

Observer

The natural disasters that swept through Burma and western China in May throw into sharp relief the humanitarian, physical and even political challenges facing the region today, a panel of East-West Center experts noted at a public program in Honolulu.

They pointed out that in striking ways the aftermath of the cyclone in Burma and the earthquake in China offer contrasting views of how tightly controlled Asian governments deal with their internal problems and with the rest of the world.

But whether it's China, Burma or other countries, such disasters demonstrate how often lessons are not learned, said EWC Senior Fellow Allen Clark, a specialist in disaster planning and response. What is *continued on page 2*

Lessons of the Disasters in Burma and China



EWC Senior Fellow Allen Clark discusses the natural disasters that struck Burma and China in May.

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Negroponte: Asia Should Strengthen Leadership Role

Today's stable and prosperous Asia can — and should — take a stronger global leadership role in confronting major international challenges such as global warming, terrorism and the spread of dangerous weapons, Deputy Secretary of State John Negroponte told participants at the fifth annual Washington conference of the EWC-sponsored U.S. Asia Pacific Council in early April.

Negroponte said there are now "great expectations" that Asian nations will "expand their global role as responsible stewards of the very international order that made possible their success."

"As we strive to solve major issues confronting the international community — from climate change to preventing the spread of dangerous weapons — the United States looks increasingly to our partners in Asia not only to help, but to lead," he said.

The United States will continue to play a major role in dealing with international challenges, Negroponte maintained, but Asian nations, from China to Indonesia, are now in a position to carry a larger share of the burden.

"With global influence and power comes responsibility. Now is the time, as beneficiaries of the global trading system, for Asian powers to take the lead in trade liberalization under the World Trade Organization's Doha Round," he said. "The world needs and expects today's global winners to be tomorrow's pacesetters, not to lag behind the pack.

"Addressing climate change in the coming decade will also require inclusion of the developing world — most notably China as well as India," he added.

Since World War II, Negroponte said, the United States has actively worked to improve the security and economic stability of the region. This has come through a number of security alliances with major Asian powers, as well as laying the "building blocks" of the global

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U.S. Deputy Secretary of State John Negroponte addresses the EWC-sponsored U.S. Asia Pacific Council.

Lessons of the Disasters in Burma and China

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happening in Burma and in China has happened before and will likely happen again, he said.

“These patterns (of failed response and lack of preparation) don’t just happen in the Irrawaddy Delta and in Chengdu,” Clark said. “They happened in New Orleans as well.”

In addition to Clark, the panel included Research Director Nancy Lewis, an expert on public health issues, President Charles E. Morrison and Senior Fellow Shabbir Cheema, who spent many years as a United Nations program director.

Concern for sovereignty

Western governments and citizens horrified by the scale of the disaster in Burma were understandably frustrated by the initial reluctance of local authorities to accept outside help, Cheema said.

That may in part be explained by a cultural gulf and differences in political systems that in some ways continue to divide Asia from the West, he observed. It is a gulf that China is rapidly learning to bridge, while the leadership in Burma has not, he said.

This raises a fundamental question that he often struggled with during his years at the U.N., Cheema added, “How do you strike a balance between the need to protect life and (ease) the suffering of the people and at the same time ensure that the sovereignty of the country is protected?”

Until the time when a nation is comfortable with its own security and sovereignty, Cheema suggested, the task of providing large-scale outside aid in an emergency setting will continue to be difficult.

“There are universal values we want to subscribe to — the value of human life — but there is also the question of the sovereignty of the country. If you break down the sovereignty principle, the world would be in a much bigger mess than it is today,” he said.

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Contrast in responses

The contrast between the ways rapidly changing China and isolationist Burma have responded to their tragedies illustrates how that sovereignty problem can be resolved.

China, Cheema believes, is rapidly becoming sure enough of its own place in the world to accept international help, while Burma has yet to reach that level of comfort.

“Providing assistance in this kind of situation, particularly in a totalitarian situation, is extremely difficult,” he said. “But a totalitarian regime with internal capacity and with a forward, outward-looking leadership can respond.”

Lewis sees China’s response as different in part because the underlying conditions in the two countries are markedly different, particularly when it comes to health status. In everything from levels of inoculation to the basic health of the population (as measured by life expectancy), China is ahead of the game compared with Burma, Lewis said.

The biggest health concern that divides victims of disaster in China from those in Burma, Lewis said, is food. The ravaged portions of the delta area in Burma normally produce the bulk of that nation’s food supplies — including fully 60 percent of its rice crop — but that has all been destroyed by the storm.

“The future food security issue for Myanmar is very serious indeed,” Lewis said. (Myanmar is the name given to Burma by the country’s military government, but never recognized by many nations, including the United States.)

Rebuilding and recovery

And the food issue, said Cheema, is where the international community must continue to press officials in Burma to open up to international help. Even after the immediate humanitarian crisis is dealt with, he said, the country will need vast amounts of help to rebuild and recover.

“The real crisis comes after (the immediate situation) when you go to rehabilitation,” Cheema said. “It is at that time that the world community loses interest.”

“The bad news is that the ability of the international community to decisively respond to these crises is very limited,” he said. “While some, particularly the Europeans, believe that it is the obligation of the international community to act when a country is unable to help itself, others — particularly in Asia — resist any hint of forced intervention.”

Morrison said that’s a matter of deep frustration for American officials who know they have the military and logistical ability to help, and are willing to do so just as they did in previous disasters in Bangladesh in the early 1990s and after the 2004 Asian tsunami.

“From a humanitarian point of view, it becomes tremendously frustrating, even if we can understand (the resistance) intellectually,” he said.



Panel members Dr. Allen Clark, Dr. Nancy Lewis, and Dr. Shabbir Cheema discuss the devastating cyclone in Burma and the earthquake in China.

Inflation in the Asia Pacific region is set to rise sharply this year in the face of increased oil and commodity prices, contributing to a substantial downward revision in the overall economic growth forecast for the region, according to a report released by the Pacific Economic Cooperation Council (PECC) at the end of May.

“The across-the-board slowdown, although affecting some economies more than others, highlights the continued interdependence of the Asia Pacific region and the importance of regional cooperation,” said EWC President Charles E. Morrison, who is chair of PECC. “Trade and the freer flow of capital have been driving forces for high rates of growth in the region. In a time of slowdown, it is critical

that these drivers not be lost. Instead, we have seen the opposite, with policy actions such as the imposition of export restraints and financial protectionism.”

Morrison added that the situation presents the Asia Pacific Economic Cooperation intergovernmental forum, or APEC, with an opportunity to “prove its worth and show leadership to restore confidence in the system.”

PECC’s State of the Region Report forecasts that overall consumer prices in the region will increase this year by 3.6 percent, compared with a 2.7 percent increase in 2007. In addition, it suggests those aggregate numbers mask much sharper price spikes in certain Asian economies. China, for example, is expected to see an increase in the Consumer Price Index (CPI) of about 6 percent for 2008 as a whole, with year-on-year increases in the second half of the year in excess of



Charles E. Morrison

8 percent. In Indonesia, the Consumer Price Index is expected to jump 11.7 percent. For Southeast Asia, CPI inflation is set to almost double, from 3.2 percent in 2007 to 6.2 percent in 2008.

PECC’s first quarter economic outlook update projects 3.7 percent real GDP growth for the Asia

Pacific region in 2008, a substantial downward revision from the 4.9 percent forecast in November 2007, due to growing pessimism about the U.S. economy. However, the region is expected to bounce back in 2009 with growth at 4.4 percent.

The PECC report downgraded significantly the forecast for the U.S. economy for 2008, from 2.9 percent growth to just 1 percent. The forecast also notes that growth in the Asia Pacific region is coming mostly from developing economies, particularly China, which is expected to contribute almost half of the region’s growth this year.

PECC is an independent network of member committees composed of individuals and institutions dedicated to the promotion of cooperation and dialogue in the Asia Pacific region. The first quarter update to the council’s economic outlook is based on the March 2008 statistics from PECC’s panel of 16 economies. The report can be downloaded at: www.pecc.org/sotr.

The U.S. Member Committee of PECC is the U.S. Asia Pacific Council (USAPC), which is hosted by the East-West Center.

Asia Pacific Economic Slowdown Expected with Rise of Inflation

Negroponte: Asia Should Strengthen Leadership Role

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economic and trade system “that Asian economies from Singapore to Taiwan have used to fuel their growth.”

But the days of unilateral action or even bilateral arrangements with individual countries are coming to an end, he suggested.

“While institutions established after World War II have served the U.S., Asia and the international community in many respects, we must work to ensure that growing Asian nations are integrated into this framework,” he said.

That also means fuller participation and leadership by Asian countries in major international institutions. For example, he said, China should be a member of the International Energy Agency and Japan deserves a permanent seat on the United Nations Security Council.

And what will be the role of the United States as Asian nations step up more fully to a leadership role? Negroponte cited three major tasks for the United States over the coming decade:

- Further improving regional cooperation to complement existing bilateral security alliances.

- Promoting continued prosperity.
- Accommodating rising Asian powers into the international system while also challenging them to assume global leadership on major international issues.

“For more than 60 years, the United States has worked with friends and allies in Asia to promote free markets and the free exchanges of ideas,” Negroponte said. “Unlike the beginning of the Cold War, when strongman rule was a feature of the region, the ballot box has gradually transformed the face of Asia. America now has democratic partners across the region, committed to political liberty, human rights and rule of law.”

In short, he sees Asia’s newly prosperous, stable and democratic nations in a position to become leaders rather than followers on the global stage.

(The full text of Negroponte’s speech is available at <http://www.state.gov/s/d/2008/103464.htm>)

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\$18,543

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Arts Program/ Sidney Stern Memorial Trust
\$2,500

Jefferson Fellows Report from China on Chengdu Quake

The Spring 2008 EWC Jefferson Fellowship journalists were in Beijing when a 7.9 magnitude earthquake struck Sichuan Province in southwestern China on May 12. The group of 12 journalists from Asia and the United States was just beginning its visit to the “other China,” developing regions in the west beyond the coastal “boomtowns.” The journalists traveled to Chongqing but dropped plans to visit the Sichuan provincial capital of Chengdu due to relief and rescue efforts in the devastated areas.

EWC Fellow Christopher McNally, whose relatives live in Chengdu, was traveling with the journalists. He was able to reach members of his family who were safe but told of people sleeping in shelters or the local stadium. Kayla Rosenfeld, news director at KHPR Hawai'i Public Radio in Honolulu and one of the Jefferson Fellows, filed reports from Beijing, including an interview with McNally who reported what his family observed in Chengdu, and from Chongqing.



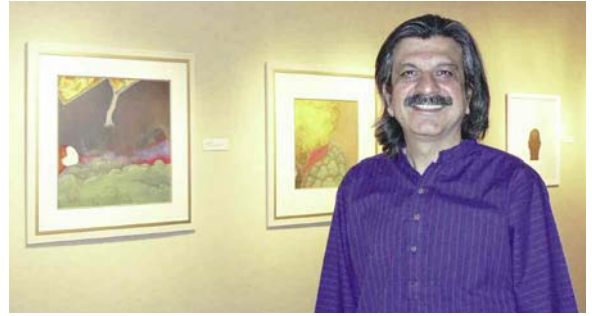
Dr. David Cohen, director of the U.S. Berkeley War Crimes Studies Center, congratulates Indonesia Supreme Court Chief Justice Bagir Manan following a signing ceremony commemorating a Memorandum of Understanding between the East-West Center, the War Crimes Studies Center, and Indonesia's Supreme Court to conduct training programs for Indonesian judges, prosecutors, police, and the National Human Rights Commission.

Human Rights Experts Lead Training Session in Bangkok

The Asian International Justice Initiative and Bangkok's Mahidol University presented a workshop on international humanitarian law and human rights, May 11 to 24.

Participants included NGO human rights trial lawyers and activists; government prosecutors, human rights investigators and national human rights commission staff; judges; journalists; and staff from the ASEAN Secretariat.

Among the human rights experts providing instruction was David Cohen, director of the Asian International Justice Initiative and EWC adjunct fellow. The Initiative — a collaboration between the East-West Center in Hawai'i and the War Crimes Studies Center at the University of California, Berkeley — has provided training in international criminal law to tribunals on human-rights crimes in Cambodia and Indonesia, and conducted analysis of the Special Panels for Serious Crimes in Timor-Leste (East Timor).



EWC alumnus Arjumand Faisal

'Unseen Visions' of Pakistan at EWC Gallery

“Unseen Visions,” an exhibition of contemporary works by 12 Pakistani artists, was featured at the East-West Center Gallery, April 13 to June 11.

Curated by the EWC Gallery's Michael Schuster and coordinated by EWC alumnus Arjumand Faisal, the exhibition spotlighted artists' perspectives on contemporary issues in Pakistan, including responses to political issues, social problems, human rights and international injustices.

The selections also reflected how Pakistani artists often combine figurative and abstract motifs, while others work with more traditional themes and motifs. Some artists focused on social issues such as women's status, sexuality, environment, poverty and hunger; others focused on issues of spirituality, aesthetics and the natural world.

Timor-Leste: Building a Nation and a Place in the Region

Security and defense remain top priorities as Timor-Leste (East Timor) struggles to build a new nation, according to its Foreign Affairs Minister, Zacarias Albano da Costa. “Conscious economic development is interlinked with security, stability and justice,” he said during a public program at the East-West Center in early May.

Joining da Costa in the discussion were U.S. Ambassador to Timor-Leste Hans G. Klemm and Constâncio C. Pinto, acting Chargé d'Affaires of Timor-Leste's embassy in the United States. EWC President Charles E. Morrison moderated the discussion on the internal and external challenges facing one of the world's youngest nations, which was internationally recognized as an independent democratic state in 2002.

Da Costa acknowledged that the civil unrest which erupted in Spring 2006 and resulted in foreign military and police assistance was the “culmination of the institutional divisions and weaknesses and capacity of the government to meet the high expectations of the people.” He briefly outlined ongoing societal, economic and political problems that remain to be resolved.

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Students at the Ho'opuka Program celebrating their EWC completion.



East-West Center Alumni Help Form Leaders

113 students from 29 nations completed their East-West Center studies in May 2008. They have now joined the growing East-West Center network of 6,161 student alumni and more than 50,000 combined alumni including students, scholars and professional associates throughout the world. Many of these current and future leaders benefited from the East-West Center experience thanks to the generosity of people like you!

Private gifts help the East-West Center make transformational educational programs accessible to all qualified students, regardless of their economic resources. Gifts of all sizes are always welcome, and often are matched many times over through additional public and private sources.

For example, East-West Center alumni have donated more than \$470,000 to the Alumni Endowment Fund, established as a legacy for future generations of students to participate in EWC education programs. In 2007 EWCA scholarships were awarded to these eight students:

- Kongkea Chhoeun (Cambodia)
- Tutii-Elbuchel Ichiro Chilton (Palau)
- Yurika Mori (Japan)
- Alexandria Niewijk (U.S.)
- Dung Tri Nguyen (Vietnam)
- Majah-Leah Ravago (Philippines)
- Mayco Axel Santaella (U.S.)
- Wumaier Yilamu (China)

With generous donations that fund scholarships and other needs, our alumni and friends continue to demonstrate their support for the East-West Center's mission of promoting a peaceful, prosperous and just Asia Pacific region.

Your donations can be made by mail or online by using our secure website:

www.eastwestcenter.org/giving



Asuka Hirabe receives congratulations from EWC Alumni Officer Gordon Ring.



(left to right) Terry Bigalke, Charles Morrison and Mary Hammond with (left to right) EWC students Molomjamts Batulzii, Supattharin Yoorumprueks and Aggarat Bansong.

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Listed are the gifts received between January 1, 2008 and May 31, 2008.

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Yup'ik Eskimo dance performance for Halau Ku Mana New Century Public Charter School students.

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We invite you to join the EWC Arts 'Ohana to help bring exhibitions and live demonstrations and performances by the finest artists and performers in the Asia Pacific region to Hawai'i. Special receptions and programs arranged exclusively for Arts 'Ohana members provide unique opportunities to enjoy EWC exhibitions and performance-demonstrations in intimate settings.

And best of all, last year these programs reached more than 20,000 young people and adults on Oahu and the Neighbor Islands — many of them youth at risk who could not participate without Arts 'Ohana private funding. Private contributions helped provide bus transportation and expand their horizons as students delighted in the intriguingly diverse way people express themselves and their values through the visual arts, music, and dance.

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- The knowledge that your gift will help others.

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Contingent Bequest

The East-West Center Foundation receives part or all of the estate under certain specified circumstances.

Your will is a carefully designed plan for the wisest use of money and property accumulated over a lifetime. If you would like to remember the East-West Center in your will or living trust, consider including the following sentence in your document and discuss it with your attorney or financial advisor.

*I hereby give, devise, and bequeath _____
(dollar amount, or all or a percentage of the rest,
residue, and remainder of my estate) to East-West
Center Foundation at 1601 East-West Road,
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The East-West Center Foundation staff is available to assist you in achieving your tax, estate planning, and charitable giving objectives. For further information, please contact Gary Yoshida, Development Officer, at (808) 944-7196 or by email at YoshidaG@EastWestCenter.org

Foundations

A grant of \$10,000 was received from the **Atherton Family Foundation** to preserve the East-West Center Permanent Arts Collection and increase its visibility and outreach.

The **Hawai'i Pacific Rim Society** provided a grant of \$108,000 to support the Asia Pacific Leadership Program and the Arts Program.

Foundation Staff

Elizabeth Kuioka has joined the EWC Foundation as development assistant. Her responsibilities include coordinating the Annual Dinner and other special events, donor and prospect research, and maintaining the foundation's webpage. Elizabeth received her BS in Business Administration from Boston University and was most recently with State Street Corporation as client service apprentice.

AsiaPacific Breakfast Briefing at Bank of Hawaii

EWC President Charles E. Morrison discussed key political, economic and security issues during his annual briefing, "Asia Pacific Outlook 2008," on January 8, 2008.

In her talk, "Global Health Challenges 2008," on March 18, 2008, Dr. Nancy Lewis, Director, EWC Research Programs, highlighted aspects of several East-West Center projects that address global health challenges.

Dr. Shabbir Cheema, EWC Senior Fellow, described the progress of democratization in Indonesia, Pakistan, Thailand and China during his talk, "Democracy in Asia: Emerging Issues and the Role of the United States" on May 13, 2008.

In Washington, EWC Briefing on Asia's Energy Future



*Dr. Kang Wu and
Dr. Fereidun Fesharaki*

When measured by incremental use, Asia and the Pacific account for an increasingly large share of the world's annual growth in oil consumption, fueling fears of tension among Asian nations and between Asia and the West.

EWC Senior Fellows Fereidun Fesharaki and Kang Wu discussed some of the drivers, implications and future approaches to this dramatic shift in global energy markets during a briefing on Capitol Hill in late April, co-sponsored by the East-West Center and the Center for Strategic & International Studies (CSIS).

Fesharaki explained that in today's global energy landscape, three primary centers of demand for oil are emerging: China, the Persian Gulf and India. A few years back, China overtook Japan, while India surpassed South Korea, to become the largest and third largest oil-consuming countries in Asia. These four Asian nations alone consume more than 70 percent of Asia's oil, although the actual quantity combined is still 30 percent less than what the United States consumes.

Increasingly, these and other Asia Pacific countries will be looking to the Middle East and Africa for their oil imports, growing progressively more dependent on outside sources for their crude supply over the coming decades.

The global liquefied natural gas (LNG) market reflects a similarly dramatic shift, Fesharaki said. In 2007, the Asia Pacific region's share in the world's LNG demand was 65 percent, compared to just 24 percent in Europe. He noted the radical change in the global LNG equation is the result of five primary factors: higher oil prices, rising construction costs, the U.S.'s rapid entry into the LNG market, the decline of

Indonesia as a major LNG exporter due to resource problems and political pressure, and the near-term importance of Qatar.

Kang Wu shared specific insights about China's energy future. Coal remains China's primary source of energy consumption and will continue as such for years to come. But the country's position as an oil importer — imports began a decade ago — continues to increase. Most notably, Africa's importance as an oil supplier to China is growing, although the Middle East remains a major source and China is continually seeking to diversify its oil and gas imports.

According to Wu, China will rely on domestic energy sources — especially coal — while enhancing domestic oil and gas exploration activities to maximize production. China's energy strategy also includes strengthening its overseas upstream energy investments, increasing investments in oil and gas infrastructure, and expanding its strategic petroleum reserves.

Fesharaki and Wu concluded their discussion by outlining a number of future options and implications for the Asia Pacific energy market:

- Nuclear fuel, they noted, will inevitably make a return — especially for China and India, where there is no other viable alternative.
- Diversification of energy supplies, meanwhile, may not have a significant impact given the connectivity of the global oil market, while cooperation among Asian countries — on common areas such as oil storage, pipelines and investments — will be “necessary and possible, but difficult.”
- Possibilities for gas-to-liquid, coal-to-liquid and coal-to-gas conversion projects are limited. The outlook is more optimistic for Canadian tar sands and Venezuelan heavy oil, though huge investments in the latter will be needed.

Timor-Leste:

continued from page 4

*Timor-Leste Foreign
Affairs Minister
Zacarias Albano da Costa,
EWC President
Charles E. Morrison,
U.S. Ambassador to
Timor-Leste Hans Klemm.*



In his remarks, Ambassador Klemm discussed the U.S. commitment to helping strengthen the nation's democratic institutions. This includes helping the government provide stability and security and channeling the “skills and energy of its people to best use its country's resources to put it on a sustainable path to social and economic development,” Klemm said.

Most U.S. assistance is focused in two areas:

- A large project that addresses land laws and property rights, to resolve disputes that contributed to the nation's unrest and are an obstacle to domestic and foreign investment.
- Ways to help strengthen weak institutional structure that has plagued the police and military.

Without more professional forces it will be difficult to provide peace and stability essential for economic development and investment, Klemm said.

He also praised the U.S.-Timor-Leste Scholarship Program, a merit-based program sponsored by the U.S. Department of State and administered by the East-West Center which brings students from East Timor for

education and training at the University of Hawai'i, as a way to increase much needed job skills.

Despite the many difficulties facing the young nation, its significant natural energy resources have begun to generate considerable income. Timor's petroleum fund, established in August 2005, has accumulated \$2 billion for investment in much needed infrastructure, health, education, training and rural development, da Costa said.

The question now facing the government, he said, is “how can we use the money responsibly, with transparency, to bring the advantages to our people.”

“We are learning to involve our own people to see how can we work together to shift attitudes toward a new culture in a democratic society,” he said. “And, of course, it takes time to educate a new generation. It is a generation that came from a difficult period, a traumatic period, more than 20 years of conflict, where many families lost their relatives during the Indonesian occupation, so I think the wounds have not been completely healed. We are (taking) initiatives to heal these wounds and to have a different attitude toward the future.”

Publications in Review

Normalizing Japan: Politics, Identity, and the Evolution of Security Practice, by Andrew L. Oros. Studies in Asian Security. Stanford: Stanford University Press, 2008. 304 pp.

Normalizing Japan seeks to answer the question of what future direction Japan's military policies are likely to take. Andrew Oros argues that Japanese security policy has not changed as much in recent years as many believe, and that future change also will be highly constrained by Japan's long-

standing "security identity," the central principal guiding Japanese policy over the past half century. His analysis is based on detailed exploration of three cases of policy evolution: restrictions on arms exports, the military use of outer space and cooperation with the United States on missile defense. *Cloth, \$60.00. Available from www.sup.org or Chicago Distribution Center, 800.621.2736.*

China's Telecommunications Revolution, by Eric Harwit. New York: Oxford University Press, 2008. xvii, 249 pp.

China's telecommunications industry has seen revolutionary transformation and growth over the past three decades. This book examines both corporate and government policy to get citizens connected to voice and data networks, looks at the potential challenges to the one-party government when citizens get this access, and considers the new opportunities for networking now offered to the people

of one of the world's fastest growing economies. Based on the author's fieldwork conducted in several Chinese cities, as well as extensive archival research, *China's Telecommunications Revolution* focuses on key issues such as building and running the country's internet, mobile phone company rivalry, foreign investment in the sector, and telecommunications in China's vibrant city of Shanghai. *Cloth, \$100.00. Available from Oxford University Press at www.oup.com/us/.*

Educations and Their Purposes: A Conversation Among Cultures, edited by Roger T. Ames and Peter D. Herschok. Honolulu: University of Hawaii Press, 2008. xi, 472 pp.

Education is the point of departure for the cultivation of human culture in all of its different forms. Although there are many contested conceptions of what is meant by a good education, there are few people who would challenge the premise that education is a good thing in which we should

heavily invest. In this volume, representatives of different cultures and with alternative conceptions of human realization explore themes at the intersection of a changing world, the values we would choose to promote and embody, and the ways in which we educate the next generation. *Cloth, \$59.00. Available from University of Hawaii Press at www.uhpress.hawaii.edu/.*

Safety, Security, and Accessible Justice: Participatory Approaches to Law and Justice Reform in Papua New Guinea, by Rosita MacDonald. Pacific Islands Policy 3. Honolulu: East-West Center, 2008. 39 pp. Free downloadable PDF file available online at www.EastWestCenter.org/pubs/2715.

Rosita MacDonald examines the challenges facing the law and justice reform partnership between Australia and its

former colony Papua New Guinea (PNG). Law and justice policy in PNG should shift, she says, from the official rhetoric supporting traditional and community-led approaches to a greater investment by the PNG and Australian leadership to restore justice approaches, the village court system and under-utilized community organizations. *Paper, \$10.00. Available from the East-West Center, ewcbooks@EastWestCenter.org.*

The Karen Revolution in Burma: Diverse Voices, Uncertain Ends, by Ardeh Maung Thawngmung. Policy Studies 45. Washington, D.C.: East-West Center; Singapore: ISEAS Publishing, 2008. 81 pp.

This study analyzes the various types and stages of conflict that have been experienced by diverse groups and generations of Karen over the six decades of armed conflict between the Karen National Union (KNU) and successive

Burmese governments. It places particular emphasis on the "other" Karen, or the majority segment of the Karen population living inside Burma, a population that has hitherto received little scholarly and journalistic attention. It will also help to identify policy recommendations for future ceasefire negotiations and a possible long-term political settlement within the context of a militarized Burma. *Paper, \$10.00; PDF, \$10.00. www.EastWestCenter.org/pubs/2718.*

Recent issues of Asia Pacific Bulletin:

Hu Jintao's Japan Visit: Truce, Not Reconciliation, by John H. Miller. Asia Pacific Bulletin, No. 16. Washington, D.C.: East-West Center in Washington, May 13, 2008. www.EastWestCenter.org/pubs/2767

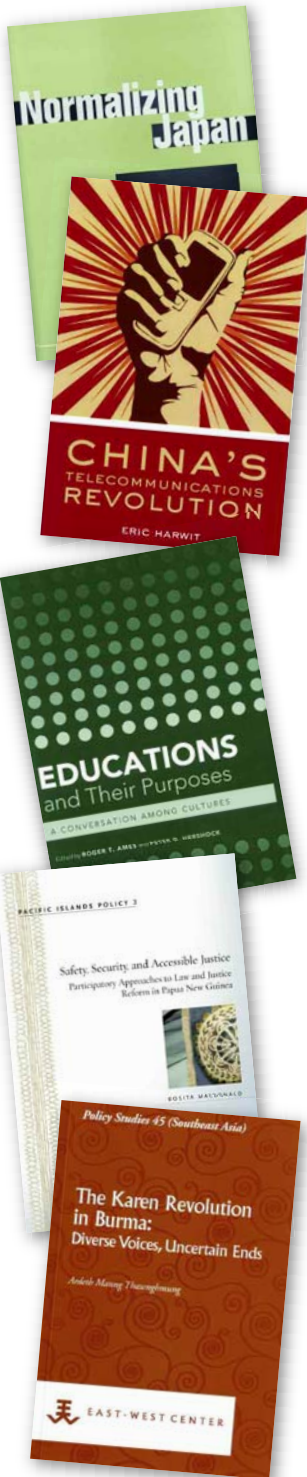
Nepal's 2008 Constituent Assembly Elections: Converting Bullets to Ballots, by Bishnu Pathak. Asia Pacific Bulletin, No. 15. Washington, D.C.: East-West Center in Washington, May 8, 2008. www.EastWestCenter.org/pubs/2763

Burma's Referendum in 2008: Dangerous Status Quo or Critical Breakthrough? by Zaw Oo. Asia Pacific Bulletin, No. 14. Washington, D.C.: East-West Center in Washington, April 28, 2008. www.EastWestCenter.org/pubs/2716

Australia-India Relations: Hesitating on the Brink of Partnership, by Rory Medcalf. Asia Pacific Bulletin, No. 13. Washington, D.C.: East-West Center in Washington, April 3, 2008. www.EastWestCenter.org/pubs/2704

Malaysia's 12th General Election: Causes and Consequences of the Opposition's Surge, by Meredith L. Weiss. Asia Pacific Bulletin, No. 12. Washington, D.C.: East-West Center in Washington, March 17, 2008. www.EastWestCenter.org/pubs/2694

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The contentious political debates over NAFTA (North American Free Trade Agreement) in this year's presidential race may miss the central point about an emerging international challenge to the American economy, contends EWC Senior Fellow Dieter Ernst.

"The real concern may not be the shift of manufacturing jobs to South America or Asia, the traditional concern of unions and those who court them," he says. "Rather, it is the possibility that the United States may lose its core economic strength in the 21st Century economy: U.S. dominance in research and development and innovation.

"But with positive and creative thinking," Ernst advises, "the shift of intellectual work offshore may turn out to be less of a problem for the United States than a powerful catalyst to renew and restore America's preeminent role as innovator in the global economy."

Until recently, he noted, there was general agreement that the center of technological innovation

must remain in the United States as a pillar of our economy. Yet knowledge workers in Silicon Valley now work directly with colleagues in Seoul, Taiwan's Hsinchu Science Park, Beijing, Shanghai, Bangalore, Delhi and Hyderabad.

"Over the past decade the rise of Asia as an important location for such work — or 'innovation offshoring' — has begun to challenge the notion that the U.S. will remain the innovation capital of the world," he cautioned.

This profound shift has not happened in a vacuum, Ernst says. "American companies are at the forefront of this trend as they experiment with new approaches to the management of global innovation networks as they strive to keep operations profitable and competitive."

And Asian governments have been promoting themselves as new sources of innovation. He predicts,



Dieter Ernst

"The trend is likely to accelerate because Asian governments know they can no longer rely on being the manufacturer of someone else's idea."

Ernst points out that the growth of U.S. patents issued for inventions from Asia has grown exponentially over

the past decade. "Today, we have become accustomed to the idea of Global Production Networks," he says. "The new car Americans drive is likely to contain parts manufactured or assembled in factories and plants all over the world.

"But now," he proposes, "we must begin to think of Global Innovation Networks, where part of the basic brainwork of bringing a new product or idea to market takes place overseas, often in Asia. Sometimes, it will be an American company buying the completed work of bright, but lower-cost talent from overseas. But it might also be a decision by a company to outsource some stages of innovation to specialized Asian suppliers within its own firm."

As a result, this has fueled a growing concern that innovation offshoring might lead to the "hollowing out" of the U.S. economy far beyond manufacturing to include core strengths such as research and development, the most precious source of domestic economic growth, Ernst says. He warns "that could well lead to a new round of high-tech protectionism."

But, he argues that with the right combination of flexible and creative strategies, there can be new opportunities and new markets for American companies. "What's needed for the U.S. to remain competitive is nothing less than a new national strategy to cope with the opportunities and challenges of innovation offshoring," he says.

That strategy should contain these elements:

- More access to data about innovation and where it is occurring to inform the national policy debate.
- Sustaining and building upon existing strengths in the U.S. innovation system to stem "home made" causes of the shift overseas.
- Support for domestic innovation through tax incentives for investments in start-ups and through reform of the patent system so smaller inventors and innovators have easier access.
- Upgrading the domestic talent pool of knowledge workers. This means incentives to study science and engineering, encouraging "soft" capabilities such as management and cross-cultural understanding and encouraging immigration of highly skilled workers.

"It is a changing world," Ernst says. "But the United States can remain a leader if it embraces flexible strategies that will allow it to adapt to the new blurred boundaries of innovation."

Emerging Concerns for U.S. About Innovation Offshoring

Click onto the East-West Views Blog

East-West Views, the East-West Center's interactive blog site, is now online. Log onto the East-West Center website at www.eastwestcenter.org and click onto the link to *East-West Views Blog*.

The blog was created to spur timely conversation and dialogue within the East-West Center community and from others interested in the Center and the Asia Pacific region. Blog entries — with more information on EWC programs, events and publications — will be written by Center leaders, researchers, students, alumni and others connected to the Center.

And the conversation doesn't end there. Readers are invited to respond and post their comments.



EWC in the News

**From
"Olympic Torch Survives
Rocky Global Relay,
Returns to Chinese Soil"
by The Associated Press
April 30, 2008**

HONG KONG — Still burning but battered, the Beijing Olympic torch is returning to the more hospitable territory of China and a chance to leave behind the rancor of the relay's often chaotic and much protested route around the world. ...

Crowds of cheering Chinese are expected Sunday along the highly policed streets of Sanya, the first of the torch's 117 stops in mainland China.

Also comforting Beijing is a sense that most of the demonstrations — in London, Paris, San Francisco, New Delhi and elsewhere — were generally led by

activists pushing for an independent Tibet, rather than a large, diverse array of groups.

"It would be a lot more worrisome for China if the demonstrations were broader-based, with lots of rank-and-file Europeans participating and if they were demanding a multiparty political system in China," said Denny Roy, a senior fellow at the East-West Center in Hawai'i. "The Chinese, however, will long remember the fact that there were orchestrated demonstrations against China."

**From
"U.S. Push for
New Security Mechanism
Irks Southeast Asia"
in Agence France Press
April 13, 2008**

WASHINGTON — U.S.-led moves to turn a forum grappling with the North Korean nuclear crisis into a permanent security mechanism are frustrating Southeast Asia's bid to become a key player in regional security, experts say.

The United States is pushing for the six-party nuclear talks, also involving China, Russia, Japan and the two Koreas, to be transformed into a permanent Northeast Asian mechanism for resolution of regional security issues.

But officials in the Association of Southeast Asian Nations (ASEAN) are worried such a mechanism could undermine its role in regional security management. ASEAN hosts the biggest official security umbrella grouping in the Asia-Pacific — the 14-year-old ASEAN Regional Forum or ARF comprising the 10 ASEAN

states together with 17 others, including the United States, Russia, China, the European Union, North Korea, Australia, India and Pakistan.

"There is a concern in Southeast Asia that such a Northeast Asia forum would actually undermine the ARF," Muthiah Alagappa, an Asian expert at the Hawai'i-based East West Center told a conference in Washington.

"The belief is that if the big powers all get together in another forum, then ARF would be sidelined," he said.

But Alagappa felt the fears might be misplaced.

"I don't think Southeast Asia should delude itself that ARF is the overall (security) umbrella. The U.S. is a global power, China is a rising power, Japan is the second largest economy, they are going to deal with the issues."

**From
"Taiwan President-Elect's
Bold Mandate:
Improve Ties
with China, U.S."
By Simon Montlake
in the
Christian Science Monitor
March 24, 2008**

TAIPEI AND TAICHUNG, TAIWAN — Voters in Taiwan handed opposition candidate Ma Ying-jeou a landslide victory in Saturday's presidential election, raising hopes of détente with China after eight years of pro-independence brinksmanship that strained ties with the U.S. ...

But the road to détente with Beijing, a key plank of Ma's program, is still lined with speed bumps. One unexpected hurdle may emerge from Ma's own popularity, both in Taiwan and in Hong Kong and other parts of China, says Christopher McNally, a research fellow at the East-West Center in Hawai'i.

As Ma begins to reach out to China, and his international profile rises, hard-liners in Beijing may think twice about giving a platform to a photogenic leader whose legitimacy is based on a free vote.

"It was easy to demonize Chen and portray Taiwan democracy as an aberration, something that wasn't natural and didn't function well," says Mr. McNally. By contrast, Ma may prompt more Chinese "to become aware of Taiwan as a working democracy with a well-spoken leader, and to ask why they can't elect a leader like that?"



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