community. The Chamber should weigh the benefits of moving the office to a more desirable location to capture and enhance the professional image of the organization. Locations such as the newly developed Los Angeles Corporate Center should be considered.

- Density

  Increases in property value will continue to require rent increases. This has led to downsizing of stores resulting in the need for higher volumes of business with less space. This situation will result in higher volumes of pedestrian and vehicle traffic.

- Banking

  Monterey Park is becoming a major banking center and import/export business center for Pacific Rim countries. The city should find a way of capitalizing on this trend.

CITY OF MONTEREY PARK:

TRAFFIC TRENDS TO THE YEAR 2000

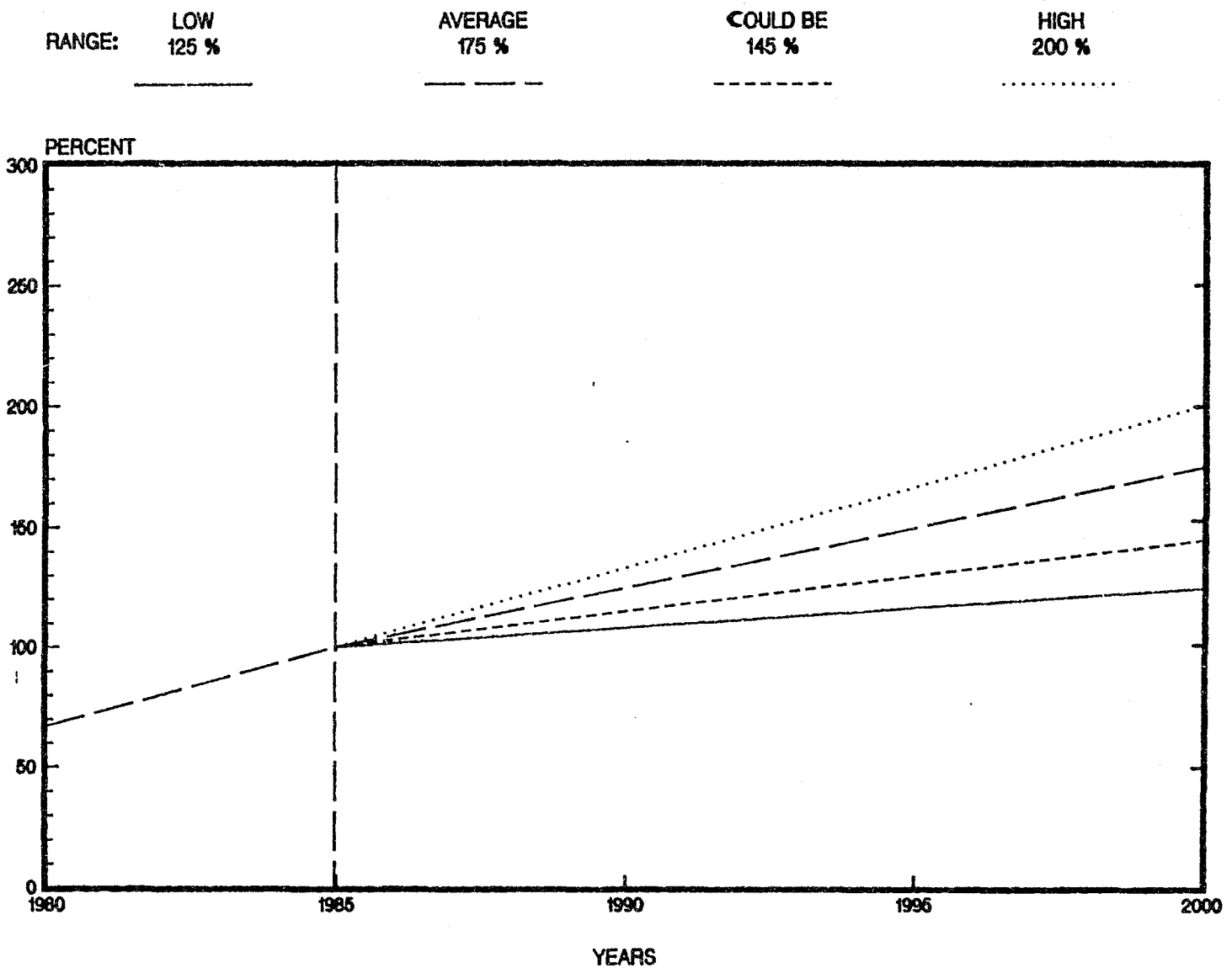
AND

STRATEGIC RECOMMENDATIONS

FIGURE 7

TRAFFIC TRENDS TO THE YEAR 2000

COMBINING: VEHICHLE, PEDESTRIAN AND PARKING ISSUES



CITY OF MONTEREY PARK:

TRAFFIC TRENDS TO THE YEAR 2000 AND STRATEGIC RECOMMENDATIONS

TRAFFIC ISSUES will continue to worsen. Increased vehicle and pedestrian traffic, parking limitations and public transportation needs are anticipated. The following areas should be continually examined to help relieve the problems if the current trends continue:

TRAFFIC STRATEGY

- Street Closures

  Examine the possibility of closing specific streets for vehicle traffic, making them pedestrian only.

- Traffic Efficiency

  Evaluate traffic flow and direction-monitoring systems to determine if the current system is efficient. Evaluate traffic signal synchronization to determine if the signals are properly set.

- One-way Streets

  Consider use of one-way streets to facilitate high traffic volumes during peak hours.

- Widening Streets

  Consider widening streets to accommodate more traffic.

- Parking Facilities

  Emphasis on multi-story private and public parking facilities with shuttle transportation to and from business districts.

- Enforcement

  Increase traffic enforcement and bilingual educational efforts to reduce traffic accidents and injuries.

- Education Programs

  Implement pedestrian and driving education programs for newly arrived foreign citizens.

- Public Transportation

  Evaluate public transportation in and around the city to determine if it is meeting the needs of the business districts and citizens in the city.

- Shuttle Bus System

- Expand the newly developed shuttle bus system that is uniquely designed to to transport citizens within the city.

- Off-Street Parking

- Expand parking space requirements on businesses with small offices and high volume to ensure adequate off-street parking.

CITY OF MONTEREY PARK:

FINANCIAL DIFFICULTY TRENDS TO THE YEAR 2000

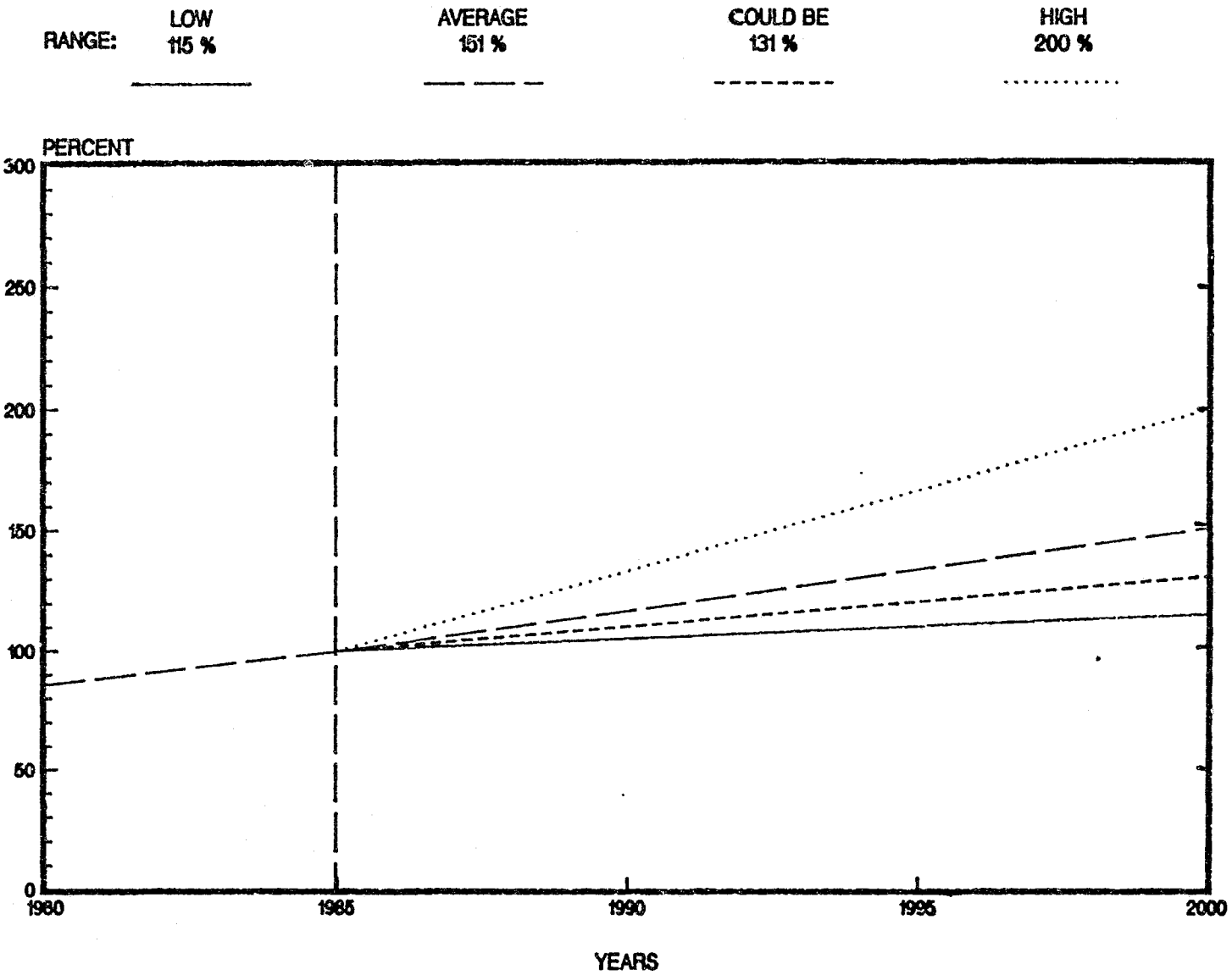
AND

STRATEGIC RECOMMENDATIONS

FIGURE 8

FINANCIAL DIFFICULTY TRENDS TO THE YEAR 2000

REGARDING DEMANDS FOR PUBLIC SERVICES



CITY OF MONTEREY PARK:

FINANCIAL DIFFICULTY TRENDS TO THE YEAR 2000 AND STRATEGIC RECOMMENDATIONS

FINANCIAL DIFFICULTY FOR THE CITY is expected to increase in the next fifteen years because of a demand for increased services by local government, coupled with dwindling tax resources if current trends continue:

FINANCIAL STRATEGY

- Technology

  The city should take maximum advantage of high technology computers to deliver a higher level of service to the public at reduced cost. This should include short and long range goals for the following:

  - Examine the use of cable television combined with a communicating computer terminal to deliver and receive information in all languages to and from the community, e.g., electronic water billing, library information, non-emergency police reports, city permits, licensing, electronic town meetings and general city information.

  - Computerize management information systems that would provide City Administrators up-to-date information on projects and issues.

- Cost of City Services

  Cost analysis of city services should be made to determine if the total cost of a "special" service is assessed to the person requesting and receiving the service. This charge should reflect the actual cost for the service provided by the city.

- Business Strategy

  Consider running the city as a service and information business directed toward profit and reduced taxes.

- Private Contracting

  Evaluate contracting with private sector organizations for services that are delivered at a reduced rate, including: Non-emergency law enforcement, computer and high-tech crime investigation, fire suppression, crime prevention, community relations, miscellaneous maintenance services and most clerical support.

- Consolidating Services

  Consider consolidating services with surrounding cities to reduce duplication of equipment, management personnel, information, etc.

- Use of Volunteers

  Volunteers should be used extensively to help the city deliver a high level of services and to support current services. Volunteers can also be used to advise the city on various ethnic issues in the delivery of services.

- Increase Revenue

  Consider entering into joint venture with private and public organizations on projects of mutual concern that generate revenue, profit and/or reduce expenditures.

CITY OF MONTEREY PARK:

LAW ENFORCEMENT TRENDS TO THE YEAR 2000

AND

STRATEGIC RECOMMENDATIONS

FIGURE 9

WHITE COLLAR CRIME TRENDS TO THE YEAR 2000

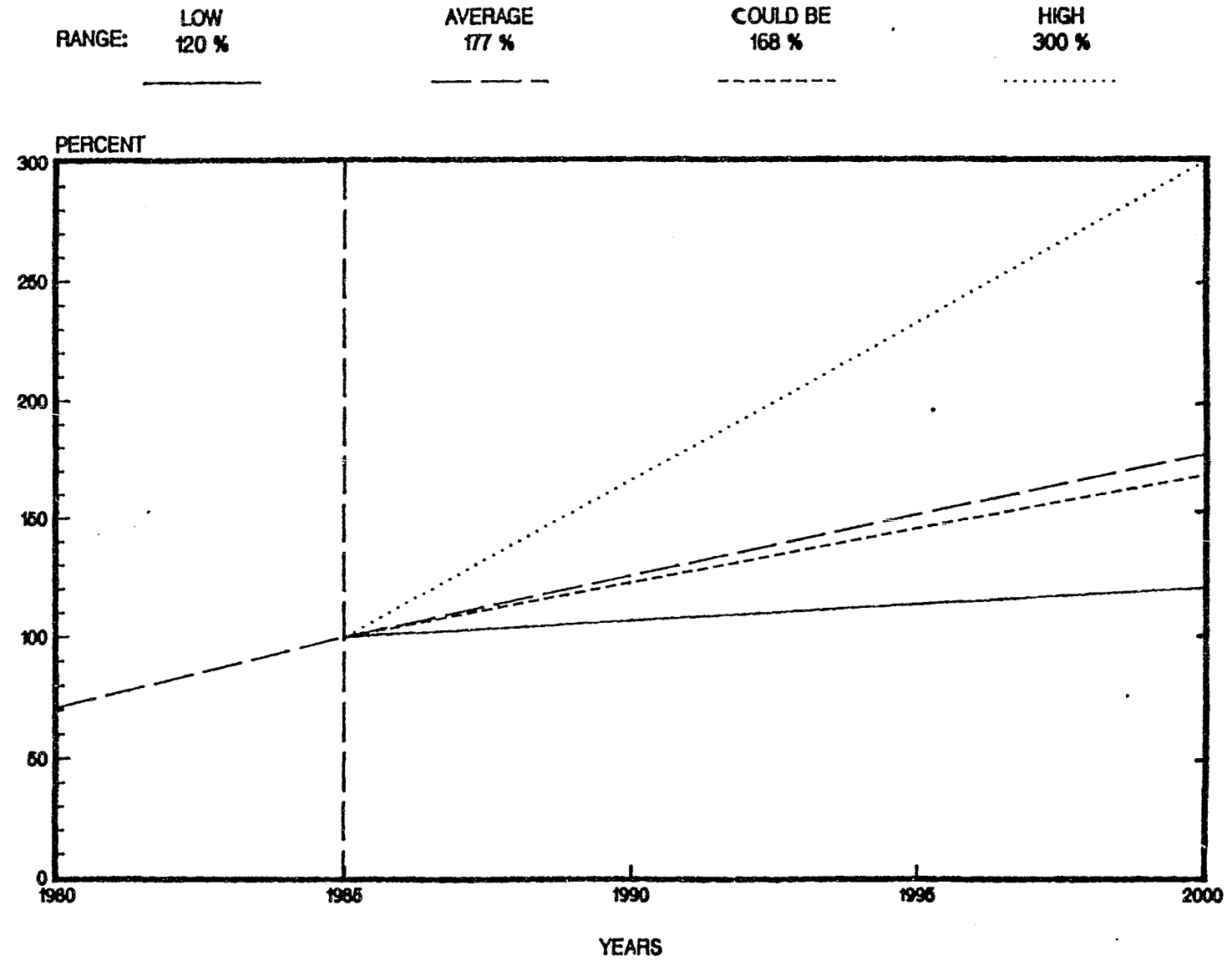
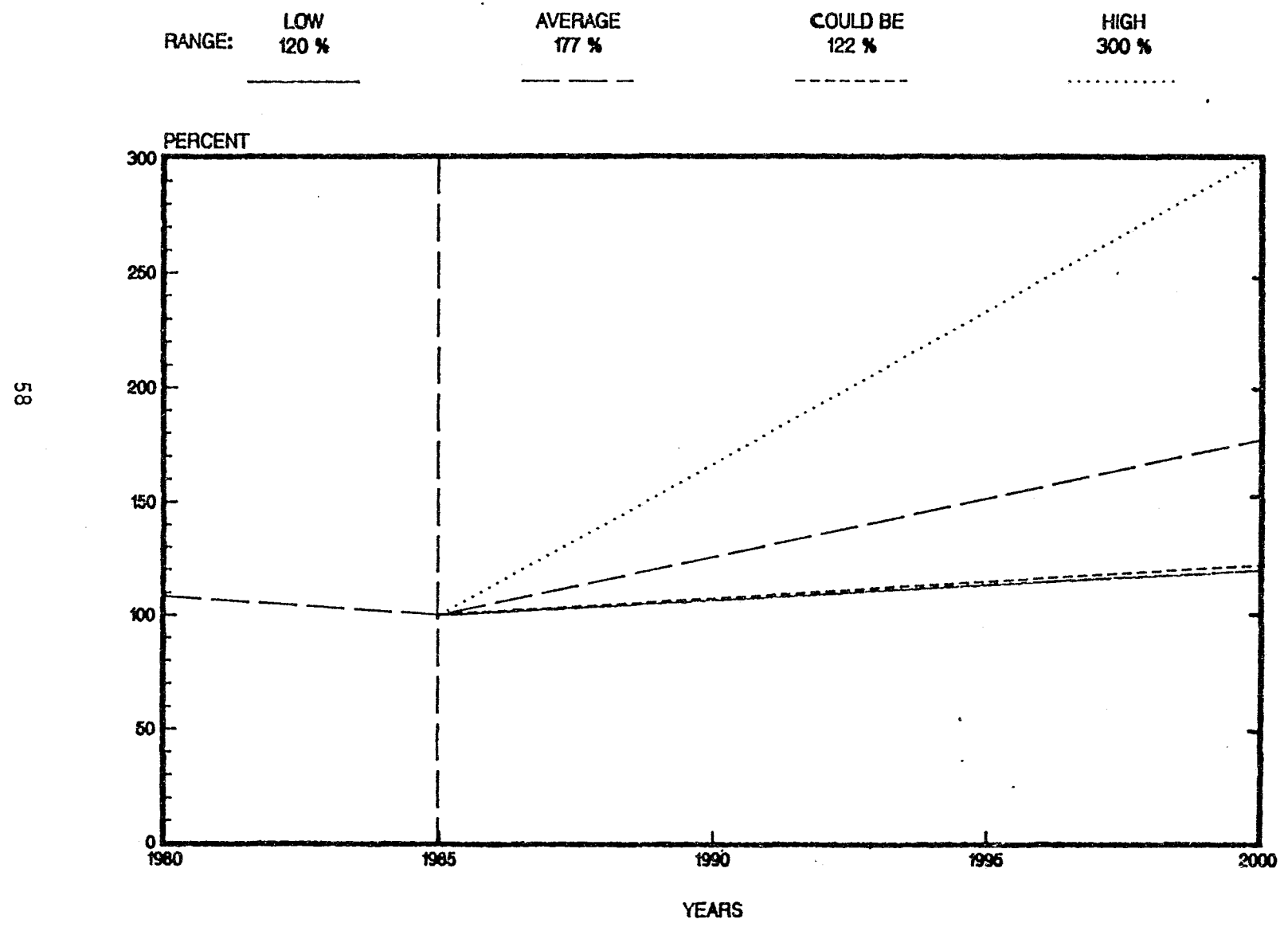


FIGURE 10

VIOLENT CRIME TRENDS TO THE YEAR 2000



CITY OF MONTEREY PARK:

LAW ENFORCEMENT TRENDS TO THE YEAR 2000 AND STRATEGIC RECOMMENDATIONS

LAW ENFORCEMENT ISSUES will be at the top of the list of required services because of the forecast in this report and other associated factors.

Violent crimes are expected to continue on an upward trend because of the increased density of business districts which will present greater opportunity for this type of crime. Because of this, districts will require an approach that will put private contract security or police officers in the centers on foot, bicycles or motorcycles, to better respond to the needs of the center and give would-be shoppers and business people a sense of security while using the centers.

There is expected to be increased minority involvement in violent crime, property crime and white-collar crime and organized crime and Asian gangs. This will require considerable utilization of resources and combined resources of other local, state and federal agencies. Detection, apprehension and interrogation of suspects will require multi-language capability and a clear understanding of the various cultures and traditions of suspects involved in this type of crime.

Asian Gangs Overview

It is the general opinion of law enforcement officials that Asian gangs are an organized crime problem in California and that there is a need for law enforcement authorities to coordinate their efforts in an attempt to reduce the problem. Asian gangs are involved in a multitude of criminal activities including murder, extortion, robbery, narcotics, burglary, auto theft, gambling, prostitution, and political corruption. Many of the gang members use weapons during the commission of their crimes, and some residential robberies have resulted in death or injury to the victims. Some of the gangs maintain sophisticated criminal operations, have inter- and intrastate and international connections, and travel extensively. Other gangs maintain member affiliations within their own neighborhoods, and prey on their own communities.

The majority of the problem centered around a few major gangs, i.e., Vietnamese street gangs and political criminals; the Chinese Wah Ching and United Bamboo gangs. The following is a brief description of Vietnamese and Chinese gangs.

Vietnamese

Vietnamese gangs are heavily involved in residential robberies within the Vietnamese coommunities. In some instances, the perpetrators are recruited by other gang members and furnished with weapons and stolen vehicles. During the residential attacks, the victim's family is held at gun point, and the house is ransacked. In some cases, the victims are killed, wounded, or pistol whipped even though no resistance is offered. There is a great deal of fear of retaliation on the part of many victims and witnesses to Vietnamese related crimes, and many refuse to testify in court.

Vietnamese gangs are mobile and travel inter- and intra-state and between the United States and Canada. Many commute between Texas, Colorado, Boston, and other states where large Vietnamese populations are evident.

Vietnamese gangs are also involved in auto theft. Gang members are skilled at using picks to gain entry into the autos and filing down ignition keys to start the vehicles.

Gang members are also involved in burglary, prostitution, gambling, loan sharking, arson, and extortion. Groups of young Vietnamese have engaged in assaults or vandalism at businesses and then demanded payment as insurance against further trouble. Some have extorted protection money from business owners by threatening to kill the owners and their family.

There have been murders within the Vietnamese community attributed to an organization which professes to be anti-communist. Since 1981, there have been three homicides and two attempted homicides of victims whose political philosophies support the current Vietnamese government. The Vietnamese Organization to Exterminate Communists and Restore the Nation has taken credit for the murders through communiques.

Chinese

Law enforcement officials have recently noticed an increase in the number of young Chinese gang members traveling to California from Seattle, Washington; Houston, Texas; New York, New York; and Vancouver, Canada. Upon their arrival, they become involved in murder, extortion, robbery, gambling, prostitution, and narcotics.

The older gangs such as the Wah Ching and United Bamboo have developed into sophisticated organized crime groups with international criminal connections. The Wah Ching controls much of the Pai Gow gambling at many card clubs in California and are also implicated in loansharking, money laundering, extortion, and prostitution.

The United Bamboo is involved in murder, robbery, extortion, gambling, trafficking and distribution of cocaine and heroin, and prostitution. During a recent undercover operation by the New York Police Department, it was learned that certain members of the United Bamboo wanted to execute two Monterey Park Police Department officers because of their investigation of a United Bamboo leader in an extortion case. A contract had been issued but was not fulfilled because it was given to an undercover police officer who had infiltrated the gang.

The United Bamboo gang was also responsible for the 1984 killing of Henry Liu, the Chinese journalist who was shot to death at his residence in Daly City, California. One of the executioners in the killing was extradited earlier this year from Brazil where he was hiding and beng supported by other United Bamboo members.

Many law enforcement authorities are concerned about the movement of Chinese gang members from Hong Kong to California as a result of the 1997 takeover of Hong Kong by the Chinese government.

LAW ENFORCEMENT PROBLEMS

There are several problems that are inherent in investigating and prosecuting Asian gang members. They include:

Culture: Few investigators understand the various cultures of Asian gangs. They feel Asians do not necessarily want to associate with law enforcement officials; association is looked upon by the community as something contrary to their beliefs and habits. Furthermore, many Asians accept extortion and shakedowns as little more than the cost of doing business; and feel that when problems do occur in the communities their Triad Associations will provide the remedial attention required.

Language: Nearly all California law enforcement agencies lack trained and trusted intepreters. Because of this, it is difficult to write credible investigative reports. Suspects often hide behind their language and culture to make law enforcement's mission more difficult.

Witness Protection: Most Asian witnesses who have provided information want to be relocated in Asian communities. Law enforcement is reluctant to comply with this wish since they feel it restricts their ability to control and protect the witness' movements. Officers also know that many witnesses fear retaliation from gang members and will shade their testimony, refuse to testify, and/or flee the jurisdiction.

Recruiting Asian Police Officers: It is difficult to recruit and background Asian police officers. It is equally difficult to recruit Asian informants for the same reason.

Gambling: Asian gang members are involved in various forms of gambling, such as the Wah Ching's attempt to control Pai Gow and the Hmong's and Vietnamese's operation of large-scale illegal lotteries and wagering parlors. Law enforcement's effort to investigate these gambling operations are hampered by: (1) their inability to determine which Asian-related games are illegal; (2) their lack of personnel available to assign to gambling invstigations; and (3) the gangs' involvement in statewide gambling operations.

Evolving Problem: Investigating Asian gang activities is a relatively new task for law enforcement, and many agency administrators have yet to accept the responsibility. Thus, a lack of funding and manpower has greatly restricted investigative efforts of some law enforcement agencies.
Suspect Identification and Tracking: The identification of many Asian gang members is made difficult because of their use of multiple names, aliases, and monikers. Compounding the problem is the fact that many law enforcement officers do not know the proper sequence of Asian names. There is a need to share and exchange Asian gang member identification and criminally-related information on a timely basis, particularly among agencies affected by the more mobile Asian gang members.

LAW ENFORCEMENT STRATEGIES

It is the general consensus of law enforcement officials that several of the law enforcement problems identified could not be eliminatd at the present time. However, they agree that some strategies could be immediately undertaken which would reduce Asian organized crime activities in California. They are:

- Crime Prevention/Community Relations

  Asian communities have the lowest participation in crime prevention. Government should continue to develop and expand Crime Prevention and Community Relations Programs to overcome language and cultural barriers that are expected to continue to the year 2000.

- Use of Volunteers

  Expand existing volunteer programs and translator programs to conduct positive law enforcement business at both enforcement and judicial levels.

- Reporting Crime

  New immigrants do not understand our criminal justice system. Steps should be taken to explain the system and develop clear avenues of communication and trust in law enforcement to make sure that crimes are always reported, and follow-up investigations are thorough. Educating the multilingual public on the law enforcements role and the citizens role in combating crime requires significant resources, but it will be well worth it.

- Delivery of Services

  Continued citizen participation in crime prevention programs, improved technology in the home, auto security devices and selective law enforcement programs will more than likely result in a reduction in crimes involving the theft of property. Monitoring this trend will permit law enforcement to adjust the delivery of services into more vital areas.

- Inter Agency Communications

  Monterey Park has the potential of becoming a center for international banking and trade with Pacific Rim Countries. "White Collar" crime, organized crime and "High Tech Computer" crime is expected to grow dramatically, requiring a new breed of law enforcement officer. This officer will be a "Technical" and/or specialist police officer rather than a "Beat" police officer. Addressing this type of crime effectively may require consolidating the resources of several law enforcement agencies to share the cost of high tech equipment and personnel. Impact studies should be initiated to identify the effect of this type of crime and to establish local, state, federal, and international planning groups to discuss and solve issues. A law enforcement information programs should be developed that networks from Monterey Park to Los Angeles to San Francisco and across the country to China, Taiwan, Hong Kong, Japan, Mexico, Korea and all Pacific Rim Countries by the use of a computer terminal at any one of the locations listed.

- Training

  Develop a proposal for POST, the California Commission on Peace Officers Standards and Training, detailing the need for training police in Asian culture, language, and other related topics relevant to the criminal activities of Asian gangs.

- Tracking Criminals

  California Department of Justice should develop a system for collecting criminal-related information and tracking the movements of targeted Asian gang members and organized crime syndicates from Hong Kong and Southeast Asia in general.

- Knowledgeable Investigators

  A roster of law enforcement authorities involved in Asian gang investigations and prosecutions should be collected and shared with the law enforcement community. The roster should contain the investigator's/prosecutor's name, agency, phone number, and, if appropriate, working shift and gang expertise.

- Gambling Control

  A State Gaming Control Agency should be established to address issues associated with the increase in Asian gambling in California.

- Money

  There is a need to address the impact that illegal and legal money will have on the United States in the future.

  Newspaper reports and magazine articles routinely discuss major Southeast Asia investments in U.S. property, businesses, industries and high technology; major narcotic seizures from Southeast Asia and Central America take place daily with tremendous amounts of drug money that reportedly depict the "tip of the iceburg"; and foreign countries who depend on illegal narcotics to support their economies.

  Considering the above information, government officials should be asking:

  - How much money is out there?
  - Who controls it?
  - Where is it?
  - How much political and economic power will it buy now and in the future
  - How much of America will it buy
  - How much has it bought?

- How is it entering the country?
  - Legal investment
  - Laundered
  - Electronic transfers
  - Courier
- How can we monitor and track it?
- And, what impact will it have on our future economy?

- Targeted Gangs

As a starting point, the following gangs should be targeted for tracking:

Vietnamese: street gangs involved in organized crime and/or multi-jurisdictional crimes

Chinese: Wah Ching, United Bamboo, and Triads

Arrests: All suspected Asian gang members who are arrested

Travelers: Attempt to track all Asian gang members traveling to California from out of state or out of the country.

TRENDS AND EVENTS TO MONITOR

There are a number of emerging trends and events relative to the Asian influence in Monterey Park and surrounding cities. They are the following:

TRENDS	EVENTS
1. Escalating traffic problems.	1. Daily traffic jams, more traffic accidents; continued parking problems.
2. Asian immigration to Monterey Park and surrounding cities.	2. 1985 Asian population of Monterey Park is 40%. Large Asian markets, shopping centers, businesses, international banks, religious facilities and restaurants continue to develop. There is a large number of non-English speaking students in the local schools.
3. Increased density of the City.	3. Smaller, more congested stores and residential dwellings are being built.
4. Greater Asian participation in government, social organizations, and educational institutions.	4. On November 28, 1983, Mayor Lily Chen was the first Asian woman to serve as Mayor of an American City. This unprecedented event resulted in more Asian influence in the City. The Police Department is 20% Asian, and City Government's work force is 11% Asian.
5. Citizen-imposed restrictions on developments in the City.	5. Proposition K, July, 1982, restricted the number of dwelling units. Proposition L, July, 1982, restricted zone changes of one acre or more parcels of land with-out majority vote of the people.
6. Emerging criminal issues.	6. Killings, kidnapping for ranson, robberies, and extortions that network from Monterey Park to all areas of the world involving Chinese people, organizations and gangs.

CRITICAL EVENTS

There are several critical events, if they occur, would significantly impact the Asian migration in Monterey Park. These events were identified and rated as to probability and interrelationships. The following tables explain these events and their relationships to the issues:

EVENT	2000 PROBABILITY
1. 1997 - When the People's Republic of China takes over Hong Kong, stringent capitalistic restrictions will be set.	48 %
2. Change in immigration policy by the United States will result in enhanced enforcement of immigration law violators.	37 %
3. Change in international banking policy by the United States will result in restricting the transfer of funds from one country to another.	45 %
4. Enhanced enforcement policy by the United States regarding international and national patent laws that would address counterfeit products.	53 %
5. Establishment of a national and international law enforcement information network to address international crime.	88 %

CROSS IMPACT EVALUATION

This type of evaluation determines the impact of one event on another. The impact will normally increase or decrease the probability of the initial event occurring. Below the reader will find an evaluation of one event on another.

1. If the People's Republic of China imposes restrictions on Hong Kong trade.....

   THE PROBABILITY OF.....

. Change in immigration policy.	(37%)	Increase	17%
. Change in international banking policy.	(45%)	Decrease	12%
. Enforcement of patent laws.	(53%)	Decrease	33%
. Establishment of Law Enforcement Information Network.	(88%)	Decrease	3%

2. If there is a change in immigration policy.....

THE PROBABILITY OF.....

. Restrictions of Hong Kong trade.	(48%)	Decrease	20%
. Change in international banking policy.	(45%)	Decrease	30%
. Enforcement of patent laws.	(53%)	Decrease	13%
. Establishment of Law Enforcement Information Network.	(88%)	Increase	45%

3. If there is a change in international banking policy .....

THE PROBABILITY OF.....

. Restriction of Hong Kong trade.	(48%)	Decrease	20%
. Change in immigration policy.	(37%)	Decrease	17%
. Enforcement of patent laws.	(53%)	Decrease	13%
. Establishment of Law Enforcement Information Network.	(88%)	Increase	43%

4. If there is an enhanced enforcement policy of patent laws.....

THE PROBABILITY OF.....

. Restriction of Hong Kong trade.	(48%)	Decrease	28%
. Change in immigration policy.	(37%)	Decrease	27%
. Change in international banking policy.	(45%)	Decrease	33%
. Establishment of Law Enforcement Information Network.	(88%)	Increase	33%

5. If there is the establishment of Law Enforcement Information Network.....

THE PROBABILITY OF.....

. Restriction of Hong Kong trade.	(48%)	Increase	2%
. Change in immigration policy.	(37%)	Increase	58%
. Change in international banking policy.	(45%)	Increase	47%
. Enforcement of patent laws.	(53%)	Increase	37%

SCENARIOS

Viewing all of these trends and events, coupled with knowledge on the subject acquired from associates and friends throughout the years, reading newspaper articles, business journals and magazines, has provided the material to develop the following two scenarios. One of the scenarios describes the City of Monterey Park in the year 2000 in a positive perspective. The second scenario describes the city in the year 2000 from a negative perspective.

SCENARIO I

THE CITY OF MONTEREY PARK IN THE YEAR 2000

"WE CAN PLAN FOR IT NOW....."

In 1985, the City of Monterey Park held a citywide conference to discuss the positive and negative issues of the development of Monterey Park and to prioritize goals for the city's future. At this conference, and subsequent conferences, the city identified a list of "Needs Statements" that were directed to the appropriate City Commissions for refining into short and long-range goals and objectives for City Council consideration. Because of the enthusiastic participation of citizens attending the conferences and the establishment of a Commission on The Future, a corner stone was set in place that set the tone for the development of Monterey Park as we know it today.

A variety of changes in the development of Monterey Park and in the lifestyles of the citizens has been noticeably occurring in the past fifteen years since 1985. This period of time has shown a dramatic increase in the Asian population of Monterey Park. For example, in 1985, the population of the city was made up of 40% Asian (23,433 people), 37% Hispanic (21,675 people), 22% white (12,888 people) and 1% black (586 people). The population today, in the year 2000, is 63% Asian (48,300 people), 22% Hispanic (16,867 people), 12% white (9,200 people) and 3% black (2,299 people).

While the Asian population has increased 23% during the last fifteen years, the actual number of Asian citizens has doubled from 23,430 in 1985, to 48,300 today. The reason for the increase in hard numbers is due to an overall increase in the population of 58,582 in 1985, to 76,666 today.

The city has become America's most modern and authentic Chinatown. The unique make-up of the community includes numerous shopping centers, commercial buildings, restaurants, hotels, cultural centers and religious temples exhibiting distinct Chinese architecture. In some cases, buildings were constructed to reflect historical and cultural structures located in the Far East. Authentic ceremonial gates are located at the entrances to the business districts giving the area a distinct Chinese flavor only present in Far East Asian countries. The shopping centers are composed of small curio shops and markets that directly respond to the social and cultural needs of the Asian community and tourists. These centers are clean because of special sign, advertising and health ordinances passed in 1986, and the informed cooperation of the members of the community. The centers reflect a tranquil atmosphere despite the fact that they are extremely busy with traffic, shoppers, and tourists. Small, brightly colored and uniquely designed antique shuttle busses traverse the city carrying citizens and tourists to the business districts and cultural centers from multi-story parking structures located on the outside rim of the business districts.

The influx of business and tourist trade has required the development of high rise hotels to support the visitors who come to Monterey Park from all over the world.

The determination of the community and subsequent efforts of the City Council and Chamber of Commerce to promote business and tourism in Monterey Park has established a sound economic base for the city. The city has created an image of excitement in a once deteriorating urban area by providing a setting in which citizens and tourists can spend business and leisure time. This was accomplished by providing various forms of entertainment that include authentic cultural events and unique shopping experiences, along with traditional nightlife forms of entertainment.

Monterey Park's newly constructed Asian-Pacific Banking Center and Import/Export Business Center, draws business people from all areas of the Pacific Rim. Daily multi-million dollar business transactions network from Monterey Park to Taiwan, Hong Kong, Singapore, Malaysia, Thailand, Japan, Korea, and the People's Republic of China. These transactions are encouraged by the gradual relaxation of banking and import/export laws by the United States.

In May, 1989, a group of Asian businessmen and doctors developed a ten-story hospital that has a strong Asian design. The staff of the hospital is made up of Asian physicians and nurses who speak a variety of Chinese dialects. This hospital has attracted Asian patients from all over the Los Angeles area because of the Asian atmosphere that is not available in any other traditional hospital. The building is occupied as follows: The first floor is dedicated to hospital business offices and laboratories. The second and third floors are dedicated to Mental Health and Counseling Services that are provided by the State of California, Office of Social Services, who rent the office space from the hospital owners. The fourth floor is dedicated to Acupuncture and Herbal Medicine. The remaining floors are dedicated to traditional medical services that are delivered with an Asian atmosphere.

Monterey Park has blossomed into a thriving community that is unique to the United States, however, along with this transition is the change that has taken place in city government. The City Council is made up of two female Asians, two male Asians and one Hispanic male. Two of the City Council Members are senior citizens over the age of 65 who were elected, not because of their ethnic background, but because of their age and the fact they represent an ever increasing segment of the community that is made up of senior citizens who are better educated, live longer, have more money, are more active and independent, and demand more community services.

During the last fifteen years, the City of Monterey Park has aggressively addressed social issues because of the large inflow of immigrants from Pacific Rim countries during the years of 1985 to 1997. Emphasis was placed on language and communications programs to rapidly enter newly arriving immigrants into the American mainstream. This effort has realized positive results and is beginning to show a downward trend, especially since the decision of the People's Republic of China in 1997 to continue business as usual in Hong Kong after the British lease expired.

City government currently contracts for municipal services with private companies that can effectively deliver standard services at a reduced rate. These services include non-emergency law enforcement, computer and high tech crime investigation services, fire suppression services, crime and fire prevention, community relations and miscellaneous maintenance services. Most clerical support is provided by a voice-activated computer system that is leased by the city from a private vendor. Service inquiries, library services and bill paying is accomplished through the use of two-way cable television and computer terminals located in homes and businesses. Non-emergency police reports are prepared by the citizen with the use of this two-way system and a "user friendly" police report writing programs. City information is accessed electronically from the home using the computer terminal. Because of contract services, the work force of the city has been reduced by two-thirds. Contract services account for a major portion of the city budget.

In general, Monterey Park has progressed in an extremely positive mode since 1985. The city is a reflection of a community that had the foresight to plan for the future and make Monterey Park "something special" that we can be proud to pass on to future generations.

SCENARIO II

THE CITY OF MONTEREY PARK IN THE YEAR 2000

"OR PAY FOR IT LATER....."

We had the opportunity to make Monterey Park "Something Special" several years ago; however, we dropped the ball somewhere in the last twenty years. As we look at the city, it appears to be a hodgepodge of rundown commercial buildings and rows of cheaply constructed condominiums and apartment buildings that were built between 1980 and 1987. There seems to be little uniformity and organization in the development of the city and it is in dire need of redevelopment, renovation and obliteration.

The city is 63% Asian, consisting of a high majority of Chinese. The Chinese came to Monterey Park with the intent to overcome stereotype images of the past that associated them with the image of inner city Chinatowns. However, this goal has not been realized because of many factors that are still in place today in the year 2000.

Looking at the overall city, we observe that the business districts are crowded with low-income people looking for a "Special Deal." The buildings are cluttered with large intrusive signs painted in bright red colors that run together in rows of dirty, cluttered store fronts. The upper and middle class Chinese families that used to live, work and shop in Monterey Park have long ago abandoned the city for more desirable conditions in surrounding communities.

Property values continue to decline because of the overall characteristics of the community. The city is on an escalating, downward trend with little hope of becoming the desirable community it used to be in the late 1980s. This issue is directly related to a community that was reluctant to make a courageous municipal decision that would have set a positive tone for the future development of Monterey Park. Street construction, expansion and repair have not kept pace with the increase in the population. This has led to traffic jams and clustering of vehicles. As a matter of fact, traffic is atrocious. Everywhere you look there are rows of vehicles trying to get into, or out of, shopping centers and onto public streets that are also congested. This in itself has dissuaded companies and investors from locating in Monterey Park.

As a result of inadequate parking regulations during the 1980s, parking lots are jammed with vehicles. The parking lots are not large enough to hold the volume of vehicles because of increased business density. Over the years, stores and offices were gradually downsized. This process slowly increased the volume of business per square foot of building space. As a result, over-utilized parking lots have deteriorated and are in need of repair.

The high influx of Asian immigrants in the 1980s and early 1990s, and the high birth rate that followed, resulted in over-populated schools with children who spoke little, if any, English. In the past fifteen years, this generation

has passed into high school and college. They have been replaced in the lower schools by more non-English speaking immigrant children. This process resulted in a desperate need for professional counselors in the schools who were bilingual and understood the Asian culture. There was also a need for mental health facilities that address this segment of the community. In the late 1980s the State responded to this need on a limited basis, however, the problems continue today and require some aggressive steps to bring relief to this segment of the commmunity.

Because of a gradual reduction in the economic base of government, public services have deteriorated. City streets are dirty, the city's vehicle fleet is old and in need of replacement, special programs such as library services, recreation and parks programs, crime prevention programs, etc., have been eliminated in lieu of high priority services that must be delivered. Attempts have been made to attract volunteers to assist in the delivery of government services, and attempts have been made to enter into joint business ventures with private companies, however, because of the poor condition of the community and lack of respect for government, locating desirable people and/or organizations to participate in these programs has been extremely difficult.

Crime continues to grow, with steady increases in the areas of illegal gambling, prostitution, extortion, narcotics, and robberies topping the list. Street crime is commonplace in the congested parking lots and dingy business districts of the community.

Asian gangs virtually control crime in and around Asian business centers. Shop owners, landlords and businessmen regularly pay extortion money to the gangs in fear of retaliation.

Organized crime is flourishing because of a lack of confidence in law enforcement that started in the mid 1980s. This response was initiated as part of a precise plan to undermine effective law enforcement by organized crime and special interest publications controlled by criminals.

In general, Monterey Park is suffering from a negative image that the city is an unsafe community in which to live, work and shop.

Monterey Park has not blossomed in the last fifteen years as we may have hoped. It has, instead, withered into an old deteriorating community. We once had the opportunity to make Monterey Park something special; "We could have done better....!"

THE STRATEGIC PLAN

This Strategic Plan will provide a guide for the City of Monterey Park to proactively respond to the influx of new American Asian who are coming to Monterey Park to live, work, invest money and raise their families.

I. RESOURCE ANALYSIS

Several resources in the department and the community must be considered when addressing this issue. Groups representing both segments must be used for ideas, concerns and service requirements. The employee population of the city should be used to identify the type of service currently being delivered and the type of services that should be delivered to maximize the impact of government on the immigration issue. More than likely, suggestions will be made that may cause significant modification of current policy. The incorporation of this group into the planning process will not only result in new and fresh approaches to the issue, but will also make the group a vital partner in a process that may affect them for years to come.

The ideas and feelings of the community must also be sought to identify issues that are unique to them. Once identified, efforts should be made to determine methods of achieving the desired goals. This can be achieved by working with existing City Commissions, business/citizen groups and newly formed task forces that are assembled for this specific task.

Through the continual input of the people who deliver the services, and the people who ultimately receive the services, can we establish a bond that will result in responsive and effective service to the community.

II. STAKEHOLDER DEMANDS

Within the groups identified above, there are segments that can be counted on as supportive, allies, or competitors. These segments are important to identify because they can positively or negatively affect a desired direction of service. Additionally, there are some small stakeholders just under the surface that are very powerful and, if not anticipated, can stop or delay the desired goal. These are called "Snaildarters."

Therefore, it is important to identify stakeholders and prepare assumptions based on an analysis of them. Will they be supportive, non-supportive, or mixed, and which of them can unexpectedly stop the plans.

These stakeholders and their assumptions are identified and listed in an attachment to this plan. Their assumptions are plotted to identify how certain or uncertain we are about their feelings.

The possible snaildarters are also listed, along with a plotting of their assumptions, however, a few should be mentioned here.

Members of the city employee group who are resistant to change and feel that city services should not be changed to respond to the Asian segment of the community. Citizen groups that are also resistant to change and look at the Asian residents as "Outsiders" who are destroying the city as they once knew it.

III. MISSION

A. APPROPRIATE LAW ENFORCEMENT MISSION

The purpose of law enforcement is to provide for the protection of all persons and property through effective and efficient delivery of law enforcement services. The most important issue facing law enforcement today is the bonding of the public and the police into a mutually compatible force to combat crime. The ultimate mission should be to restore the philosophical concept that, "The people are the police and the police are the people."

B. DESIRABLE LAW ENFORCEMENT MISSION

This mission is achieved through an aggressive and cost-effective Community Relations Program, Crime Suppression Program, and sound fiscal management policies that transcends all bureaus of the department.

IV. EXECUTION

A. ALTERNATIVE COURSES OF ACTION

Three possible strategies are:

1. Select a small group of City Employee Representatives from all areas of the City Government (Police, Fire, Finance, Planning, Neighborhood Improvement, Recreation & Parks, City Manager, Mayor, etc.), to meet and identify what services can be modified to better respond to the needs of the Asian community. This group would use their experience in the organization and personal knowledge of the service requirements for a five or ten-year plan. The group would solicit the input from various community groups.

   This strategy would require time to coordinate, however, once the time issue is solved a plan of action could be quickly formulated.

2. A second strategy would be to create a questionnaire for distribution to employees and citizen groups. The questionnaire would be distributed and evaluated by staff. Once completed, plans and strategies would be developed.

   This strategy would require time to develop an appropriate questionnaire distribution and time for a reasonable response. The formation of an action plan would then be sought.

3. The third strategy would include the selection of key city employees from all areas of city government, along with a good presentation of citizens from the community. This group would meet and identify areas of service that could be improved upon and expanded to meet the changing needs of the community.

   This strategy would require more time as compared to the previous two strategies but would render excellent input from various segments of government and the community.

B. RECOMMENDED COURSE OF ACTION

In order to make a realistic forecast of the delivery of services to the citizens of Monterey Park and make informative recommendations, a strategic planning group should be formed as outlined in #3 above. This group should be made up of representatives from city government, community organizations and business/professional people from the community. The group should meet frequently to identify current services, brainstorm alternative strategies, study surrounding cities with similar issues, discuss the subject with other members of their groups, and read and report on newspaper articles, magazine articles and business reports. The group should then be the catalyst for the development of a five-to-ten-year strategic plan for government service to the citizens of Monterey Park.

The group should continue to meet during the development, implementation and revision of service phases. To accomplish this objective, the following procedure should be considered:

1. Appoint a project director who is a member of city staff, preferably from the police department. This person would organize and coordinate the project and meet with department command staff for direction, exchange of ideas and necessary support.

2. Select and appoint an in-house committee made up of representatives from all departments in the organization.

3. Solicit and appoint members from community organizations to serve on the committee.

4. Schedule the time and date of the first meeting and subsequent meetings for the first three months.

5. The committee must then conduct an analysis of the current service levels, additional requirements and associated issues, such as:

   - Asian population trends
   - Land use/density trends, both residential and commercial
   - Traffic trends
   - Financial trends

- Crime trends
- Other associated legal issues

6. Complete a cross-impact analysis to identify associated factors.

7. Develop scenarios that would give the city an idea of what would occur if we continue current service levels, increased service levels or decreased service levels.

8. Identify the direction desired and proceed with the development of a plan.

9. Once the plan is developed, identify services of the organization that will be affected and analyze the impact of the plan on the delivery of said services.

10. Upon completion of the service analysis, they must be analyzed as to their relationship with one another and their combined effectiveness.

11. Prepare a preliminary report that will guide the organization through the actual steps of the transition for the next five or ten years.

12. During the above steps, members of the committee should be communicating with the groups they represent and inform them of the direction and needs of the committee. By keeping them informed and soliciting input, an acceptable level of service can be reached and supported.

13. The committee would then prepare a final proposal for the five-or-ten-year plan and it would be submitted for implementation.

V. ADMINISTRATION AND LOGISTICS

The effects the plan will have on the city during the development and implementation process must be considered. Because manpower will be the major resource required during the development phase, there will be a need for committee members to attend meetings on duty time and be given the time and freedom to accomplish their mission. There will also be a need for clerical support, office supplies (such as telephones, pencils, stationery and postage) and meeting facilities with visual aid equipment. The City Council and departmental executives must give their full support to the project. They must be willing to allow the project director and committee the authority and freedom to pursue their answers.

The project director must report every two weeks on the committee's progress to the department executives and develop a monthly briefing memo for dissemination to city staff and community organizations who are interested in the program. This policy should remain in effect until a preliminry draft of the proposal is made for their input and comment.

Upon completion of this process a final draft will be completed. When accepted, the committee will prepare an implementation plan and identify personnel and training needs. Realizing that times and circumstances can impact the program, planning, feedback and reevaluation must continue throughout the process.

To ensure public awareness of the plan and realize maximum positive publicity, the media must be kept aware of the projects progress. The media must be given press releases when major steps are reached and program objectives are met. The appointment of a city staff member as a media relations representative may be necessary to realize maximum benefits.

VI. PLANNING SYSTEM

The planning system recommended for use was determined by a group input as shown in the support documents. This system will allow for planning on a regular basis and can be a fluid five-year plan with annual operational plans allowing for adjustments as necessary. The plotted chart shows that periodic planning is most appropriate for the success of the plan. Issue Planning will play a secondary role in the overall planning process.

STRATEGIC FOUR-FACTOR ANALYSIS

Strategic Four-Factor Analysis identifies the major forces that impact on strategy and develops an understanding of their interrelatedness.

SITUATION AUDIT #1

EXTERNAL ENVIRONMENT/STRATEGIC PLAN

Large immigration of Asians to Monterey Park; increases in Asian businesses; large numbers of non-English speaking students in schools; Asian willingness to enter mainstream America; potential backlash from non-Asian citizens; increases in property value; relationship of U.S. with China and Tiawan; changes in immigration and banking laws.

RESOURCE REQUIREMENTS

Excellent past history of responding to this type of issue; greater Asian participation in government; budget increases required for bilingual employees; volunteer support equipment and printing information in Asian languages; liaison with Asian social service organizations.

STRATEGIC MANAGEMENT

ORGANIZATIONAL CONSIDERATION

Willingness of Chief of Police to set maximum priority on Asian issue; employee acceptance of Asian issue; emphasis on recruitment of bilingual officers and civilian employees; establish cultural sensitivity programs for employees.

INTERNAL ENVIRONMENT/STRATEGIC CONTROL

Better response to Asian population; establish responsibility for program development and control; program should identify community issues and required governmental services; identify and establish contacts with Asian citizens, businesses and social organizations.

SITUATION AUDIT #2

WOTS-UP ANALYSIS

WOTS-UP (weaknesses, opportunities, threats, and strengths) analysis helps to relate an organization's strengths and weaknesses to its environmental threats and opportunities. By analyzing these relationships, the organization is in a better position to match distinctive competence with external opportunities and to ward off threats by avoiding, correcting, or compensating for existing weaknesses.

OPPORTUNITIES

- Police Department is a leader in addressing the Asian immigration issues and the impact on local government.
- Commitment to pro-active response.
- Positive Asian involvement and support of local government.
- City government has open support for new programs.
- Willingness of Asian civilian volunteers to help government respond to cultural and language issues.

THREATS

- Rapid ethnic population change.
- Internal resistance to change.
- Unintentional mis-communication with Asian community.
- Foreign Asian political issues.
- Local Asian political issues.
- International organized crime.
- Increased services.
- Lack of knowledge regarding cultural issues.
- Asian Bigotry.

STRENGTHS

- Good organizational communications.
- Open-minded management.
- Desire to provide service to all citizens.
- Employee sensitivity programs.
- Good Asian representation in City employee groups.
- Willingness to address new issues.
- Open communication with the community that is 40% Asian.
- Good communication with surrounding communities who have similar issues.

WEAKNESSES

- Partially understanding Asian issues.
- Over-reacting to Asian pressure.
- Lack of bilingual employees.
- Lack of time.
- Opening of Pandora's Box re: crime, la of services and community feelings.
- Identification of bigotry in government and the community.
- Need for more Asian City employees vs. Caucasian and Hispanic employees.

STAKEHOLDERS AND ASSUMPTIONS

Within the groups identified below there are segments that can be counted on as supportive, allies or competitors. These segments are important to identify because they can positively or negatively affect a desired direction of service.

Based on my research and experience, I would propose that the following groups will take the below listed position on the Chinese migration issue.

I. Citizens

- A. Asian Citizens - Support
- B. Non-Asian Citizens - Mixed
- C. Chamber of Commerce - Support
- D. Asian Business - Support
- E. Non-Asian Business - Mixed
- F. Volunteers - Support
- G. Asian Social Clubs - Mixed
- H. Non-Asian Social Clubs - Mixed

2. Law Enforcement Employees

- A. Police Chief - Support
- B. Police Management - Support
- C. Police Officers - Mixed
- D. Police Reserves - Support
- E. Civilian Employees - Support

3. Local Government

- A. Mayor - Support
- B. City Manager - Support
- C. City Council - Support
- D. City Commissions - Support

4. Education

   A. Local School Administration - Support

   B. Students - Mixed

   C. Parent Clubs - Mixed

5. Criminals

   A. Street Criminals - Oppose

   B. White Collar Criminals - Oppose

   C. Organized Crime - Oppose

6. Media

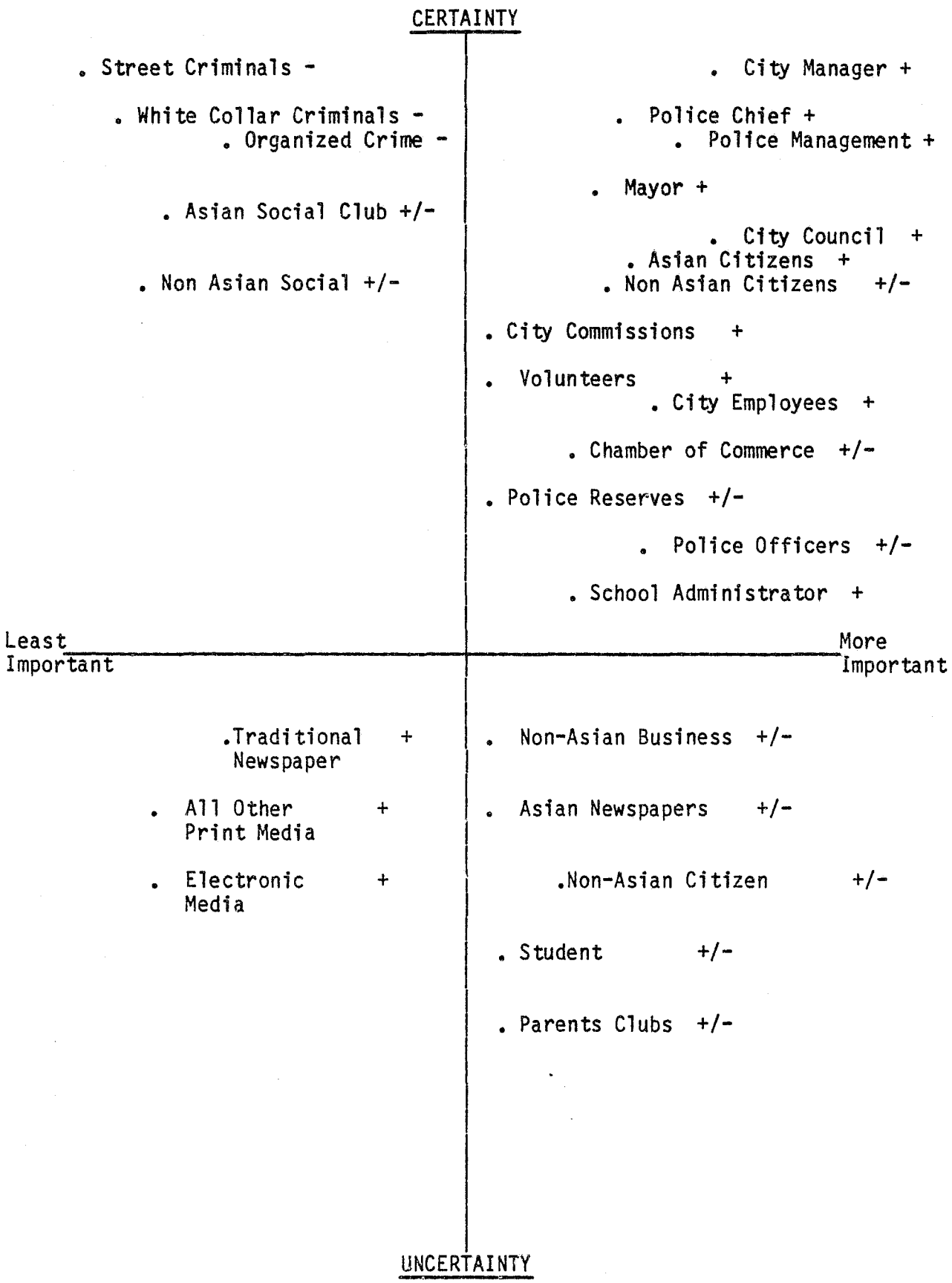
   A. Traditional Newspapers - Support

   B. Asian Newspapers - Mixed

   C. All Other Print Media - Support

   D. Electronic - Support

PLOTTING STAKEHOLDERS



SNAILDARTERS

There are some small Stakeholders just under the surface that are very powerful and if not anticipated can stop or delay the desired goal. These are called "Snaildarters." Therefore, it is important to identify the Snaildarters and prepare a course of action that is based on an analysis of them.

These Snaildarters and their assumptions are identified and listed in this report. Their assumptions are plotted to identify how certain or uncertain we can be about their feelings.

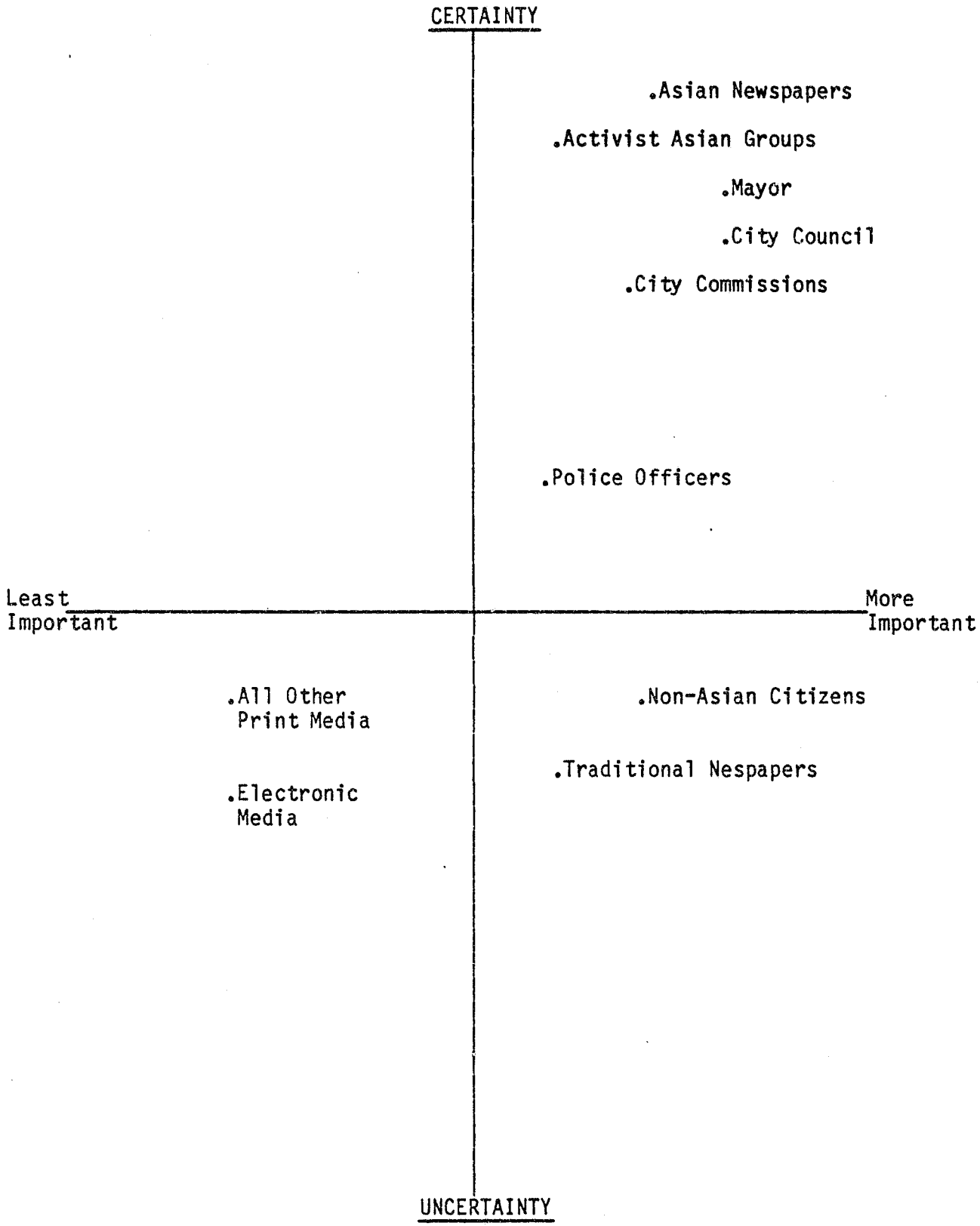
1. Civilians
   - A. Activist Asian Groups
   - B. Asian Newspapers
   - C. Non-Asian Citizens

2. Law Enforcement
   - A. Police Officers

3. Government
   - A. Mayor
   - B. City Council
   - C. City Commissions

4. Media
   - A. Traditional Newspapers
   - B. Asian Newspapers
   - C. All other Print Media
   - D. Electric Media

PLOTTING OF SNAILDARTERS



PLANNING SYSTEM

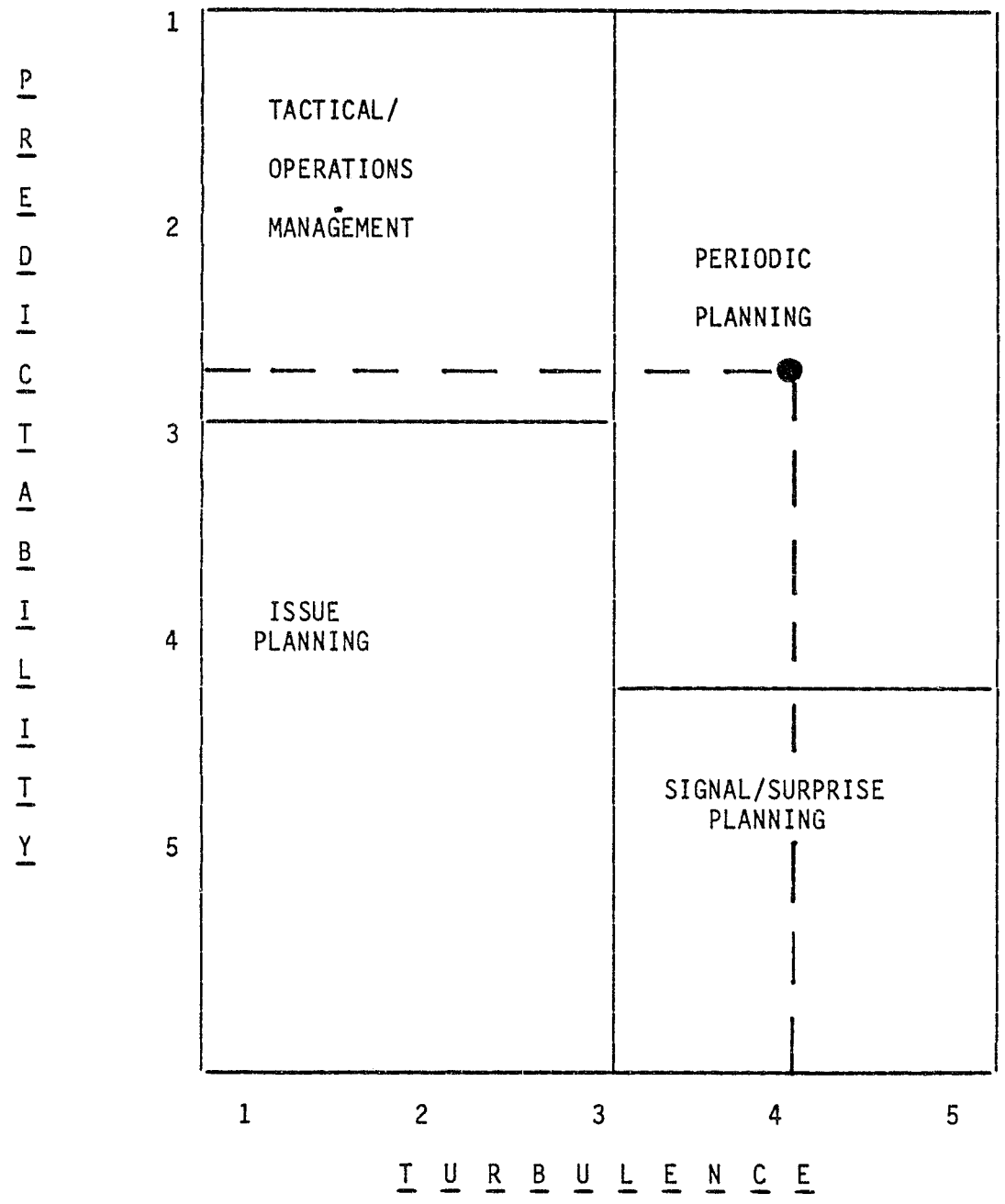
The Asian culture is forecast to be the predominate culture in Monterey Park. This will require a planning system in addressing language, social, cultural and community issues. In deciding which planning system is best suited for the department, a group of police department employees were asked to evaluate the two dimensions of the environment. They are:

TURBULENCE NUMBER OF CHANGES	PREDICTABILITY OF FUTURE
Number of Changes (1)	Recurring (1)
↓	↓
A few occasional changes (2)	Forecast by extrapolation (Trends) (2)
↓	↓
Changes on a regular basis (3)	Predictable trends and opportunities (3)
↓	↓
Many changes (4)	Partially predictable weak signals (4)
↓	↓
Almost continuous change (5)	Unpredictable surprises (5)

After evaluating the two dimensions by members of the employee group. Totals were compiled and the overall total was plotted to determine the best planning system to use. The Planning System identified was Periodic Planning.

PLANNING SYSTEM

The planning system recommended for use was determined by a group input as shown in the support documents. This system will allow for planning on a regular basis and can be a fluid five-year plan with annual operational plans allowing for adjustments as necessary. The plotted chart shows that Periodic Planning is most appropriate for the success of the plan. Issue Planning will play a secondary role in the overall planning process.



TURBULENCE 4.1 PREDICTABILITY 3.2

CONCLUSION

Although our society is undergoing continual change, various communities across the country, like Monterey Park, are experiencing a unique change that is attributed to the Chinese migration.

The changes taking place appear to be the same in every community I visited. The change is quite evident to anyone who stops and looks around for a few minutes in these communities. The observer will see an increase in the density of land use, traditional Chinese architecture, brightly colored Chinese signs and banners, unique cultural shops and restaurants. Upon closer examination of the community, the observer will note numerous social issues that revolve around culture, language, tradition and business practices. These issues, if not understood and addressed, create the potential for community conflict. Addressing this challenge will test the skills of our executives, administrators and employees responding to the service needs of these new citizens.

This report was written with the intent to identify the impact of the Chinese Migration on Urban America. Hopefully, it will serve as a guide for other communities that are currently experiencing the impact, or will experience it in the future. Monterey Park is one of America's most advanced melting pots and can be used as a good example of a community in a cultural transition. The Case Study of Monterey Park was designed to benefit other cities from Monterey Park's successes and failures.

There is a subject that is not addressed in this report. The subject is understanding the business philosophies, strategies and practices of the Chinese. To properly address this subject would require a significant amount of additional research time that I do not have.

Executives should use caution when entering this arena. Without proper knowledge and strategy development, the American executive is at a distinct disadvantage. This would be a good topic for one of my colleagues in the Command College to address.

Included in this report is an Addendum that will help executives and administrators conduct business with the Chinese. The article was found in the Harvard Business Review, July-August, 1986 issue #4, titled: "The China Trade -Making the Deal" by Lucian W. Pye, and "Making the Deal Work" by Stephen R. Hendryx.

Upon review of the article, the reader will gain an insight into the skills necessary to be successful when dealing with the Chinese businessman.

The China trade: making the deal

Lucian W. Pye

A companion article begins on the facing page.

In the first nine months of 1985, U.S. companies formed more than 800 joint ventures with state enterprises in the People's Republic of China – compared with only about 900 in the previous five years. Despite this seeming explosion, real – financial – commitment has not yet occurred. Direct American investment totals only about $1 billion out of $14.6 billion of all foreign investment in China; if you exclude offshore oil exploration, the figure dwindles to about $150 million.

"Many U.S. CEOs have been caught up in the 'Westchester County syndrome.' They rush over to China simply to score points at the country club."

U.S. executives often fail to reach real commitments because they can't get the knack of Chinese negotiating practices. The Chinese may be less developed in technology and industrial organization than we, but for centuries they have known few peers in the subtle art of negotiating.

When measured against the effort and skill the Chinese bring to the bargaining table, American executives fall short. They often seem unsure about priorities and vacillate about their purposes. When compounded by the headlong enthusiasm Americans show at the general prospect of any new market – and China's market is a vision of one billion people – such uncertainty is a serious liability.

Part of the reason priorities remain uncertain is that executives feign initial interest as a public relations ploy to prove to stockholders how up with the times they are. CEOs get caught up in what has been called the "Westchester County syndrome"; they believe they can score points at their country clubs or among business associates by boasting that they've just been to China. When post-Maoist China opened up to U.S. business, a flock of such executives rushed over and rather casually and enthusiastically negotiated letters of intent. Then they sent subordinates abroad who had to work out the contractual details. Because they had made commitments, however vague and undefined they seemed at the time, the first visitors had played into Chinese hands. Further negotiations turned the generalities into formal agreements. These pacts gave the Chinese undue and definite advantages.

Chinese negotiators respond to our seeming lack of thought with tactics that are almost certain to make us feel that we have been taken. While U.S. executives nurture unreasoned hopes about capturing the China market, the Chinese come back with a very clear priority about the acquisition of advanced technologies or assistance in selling abroad to earn foreign exchange. Then when Americans finally get down to negotiating a particular contract, the Chinese return to generalities before they will discuss specifics. The result is often confusion and no deal.

Broadening commercial relations will unquestionably benefit the interests of both countries. But all sorts of negotiating roadblocks have worked against successful agreements. Some are these differences in priorities; others are cultural in orientation. Although I cannot give detailed suggestions for handling a particular deal, I want to sensitize U.S. businesspeople – to the rationale of Chinese practice. Executives who learn the rules will find that they can have fruitful associations with Chinese trading partners.

[Continued on page 76]

Mr. Pye, Ford Professor of Political Science at MIT, is a specialist on Asian affairs. He has been an adviser to U.S. government officials negotiating with the Chinese, and his research on the experiences of American and Japanese business negotiators led to his book, Chinese Commercial Negotiating Styles *(Oelgeschlager, Gunn and Hain, Inc.). His most recent book is* Asian Power and Politics *(Harvard University Press).*

[Continued from page 74]

Chinese rules

American difficulties surface from the very beginning. Companies often, for example, find it hard to choose among possible partners – especially because they can't pin down their particular capabilities. Some Chinese enterprises have limited geographical scope. Others, compartmentalized along functional lines, are severely constrained by the government's bureaucracy. Consequently, few potential associates can promise exclusive rights to the Chinese market. In 1985, a large Midwestern cable manufacturer thought its contract with a Chinese state enterprise had guaranteed exclusive rights, then discovered a French competitor had made a better deal with another company.

More important, once Americans make this agonizing choice, they find they've only cleared a preliminary hurdle. The Chinese seem to step back from an actual agreement and begin negotiations by presenting a letter of understanding that outlines general principles. U.S. managers are often put off because they want to reduce misunderstandings by immediately getting to details. They're not averse to the rhetoric of preambles, but they want to build a relationship on facts that can't be argued with. For their part, the Chinese stress friendly introductions as a way of establishing the relationship's dynamics and determining its character. Their rationale is pragmatic: in laying down general guidelines for all future dealings, they gain leverage that they can use later by calling the partner to task for not abiding by the principles. Americans think this process is only a warm-up ritual. They believe that once hard bargaining begins, positive personal feelings should not intrude except to reinforce a basic level of trust.

As I have said, Americans do sign such letters of understanding, but usually because they don't understand what can happen next. For example, Westinghouse Canada thought that it was well on its way to selling some large steam turbines to the Dong Fang Steam Turbine Works of Chungdu when the company worked out a letter of understanding with a Chinese team visiting North America. What followed, however, was not a sale but two sessions of intense negotiations in Beijing. The Canadians made all the first moves and were then counterpunched by the Chinese, who pressured Westinghouse to live up to the spirit of the original understanding by accepting a lower price. Only after the Canadian team had returned home for a second time was an agreement reached, by telex.

The story of the reopening of diplomatic relations between the United States and China in 1972 also illustrates the point. Henry Kissinger abandoned the long-standing American focus on specific issues and entered into negotiations with Zhou Enlai and Mao Zedong by concentrating on a general agreement to cooperate.

Kissinger played down particular problems because he wanted to stress the symbolic importance of a new relationship, create the general impression of great developments, and unnerve Moscow by suggesting that the balance of power in the world might change. He easily went along with the Chinese preference for communiqués and statements that defined general principles. In turn, however, the Chinese would repeatedly pressure him by declaring that Washington did not live up to the spirit of the principles.

In contrast, Secretary of State Cyrus Vance negotiated from the typical American lawyer's need to clarify certain issues and win agreement on details. Of course, Vance was forced to get more specific because he had to work out precisely the way relations would be normalized and formal diplomatic ties established. The Chinese clearly preferred Kissinger, whom they believed they could manipulate because of his sensitivity to the relationship's symbolic dimensions. In retrospect, Kissinger probably tried to sweep too much under the carpet and left his successors too many difficult problems. He probably also erred in creating an atmosphere that gave the Chinese license to warn Washington it would damage the entire relationship if it did not yield to Chinese wishes on the tough, concrete issues.

Establishing the relationship

Even with such caveats, however, those U.S. executives who build up their relationships with the Chinese by making certain that the spirit and not just the letter of a contract is followed will succeed.

Otis Elevator Company, which had a prewar operation in China, searched for a solid relationship after China's reopening that would endure through the ups and downs of a transitional period. Otis's contract with a company in Tianjin is like a marriage arrangement. For better or worse, the two partners have agreed to work things out over 30 years. In this spirit, Otis has not even pressed for a firm commitment to an exact schedule for the repatriation of profits.

In contrast, Nike has taken on and abandoned a series of partners in a frustrating search for a Chinese business that can produce shoes more cheaply than the company's Korean and Taiwanese associates – but that still meet Nike's quality standards.

Remember that the Chinese will reaffirm a relationship with a Western partner time and time again. The depth of what is possible is often in-

comprehensible to U.S. executives. The manager of a California company, for example, spent nearly two months in central China working out a joint venture with a provincial enterprise. The day after the agreement was signed, the other members of the team left for home and the executive remained. He met one last time with his Chinese counterpart who astounded him by raising again the issues that had been big stumbling blocks during negotiations. Even though he felt isolated, the manager defended the agreement passionately. Only much later did he understand that the contract is not as important as the potential long-range relationship. The Chinese reopened the discussion after contract signing because they considered the two parties now old friends who could bring matters up anytime.

At the heart of Chinese bargaining, a predictable psychological dimension takes the form of getting the other party to exaggerate its capabilities while the Chinese reserve the right to ask for more. Flattery is too crude a description for this process. Instead, the Chinese use the advantage a weaker party has in extracting favors from the strong – all the while maintaining its dignity. The Chinese approach calls for elaborate courtesy, gestured humility, and high sensitivity to perceived insult.

The U.S. executive's desire to enter into negotiations with outgoing, upbeat enthusiasm plays right into the strengths of this style. The Chinese believe that Americans are easily flattered, hence readily manipulated. The result is a narrow range in which the foreign negotiator can maneuver.

The Chinese approach works well with people who can easily be made to feel they are doing the wrong thing. Chinese negotiators will, for example, test U.S. executives by bringing up past mistreatment of China in the hope they will be more obliging. An executive of a large American bank now admits he got off on the wrong foot with the Chinese because he believed he could gain their confidence by vigorously criticizing past U.S. policies toward China. From then on, the Chinese did not allow him to forget that the United States had been in the wrong.

Another psychological advantage the Chinese enjoy comes from the advantage of playing the hosts. Because a visit to China gives them prestige, U.S. businesspeople accept hospitality from the Chinese even though their home-court advantage has proved significant. As guests, the Americans must adjust to Chinese norms and practices and not be rude by insisting on their own. American negotiators are usually confronted with a Chinese team that is larger – often including specialists who are interested only in solving their own engineering problems.

The owner of a New Jersey carpet company that bought the entire production of several Chinese factories became such an indebted guest that he began to pay nearly twice what he should have for his semiannual purchases. He would never have allowed such a thing to happen in India or Iran, but he justifies the higher prices he must charge for these products on the grounds that a market infatuated with anything Chinese will pay for such extravagances. Most important, he hopes the Chinese will reciprocate with lower prices eventually.

"Sure it's a partnership, Elwood, but it's a limited partnership, and you're the one who's limited."

As hosts, the Chinese take advantage of their control over the pace of negotiations. First they set the agenda, then they suggest that the Americans start the discussions. This forces the guests to show their hand – their proposals become the starting point from which all compromises follow. To keep the process going, the Chinese expect the visitor to make the next concession, which the Chinese easily counter by asking for further concessions.

Sino-American diplomatic negotiations have followed this pattern since 1972. Either the secretary of state or the president would travel to China to gain public relations triumphs, and they were always under pressure to make sure the trips were a success. From Kissinger's trips, the Chinese learned they could gain considerable leverage by merely hinting to the press that a visit might "fail."

Secretary of State George Shultz seems to have mastered the Chinese tactic of forcing the other side to show its hand first – then exploiting its fear of failure. In recounting the American delegation's

trip to New Delhi for Indira Gandhi's funeral, Daniel Patrick Moynihan described Shultz's skill: "[He] asked Vice Premier Yao Yilin of the People's Republic of China about his views of the region. The vice premier replied he would be interested in the secretary's views. This exchange was repeated until the appointed time of departure."[1]

Of course, in commercial negotiations such a strategy is inappropriate – especially if the ultimate goal is a business contract. But the executive should remember that Chinese businesspeople will play their cards close to the vest – even while insisting that visitors show their hands. Many U.S. executives report that – as a way of trying to pry out secrets – the Chinese have revealed information on competitors. Japanese trading companies avoid this problem with the Chinese by refusing to bid against each other.

Shadowboxing

Once negotiations begin, the Chinese seem passive. They simply ask questions, probe for information, and conceal any eagerness they may feel. They are wary of showing enthusiasm – an attitude that contrasts sharply with the American salesperson's excitement at the mere prospect of a deal. One U.S. aircraft parts supplier reports he was shocked to realize in retrospect that as the Chinese became more restrained, he became more energized – until he promised more than he could deliver.

During this phase, negotiators have learned to listen carefully because the Chinese often give subtle hints about their requirements for reaching an agreement. A plastics company executive believes that if he had heeded early Chinese signals he would have saved his company nearly a year's delay in setting up the joint venture. He was so absorbed with making points that he missed the hints they gave.

At times, the Chinese seem to become obsessed with a particular detail. It is important to remember that they may not really place great importance on it; they may be stalling. In fact, delaying things may be a necessity, not a tactic. They don't want to admit their difficulty in coordinating decisions, so they take up time with false questions. In the midst of serious negotiations, for example, the Chinese may suddenly suggest that the Americans take a break for some sight-seeing.

Various people's reports attest to the reality of this shadowboxing. Apparent sticking points can disappear once an agreement is reached. One American importer of rare metals first haggled over prices, but reported that a year after the contract was signed the Chinese spontaneously offered new prices that were more favorable than those he had originally sought – because of changes in the exchange rate.

The Chinese use time shrewdly. If they sense that businesspeople are in a hurry to leave China, they may slow down negotiations and turn the deadline to their advantage. When China first opened up, some foreign executives thought they would have to hang their heads in shame if they left China without an agreement. Now many Americans are comfortable going home without a deal rather than settling on Chinese terms.

Ultimately, of course, this reaction serves little commercial purpose. Rather, executives should establish a clear understanding with the Chinese about the amount of time available and, most important, negotiate a fallback arrangement if they cannot reach agreement within the first time period. A West Coast lawyer follows the practice of beginning discussions by telling the Chinese exactly when he will be leaving and how long it will be before he can return.

These timetables can also change unexpectedly as Chinese passivity gives way to apparent impatience. Suddenly they want to reach agreement. They forget issues that were major obstacles and suggest that everything is in order and all further problems can be worked out.

This switch has surprised many U.S. businesspeople because it comes without any hint that a settlement is imminent. The two parties have different concepts of how an agreement is reached. Americans believe it follows a process of give-and-take that culminates when both sides have maximized their position. Chinese negotiators see an agreement more as a pledge from both sides. They believe a bond is sealed from the point when each side works out the benefits it will receive. An agreement binds the parties in a common endeavor wherein each side will make continuing demands on the other.

U.S. executives usually find that the Chinese are quick to talk of friendship and ready on short acquaintance to call them old friends. In the Chinese culture, all friends are "old friends" and what may seem to Americans as mere conviviality is to the Chinese an essential negotiating element. The Chinese can make heavy demands on friends and place few limits on how they use friendships to material advantage.

A subtle but profound difference in the way the two sides view friendships can have a strong effect on business negotiations. The Chinese place great importance on objective considerations and little on feelings. For example, they believe people from the same town, or same school, or the same organization should act as friends even if they don't know each

1 Daniel Patrick Moynihan, "Indira Gandhi and Democracy," *Freedom at Issue*, May-June 1985, p. 18.

other well. Morever, they expect the person who is better off to be always generous. They establish a bond so that they can ask for repeated favors and also so they can suggest that the partner who is not forthcoming is not living up to the spirit of their friendship. Americans see friendships as built on a natural give-and-take.

I am not surprised about the complaints of many U.S. executives that the Chinese fail to reciprocate friendship. American universities making scholarly exchanges with the Chinese are often irritated because they seem to provide a lot without getting much in return—scholarly aid, if you will, rather than exchange. The Chinese, however, would be offended if they heard this; they acknowledge the Americans' prestige simply by entering into the relationship. Americans doubt the cash value of prestige whereas the Chinese see it as a goal.

What the Chinese neglect in terms of reciprocity, however, they more than match in loyalty. They not only keep their commitments but they also assume that any positive relationship can be permanent. A good example of this is the number of Chinese who have tried to reestablish pre-1949 ties with U.S. companies and individuals—as though nothing had happened in the intervening years.

In business dealings, Chinese feelings about reciprocity surface most sharply in discussions of technology transfer. The Chinese want to gain access to advanced technologies—they believe that although their country missed out on the first two industrial revolutions, it can get in on the start of the third, the information revolution. But they don't appreciate proprietary rights. They believe that knowledge should belong to everyone; those who have technical knowledge should share it. They don't appreciate how much it costs to produce technologies, a fact that is evident in the way they wastefully try to reverse-engineer products—buying a model, then trying to replicate it through inefficient, cottage-industry methods.

Pursuing goals

The Chinese assume—wrongly—that they can solve most of their modernization problems with more advanced science and technology. A frequent stumbling block in negotiations has been specification of the technology a foreign partner would bring to the joint venture. The problem is more serious than one might assume because China's difficulties have more to do with poor business management than with lack of technology.

In any contract, management arrangements are hard to pin down. Because the Chinese generally provide almost all the employees, U.S. businesspeople must make certain that the deal contains satisfactory management arrangements. If the Chinese have done poorly in an industry without a foreign partner, this pattern may continue in a partnership, even with advanced technologies. Agreements should include arrangements for training management, not just teaching technical or engineering skills.

Negotiations over the costs of such training can be sticky. In some of the hotel deals, the Chinese not only discounted the costs of training but were also quick to suggest that Americans absorb training costs, including high overhead expenses like medical care and housing.

The Chinese also want to do business with the "best" foreign companies. They place a high value on quality and status, and they often suspect they are not getting the best—a concern that aggravates an already strong anxiety about getting cheated. Although the latest technologies may not always be the most appropriate, the Chinese cannot suppress their suspicion that foreign companies mistreat them when they try to sell them equipment that the Chinese sense is not the most advanced.

This fear stems from memories of past ill-treatment by foreigners and from a rural tradition holding that all transactions produce a winner and a loser. The fear is exacerbated by the anxieties of Chinese negotiators that their superiors may accuse them of making bad deals. Plant managers have far greater freedom than in the past, but their careers are still vulnerable to changes in the political currents.

Because of such Chinese concerns, little-known foreign companies have trouble in selling themselves. If they play up their competitive advantages, the Chinese may suspect them of boasting; if they are too modest, the Chinese will dismiss them as not being the best. In American negotiations, frankness is a virtue; it is considered wise to admit failings. The Chinese believe that if you admit to one weakness, you are probably covering up even greater ones.

The American goal is a binding agreement secured by a stable and enduring legal system, a contract with all the power and mystique we associate with the law. The Chinese see stability not in the power of the law but in the strength of human relationships. A contract establishes what is essentially a personal relationship. Although the Chinese are now developing a more institutionalized legal system, their culture still reflects a philosophy that governance is more by people than by laws.

Even the Chinese who are in charge of a state company may have very limited and uncertain authority and may want to settle for a tacit rather than a written understanding. Even with considerable decentralization, managers remain hemmed in by the system and often have little sense of the boundaries of their authority.

This problem of limited authority becomes particularly acute when Americans expect the kind of commitments they get in other countries. China's inadequate infrastructure means that Chinese negotiators cannot make firm guarantees on matters that depend on, say, the system of transportation or supplies of energy.

How to handle them

Although I do not intend to outline a counterstrategy for executives going into a negotiation with the Chinese, I would like to summarize my thoughts as a list of do's and don'ts in dealing with them:

1 Always be yourself. While you should be sensitive to Chinese cultural practices, you must never believe you can master their ways.

2 Be patient, both in the actual negotiations and in designing an overall strategy. Impatience not only leaves you vulnerable to manipulation but also produces agreements that can result in misunderstandings later and compromise your access to China.

3 Recognize that you cannot even guess at the shape of China's future development. Her success could take various forms, each good for China but each with different implications for different American businesses.

4 Accept that you cannot define or govern your Chinese company with any formal contract. Learn to shape it through the human relationships established through the negotiations and actual conduct of the business.

5 Be prepared for misunderstandings and avoid recriminations over them. Although the Chinese often seem uninhibited in exploiting American mistakes, they are just as likely to be thin-skinned and quick to take offense. China's recent foreign relations are full of examples of Beijing having bitter fallings-out with former allies.

6 Accept the Chinese offer of friendship in the spirit in which it is extended. The relationship can have a practical and materialistic as well as a sentimental dimension. Understand that even though the Chinese may not seem as sensitive to considerations of reciprocity as Westerners or the Japanese, they place much value on loyalty and they will uphold their side of any bargain even as they try to get further concessions.

Ming dynasty business contract

Wherever a money economy prevails, commercial transactions such as buying and selling, borrowing money, and renting houses are important parts of people's daily lives. Because most economic relations potentially involve conflicts of interest, they need to be regulated by well-understood traditions, written agreements, or both. By the T'ang dynasty [618-907 A.D.], contracts seem to have been in wide use in China, and thereafter even illiterate peasants realized the importance of having a piece of paper to prove the original terms of an agreement. Private financial agreements could be drawn up by any two individuals, usually with the aid of a mediator or a witness. Experts in legal matters were not normally consulted, but to ensure that most foreseeable problems had been dealt with, people could consult sample contracts.

Here is a blank contract taken from a late Ming [dynasty 1368-1644 A.D.] reference book.... Most such contracts and bills of sale state that the transaction was legal and had not been coerced. They also carefully specify who is responsible if anything goes wrong. Very often the weaker party (the man seeking to borrow money, be hired, sell his child, and so on) clearly accepts the brunt of the responsibility should anything unexpected happen. Such economic relations surely must have also shaped social relations.

Sample contract for forming a business partnership

The undersigned, _____ and _____, having observed that partnerships bring profit and enterprise brings success, have agreed to pool their capital for profit. As witnessed by a mediator, _____, they have each contributed _____ as capital, and will cooperate sincerely in their business venture. The profit yielded will be divided between them each year to provide for their families. The capital will remain untouched to serve as the fountainhead of the business. Each individual will take care of his own personal expenses and not draw from the capital, nor should business and private expenditures be in any way mixed in bookkeeping. The two parties have taken an oath by drinking blood-wine to work together in harmony and share both profits and losses. They will not disagree, feud, or seek separate profits. The party that breaks this contract will be persecuted by gods and men alike.

This contract is drawn up in two copies as evidence of the agreement.

From
Chinese Civilization and Society: A Sourcebook
ed. Patricia Buckley Ebrey

The China trade: making the deal work

Steven R. Hendryx

The word is out among international managers. Investing in a joint venture in the People's Republic of China is tantamount to courting disaster. Articles in publications from the *New York Times* to Hong Kong's *South China Morning Post* recount tales of day-to-day management problems that leave MNC executives sobered, discouraged, and, in many cases, appalled.

When I was director of China Operations for Otis Elevator Company and setting up Otis's joint venture in Tianjin, I lived in a hotel, where I often heard conversations lasting long into the night with a litany of familiar complaints:

"The real problems don't come in negotiating the deal – the real problems start after you sign the contract."

"Coping with poor infrastructure is easy – my problem is with employees who keep doing things that make no sense whatsoever."

"The Chinese wanted our technology but won't listen to our management advice. They wanted guns but not blue jeans, hardware but not software."

"I've never seen a company like this. The production department won't talk to engineering. Personnel won't talk to finance. And nobody's talking to marketing."

Such managerial gloom and doom should be looked at realistically. Just as multinational managers, according to Lucian W. Pye, will greet any business opportunity with overenthusiasm, so they will turn around and criticize that opportunity with vehemence if it doesn't happen to work out right away. My own belief is that foreign executives have been too quick to jump off the Chinese bandwagon.

After all, some problems are simply the result of bad luck. Many joint ventures are arranged marriages – MNCs got hitched to a Chinese partner under the watchful eye of a government matchmaker – and some of them have just been bad matches. The foreign executives didn't know how to judge their partner's capabilities or potential; getting stuck with a Chinese lemon wasn't hard.

Some problems arose because multinationals invested too little strategic thinking or too little money – or both. Under the misguided belief that the problems were all technical and that no firm financial or strategic commitment was necessary in such an underdeveloped country, they offered only technology and a token management body or two. The much publicized difficulties of the American Motors joint venture, for example, stem as much from inadequate financial planning and unrealistic capitalization as they do from any problem inherent in doing business in China.

"The real problems start after you sign the contract."

Of course, bad luck and the foreign investor's incompetence don't explain all the problems. The country *is* less developed; its infrastructure, poor; the impact of state economic planning, still strong on the system; the legacy of the Cultural Revolution on a generation that should have provided today's middle managers, devastating. Such problems have few short-term solutions; only time and economic development will solve them. Just because such difficulties exist, however, doesn't mean that foreign executives are impotent and cannot cope with the legacies of history and central planning. They can't simply sit back, resign themselves to the status of advisers to a Chinese state enterprise, and spend their nights in Beijing bars swapping war stories.

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As the director of China Operations for Otis Elevator Company, Mr. Hendryx was responsible for negotiating, organizing, and launching Otis's joint venture in Tianjin. He now provides consulting services to corporations establishing or operating joint ventures in the People's Republic of China.

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Thoughtful executives have begun to work through the problems by first coping with the managerial misconceptions under which both sides have labored. Chinese managers assumed that the joint venture—like its Chinese predecessor—would continue to be driven from the top down by the state planning system and have as its main concerns engineering, manufacturing, and maintaining the same number of employees in the plant. The concepts of financial discipline and market competition were outside their experience.

Meanwhile, foreign executives believed the administration of the joint venture, while challenging, would at least be based on familiar concepts. They didn't realize that Chinese managers have never developed a corporate strategy or coordinated the activities of the various departments—finance, marketing, personnel, and production—necessary to achieve it.

Of course, a Chinese enterprise cannot turn into a Western company but it can turn into a new kind of Chinese organization—one that is freer to make decisions, perform finance and marketing functions, and integrate all functions into a coordinated organization. Some foreign managers have started the process by overcoming the natural resistance to foreigners' inputs, encouraging coordination and cooperation among departments, getting involved in human resource activities, and persuading the company to act more like a capitalist counterpart.

When the partners take time to recognize these problems and work together to overcome them, the result can be a well-run and profitable organization. In less than a year of operation, the Tianjin-Otis's joint venture earnings have more than repaid Otis's initial investment.

Once executives resolve initial differences in attitude, the main stumbling blocks in transforming the venture from a centrally planned factory to a market-driven corporation stem from a lack of coordination and direction. In this article, I will address these. What I say is based both on my own experience in establishing the Otis joint venture and on conversations in the People's Republic with managers of other joint ventures.

When things just don't make sense

Before MNC executives can win their Chinese counterparts over to a new way of doing things, they have to understand the established way of doing things. After five years of exploration, discussion, and negotiation, Tianjin-Otis came into being in 1984. It was, in essence, a merger of modern Otis technology with a well-established Chinese enterprise that had 2,400 employees, four factories, an R&D center, a national field network, and a corporate headquarters. But like most joint ventures, it has taken a great deal of understanding and patient negotiation to make it succeed.

From the very beginning of any Chinese joint venture, foreign managers find they can't execute agreed-to plans because department heads won't coordinate their activities with one another. In one case, for example, to better control inventory and lay the foundation for an MRP-type production planning system, two computer operator trainees and a dozen stockroom clerks checked and input 15,000 inventory items into the computerized system, including about 7,000 purchased components.

At the same time, the finance department took steps to implement a badly needed cost-accounting system by creating a master list of purchased parts with updated standard costs. They used the same Chinese data base software as the computer operators to create the standard cost files. Despite repeated requests from the foreign manager that the two groups coordinate their efforts, neither did so. The finance department's man entered the inventory items but used different part numbers and different names and descriptions along with the standard cost for the 7,000 purchased items. Chaos ensued. For more than three months, people worked side by side and never talked about what they were doing—they were from different departments.

One reason such coordination is difficult is that the different departments in a Chinese company have more allegiance to—and ties with—their counterparts in the planning and government bureaucracy than they have to other departments in their own organization. A Chinese state enterprise is subject to a supervising bureau (department-in-charge) that is roughly analogous to the parent company of a conglomerate. In addition, a series of local functional bureaus oversee each function within a company. That means the company's labor, materials, engineering, production, and finance departments report not only to the general manager of the plant but also to their respective municipal functional bureaus, which supervise all corresponding departments of all the companies in the city. Each local bureau reports to its corresponding ministry in Beijing. The labor department of Tianjin-Otis, for example, is responsible to the Tianjin Labor Bureau, which reports to the labor ministry in Beijing. It's just as if the treasurer of IBM reported through state channels to the secretary of the treasury in Washington.

Such vertical lines of communication are initially stronger than any horizontal patterns a

"We do a little hiring and a little firing, and between you and me, I enjoy the firing more."

joint venture management can institute. In one joint venture, for example, the personnel, finance, engineering, and production departments each worked independently and without talking to each other for months to update standard manufacturing labor times.

A corollary problem occurs when the various functions develop a sense of autonomy; they become fiefdoms. *Shanto juyi*, or mountain peakism, is the Chinese term: "This mountain peak is my territory; the others are not my concern." In one joint venture, the engineering department increased its manpower and budget and built a multimillion-dollar research facility that the company didn't need and then obtained recognition for it as a "research institute" from the state's engineering ministry.

This kind of autonomy among departments produces more and more irrelevant activities. Suppose the party channels of communication stress the need for more scientific management of enterprise costs; each department then rushes off on its own to work on costing. The technical bureau wants to improve quality; the financial bureau, to be rigorous and precise. Without a strong coordinating role from the enterprise's management, they're all just scrambling to rearrange the deck chairs on the Titanic.

One factory had a very expensive, ultra-high-precision measuring device. Its purpose was to calibrate the gauge blocks that in turn calibrate the ordinary micrometers used in production. The instrument's tolerances exceeded both the tolerances required in the product and the tolerances any of the machine tools could hold by several orders of magnitude. It was good. It was scientific. But it was irrelevant.

Year after year, a planning department turned out a 30-page document with all the figures expressed down to about ten significant digits. The figures were precise and the calculations were scientific but projections were off by 30% at the end of the year. The work was irrelevant.

A shop manufactured mounting brackets that were in chronic short supply, and quality inspectors rejected them by the score for minute surface blemishes that had no effect on the function, aesthetics, or acceptability of the part. The inspection standards were tough, precise, scientific, but irrelevant.

Still, the picture is not entirely grim. The strong vertical lines of communication produce a high degree of regional and interbureau rivalry, which often comes as a surprise to executives who see China as a monolith. When contemplating a joint venture, they can turn this rivalry to their advantage. Rather than heading straight for the top Beijing official or ministry, some smart foreign managers approached local companies directly about possible joint ventures and found them more flexible. By approaching the investment at the local level, the foreign company can take the initiative in appraising potential partners and present an idea for a marriage to the government rather than the other way around.

Push for coordination

In tackling the problem of coordination, one joint venture manager lessened the impact of vertical contacts by limiting their number and frequency. He established a policy requiring all visiting representatives of various bureaus to make appointments that fit his schedule, to clear all meetings with him, and to make sure that off-site meetings of Chinese managers and their functional superiors in the state bureaucracy would not interfere with his own management meetings. He steadfastly pointed out how policies suggested by the bureaucracy conflicted with joint venture strategies, and he challenged the bureaucracy's attempts to impose its will. The bureaucratic demands fell off.

To strengthen horizontal contacts and improve coordination, another joint venture moved administrators among departments and established special project task forces that cut across departments. It also set up open offices and a company cafeteria where middle managers could meet informally at lunch.

The problems of noncooperation, fiefdoms, and irrelevant activities reflect weak horizontal communications, which result from the Chinese com-

pany's strong vertical structure. The key to a solution is to articulate company goals common to all departments in the joint venture, get the departments talking to each other, and integrate their activities to meet those common goals.

When no one will decide anything

When foreign managers complain that they can't get anything done, what they really mean is that they can't figure out who's in charge—who's supposed to make the decisions. This is especially bothersome when it comes to decisions they've always been able to make. In one case, a foreign executive wanted to come up with a long-range product development plan for his venture but found that he simply could not form a task force, get recommendations, and produce a plan, as he could back home. Different departments wanted to devise plans on their own, then gradually reach a consensus with other departments from their respective positions.

Each department drew up its own list of test equipment and submitted its ideas to the other side for review, hoping for a consensus. But months went by, and none was reached. The executive tried to bring in a computer consultant but was told he needed to give the departments a choice; he found two possibilities, but the departments could not agree on who was the best candidate and delayed so long (three months) that both became unavailable and the project was left half-finished.

This slow progress toward consensus among people who consider themselves equals suggests to the executive that no one is really in charge. One decision may require agreement among the heads of several departments within the department-in-charge of the enterprise. If the decision requires higher approval, a consensus among several bureau heads and the head of the department-in-charge may be necessary. In addition, party discipline may require consensus building among government officials in different bureaus.

Most joint venture managers feel this lack of decision-making capability most strongly in their attempts at human resource management. One joint venture manager tried for four months to get someone to staff any of six new projects approved by the joint venture board; his efforts failed, even though the company had more than 1,000 surplus employees. When he tried to put through a plan, he found that various departments within the enterprise objected to it and came up with their own. Even though the projects—including an asset-accounting system, a review of the cost-accounting system, a revision of the bills of material and the order-entry system—were crucial to the smooth running of the operation, the bureaucratic structure was more important. And to complicate things further, several joint ventures have reported that managers won't make decisions because they're too scared. Being unqualified for their positions, they won't lead, follow, or get out of the way.

Many of the difficulties with decision-making authority stem from the way that the joint venture's board is structured. The board is a new entity in the Chinese system, whose role, function, and powers are not well defined in legislation and totally unrefined in practice. Although the board is the highest authority within the joint venture, the joint venture is subject to the laws of China, and those laws, of course, are administered by bureaucrats.

But the major problem is that because the board is new, all sides fall back on old alliances and leave the new system to founder. The Chinese and the MNC supply the chairman and vice chairman respectively; each partner is represented on the board in proportion to its share in the venture. Beyond that very clear delineation of power, however, lies a complex web of allegiances and authority. For example, the foreign partner can remove the general manager it appointed at will; thus the parent company strongly influences that person's positions and priorities. The Chinese deputy general manager and middle managers, for their part, are appointed by the joint venture's department-in-charge and respond to influences from that sector. Decisions will be difficult until their allegiance flows toward the joint venture and not toward outside forces.

Even if the joint venture board makes a decision, the bureaucracy often countermands it and the foreign partner may never know what's going on, much less why. One joint venture developed a comprehensive compensation system that increased top salaries threefold, introduced merit bonuses, and included a profit-sharing bonus that would have been paid directly to the workers, not into the joint venture's omnibus fund for general welfare. Two months after the plan was instituted, however, the joint venture's department-in-charge told the personnel manager that the wages were too high and that he must cut the bonuses. Management declined, and heated discussions ensued. While the municipal labor bureau sided with the joint venture in principle, it did not or could not force a solution. The case went to the labor ministry in Beijing, which, while agreeing with the joint venture's policy, did not overrule the bureaucracy.

The parties finally reached a compromise under which workers would no longer receive a bonus and the problem would be studied further. Although the operation has been going full blast for more

than a year, reform of the old egalitarian compensation system hasn't happened.

Establish your decision-making rights

In a joint venture in China, the Chinese party supplies virtually all of the labor force, most of the middle management, and the deputy general manager. Apart from the technology, the MNC provides the general manager and a few experts (who are usually advisers rather than line managers). But many foreign executives have been timid in wielding the authority a general manager should have. To succeed, they must learn to assert and use that authority when decision making is paralyzed by the norm of consensus decision making.

The solution to this dilemma is not as straightforward as you might think. Some successful joint ventures strengthen the power of their boards and the foreign general manager right from the beginning—in negotiations and in lobbying the local bureaucracy. The final deal solidifies the role of each and lays the groundwork for successful decision making later. What the deal cannot do, of course, is remove entirely the Chinese penchant for consensus. It is an entrenched part of the political process. And many management issues *are* essentially political.

Thinking ahead, however, can minimize problems before they start. One joint venture negotiated to set up a new factory but did not write into the agreement any specifics on an arbitrary staffing level before beginning production. Instead, it selected staff on a strictly as-needed basis, and it now enjoys great flexibility, especially since the Chinese partner has other operations from which it can draw experienced staff.

The joint venture must also assert the sovereignty of the board and limit the role of the bureaucracy. The United States differentiates sharply between the role of the regulatory agency, which is limited by the concepts of jurisdiction and due process and which may be challenged in a judicial proceeding, and the role of the board and management in exercising judgment and discretion over operating issues. In China, because such concepts are less distinct, the bureaucracy is accustomed to playing a supervisory role. Only if the joint venture management lobbies vigorously in the early stages of negotiation can it clarify where the bureaucracy's jurisdiction ends and that of the joint venture begins.

For those companies that have already completed negotiations, more creative solutions are needed to get over the hurdles blocking effective decision making. Otis took over an existing operation and work force. Because the Chinese partner had to provide employment for surplus employees, it formed cooperative employee-owned mini-enterprises, which were staffed by surplus employees. These cooperatives served as captive vendors of food, custodial, and nursery services to the organization.

One experienced Chinese official said that even if they have not already done so, MNCs should insist that a foreign executive occupy the post of personnel manager. Unencumbered by a web of long-standing relationships, foreign personnel managers are free to fire or shelve incompetent or unqualified supervisors.

But the main route to effective decision making must come from foreign managers winning greater autonomy for the board and, failing that, asserting themselves before the bureaucracy. Decision making is their responsibility. So is effective use of manpower and the integration of goals. If the joint venture is to enjoy decision-making autonomy, flexibility in its use of manpower, the institution of an effective incentive program, and the integration of goals, it is up to the foreign executives to start the process. Foreign managers often complain, for example, that they can't seem to motivate their workers. Have they thought about how much those workers are paid? Through lobbying and negotiation, a smart foreign manager will establish with the relevant bureau his or her right to implement a good incentive compensation program.

The challenge for MNC managers in China is to disentangle the Chinese factory from its web of bureaucratic supervision and transform it into a corporation. They have to create the marketing and finance functions and improve productivity and quality. To do these things, they must overcome the poor coordination and slow decision making endemic to Chinese enterprise.

To find solutions, managers must look to the origins of problems. Effective use of manpower, for example, requires having freedom to set up meaningful incentive systems and to employ people in the right positions. Localizing and streamlining decision making requires limiting bureaucratic claims to authority or rerouting them through the board. Building cooperation and integrating objectives requires strengthening the horizontal communications in the company.

Success in management reform depends on the firm support of an enlightened and cooperative Chinese management, the willingness of the bureaucracy to concede the legitimacy of MNC involvement in reform, and, above all, the vigorous and properly directed efforts of the foreign general manager.

"LIFE IS ACTION AND PASSION. THEREFORE, IT IS REQUIRED OF A MAN THAT HE SHOULD SHARE IN THE ACTION AND PASSION OF HIS TIME."

-OLIVER WENDELL HOLMES, SR.