Calling mobilization of capital one of the most important tasks facing the region, the Northeast Asia Economic Forum endorsed the concept of establishing a new development bank at its annual meeting in Ulaan Baatar, Mongolia, Aug. 17-21.

The region comprises Northeast China, the Russian Far East, Mongolia, Japan, and North and South Korea.

The rationale for creating a Northeast Asia development bank was outlined at the conference by Stanley Katz of the East-West Center, who said upgrading and expanding the region’s infrastructure to adequate standards will require as much as US$7.5 billion a year of external long-term financing. Existing private, bilateral and multilateral institutions cannot be counted on to meet more than perhaps one-third of the region’s projected effective need for external long-term capital, Katz said.

“Appropriately funded, organized and managed,” he said, “a new Northeast Asia development bank could neutralize many of the institutional impediments that now stand in the way of a substantial increase in infrastructure financing.” Katz, an EWC visiting fellow, is a former senior adviser to the European Bank for Reconstruction and Development in London and former senior vice president of the Asian Development Bank in Manila.

The Forum recommended formation of a consultative working group to examine means of realizing the development bank concept. Forum members also endorsed consultative working groups in three other areas critical to regional development: telecommunications, electric power and environmental management.

Some 150 government officials, business leaders and academic researchers convened at the conference. Forum chairman Lee-Jay Cho, executive vice president of the East-West Center, compared the Forum’s goals with those of the Association of Southeast Asian Nations (ASEAN). Cho said the driving vision of the Forum is that the endowments of Northeast Asia can be cooperatively harnessed to generate economic dynamism throughout the region.

“In short, the Forum is in the vanguard of what is essentially a movement for peace and better relations in Northeast Asia,” Cho said. “The creation of such a community presupposes at least the mitigation and... continued on page 2

Left to right: Dr. Lee Jay Cho, EWC Executive Vice President, Surengiin Badral, Foreign Policy Advisor to the Prime Minister, Balganjav Khuldorj, Special Advisor to the Minister, Ministry of Infrastructure Development, Mongolian Prime Minister Mendsaikhany Enkhbaikhan and Baasanjav Ganbold, Deputy Director, Asia and America Department, Ministry of External Relations.
“After the Handover,” a three-day conference for journalists from Asia, the Pacific and the United States, will be held at the Foreign Correspondents Club of Hong Kong, Nov. 14-16. Among those invited to participate are influential political leaders, business executives, journalists, diplomats and human rights activists involved in charting the future of Hong Kong.

Hong Kong After the Handover

Sponsored by the East-West Center, the conference will coincide with a reunion to celebrate the 30th anniversary of the Jefferson Fellowship Program. Nearly 300 journalists from Asia, the Pacific and the United States have participated in the EWC program, designed to promote cultural understanding and professional interchange.

Northeast Asia Economic Forum

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minimization of conflict so that the interests and common needs shared by different nations outweigh the interests separating them.”

Ye Shunzan of the Chinese Academy of Sciences, Beijing, said the main rationale for economic cooperation in Northeast Asia is the potential for combining the complementary factors in different countries such as natural resources, plentiful labor, capital and technology. “And if integrated infrastructure were in place, economic growth in one area could have a synergistic effect throughout the region,” he said.

Hisao Kanamori, chairman of the Japan Center for Economic Research, said the scale of the Northeast Asia market with 300 million inhabitants and a GDP of one trillion dollars is comparable to ASEAN. He noted that it is not the central governments of the countries involved, but the local governments and business circles which are taking the initiative. He cited the success of the Tumen River Project, where China, Russia and North Korea share a border.

“Five years ago, foreigners were not allowed to enter the area because of political conflicts,” Kanamori said. “Now, unprecedented economic cooperation is occurring in this particular area and this cooperation will be a breakthrough for the formation of a Northeast Asia Economic Zone.”

(The Northeast Asia Economic Forum, an international non-governmental organization, was established in 1991. The Forum encourages dialogue, economic research, technology exchange and the promotion of economic cooperation and development in Northeast Asia. The Forum secretariat is based at the East-West Center in Honolulu.)

Former Soviet Spokesman Is EWC Visiting Fellow

Gennadi Gerasimov, chief spokesman for former Soviet President Mikhail Gorbachev and former Foreign Minister Edward Shevardnaze during the glasnost period of 1986-90, has joined the East-West Center as a visiting fellow.

Gerasimov, who worked as a journalist in Prague, New York and Moscow before joining the Gorbachev government, accepted a fellowship in the EWC Media Program through May 1998. He will conduct research on the Russian Far East and its role in global affairs, write, lecture and work with journalists who participate in the Jefferson Fellowships and other EWC media-related projects.

Starting with the dramatic political, social and economic transformation in the Soviet Union in the late 1980s, Gerasimov became a familiar face on international television, explaining perestroika, glasnost and how the changes would affect Moscow’s relations with the rest of the world.

In 1990 he was named Communicator of the Year by The American Association of Governmental Communicators — the first non-U.S. professional to be so honored.

From 1990 to 1995, he served as ambassador to Portugal, and since then he has lectured at more than 50 colleges, universities and international conferences, written extensively about international, domestic and social issues, and done research on game theory, population problems and environmental issues.
When the coup d’etat led by Hun Sen and the Cambodian People’s Party shattered the quiet of Phnom Penh in July, anthropologist Judy Ledgerwood found herself near the center of the fighting. An associate with the East-West Center, engaged in an interdisciplinary research project in southern Cambodia, she had just completed four weeks of research and was staying at a friend’s home in Phnom Penh before leaving for a conference in Vietnam.

For a week, until she was able to fly to Hanoi, she hid in the house, through the initial two days of intense shooting and the looting that followed. Having spent a total of four years in Cambodia, including eight months with the United Nations Peacekeeping Missions from 1992 to 1993, Ledgerwood was aware of the political situation, but the coup was unexpected.

“I certainly knew the political situation was tense,” she says. “But I wouldn’t have guessed that Hun Sen would go that far, that he would take military action.”

In 1996, while Ledgerwood was a fellow at the East-West Center, she co-edited “Propaganda, Politics and Violence in Cambodia” (1996, M.E. Sharpe). The book is an analysis of Cambodian politics during the UN peacekeeping period, and in it political scientists, anthropologists and historians address the relationship of propaganda and violence in the political culture.

“I think Hun Sen has won by striking militarily,” Ledgerwood says, of the current situation in the country. “No one within the country will dare to take any action, to be independent in any way. He’s shut down any freedom of expression. Opposition newspapers are closed. Many human rights workers are in hiding or have fled the country.

“I doubt that there’s going to be an election in May that’s free and fair. The Interior Ministry and Secret Police will control the process. Hun Sen will win by a landslide. I don’t know how the foreign governments will respond. Maybe they’ll say, ‘Let this guy try to govern the country.’ Nobody wants civil war. I think most Cambodians would rather have peace under a strongman than a new civil war.”

Ledgerwood, who speaks fluent Khmer, has carried out a variety of projects connected with reconstruction in Cambodia, including directing a book conservation project at the national library and national museum there. She taught anthropology at the Royal University of Fine Arts, Phnom Penh, and worked with Cambodian refugees in the United States. During the UN mission, she traveled extensively throughout the country.

In 1994, she published an analysis at the East-West Center of “UN Peacekeeping Missions: The Lessons from Cambodia.” Ledgerwood presented an overview of the mission’s successes and shortcomings and provided advice for future peacekeeping missions.

She warned that the gains were threatened by an unrepentant Khmer Rouge force still receiving support from across the border in Thailand. She also wrote, “UNTAC’s major failure was that it never disarmed the combatants.”

“What I perhaps should have said and didn't was to recommend some follow-up force as in Haiti and Bosnia,” Ledgerwood says, in reflection. “Given the propaganda of the parties and the violence engaged in right up to the election (in May 1993), it was fairly clear the coalition government wasn’t going to work.”

Since her return to the United States, Ledgerwood maintains ties to the East-West Center as an associate, while teaching anthropology and specialized courses on Southeast Asia at Northern Illinois University. She and Jefferson Fox, of the Center’s Program on the Environment, are completing a study of contemporary land use patterns and agricultural production in southern Cambodia.

She continues to keep in touch with colleagues and acquaintances in Cambodia. “One of the questions being asked is, ‘Is this new Hun Sen government quietly taking action against the FUNCINPEC (Cambodia’s Royalist Party) that remain?’” she says. “People are quietly disappearing. The UN Center for Human Rights has reported that 40 to 60 people have been executed since the coup.

“What remains to be seen is what kind of regime is this going to be. That’s why the UN report is so disturbing. There are a range of kinds of authoritarian governments in Southeast Asia. The question is: ‘Is this government going to be something like Burma, or more like Indonesia where there are varying degrees of opposition, human rights?’”
**Ariyoshi Is New EWC Board Chairman**

George Ariyoshi, former governor of Hawaii, assumed the chair of the Center’s Board of Governors on July 1st, succeeding New York attorney Ko-Yung Tung. Ariyoshi, who joined the board in August 1995, is of counsel with the Hawaii-based law firm of Watanabe Ing & Kawashima. He served as Hawaii’s governor from 1973-1986.

**October Fundraiser at Center**

More than 300 people attended “An International Affair,” a fundraiser to benefit the East-West Center sponsored by the Center’s Board of Governors, at the Hawaii Imin International Conference Center at Jefferson Hall on Oct. 2.

“This was an ideal opportunity for many in the community to become re-acquainted with the East-West Center and for others to visit the Center for the first time,” said Joan M. Bickson, member of the Board of Governors and coordinator of the event.

The evening featured music and performances, an opportunity to talk with students and researchers from throughout the Pacific Rim, and a sampling of Asian and Pacific cuisine. The cost was $100 per person.

**EWC President Announces Plan to Retire**

Kenji Sumida, president of the East-West Center, notified the Board of Governors in August of his wish to retire and asked the Board to consider beginning the search for a successor.

In his letter to EWC Board Chairman George Ariyoshi, Sumida noted that with the improved outlook for the Center’s funding, the institution is entering its next stage of development in an upward trajectory, and it would be an appropriate time to bring in a recognized leader with extensive experience in the Asia-Pacific region to guide the Center into the next century.

“I feel that I have fulfilled my commitment to the Center, and it is time to move on,” said Sumida, who is 66. He assured the Board that he is prepared to continue in the position to give the Board sufficient time to undertake a systematic search for a new leader. As a first step in the search for a new president, Sumida said he will assist the Board in amplifying the vision statement adopted a year ago.

**1997 Distinguished Alumni Honored**

Recipients of the 1997 Distinguished Alumni Award of the East-West Center will be honored at the EWC Association International Conference in New Delhi, India, Nov. 23-25. The awards honor exceptional professional accomplishments and contributions toward the EWC’s goal in promoting East-West relations.

This year’s recipients are:

- **Emily Marohombsar**, president of Mindanao State University in the Philippines. An eminent educator, administrator and civic leader, Marohombsar is the first Muslim woman to head a state university in the Philippines and has served as Philippine delegate to international conferences. Marohombsar was an EWC participant in 1966-67.

- **William Melton**, founder of Real-Share, a database and telecommunications company, and Verifone, a transaction automation company, and a director of America Online. Melton is being honored for his accomplishments in the field of telecommunications and for establishment and leadership of the Melton Foundation Program, which exemplifies the ideals and goals of the EWC. He was an EWC participant in 1964-66.

- **R. Santoso Donosepoetro**, managing director, PT. Induco Matra in Indonesia and president/director of P.T. Komasindo and the Bina Asia Pacific Foundation. Donosepoetro leads the EWC chapter in Indonesia and is being recognized for his long-standing support of the EWC. He was a professional associate at an EWC international conference in 1978.

The alumni awards are made possible through an endowment from the late Dai Ho Chun, director of the former EWC Technology and Development Institute.
APEC Taps Program on Resources for Energy Study

The East-West Center's Program on Resources (PREM) has been selected by the Asia Pacific Economic Cooperation (APEC) Secretariat to undertake a $120,000 study on energy security. The study will identify existing technical, regulatory and other barriers to improving the operation of markets for primary fuels — oil, natural gas, coal and uranium — among the APEC member economies, PREM director Fereidun Fesharaki said.

Issues to be explored include supply-side government-imposed taxes, charges and regulations; demand-side tariff barriers and subsidies which distort markets; regulatory barriers such as government-controlled fuel prices and technical barriers such as fuel-type specifications. The ability of fuel developers to secure tenure over resources and fuel supply mechanisms for power infrastructure projects also will be studied.

Delegates from the 18 APEC member economies will discuss the research findings at a workshop at the East-West Center in February 1998.

The Program on Resources has a long history of studying regional and international policy issues. During this period, governments have shifted to policies that encourage greater privatization and deregulation of the energy industry, Fesharaki noted, but many former policies remain which interfere with the efficient operation of regional energy markets.

“The regional refining and power structures in the Asia-Pacific region were often built with the idea that former policies would remain in place forever,” he said. “These policies often included mistaken notions that formerly high oil prices would be perpetuated forever or that our resource base is finite, with resources such as oil or gas due to be exhausted at some point not too distant date.”

Unfortunately for the advocates of such policies — but to the benefit of the consumer — such forecasts have been wrong, Fesharaki said. "Oil and other energy prices have dropped significantly from the early 1980s and show every sign of remaining down for some time to come. And we are finding more than enough new energy resources every year to make up for our consumption. "Economies that implemented energy policies based on the misguided policies of the last few decades have quite often made bad investments," he added. “Much of the recent trend toward privatization and deregulation of recent years has been in fact an effort to compensate for these earlier mistakes and misconceptions.”

‘New Generation’ Session Builds Asia-Pacific Awareness

A bank officer from Maryland, a union official from the Philippines, a legislative assembly member from Malaysia, and an international relations researcher from China were among 17 participants in the 7th “New Generation Seminar” at the East-West Center.

“This is a special program of education and dialogue that seeks to build ‘Asia-Pacific awareness’ among the rising generation of leaders from Asia, the Pacific and the United States,” said Charles Morrison, seminar coordinator.

During the first week, he said the group met at the Center to receive a broad introduction to the Asia-Pacific region and related policy issues. These sessions ranged from Asia-Pacific politics and security issues to an economic overview and a regional review of resources and energy.

“The second week will be a shared travel experience related to the theme of ‘One Country, Two Systems,’ the transition of Hong Kong to Chinese sovereignty, and the economic dynamism of China,” Morrison said.

Participants are from Australia, China, Indonesia, Japan, South Korea, Malaysia, the Philippines, United States and Vietnam.

The seminar is funded by the Freeman Foundation, an independent foundation established in 1978 in Vermont. The China visit was organized in cooperation with the Vision 2047 Foundation of Hong Kong and the Better Hong Kong Foundation.

“Rambo Returns to Vietnam”

A recent issue of the Vietnam Economic Times carried this commentary:

“Relations between Vietnam and the United States are clearly on the up-and-up. First there was the end to the embargo, and then an ambassador to go with it. But now the Americans have pulled out all the stops, and sent Rambo. Not, we should say, the heavily-muscled, heavily-armed Hollywood hero played by Sylvester Stallone. But Terry Rambo of the East-West Center in Honolulu, a renowned American academic who is carrying out research at the Centre for Natural Resources and the Environment.”
**Publications in Review**


The economic performance of eight East Asian economies has been the envy of both the developing and the developed world. What accounts for such remarkable success? Convincing evidence points to the significant role of population change. The miracle economies of East Asia experienced an unusually rapid drop in once high birth and death rates, changes that resulted from a combination of socioeconomic development, a national commitment to slower population growth, and support for voluntary family planning programs. By influencing the conditions that govern the size and quality of the labor force and rates of saving and investment, prospects for economic growth were greatly enhanced. These factors, and the implementation of innovative economic and other policies, transformed some of the poorest economies in the world into some of the richest.


At a time when many traditional Pacific powers — including the United States — are reducing their presence in the region, Japan has called its first-ever summit with the Pacific Island nations (in October 1997). The subject is how to increase the economic self-sufficiency of the islands, whose economies depend heavily on aid. Japan, a major regional donor, seems ready to adopt a more assertive leadership role in the region, a posture welcomed by both western and Pacific nations. The paper examines the respective interests of Japan and the Pacific Islands, suggests alternative aid programs, and provides a substantial fact sheet on 14 Pacific Island nations.

*Sustainable Aquaculture*, edited by John E. Bardach, 1997. New York: John Wiley & Sons, Inc. $69.95 plus shipping and handling. For ordering information from Wiley call 1-800-225-5945. The book is also available to walk-in customers at the EWC Publication Sales Office.

Sustainability has become an important concept in fisheries science and aquaculture. Aquaculture is a rapidly growing, successful approach to improving diets by providing more high-quality fish and shellfish protein. At the same time, it is a major industry with negative impacts on the environment. This book explores new methods with fewer environmental impacts. The editor is Senior Fellow Emeritus of the East-West Center.


Festering disputes in the South China Sea continue to confuse and confound policymakers. All countries bordering directly on the sea have claimed some or all of the tiny Spratly islets and the related maritime space and resources. This book offers several possible regional interim solutions to the disputes, which threaten regional stability. Creation of a multilateral resource management body has the potential to reduce the tensions now rife in the region.

To order East-West Center publications, contact the East-West Center Publication Sales Office, 1601 East-West Road, Honolulu, HI 96848-1601, U.S.A. Phone: (808)944-7145. Fax (808)944-7376. E-mail: ewcbooks@ewc.hawaii.edu
The Pacific Islands stretch east to west from Easter Island to Palau, and north to south from Hawaii to New Zealand, an area encompassing a third of the globe. A challenge for the more than 20 major political entities in this vast region is how to keep abreast of news of particular significance to the area.

The Pacific Islands Report — a worldwide news, informational and educational service pertaining to the Pacific Islands region — attempts to provide this coverage. Launched by the East-West Center’s Pacific Islands Development Program (PIDP), the report has been developed by Al Hulsen, a visiting fellow and president and general manager emeritus of Hawaii Public Radio. “The Pacific Islands Report is a non-commercial, non-profit activity, filling a journalistic niche, but operating in a business-like manner,” Hulsen says.

In addition to providing a communication link for Pacific Islands peoples and governments, Hulsen sees another, larger goal of increasing public knowledge and understanding worldwide about the nations and territories of the region.

Expanding Worldwide Access to Pacific Islands News

The Pacific Islands Report includes three major elements:

- Media coverage of U.S. (including Hawaii) government, business and other organizations’ activities with relevance to the Pacific Islands region. This includes reporting on research, meetings, visitors and other activities of the East-West Center, including PIDP. This reporting is underway, through PACNEWS, the Pacific Islands News Service in Vanuatu. PACNEWS serves over 30 media outlets in Polynesia, Melanesia and Micronesia, as well as Australia and New Zealand.

- Making available the Pacific Islands Report via the Internet, newspapers and radio stations. On July 14, an Internet news service, offering 8 to 12 major stories each day, Monday to Friday, debuted. Positive responses to the service already have been received from Alaska and the U.S. Mainland, Greece, Germany, Australia, New Zealand, many Pacific Islands countries and from Hawaii. (See sidebar on this page).

In addition, a Pacific Islands Report news column has been introduced. Distributed by E-mail, it is being used in Samoa and Hawaii and is available to newspapers worldwide. Also planned is a five-minute radio program that will be produced at the East-West Center, sent by telephone line to KQED in San Francisco, and distributed by the public radio satellite system to stations nationwide and in the Pacific.

- On-the-job journalism training for Pacific Islanders, including individuals in mid-career or new to the field. Mele Laumanu Petelo of Radio Tonga, is spending four months at the Center and Hawaii Public Radio. Also participating are several Center-affiliated undergraduates who are Pacific Islander journalism students at the University of Hawaii. “When they return home, they’ll become Pacific Islands Report correspondents,” Hulsen adds.

A collaborative enterprise, the Pacific Islands Report involves the University of Hawaii’s Center for Pacific Island Studies, the Pacific Islands Broadcasting Association, Hawaii Public Radio, KQED/public broadcasting in San Francisco and a number of Pacific Islands journalistic organizations.

The fiscal goal for the Pacific Islands Report is to be totally self-sustaining after two years, Hulsen says. Current support is being sought from foundations and non-profit organizations and through the sale of news and feature reports. And efforts will be made to seek business underwriting of the Internet news service.

“Overall, the main achievements of the Pacific Islands Report project are expected to result in stronger Pacific Islander journalists,” Hulsen says, “better coverage of the Pacific’s issues, events and ideas and a worldwide public better informed about the Pacific’s needs, contributions, opportunities and significance.”

Signing on to the Web

A new web site features daily news from Pacific Islands, reports from Hawaii, PACNEWS, Radio Australia and Radio New Zealand. Direct links to media resources and Pacific-related organizations such as PIDP and the University of Hawaii’s Center for Pacific Islands Studies are available. Links to other Pacific Island web pages, research report excerpts, official government documents and book excerpts are planned. The web site is at http://pidp.ewc.hawaii.edu/pireport/
Despite uncertainties and specific points of danger, the Asia-Pacific security environment of the 1990s is more benign than at any time in living memory. This is the conclusion of a report from an international group of analysts representing members of the Association of Southeast Asian Nations (ASEAN) Regional Forum (ARF), the only broad Asia-Pacific government organization for ongoing security consultations.

Perceptions of external threats have declined significantly in most countries, say the analysts, with only South Korea seriously concerned about a near-term security threat from the outside.

The group put four broad issues on a regional watch list: Korea, territorial disputes, larger-power relations and arms modernization. Of these, the situation in the Korean Peninsula and the territorial disputes scattered throughout the region are the most potentially dangerous in the short run, because they are so unpredictable.

Over the medium and long run, however, the changing roles and relations of large powers, especially China and the United States are the biggest source of concern. Analysts from China, Japan, Russia and the United States all reported signs of a hardening of attitudes within their countries about one or more of the others.

While these were not yet considered “truly alarming” and irreversible, they could become dangerous. When hostile attitudes become set, small issues take on bigger significance, conspiracy theories become more believable, and the basis is laid for rigid, longer-term fault lines of rivalry and tension, similar to those of the Cold War.

These signs underscore the need for dialogue and confidence-building measures, especially among the United States, Japan and China.

The woes of Southeast Asia have turned true believers into cynics. With currencies in a tailspin and economic growth rates diminishing, some former enthusiasts now argue that the “miracle” was merely an impressive but brief confidence trick. But that judgment may be far too pessimistic. A look at Southeast Asia’s demography suggests that the region’s long-term future is glorious.

While economic change has grabbed the headlines, the change in the structure of Asia’s populations has been at least as profound. According to a recent article by Jeffrey Williamson, an economist at Harvard, and Matthew Higgins, of the Federal Reserve Bank of New York, this demographic miracle may almost entirely account for the economic one. Work by Andrew Mason of the University of Hawaii (and East-West Center) and Ronald Lee and Timothy Miller, both of the University of California at Berkeley, buttresses this view. Both groups of economists agree that the knock-on effects of the demographic changes will, if managed correctly, spur growth throughout Asia until well into the next century.