

Observer

550 Attend EWC/EWCA International Conference in Hanoi

Some 550 East-West Center alumni from 36 countries gathered at the EWC/EWCA International Conference in Hanoi, December 8-10. Throughout the conference, speakers and presentations addressed the theme, "Building an Asia Pacific Community for Sustainable Development."

"The Asia Pacific region, in contrast to other parts of the developing world, has made truly great strides, undergoing a rate of development and change that is totally unprecedented in world history," EWC President Charles E. Morrison said at the opening session.

Hanoi's selection as the venue for the gathering was "symbolic of the changed relationship between Vietnam and the United States" from one-time enemies to partners in a dynamic and changing region, Morrison said. He added that the Center and EWC alumni were "leading the way"

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Madame Ton Nu Thi Ninh, vice chair of the Vietnam National Assembly's Foreign Affairs Committee and EWC alumna spoke at the conference in Hanoi.

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Globalized Asia Pacific Requires Leadership, International Cooperation

The Asia Pacific region is increasingly important in the world at large and to keep it on track in 2007 requires political leadership and international cooperation, suggests EWC President Charles E. Morrison. "In many respects we face a strange irony," he said. "The world as a whole is becoming more and more globalized, but the kind of leadership that is being thrown forward in different countries is less globally prepared."

Morrison discussed the outlook for the region and key political, economic and security issues in 2007 at public programs sponsored by the East-West Center in January. He cited several positive signs for the new year, beginning with the strength of the region's economy which has continued to do well despite weaknesses in the U.S. economy. "The conventional wisdom was that if the United States sneezed, Asia would catch a cold," he said. However, while economic problems in the U.S. do affect Asia countries, this "didn't seem to be as great as one would have expected."

Morrison regards the increase in Asian representation in financial institutions, such as the International

Monetary Fund and World Bank, as "a small but very important change" of procedures that have been in place from the early post-World War II period. Also symbolic was the selection of Ban Ki-moon, former South Korean foreign minister, as the new secretary-general of the United Nations.

Morrison also noted "the tremendous diplomacy that surrounded Beijing in 2006." "China is really stepping out into the world scene," he said, adding that one-half of the sovereign leaders in the world visited Beijing at some point last year. "This reflects the way China is moving up" not just in Asia but in the world.

He spoke of elections in several countries this year that bear watching. In Japan, Prime Minister Shinzo Abe's popularity in the polls has plummeted since his election in September. Abe is banking on constitutional reform to galvanize voters in summer elections, but it isn't clear whether he will be successful, Morrison said. If Abe's party, the Liberal Democratic Party, doesn't do well in the summer election and the prime minister has

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EWC/EWCA International Conference

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*Conference Co-chair
Thanh Lo Le-Khac
Sananikone*

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through what at times was a bumpy road to normalization of relations between the two countries.

One of the major factors in the Asia Pacific success story has been cooperation, Morrison said, which also has been at the forefront of EWC efforts. The Center's collaborative research, educational opportunities and unique leadership training programs for both private and public sectors of the region have contributed to the region's transformation. He recognized EWC alumni for continuing to play major roles in the region, utilizing knowledge, leadership skills and networks developed at the Center.

"You are among the scarce leadership resources of the Asia Pacific, individuals who can think and act with the best interest of the region at heart," he said. "Your burdens are heavy, your accomplishments are great, and the opportunities greater still. Let us today, and every day, rededicate ourselves to making a difference for our region and the world by converting challenges into opportunities."

In his welcome EWCA President Larry Foster noted, "While the world changes around us, the mission — the core values of the East-West Center — has remained constant since its founding nearly 50 years ago in Hawai'i: community building, mutual understanding, tolerance and civility.

"Through our experiences at the East-West Center, we have learned how to respect each other, how to learn from each other and how to work together, regardless of how disparate our cultures may be," he said. "But let me be clear, the East-West Center is not a melting pot. The Center's goal is not to make us all the same. Hot fusion is not about forming one global, homogeneous culture. Rather it is about recognizing and valuing the uniqueness and greatness of all of our individual cultures."

Vietnamese government officials, including Vice Foreign Minister Le Van Bang and EWC alumna Madame Ton Nu Thi Ninh, vice chair of the National Assembly's Foreign Affairs Committee, also spoke to conference-goers. In plenary sessions, alumni



EWC Alumni Officer Gordon Ring and conference Co-chair and Hanoi Alumni Chapter Leader Hoang Hoe

participated in discussions on topics ranging from air pollution to Vietnam-U.S. relations, infectious diseases and regional sustainability.

The conference was co-chaired by Thanh Lo Le-Khac Sananikone of Hawai'i and EWCA Hanoi Chapter Leader Hoang Hoe. "It gave Vietnam the exposure and international experience that we associated with planning the conference had talked about and worked toward," said Sananikone, an EWC alumna originally from Hue, Vietnam.

Added EWCA Alumni Officer Gordon Ring, "Our East-West Center Association, through the active participation and academic input of our alumni in the Hanoi conference, demonstrated that there is no other organization in the region that can match its breadth, depth, scope and multi-national participation. Our alumni network provides a rich pool of leadership resources that is making a valuable contribution to the development of the Asia Pacific community."

The Vietnam Union of Science and Technology Associations (VUSTA) worked in cooperation with the EWC alumni office and Hanoi chapter on conference logistics. Conference sponsors included the Ford Foundation, PacMar, Inc., SOVICO GROUP, Gary and Bach Mai Larsen, DACO Duyen Trading & Tour Service Co., Ltd, Indochina Capital, the Foreign Trade University, FEDEX, Gannon Corporation, and the U.S. Embassy in Hanoi.

EWC Alumni Chapter Leaders, EWC Board of Governor members, and others attended a reception hosted by U.S. Ambassador to Vietnam Michael Marine (center/front) at his residence.



Experts Say East Asia Dangerous But Important



J. Stapleton Roy, chairman of the U.S. Asia Pacific Council

East Asia is one of the most dangerous areas in the world, cautioned former U.S. Ambassador to China J. Stapleton Roy. Currently chairman of the United States Asia Pacific Council (USAPC) and managing director of Kissinger Associates, the former U.S. envoy made the observation during opening remarks at the USAPC's fourth annual conference in Washington, D.C. in November. He added the danger lies in regional issues that could provoke a great power confrontation.

The gathering of distinguished academics, legislators, diplomats and business leaders addressed issues of regional security as well as East Asia's changing trade and investment scene and domestic U.S. politics.

Citing the latest findings of the Pew Global Attitudes Project conducted in China, India, Japan, Pakistan, Russia and the United States, Roy warned of the possibility of rising tensions due to the complexity of regional dynamics. He pointed out that the recent Pew poll showed seven in 10 Japanese express an unfavorable view of China and an equal number of Chinese dislike Japan. The poll also found that a large majority in Japan, Russia and India are wary of China's growing military capability. A solid majority of Indians polled believe China will replace the United States as a regional power in 10 years.

But Roy also noted a dichotomy in attitudes. Both Japan and Russia have historic reasons for worrying about China's rise, he said, but at the same time both

are highly conscious of the benefits they derive from China's economic growth. He found it encouraging that Japan's prime minister, Shinzo Abe, initiated diplomatic trips to Beijing and Seoul that could prevent regional rivalries from escalating into conflict.

Trade, another possible flashpoint, drew differences of opinion. C. Fred Bergsten, director of the Peterson Institute for International Economics, expressed support for the concept of a Free Trade Area of the Asia Pacific (FTAAP). He said such an agreement would help restart the stalled World Trade Organization talks and foster "integration rather than disintegration" of the Asia Pacific region.

Masahiro Kawai, head of the Asian Development Bank's Office of Regional Economic Integration, argued the nations of East Asia should consolidate themselves economically before pursuing a FTAAP-type arrangement. He pointed out that the nations of the Association of Southeast Asian Nations were adamant that ASEAN members undertake their own economic integration.

Ambassador Roy said it is important for the U.S. to be engaged in the East Asia community-building dialogue now, while it is still a work in progress. He stressed that the U.S. must keep an open mind about what kind of security and economic arrangements and regional architecture would best serve East Asia.

(The USAPC, based in East-West Center Washington, comprises American corporations and citizens who have made outstanding contributions to the advancement of the U.S. relationship with Asian and Pacific nations.)

Two Years After the Tsunami, Challenges for Aceh

The special autonomous region of Aceh on the Indonesian island of Sumatra suffered 65 percent of the casualties and widespread destruction from the massive earthquake and tsunami of December 2004. EWC Director of Education Terry Bigalke, who lived and worked in Indonesia, was dispatched to Aceh soon after the tsunami by the East-West Center to meet with educators and community leaders and determine how the Center could help with relief and recovery efforts.

After a recent return trip, he described the physical and spiritual recovery in Aceh and the challenges ahead in a commentary for *EWC Insights*, an EWC publication.

"The physical recovery led by the Agency for Reconstruction and Reconciliation will take a decade or more," Bigalke predicted.

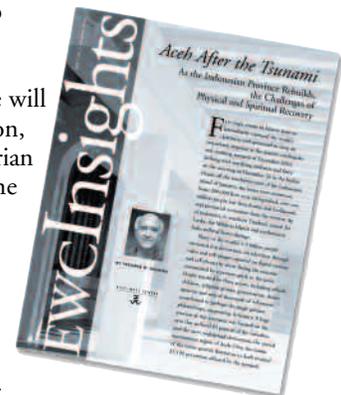
"Given the scale of the effort, the number of international and national agencies and organizations involved, and the large amount of money, the chorus of criticism from Acehnese and watchdog groups will mount." But, in an environment that emphasizes transparency, he said the agency is learning and improving its oversight.

He said Aceh's newly reaffirmed special autonomous relationship with the Indonesian central government needs to achieve a level of trust that has existed only for fleeting periods since 1945. "Continued harmonious relations will require an equitable distribution

of oil and natural gas revenues," he said. "It also will require attaining a sense in Aceh that true autonomy has been achieved, and in Jakarta that Aceh is not undermining national unity."

Lastly, Bigalke anticipates a wide spectrum of fundamentalist to modernist forces will vie for influence in the shaping of Shariah or Islamic law in Aceh, which now is open to outside influence. "Several faculty from Ar-Raniry State Institute of Islamic Studies are conducting research at the East-West Center on issues related to Islamic banking, Islamic business contract law and marital law that they hope will enable them to bring reason, moderation and humanitarian concerns to the process," he said. "They are convinced that in Aceh it is possible to create a society firmly rooted in Islamic law, but reflecting Acehnese values and modernity."

(A PDF version of this EWC Insights commentary is available at: <http://www.eastwestcenter.org/stored/pdfs/Insights00101.pdf>)



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EWC Names New Director for Washington Office

Satu Limaye has been appointed the new director of the East-West Center's Washington Office. He comes to the Center from the Institute for Defense Analyses in Alexandria, Virginia, where he was a member of the research staff. He previously served as director of the research and publications division at the Asia Pacific Center for Security Studies (APCSS) in Honolulu.

"I know Dr. Limaye will bring tremendous energy as well as regional and Washington experience to our Washington office," said EWC President Charles E. Morrison.

Limaye was an Abe Fellow at the National Endowment for Democracy's International Forum for Democratic Studies, and a Luce Scholar and head of program on South Asia at the Japan Institute of International Affairs in Tokyo. He has written and edited numerous books and publications. He earned his Ph.D. in international relations at Oxford University's Magdalen College and received a B.A. from Georgetown University's Edmund Walsh School of Foreign Service.

Limaye succeeds Muthiah Alagappa, who assumes a new role as Distinguished Senior Fellow attached to the EWC President's office.



Satu Limaye

King of Thailand Donates Pavilion



The Thai sala was built in Thailand and assembled at the East-West Center.

A traditional Thai *sala*, or pavilion, was donated to the Center by His Majesty King Bhumibol Adulyadej of Thailand. The new pavilion was designed by Pinyo Suwankiri, a professor at Bangkok's Chulalongkorn University and the foremost designer of traditional structures in Thailand.

First assembled in Bangkok, and made of teak and native rosewood, the new *sala* was taken apart and shipped to the Center in Honolulu. A team of Thai artisans and a Thai engineer, accompanied by Pinyo, traveled to Hawai'i to oversee the construction of the new pavilion last fall. The new *sala* replaces a pavilion given to the center by the king in 1967. The open-air pavilion, a popular gathering place for students, is located mauka of the Hawai'i Imin International Conference Center on the EWC campus.

Center Receives \$1 Million for Energy Study

Fereidun Fesharaki and Kang Wu, EWC senior fellows and members of the EWC Research Program's Energy Economic Group, were awarded a five-year, \$1-million cooperative agreement by the U.S. Department of Energy. They will provide timely advice, data and analyses on a wide range of energy issues and challenges in the Asia Pacific, Middle East and other regions. Their research, with special emphasis on natural gas, as well as oil, will provide useful information for U.S. businesses and government agencies.



Solomon Islands panpipe ensemble performed concerts throughout Hawai'i.

Solomon Island Music Resonates with Hawai'i Audiences

In November, the 18-member K.V.U. Panpipe and Dance Company, from Santa Isabel in the Solomon Islands, completed a 10-day residency in Hawai'i, reaching nearly 5,000 audience members in performances sponsored by the EWC Arts Program.

Support for the EWC program came from the Hawaii Pacific Rim Society, Friends of Hawaii Charities and contributors to the EWC Foundation, including members of the Arts 'Ohana.



EWC President Charles E. Morrison attended the APEC Conference in Hanoi in November. Next to Dr. Morrison is the ASEAN representative followed by U.S. Secretary of State Condoleezza Rice.

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Worldwide Uchinanchu Business Association (WUB) Scholarship Endowment Fund

The Worldwide Uchinanchu Business Association (WUB) is a network of Uchinanchu and Uchinanchu-at-Heart, whose members are from the business and professional communities throughout the world. WUB chapters worldwide, 21 at present, exchange information on business opportunities, support their sister chapters and promote cultural and educational exchanges so that members of the worldwide Uchinanchu community can meet face to face. The WUB Scholarship Endowment Fund was established to provide scholarship support to young people of the WUB community, who are unable to meet the full cost of program participation. Over \$80,000 has been raised by WUB businesses and supporters. Mary Nakada from Peru, the first WUB Scholarship Endowment Fund recipient, is participating in the 2006-07 Asia Pacific Leadership Program.



EWC Okinawa Special Projects Director Bob Nakasone, Mary Nakada and Okinawa Governor Hirokazu Nakaima (left to right).

2006 AsiaPacific Breakfast Briefing at the Bank of Hawaii

Fereidun Fesharaki, EWC Senior Fellow, examined the global oil market during his presentation, "Fluctuating Oil and Gas Prices... What Does This Mean for Hawai'i and the Region?" on November 14.

Born in Iran, Dr. Fesharaki attended the OPEC Ministerial Conferences in the late 1970s in his capacity as energy adviser to the Prime Minister of Iran and joined the EWC in 1979.

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On behalf of the East-West Center, we would like to thank those individuals, corporations, businesses, foundations, and organizations that have generously contributed to the East-West Center Foundation.

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Fereidun Fesharaki

In Today's Global Oil Market, U.S. Cannot Continue Business as Usual

The higher oil- and gas-price world we live in today represents “an irreversible change,” says Fereidun Fesharaki, an internationally recognized energy analyst and EWC senior fellow. “We will continue to have cycles, but from a higher price base.” He noted that the last time fundamentals in the global oil market changed was in the 1970s.

Meanwhile non-OPEC supply growth “is falling way behind demand growth, necessitating more OPEC supply,” he said. But because of political, legal and management problems, he does not foresee OPEC freeing up new resources large enough to respond to this growth.

“The United States simply cannot continue business as usual,” he cautioned. “The price of inaction is very high for the world at large.”

Fesharaki discussed the global oil market at an EWC AsiaPacific Breakfast Briefing sponsored by Bank of Hawai'i in November. Today China, Japan, Korea and India make up 70% of Asian oil demand, with real growth in China and India. “Some 72% of Asian oil imports come from the Middle East,” he said. “The future

trend points to more dependence and closer political and economic ties between Asia and the Middle East.”

At the same time, the United States continues to rank as the largest consumer of oil in the world. America consumes more than countries in the

European community and China combined, he said. “If U.S. consumers moved from SUVs to six-cylinder cars, the savings would be equal to the total consumption of oil in South Korea.”

Meanwhile U.S. oil production has declined every year since the early 1970s, with a few minor exceptions. U.S. gas production is also dropping. “This means U.S. troops will never leave the Middle East until the U.S. is able to fix its energy policy,” Fesharaki contended. “It doesn't matter who is in the White House.”

Either Americans have to accept that there will be a troop presence in the Middle East or they have to pay what Europeans pay for gas, he said. In some European cities, consumers are paying as much as three times what Americans pay for gas.

While higher prices are affecting Asian consumers, he said they are not affecting American consumers. In the United States, he believes, the price of gas and taxes is still too low to compel consumers to change their habits. “If it was too expensive in the U.S., you would see an effect,” Fesharaki said. “At the minimum, we will have to pay what Europeans are paying for gas before Americans will change their consumption habits.”

The last time this happened was in the 1970s, when President Jimmy Carter implemented national policies in response to an energy crisis.

“What happens in the world depends on what the United States does,” said Fesharaki. “The U.S. has once again become the center of oil and gas business. Its policies on domestic taxes, global warming and automobile fuel efficiency will have a major impact on the future of the world.”

Since 1999, 29 students from East Timor have enrolled at the East-West Center through the U.S.-East Timor Scholarship Program. In December six new students arrived in Honolulu to begin their studies, selected from 300 applicants.

“This is by far the largest concentration of East Timorese students in the United States,” says EWC Director of Education Terry Bigalke, “and they are creating a vital network of relationships, both among themselves and with students from the U.S. and Asia Pacific countries who will form a new generation of leaders in the region.”

Each year Bigalke interviews applicants in Dili, as part of what has become a highly competitive selection process. The EWC administers the U.S.-East Timor Scholarship Program, funded through the U.S. Department of State's Bureau of Educational and Cultural Affairs. The merit-based program enables academically talented East Timorese

East Timor Students Gain Education, Leadership Experience



EWC Education Director Terry Bigalke met with East Timor alumni Domingos Lequi Siga Maria, Flavia Da Silva and Jose Soares Turquel de Jesus in Dili.

to pursue studies at the University of Hawai'i in fields relevant to the development needs of their young nation. They also participate in internships and home country community service projects.

Publications in Review

Is That the Best You Can Do? A Tale of Two Micronesian Economies, by Francis X. Hezel, SJ. *Pacific Islands Policy* 1. Honolulu: East-West Center, 2006.

This report is the inaugural issue of *Pacific Islands Policy*, a new East-West Center series, that examines critical issues, problems, and opportunities relevant to the Pacific Islands region. Hezel's analysis focuses on the Federated States of Micronesia (FSM) and the Republic of the Marshall Islands (RMI). In reviewing the history of development initiatives in

the FSM and RMI, he is skeptical about the advice offered by development economists and other outside experts. Recommendations are often in conflict with traditional cultures that emphasize communal values in the conduct of human relations and the inalienable quality of ancestral land. Drawing upon the work of other researchers in the Pacific, Hezel offers suggestions for alternative courses to development.

Paper, \$10.00. Available from the East-West Center, ewcbooks@EastWestCenter.org.

Japan's Dual Civil Society: Members Without Advocates, by Robert Pekkanen. *Contemporary Issues in Asia and the Pacific* (sponsored by the East-West Center and published by Stanford University Press). Stanford: Stanford University Press, 2006. 280 pp.

Pekkanen provides an overview of the state of Japan's civil society and a new theory, based on political institutions, to explain why Japan differs so much from other industrialized democracies. He offers a new interpretation of why Japan's civil society has developed as it has, with many small, local groups but few large, professionally managed national

organizations. The book further asks what the consequences of that pattern of development are for Japan's policy and politics. The author persuasively demonstrates that political institutions are responsible for this pattern, with the result that civil groups have little chance of influencing national policy debates. The phenomenon of "members without advocates" thus has enormous implications for democratic participation in Japan.

Cloth, \$65.00; paper, \$24.95. Order this publication from www.sup.org or University of Chicago Press Distribution Center, (800)621-2736.

Confucian Cultures of Authority, edited by Peter D. Hershock and Roger T. Ames. SUNY Series in Asian Studies Development. Albany: State University of New York Press, 2006. 320 pp.

Confucian Cultures of Authority examines the values that have historically guided the negotiation of identity, both practical and ideal, in Chinese Confucian culture, considers how these values play into the conception and exercise of authority, and assesses their contemporary relevance in a

rapidly globalizing world. Essays explore the rule of ritual in classical Confucian political discourse; parental authority in early medieval tales; authority in writings on women; authority in the great and long-beloved folk novel of China *Journal to the West*; and the anti-Confucianism of Lu Xun, the 20th-century writer and reformer.

Cloth, \$81.50; paper, \$27.95. Order this publication from www.sunypress.edu or CUP Services, (800)666-2211.

Muslim Resistance in Southern Thailand and Southern Philippines: Religion, Ideology, and Politics, by Joseph Chinyong Liow. *Policy Studies* 24. Washington, DC: East-West Center Washington, 2006. viii, 74 pp. Free downloadable PDF file available online at www.EastWestCenter.org/find.asp?it=PolicySt024.

This study analyzes the ongoing conflicts in southern Thailand and the southern Philippines between indigenous Muslim minorities and their respective central governments. In particular, it investigates the ideological context and content of conflicts in southern Thailand and the southern

Philippines as they pertain to Islam and radicalism. The monograph argues that while the conflicts have taken on religious hues as a consequence of both local and external factors, they share little with broader radical global Islamist and Jihadist ideologies and movements. Their contents and contexts remain primarily political, reflected in the key objective of some measure of self-determination, and local, in terms of the territorial boundaries of activism and agitation.

Paper, \$10.00. Available from the East-West Center, ewcbooks@EastWestCenter.org.

Initiating a Peace Process in Papua: Actors, Issues, Process, and the Role of the International Community, by Timo Kivimäki. *Policy Studies* 25. Washington, DC: East-West Center Washington, 2006. ix, 88 pp. Free downloadable PDF file available online at www.EastWestCenter.org/find.asp?it=PolicySt025.

Drawing on the Aceh peace process that resulted in the Helsinki agreement, this study investigates the possibility of a peace process to resolve the conflict over the political status of Papua vis-à-vis Indonesia.

Paper, \$10.00. Available from the East-West Center, ewcbooks@EastWestCenter.org.

Poverty Reduction in the 'Tribal Belt' of Eastern India, by Christopher Edmonds, Nobuhiko Fuwa, and Pabitra Banik. *AsiaPacific Issues*, No. 81. Honolulu: East-West Center, August 2006. 12 pp. Free downloadable PDF file available online at www.EastWestCenter.org/find.asp?it=api081.

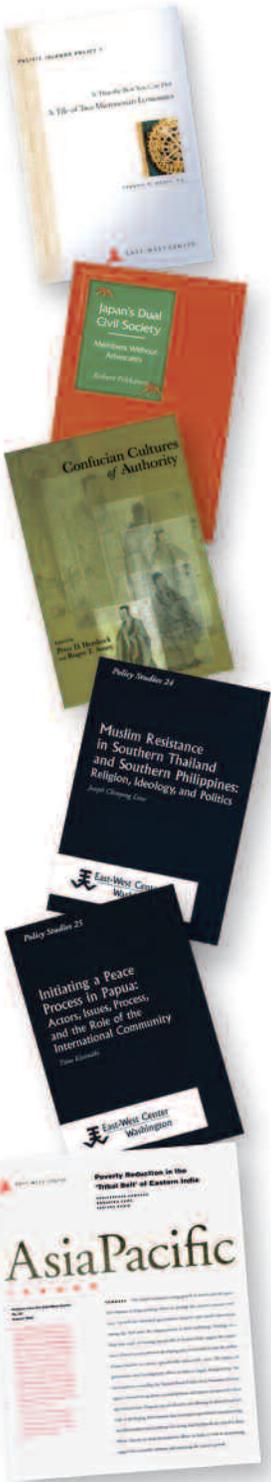
The Indian economy's strong growth in recent years has given new impetus to long-standing efforts to develop the country's poorest rural areas. Growth has increased government

resources and raised expectations among the rural poor for improvements in their well-being. Findings of a long-term study of farming households in Eastern India suggest the importance of local circumstances in developing policies intended to raise the welfare of poor families in remote, agriculturally unfavorable, areas.

Paper, \$2.50. Available from the East-West Center, ewcbooks@EastWestCenter.org.

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China's Rise, the View from Australia

Australia, a country with global interests and regional priorities, views China's rise from a different lens than the United States, according to Australia's ambassador to the United States. Twenty years ago, Australia decided China's economic growth was good for Australia and the region, said Dennis Richardson at an EWC public program in Honolulu in November.

The ambassador shared his insights on the dynamic changes occurring in the Asia Pacific region and the pivotal role of Australia, a key U.S. ally. The dynamic of Australia's relationship with China is different than in the United States, he said, in part because his country has been following China's rise for close to two decades. In 1989, the government issued a report on Australia and the ascendancy of Northeast Asia.

Today China is Australia's third largest trading partner, with Japan in first place and the United States in second. "We're very much a beneficiary of China's economic growth," he said. "We have the raw materials which China needs in order to grow. Our trade is more in balance (than U.S.-China trade)."

Richardson sees the most important policy decisions that China's leaders can make — which will affect the wider region — will be how they manage domestic economic and political change.

Internationally, the question is, "Can China play by the rules or will it seek to change the rules?" he said. "We, in Australia, want China to play by the rules, just as Australia, Japan, the United States and others do, and we have every reason to believe they will do so."

In his discussion of U.S.-Australia relations, the ambassador complimented the United States for the "positive and far-sighted" way it is managing its relationships with China, Japan and India, despite the distractions of Iraq.



Dennis Richardson, Australia's Ambassador to the United States

"Those sets of relationships fundamentally determine the political, strategic environment in which we as a country live," he said. He also said Australia welcomes the restoration of military-to-military ties between the United States and Indonesia in 2006, recent visits between the countries' presidents and believes the bilateral relationship is moving in the right direction.

Richardson's remarks were made just after 150 Australian and New Zealand security forces were deployed to restore order in Tonga, following anti-government riots.

In response to a question about developments in the Pacific, he said, "We've found ourselves engaged in certain countries in a way we might not have anticipated 10 years ago. The Pacific island countries do face a full range of challenges that we're all acutely aware of in this region."

He emphasized that Australia responds, as in the case of Tonga, if it is asked by the government for assistance. "I expect in the coming years that Australia, New Zealand and the United States are going to have to remain very actively involved in the region."

Globalized Asia Pacific Requires Leadership, International Cooperation

continued from page 1

to resign, Morrison said this may herald a return to shorter-term political leadership in Japan.

South Korea will hold its presidential election in December. "We have a case where the party system is weak, rules of the game are not very clear, the electorate is still very bifurcated between liberal and conservative groups," he said. What is especially interesting in Korea are the generational differences. "The older generation is conservative, the younger generation more liberal, and no one can tell who will emerge victorious in this process."

In Thailand and Fiji, both in post-coup periods, the military leadership that took over has not governed well, Morrison said. As a result, Thailand's economy has suffered and the public is concerned about the election of a new prime minister and the nation's constitution.

He anticipates Fiji "will continue to be isolated for some time, as long as this military group is in power."

In China, where President Hu Jintao will complete his first of two five-year terms, this year may produce clues as to Hu's eventual successor. China faces social unrest over corruption issues, confiscation of land and very deep problems such as income inequality. According to the Chinese Academy of Arts and Sciences, China is approaching Latin American standards of income inequality, which are the worst in the world, he said.

"We see the region becoming more interdependent," he said. "The world is becoming more globalized. Yet many of the leaders are actually less international in their orientation. The scarcest resource for the regions is actually not water, not oil, it's international leadership."

Notes and Quotes

From
"History, North Korea
Set to Test
Japan-China Ties"
By May Masangkay
of Kyodo News
in The Japan Times
January 3, 2007

Japan and China also remain apart on several other issues, including the dispute over gas exploration rights in the East China Sea, with diplomatic sources saying talks are expected to resume early this year.

Possible visits by Chinese Premier Wen Jiabao and President Hu Jintao to Japan, if they go ahead this year, will be make-or-break events for Japanese diplomacy.

"It will be a challenge to the Chinese leadership to find a way of presenting their intentions to the Japanese people to have constructive relations with Japan," Sheila Smith, a Northeast Asia security specialist at the East-West Center, said.

From
"Workers of the World
May Get Bigger Share
of Prosperity in 2007"
By Matthew Benjamin
and Simon Kennedy
in Bloomberg News
January 2, 2007

Workers of the world are demanding a bigger share of global prosperity, and this year they may get it.

Political shifts in the United States, Europe and Asia increase the chances that 2007 will bring labor higher pay and stronger job protection after five years in which its share of economic gains fell. "The pendulum of economic power might well begin to shift from capital back to labor," says Stephen S. Roach, chief global economist with Morgan Stanley in New York. ...

Even in China, where widening income inequality has accompanied rapid economic expansion, "There's been a policy shift similar to what's happening in the United States," says Christopher McNally, a specialist at the East-West Center, a Honolulu research group. Cities such as Shenzhen and Dongguan are raising the minimum wage, while the central government is encouraging unionization at larger companies, especially foreign ones. Two thirds of Wal-Mart's stores in China have set up trade-union branches.

From
"Trade Knots Could
Snag U.S. Relations
with China"
By Robert Collier
In the
San Francisco Chronicle
December 18, 2006

Chinese officials are anticipating a new trade war with Congress.

"(House Speaker Nancy) Pelosi has taken a harsh stand on China previously, so people say that once the Democrats take over in January, she will push hard on this," said ZhongXiang Zhang, an expert on U.S.-China economic relations at the East-West Center, a congressionally funded research institute in Honolulu.

Zhang said the Chinese government hopes that President Bush would veto any trade sanctions bill passed by the new Congress. "But even so, this kind of game is very dangerous for both sides," he said. If Bush approves sanctions, he added, Beijing would likely take a pronounced diplomatic tilt away from the United States and toward Europe and Russia in global power fights.

From
"Vietnam's
High-Speed IT Rise"
By David Fullbrook
in Asia Times Online
November 29, 2006

With new foreign investments pouring in and more than 600 software-oriented firms already in place, Vietnam's information-technology sector is by all measures going great guns. And recent big-ticket investments from the multinational likes of Intel and Canon could soon establish Vietnam as a low-cost IT leader in the region, challenging the positions of such countries as Thailand and the Philippines.

Where Intel goes, the IT industry often tends to follow. "Intel going in means they will bring along their supplier network — these are global companies that have to move with Intel," said Dieter Ernst, a senior fellow at Hawai'i's East-West Center who researches innovation offshoring. "The industry notes these developments. It's very likely that other firms will follow."



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