



ASIA/PACIFIC RESEARCH CENTER

STANFORD UNIVERSITY

1999–2000
YEAR IN REVIEW

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The Asia/Pacific Research Center (A/PARC)

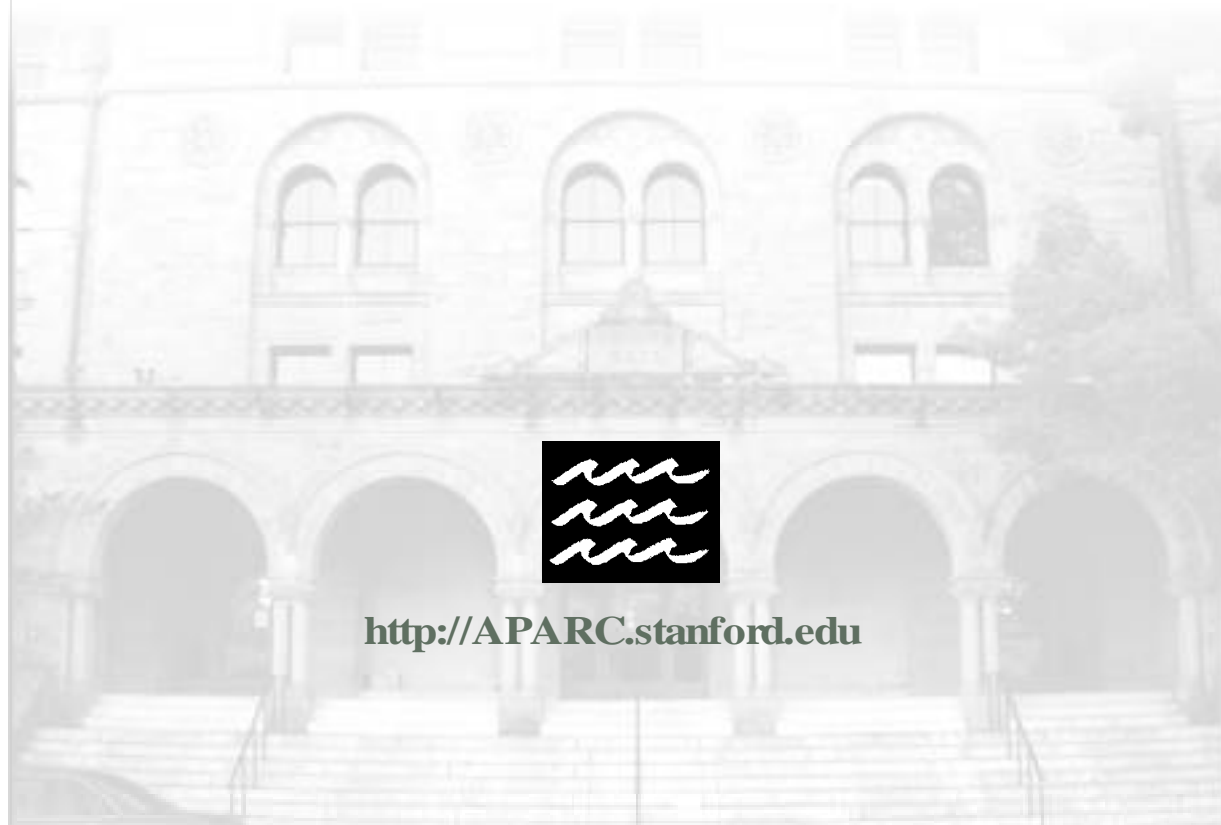
is an important Stanford venue, where faculty and students, visiting scholars, and distinguished business and government leaders meet and exchange views on contemporary Asia and U.S. involvement in the region. A/PARC research results in seminars and conferences, published studies, occasional papers, special reports, and books. A/PARC maintains an active industrial affiliates and training program, involving more than twenty-five U.S. and Asian companies and public agencies. Members of A/PARC's faculty have held high-level posts in government and business. Their interdisciplinary expertise generates research of lasting significance on economic, political, technological, strategic, and social issues.



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MESSAGE FROM THE DIRECTOR



ASIA (MOSTLY) RECOVERS FROM THE CRISIS

It is tricky to identify the most important political events soon after they have occurred. Historians have a way of looking back and finding seminal events that were overlooked at the time. That said, three especially important events in 1999–2000 were (1) the unprecedented summit meeting between the leaders of South and North Korea; (2) the election, for the first time, of a non-KMT party member as president of Taiwan; and (3) the eruption of ethnic violence and regional separatism in Indonesia.

Economically, 1999 and 2000 have been good years throughout most of East and South Asia. The financial crisis of 1997–98 hit unevenly across the region, and although the recovery has also been uneven, it has been widespread. The two largest economies—Japan and China—have been improving; India is experiencing moderate growth; South Korea has recovered strongly; and most of the larger countries are doing tolerably well. Next year's outlook is favorable.

The main exceptions to this on the whole positive scene are Indonesia and Pakistan. The latter has come, once again, under military rule. Any hopes that this dictatorial regime would introduce much-needed policy and institutional changes, never high to begin with, now are slim. Indonesia, because of its vast size and location, is in a most worrying condition. Weak government, ethnic violence, and separatist movements in several parts of the country have emerged after Suharto. The economy has made a partial recovery, but perceived political risks are holding down investments. The government of Abdurrahman Wahid faces a daunting set of challenges. And, although the rest of the world might not be able to help very much, it should be willing to try.

NEW APPOINTMENTS

Here at A/PARC, there have been a number of important events over the past year. Primary among them is the appointment of Andrew Walder as the Center's new co-director, together with me, for 2000–01. Andy has of course contributed to A/PARC's activities for several years as a member of its faculty executive committee, and we're delighted that he has agreed to enlarge his involvement with the Center. An expert on the sources of stability and change in communist regimes, and a professor in Stanford's sociology department (where he also holds the chair), Andy is currently researching the impact of China's market reforms on income and career opportunity, in addition to his ongoing work on the Cultural

Revolution of 1966–69. He has published widely on these subjects, and we look forward to the historical and sociological perspective, not to mention the dry humor, that he will bring to the Center over the coming years.

Another "new" yet familiar face at A/PARC this year is Jean Oi, who joins us as a member of the faculty executive committee. The director of Stanford's Center for East Asian Studies (CEAS) and a professor in the political science department—both roles in which she will continue—Jean has in the past been a frequent visitor to the Center, particularly for events jointly sponsored by A/PARC and CEAS. Her research focuses primarily on comparative and Chinese politics, and the political economy of reform in China at the



village level. Her presence is certain to enrich both A/PARC's ongoing research on China and the A/PARC community.

A third addition to A/PARC's growing family is Russell Hancock, who joined us earlier this year as director of the Shorenstein Forum. Russ has a distinguished background, including degrees from Harvard and Stanford, and significant experience in the private and policy sectors. Prior to joining A/PARC, he was vice president of the Bay Area Council, a privately funded organization dedicated to analysis and action on regional policy issues. Bringing this experience to bear, Russ is off to a running start in developing the Shorenstein Forum—made possible by long-time A/PARC benefactor Walter H. Shorenstein—into a preeminent locus for scholarship on U.S.–Asian relations, with particular emphasis on California's ties to the Asia Pacific.

During the past year, A/PARC also added a number of staff members to its ranks. Claire McCrae joined us in

November 1999 as assistant to Dan Okimoto, Jim Raphael, and Tom Rohlen; Waka Takahashi arrived in January 2000 to assist me, Julian Chang, and Andy Walder with our administrative and research work. In March, Rafael Ulate began work with Rafiq Dossani and Marguerite Gong Hancock on their (respective) South Asia and Silicon Valley Networks research projects. In September, Stephanie Manning and Jody Kloczkowski came on board to round out the A/PARC team. Stephanie will assist Don Emmerson and Russ Hancock with the Southeast Asia and Shorenstein forums, while Jody will keep all of A/PARC running smoothly as its new staff assistant. A warm welcome to all of A/PARC's new faces.

NOTABLE EVENTS AND VISITORS

Among its many other regions of interest, the Center continues to be extremely active in the area of South Asia, and the South Asia Initiative—a Stanford-wide program which A/PARC administers—has gathered steam over the past year. The initiative's focus is teaching and research on South Asia across the University, and A/PARC senior research scholar Rafiq Dossani continues to play a key role in its success. Dr. Dossani's own research—on electric power, telecommunications, and venture-capital reform in India—has yielded impressive results over the past twelve months, and brought many influential visitors to the Center, including Pramod Mahajan, the Indian minister for information technology, and Shri Ram Vilas Paswan, the Indian minister for telecommunications.

In addition to the various brown-bag seminar series it offers, A/PARC hosted a number of significant conferences over the past year. In October 1999, the Center co-sponsored the first annual Nikkei Global Management Forum in Tokyo, which attracted hundreds of key business people, academics, and decision makers from across Asia, the United States, and Europe. The Nikkei Forum is now slated to become an annual event, with the second scheduled for October 2000. In

December, the Shorenstein Forum brought together an impressive group of professionals and policymakers—including Guy Kawasaki, CEO of Garage.com, and the Honorable Chan Heng Chee, Singapore's ambassador to the United States—to discuss the impact of the Internet in Asia, and the challenges and opportunities that California entrepre-



Benny Hu, president of Taiwan's China Development Industrial Bank, addresses the CEO and Minister Forum.

neurs face as Asia adjusts to the new economy. The Center's annual Asia Briefing, a daylong symposium attended by our many corporate affiliates, took place in early March. Discussion centered on Asia's continuing financial and political recovery, with particular emphasis on international trade and China's World Trade Organization (WTO) prospects.

Continuing the "global" bent of A/PARC's 1999–2000 events, in May the Center's Comparative Health Care Policy Research Project (together with Stanford's Center for Health Policy) organized a major conference on the evolution and direction of health care markets. Stanford professor Alain Enthoven—who is widely recognized as the inventor of managed care—keynoted the two-day event, which featured distinguished speakers from Japan, the Netherlands, New Zealand, Scotland, and Singapore. Rounding out the year, in June A/PARC's Silicon Valley Networks Project hosted the CEO and Minister Forum on Innovation and Entrepreneurship in Asia. Luminaries such as Benny Hu, president of the China Development Industrial Bank (Taiwan); Narayana Murthy, chairman and CEO of Infosys (India); and recent *Fortune* magazine cover subject Steve Jurvetson, managing director of Draper Fisher Jurvetson, discussed rising regions of innovation around the world and the future of entrepreneurship in Asia. Many of this conference's themes are also covered in the Silicon Valley Networks Project's first book, *The Silicon Valley Edge: A Habitat for Innovation and Entrepreneurship*, edited by Chong-Moon Lee, William F. Miller, Marguerite Gong Hancock, and me. Stanford University Press published it in November 2000, and A/PARC acknowledges the generous grant from Chong-Moon Lee that got this project up and running.



Walter H. Shorenstein with the Honorable Chan Heng Chee (left), Singapore's ambassador to the United States, and Yumiko Nishimura (right), associate director of A/PARC's Comparative Health Care Policy Research Project

August saw the inaugural roundtable of the Emerging Markets Forum—a new collaboration between A/PARC and AcrossWorld Communications, a corporate affiliate—at which representatives from government, nonprofit organizations, and business discussed rural access to information and communications technology in India.

Other highlights of the 1999–2000 year included visits from a variety of distinguished individuals. On his way to the November 1999 WTO summit in Seattle, Dr. Supachai Panitchpakdi, director general of the WTO and deputy prime minister of Thailand, stopped to give an address at A/PARC. Not surprisingly, this event attracted significant media attention, and Dr. Supachai's candid remarks on trade issues in the millennium were received with lively interest by groups both on and off campus. In late October, Joseph Nye, dean of the Kennedy School of Government at Harvard University, addressed a packed auditorium when he gave a seminar at A/PARC entitled "American Strategy toward East Asia." The Right Honorable James Bolger, former prime minister of New Zealand and current New Zealand ambassador to the

United States, visited the Center in February, and met with A/PARC faculty to discuss their research on East Asia. In May, Dr. Richard Bush—chairman of the board and managing director of the American Institute in Taiwan—spoke about American policy toward Taiwan and China immediately after Taiwan's historic election, which he had observed first hand the previous week. Publication of Dr. Bush's speech inaugurates the Shorenstein Forum's new publications series; the complete transcript is now available.

Dr. Supachai Panitchpakdi, director general of the WTO, spoke at A/PARC in November 1999.



Narayana Murthy, chairman and CEO of India's Infosys Technologies



Joseph Nye, dean of Harvard's Kennedy School of Government, at A/PARC in October 1999

INSTITUTIONAL DEVELOPMENTS

The A/PARC Corporate Affiliates Program remains a key component of our training and teaching activities, as well as an important source of revenue for the Center. Also noteworthy is the fact that, despite Asia's recent financial difficulties, interest in the A/PARC Corporate Affiliates Program has not only been sustained but has broadened across a wider range of organizations. Corporate affiliation enables companies and public agencies to establish continuing relationships with Stanford, and to gain access to A/PARC's considerable intellectual resources through participation in seminar series, research conferences, and a range of other A/PARC events. During the coming year, the Corporate Affiliates Visiting Fellows Program looks forward to hosting nineteen talented individuals from Asian corporations and public-sector institutions.

Last year, I wrote about A/PARC's beautiful new home on the third floor of Encina Hall. We have now settled in completely, and are relishing the increased interaction, productivity, and camaraderie that comes of being all together in one place. This year, I'm pleased to draw your attention to our new and improved website, at <http://APARC.stanford.edu>. Completely redesigned and fully searchable, the site displays a wealth of regularly updated information about A/PARC's numerous research projects, its seminars and conferences (both present and past), its affiliation programs,



Henry Rowen being interviewed by Chinese television on Encina lawn

and its faculty and staff. Many of the Center's numerous publications are also available on the site. If you cannot visit us in person, I urge you to visit us virtually. And, as ever, we welcome your comments.

Henry S. Rowen

Henry S. Rowen
November 2000



Screen shots from A/PARC's newly redesigned website at <http://APARC.stanford.edu>





The Asia/Pacific Research Center houses two forums, the Walter H. Shorenstein Forum and the Southeast Asia Forum. These multidisciplinary initiatives—which support dedicated research, seminars, teaching, outreach, and publications—bring together leaders from academia, government, and business to address key issues and directions in U.S.–Asian relations and Southeast Asian studies.

THE WALTER H. SHORENSTEIN FORUM FOR ASIA PACIFIC STUDIES

The Shorenstein Forum addresses a range of critical issues between Asia and the United States, with a special emphasis on California and its multifaceted ties to the region. America's most populous state provides a key market for Asian exports, immigration, and investment. Likewise, California's prodigious outflow of goods and services strongly influences Asia. An ongoing examination of this relationship is one of the Shorenstein Forum's central purposes, and to that end it supports faculty and senior scholar positions at A/PARC, as well as hosts research seminars.

The Shorenstein Forum also brings together senior policy-makers, business executives, journalists, and others who shape developments in the Asia Pacific region. Through public events—conferences, roundtable discussions, policy speeches, intellectual exchanges, lectures, and legislative briefings—the Forum advances understanding through interaction, discussing significant problems and posing solutions.

During its first twelve months, led by director Russell Hancock, the Shorenstein Forum convened a number of events. Kicking off the year in November with a heavily attended address by Joseph Nye, dean of Harvard's Kennedy School of Government, the Forum followed up in December with a daylong conference on the impact of expanding e-commerce on Asian markets, and the links now arising

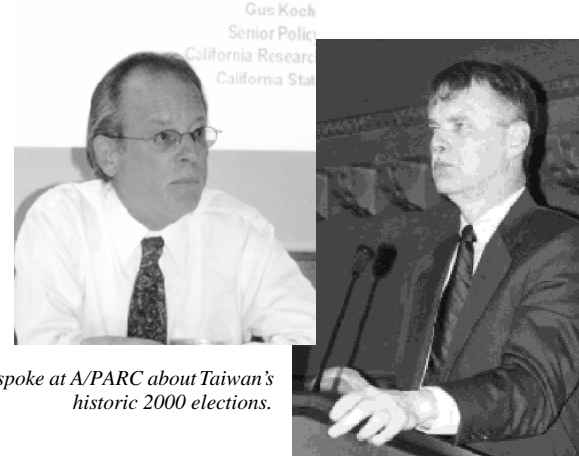


Dr. Russell Hancock, director of the Shorenstein Forum

between Californian and Asian companies and consumers. A number of experts in the Internet and policy fields—including representatives from Sun Microsystems and Microsoft's Globalization team, as well as the Honorable Chan Heng Chee, Singapore's ambassador to the United States—gave provocative presentations.

Prominent among events in 2000 was a lively April roundtable on Taiwan's historic presidential election, at which three distinguished fellows from Stanford's Hoover Institution debated the island's future political course. In May, the Forum hosted a major policy speech by Dr. Richard Bush, chairman of the board of the American Institute in Taiwan, who arrived at Stanford directly from the inauguration of new Taiwanese pres-

Dr. Gus Koehler fields a question at his seminar on business "velocity."



Dr. Richard Bush spoke at A/PARC about Taiwan's historic 2000 elections.

ident Chen Shui-Bian. Dr. Bush, the U.S.'s leading observer of U.S.–Taiwan relations, spoke about political change in Taiwan and China. The Forum published the proceedings of this speech, together with those of the April roundtable, as part of its new publications series.

In June, the Forum launched a new seminar series, "The California–Asia Connection," which brings together leading academics, analysts, and policymakers from Sacramento. Gus Koehler, senior analyst at the California Research Bureau, inaugurated the series by presenting research on the trade flows between California and Asia and the state-level policies that influence these flows.

These activities stand as a tribute to Walter Shorenstein—San Francisco business leader, philanthropist, and long-time champion of Asian–American relations. Because of his generous gift to A/PARC, the Shorenstein Forum will expand the base of collective knowledge and bring new breakthroughs to California's business and political leadership.

EXCERPT OF ADDRESS BY THE HONORABLE GRAY DAVIS, GOVERNOR OF CALIFORNIA, AT THE INAUGURATION OF THE WALTER H. SHORENSTEIN FORUM

JUNE 3, 1999

I am convinced that California's continued success in the new global economy requires a strong relationship with Asia, built on shared efforts, shared benefits, and shared destiny. A genuine partnership for greater prosperity for all our people.

California and the Asia Pacific region share so much more than an ocean. We share a past, a present, and—I believe—a very promising future. In fact, a prosperous California–Asia partnership could set the standard for our nation's economic policy in the next century.

We are, after all, the gateway to the Pacific. Where we lead, others will follow. And, with the help and support of great academic institutions like Stanford University, we will lead.

So, on this day, it is with great pride that I salute the work of the Shorenstein Forum for Asia Pacific Studies, as well as Stanford's Asia/Pacific Research Center. It is my hope and expectation that they will serve as a vital center of research and information-gathering and help to deepen our relationship with the world's Asia Pacific nations.

1999–2000 SHORENSTEIN FORUM EVENTS

JUNE 13

Seminar: "Business 'Velocity' and California Trade Policy"

Gus Koehler, Senior Policy Analyst, California Research Bureau

MAY 31

Speech: His Excellency Yashwant Sinha, Minister of Finance, Government of India

MAY 24

Policy Speech: "Political Change in Taiwan: Implications for American Policy"

Richard Bush, Chairman of the Board and Managing Director, The American Institute in Taiwan

APRIL 14

Roundtable Discussion: "Taiwan's Historic Elections and Aftermath"

• Larry Diamond, Senior Fellow, Hoover Institution, Stanford

• Ramon H. Myers, Senior Fellow, Hoover Institution, Stanford

• Suisheng Zhao, Campbell National Fellow, Hoover Institution, Stanford

DECEMBER 3

Conference: "E-Commerce: California Businesses and Asia"

(see Conferences, Seminars, and Special Events)

OCTOBER 27

Seminar: "American Strategy toward East Asia"

Joseph Nye, Dean, Kennedy School of Government, Harvard University

OCTOBER 4

Seminar: "Global Economic Integration and California's Economy"

• Cynthia Kroll, Regional Economist, Fisher Center for Urban Economics, University of California, Berkeley

• Ashok Deo Bardhan, Research Associate, Fisher Center for Urban Economics

THE SOUTHEAST ASIA FORUM

The addition of the Southeast Asia Forum (SEAF) to A/PARC's research activities is an important step in the development of Stanford's burgeoning Asian studies program. Since the fall of the Thai baht in 1997, the societies of Southeast Asia have experienced economic and, in some instances, political crises of considerable import. Even without such turbulence to command scholarly and policy attention, it is vital to understand and explore the histories, cultures, political economies, and international relations of the region—its ten countries and its half-billion people.

1999–2000 SEAF EVENTS

APRIL 21

Seminar: "Burma: The Politics of Intransigence"

Mary Callahan, Assistant Professor, Jackson School of International Studies, University of Washington

MARCH 27

Seminar: "Globalization and the Future of Southeast Asia's Ethnic Chinese"

Wang Gungwu, Director, East Asian Institute, National University of Singapore

FEBRUARY 3

Seminar: "Indonesia's Gus Dur: A Fox among Tigers"

Donald K. Emmerson, Director, SEAF, A/PARC

NOVEMBER 29

Speech: "WTO: Trade Issues in the Millennium from Agriculture to Intellectual Property"

Supachai Panitchpakdi, Deputy Prime Minister and Minister of Commerce, Thailand; Director General of the World Trade Organization

NOVEMBER 11

Seminar: "The Challenges of Sectoral Upgrading in Southeast Asia: The Case of Thai Textiles"

Rick Doner, Visiting Scholar, A/PARC; Professor, Department of Political Science, Emory University

With help from a generous grant from the Henry Luce Foundation, SEAF seeks to strengthen and institutionalize multidisciplinary research, teaching, and outreach on Southeast Asia at Stanford University. A/PARC professor

Professor Donald K. Emmerson (right), director of the Southeast Asia Forum, with Wang Gungwu, director of the East Asian Institute, National University of Singapore



Donald K. Emmerson serves as the program's director. SEAF supports an array of projects related to this dynamic part of the world. Contemporary conditions and events are addressed in periodic seminars. Selected experts and practitioners may visit the Center under the auspices of the Forum. To facilitate outreach and teaching as well as research, the Forum also hopes to enrich Stanford's library and other informational resources on Southeast Asia.

In 1999–2000, its inaugural year, SEAF concentrated on raising the visibility of Southeast Asian studies at Stanford and on networking in the Bay Area and beyond to inform scholars, students, business people, officials, professionals, and others of the new initiative's existence. A number of distinguished international figures gave seminars, both at A/PARC and across the Stanford campus, and drew enthusiastic audiences from the University community.

Professor Emmerson was active advising Stanford undergraduate and graduate students interested in Southeast Asia; giving guest lectures and other presentations at Stanford and around the Bay Area; and pursuing research related to Southeast Asia. One of the several research projects in which he was involved in 1999–2000 explored the shape of Southeast Asian studies in the twenty-first century. Meanwhile, he traveled and lectured widely, in Asia, Europe, and the United States, and gave over forty media interviews, mainly on Indonesia. Some of the latter were related to the 1999 publication of *Indonesia beyond Suharto*, which he edited and co-wrote, and which the journal *Choice* called "the best book on Indonesia in years."

Worth noting among SEAF's collaborations with other organizations is a project with the Stanford Program on International and Cross-Cultural Education (SPICE) to develop a module on Indonesia, intended to enrich the curriculum of American high schools. SEAF is also collaborating with the National Bureau of Asian Research to ensure quality coverage of Southeast Asia in a proposed public-television series on economic crises and international intervention in Asia, tentatively entitled *Pacific Storm*.



Professor Rick Doner

RESEARCH



The Center conducts multidisciplinary research projects in which Stanford faculty collaborate with American and Asian colleagues. Most A/PARC research pertains to contemporary Asia and U.S.–Asia relations. Publications arising from A/PARC research are available from the Center or on its website, at <http://APARC.stanford.edu>.

REGIONWIDE RESEARCH PROJECTS

CHILD LABOR IN THE INTERNET AGE

Globalization offers many new opportunities, but also introduces many new risks. Is growing use of child labor one of them? According to International Labor Organization (ILO) estimates, there are 250 million child laborers between the ages of 5 and 14 around the world, working both full- and part-time. The vast majority of these children live in Asia Pacific countries, especially South Asia. But many of the answers to modern questions about this old problem stem from experience in the Asia Pacific region.



Some social activists blame booming trade and international investment in developing nations for increasing the incidence of child labor. Is this true? The international community, including multilateral agencies such as the ILO and Unicef, has formulated several answers to this policy challenge. These include improving the quality and quantity of education, introducing better laws, and expanding economies. What will it take to implement these programs? The causes of child labor are complex, and so are the cures. Proposed policy remedies range from a "social clause" on trade agreements to solely domestic measures. In 1999, the ILO adopted a new convention defining and calling for action on the "worst" forms of child labor. The convention received unprecedented and unanimous support within the ILO and has been ratified with record speed by the United States and a growing list of countries. But will that international consensus pay off soon? Experts agree that statistics on the extent of child labor are rough at best, and even the definition of the term "child labor" is in dispute.

The United States has played an increasingly important role in the international debate over appropriate policies and programs. President Clinton has repeatedly spoken out against child labor, and his administration has consistently increased U.S. contributions to the ILO's International Program on the Elimination of Child Labor. And yet, the United States has also been criticized for forcing children out of work through heavy-handed and bumbling support for extreme measures, such as a ban on the import of goods made by children.

Professor Michel Oksenberg, in collaboration with A/PARC visiting scholar Sarah Bachman, has launched an exploration of some of the policy implications of the debates over child labor in the globalizing Asia Pacific region. The research project will include academic papers and presentations, as well as a symposium to be held in February 2001. The project will also support IIS's Stanford Program on International and Cross-Cultural Education (SPICE), to write a high school curriculum unit on child labor. The curriculum



Left: Pakistani boy cleaning up tea stall (© Sarah Bachman)
Above right: Pakistani boy weaving a rug (© Sarah Bachman)

will use new materials, and will bring a more scholarly and objective approach to the issue than have many other curricula currently available on the subject. Bachman, who wrote about child labor as an editorial writer for the *San Jose Mercury News* and in academic publications, will serve as a resource for the SPICE curriculum writers.

This project is supported by the Hewlett Foundation and the Compton Foundation as well as private donors, including Muhit and Annie Rahman and Stanford alumni Ellie and John Stern.

THE COMPARATIVE HEALTH CARE POLICY RESEARCH PROJECT

In 1990, A/PARC initiated the Comparative Health Care Policy Research Project to examine issues related to the structure and delivery of health care in Japan using contemporary social science, and to make Japan an integrated part of international comparative health policy research. Since its inception, the Health Care Project has pursued two objectives. The first has been to provide basic information to both Japanese and U.S. audiences about their respective health care systems and policies. Through this exchange, the project aims to create a common



Yumiko Nishimura, associate director of the Comparative Health Care Policy Research Project

base of understanding, and thereby to advance cross-cultural and comparative studies in both countries. The project's second focus has been to conduct empirical studies. Yumiko Nishimura, the associate director, under the supervision of Daniel I. Okimoto, the principal investigator, leads the project.

In May 2000, the project celebrated its ten-year anniversary by sponsoring an international health care conference at Stanford entitled, Health Care Conference 2000: Do Health Care Markets Require a New Model? Domestic and international speakers from government institutions, for-profit and nonprofit organizations, universities, and research centers convened to discuss contemporary health care policies around the world. Conference proceedings will be available in winter 2001.

During 1999–2000, Ms. Nishimura and her team also focused on finishing some major projects. First, the Health Promotion Program—conducted in collaboration with NTT Corporation of Japan to investigate the applicability of U.S. wellness programs to the Japanese health care market—was successfully completed. Based on this research, Ms.

Nishimura was able to develop a specialized software program which helps medical staff promote health awareness among employees and implement health promotion programs at the worksite. This idea was licensed to NTT in August 2000.

Second, the Japanese Hospital Data Analysis Project has come to a close. This project focused on analyzing Japanese hospital information systems in order to monitor hospital performance. Together with Naohiro Mitsutake, a visiting scholar from Kyoto University, Ms. Nishimura created a cohesive data set which represents information from various databases within Japanese hospitals. With this information, both the hospitals' performance and their clinical outcomes were measured.

One of the main findings of this analysis was that Japanese hospitals lose revenue the longer their patients stay in the hospital (see Figure 1). It is well known that the average stay in Japanese hospitals is longer than in other developed countries. According to 1995 data from the Organization for Economic Cooperation and Development, Japan's 45.4-day average far exceeds that of the United States (8.0 days), the United Kingdom (9.9 days), France (11.2 days), and Germany (14.2 days). Further, the project's data indicate that both pre- and post-operative stays are long in Japan. Some patients remain even longer in the pre-op than the post-op period, suggesting that Japanese hospitals function as combined hospitals and nursing homes.

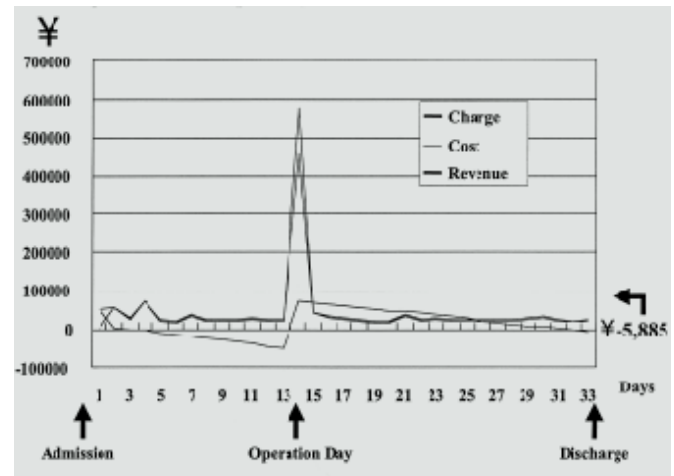


Figure 1: Actual Hospital Stays of Stomach Cancer Patients, Japan

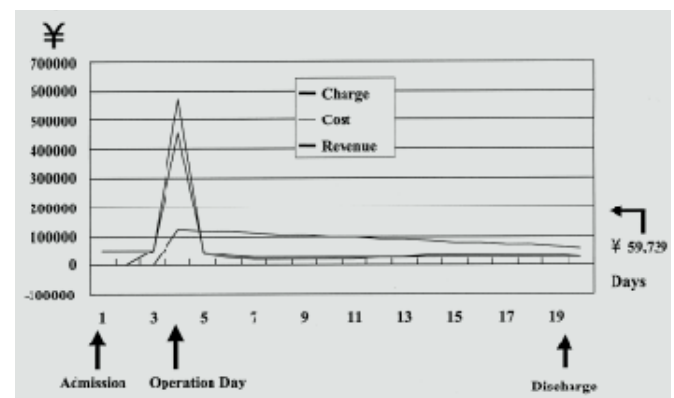


Figure 2: Simulation of Reduced Hospital Stays of Stomach Cancer Patients, Japan

Under a traditional fee-for-service system, the Japanese scenario may seem counterintuitive, especially given that hospitals generally make money by admitting more patients and having them stay longer. However, the project's data show the reverse to be true in the Japanese case. The project has also conducted a simulation which confirms that hospitals would increase revenue by shortening patients' stays (see Figure 2).

Why are Japanese hospitals keeping patients for so long? One major reason is that the hospitals themselves have not yet fully recognized their inefficiencies. Detailed performance data—whether on day-to-day revenue gains and losses or utilization of beds—are not available to Japanese hospitals because their systems are not designed to provide it. To analyze their performance, and thereby to improve it, Japanese hospitals' data collection systems must also be improved.

As Japan's population ages, the country's health care expenditure will grow, but its financial resources are unlikely to keep pace. Sooner or later, the Japanese government—which controls the national health care budget—will have to reduce its expenditure in this area. Japanese hospitals must be aware of this eventuality and should prepare for it. In particular, they can learn from the U.S. experience, especially with respect to methodologies. User-friendly databases and applications that will allow Japanese hospitals to store and analyze their own data and performance are highly desirable. The Health Care Policy Research Project will publish the research outcomes on these data in 2000–01.

EAST ASIAN ECONOMICS

Over the past year, Professor Ronald I. McKinnon, of Stanford's department of economics, has pursued three research strands in the area of East Asian economics, with financial assistance from A/PARC.

The first strand focuses on economic troubles in Japan over the past decade. Professor McKinnon's 1997 book *Dollar and Yen: Resolving Economic Conflict between the United States and Japan* (written with Kenichi Ohno) dealt extensively with these troubles. In 1998, it was translated into Japanese and published there. In addition to his op-ed contributions to various newspapers and magazines, Professor McKinnon's most recent research is "The Foreign Exchange Origins of Japan's Economic Slump and Low Interest Liquidity Trap," which the Bank of Japan published as a working paper and which will also appear in *The World Economy* in 2000. The main theme in all of this work is that Japan's macroeconomic malaise has been imposed by external pressure to get the yen up, which then causes internal deflation with short-term interest rates near zero.

Professor McKinnon's second strand of research seeks to explain why, in noncrisis periods, East Asian countries (other than Japan) opt to peg their exchange rates closely to the U.S. dollar, and to align their price levels with those of the United States. This occurs even though of the two Japan is the more important trading country in the East Asian region. The

paper addressing this topic, "The East Asian Dollar Standard: Life after Death?", was published in *Economic Notes* in February 2000. A follow-up working paper—"After the Crisis: The East Asian Dollar Standard Resurrected: An Interpretation of High Frequency Exchange Rate Pegging"—was completed in August 2000. According to this paper, the informal dollar standard for exchange rates has worked, and will work well in the future, but the rules of the game could be improved to make the system more stable. The great crisis of 1997–98—when the currencies of Indonesia, South Korea, Malaysia, Philippines, and Thailand were all sharply devalued with the dollar standard temporarily suspended—was primarily due to failures in domestic bank regulation, rather than in the exchange-rate regime itself.

The third research strand follows China's remarkable progress in transitioning from a centrally planned and virtually closed economy in 1979 to a more liberal and open one in 2000. This research began in 1993 with the publication of the book *The Order of Economic Liberalization: Financial Control in the Transition to a Market Economy*, which was translated into Chinese in 1998 and has been widely distributed there. Professor McKinnon's most recent paper (presented in Beijing, Shanghai, and elsewhere) is "China's Financial Policies upon Accession to the WTO." The paper suggests that it is premature to remove controls over foreign capital outflows or inflows, or to allow foreign banks to compete with Chinese banks domestically, until domestic financial regulation and fiscal policy are substantially improved.

ECONOMIC GROWTH IN THE EAST ASIAN REGION

Under the leadership of Professor Lawrence Lau, A/PARC continued in 1999–2000 to do research that examines the sources of economic growth in the East Asian region and puts forth policy recommendations based on project findings.

At present, several studies of the Asian economies are under way that focus on the sources of growth in both the region's developed and developing countries. Working in collaboration with Professor Michael Boskin of Stanford, Dr. Kim Jong-Il of Dongguk University, and Dr. Jung-Soo Park of the State University of New York, Buffalo, Professor Lau is running a project on productivity slowdown and the effect of labor-market conditions on economic performance of developed countries, including Japan and the United States.

Professor Lawrence J. Lau



Another study on Japan and the United States, in progress with Professors Yujiro Hayami of Aoyama Gakuin University and Yoshihisa Godo of Meiji Gakuin University, seeks to identify the transition from economic growth primarily driven by tangible inputs to growth driven by intangible factors, like human and research and development capital, and goodwill. Work is also under way on the nature of growth in East Asia's developing countries. Professor Lau and his colleagues continue to research the reasons for the absence of measured technical progress or growth in total factor productivity among the region's developing economies. Working with Professor Kai-Sun Kwong of Hong Kong University and Dr. Jung-Soo Park, Professor Lau is extending this exploration to include the manufacturing sectors of Hong Kong and the other newly industrializing economies.

International trade and investment issues are another focus of Professor Lau's study of the Asian regional economy. In 1999, with Professor K.C. Fung of the University of Hong Kong and University of California, Santa Cruz, he completed a study, "New Estimates of the United States-China Trade Balance," which concluded that the true 1998 bilateral trade balance between China and the United States was closer to \$37 billion, rather than the \$57 billion commonly cited in the press. A monograph on U.S. foreign direct investment in China, in collaboration with Professor Fung and Professor Joseph Lee of the National Central University, Taiwan, is also in preparation. In collaboration with Professor Chang-Ho Yoon of Korea University, Seoul, publication of a volume of the proceedings of a forthcoming A/PARC conference on the North Korea economy, entitled "The North Korean Economy in Transition: Development Potential and Social Infrastructure," is expected in 2000-01.

The reform, transition, and long-term growth of the Chinese economy continue to be significant research interests of Professor Lau and his project members. A recent new direction of this research has been to analyze, with Professor Yingyi Qian of the University of Maryland and Professor Gérard Roland of the Free University of Brussels, the relative desirability of the dual-track approach to market reform adopted by Chinese policymakers, versus the "big bang" approach. In February 2000, these findings, entitled "Reform without Losers: An Interpretation of China's Dual-Track Approach to Transition," were published in the *Journal of Political Economy*. Professor Lau also continues to maintain and update an econometric model of the Chinese economy, a project on which he has been working for a number of years, and to develop an up-to-date economic database for China. The latter includes creating seasonally adjusted data which are currently unavailable, developing a set of leading indicators for the economy, and improving the measurement of consumer price indexes. This work is being carried out in collaboration with the State Statistical Bureau of China.

Other research recently undertaken by Professor Lau and his project members includes an investigation of the causes and effects of the East Asian currency crisis and proposed remedies. A new project, on the potential and implications of a China-Japan free trade area, is also being planned.

IMPACTS OF WEATHER PATTERNS AND SEED TECHNOLOGY IN ASIA PACIFIC AGRICULTURE



Professor Walter Falcon

Professor Walter Falcon has been engaged in three major research projects that focus on Asia and the Pacific Rim. Together with IIS colleagues Rosamond Naylor, Daniel Rochberg, and Nikolas Wada, Professor Falcon has been examining the impacts of El Niño and La Niña weather patterns on Indonesian agriculture.

Indonesia had long been known to receive strong El Niño signals, but prior attempts to model the consequences of these signals had run afoul of Indonesia's complicated agricultural systems. By drawing on thirty years of field experience in Indonesia and by using monthly data since 1971, Professor Falcon and his colleagues have been able to explain two-thirds of the year-to-year variation in rainfall and rice production on Java. Moreover, the forecasting properties of their model provide very early estimates of the likely production outcomes. By measuring sea-surface temperature anomalies in the Pacific Ocean as early as June—four months before rice seedlings are even transplanted—they are able to provide excellent estimates of the main-season rice harvest the following April. Their research also shows that delayed rainfall, characteristic of El Niño years, is not compensated for by increased rainfall and rice production later in the year. Early production forecasts for Indonesia's key staple provide a useful analytical tool for helping Indonesian policymakers plan for rice imports and for decisions affecting the accumulation and de-accumulation of publicly held rice stocks.

Professor Falcon has also been conducting research on the forces affecting the international flow of seeds (and genetic materials more generally) for key food grains. Drawing on his extensive work with the Consultative Group on International Agricultural Research, he has analyzed how new developments in biotechnology and patenting, increased industrial concentration in the seed industry, and the confusion over genetically modified organisms have interacted to limit the transfer of seed technology to the poorest countries. He argues for keeping more genetic information in the public domain by public disclosure of results, defensive patenting by public-sector agencies, and the creation of partnerships between the public and private sectors. He concludes that unless these steps are taken, food security in the poorest countries will be seriously worsened.

Professor Falcon has also been working on the eastern edge of the Pacific Rim. Research with Naylor and Arturo Puentes-Gonzalez of Mexico has quantified the impacts of the 1992-94 agricultural reforms in Mexico's Yaqui Valley—home of the Green Revolution for wheat. Although conventional wisdom holds that the major changes in Mexican agri-

culture were due mainly to NAFTA, the authors show the dominant importance of changed macroeconomic policy and of institutional changes in determining changes in land use, rural income generation, and environmental consequences in the Yaqui Valley.

THE SILICON VALLEY NETWORKS PROJECT

Launched in 1998, the Silicon Valley Networks Project has a two fold mission: to increase understanding of Silicon Valley as the world's leading center of innovation and entrepreneurship and to conduct comparative analysis of various models, conditions, and results for other global regions of innovation and entrepreneurship, especially in Asia.



Marguerite Gong Hancock, manager of the Silicon Valley Networks Project

Under the direction of Professors Henry S. Rowen and William F. Miller, with Marguerite Gong Hancock, the project draws on Stanford faculty across the University, and from leading practitioners in Silicon Valley and beyond. During the past year, with generous support from the Chong-Moon Lee Foundation, the project team focused on a set of integrally connected activities: seminars, a major conference, collaborative research, and writing, including a new discussion paper series that has produced two papers to date. The project's first phase, which focused primarily on Silicon Valley, culminated in a book, *The Silicon Valley Edge: A Habitat for Innovation and Entrepreneurship* (Stanford University Press, November 2000). Edited by Lee, Miller, Hancock, and Rowen, the book comprises nineteen chapters contributed by prominent business leaders and academics from the heart of the Valley.

Chapters offer insiders' views of the region today, analysis of critical elements of its evolution, and portrayals of the distinct roles of various specialists, including venture capitalists, lawyers, accountants, and consultants. The project's second phase, which will continue into the 2000-01 academic year, is more comparative and international, focusing on regions of innovation and entrepreneurship in Asia.

As part of a biweekly series featuring a mix of academics, government representatives, and business leaders, the project hosted fourteen seminars that focused on aspects of entrepreneurial regions in Asia and Europe. Presenters from eight countries discussed cases and models in Europe, France, Israel, Japan, South Korea, India, and Taiwan. Across the discussion of widely varying country experiences, several themes recurred, including the impact of rapidly changing government policies, the complex conditions required for entrepreneurship, and the increasingly global flows of people, ideas, technologies, and capital among rising regions.

What accounts for Silicon Valley's leadership in innovation and entrepreneurship? The Valley's edge is not its scientific advances or technological breakthroughs. What sets it apart is the ability to form, grow, and sustain companies that develop, market, and exploit leading technologies. The result: new companies focused on new technologies, leading to new wealth creation. For every significant advancement in information technology, a company born and grown in Silicon Valley is a leader: integrated circuits (National Semiconductor, Intel, Advanced Micro Devices), personal computers (Apple), workstations (Hewlett-Packard, Sun Microsystems), 3D graphics (Silicon Graphics), database software (Oracle), and network computing (3Com, Cisco Systems). In the recent Internet boom, the Valley's preeminence has only been extended through companies such as Netscape, Yahoo!, Excite@Home, and eBay. Despite rising costs in land and labor, increasing global competition, and periodic downturns in the business environment, Silicon Valley has sustained its leadership in wave after wave of information technologies by consistently fostering entrepreneurship—its key strength. Arising from factors that go beyond any individual or single company, the Silicon Valley edge stems from its overall environment, or "habitat."

The elements of Silicon Valley's habitat have co-evolved with the region's industries, facilitating a cycle of endogenous growth. Feedback processes are strongly at work. The success of Valley firms strengthens the habitat, and the stronger it becomes, the more new, successful firms are created. The result is a whole that is more than the sum of its parts, yielding at least three mutually reinforcing advantages: speed, flexibility, and advancement of knowledge. Widely acclaimed for its technological and entrepreneurial achievements, the Valley today deserves recognition, and perhaps emulation, for the model it provides of a habitat for sustaining innovation and entrepreneurship.

Over the coming academic year, the project will broaden its scope of analysis to include complex networks of key

Professor William F. Miller (left) and A/PARC director Henry S. Rowen



actors, both within Silicon Valley and between it and entrepreneurial regions across Asia. In collaboration with teams in other countries, the project will conduct research and publish articles and books on two main topics: specific regions (such as Bangalore, India; Hsinchu, Taiwan; and Zhongguancun, China) and comparative studies that cut across regions and countries in such critical areas as regulatory regimes, incubators, and venture capital. The project looks forward to further expansion as part of plans announced by IIS to establish a new research center dedicated to the study of the intersections of technology innovation and new-firm entrepreneurship around the world.

THE SOUTH ASIA RESEARCH PROJECT

In 1999–2000, A/PARC's South Asia Research Project undertook a multidisciplinary program of policy research in the technology, financial, and energy sectors. Senior Research Scholar Rafiq Dossani heads up the project; Henry S. Rowen is its principal investigator.

PROJECT ON TELECOMMUNICATIONS REFORM IN INDIA

India has a low teledensity of three telephones per one hundred people, and one million Internet users. State monopolies and poorly conceived liberalization policies have slowed progress toward improving these numbers. For example, the issuance of cellular licenses to private-sector firms was bid-based but did not consider the bidders' capital adequacy, which led to defaults. Past failures led the government to be cautious on future liberalizations, and to prefer instead to improve the function of state-owned enterprises. However, the government's shortage of capital, together with the inexorable progress of technology, have again encouraged it to explore options.

Of the key issues to be decided by policymakers, three stand out. First, how to progress on rural telecommunication services? Second, how to choose appropriate technologies, and third, how to determine what the industry's institutional structure ought to be? International experience has so far been a confusing guide. China, for example, has made great strides in the telecommunications field, simultaneously developing strong manufacturing capability through joint ventures while retaining ownership of services in the public sector. Mexico has made significant progress in rural telephony with the help of private enter-

Dr. Rafiq Dossani



prise and advanced wireless technology. Philosophically, Indian policymakers favor private capital and enterprise, and the elimination of cross-subsidies. Accordingly, they are looking for strategies—such as unbundling of services and increasing competition—that will enable higher and more equitable teledensity. For example, cable TV has already been allowed to provide voice services in India.

PROJECT ON POWER REFORM

The Andhra Pradesh Power Reform Project, a collaboration between A/PARC and the Energy Modeling Forum at Stanford, is a three-year undertaking begun in 1999–2000, funded by Stanford's Bechtel Initiative. In 1998, the Indian state of Andhra Pradesh (AP) began a reform program that involves unbundling its monopoly supplier, the AP State Electricity Board, into three components: a generating company (APGenco), a transmission and distribution company (APTransco), and a regulatory authority (APSERC). New private generation has been permitted and APTransco's distribution activities will also be privatized. The Power Reform Project's objectives are to survey users of subsidized power (about 75 percent of the total) to determine their ability and willingness to pay higher prices for power and to recommend different institutional mechanisms, such as cooperatives, that will help users move from subsidized, unreliable power to reliable power supply at market rates. A survey of 450 users in primarily rural areas of AP was completed in June 2000, and the results are under evaluation. A paper on desired institutional structures for power in AP has been prepared, based on Indian and international experience. The paper's findings indicate that getting distribution right is the key issue. This is so primarily because the investment required in distribution exceeds that required in generation. Unless distribution is reliable and efficiently managed, users' ability to pay for power cannot be translated into a willingness to pay. Theft will increase, and generators will refuse to invest in new capacity. But simple privatization of distribution is not necessarily the answer. Distribution is a natural monopoly. To prevent misuse, and prior to privatization or "cooperativization," it is important to create distribution zones that are as small as economically possible. Small zones will allow for better regulatory oversight through benchmarking of costs, for possible "virtual" or "yardstick" competition, and also for wider stakeholder involvement.

SILICON VALLEY NETWORKS PROJECT

Beginning in 2000–01, A/PARC's Silicon Valley Networks Project will be extended to India. India's high-growth software-export business originates primarily from firms located in Bangalore, although other cities also have active software businesses. The proposed new project would seek to discover the enabling environment for the Bangalore cluster, and for clusters in other Indian cities, over the past two decades. Features of the enabling environment that will merit exploration include education, legal structure, microstructure of firms, macrostructure of industry, venture capital, leadership by individuals, the role of government, and international networks. Each of these elements is distinctly different from its

counterpart in Silicon Valley. This new study will not only expose new dimensions of the existing reasons for technology clusters' success, but also generate recommendations for sustaining Bangalore's growth. Collaborators in this project include the Indian Institute of Information Technology and the Software Technology Parks of India.

THE URBAN DYNAMICS OF EAST ASIA PROJECT

For the past two years, A/PARC researchers have been examining the dynamics of social and economic change in East Asia through the prism of the region's great metropolitan centers. The project is headed by Professor Thomas Rohlen, Consulting Professor Douglas Webster, and Director of Research James Raphael. This past year, Professors Rick Doner of Emory University and Mike Douglass of the University of Hawaii were also in residence at A/PARC as project participants.

There are compelling reasons for scholars of contemporary Asia to be drawn to the urban sector. From the northern plains of China to the coastline of Myanmar, a rural-to-city transformation of historic dimension and velocity is under way. Over the next twenty-five years, the region will have to accommodate an additional 500 million urban dwellers. China alone is expected to account for 330 million of the urban increase, and this number may turn out to be an underestimation. By 2025, East Asia will have at least 1.3 billion people living in urban circumstances—more than any other region of the world. How urbanization of this scale is managed and what kinds of cities ultimately take shape out of present trends will be critical to the region's future economic development, social environment, and quality of life.

As the project's work progresses, certain dimensions of Asia's urban dynamics have proved especially worthy of detailed exploration.

The first is the growing role and importance of cities, especially the successfully managed ones, in the economic and social affairs of East Asian countries. Nearly all nations in the region are shifting fundamentally, from the top-down, developmental-state models of the past to arrangements that are less centralized, more market-oriented, and increasingly adaptive to the forces of globalization. The transformation, to be sure, is still in process, and visions of the new political economy are as yet uncertain. But it is clear that local economies, and especially those of the larger and more prosperous urban centers, are coming into their own as key actors in the changing environment. City governments throughout East Asia recognize the need to devise development and competition strategies independent of national governments. Moreover, the increasing devolution of responsibility from the central state to local governments to deliver social services adds urgency to successful implementation of city-based growth strategies.

Monitoring and analyzing these trends is an important component of the project. Professor Rohlen has been examining the shifting balance between the large, economically

Professor Thomas P. Rohlen



James Raphael, A/PARC director of research

successful cities and the state, as well as the political implications of these shifts. Professor Webster is doing work that helps cities in East Asia to develop better tools for benchmarking their competitive strengths and for strategizing about future growth opportunities.

Second, project researchers have been drawn to the dynamics propelling the physical expansion of East Asia's large cities. In particular, rapid development of small, rural towns and secondary cities on the peri-urban fringe of major metropolitan centers is a powerful driver of urbanization in East Asia today. Over the next twenty-five years, for example, at least 200 million of the new urban dwellers in East Asia will likely emerge out of peri-urban development. Much of the peri-urban growth that will produce these numbers is unplanned and piecemeal, resulting in a patchwork of urban and rural land use and, ultimately, further urban sprawl. Peri-urban areas often experience rapid population growth as rural migrants come looking for factory jobs, but the impacted communities typically are ill-equipped to provide the social services and infrastructure required.

The peri-urban phenomenon is of particular economic significance, because it is mainly driven, in many places, by foreign direct investment (FDI) in "greenfield" manufacturing facilities and industrial estates. Indeed, much of the FDI flowing into East Asia today is destined for peri-urban areas. Thus, the build-up of these areas is often quite literally the ground-zero interface between the forces of globalization and host-country localism. Getting the local development process right at an early stage may be crucial to retaining and expanding FDI inflows in the future.

Current trends with respect to peri-urbanization raise many important questions about the future. What kinds of cities will emerge? Will today's peri-urban settlements become viable places to live and work, or will they be so polluted, inefficient, and inconvenient that they will become the future slums of the region? Will peri-urbanization intensify the already near-unmanageable sprawl of major East Asian cities? What forms of institution-building and what combinations of policy intervention and market incentives will most effectively rationalize the city-building process on the peri-urban fringe? To help answer some of these questions, the project's core research group, led by Professor Webster, is preparing for a major field study of peri-urban growth in China, Thailand, and the Philippines. The World Bank has provided seed funding to organize the effort.

Finally, project members have paid particular attention to the challenges facing Hong Kong as it informally integrates with Guangzhou to produce a common metropolitan system, even as it formally operates under the "one country, two systems" formula. Further integration of this vibrant metropolitan region is inevitable. It provides the Hong Kong business community with an opportunity to control costs, greatly expand its influence, and further solidify the city's future role in East Asia. But further interdependence with the Pearl River Delta also poses potential threats to a wide range of institutional arrangements that make Hong Kong what it is. As Professor Rohlen's recent paper in the project series points out, the road ahead will be hazardous and rich in political complexity; nothing less than the future meaning of "one country, two systems" is at stake.

COUNTRY-SPECIFIC PROJECTS

ARCO CHINA HISTORY PROJECT

For the past two years, Professor Michel Oksenberg has been studying the history of ARCO's involvement in the development of China's petroleum industry. Sponsored by ARCO, and in collaboration with graduate student M. Taylor Fravel, from Stanford's department of political science, the project will produce a number of publications, including "The History of ARCO in China" (in manuscript) and "External Sources of Reform: Offshore Petroleum Cooperation and the Opening of China" (in manuscript). The project has involved extensive fieldwork in China over the past two summers, as well as documentary research.

The project's goal is to document and analyze the history of one of the largest U.S. investors in China. ARCO began to pursue an oil exploration venture in China in the summer of 1978, prior to the normalization of relations with the United States. ARCO then engaged in special bilateral negotiations with China, and in 1982 became the first foreign oil company to sign a risk-based exploration and production contract. Less than a year later, ARCO announced a world-class natural discovery, Yacheng 13, roughly seventy miles south of Hainan Island in the Yingge Sea. Efforts to sell the gas over the next ten years resulted in the construction of the world's second-longest underwater pipeline, in order to trans-

Professor Michel Oksenberg



port the gas to a power plant five hundred miles away in Hong Kong. Through this project, ARCO became one of the largest U.S. investors in China throughout the 1990s. Today, Yacheng 13 remains the largest offshore field under production in China.

ARCO's long history in China touches upon several compelling analytical questions. Perhaps most importantly, the project has documented one of the most successful instances of nongovernmental cooperation between the United States and China. Access to corporate archives, along with numerous interviews of the actual participants from both sides of the venture, has facilitated a detailed understanding of the sources of success.

ARCO's involvement in China provides a detailed case study that sheds light on two key issues. First, the study of



M. Taylor Fravel on a visit to a gas receiving station in Black Point, Hong Kong

ARCO enhances understanding of the origins of Sino-U.S. relations. While Nixon's historic visit in 1972 stressed the geopolitical value of relations with China, commercial ties made possible by normalization helped to diversify the basis for Sino-U.S. relations and facilitate China's integration into the international system. Offshore petroleum cooperation, led by ARCO and other American companies, became the focus of foreign investment in the early years of reform, accounting

for 30 percent of all utilized capital through the mid-1980s. As such, offshore cooperatives provided an alternative rationale for the relationship and buffered Sino-U.S. relations from geopolitical shifts.

Second, the ARCO case highlights the key role that external actors have played in the development of China's reform and opening policy. Most contemporary analysis of reform emphasizes the bold choices made by key Chinese leaders and the internal struggle between reformers and conservatives over policy alternatives. Crucially, the influence of external actors in this process has been largely overlooked. At the firm level, ARCO played a key role in the development of China's offshore cooperation framework, from the terms of the model contract to the operational structure of the joint ventures. In addition, the push to attract investment in petroleum facilitated reform, especially the establishment of China's joint-venture regime. For example, the promulgation of numerous commercial laws, such as the 1981 Foreign Enterprise Income Tax Law, stemmed directly from the requirements of offshore petroleum cooperation. Elsewhere, policymaking for specific aspects of the offshore cooperation framework facilitated internal consensus-building around reform. More broadly, the central government's selection of upstream petroleum—a capital-intensive industry with long time horizons—as the first sector to be systematically opened enhanced the reform program's overall credibility, which was reinforced by the subsequent investments of ARCO and other oil companies.

THE NEW POLITICAL ECONOMY OF JAPAN PROJECT

Japan's economy, the envy of the world from 1960 to 1990, has been mired in a decade-long recession, its worst in over a half-century. The government has lowered interest rates and primed the fiscal pump in an attempt to lift the economy out of the doldrums, but the slump continues, with no sustained recovery in sight. Consumer demand remains depressed, reflecting the public's lack of confidence in the prospects for long-run recovery. Growth rates for 2000 are projected to fall below 1 percent—for the fourth straight year.

What has happened to Japan's once high-flying economy? Explaining Japan's economic problems over the past fifteen years (1985–2000) is the objective of a two-year research project at A/PARC, now entering its second year. The United States–Japan Foundation funds the project. For the nine scholars involved, the project offers a prime opportunity to formulate, test, and refine competing theories of Japan's political economy, using selected aspects of the economic crisis as case studies. The project has enjoyed a highly productive year, and produced significant new findings during 1999 and 2000.

With the benefit of nearly a decade of hindsight, it can be said that the conventional theory of Japan's political economy—namely, the developmental state—is seriously flawed. Not only has the theory of the bureaucratic state failed to anticipate or predict the severity and length of Japan's eco-

nomical tailspin, it has also failed to provide a satisfactory explanation of Japan's industrial successes from 1960 to 1990. Too much credit has been given to the state bureaucracies and not enough to the dynamism of the private sector. Further, the theory of the bureaucratic state has glossed over the developmental state's role in fostering such noncompetitive, inefficient sectors as transportation, distribution, construction, agriculture, and the financial services.

If conventional theories lack explanatory power, is it possible to formulate more convincing explanations of what has gone awry in Japan since 1985? Several scholars on the project team argue that the Japanese government implemented a series of misguided policies that contributed directly to the speculative bubble and to Japan's ineffectual response to its bursting. Harukata Takenaka, associate professor of political science at Japan's National Graduate Institute for Policy Studies and a 1999–2000 A/PARC visiting scholar, points out that the Bank of Japan's (BOJ) loosening of monetary policy—through a series of interest-rate reductions following the 1985 Plaza Accord—fed the speculative frenzy that swept across the country. Why the Japanese government chose interest rate reductions to stimulate the economy rather than, say, tax cuts, greater fiscal spending, or cutbacks in regulatory controls is an important question. Takenaka argues that reductions offered the path of least resistance, involving the lowest political and bureaucratic risks.

Adam Posen, senior fellow at the Institute for International Economics, also concluded that Japan's 1990–2000 macroeconomic policies diverged sharply from the norms and patterns of other G7 economies. Posen believes that the BOJ focused its attention almost exclusively on fighting inflation. In seeking to achieve price stabilization, he concludes, the BOJ was willing to subordinate all other goals, like rapid recovery. Jennifer Amyx, postdoctoral fellow at the Australian National University, also notes that the Banking Bureau of the Ministry of Finance failed to provide full, accurate information on the severity of the banking crisis. This lack of transparency delayed the day of reckoning and raised the eventual costs of financial clean-up.

While recognizing that serious policy mistakes were made, others on the project team treat public policies as secondary variables. A/PARC senior research fellow Robert Madsen believes that Japan's economic crisis has not been unusual. The same economic dynamics at work in Japan have also materialized in other geographic regions that have weathered financial crises—the United States, Western



Professor Daniel I. Okimoto

Europe, Latin America, and East and Southeast Asia. The problem of asset inflation and deflation is common to all systems of market capitalism. What set Japan apart from other economies was the sheer size of its speculative bubble, as well as the extended period of time the country has taken to get back on the road to full recovery.

Looking at Japan's problems from the perspective of international finance, Ronald McKinnon believes that too much blame is placed on inadequate domestic policies. He argues that three factors underlay Japan's speculative bubble and pushed the country to the brink of financial collapse in 1998. These were the relentless, upward pressures the U.S. government exerted on the yen relative to the dollar; clear expectations about the yen's steady appreciation; and the volatility of the yen-dollar exchange rate. The causes of Japan's economic crisis, according to McKinnon, are external to Japan, not internally induced.

During 1999–2000, Political Economy Project participants conducted interviews, gathered and analyzed data, fine-tuned arguments, and completed manuscripts. The number of interviews conducted probably exceeds one hundred—an unusually large number for a research project of this size. Notably, these interviews were carried out not only with Japanese informants, but also with key Koreans, Germans, French, British, Australians, and Americans. This material, together with the project's research findings, will be gathered together in a book, edited by Professor Daniel I. Okimoto, the project's principal investigator. The volume will be published by Stanford University Press in 2000–01.

THE POLITICS OF THE CHINESE CULTURAL REVOLUTION

Professor Andrew Walder has been examining the large collections of new documentary materials from the 1960s that have become available in China in recent years. He has discovered that these new materials cast doubt on reigning sociological interpretations of Red Guard politics, particularly those that see political factions as expressions of social differences.

On closer examination, Red Guard motives were more political than social in their origins. They require an intimate understanding of the actions of party and government officials in a state structure, where the collapse of normal expectations places everyone under heightened threat. Professor Walder's project on the politics of the Chinese Cultural Revolution aims to develop analyses of collective action in which participants are not assumed to have fixed identities and interests; in which the need to avoid loss rather than gain advantage drives participants; and in which actions taken at one point in time foreclose opportunities and alter interests at the next point. These ideas may have broader applicability to fundamentalist movements in certain historical settings, and to the emergence of ethnic warfare in collapsing states.

SOCIAL STRATIFICATION IN CHINA DURING AN AGE OF TRANSITION

In collaboration with sociologists at the University of California, Los Angeles, and the People's University of China in Beijing, Professor Walder worked to design and field a nationally representative survey of 6,400 Chinese households. The survey, which took place in 1996, was the first of its kind in China. It collected detailed information on occupations, income, and housing conditions for families, in addition to complete career and educational histories for respondents and less detailed histories for spouses, parents, and grandparents. This information makes it possible to address two broad topics: the impact of the Chinese Revolution and the 1949–79 socialist system on patterns of status inheritance and individual opportunity, and the subsequent impact of post-1980 market reforms on the patterns established in the Mao era. Because the survey was designed in parallel with a survey of Russia and five other east European nations (completed in 1993), unprecedented comparisons with other nations are now possible. Professor Walder, his collaborators, and their students are now analyzing these data in a long-term effort to understand the social impact of the Chinese Revolution and subsequent market reforms in comparative and historical perspective.

The team's findings thus far include four notable points. First, while a higher education has always been a near-requirement for an elite professional position in post-1949 China, it did not improve the odds of becoming a leading decision maker in government or industry until after 1988. Second, while party membership has always been a virtual prerequisite for promotion into a decision-making position, it has never improved the odds of promotion into an elite professional position, not even in the Mao era. Third, rural political officials continue to enjoy large net income advantages over other rural households, well into the second decade of market reform. Their advantages do not come from their participation in family businesses—which they appear to avoid—but are due instead to the fact that salaries and bonuses for village officials have grown rapidly in a market-oriented rural economy. Fourth, the advantages of rural cadres are smaller in the more economically developed regions, but income advantages decline slowly with development. Only in the richest 5 percent of the countryside do these advantages become insignificant.

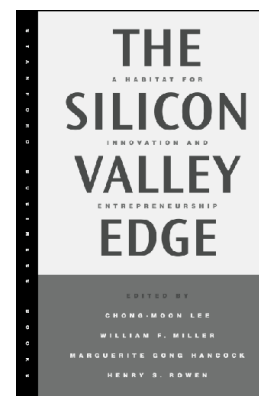
PUBLICATIONS



A/PARC research efforts produce occasional papers, working and discussion papers, special reports, and books. Many of these publications are available for download on A/PARC's website at <http://APARC.stanford.edu>. Publications currently in print may be ordered directly from A/PARC. Faculty and research associates publish widely outside of A/PARC, in both scholarly journals and books and in the mainstream American and Asian press.

SELECTED RECENT AND FORTHCOMING BOOKS BY A/PARC FACULTY AND RESEARCH ASSOCIATES

Chong-Moon Lee, William F. Miller, Marguerite Gong Hancock, and Henry S. Rowen, eds. *The Silicon Valley Edge: A Habitat for Innovation and Entrepreneurship* (Stanford University Press, 2000)



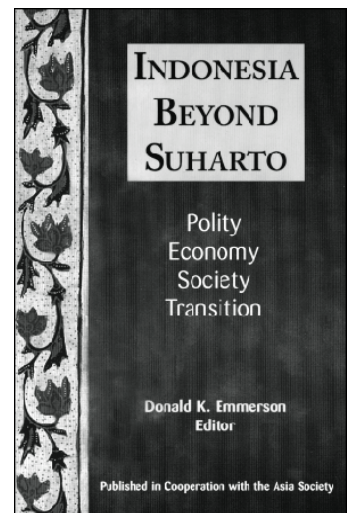
To emulate, one must first understand. This book is an essential guide for communities and individuals worldwide trying to understand and emulate this startling phenomenon known as "Silicon Valley." It shows that by harnessing the power of abundant ideas, "Silicon Valley" has become not just a place but a culture and state of mind.

—Vinod Khosla, General Partner
Kleiner Perkins Caufield & Byers

Don Emmerson brings the story up to date with two comprehensive accounts of the fall of Suharto and the 1999 general election, and the painful East Timor episode. These two chapters exhibit a skillful mix of narrative and analysis, and are much the best scholarly accounts thus far written on these events.

—Asia-Pacific Economic
Literature

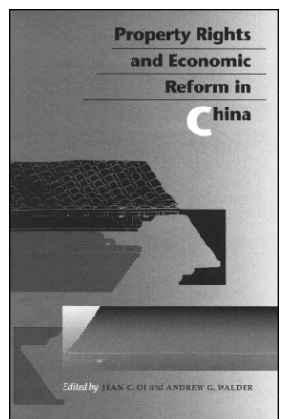
Donald K. Emmerson, ed. *Indonesia beyond Suharto: Polity, Economy, Society, Transition* (M.E. Sharpe, 1999)

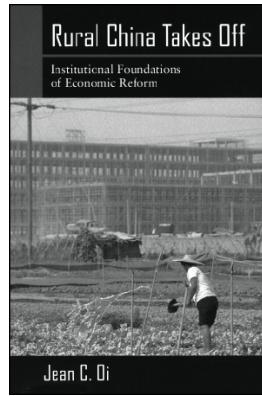


Ken-ichi Imai, et. al. *The New Forms of Japanese Economy and Society*. Published in Japanese. (Tokyo: Jitsugyō no Nihon, 1999)

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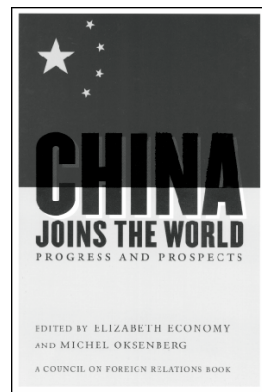


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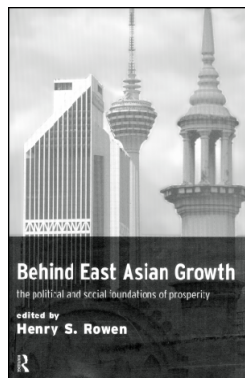
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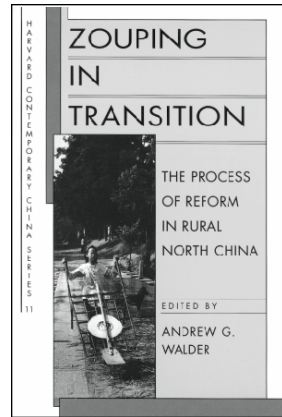
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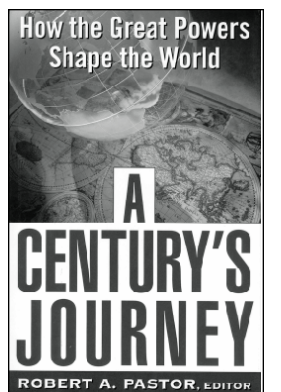
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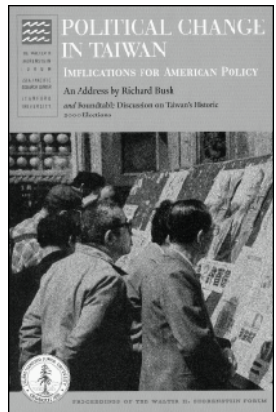
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SPECIAL ESSAY SECTION

ENVISIONING ASIA

Recent American policy debates have revealed a set of fundamental divisions within this country about the nature of contemporary Asia and the meaning of the extraordinary changes occurring there. We at A/PARC have become acutely aware of how at odds some of the current ways of “envisioning” Asia have become. In the following personal essays, A/PARC faculty outline two prominent American perspectives on the region—the views from California and from Washington, D.C.—and present the key questions that Japan, North and South Korea, and China face as the new U.S. administration prepares to take power in January 2001.

THE “CALIFORNIA” AND “WASHINGTON” PERSPECTIVES

By Thomas P. Rohlen

This election year has found the presidential candidates nearly silent on foreign policy, and notably on Asia. China,

recently the target of so much commercial wishful thinking and fringe-group demonizing, has not become a hot potato. The China trade bill passed the Senate with much bipartisan fanfare, less than two months before Election Day. The continuing climb of our trade deficit, another “Asian” issue, fails to garner attention. The economic troubles of Japan—the world’s second largest economy and our key Asian ally—provoke no hand wringing. And the dramatic rapprochement recently begun on the Korean peninsula seems of little public interest, despite the questions it raises for the U.S. security posture in the region.

How do we understand this surprising quietude? Does it forecast what we can expect from American policy in the future? Do we credit it to a new bipartisanship on Asia? Not likely, given what we know of recent battles. Is it that our current prosperity serves as a narcotic to public interest in international matters, especially those concerning Asia? Not an impossible thesis, but one that fails to capture the fact that Americans are more engaged with Asia today than ever before—as workers, consumers, and participants in increasingly global flows of information and popular culture.

None of the above adequately captures the situation. The election is telling us that Americans are less worried about Asia’s impact on the United States than one would believe from listening to the Washington debate. In the absence of the hot wars, cold wars, and pronounced trade wars of the recent past, the general public has arrived at a kind of benign, if vague, optimism toward the region. Gone are the adrenaline-pumping circumstances that made headlines and set political mills turning. But this public perception hardly translates into a “policy.” After the election, “policy” reverts to Washington,

D.C., a more complex environment, where memories of our past problems with Asia remain vivid. Inhabited by interest groups with axes to grind, Washington is home to our military and diplomatic establishments, and further enlivened by media storytelling that needs good guys and bad guys.

Above all, America’s presidential election reveals that we as a nation have two very real but also very different engagements with Asia. The election provides a window into one, whereas Washington’s policymaking machinery exemplifies another. I offer two exaggerated constructions, which—in order to highlight the underlying differences—I place at opposite ends of the country and label as “California” and “Washington” perspectives. These tags are more figurative than literal, intended to underscore the separation between two ways of envisioning Asia.

THE VIEW FROM CALIFORNIA

One way of “seeing” Asia might be labeled “the view from California.” This view is not a summary of opinion polls or a set of research-based conclusions. Rather, it is a composite story that captures a set of truths about Asia as viewed from the West Coast, especially Silicon Valley.

In California, Asia is relatively close and no longer very exotic. We who live here acknowledge California as clearly related to Asia, just as we perceive Asia to be related to California in economic and cultural terms. The state’s population is almost 10 percent ethnic Asian. In the worlds of high tech and higher education, an even larger percentage of the leadership and skills belongs to Asian-Americans. At least 100,000 Indians are estimated to have moved from India to work and live in Silicon Valley. We in California see our lives as comfortably part of an Asian sphere. We travel to Asia frequently. Not only is the region overwhelmingly the focus of our state’s trade efforts, it is also home to many of our relatives, friends, partners, and clients.

We in California see Asia as a networked world. The overseas Chinese epitomize the pattern with their myriad

business ties and groupings, connecting locations throughout the region. The Japanese multinationals have their networks too, as do the Koreans, Indians, and North Americans. These networks cross national borders, and facilitate ever-growing flows of money, technology, and business expertise throughout Asia. Despite the political tensions between China and Taiwan, the island’s entrepreneurs continue to locate factories by the hundreds on the Chinese mainland. Similarly, Singapore may have recurring political problems with Malaysia, but this has not kept the country’s business people from investing massively in its neighbor. Below the problematic surface of international politics, a powerful set of economic forces—operating along the pathways of these networks—is reshaping Asia into an increasingly interdependent region. Economic opportunities are gradually pushing older political antagonisms aside and reducing the chances of armed conflict.

These networks, furthermore, are cosmopolitan and relational. Good personal relations mean a lot in Asian business. Our California perspective causes us to accept that relationships around Asia, among people from different cultures, call for compromise and flexibility. With economic mutuality at the core, we see that relationships at the government-to-government level require understanding and careful nuance. We are uncomfortable with the Washington tendency to assume hard-edged, high-handed ideological and moral positions toward many countries of the region. Conceiving of Asia as antagonistic to our ideals or ways of doing business seems inaccurate and counterproductive. We in California would like our government to display greater networking skills and better awareness of the growing similarities among all Asian nations.

The California vision assumes Asia to be modern and vital, a region of dynamic cities in which entrepreneurial talent responds to the opportunities arising from a peaceful, globalizing world. The Asia we see is a young person’s world, where new technologies, skills, and lifestyles are creating a regionwide convergence of values and tastes. A new urban generation that looks and feels alike—whether we are in Manila, Hong Kong, or Calcutta—is asserting itself. The sim-

ilarities extend to education, travel, entertainment, fashion, work, and consumer taste. We work for Asian employers; they work for American employers. We wear clothes made by Asian factory workers who go to Hollywood movies. These impressions confirm for us a deeper reality—the existence of an Asian community full of potential for mutual enrichment. Most concretely, such an Asia is evidenced in the expanding business frameworks that animate the region’s economies. There are many production-sharing arrangements linked by air and sea cargo systems, and ever-improving communications that connect product designers, retail outlets, factory jobs, and international investors in complex, rapidly evolving patterns. Our firms are generally at the top of the value-added hierarchies involved, and we need the other areas of Asia for their different cost structures. Further, while our investors and leading companies profit from these deepening ties, our consumers benefit from the greater efficiencies produced. Multiple-country partnerships make sense because so many gain from them. Labeling this system as “exploitative” or “selling out” to Asia seems odd. Rather, it is hard to understand how we could have it any better.

On the subject of Asian governments, which have finally opened up to the world system, the California view holds that they should now get out of the way of this expanding prosperity machine. Sadly, governments are slower to respond to global opportunities than the young, intellectual, and entrepreneurial part of the population. Particularly evident are older practices, established after World War II, when governments were preoccupied with an agenda of nation-state-building and Cold War alliances and antagonisms. This era has passed, but many governments still are caught in its paradigms. Frequently, Washington is among them. Dinosaur states like North Korea or Myanmar illustrate how far other governments have come in the last twenty years. Japan and South Korea’s current efforts at massive liberal reform of government regulation underscore the related point that government-led industrialism is equally outdated.

The day of central government dominance is over in Asia, and even nationalism itself seems increasingly hollow. As a rule, the military is losing its centrality as traditional security issues give way to new kinds of problems. Drugs, contagious diseases, illegal migration, terrorism, money laundering, transnational pollution, and energy supplies—rather than conventional border defense—typify the current era’s challenges. It is no surprise that the most prosperous places, such as Hong Kong, Japan, and Singapore, have little to do with the military.

That we will be criticized for sustaining a rosy, progressive vision of Asia’s future is nothing new to Californians. We are comfortable with Asia as a major part of our own future. Are we frightened by the prospect that China or some combination of Asian countries might one day dominate us militarily or economically? No. We think they need us—our technology, investments, markets, and way of life—more than we need them. Like us, they want to be part of a prosperous and peaceful world system. Do we see massive job losses to Asian workers in our future? No. The jobs we cede to Asian factory

workers are low on the food chain and we believe we are the greater beneficiaries of such two-way traffic. As long as we innovate and successfully invest within Asia, our economy, and thus our employment, will be fine. Are we keenly worried about human rights and the prospects for democracy there? Yes, but as a rule we prefer an incremental path to domestic political change in places like China or Indonesia. Recent Asian history confirms the soundness of this reasoning. We want principled policies, but given that business interchange drives the social change crucial to reform, we see linkages between human-rights issues and restrictions on open trade to be inherently illogical.

In sum, the “view from California” embraces a prosperous future shaped by deepening economic and cultural ties across the Pacific. It sees government and nationalism shrinking, and envisions increasing vitality for private enterprise and networked urban regions. In the California vision of the future, borders will mean less, and cooperation in managing common regional problems will mean more.

THE VIEW FROM WASHINGTON

Asia is a place where the United States faces many serious challenges. Great opportunities also exist, to be sure, but the U.S.’s first responsibility is to protect its national interests. In this regard, Asia represents many sobering threats—a re-arming China, the spread of nuclear weapons, the outright stealing of intellectual-property rights, recurrent harmful dumping of cheap products, human-rights abuses, and large-scale environmental degradation. Asia is where we have fought our two most costly wars of the last half-century, and where nuclear-bomb development and testing continue. It is home to the remaining bastions of communism, including China, the rising giant, and North Korea, until recently defined as a “rogue state.” And Asia remains, in Washington’s eyes, the greatest threat to American jobs and even whole industries.

In the nation’s capital, we recognize Asia’s rising importance, but the region is less central to our foreign policy initiatives than is Europe—only one Asian nation, for example, is part of the G7. We in Washington rely on our European allies much more heavily in managing the world system of finance, trade, regulation, and military cooperation. We regularly make common cause with Europe’s leadership in setting the global agenda. Yet our ties to Europe arise from more than just shared civilization. Long-standing institutional frameworks and deep personal ties give our Atlantic relationships greater effectiveness. As a rule, we in Washington have not yet developed the same kinds of relationships in Asia. First, Asian leaders are not united in a strong set of regional institutions. Second, in policy terms, the region itself is large and diverse, and therefore unwieldy. Of necessity, we focus on bilateral relations and find ourselves taking more reactive than proactive stances. Finally, our bilateral relations in Asia are difficult for reasons that include undeniable cultural differences at the working level.

Here too, we must be realistic. Our alliances with Japan and South Korea are currently firm, but not based on a shared civilization or common history. Without their need for Washington’s security guarantees, it is unclear just how strong the foundations of these alliances would be. A peaceful Korean peninsula, for example, could test the depth of our alliance with South Korea. Our ambivalent position between China and Taiwan is a matter of continuous concern and policy discomfort, and great domestic effort goes into maintaining our carefully developed position. We have also had a difficult time fostering democracy and the rule of law in many parts of the region. The trends are encouraging, but Southeast Asia’s many fledgling efforts could easily become setbacks. To equate Asia with Europe, even eastern Europe, can be misleading, given the regions’ different historical and cultural conditions.

For good reason, Washington’s security interests in Asia have been paramount for the last half-century. Even as expanding economic relations change the face of Asia and shift our Asian relationships toward ever-greater interdependence, the military threats to our interests have not significantly diminished. In the case of China, they have clearly increased. Both in terms of its rate of military build-up and potential for future regional military domination, China is as serious a threat to our interests as exists in the world. We cannot forget that as China’s economic strength increases, its military investments and capabilities also increase. The good news of economic growth has a darker side.

Government-to-government relations are central to our foreign policy and it is to these official relationships that we in Washington must address our attention. The many problems in this realm are largely invisible to the public, and can only be solved through governmental channels. People outside Washington, or outside government, are unaware of the energy and skill required to maintain balance between ourselves and Asia’s many governments. In theory, one can easily favor free trade, better relations, or freer flow of peoples, but in practice these notions are never simple. Change comes slowly in intergovernmental matters, unlike in the private sector. In the former, different national interests define agendas; in the latter, common opportunities are central. In such circumstances, there are naturally many tensions and strong need for diplomatic caution. The hard work of improving relations between the United States and Asia typically goes unsung.

Congress has a reality of its own. Admittedly, major strategic choices or even bipartisan approaches to lesser matters involving Asia generally face severe uphill struggles. The reasons are clear. The voice of the American people is hardly a united one when it comes to Asia. The issues are complex and a clear consensus from so many constituencies is unlikely. When we in Washington study opinion polls, we often find that “American opinion” on Asia can change overnight. Taiwan is fine one minute and threatened the next. Japan is a critical ally one week and unreliable the next. It is difficult to read what the general public thinks about Asia. This uncertainty and capacity for large swings (far more pronounced than in the case of Western Europe) leaves considerable room for interest-group manipulation on both the right and the left.

Single-issue groups, corporate lobbyists, and their coalitions have perfected the art of shaping the agenda and setting the terms of debate. They project domestic power struggles onto an Asian screen by adopting the rhetoric of local politics to the international arena. This tendency is not unique to Asia, but the Asian version is distinguished by a particular collection of interest groups that target the region. Asia has garnered massive business interest and an equally intense effort from organized labor, environmental groups, and human-rights groups. Significantly, the voice of Asian-Americans carries little weight in Washington; sympathetic advocacy for Asia is largely a business-community effort. Further, because Asia produces so much dramatic change, it regularly attracts exaggerated hopes and fears, which can lead, in turn, to distortion. Yet the necessary counterbalance—an acquired common-sense understanding of social and political realities—is absent or rare in Congress. We do not elect representatives because they know Asia, and simple probabilities argue that few will have experience there.

Congressional offices, not surprisingly, must continually react to media stories and special-interest-group claims. These reactions are often premature and exaggerated from an Asian perspective, but Washington politicians have learned that condemnation and disassociation are the best way to avoid negative reporting from the region. Asia is fair game in

this regard, compared, say, to Africa. A prosperous, dynamic Asia does not pull on the heartstrings. Ironically, when events in the region were truly horrendous, under Pol Pot and during the Chinese Cultural Revolution, for example, Congress said less than it does now about the arrest of a Chinese dissident or the pirating of videodiscs. Today, single-interest groups patrol the Asian scene and the media cover a more accessible Asia. These two forces have a greater impact on Congress than on the rest of the country. Congress' concerns may not reflect those of the average American, but they do spotlight the way power currently operates inside the Beltway.

To conclude, the Washington perspective views Asia through a particular set of well-known lenses. Conscious of history and focused on bilateral government-to-government problems, the executive arm gives great weight to security and trade issues. Domestic politics and increasing numbers of single-interest groups have captured center stage in Congress, which deals with highly charged, ever-changing snapshots of Asia that offer no coherent or clear picture.

The view from California, by contrast, appears vague, almost innocent. While the American public's surge of non-governmental interactions with Asia—through business, education, tourism, and migration—is acknowledged, it has yet to be channeled powerfully in Washington's direction. California entered the Asian Century some time back. In Washington, the same rhetoric is heard, but the reality differs. After the November election, the ball will bounce from "California's" court back to its regular home in Washington.

These two "perspectives" highlight separate and potentially asynchronous views of Asia. Interestingly, neither the "California" nor the "Washington" perspective encompasses current tendencies in Asia that may have even greater importance than global trends and governmental agendas. Most Asians do not yet benefit from the world economy, and are often not closely identified with the nation state and its goals. How will their place in either framework evolve in the future? Will they be alienated by too-rapid change? Will they react against the prevailing materialism and invasion of foreign popular culture? How loud will the growing voices of localism, separatism, and protest become? America's diverse perspectives on Asia—lacking an acknowledged consensus, difficult to integrate, and frequently unpredictable—must open to an even wider range of Asian trends, if we are to avoid being surprised and thrown off balance in the future.

CAN THE LIBERAL DEMOCRATIC PARTY RESCUE JAPAN?

By Daniel I. Okimoto

From 1955 to 1993, the Liberal Democratic Party (LDP) controlled a majority of seats in both chambers of Japan's Parliament. From 1993 to 1994, it briefly relinquished control when a splinter group broke off to forge an alliance with the Socialist Party. In June 1994, the LDP quickly reclaimed the reins of government by entering into an improbable coalition with the same Socialist Party. Since then, the LDP has dumped the Socialists and aligned with the Komeito, another perennial opposition party, to continue its domination of the parliament.

During nearly four decades of legislative rule, the LDP has presided over the formative stages of Japan's postwar development: early reconstruction, metamorphosis into merchant state, historic alliance with the United States, industrial maturation, end of the Cold War, speculative bubble, post-bubble asset deflation, and now, the liquidity trap in which Japan is currently mired.

The LDP deserves credit for defining Japan's postwar goals—including peace, prosperity, capitalism, and democracy—and for steering the country toward achieving them. Whether a different party could have done the same is open to question, given the policy chasm dividing the opposition parties from the LDP.

If the LDP can claim credit for Japan's postwar successes, so too is it accountable for some of Japan's shortcomings. Especially problematic have been the chronic corruption and recurrent scandals, rampant pork-barrel politics, cronyism, pandering to domestic producer groups, subordination of consumer interests, protectionism, pockets of inefficiency, and resistance to reform. The inordinate amount of time the LDP-led coalition government has taken to rescue Japan from the ordeal of the 1990s can be attributed largely to the LDP's reluctance to take bold policy measures to get Japan's economy back on track. In the crunch, the LDP has shown that it prefers to hold on to power than to make hard decisions about how to enhance efficiency, competitiveness, and sustainable growth.

To many observers—even those who have praised its past record—the LDP has become a major obstacle to change and recovery. It has slowed down and reversed efforts at reform, because it realizes that liberalization, deregulation, and belt-tightening threaten to damage the narrow, short-run interests of such traditional support groups as construction, transportation, real estate, distribution, postal services, health care, and agriculture. Since real reform would cause economic dislocations in the short term, it might bring about the LDP's electoral downfall. Of course, the irony is that the LDP would be in danger of falling from power anyway, given its ineptitude in managing Japan's economic crisis.

Japanese voters have begun to realize that the same LDP that saw Japan's economic rise to superpower status is probably incapable of leading the country out of the wilderness. In the recent Lower House election held this past June, Japanese citizens handed the LDP-led coalition an unmistakable vote of no confidence. The LDP lost 38 seats in the Lower House. The Komeito, its main coalition partner, lost 11. The party's other coalition partners—the Conservative Party and the Reform Party—lost 11 and 5 seats, respectively. In all, the LDP-led coalition lost 65 seats—from 336 seats to 271—nearly 20 percent of its holdings.

By contrast, the opposition parties expanded their position. The Democratic Party brought its number of seats in the Lower House to 127, a net gain of 32 seats. The Liberal Party picked up 4 seats, and the Social Democrats gained 5. Thus, the main opposition parties expanded their seat total by 41, a net gain of 20 percent. Independents laid claim to the other 13 seats lost by the LDP coalition.

As 254 is the magical threshold of seats needed for majority control of the Lower House, the LDP-led coalition, with 271 total seats, has held its majority. But its comfortable cushion of 82 seats has shrunk to a threadbare margin of 17 seats. The June election thus revealed the fragility of the LDP's electoral base, particularly in the city and metropolitan districts, where the disaffected middle class supported Democratic Party candidates over those from the LDP-led coalition. Several of the LDP's best candidates—including some former cabinet ministers—were defeated by lesser-known upstarts from the Democratic Party. Former cabinet ministers almost never lose in Japanese elections, which suggests that changes are under way, particularly in the urban and metropolitan districts. It is no longer sufficient to be strong in rural areas, using the traditional instruments of pork-barrel politics.

Although the LDP-led coalition suffered major losses, it still controls both houses. Almost anywhere else (such as the United States), nine years of economic stagnation with uncertain prospects for recovery would be grounds to throw out the ruling party. The main reason this has not yet happened is that the opposition parties have failed to convince Japanese voters that they can step up and take the helm of government. None of the smaller opposition parties—certainly not the Socialists

or the Communists—commands voter confidence. Only the Democratic Party, with 127 seats, could dislodge the LDP. But to do so, the Democrats will have to demonstrate that they have a realistic plan to lift Japan out of its prolonged recession.

There is no obvious candidate for prime minister among the Democratic Party's ranks. To fill this hole, it seeks to persuade Kato Koichi to defect from the LDP. Should the Democratic Party rout the LDP in the July election, as some pundits predict, or even if it causes the LDP coalition to lose control of the Upper House, as many observers expect, the election could precipitate a major realignment of party politics. The liberal wing of the LDP, led by Kato, might bolt from the LDP, along with a group of younger conservatives, and join forces with the Democrats. Independents might also climb aboard the bandwagon. If the Democratic Party still lacks a majority, it could invite the Liberal Party, and perhaps the Socialists, to enter a coalition. And if the Democratic Party-led coalition can restore Japan's economy to 2–3 percent growth rates, or stay in power through at least two election cycles, the old days of LDP hegemony will be history. Japan will undergo a period of change until a new structure of party politics is established.

The transition, if it does take place, will see a new generation of Japanese leaders emerge. Unlike the old school of LDP faction bosses, these leaders are apt to have more charisma, more ability to appeal to the public through the mass media, and greater incentives to set forth clear policy positions. This new breed of politician is represented in Tokyo governor Ishihara Shintaro, who enjoys enormous popularity in big cities, where the bulk of the population resides. There are at least half a dozen governors who have the kind of popular appeal that might thrust them into the national limelight. The position of prefectural governor—never central in the past—may become a springboard to national office. Much of the momentum for political change may indeed be generated from below, from the prefectural and local governments.

While the exact timing and nature of political change may be unclear, Japan's economic malaise is transforming the postwar political system, albeit more slowly and less completely than in many sectors of Japan's postindustrial economy. The LDP, which ushered in Japan's golden era of high-speed industrial growth, is showing that it cannot adapt to the functional requirements of globalization, entrepreneurship, and technological innovation. Japanese consumer-voters have paid a high cost for the LDP's stubborn adherence to the old political formula of interest-group politics, subsidies, protection, and pork barreling. Many now realize that the costs will be even steeper when the enormous deficits and glaring inefficiencies come home to roost, undermining the quality of their lives and that of their children.

IS PEACE COMING TO THE KOREAN PENINSULA?

By Henry S. Rowen

The June 2000 summit meeting between Kim Dae Jung of South Korea and Kim Jong Il of North Korea has been widely heralded as creating a fundamentally new relationship between two enemies. It is indeed a historic event, and one accompanied by other actions in the North to break out of its long self-imposed isolation.

Soon after taking office in 1998, President Kim Dae Jung announced an open, “sunshine” policy toward the North. This has led to some strictly controlled tourist visits there, but so far little else. Now, the main question is whether this summit meeting implies a major shift in the North’s strategy. If so, where will it lead?

After the Soviet Union’s collapse in 1991, many observers assumed that North Korea would soon follow. Its economy had long since been surpassed by that of the South, which was itself becoming a stable democracy. The North’s economy then worsened. Russia’s ending of economic and military aid was a severe blow, which was followed by several years of drought. By far the greatest sources of damage, however, are the government’s policies of autarchy and state control. These have been largely responsible for food shortages resulting in the deaths of as many as 2 million people, out of a population of 22 million. That such benighted policies can persist demonstrates the regime’s extraordinary ideological rigidity, as well as its iron grip over the country.

North Korea’s rejection of economic reforms seems more remarkable when one considers that China, its powerful neighbor, long ago began the kinds of reforms that would go far toward solving the North’s economic problems. One surmises that they have been rejected because the Pyongyang regime fears that economic liberalization would lead to its downfall. (The examples of the sequel to Gorbachev’s reforms in the Soviet Union and the fate of the Ceauscescu in Romania no doubt reinforce its stand-fast policy.)

North Korea’s main asset is military power. It has a huge army positioned to invade the South with no notice. Its nuclear energy program apparently produced enough plutonium for several nuclear weapons. It has been exporting ballistic missiles to the Middle East, and has tested longer-range missiles that can reach all of South Korea and Japan and, with further improvements, parts of American territory.

The North has deployed these military assets to extract help in the form of food and energy from other countries, who also have a humanitarian motivation for supplying such aid. It has been amazing to observe a government, whose policies kill its people in large numbers, using military threats to elicit aid, the principal purpose of which is to keep it in power. North Korea has done exactly this for the better part of a decade.

South Korea, too, has had its share of problems, but they are far less serious. They do, however, put constraints on how far President Kim Dae Jung can push his sunshine policy. The finan-

cial crisis of 1997–98 hit the country hard, and although the recovery has been strong, the crisis revealed weaknesses in South Korea’s financial system and industry that are costly to fix. Another problem the government faces is the opposition party’s strong showing in the recent parliamentary election. As a result, the government is poorly positioned to supply large financial transfers to the North—evidently Kim Jong Il’s primary goal. (One should not assume much private-sector investment without guarantees by the South Korean government.) Put differently, large transfers to the North would require a broad political consensus in South Korea, which would probably require a fundamental change in Kim Jong Il’s strategy. Thus far, the evidence that such a change is in the works is slender.

If the North receives only modest subventions from the South and others, its problems—which are deep—will remain. A fundamental change is needed. Ending the twin evils of autarchy and state ownership would be one such desirable change but it will still likely be rejected, even if a few changes at the margin might occur.

One highly welcome development (although perhaps not everywhere) would be political reconciliation between the two sides. It would be going much too far to interpret the recent summit meeting as leading inexorably to that end. More modest, but a major advance nonetheless, would be for the North to reduce its military threat to the South in return for substantial economic aid. One might question why the North would give up its main asset. Presumably it would do so if it saw no other way to procure large-scale help—and perhaps in the belief that it could revive the military threat if necessary. One cannot say with any confidence that such a deal will emerge soon, if ever, but it seems inherent in the logic of the situation. Of course, that kind of reasoning has been a poor predictor of North Korean behavior. The world hopes to see the summit followed by substantial steps to reduce dangers on the Korean peninsula, and an end to the deaths by starvation of so many of North Korea’s people. The record suggests that optimism should be muted.

CHINA’S FOREIGN POLICY—SUCCESS?

By Michel Oksenberg and Susan Shirk (Deputy Assistant Secretary of State for China, U.S. State Department)

When President Jiang Zemin rose to power in 1989, Beijing had several foreign-policy objectives: to stabilize relations with the United States following the June 4 Tiananmen tragedy; to secure the peaceful return of Hong Kong; to promote Taiwan’s reunification with the mainland; to expand China’s involvement in the international economy; and to create a more tranquil regional environment through improved relations with Japan, Russia, the divided Korea, India, and Southeast Asian nations.

To a remarkable extent, progress has been made in most of these areas. But increasingly, many of Beijing’s objectives are encountering severe difficulties, and its strategies are producing responses that are negative from China’s own perspective.

In its key relationships, Beijing’s strident rhetoric has intimidated no one, while generating needless animosity. Taiwan feels increasingly alienated from the mainland, not closer to peaceful reunification. The Sino-American relationship appears fragile and involves a complex mixture of cooperation and contention. Growing numbers of influential Japanese view China as a potential threat to their security. China’s closest strategic partner today is an unreliable and weak Russia.

Above all, the entire region seems on the precipice of an arms race that will prove costly and unwinnable by any of the participants, including China. And China’s weapons acquisitions, deployments, and sales are a primary (though not the only) factor in stimulating the region’s interest in theater missile defense, and in the case of South Asia, nuclear proliferation.

China’s foreign policy needs considerable adjustments for it to sustain the progress of the past decade. Indeed, a greatly altered approach to global and regional security issues, which accommodated the interests of its neighbors, would not only advance China’s interests but also cease to drive Taiwan, Japan, the Koreas, and the Southeast Asian countries into the American military embrace. Innovative policies would place the United States on the defensive.

Imagine, for example, what would happen if President Jiang informed President Clinton that China does not care whether the United States intends to develop and deploy a nuclear missile defense system. Jiang could continue: “We believe the system will not work, so waste your money if you wish. In any case, we will not deploy additional intercontinental ballistic missiles or improve the systems that we do have. We have no interest in being lured into an unwinnable nuclear arms race with you, and in any case, we wish to avoid a nuclear exchange with the United States. We would rather concentrate on developing modern conventional weapons. We naturally would welcome cooperation with the United States in developing our own national missile defenses against ‘states of concern,’ including shared satellite early warning, as you do with the Russians.”

With respect to Taiwan, a mainland moratorium on the emplacement of additional missiles and missile launchers aimed at Taiwan would elicit positive and reciprocal responses from Taipei. Beijing could couple this announcement with an invitation to Taipei to begin serious discussions on arms control meas-

ures, so the two sides could avoid the dangerous build-ups that now loom ahead, and resume dialogue on other issues without preconditions. Beijing could also relax its opposition to Taiwan’s participation in international organizations, and even dangle possible support for Taiwan’s membership in the United Nations—as one part of a Chinese delegation. The newly created entity “China” would occupy the UN Security Council seat. Beijing has come close to this formula in its recent statements that “one China” does not necessarily mean the People’s Republic.

Similarly, Beijing’s posture toward Japan need not be shortsighted and counterproductive. Imagine Tokyo’s warm response if Beijing vigorously supported Japan’s membership in the UN Security Council, agreed to trilateral security talks with the United States, ceased hectoring Japan about its record and historiography about World War II, and endorsed the U.S.–Japan military alliance and forward deployment of U.S. forces—as long as both Japan and the United States agreed that they would not become militarily involved in defense of a Taiwan that declared independence.

Realistically, the likelihood of Jiang and his associates adopting such measures is minimal, even though there are some signs of fresh thinking at the margins in Beijing. But domestic political calculations, pressure from elements of the military, aspirations for national greatness along conventional lines, and fears that the United States and Taiwan would take advantage of a diplomatically agile nonmilitaristic China discourage Beijing from embarking on a path that would actually serve Chinese interests—and deprive America’s extremists on the left and right of the enemy they are intent on creating.

Without bold adjustments in its strategies, China seems headed for a dead end. The prospects for a peaceful resolution of the Taiwan issue are dimming. The risks of a coalition of forces forming against China are growing.

If President Jiang and his colleagues can envision a different path to national greatness and reorient China’s strategies, they will enhance China’s prospects for a tranquil and prosperous twenty-first century. The world’s leaders, for their part, can encourage this strategic shift by laying out for their Chinese counterparts both the perils of its current strategies and the specific gains China would secure from changing them.



CONFERENCES, SEMINARS, AND SPECIAL EVENTS

To promote the interaction of scholars, business people, and public-sector decision makers, A/PARC regularly sponsors academic conferences, seminars, briefings, and lectures. These outreach activities foster discussion of Asia's political, economic, business, and government concerns.

MAJOR A/PARC CONFERENCES, AT A GLANCE

AUGUST 28, 2000

Emerging Markets Forum Roundtable: "Ensuring Rural and Remote Telecommunications Access in India: Methods, Models, and Implications" (Stanford, California)

JUNE 1-2, 2000

CEO and Minister Forum: Innovation and Entrepreneurship in Asia (Stanford, California)

MAY 4-5, 2000

Health Care Conference 2000: Do Health Care Markets Require a New Model? (Stanford, California)

MARCH 2, 2000

Corporate Affiliates Annual Asia Briefing (Stanford, California)

JANUARY 20-22, 2000

Seventh Annual Asia Pacific Roundtable (Pebble Beach, California)

JANUARY 2000

India-Silicon Valley Partnership 2000: Building Transnational Linkages (Mumbai, New Delhi, Hyderabad, Trivandrum, Chennai, and Bangalore, India)

DECEMBER 3, 1999

The Shorenstein Forum: E-Commerce: California Businesses and Asia (Stanford, California)

OCTOBER 6-8, 1999

Nikkei Global Management Forum (Tokyo, Japan)

EMERGING MARKETS FORUM ROUNDTABLE

AUGUST 2000

The inaugural roundtable of the Emerging Markets Forum (EMF), which focused on rural and remote telecommunications access in India, was held on August 28, 2000 at Stanford's Bechtel Conference Center. A/PARC co-sponsored the event with AcrossWorld Communications, a leading provider of data communications networks and solutions to emerging markets and one of the Center's newest corporate affiliates.

During his recent visit to the United States, India's minister of telecommunications repeated-ly identified rural and remote telecommunications access as the single most important social issue among the broad changes now being made to India's telecommunications regulatory system and its delivery infrastructure. The socioeconomic implications of such policy efforts go deeper than simply providing useful technology, however, and the models for doing so go beyond open commercial delivery. The EMF Roundtable presented many perspectives on this theme and offered an opportunity for participants to engage with those actively involved in emerging markets.



Delegation to the EMF from India's Ministry for Telecommunications

Left to right: A/PARC deputy director Julian Chang, Rafiq Dossani of A/PARC, Byron Henderson of AcrossWorld Communications, and Ashok Desai of the Business Standard



EMERGING MARKETS FORUM ROUNDTABLE TOPICS AND SPEAKERS

Ensuring Rural and Remote Telecommunications Access

"Technology, Community, and History"

Byron Henderson, Director of Network Policy Alliances, AcrossWorld Communications, Inc.

"India's Universal Service Policy: A Realistic Appraisal"

Atanu Dey, University of California, Berkeley

Rural Telephony: Local Services Come First

Rafiq Dossani, Senior Research Scholar, A/PARC

Perspectives Panel: Industry, Government, and NGO Perspectives on Indian Telecommunication

Moderator: Kumaran Singaram, Cisco Systems, Singapore

Increasing Telecom Access in Rural India: Some Options

Subhash Bhatnagar, Professor of Information Technology, Indian Institute of Management, Ahmedabad

The Peril and the Promise: Broader Implications of the Indian Presence in Information Technologies
Ashok Desai, Consultant Editor, *Business Standard*; Senior Visiting Research Fellow, Stanford

Agenda-Setting Panel and Concluding Discussion: Industry, Government, and NGO Views and Recommendations for the EMF

Moderator: Michael Clark, Executive Director, U.S.-India Business Council

A/PARC director Henry Rowen (left) confers with Stanford president John Hennessy and Marguerite Gong Hancock.



CEO AND MINISTER FORUM: INNOVATION AND ENTREPRENEURSHIP IN ASIA



Steve Jurvetson (left) with Chong-Moon Lee

JUNE 2000

Supported by a generous grant from the Friends of Stanford Foundation (Taipei, Taiwan), and co-sponsored by the Silicon Valley Networks Project, this one-and-a-half day conference attracted over 175 participants from more than nine countries. The conference featured company founders and CEOs of

Professor AnnaLee Saxenian



Heather Killen

information technology firms, ranging from Kohei Nishiyama, founder of a new Japanese start-up to Narayana Murthy, CEO of India's \$20 billion Infosys Technologies. Senior government leaders also attended, and analyzed the wave of recent policy changes designed to support entrepreneurship. Katsuhiro Nakagawa, former vice minister of Japan's Ministry of International Trade and Industry (MITI), summarized with cautious optimism the impacts of Japan's wide-ranging portfolio of national reforms. Duan Yongji, speaking as CEO of Center-gate Technologies Co., discussed government measures to support the growing cluster of high tech companies in Beijing's Zhongguancun region. Dr. Othman, chairman and CEO of the corporation responsible for Malaysia's Multimedia Super Corridor, reported on strategy and results for the cities of Putrajaya and Cyberjaya.

Adding perspectives from Silicon Valley, Yahoo!'s Heather Killen spoke of concerns about the region's "regulatory inefficiencies. . .from import controls to antiquated rules for retail outlets, and the paucity of network infrastructure linking Asian countries to each other." Walden International's Lip-Bu Tan, whose company manages \$1 billion in venture funds in Asia, pointed to "the lack of experienced international managers, value-added investors, and still-undeveloped exit mechanisms."

Conference speakers discussed the region's investment opportunities. Tan highlighted telecommunications equipment, web hosting, B2B, and wireless communications equipment; InQ Lee pointed to the rapid growth of Korean venture funds and start-ups as evidence of Korea's growing ability to leverage the advantages of its installed base and new technologies in cellular and broadband. Benny Hu com-

pared venture capital funding in Taiwan, Japan, and South Korea, and noted the significant cross-country differences in capital markets, investor trading profiles, regulatory environments, and rates of new-firm formation.

What major trends will impact the region? Speakers pointed to the 1999 watershed when the majority of Internet users—for the first time—lived outside the United States, and to the 200-million-plus projected Asian Internet users by 2003. Business models will capitalize on the Web's interna-

tionalization. Another trend is the Internet industry's restructuring, and movement away from vertically integrated models toward what Steve Jurvetson defined as "horizontal integration layers that run across the entire Internet." Finally, entrepreneurship is on the rise. As Jurvetson succinctly observed: "If you want to foster the Internet, you've got to foster entrepreneurship and vice versa, because one is driven by the other."

CEO AND MINISTER FORUM CONFERENCE AGENDA

JUNE 1

Welcoming Remarks

Henry Rowen, Director, A/PARC

Rising Regions of Entrepreneurship: Pioneering Entrepreneurs

Chong-Moon Lee, Chairman and CEO, AmBex Venture Group, LLC, U.S.

Kohei Nishiyama, Founder and CEO, elephant design, Japan

Jhun Ha Jin, CEO, Haansoft, Inc., South Korea

Rising Regions of Entrepreneurship: Leading Policymakers

William F. Miller, Professor Emeritus, Graduate School of Business, Stanford

Tan Sri Dato' Dr. Othman Yeop Abdullah, CEO, Multimedia Development Corporation, Malaysia

Paul Hsu, Managing Partner, Lee and Li, Attorneys at Law, Taiwan

Impacts of the Internet Revolution

Steve Jurvetson, Managing Director, Draper Fisher Jurvetson, U.S.

Dinner Keynote

Narayana Murthy, Chairman and CEO, Infosys Technologies, India

JUNE 2

Opening Remarks: Stanford's Place in Silicon Valley

John Hennessy, President, Stanford University

Financing New Ventures

Lawrence J. Lau, Professor of Economics, Stanford

Lip-Bu Tan, Founder and Executive Chairman, Walden International Investment Group, U.S.

InQ Lee, CEO and President, TeraSource Venture Capital Co., Ltd., South Korea

Benny T. Hu, President, China Development Industrial Bank, Taiwan

Global Markets and Linkages

Lawrence J. Lau, Professor of Economics, Stanford

Duan Yong Ji, Chairman, Stone Group Corporation, PRC

Liu Chuan Zhi, Chairman and CEO, Legend Holdings Ltd., PRC

Role of Government: Regulatory Regimes

Henry Rowen, Director, APARC

Otto Lin, Vice President, R&D, The Hong Kong University of Science and Technology, Hong Kong

Katsuhiko Nakagawa, former Vice Minister, Ministry of International Trade and Industry (MITI), Japan

AnnaLee Saxenian, Professor, University of California, Berkeley

Entrepreneurship for the Internet and Beyond

Heather Killen, Vice President, International Operations, Yahoo!, U.S.

HEALTH CARE CONFERENCE 2000: DO HEALTH CARE MARKETS REQUIRE A NEW MODEL?

MAY 2000



Professor Alain Enthoven

On May 4-5, 2000, health care leaders, professionals, and academics convened at Stanford's Bechtel Conference Center for the Health Care Conference 2000. Sponsored by A/PARC's Comparative Health Care Policy Research Project, in cooperation with the Center for Health Policy (CHP), the conference examined health care policies and issues facing nations today. With the pressures of rising costs, aging populations in industrialized countries, and rapid technological advancements, the need for an accessible, affordable, and effective health care system is urgent and greater than ever.

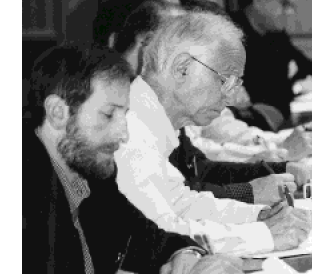
The Health Care Conference 2000 established a forum for candid discussion about the past, present, and future of health care. Over sixty participants attended. The panels consisted of speakers from governmental institutions, for-profit and nonprofit organizations, universities, and research institutes. On the first day, participants discussed the evolution of the U.S. health care market; on the second, they

focused on the effects of market forces overseas, specifically in England, Japan, the Netherlands, New Zealand, Scotland, and Singapore. For many nations with socialized health care systems, the 1990s was an era of major health care reform. During this decade, a number of countries explored alternative systems and moved toward privatization. The implications of these changes were discussed in detail at the conference.

Professor Daniel I. Okimoto summarized the main problems identified by conference participants. First, efficiency in terms of medical services and financial costs is a major challenge, and directly linked to the second issue of cost containment. Third, accountability must be clearly defined to bring about improvements. Fourth, fragmentation among health care entities presents significant organizational obstacles. Fifth, the quality of medical services is vitally important to those who receive care. Sixth, competition must be analyzed, given its close relationship to efficiency. Seventh, dependency on existing institutional structures can



Yumiko Nishimura (left), associate director of the Comparative Health Care Policy Research Project, chats with Henry M. Kaiser III, former vice chairman of the W.I. Harper Group.



Alan Garber (left) with Bill Gradison



Choon Yong Loo

serve as a barrier to change. Eighth, ideology may influence the role of both the government and market mechanisms. Ninth, legal issues—especially in the infrastructure or framework of a nation—can pose problems. Finally, a nation's political system affects the exchange of information within that country. The quality, diffusion, and accessibility of information play crucial roles in the reform and improvement of any health care system.

The Health Care Conference 2000 has opened the doors for future discussions on issues concerning health care around the world. Conference proceedings will be available in early 2001.

HEALTH CARE CONFERENCE 2000 AGENDA

May 4: The Evolution of the Health Care Market in the United States

Welcoming Remarks

Daniel I. Okimoto, Professor of Political Science, Stanford

Keynote Address

Alain Enthoven, Professor, Graduate School of Business, Stanford

Reflecting on the Last Ten Years of the Health Care Market: What Went Well? What Went Wrong? What's Next?

Panelists:

Michael Abel, Director and Senior Advisor, Brown & Toland Medical Group

William Cox, President and CEO, Alliance of Catholic Healthcare

Bill Gradison, former President, Health Insurance Association of America

Mary Grealy, President, Healthcare Leadership Council

Richard Pettingill, CEO, Kaiser Foundation Health Plan, California Division

Moderator: Alain Enthoven, Professor, Graduate School of Business, Stanford

(Health Care Conference 2000 Agenda cont.)

May 5: The Effects of Market Forces Overseas: Six Case Studies

Panelists:

England: Alain Enthoven, Professor, Graduate School of Business, Stanford

Japan: Koichi Kawabuchi, Chief Senior Researcher, JMARI

Netherlands: Hans Maarse, Professor, University of Maastricht

New Zealand: Roger Bowie, CEO, Southern Cross Healthcare

Scotland: Harry Burns, Director, Greater Glasgow Health Board

Singapore: Choon Yong Loo, CEO, Raffles Medical Group

Moderator: Paul Basch, Professor Emeritus, Stanford

Panel Discussion: International Perspectives—Lessons to Learn

Moderator: Alan Garber, Director, CHP, Stanford

CORPORATE AFFILIATES ANNUAL ASIA BRIEFING

MARCH 2000

Every year A/PARC holds a daylong symposium for its Corporate Affiliates. At this meeting, Center faculty members provide updates on the current state of affairs in Japan, China, Taiwan, and Southeast Asia, along with more in-depth thematic analysis. The Asia Briefing has been helpful to those corporate affiliates with vital business interests in the Asia Pacific region. For busy executives, the briefing is a convenient way to find out what is happening in Asia—and why. It also provides an opportunity to reflect on broad issues and their potential implications for business. This year's Asia Briefing, held March 2, 2000 in Stanford's Bechtel Conference Center, covered a wide variety of issues, and featured distinguished speakers from the Stanford community and beyond.



J. Stapleton Roy addresses the 2000 Asia Briefing.



2000 Asia/Pacific Roundtable participants (back row, left to right): Yasuhisa Shiozaki, George Yeo, Han Sung-Joo, George Shultz, Richard Lugar, Suh Sang-Mok, Gareth Evans, Walter H. Shorenstein; (front row, left to right): Andrew Sheng, Ginandjar Kartasasmita, William Perry, Palaniappan Chidambaram, Hafiz Pasha

SEVENTH ANNUAL ASIA/PACIFIC ROUNDTABLE

JANUARY 2000

The seventh meeting of the Asia/Pacific Roundtable took place at Pebble Beach, January 20–22, 2000. Former secretary of state George Shultz and Senator Richard Lugar co-hosted the event.

A/PARC established the Asia/Pacific Roundtable in 1994 as an off-the-record opportunity to open new channels of communication among leading individuals from the Asia Pacific region. The goals of the Roundtable are to establish a forum for timely discussion among some of the best and brightest minds in Asia; to anticipate emerging problems and concerns in the region; to establish a level of mutual trust that allows frankness and informational value beyond typical international conferences and policymaker meetings; to sensitize the participants to domestic developments and political processes in other nations that may ultimately affect bilateral, multilateral, and regional relations; and to build an informal network of ties among individuals for possible follow-up between conferences. Members participate in their individual capacities and no formal titles are used.

The Roundtable commenced with regional update discussions during which each participant summarized the major issues facing his region during the previous year. The program featured formal presentations with invited speakers, including many Stanford faculty; topics for discussion included “East Asian Recovery,” “Asian Security,” and “China and the WTO and Implications for Asia.” The Seventh Annual Asia/Pacific Roundtable was funded by generous support from Walter H. Shorenstein, Jon Lovelace, and other friends of A/PARC.

ASIA/PACIFIC ROUNDTABLE PARTICIPANTS

Palaniappan Chidambaram
Member of Parliament and former Minister of Finance, India

Gareth Evans
Member of Parliament; former Foreign Minister, Australia

Han Sung-Joo
Former Minister of Foreign Affairs, Korea

Ginandjar Kartasasmita
Former Vice Chairman of the People's Consultative Assembly, Indonesia

Richard Lugar
United States Senator

Hafiz Pasha
Former Financial Advisor to Prime Minister of Pakistan; Managing Director, Social Policy and Development Centre

Leon Panetta
Former White House Chief of Staff

William Perry
Former Secretary of Defense, United States; Michael and Barbara Berberian Professor of Engineering–Economic Systems and Operations Research; Senior Fellow, Institute for International Studies, Stanford

Andrew Sheng
Chairman of the Securities and Futures Commission; former Deputy Chief Executive of the Hong Kong Monetary Authority

Yasuhisa Shiozaki
Member, House of Councilors, Japan

George Shultz
Former Secretary of State, United States; Distinguished Fellow, Hoover Institution, Stanford

Suh Sang-Mok
Former Member, Korean National Assembly; Visiting Fellow, Hoover Institution, Stanford

George Yeo
Minister for Trade and Industry, Singapore

CORPORATE AFFILIATES ASIA BRIEFING AGENDA

Asia Rebounds: India and Indonesia

Panelists:

Donald K. Emmerson, Senior Fellow, IIS

Rafiq Dossani, Senior Research Scholar, A/PARC

Walter P. Falcon, Professor of International Agricultural Policy, Stanford

Ashok Desai, Consultant Editor, *Business Standard*; Senior Visiting Research Fellow, Stanford

Asia Rebounds: Japan and Korea

Panelists:

Gary Saxonhouse, Professor of Economics, University of Michigan

Suh Sang-Mok, former member, Korean National Assembly; Visiting Fellow, Hoover Institution, Stanford

Daniel I. Okimoto, Professor of Political Science, Stanford

Hong Yung Lee, Professor, Department of Political Science, University of California, Berkeley

Prospects for International Trade: Looking beyond Seattle

Jagdish Bhagwati, Professor of Economics and Political Science, Columbia University

China and WTO Prospects

Panelists:

Barry Naughton, Professor, International Relations and Pacific Studies, University of California, San Diego

Stanley Lubman, Consulting Professor, Stanford Law School

Lawrence J. Lau, Professor of Economics, Stanford

Michel Oksenberg, Senior Fellow, IIS

Dinner Keynote

J. Stapleton Roy, Assistant Secretary for Intelligence and Research, State Department; former Ambassador to China and Indonesia

INDIA-SILICON VALLEY PARTNERSHIP 2000 TOPICS AND SPEAKERS

Policy Issues for Venture Capital

K.B. Chandrasekhar, CEO, Jamcracker, Inc.

Robert Stillman, former Administrator, SBIC Program, Small Business Administration

Technical Session I: Why Is Silicon Valley a Hotbed for High Technology Start-Ups?

Rafiq Dossani, Senior Research Scholar, A/PARC

Sabeer Bhatia, CEO, Arzoo.com; founder, Hotmail

Naheed Hasnat, Director, AcrossWorld Communications

Suhas Patil, Chairman Emeritus, Cirrus Logic

Technical Session II: India-Silicon Valley and Beyond

David Blumberg, CEO, Blumberg Capital

Rick Bolander and Mahesh Kanumury, Partners, Gabriel Venture Partners

Tushar Dave, Senior Vice President, Broadcom, Inc.

Avinash Agrawal, CEO, Sun Microsystems, India

Sudhir Sethi, Director, Walden Nikko, India

Technical Session III: The Indian Experience of Venture Capital Financing: Fostering Alliances between Silicon Valley and India

Vishnu Varshney, President and CEO, Gujarat Venture Finance, Ltd.

Saurabh Srivastava, Chairman, Infinity Ventures

INDIA-SILICON VALLEY PARTNERSHIP 2000: BUILDING TRANSNATIONAL LINKAGES

JANUARY 2000

In January 2000, a series of conferences took place in India, co-sponsored by A/PARC, the Small Industries Development Bank of India, the Ministry of Information Technology, the Indus Entrepreneurs, and local governments, among others. The conferences were held in Mumbai, New Delhi, Hyderabad, Trivandrum, Chennai, and Bangalore, and their outcomes were subsequently presented to India's prime minister, information technology and finance ministers, and the chief ministers of several Indian states.

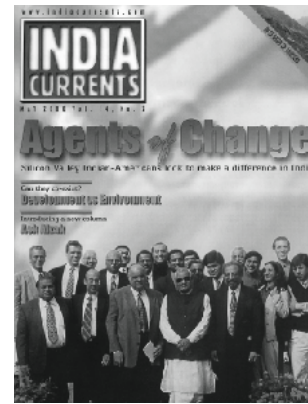
The conferences were the culmination of an intensive six-month process of developing new policies to reform venture capital in India, led by India's capital market regulator,

the Securities and Exchange Board of India (SEBI), in collaboration with A/PARC, venture capitalists, and Silicon Valley-based entrepreneurs. A SEBI committee—headed by Exodus founder K.B. Chandrasekhar, and including A/PARC senior research scholar Rafiq Dossani and Hotmail founder Sabeer Bhatia—had been formed in August 1999, following A/PARC's June 1999 conference on "Accessing Venture Capital in India." This committee designed a new set of policies for developing venture capital in India, which were then presented at the January 2000 conferences.

The SEBI committee had found that potential venture capitalists in India faced too many regulators, with overlapping jurisdictions and contradictory, confusing regulations. The committee identified the following criteria for an ideal environment for the growth of venture capital.

- **Political acceptability:** Although political acceptability comes in various guises, the committee used small-business creation as its primary benchmark for the new environment.
- **Intended use:** The environment should encourage venture capital firms to invest in the equity or equity-related securities of high-risk, high-growth small firms. The environment should also encourage the assumption that the risks of assets and liabilities will match, causing venture capital firms to raise funds primarily through issuance of equity.
- **Intended rewards:** The environment should reward fund managers and employees of investee firms for good managerial performance. Such rewards depend primarily on the tax environment with a supporting currency environment.
- **Prudent use:** The environment should encourage suppliers of capital to accept prudently the business risks associated with venture capital.
- **Investor protection:** The environment should protect equity investors in venture capital firms and in investee firms according to the best international standards.

D. R. Mehta, chairman of SEBI, addresses the India-Silicon Valley Conference in Mumbai.



India-Silicon Valley conference participants on the cover of India Currents

These new policies, recommended by the SEBI committee, would lead to the creation of a single regulator—a licensee, as it were—which would set policies and ensure consistency. Further, the new policies would eliminate the need for most approvals for fund creation, investment, and disinvestment, retaining only a few limits that arose from situations affected by currency nonconvertibility.

Participants at the conferences discussed India's existing regulatory environment and the recommended policies. The active involvement of senior officials led to the government's acceptance, in principle, of the recommendations. These were subsequently passed into law through the Union Budget in May 2000.

THE SHORENSTEIN FORUM

E-COMMERCE: CALIFORNIA BUSINESSES AND ASIA

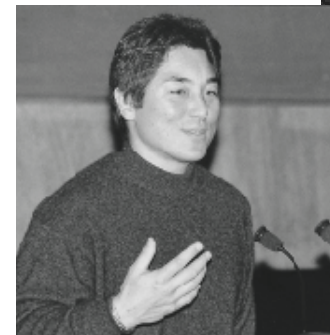
DECEMBER 1999

Six months after California governor Gray Davis inaugurated the Shorenstein Forum in a speech at A/PARC in June 1999, the Forum held its first major conference, on e-commerce

Damodoran Prakash (left) with the Honorable Chan Heng Chee



Guy Kawasaki



between California businesses and Asia. This conference brought together business executives, key government officials, and Stanford scholars to discuss trends in Internet-based business development in East Asia and to explore the opportunities they present for California corporations.

The conference's first session considered the impact of expanding Internet usage on Asian ways of doing business, accessing government, and getting information, as well as how Asian institutions are changing to respond to the challenges of the new paradigm. The second session assessed the implications for California companies as Asian companies and consumers adjust to the new Internet economy.

Bay Fang



E-COMMERCE: CALIFORNIA BUSINESSES AND ASIA AGENDA

Welcoming Remarks

Henry Rowen, Director, A/PARC

Walter H. Shorenstein, Founder, The Shorenstein Company

The Internet's Impact on Asia

Panel 1: An Overview

"The Internet's Impact on Corporate Strategy and Marketing"

Ward Hanson, Assistant Professor, Graduate School of Business, Stanford

"The Internet in Asia: What Rule of Law?"

Thomas C. Heller, Professor, School of Law, Stanford

Moderator: Daniel I. Okimoto, Professor of Political Science, Stanford

Panel 2: Some Responses from the Field

"Singapore's New IT Initiatives"

The Honorable Chan Heng Chee, Singapore's Ambassador to the United States

"E-Governance in Tamil Nadu: Strategies and Case Studies"

Damodoran Prakash, Secretary for Information Technology, State of Tamil Nadu, India

"Embracing the Internet Age: Acer, an Asian Corporate Perspective"

Ronald Chwang, President, Acer Technology Ventures; CTO, The Acer Group

"E-Commerce in China: The WTO and China's IT Infrastructure"

Bay Fang, Beijing Bureau Chief, *U.S. News and World Report*

Moderator: Daniel I. Okimoto, Professor of Political Science, Stanford

Panel 3: Challenges and Opportunities for California Entrepreneurs

Keynote: "Rules for Revolutionaries"

Guy Kawasaki, CEO, Garage.com

"The New Telecommunications Infrastructure and Its Effects on the Internet"

Tim Dwyer, Vice President, Network Service Provider Division, Sun Microsystems

"The Challenges of Software Localization"

Nadine Kano, Microsoft Globalization Team

"Trans-Pacific High Technology Venture Capital"

Peter Chu, Managing Director, AsiaTech Ventures, Ltd.

Moderator: William F. Miller, Professor Emeritus, Graduate School of Business, Stanford

FIRST NIKKEI GLOBAL MANAGEMENT FORUM

OCTOBER 1999

The inaugural Nikkei Global Management Forum took place at the Imperial Hotel, Tokyo, October 6–8, 1999. A/PARC co-sponsored this landmark event, along with the International Institute for Management Development and the Japanese newspaper Nihon Keizai Shimbun (Nikkei). Over six hundred leaders from government, business, mass media, and academia attended what will now become an annual event. The Forum's primary purpose is to bring together leading

business executives from the United States, Europe, and Japan to discuss global breakthroughs in information technology, with a focus on corporate management. Over two days of presentations and panels, conference participants had a rare opportunity to hear opinions and insights from distinguished executives and scholars active at the forefront of business in Japan and around the world.

The Nikkei Forum received extensive daily media coverage in Japan, via broadcast, in print through Nihon Keizai Shimbun, and online. The conference proceedings are available on a CD-ROM and in book format. There is also a website, at <http://www.nni.nikkei.co.jp/FR/NIKKEI/ngmf/ngmf99/>. The second Nikkei Forum is scheduled for October 28–29, 2000.

1999 NIKKEI GLOBAL MANAGEMENT FORUM AGENDA

Welcoming Remarks

Takuhiko Tsuruta, President and CEO, Nihon Keizai Shimbun, Inc. (Nikkei)

Management beyond National Frameworks: Dialogue
John F. Welch, Jr., Chairman and CEO, General Electric Company

Hiroshi Okuda, Chairman and CEO, Toyota Motor Corporation; and Chairman, Japan Federation of Employers' Associations (Nikkeiren)

Moderator: Waichi Sekiguchi, Senior Staff Writer, Business News Department, Nikkei

Corporate Governance in Global Management (Speeches and Panel Discussion)
Kazuo Inamori, Founder and Chairman Emeritus, Kyocera Corporation

Ronald Hampel, Chairman, United News and Media plc; former Chairman, ICI; Chairman, UK Committee on Corporate Governance

Thomas E. McCarty, Managing Director, Andersen Consulting (Asia Pacific)

Shigeji Ueshima, President and CEO, Mitsui & Co, Ltd.

Moderator: Hideki Kanda, Professor of Law, University of Tokyo

World Networks and Global Management
Rob Glaser, Chairman and CEO, RealNetworks, Inc.

Taizo Nishimuro, President and CEO, Toshiba Corporation

Randall C. Whiting, President and CEO, CommerceNet, Inc.

Moderator: Hirotomo Nomura, Senior Staff Writer, Business News Department, Nikkei

Management Strategy and Competitiveness
Hirotaro Higuchi, Corporate Adviser, Asahi Breweries, Ltd.; and Chairman, Economic Strategy Council

Professor Daniel Okimoto displays Professor Ward Hanson's book, *Principles of Internet Marketing*, at the Nikkei Management Forum.



Professor Daniel Okimoto

Proposals for a Japanese Corporate Renaissance
Glen S. Fukushima, President and Representative Director, Arthur D. Little (Japan), Inc.; President, American Chamber of Commerce in Japan

Fumikatsu Tokiwa, Chairman and CEO, Kao Corporation

Jiro Ushio, Chairman and CEO, Ushio, Inc.

Yoshiro Yamamoto, President and CEO, Fuji Bank, Ltd.

Graham Wallace, Chief Executive, Cable and Wireless plc

Yotaro Kobayashi, Chairman of the Board, Fuji Xerox Co., Ltd.; Chairman, Keizai Doyukai (Japan Association of Corporate Executives)

Moderator: Koichi Nishioka, Deputy Chief Editorial Writer, Nikkei

IMD Seminar: Competitiveness and Management Structure
Peter Lorange, President, IMD

Jean-Pierre Lehmann, Professor of International Political Economy, IMD

Stanford Seminar: Impact of the Internet on Global Management

Ward Hanson, Assistant Professor, Graduate School of Business, Stanford

Thomas C. Heller, Professor, School of Law, Stanford

William F. Miller, Professor Emeritus, Graduate School of Business, Stanford

Daniel I. Okimoto, Professor of Political Science, Stanford

1999-2000 A/PARC SEMINARS

Seminars and lectures—frequently “brown bag” events held at lunchtime—are among A/PARC's most popular and visible activities. Many of A/PARC's research projects sponsor seminar series, whose speakers and topics are closely aligned with a given project's particular research work. A/PARC seminars take place one or more times a week throughout the academic year, and are generally open to the public. Scholars of all ages and at all levels of expertise are welcome to attend and to participate in the discussions that follow.

CONTEMPORARY ASIA BROWN BAG SEMINARS

MAY 25

“Foreign Workers and the Advent of Multicultural Societies in East Asia: The Coming Struggles over National Identity”
Mike Douglass, Visiting Professor, A/PARC; Professor of Urban and Regional Planning, University of Hawaii

APRIL 27

“The Japanese Youth Labor Market: Staggering toward Change”
Mary Brinton, Professor, Department of Sociology, Cornell University; 1999–2000 Fellow, Center for Advanced Study in the Behavioral Sciences, Stanford

Mary Brinton



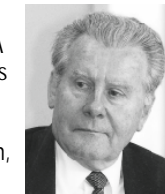
APRIL 13

“The WTO and Its Impact on China's Economic Reform and Development”
Wang Yungxiang, Consul General, PRC, San Francisco Consulate (co-sponsored with CEAS)

MARCH 30

“The Future of Asian–European Relations: A New Dynamic or Business As Usual?”
Gunter Rinche, President, Konrad Adenauer Foundation, Washington, D.C.

Gunter Rinche



FEBRUARY 17

“In Quest of Sony: Mapping the Sentimental Empire”
John Nathan, Takashima Professor of Japanese Cultural Studies, University of California, Santa Barbara

JANUARY 20

“New Trends in European–Asian Relations: More Conflict Than Cooperation?”
Jörn Dosch, Visiting Scholar, A/PARC

NOVEMBER 18

“Why Is South Asia Being Left Behind?”
Shahid Javed Burki
Former Co-Chairman, World Bank, Commonwealth Task Force on Small States; Head of EMP Financial Advisors, LLC

NOVEMBER 11

“The Challenges of Sectoral Upgrading in Southeast Asia: The Case of Thai Textiles”
Rick Doner, Visiting Professor, A/PARC; Professor, Department of Political Science, Emory University

OCTOBER 28

“The Development of a Private University in Pakistan: A Case Study”
Wasim Azhar, Dean, Lahore University of Management Sciences

OCTOBER 14

“250 Million to One: Does Globalization Help or Hurt Child Laborers?”
Sarah Bachman, Scholar-in-Residence, A/PARC

OCTOBER 1

“Germany and Japan: Stalled on the Road to the Liberal Market Model?”
Steven K. Vogel, Associate Professor, Department of Political Science, University of California, Berkeley

SILICON VALLEY NETWORKS PROJECT SEMINARS

MAY 16

“The Network Effect in Decision-Making of Venture Capitalists: The French Example”
Michel Férary, Assistant Professor, ESSEC School of Management, Paris

APRIL 18

“The Evolution of Global Competition”
William Barnett, Associate Professor of Strategic Management and Organizational Behavior, Graduate School of Business, Stanford

APRIL 4

“Overcoming the Barriers in Creating and Managing High Tech Ventures: A Case Study of Korean Start-Ups in Silicon Valley”
Zong-Tae Bae, Scholar-in-Residence, A/PARC, and Graduate School of Business, Stanford

MARCH 7

“The Israeli Economic Phenomenon”
Yishai Laks, Consul for Economic Affairs, United States Northwest Region, Government of Israel

Yishai Laks



FEBRUARY 22

“The Revitalization of Japan through Entrepreneurship”
Yukio Yoda, Chief Executive Director, Japan External Trade Organization (JETRO), San Francisco

Doug Henton



FEBRUARY 8

“Innovative Regions in America: Silicon Valley, Route 128, Northern Virginia, Austin, and San Diego”
Doug Henton, President, Collaborative Economics, Palo Alto

JANUARY 25

“The Mysteries of Silicon Valley Unveiled”
Henry S. Rowen, Director, A/PARC

JANUARY 11

“Taiwan's Silicon Valley: The Evolution of Hsinchu Industrial Park”
Irving T. Ho, Chairman of the Board, EIC Corporation

NOVEMBER 30

“Esprit: A Dark Alley in the Global Village [Esprit: The European Strategic Programme in IT]”
Dimitris Assimakopoulos, Visiting Scholar, Department of Sociology, Stanford; Lecturer, Information Systems, Hull University Business School

NOVEMBER 16

“Location and Competitive Advantage in Global Industries: Evidence from Hard Disk Drives”
David McKendrick, Research Director, Information Storage Industry Center, University of California, San Diego

NOVEMBER 4

“Knowledge Parks and Regions of Innovation and Entrepreneurship in India”
Narayanan Vaghul, Chairman, ICICI Limited in India; Visiting Professor, Stern School of Business, New York University (co-sponsored with the South Asia Project)

NOVEMBER 2

“Entrepreneurial R&D”
Curtis Carlson, President and CEO, SRI International

OCTOBER 19

“Software Entrepreneurism in Korea”
Avron Barr and Shirley Tessler, Co-Directors, Software Industry Study, Stanford Computer Industry Project

OCTOBER 5

“Silicon Valley's New Immigrant Entrepreneurs: Local and Global Networks”
AnnaLee Saxenian, Gordon Cain Senior Fellow, Stanford Institute for Economic Policy Research (SIEPR); Professor of City and Regional Planning, University of California, Berkeley

SOUTH ASIA PROJECT SEMINARS

MAY 11

"Regulating the Electric Power Sector in India: Alternative Institutional Structures and Contractual Mechanisms"
 • Rafiq Dossani, Senior Research Scholar, A/PARC
 • Robert Crow, Scholar-in-Residence, A/PARC (co-sponsored with the Contemporary Asia Seminar Series)

FEBRUARY 7

"Telecom Demonopolization in India: Drivers, Distortions, Correctives, and Current Status"
 T.H. Chowdary, Information Technology Advisor, Government of Andhra Pradesh, India; Director, Center for Telecommunications Management and Studies, Hyderabad, India

NOVEMBER 22

"Long-Term Power Options for India: Myths, Realities, and Insights"
 P.R. Shukla, Professor of Public Systems, Indian Institute of Management, Ahmedabad



P. R. Shukla

NOVEMBER 12

"Going Goan on the Goa-Net: Computer-mediated Communication and Goan Identities"
 Alberto Gomes, Professor of Anthropology, La Trobe University, Australia

NOVEMBER 4

"Knowledge Parks and Regions of Innovation and Entrepreneurship in India"
 Narayanan Vaghul, Chairman, ICICI Limited in India; Visiting Professor, Stern School of Business, New York University (co-sponsored with the Silicon Valley Networks Project)

OCTOBER 25

"How Indian Companies Should Be Governed: Proposals for Corporate Governance in India"
 L.K. Singhvi, Senior Executive Director, Security and Exchange Board of India (SEBI)

OCTOBER 4

"Reform in the Indian Power Sector"
 Shyam Wadhera, General Manager, National Thermal Power Corporation (NTPC)

SPECIAL SEMINARS

MAY 22

"The Foreign Exchange Origins of Japan's Economic Slump and Low Interest Rate Trap"
 • Rishi Goyal, Graduate Student, Department of Economics, Stanford
 • Ronald I. McKinnon, Professor, Department of Economics, Stanford

MAY 8

"Inter-Korean Relations: What Will Happen Next?"
 Jeong-Woo Kil, Diplomatic Correspondent and Columnist, Joong Ang Ilbo

APRIL 18

"Regionalism, Open Regionalism, APEC, and the WTO: A Perspective from New Zealand"
 Srikanta Chatterjee, Professor of International Economics, Massey University, New Zealand

MARCH 30

"Equity Finance in Asia: The Reverse Takeover Phenomenon"
 S.J. Wong, Chief Executive Officer, E2Capital, Hong Kong

MARCH 10

"Reflections on Contemporary Chinese Strategic Thought"
 Mike Pillsbury, Analyst, Chinese foreign policy and national security strategy, RAND Corporation

FEBRUARY 28

"India's Draft Nuclear Doctrine"
 Air Chief Marshal S. K. Mehra, former Chief of Air Staff, Indian Air Force (co-sponsored with CISAC)



Air Chief Marshal S. K. Mehra

FEBRUARY 9

"Recent Trends of Japanese Politics and Economy"
 Hakuo Yanagisawa, former Financial Reconstruction Minister; Member, Japanese Diet



Hakuo Yanagisawa

JANUARY 24

"Japanese Humor: An Oxymoron"
 Masami Muramatsu, Senior Advisor and former Chairman, Simul International, Inc.

JANUARY 24

"The Retreat of the Elephants: An Overview of China's Long-Term Forest History"
 Mark Elvin, Professor of Chinese History, Research School of Pacific and Asian Studies, The Australian National University

NOVEMBER 29

"WTO: Trade Issues in the Millennium from Agriculture to Intellectual Property"
 Supachai Panitchpakdi, Deputy Prime Minister and Minister of Commerce, Thailand; Director General of the WTO

NOVEMBER 28

"Theater Missile Defense in East Asia"
 Michael Swaine, Senior Political Scientist in International Relations, RAND; Research Director, RAND Center for Asia-Pacific Policy (co-sponsored with CISAC)

NOVEMBER 11

1999 Wendy Dwyer Memorial Lecture
 "Dealing with North Korea: Past Problems and Future Prospects"
 Robert L. Gallucci, Dean, Walsh School of Foreign Service, Georgetown University



OCTOBER 27

"The Pakistani Coup: Causes and Consequences"
 • Thomas Simons, Consulting Professor of International History, Department of History, Stanford
 • Sumit Ganguly, Visiting Scholar, CISAC; Professor, Department of Political Science, Hunter College (co-sponsored with CISAC)

OCTOBER 15

"Interpreting Hong Kong's Basic Law"
 The Honorable Justice Barry Mortimer, Nonpermanent Judge, Court of Final Appeal; former Vice President, Court of Appeal, Hong Kong SAR (co-sponsored with the Stanford Program in International Legal Studies (SPILS) and the Hong Kong Economic and Trade Office)

AUGUST 30

"The MOF at the Crossroads: Future of Bureaucratic Power in Japan"
 Jennifer Amyx, Postdoctoral Fellow, The Australian National University

CONTEMPORARY CHINA BROWN BAG LUNCH SERIES

Co-sponsored by A/PARC, the Center for East Asian Studies (CEAS), and the Hoover Institution

MAY 23

"Gentry Activism in 19th Century Sichuan: Evidence from the Three Fees Bureau"
 Reed Bradley, University of Virginia

MAY 16

"Reflections on Sino-American Relations"
 Ji Chaozhu, former Leading Officer, Chinese Foreign Service

MAY 9

"Xu Bing: One Artist Wends His Way through China's Political Movements"
 Britta Erikson, Stanford

MAY 2

"Sino-American Relations"
 Michel Oksenberg, Senior Fellow, IIS

APRIL 25

"Popular Religion and Civil Society in China: The Case of the Catholic Church"
 Richard Madsen, University of California, San Diego

APRIL 18

"The Political Economy of People's War: The Big Third Front, the Little Third Front, and Defense Production Mobilization Lines"
 David Bachman, University of Washington

APRIL 11

"Judge Dee: Retribution and Recompense"
 Ellen Neskar, Stanford

Robert Gallucci (left), with Timothy Dwyer and Catherine Dwyer

APRIL 4

"Domestic Organization and Demographic Behavior in Eurasia, 1700-1900"
 James Lee, California Institute of Technology

MARCH 6

"Minority Rule and Manchu Identity in the Qing"
 Mark Elliot, University of California, Santa Barbara

FEBRUARY 29

"Power and Social Resistance in Qing Legal Cultures"
 Melissa Macauley, Northwestern University

FEBRUARY 22

"The Fiction of Transgender Consciousness in 1990s China"
 Deborah Sang, Stanford

FEBRUARY 8

"Immortality through Fraud? A Dilemma for Early Medieval Daoists"
 Angelika Cedzich, DePaul University

FEBRUARY 1

"The Politics of Consumerism in Contemporary Chinese Society"
 Yunxiang Yan, University of California, Los Angeles

JANUARY 25

"Macao's Retrocession to China: Another Dimension of the 'One Country, Two Systems' Formula for Reunification"
 Ming Chan, Hoover Institution, Stanford

JANUARY 18

"Macroeconomic Trends and Poverty in China"
 Terry Sicular, University of Western Ontario

JANUARY 11

"Are There Economic Advantages to Political Power? Cadres and Market Economics in Rural China"
 Andrew Walder, Professor, Department of Sociology, Stanford

NOVEMBER 9

"Mixed Outcomes of Urbanization in Rural Yunnan"
 Xiaolin Guo, University of Aarhus

NOVEMBER 2

"Lives on File: Reading and Interpreting Personal Dossiers from the Cultural Revolution"
 Michel Schonhals, Lund University

OCTOBER 26

"Chinese Nationalism before May Fourth: Searching for Provincial Origins"
 Roger Thompson, Stanford

OCTOBER 19

"Migration and Informal Privatization of Space and Power in Late Socialist China"
 Li Zhang, University of California, Davis

OCTOBER 12

"When Was the Chinese Revolution? War and the Evolution of the Chinese State"
 Lyman Miller, Hoover Institution, Stanford

OCTOBER 5

"HMO Replaces Mao: Return to a Chinese Hospital after Twenty Years"
 Gail Henderson, University of North Carolina

SPECIAL SERIES: INTERNATIONAL PERSPECTIVES ON FIFTY YEARS OF THE PEOPLE'S REPUBLIC OF CHINA

Co-sponsored by A/PARC, CEAS, and IIS

APRIL 17

"The Chinese Revolution and the Making of the Modern People's Liberation Army"
 John Lewis, William Haas Professor Emeritus of Chinese Politics, Stanford

MARCH 28

"The Chinese Revolution and Overseas Chinese"
 Wang Gungwu, Director, East Asian Institute, National University of Singapore

MARCH 6

"The Chinese Revolution and U.S.-China Relations"
 Zi Zhongyun, former Director, Institute of American Studies and Chinese Academy of Social Sciences

FEBRUARY 22

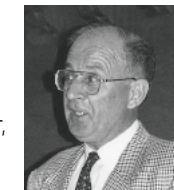
"The Chinese Revolution through European Eyes"
 Jean-Luc Domenach, Professor, Institut d'Etudes Politiques, Paris

JANUARY 31

"The Chinese Revolution and Historical Continuity in the 20th Century: A Japanese Perspective"
 Tatsuo Yamada, Professor, Department of Political Science, Keio University

NOVEMBER 16

"The Chinese Revolution and China's Economic Development"
 Pieter P. Bottelier, Professor, School for Advanced International Studies, Johns Hopkins University



Pieter P. Bottelier

OCTOBER 14

"The Chinese Revolution and the Chinese State"
 Michel Oksenberg, Senior Fellow, IIS

SELECTED ROUNDTABLES AND SPECIAL EVENTS

The Center regularly convenes roundtables and other special events. These are often, though not always, closed events, at which invited guests consider contemporary issues of importance to the Asia Pacific region.

JUNE 12

Meeting with Shri Ram Vilas Paswan, Minister for Telecommunications, India
 Roundtable discussion offered recommendations for India's future telecom policy, including proposals to license and finance national and international telecommunications, radio, and fiber-optics providers.



Minister Shri Ram Vilas Paswan

MAY 22

Meeting with P.V. Jayakrishnan, Minister for Information Technology (IT), India
 Roundtable meeting included presentations on IT policy issues for India, innovation and entrepreneurship, immigrant communities and transnational links, and the democratization of venture capital. Over thirty luminaries from leading-edge Bay Area businesses and universities attended.



Minister P.V. Jayakrishnan

MAY 18

"The Responsibilities and Daily Activities of a County Party Secretary"
 Luncheon and roundtable discussion (in Chinese) Tang Linxing, First Secretary, Yuexi County Party Committee, Anhui, Anqing Municipality, PRC

MAY 12

"Partitions and Migrations: Bapsi Sidhwa's Novels and Deepa Mehta's Earth"
 Reading and lecture by Bapsi Sidhwa
 Presented by the Stanford South Asia Initiative, which A/PARC administers on behalf of the University

MAY 8

"Some Thoughts on the People's Liberation Army and Sino-American Relations"
 Luncheon and roundtable discussion
 Brigadier General Karl W. Eikenberry (co-sponsored with CISAC)

Brigadier General Karl W. Eikenberry



FEBRUARY 24

The Right Honorable James Bolger, former Prime Minister of New Zealand and current New Zealand Ambassador to the United States
 Luncheon and roundtable discussion for A/PARC faculty

The Right Honorable James Bolger



NOVEMBER 29

Special South Asia Roundtable: "IT Policymakers Present Their Views"
 Jointly sponsored by A/PARC, the Indian Consulate, Indus Entrepreneurs, and the Silicon Valley Indian Professionals Association (SIPA)

OCTOBER 28

"China's Infrastructure: From Asphalt to Superhighway: What's Ahead for the 21st Century"
 Public roundtable meeting co-sponsored by A/PARC, the Asia Society, the Eisenhower School of Business, and the Graduate School of Business, Stanford

PROGRAMS



The Center develops programs to bring together business leaders, scholars, and policymakers. Through its Corporate Affiliates Program, sponsored lectures, and general seminars, A/PARC facilitates communication about current regional issues to a wide audience.

CORPORATE AFFILIATION

A/PARC offers a variety of membership opportunities for corporations, government, and nonprofit organizations. Corporate affiliates enter into continuing relationships with A/PARC that support the research infrastructure. In addition, they are eligible to participate in most A/PARC activities, including the seminar series, research conferences, and the annual Asia Briefing. Corporate affiliates also receive copies of all Center publications.

Beyond the benefits of general membership, corporate affiliates are eligible to:

- Send employees to A/PARC as visiting fellows, usually for a full academic year. During that time, the visiting fellows audit courses, participate in special programs, and pursue individually designed research projects.
- Join as Roundtable members. A/PARC's Corporate Roundtable is made up of a select group of leading companies in noncompeting industry sectors. Roundtable members receive, among other benefits, invitations to special closed meetings and seminars, as well as opportunities to consult with faculty on research directions.

THE CORPORATE AFFILIATES VISITING FELLOWS PROGRAM 1999-2000

Established in 1982, A/PARC's Visiting Fellows Program now has more than 180 alumni occupying positions in the government and private sectors of Japan, China, and Korea. Every corporate affiliate has the option of sending a visiting fellow to A/PARC each year. The program introduces the fellows to American life and institutions, including the economy, society, culture, politics, and law; to a variety of Bay Area businesses and business people, with an emphasis on Silicon

CORPORATE MEMBERS OF THE ASIA/PACIFIC RESEARCH CENTER, 1999-2000*

Corporate Roundtable

- The Coca-Cola Company (Honorary)
- Sumitomo Corporation (Honorary)
- Total System Services, Inc.
- The Walt Disney Company

Corporate Affiliate Members

- AcrossWorld Communications, Inc.
- Asahi Shimbun
- Capital Research and Management Companies
- The Development Bank of Japan
- Hyundai Heavy Industries, Korea
- IBM Japan e-business Operations
- The Industrial Bank of Japan
- Patent Office of Japan
- Kansai Electric Power Company
- Ministry of Foreign Affairs of Taiwan
- Ministry of International Trade and Industry of Japan
- Mori Building Company, Ltd.
- Nihon Keizai Shimbun
- Nihon Sozo Kyoiki Kenkyujo (Nissoken)
- People's Bank of China
- Reliance Industries Ltd., India
- The Samsung Group
- SBC International
- Science and Technology Agency, Japan
- The Tokyo Electric Power Company
- Toyobo Company
- Westbrook Associates

* Current as of October 2000

Valley; and to the academic life of Stanford University. Fellows attend classes and special A/PARC seminars, and prepare a research paper. Greet Jaspaert, manager of corporate relations, coordinates the Fellows Program.

SITE VISITS AND OTHER ACTIVITIES

In addition to auditing classes and conducting research, visiting fellows are encouraged to take part in various activities throughout the year. This year's group participated actively in A/PARC's public outreach and social events. Many followed up on their intensive English summer classes by working with private or volunteer tutors throughout the year. Site visits in 1999-2000 included trips to government organizations such as the Palo Alto Police Department, the NASA facilities at Moffett Airfield, the Port of Oakland, and the Angel Island Immigration facility. The fellows also visited businesses, including Silicon Graphics, Netscape, Sun Microsystems, and the Ridge Winery.

A series of monthly seminars gives fellows a look at A/PARC faculty research, as well as the research of others working at Stanford and in the Bay Area. This year, seminars

covered topics ranging from Japanese immigration to the West Coast to building entrepreneurial high-tech communities. Others addressed current challenges facing the Japanese and Korean education systems and the role of investment banking and venture capital in Silicon Valley.

Visiting fellows and their families enjoy a wide variety of social and leisure pursuits,

including seasonal picnics, visits to local attractions, karaoke outings, bowling nights, holiday parties, the popular Halloween Pumpkin-Carving Contest, and the annual Thanksgiving Cooking Class.



Kenji Uchida, from the Kansai Electric Power Company of Japan, belts one out at an A/PARC karaoke evening.

Hiroyuki Funagura, of Japan's Toyobo Company, gets into the Halloween spirit at the annual pumpkin-carving contest.



I am not feeling like myself these days because I am leaving Stanford. I like the Bay Area, the mountains, the weather, and the beautifully blue sky. I especially like the people around me...who always stand ready to help.

—Mr. Zuo Fu Chen,
Pan Seas Holdings, Inc. PRC

RESEARCH PROJECT

The cornerstone of each visiting fellow's year at A/PARC is the design and execution of a research project. This project allows visiting fellows to use Stanford's vast resources and their own unique skills to further personal interests, deepen their company's knowledge of target topics, or both. A/PARC faculty and Greet Jaspaert are available to consult with the fellows on their research. At the end of the year, their papers are published in a single volume, of which each fellow and his or her organization receive a copy. This year, the fellows' research paper presentations took place over two days, May 24 and May 26, in the Okimoto Conference Room of Encina Hall, on the Stanford campus.



Above: Hidenori Mitsui of Japan's Ministry of Finance, Yoshihiko Murasawa of the Tokyo Electric Power Company, and Toshiya Koinuma of Asahi Shimbun listen to their colleagues' research paper presentations.



Right: Xiaohui Zhang, of the People's Bank of China, presents her research.

I am sad to say goodbye, but excited to be leaving for a new post in Washington, D.C., at the USA Today main offices. This paper cooperates with my company, the Japanese newspaper Sankei Shimbun. I really enjoyed my year at A/PARC, and would like to attribute any progress in my studies at Stanford to your kind help.

—Ms. Reiko Hayasaka,
Sankei Shimbun, Japan

The 1999-2000 Visiting Fellows on a visit to Angel Island

1999–2000 VISITING FELLOWS AND THEIR RESEARCH PROJECTS

Mr. Zuo Fu Chen (Pan Seas Holdings, Inc., PRC)
“The Market Strategy for Chinese Banks after China’s Accession to the WTO”

Mr. Yong-Ky Eum (Hyundai Heavy Industry, Korea)
“Creative Options in Business Negotiation”

Mr. Hiroyuki Funagura (Toyobo Company, Japan)
“Digital Subscriber Line Research”

Ms. Reiko Hayasaka (Sankei Shimbun, Japan)
“The Outlook of the Japanese Press Club”

Mr. Takeshi Kobayashi (The Development Bank of Japan)
“Comparison of Corporate Finance Structure between the United States and Japan”

Mr. Toshiya Koinuma (Asahi Shimbun, Japan)
“Open Source Software Development and Its Influence on the Software Industry”

Mr. Seung Lim Jee (The Samsung Group, Korea)

Mr. Feng Jiang (People’s Bank of China, PRC)
“The Choice of the Exchange Rate Regime”

Mr. Hidenori Mitsui (Ministry of Finance, Japan)
“Comparison of the United States’ and Japan’s Tax Law—Focusing on Income Tax Coverage and Deduction Restrictions”

Mr. Yoshihiko Murasawa (The Tokyo Electric Power Company, Japan)
“Decision-Making in Nuclear Power Stations in Japan”

Mr. Kiyoshi Noguchi (Yomiuri Shimbun, Japan)
“Japanese Business-to-Consumer E-commerce: Present and Future”

Mr. Noriaki Ozawa (Ministry of International Trade and Industry, Japan)
“What Is Japan? The True Colors and Future of Japan”

Mr. Hee Joon Park (Samsung Electronics, Korea)
“Changing Business Paradigms in Light of the Korean Financial Crisis”

Mr. Yoshihiro Sekine (Science and Technology Agency, Japan)
“Nuclear Waste Management Policy in the United States”

Mr. Nobutake Shirai (Ministry of Posts and Telecommunications, Japan)
“Internet Business in the United States and Japan: A Comparative Study”

Mr. Raita Sugimoto (Toyota Motor Corporation, Japan)
“The Reorganization of the Automobile Industry and Its Impact on the Asian Market”

Mr. Takeo Takiuchi (Patent Office of Japan)
“Entrepreneurship through Technology Transfer at Stanford University and in Silicon Valley”

Mr. Kenji Uchida (The Kansai Electric Power Company, Japan)
“Setting Up New Ventures In-House at Kansai Electric Power Company”

Mr. Zhi-Jie Zeng (CITIC Pacific, Hong Kong)
“China’s WTO Bid and Its Effect on China’s Internet Business”

Ms. Xiaohui Zhang (People’s Bank of China, PRC)
“Opportunity and Challenge: Situations that Face the Chinese Banking System after China Enters the WTO”

SCHOLARS-IN-RESIDENCE AND VISITING SCHOLARS

Because of its multidisciplinary approach to the study of Asia, distinguished faculty, and location in the heart of Silicon Valley, A/PARC attracts students and scholars from all over the world. During 1999–2000, A/PARC hosted thirty scholars-in-residence and visiting scholars whose contributions enriched the intellectual and social life of the Center.

SCHOLARS-IN-RESIDENCE

A/PARC engages scholars and experts from other institutions to participate in specific projects and/or to contribute to the Center’s long-term research interests. These individuals may spend time at A/PARC with formal Stanford appointments, for stays ranging from weeks to several years; they often continue their research collaboration with A/PARC faculty while at their home institutions.

Jennifer Amyx
The Australian National University
Political economy of Japan

Sarah Bachman
Formerly of the *San Jose Mercury News*
Child labor and labor standards in a globalizing economy

Zong-Tae Bae
Korea Advanced Institute of Science and Technology (KAIST)
Korean entrepreneurship

Robert Crow
Formerly of Bechtel Corporation
Private FDI in infrastructure in developing countries

Zong-Tae Bae,
1999–2000
Scholar-in-Residence



Rick Doner, Visiting Professor
Emory University
Asian urbanization

Mike Douglass, Visiting Professor
University of Hawaii
Asian urbanization

K.C. Fung
University of California,
Santa Cruz
U.S.–China bilateral trade balance

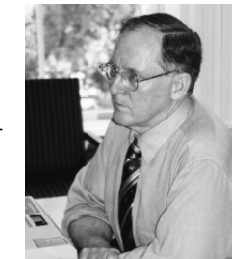


Robert Madsen, Research Fellow
U.S. relations with China and
Taiwan, 1969–83

Robert Madsen, A/PARC Research Fellow

Harukata Takenaka
National Graduate Institute for Policy Studies, Tokyo
Political economy of Japan

Douglas Webster, Consulting Professor
Government of Thailand/World Bank
Asian urbanization



Mike Douglass, visiting
professor with the Urban
Dynamics Project

VISITING SCHOLARS

Each year, the Center hosts select individuals seeking affiliation with A/PARC in order to carry out their own research activities at Stanford. Visiting scholars typically affiliate with the Center using their own financial resources.

Jiahua Che
University of Notre Dame, U.S.
Institutional change and its impact on economic behavior

Baosen Chen
Chinese Academy of Social Sciences
The Clinton administration’s economic strategy and America’s New Economy

Jörn Dosch
University of Leeds, U.K.
European relations with East Asia

Tai Feng
Ministry of Foreign Affairs, Taiwan
APEC-related research

John Fincher
The Australian National University
Chinese socialism

Harrison Holland
San Francisco State University, U.S.
U.S.–Japan relations and Japanese security

Seok Hyun Hong
Joon-Ang Daily News, Korea
Intra-Korea economic cooperation

Tien-Yie Hsiang
Ministry of Foreign Affairs, Taiwan
APEC-related research

John Kamm
Asia Pacific Associates, U.S.
U.S. human-rights policy toward China

Mark W.P. Liao
Ministry of Foreign Affairs, Taiwan
Political implications of Chinese Taipei’s
APEC participation

David Kuang-Ping Liu
Ministry of Foreign Affairs, Taiwan
APEC-related research

Seung Joo Na
Keo-Pyung Group
Silicon Valley networks and industries

Yoshifumi Nakai
Institute of Developing Economies, Japan
Local corporatism in China and survey methodology

Dong Hee Nam
Maeil Business Newspaper, Korea
Recovering Korean economy and governmental policies

Atsuomi Obayashi
Keio University, Japan
Joint ventures between business and academia

Xiaoming Pan
Academia Sinica, PRC
Chinese economy

Hiroshi Sato
Hitotsubashi University
Microfoundation of the socioeconomic change in rural China

Bernd Schurmann
Humboldt–Universität zu Berlin
Small-state compensating strategy—The Taiwan case

Yoko Takeda
International University of Japan
Japanese economy and the Internet

Jonathan Thaw
Oxford University
Asian–Indian communities in Silicon Valley

TRAINING AND TEACHING



The Center offers financial support and training to Stanford students through research assistantships and scholarships. Student researchers are encouraged to participate in A/PARC seminars, interact with visiting fellows and scholars, and produce their own publications. An endowment provided by Barbara Hillman, a longtime friend of A/PARC, contributes to funding students at the Center.

AI ISAYAMA SCHOLARSHIP

In 1991, A/PARC established a scholarship in memory of Ai Isayama, the daughter of longtime friends of A/PARC. The scholarship provides support to qualified Stanford undergraduates to conduct research in Japan, in order to write an honors thesis related to Japan or U.S.–Japan relations. The scholarship is normally given for summer support between awardees' third and fourth years of undergraduate work, and provides economy-class air travel and living expenses for up to ten weeks in Japan.

In 1999, A/PARC awarded two Ai Isayama Scholarships, to Kelly Price and Phillip Lipsy. Kelly graduated from Stanford in 2000 with a B.S. in human biology. She wrote a thesis about Japanese families who send their children to international schools while residing in Japan. Phillip, a senior at Stanford, is pursuing an honors thesis on the Japanese economic crisis.

1999–2000 ISAYAMA SCHOLAR PHILLIP LIPSCY

I received the Ai Isayama Scholarship in the spring of 1999 to conduct research on the Japanese recession and ongoing structural reform. After enrolling in Professor Daniel Okimoto's class on Japanese politics, my undergraduate focus decisively shifted toward studying the Japanese political economy. As a summer project, I wanted to learn about the current economic dilemmas facing Japan, as well as their future implications. Instead of prematurely attempting to reach definitive conclusions, I intended to enrich my knowledge with an eye toward a senior honors thesis and perhaps an eventual Ph.D. dissertation.

Since the speculative "bubble" burst in 1990, Japan has struggled to maintain its position as an economic paragon. Its

domestic economy, once considered a growth miracle and even a threat to the United States, now struggles to achieve meager positive growth. Its once-extolled bureaucracies—the Ministry of Trade and Industry (MITI) and the Ministry of Finance (MOF)—have been mired in charges of corruption and ineptitude. The postwar system that came to be known as "Japan, Inc."—the keiretsu, the main-bank system, and industrial targeting—has now soured, and a different image dominates: "Japan Incompetent."

Through A/PARC's support, and the warm reception and guidance I received from the Isayama family, I conducted interviews in Japan with a variety of business people, as well as policymakers at MITI and the Economic Planning Agency.

The insights I gained from the work I conducted under the Isayama Scholarship have not only been crucial to my academic career but have also assisted me greatly during my recent internship at the International Office of the U.S. Treasury.

I learned about the momentous problems facing the Japanese government: the impact of a rapidly aging society on the pension system and economic growth; the challenges of balancing the need for economic stimulus with mounting public debt; and the efforts to encourage venture capitalism and accountability. My impression of the construction sector was particularly bleak. The open admission of corrupt practices, combined with the vast resources being poured into public-works projects as an economic stimulus, constitute an endemic problem in need of but resistant to reform.

Yet Japan also showed signs of hope. Among the policy-making elite, a consensus toward reform and change seems firmly established. Sweeping reforms are being enacted to strengthen the financial system, to increase accountability and transparency, to reform the government bureaucracy, to foster IT investment, and to enhance the independence of the Bank of Japan, the central bank. Whether these reforms will be effective or carried out as planned continues to be dubious, especially while the LDP—with its support base concentrated in protected interest groups such as construction and agri-

culture—remains in power. The recent Lower House elections produced ambiguous results but signaled that the political costs of avoiding reform are becoming increasingly steep.

The insights I gained from the work I conducted under the Isayama Scholarship have not only been crucial to my academic career, but have also assisted me greatly during my recent internship at the International Office of the U.S. Treasury. I am currently back in Japan, working as a visiting research fellow at the Institute of International Policy Studies. I hope to combine the work from these two summers into an honors thesis on Japanese economic leadership in East Asia. I strongly encourage all students interested in any aspect of Japan to consider applying for the Ai Isayama Scholarship. I would also like to take this opportunity to express my utmost sense of gratitude and appreciation to Mr. Isayama and his family, as well as to Professor Okimoto and A/PARC, for the truly paramount support I received during the course of my research.



Dr. Supachai Panitchpakdi, director general of the WTO and deputy prime minister of Thailand, at a reception for Stanford's graduate and undergraduate students from Thailand

WARREN AND SUSAN BRADLEY MEMORIAL FELLOWSHIP

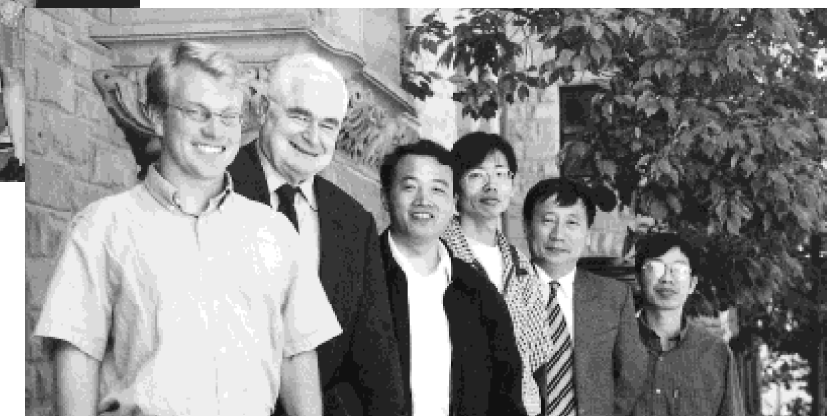
In 1994, A/PARC established the Warren and Susan Bradley Memorial Fellowship, in honor of Warren Bradley and his wife, Susan, parents of former United States senator Bill Bradley. The fellowship is awarded to a student, undergraduate or graduate, in any department or school, who demonstrates academic excellence and a high level of commitment to public service. The fellowship carries a cash award of \$2,000, to be used at the awardee's discretion, in support of his or her studies at Stanford for the next academic year.

A/PARC congratulates Catherine Crump, the 1999–2000 recipient of the Warren and Susan Bradley Memorial Fellowship. Catherine graduated from Stanford in 2000, with a B.S. in political science. She spent her fellowship summer as a research assistant at the East Palo Alto Community Law Project.

1999–2000 BRADLEY FELLOW CATHERINE CRUMP

As an A/PARC Bradley Fellow, I worked at the East Palo Alto Community Law Project. The Law Project and organizations like it are of vital importance because they provide legal assistance to those who could not otherwise afford an attorney, people who would be priced out of justice in a nation that increasingly resolves its problems in court. With James J. Davis, Jr., the Law Project's Supervising Attorney for Housing Law, I worked with low-income people who were in danger of losing their shelter. Most of our clients were employed and with children to support, yet their employment often fell into that category of unskilled labor that is minimally salaried. These were people for whom losing their housing could have tragic results.

At the Law Project, Jim and I took a two-pronged approach to advocating for low-income clients. The first prong consisted of addressing clients' daily needs and assisting them in resolving their particular problems. Some clients were threatened with imminent eviction and had nowhere else to go. Others lived in apartment complexes and complained about the condition of their accommodations. Still others faced the loss of the government subsidies that made up the difference between what they could afford to pay in rent and Bay Area market prices. I interviewed clients to determine their problems and



Professor Michel Oksenberg (second from left) and several of his graduate students welcomed Tang Linxing (third from left), first secretary of the Yuexi County Party Committee in Anqing Municipality, and attended his student-only seminar at A/PARC on the daily activities of a Chinese country party secretary.

whether the Law Project could help. I also negotiated with landlords and the local Housing Authority on their behalf.

The second prong of our approach consisted of addressing the structural issues that make it difficult for low-income people to afford to live in the Bay Area in the first place. We succeeded in making the local Housing Authority's housing quality requirements less punitive against low-income tenants. The Law Project is also working to ensure enforcement of the law that requires localities to plan for construction of

units affordable to very-low-income people. Since market forces keep pushing the price of rent upwards, these structural projects are an uphill battle. The only institution with the power to counteract the market is the government, which can designate certain land for affordable housing and provide the subsidies necessary to support economically diverse communities. Few local governments in the Bay Area are committed to these ideals, but without progress in these structural issues fewer and fewer low-income people will be able to afford to live in this part of the world.

Working at the Law Project was central to my time as a Stanford undergraduate. Organizations like the Law Project offer students an opportunity to help others by using the ana-

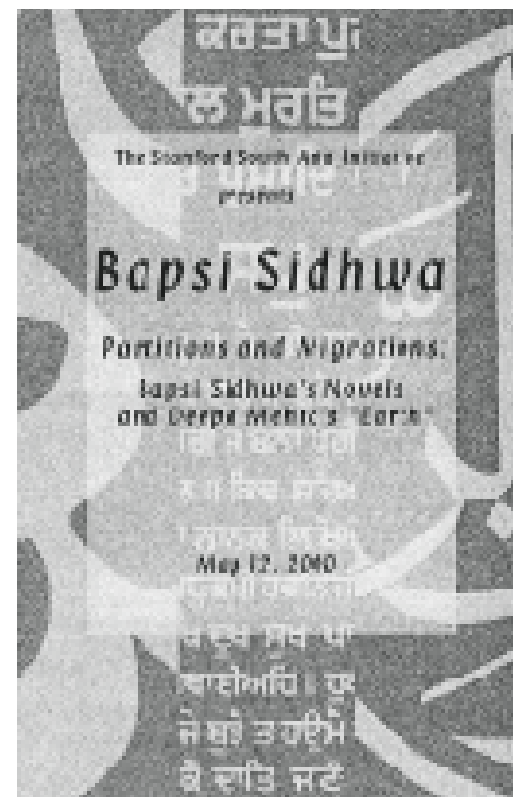
lytical and writing skills they develop in the classroom. Further, as a political-science major, I found learning the specifics of federal and local housing policy from the front lines, rather than reading descriptions neatly contained in college textbooks, to be an invaluable experience.

Top photo: Graduate student M. Taylor Fravel with members of ARCO's employee team, preparing to visit Yacheng 13-1 offshore natural gas platform, Sanya, Hainan Island.

Bottom photo: Students and faculty listen attentively at one of A/PARC's many seminars.



Working at the Law Project was central to my time as a Stanford undergraduate....I found learning the specifics of federal and local housing policy from the front lines,rather than reading descriptions neatly contained in college textbooks,to be an invaluable experience.



Invitation to the South Asia Initiative's Bapsi Sidhwa reading

SOUTH ASIA INITIATIVE AWARDS

In academic year 1999–2000, the first round of awards were distributed under the new South Asia Initiative, which A/PARC administers on behalf of the University. The South Asia Initiative is made possible by a generous seed grant from Gerhard Casper, former president of Stanford University; Malcolm Beasley, dean of the School of Humanities at Stanford; and David Holloway, director of IIS. It is also supplemented by outside donor support. This year, the South Asia Initiative awards resulted in nine new courses being offered at Stanford during the academic year. Four research projects received additional support, and an ongoing seminar series was also initiated. Among the new courses are an annual Modern South Asia course (an expansion of the biennial Modern India course); an Introduction to the Humanities course with a focus on South Asia (taught by Professor Akhil Gupta); and an Ecology and Equity class (taught by Ram Guha, a visiting professor).

A new quarterly speaker series—the Distinguished Speaker Series in the Humanities—was also introduced, with outside funding from the Chandrasekhar and Agrawal Foundations, and arranged by the South Asia Initiative. These talks have proven very popular with students and the Bay Area community at large. Over three hundred people, for example, attended the function at which novelist Bapsi Sidhwa spoke about her work. Beginning in 2000–01, an outside donor has committed a five-year grant of \$20,000 per year to continue the funding of this series.

1999–2000 A/PARC STUDENT ASSISTANTS AND RESEARCHERS

Ramnik Bajaj, India
M.S., Engineering–Economic Systems and Operations Research

Makenakauhaneola (Makena) Coffman, U.S.
B.A., International Relations

Suh-Yong Chung, Korea
J.D./Ph.D., Law

M. Taylor Fravel, U.S.
Ph.D., Political Science

Rishi Goyal, India
Ph.D., Economics

Chao-chi Lin, Taiwan
Ph.D., Political Science

Peter Lorentzen, U.S.
Ph.D., Political Science

Sudhakar Ravada, India
M.S., Engineering–Economic Systems and Operations Research

Junko Sasaki, Japan
B.A., Political Science

Kaoru (Kay) Shimizu, Japan
Ph.D., Political Science

Prem Sudhish, India
M.S., Electrical Engineering

Mingchun Sun, PRC
M.S., Engineering–Economic Systems and Operations Research

Tiara Wirkkala, U.S.
B.A., International Relations

Lin Xu, PRC
M.A., East Asian Studies

Wentong Zheng, PRC
Ph.D., Economics



The Shibayama family, one of the Japanese-Peruvian families deported to and interned in the United States

MAKING A/PARC'S SCHOLARSHIP ACCESSIBLE

The Stanford Program on International and Cross-Cultural Education (SPICE), an outreach program of IIS, links A/PARC research and teaching programs to elementary and secondary schools and community colleges in the United States and the Pacific Basin. SPICE's Asia/Pacific Project develops up-to-date curriculum materials that introduce students to contemporary Asian issues and their historic, geographic, and cultural context. Here, SPICE director Gary Mukai reports on the program's recent activities.

DEVELOPING HIGH SCHOOL CURRICULA ON JAPANESE-AMERICAN INTERNMENT

A/PARC professor Daniel Okimoto's first few years of life were spent in the confines of a desert site in Poston, Arizona, at one of ten internment camps for Japanese-Americans during World War II. Professor Okimoto's family was uprooted from Southern California and forcibly interned by the U.S. government. My family, the Mukais, shared a similar fate: we were uprooted from Salinas, California, and placed in the same Poston camp. Knowing that our families had shared this experience during World War II added a special significance to SPICE's development of its latest high school curriculum unit, *Civil Rights and Japanese-American Internment*. Professor Okimoto served as principal investigator of this project.

With primary funding from the California Civil Liberties Public Education Program, SPICE staff members Greg Francis, Samantha Hojo, Selena Lai, Steven Yoda, and I developed this curriculum unit over the 1999–2000 academic year. Most standard high school textbook coverage of Japanese-American internment

is very limited, and we hope this unit will provide a key supplement in every U.S. high school, treating the subject with nuance and sensitivity.

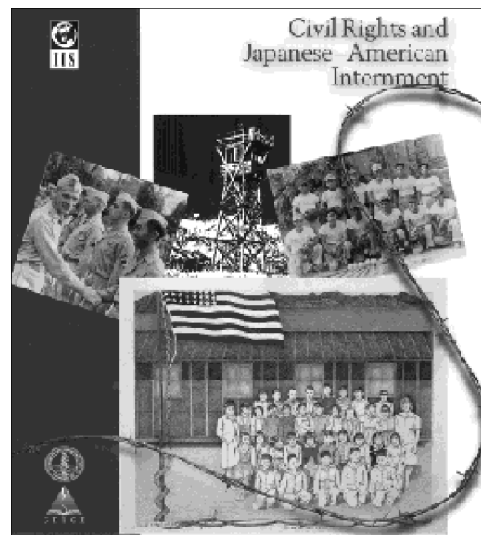
The curriculum unit incorporates diverse perspectives on internment, as well as a range of student-centered activities focusing on film, art, comics, testimonies, poetry, diaries, editorials, autobiographies, photographs, and dramatic readings. Professor Okimoto's book *American in Disguise* is included with the unit, along with his thirty-year retrospective on the publication. The perspectives of

Yamato Ichihashi, a professor of history at Stanford who was sent to internment camp from Stanford, are also presented through his letters, diary entries, and other writings. These were themselves compiled into a book, *Morning Glory, Evening Shadow*, by Professor Gordon Chang, of Stanford's department of history. This book, as well as a letter to high school students from Professor Chang, is included with SPICE's curriculum unit.

The SPICE unit also includes three documentary videos. In the first, "Days of Waiting," students have an opportunity to see through the eyes of a Caucasian woman, married to a Japanese-American, who spent several years as an internee in Heart Mountain, Wyoming. The second focuses on Japanese-Americans who worked in the Military Intelligence Service and served as translators, interpreters, and interrogators of Japanese prisoners of war (POWs). The third, a 1943 U.S. government-produced newsreel called "Japanese Relocation," presents the government's rationale for internment over 110,000 people of Japanese descent from the West Coast of the United States.

Activities in this curriculum unit have been shared in numerous national and international seminars for teachers. The activity that has fueled the most extensive discussion is one that focuses on the 2,264 members of the Japanese community in Latin America (1,799 of whom were from Peru) who were deported to and interned in the United States. Of these, over 800 were included in POW exchanges with Japan. The remaining Japanese–Latin Americans were interned until the end of the war.

In its mission to make A/PARC and IIS research accessible to a precollegiate audience, SPICE seeks to help American students understand Asia's significance. Its latest curriculum unit on internment not only highlights Asia's historical interdependence with the United States but also the negative role that U.S.–Asian relations played in the Asian-American experience during World War II.



SELECTED COURSES TAUGHT BY A/PARC-AFFILIATED FACULTY, 1999–2000

Economics 203:

The World Food Economy

This course, taught by Professor Walter P. Falcon, surveys the economic and political dimensions of food production, consumption, and trade. It comprises four major sections: issues and current empirical evidence on the international food situation; structural fissures (agronomic, technological, economic) that determine the nature of domestic food systems; the role of domestic food and agricultural policies in international markets; and the integrating forces of international research, trade, and food aid in the world food economy. The course emphasizes the food problems of developing countries within an international context.

Economics 216:

The Macroeconomics of Economic Development

Professor Lawrence J. Lau's course examines the historical experience of economic development; patterns and sources of economic growth; models of economic development (two-gap models, dual economy models, open economy models, "new" growth models); saving and capital accumulation; the role of money and finance; inflation; taxation; stabilization in closed and open economies with incomplete and/or imperfect markets; human and other forms of intangible capital; infrastructural capital; and externalities.

Economics 217:

Money and Finance in Economic Development

This course, taught by Professor Ronald I. McKinnon, explores banking systems, interest rates, regulatory policies, and the productivity of capital in developing countries. Other topics covered include control of inflation (fiscal and monetary policies for macroeconomic stability), currency crises, exchange rates, and the liberalization of foreign trade. Particular attention is paid to transitional socialist economies in Asia and eastern Europe.

Political Science 28 / History 92B:

East Asia in the Age of Imperialism

Co-taught by Professors Michel Oksenberg and Peter Duus, this course is designed for freshmen and sophomores and provides an interdisciplinary introduction to East Asian political, social, cultural, and economic evolution from 1840 to 1945. The various responses in China, Japan, and Korea to Western penetration of the region also are covered.

Political Science 29 / History 92C:

East Asia after World War II—1945 to the Present

Professor Michel Oksenberg's course continues where Political Science 28 / History 92B (above) leaves off. Adopting a largely historical and strategic perspective, the course traces the region's evolution and emphasizes the regional security and political context that facilitated East Asia's transformation after World War II. Particular attention is paid to the long-standing interactions among Japan, Korea, and China, as well as the peripheries of Central, Southeast, and South Asia.

Political Science 217:

Evolution of the Chinese Political System since 1750

This seminar, co-taught by Professors Michel Oksenberg and Lyman Miller, traces the development of the Chinese political system from 1750 to the present.

Political Science 223:

Japanese Politics

Professor Daniel I. Okimoto's seminar—taught this year by Jennifer Amyx, postdoctoral fellow at the Australian National University—examines the primary institutions in Japanese politics (bureaucracy, legislature, political parties, and interest groups) through the lens of the major theories that have been used to explain their structure and behavior.

Sociology 117 / 217A:

Social Consequences of the Chinese Revolution

In this course, Professors Nancy Tuma and Andrew Walder critically examine the emerging research literature on social change in eastern Europe, the former Soviet Union, and China, providing a critical understanding of the state of the field and of the emerging models and new data sources employed in current research.

Sociology 318:

Sociological Perspectives on Transitional Societies

This course, taught by Professor Andrew Walder, introduces theoretical strategies in sociological analysis selected from among functionalism, historical materialism, human ecology, the theory of action, symbolic interactionism, social phenomenology, decision theory, and behaviorism, illustrated by programs of theoretical research originating in the classical literature still active in the contemporary literature.

Urban Studies 135:

Cities and Urban Systems in East Asia

This urban planning and policy course, taught by A/PARC visiting professor Mike Douglass, focuses on contemporary processes of globalization and urbanization in East and Southeast Asia. Three dimensions are covered: (1) globalization of Asia Pacific economies; (2) new urban and regional patterns of development, including international intercity networks, world city formation, and international growth triangles; and (3) key policy issues, including the rise of civil society and social movements for more livable cities. The course traces these issues as they unfold in settings, beginning with Japan and moving from Northeast to Southeast Asia and Indonesia.

Urban Studies 184:

Managing the Urban Environment in East Asia

This seminar, taught by A/PARC visiting professor Douglas Webster, focuses on the identification of effective actions to address urban environmental issues in rapidly changing Asian regions. Urban systems are analyzed as human habitat, natural resource consumption systems, polluters, and drivers of development. The course includes case studies from Bangkok, Shanghai, Seoul, and Jakarta.

PEOPLE



The Center's primary strength lies in the quality of its faculty and staff. A/PARC faculty represent a diverse mix of disciplines, giving breadth and depth to the study of contemporary Asia. A/PARC staff bring a variety of experiences and skills to the support of the Center's research, teaching, and outreach activities.

CENTER DIRECTORS

HENRY S. ROWEN



Henry S. Rowen is co-director of the Asia/Pacific Research Center. He is a senior fellow at the Hoover Institution and a professor of public policy and management emeritus at Stanford's Graduate School of Business.

Professor Rowen is an expert on international security, economic development, and Asian economics and politics, as well as U.S. institutions and economic performance. His current research focuses on global regions of innovation, economic growth prospects for the

developing world, political and economic change in East Asia, and the tenets of federalism. Among his numerous publications, recent noteworthy writings include "Catch Up. Why Poor Countries Are Becoming Richer, Democratic, Increasingly Peaceable, and Sometimes More Dangerous" (A/PARC, August 1999), and "Cool on Global Warming," co-authored with John Weyant (*The National Interest*, Fall 1999). Professor Rowen is the editor of *Behind East Asian Growth: The Political and Social Foundations of Prosperity* (Routledge Press, 1998). As part of his work with A/PARC's Silicon Valley Networks research project, Professor Rowen also co-edited, with Chong-Moon Lee, William F. Miller, and Marguerite Gong Hancock, *The Silicon Valley Edge: A Habitat for Innovation and Entrepreneurship* (Stanford University Press, November 2000).

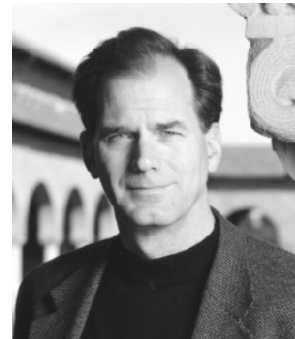
ANDREW WALDER

Andrew Walder is co-director as of September 1, 2000 of the Asia/Pacific Research Center, professor of sociology, and senior fellow at Stanford's Institute for International Studies. An expert on the sources of stability and change in commu-

nist regimes, his current research interest is the impact of China's market reforms on income inequality and career opportunity. He is also engaged in historical research on the Cultural Revolution of 1966–69, presently with an emphasis on the Beijing Red Guard movement during 1966 and 1967.

Before coming to Stanford in fall 1997, Dr. Walder was professor of sociology at Harvard, and was professor and head of the Division of Social Sciences at Hong Kong University of Science and Technology from 1995 to 1997. Dr. Walder received his Ph.D. in sociology from the University of Michigan.

Dr. Walder's recent publications include *Property Rights and Economic Reform in China* (Stanford University Press, 1999, co-edited with Jean Oi); *Zouping in Transition: The Process of Reform in Rural North China* (Harvard University Press, 1998, editor); and "Politics and Life Chances in a State Socialist Regime: Dual Career Paths into the Urban Chinese Elite, 1949 to 1996," in *American Sociological Review* (April 2000, co-authored with Bobai Li).



JULIAN CHANG



Julian Chang is deputy director of the Asia/Pacific Research Center. He received his Ph.D. in political science from the Department of Government at Harvard University in 1995. His dissertation examined the marketing of the Soviet Union in China in the 1950s as a case study of the evolution of the Chinese propaganda system. At

Harvard, he served as Allston Burr Senior Tutor (dean) of Cabot House, one of twelve undergraduate residences, from 1993 to 1996, and worked in the University Development Office. He received his B.A. from Yale University and was a Yale-China "ELI" at Wuhan University, China, where he taught English and American history. His research interests include Sino-Soviet/Russian relations, communications, and mass media in China.

JAMES H. RAPHAEL

James H. Raphael has been with A/PARC since 1988. In his current position as director of research, Raphael oversees

select research projects and works with the publications manager on the Center's academic publications.

Over the past two years, Raphael's own research has focused principally on the economic and social dimensions of East Asia's large cities. He is working closely with Thomas P. Rohlen and Douglas Webster on A/PARC's project on Asia's urban dynamics. His other current research interests include Asian economic history and issues related to the region's demographic transition. His recent publications include "How Many Models of Japanese Growth Do We Want or Need?" with Thomas P. Rohlen, in Henry S. Rowen, ed., *Behind East Asian Growth: The Political and Social Foundations of Prosperity* (Routledge Press, 1998), and *A United States Policy for the Changing Realities of East Asia*, co-authored with Daniel I. Okimoto, Henry S. Rowen, Michel Oksenberg, et al. (A/PARC, 1996). Raphael did his graduate work in modern Japanese history at the University of Michigan and was a Fulbright Fellow at Tokyo University.



FACULTY EXECUTIVE COMMITTEE

DONALD K. EMMERSON



Donald K. Emmerson is a senior fellow at Stanford's Institute for International Studies.

In 1999–2000, Professor Emmerson launched A/PARC's Southeast Asia Forum. His research focused mainly on security, sovereignty, and democratization in East Asia, with particular reference to Southeast Asia and Indonesia. In 2000, the subjects of his fieldwork ranged from the roots of current political violence in Aceh, Maluku, and Papua in Indonesia to competing strategies in a bi-election campaign in Teluk Kemang, Malaysia. He also co-organized an international workshop in Seoul that explored research agendas on changing forms of sovereignty in East Asia.

Professor Emmerson lectures widely, in English and Indonesian. His speaking and conference schedule in 2000 included Berkeley, Berlin, Canberra, Los Angeles, Phoenix, Princeton, Singapore, Tokyo, and Yogyakarta. In Jakarta, he keynoted a conference on democratic transitions, organized by the Council of Asian Liberals and Democrats. On the above and related topics, he was interviewed by the *New York Times*, the *Wall Street Journal*, and the Voice of America, among other media. In 1999–2000, he served as an advisor to the ASEAN Institute for Strategic and International Studies, the International Forum for Democratic Studies, and the National Bureau of Asian Research, among other bodies. In

1999, he testified at U.S. House and Senate hearings on East Timor and Indonesia.

Professor Emmerson's recent publications include an edited and co-authored volume, *Indonesia beyond Suharto: Polity, Economy, Society, Transition* (M.E. Sharpe, 1999), which he has translated for publication in Indonesian (Jakarta: Gramedia, 2000); chapters in *America and the East Asia Crisis* (W.W. Norton, 2000) and *Beyond the Crisis: Challenges and Opportunities* (ISIS Malaysia, 2000); and an essay in *Foreign Affairs*. His published work in 1999 included pieces in the *Cambridge Review of International Affairs*, *Foreign Affairs*, and the *Journal of Democracy*.

Professor Emmerson is also sole proprietor of a consulting firm, Development Concepts.

WALTER P. FALCON

Walter P. Falcon is co-director of the Center for Environmental Science and Policy, professor of economics, and Helen Farnsworth Professor of International Agricultural Policy at Stanford University. He grew up in rural Iowa and received his B.S. degree from Iowa State University in 1958. He received his Ph.D. in economics from Harvard University in 1962, and spent the next ten years on the Harvard faculty. In 1972 he moved to Stanford University's Food Research Institute, where



he served as professor and director until 1991. His specialty is agricultural policy in developing countries. He began his research and policy advice in Indonesia in 1968 and has spent several months each year in residence there since then. He has co-authored three volumes on Indonesian agriculture and has given numerous food-policy short courses at the Indonesia Food Ministry. His 1971 essay on the "Green Revolution" was honored with a research award by the American Agricultural Economics Association (AAEA), as was his 1983 co-authored volume, *Food Policy Analysis*.

Professor Falcon has consulted with numerous international organizations, and he has been a trustee of Winrock International and chairman of the board for the International Rice Research Institute. From 1978 to 1980, he was a member of the Presidential Commission on World Hunger. In 1989 he was cited as the outstanding graduate of Iowa State University; in 1990 he was named a Fellow of the AAEA; in 1991 he became a fellow of the American Association for the Advancement of Science. In 1992, he was awarded the prestigious Bintang Jasa Utama medal of merit by the Government of Indonesia for twenty-five years of assistance with that country's development effort. In 1996, he became chairman of the board of CIMMYT, the International Wheat and Maize Improvement Center. At Stanford, he has also served as director of the Institute for International Studies, senior associate dean for the social sciences, a member of the Academic Senate, and a member of the University's Advisory Board.

Professor Falcon's most recent publications include "The Maize Transitions in Asia: Unlocking the Controversy"

(*American Journal of Agricultural Economics*, November 1998), with Rosamond L. Naylor; “El Niño/Southern Oscillation Data Predict Rice Production in Indonesia” (*Climatic Change*, forthcoming), with Rosamond L. Naylor, et al.; and “Policy Reforms and Mexican Agriculture: Views from the Yaqui Valley (Sonora)” (CIMMYT, forthcoming), with Rosamond L. Naylor and Arturo Puente-Gonzalez.

LAWRENCE J. LAU

Lawrence J. Lau received his B.S. in physics and economics, with Great Distinction, from Stanford University in 1964, and his M.A. and Ph.D. degrees in economics from the University of California, Berkeley, in 1966 and 1969, respectively. In 1966, he rejoined the faculty of Stanford’s department of economics, and was promoted to professor of economics in 1976. In 1992, he was named the first Kwoh-Ting Li Professor of Economic Development at Stanford. In addition, from 1992 to 1996, he served as a co-director of the Asia/Pacific Research Center. From 1997 to 1999, he served as the director of the Stanford Institute for Economic Policy Research (SIEPR). He is also a senior fellow of SIEPR, of the Institute for International Studies (by courtesy), and of the Hoover Institution (by courtesy). His specialized fields are economic theory, economic development, economic growth, applied microeconomics, econometrics, agricultural economics, industrial economics, and the economies of East Asia, including China.

Dr. Lau has been elected a member of Phi Beta Kappa Tau Beta Pi, Academia Sinica, the Conference for Research in Income and Wealth, and an honorary member of the Chinese Academy of Social Sciences. He is a fellow of the Econometric Society, an overseas fellow of Churchill College, Cambridge, England, and an academician of the International Eurasian Academy of Sciences. He has been awarded the degree of Doctor of Social Sciences, *honoris causa*, by the Hong Kong University of Science and Technology.

JEAN C. OI



Jean C. Oi is professor of political science and director of the Center for East Asian Studies (CEAS) at Stanford University. A political economist, Professor Oi has focused her research on comparative politics, Chinese politics, and political economy of reform in China at the village level.

She is the author of *State and Peasant in Contemporary China: The Political Economy of Village Government* (University of California Press, 1989); *Rural China Takes Off: Institutional Foundations of Economic Reform* (University of California Press, 1999); and co-editor, with Andrew Walder, of *Property Rights and Economic Reform in*



China (Stanford University Press, 1999). Her articles have appeared in *World Politics*, *Journal of Development Studies*, and *China Quarterly*, among many other publications. Most recently, she has contributed book chapters to *China toward 2020: Social Uncertainties and Political Challenges* (Michel Oksenberg and Julian Chang, eds., Rowman & Littlefield, forthcoming), and *Zouping in Transition: The Process of Reform in Rural North China* (Andrew Walder, ed., Stanford University Press, 1998).

Professor Oi received her Ph.D. from the University of Michigan. She was associate professor at Harvard University from 1987 to 1995 and served as visiting associate professor at Hong Kong University of Science and Technology from 1995 to 1997. From 1983 to 1987, Professor Oi was assistant professor at Lehigh University.

DANIEL I. OKIMOTO

A specialist on the political economy of Japan, Daniel I. Okimoto is senior fellow of the Institute for International Studies, director emeritus of the Asia/Pacific Research Center, and professor of political science at Stanford University. During his twenty-five-year tenure at Stanford, Professor Okimoto has served as a research fellow at the Hoover Institution and the Northeast Asia–United States Forum on International Policy, the predecessor organization to A/PARC. In 1976, Professor Okimoto co-founded the Asia/Pacific Research Center and he has been an active member of the core faculty ever since. He has served on several University committees which have established programs in Asian-American Studies and the Comparative Study of Race and Ethnicity. Professor Okimoto has been visiting professor at the Stockholm School of Economics, the Stanford Center in Berlin, and the International Research Center for Japanese Studies in Kyoto, Japan. He has also served as vice chairman of the Japan Committee of the National Research Council at the National Academy of Sciences and of the Advisory Council of the Department of Politics at Princeton University.

Professor Okimoto’s fields of research include comparative political economy, Japanese politics, U.S.–Japan relations, high technology, and international security. He received his B.A. in history from Princeton University, M.A. in East Asian studies from Harvard University, and Ph.D. in political science from the University of Michigan. He is the author of numerous books and articles, including *Between MITI and the Market: Japanese Industrial Policy for High Technology* (Stanford University Press, 1990); co-author of *A United States Policy for the Changing Realities of East Asia* (A/PARC, 1996); co-editor, with Takashi Inoguchi, of *The Political Economy of Japan: International Context* (Stanford University Press, 1988); and co-editor of *Competitive Edge: The Semiconductor Industry in the U.S. and Japan* (Stanford University Press, 1984). He is currently analyzing the impact of the Internet on the Japanese political economy. He is the



editor of a forthcoming volume on America’s security alliances with Japan and South Korea.

MICHEL OKSENBERG



Michel Oksenberg is a senior fellow at the Institute for International Studies at Stanford University, where he is also a professor of political science by courtesy. He also serves as a consultant to an investment bank, a law firm, and a management consulting firm.

In recent years, Professor Oksenberg’s research has focused on the domestic structural implications of China’s involvement in the global economy. From this perspective, he has examined trends in local government, intellectual-property rights, environmental protection, development of petroleum resources, and membership in the World Bank and International Monetary Fund.

His most recent publications include *China Joins the World: Progress and Prospects* (Council on Foreign Relations, 1999), co-edited with Elizabeth Economy; *Shaping U.S.–China Relations: A Long-Term Strategy* (Council on Foreign Relations, 1997), co-authored with Elizabeth Economy; and “China: A Tortuous Path onto the World’s Stage,” in Robert A. Pastor, ed., *A Century’s Journey: How the Great Powers Shape the World* (Basic Books, 1999).

A graduate of Swarthmore College (B.A., 1960) and Columbia University (M.A., 1963 and Ph.D., 1969), Professor Oksenberg has taught at Stanford (1966–68), Columbia (1968–74), and the University of Michigan (1973–92). He was a senior staff member of the National Security Council during the Carter administration, and from January 1992 to February 1995 was president of the East–West Center in Honolulu. He currently is a member of the Trilateral Commission, the board of directors of the National Committee on U.S.–China Relations, the Council on Foreign Relations, the Grants Committee of the Smith Richardson Foundation, and the Forum for International Policy.

Of all his activities, Professor Oksenberg derives greatest satisfaction from teaching about China both at the undergraduate and graduate levels. In particular, since 1966, he has served as mentor to over 70 Ph.D. and over 150 M.A. students in the China field. His former students now hold responsible positions in universities, governments, corporations, publication houses, and think tanks around the world.



THOMAS P. ROHLEN

Educated at Princeton and the University of Pennsylvania (Ph.D., anthropology, 1970), Thomas P. Rohlen is professor in the School of Education and senior fellow at Stanford’s Institute for International Studies. He is also a fellow of the Canadian Institute for Advanced Research. His past work concerned the links between education, organizational management, learning, and economic performance, particularly in Japan. Currently, he is focusing

his research on the impact of global economics on the leading cities of East Asia, and, in turn, on the rising importance of these cities to the political and cultural life of the nations of the region. Professor Rohlen has written or edited eight books and more than sixty articles that examine corporate organization, schooling, and the cultural foundations of learning systems as they impact national outcomes. His book *Japan’s High Schools* (University of California Press, 1983) received the Ohira Prize, the Berkeley Prize, and the Association for Educational Research’s Critics Choice Award. He received the Edward J. Lehman Award for Public Service from the American Anthropological Association in 1991.

Professor Rohlen’s recent publications include *Education and Training in Japan* (Routledge Press, 1998), co-edited with Christopher Bjork; “Japanese Economic Growth: How Many Models Do We Want or Need?” with James H. Raphael, in Henry S. Rowen, ed., *Behind East Asian Growth: The Political and Social Foundations of Prosperity* (Routledge Press, 1998); *Teaching and Learning in Japan*, co-edited with Gerald Le Tendre (Cambridge University Press, 1996); “A ‘Mediterranean’ Model for Asian Regionalism” (A/PARC, May 1995); “Differences That Make a Difference: Explaining Japan’s Success,” in *Educational Policy*; and “Hong Kong and the Pearl River Delta: ‘One Country, Two Systems’ in the Emerging Metropolitan Context” (A/PARC, July 2000).

AFFILIATED FACULTY

KEN-ICHI IMAI

Ken-ichi Imai is an internationally recognized expert on the economics and management of the firm, industrial organization, and the economics of technological change and innovation. After receiving his Ph.D. from Hitotsubashi University, Professor Imai went on to become an assistant professor, full professor, and eventually, dean of the Graduate School of Business at Hitotsubashi. In September 1991, he assumed the role of director of research at the Stanford Japan Center. At that time, he was also named a senior fellow of Stanford’s Institute for International Studies and a professor, by courtesy, in Stanford’s Department of Economics. In December 1991, he became chairman of the Stanford Japan Center Foundation Board.

Professor Imai has been influential in both Japanese and international policymaking. Internationally, he has contributed to several projects of the Organization for Economic Cooperation and Development (OECD). In Japan, he has been actively involved in the development of national industrial policy, through the Industrial Structure Consultative Council of the Ministry of International Trade and Industry (MITI). In 2000, he became chairman of MITI’s Information Technology (IT) Committee, and a member of the Strategic Council of IT Policy, which was organized by the prime minister.

As director of the Stanford Japan Center–Research, Professor Imai has promoted collaborative research between



the United States and Japan. In 2000, in cooperation with colleagues at Stanford and in Silicon Valley, he organized a working committee to design an education plan for Japanese venture enterprises, and submitted its report to MITI. In March 2000, he held a workshop in Kyoto, with Stanford faculty and Japanese Internet experts, to develop a research agenda on the international dimensions of e-commerce. Professor Imai will implement this agenda in the coming academic year.

RONALD I. MCKINNON



Ronald I. McKinnon is the William D. Eberle Professor of International Economics at Stanford University. Currently, he is researching trade and financial policy in less-developed countries, the transition from socialism in Asia and Eastern Europe, the foreign exchange market and U.S.–Japan trade disputes, European monetary unification and international monetary reform, the economics of market-preserving federalism, and Japan's economic slump.

Recent books by Professor McKinnon include *The Order of Economic Liberalization: Financial Control on the Transition to a Market Economy*, 2nd edition (Johns Hopkins University Press, 1993); *The Rules of the Game: International Money and Exchange Rates* (MIT Press, 1996); and, with Kenichi Ohno, *Dollar and Yen: Resolving Economic Conflict between the United States and Japan* (MIT Press, 1997), which was translated into Japanese (1998) and Chinese (1999). Recent articles include “The East Asian Dollar Standard: Life after Death?” (*Economic Notes*, February 2000) and “The Syndrome of the Ever-Higher Yen: American Mercantile Pressure on Japanese Monetary Policy” (with Kenichi Ohno and Kazuko Shirono, 1999). Professor McKinnon teaches international trade and finance, economic development, the transition to a market economy, and money and banking.

WILLIAM F. MILLER



William F. Miller is Herbert Hoover Professor of Public and Private Management, emeritus, at Stanford's Graduate School of Business. He is also a professor of computer science emeritus in the School of Engineering; senior fellow emeritus in the Institute for International Studies; and director of the Stanford Computer Industry Project. He co-directs two executive-education programs: “Strategic Uses of Information Technology” and “Strategy and Entrepreneurship in the IT Industry.”

Professor Miller has spent about half of his professional life in business and about half in academia. He is chairman of the boards of Sentius Corporation and Inprise Corporation and has served as president and CEO of SRI International, as well as chairman of the board, CEO, and a founder of the

David Sarnoff Research Center (now the Sarnoff Corporation). Professor Miller was also vice president and provost, and vice president for research, of Stanford University.

Professor Miller is currently actively engaged in development of new information infrastructures, both in Silicon Valley and internationally. He speaks and writes widely on technology development, global changes in business strategy, policies for technology development, and local and regional economic development. In June 2000, he was awarded the Dongbaeg Medal, Order of Civil Merit, from the president of Korea. His most recent publication, *The Silicon Valley Edge* (co-edited with Chong-Moon Lee, Marguerite Gong Hancock, and Henry S. Rowen) was published by Stanford University Press in November 2000.

As both a graduate and an undergraduate, Professor Miller studied at Purdue University, where he received the B.S., M.S., Ph.D., and D.Sc., honoris causa.

RESEARCH DIRECTORS AND PERSONNEL

YUMIKO NISHIMURA

Yumiko Nishimura has been the associate director of A/PARC's Comparative Health Care Policy Research Project since May 1997, before which she served as the assistant director. A sociologist from Ochanomizu University in Tokyo, and a specialist on American and Japanese health systems and policies, she has lectured and written extensively on these topics in both countries. Ms. Nishimura introduced the Japanese health system to American readers in the 1993 book *Japan's Health System: Efficiency and Effectiveness in Universal Care*, co-edited with



Daniel Okimoto and Akihiro Yoshikawa. For Japanese readers, she published *America Iryo no Nayami (Health Care Reform in the United States)* in 1995. In May 2000, she organized an international health care conference at Stanford entitled “Do Health Care Markets Require a New Model?”

Following the publication of her comparative study on variations in physician clinical judgements regarding hysterectomy cases (A/PARC Occasional Paper, 1998), Ms. Nishimura has most recently studied the applicability of U.S. health promotion programs in the Japanese health care market. Based on this research, she developed a computer program to help medical staff provide health promotion services in the workplace. The idea was licensed to NTT Corporation for further development in 2000. Ms. Nishimura and her team are now focusing on information technology and health care.

They have been given access to comprehensive hospital data in Tokyo and are currently analyzing the data set. Research outcomes will be published through A/PARC.



RAFIQ DOSSANI

Rafiq Dossani is a senior research scholar at the Asia/Pacific Research Center, responsible for developing and directing the South Asia Initiative. His research interests include financial, technology, and energy-sector reform in India. He is currently undertaking projects on upgrading information technology in

Indian start-ups; on telecommunications reform in India; and on the institutional phasing-in of power-sector reform in Andhra Pradesh. He serves as an advisor to India's Securities and Exchange Board in the area of venture capital reform. Dr. Dossani earlier worked for the Robert Fleming investment banking group, first as CEO of its India operations and later as head of its San Francisco operations. He has also been the chairman and CEO of a stockbroking firm on the OCTEI exchange in India, the deputy editor of the *Business India Weekly*, and a professor of finance at Pennsylvania State University. He holds a B.A. in economics from St. Stephen's College, New Delhi, India; an M.B.A. from the Indian Institute of Management, Calcutta, India; and a Ph.D. in finance from Northwestern University.

MARGUERITE GONG HANCOCK



Marguerite Gong Hancock manages A/PARC's Silicon Valley Networks Project and co-edited the project's first book, *The Silicon Valley Edge* (Stanford University Press, November 2000), with Chong-Moon Lee, William F. Miller, and Henry S. Rowen. During the past year, she also served as a founding member of

Force, an advisor to the Global Entrepreneur Challenge 2000, and a speaker to university and business leaders on Silicon Valley. A specialist on government–business relations in information technology development, she has worked as director of network research for the Stanford Computer Industry Project at the Graduate School of Business; research associate at the East Asia Business Program of the University of Michigan; and consultant to a semiconductor equipment company in Boston and Tokyo. She received a B.A. in humanities and East Asian studies from Brigham Young University and an M.A. from Harvard University in East Asian studies. Her Ph.D. work at the Fletcher School of Law and Diplomacy focused on computer industry development in China. Her current research centers on comparative analysis of Silicon Valley and rising regions of innovation and entrepreneurship in Asia.

RUSSELL HANCOCK

Russell Hancock is director of the Shorenstein Forum at the Asia/Pacific Research Center. A specialist in government–business relations in the United States and Japan, Dr. Hancock has published in the areas of regulation, Japanese industrial policy, and regional governance. A graduate of Harvard, Dr. Hancock received a Ph.D. in political science from Stanford in 1993. Prior to joining A/PARC, he was vice president of the Bay Area Council, a privately funded organization dedicated to analysis and action on regional policy issues.

At the Council, Dr. Hancock supervised research activities in the areas of transportation and land use, and led several legislative efforts, including the establishment in 1999 of the Bay Area Water Transit Authority. He sits on the advisory boards of the Metropolitan Transportation Commission and the Air Quality Management District, and in this capacity he has published on the subject of market-based approaches to the transportation problems in large urban regions. His current research extends this analysis to the Asia Pacific region.

JAMIE HWANG

Jamie Hwang graduated from Stanford University in 1998 with a B.A. in international relations. Before graduation, she spent the summer of 1997 studying Chinese at Peking University in Beijing and working on an independent project concerning the implications of Hong Kong's return to China. After working as an analyst for a health care consulting firm, she joined A/PARC in June of 1999 as a research assistant for the Comparative Health Care Policy Research Project.



STAFF

WAKA TAKAHASHI BROWN

Waka Takahashi Brown graduated from Stanford University with a B.A. in international relations and an M.A. in secondary education. Prior to joining A/PARC in January 2000 as a faculty/program assistant, she spent two years in Gunma prefecture, Japan, as a coordinator for international relations on the Japan Exchange and Teaching (JET) Program. She also taught Japanese at Silver Creek High School in San Jose, and most recently served as a program coordinator in an educational start-up company.

DONNA FUNG

Donna Fung joined A/PARC in June 1997 as faculty assistant to Michel Oksenberg. She graduated from California State University, Sacramento, with a B.S. in management information systems. Before coming to A/PARC, Donna worked at the University of California, San Francisco, for six years.

GREET JASPAERT

Born in Ghent, Belgium, Greet Jaspaert graduated with a B.A. in Japanese studies from the University of Leuven in 1990 and an M.A. in sociology from the University of Tokyo in 1994. As an exchange student and later on a Mombusho scholarship, she spent a total of six years studying and working in Japan before joining A/PARC in 1995. Since September of 1999, Greet has been managing the Center's corporate relations and running the Visiting Fellows/Affiliates Program.

JODY KLOCZKOWSKI

Jody Kloczkowski is a graduate of American University with a B.A. in international studies. Before moving to California in September 2000 to join A/PARC as staff assistant, Jody worked for a research firm, and was deployed with the U.S. Army Reserve to Kosovo and Macedonia in support of the U.N. peacekeeping mission in that region.

ANNE MARIE KODAMA

Anne Marie Kodama is a graduate of Mills College with a B.A. in English. She spent a year in Nagoya, Japan, on the JET Program, teaching English to high-school students in Aichi prefecture. She joined A/PARC as a staff assistant in 1996 and was made manager of administration and corporate relations in 1998. In 1999, she became manager of administration and finance.

STEPHANIE MANNING

Stephanie Manning graduated from the University of California, San Diego, in 1998 with a B.A. in communication and a minor in Japanese studies. She joined A/PARC in September 2000 as a faculty assistant to Russell Hancock and Donald Emmerson, after spending two years in Saitama, Japan, teaching English on the JET Program.

CLAIRE MCCRAE

Claire McCrae has served as assistant to Daniel I. Okimoto, Thomas P. Rohlen, and James H. Raphael since joining A/PARC in November 1999. She previously worked in the Medical School Personnel Office and the Controller's Office. Before coming to Stanford in 1989, Claire worked as a volunteer with Hospice of the Valley and Good Samaritan Hospital in San Jose.

YUMI ONOYAMA

Yumi Onoyama joined A/PARC in April 1997 after spending a year in Chiba, Japan, teaching English for AEON Corporation and studying Japanese. After graduating from the University of California, Davis, with a B.A. in economics, she worked for an international transportation and logistics company in San Francisco as an accountant. In September of 1999, Yumi became the program coordinator for A/PARC, in charge of the Center's public and private events.

VICTORIA TOMKINSON

Victoria Tomkinson joined A/PARC as publications manager in June 1999. Previously, she worked as promotions and syndication manager at Salon.com in San Francisco; as an editor at Broadway Books, a division of Random House, in New York; and at Hamish Hamilton, an imprint of Penguin UK, in London. She has a B.A. in English from Georgetown University and a Ph.D. in English from Oxford University.

RAFAEL ULATE

Rafael Ulate joined A/PARC in March 2000 as a faculty assistant. Before coming to A/PARC, he taught English in Spain and was an archivist at SRI International. Rafael holds a B.A. from Stanford in philosophy and religious studies and an M.A. in philosophy from San Jose State University.

LEIGH Z. WANG

Leigh Z. Wang has served as administrative assistant to Lawrence J. Lau since April 1999. She graduated from the University of Hawaii at Manoa with a B.A. in business administration and received her M.B.A. from California State University, Los Angeles. Prior to joining Stanford, Leigh worked as an office manager for a telecommunications company in San Jose.

A/PARC staff (back row, left to right): Anne Marie Kodama, Leigh Z. Wang, Waka Takahashi Brown, Stephanie Manning, Jody Kloczkowski, Claire McCrae, Yumi Onoyama; (front row, left to right) Donna Fung, Victoria Tomkinson, Rafael Ulate, Greet Jaspaert



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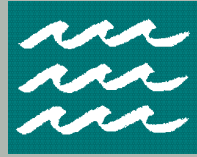
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