

A photograph of a busy street in an Asian city, likely Vietnam, showing a large number of people riding motorcycles. In the foreground, a man in a light blue shirt and sunglasses is talking on a mobile phone while riding. Behind him, other riders are visible, some wearing helmets and face masks. The background shows dense urban buildings and a hazy sky.

ASIA-PACIFIC RESEARCH CENTER

CENTER OVERVIEW 2003



THIS IS THE PLACE

THE ASIA-PACIFIC RESEARCH CENTER (APARC) is a unique Stanford University institution focused on the study of contemporary Asia. APARC's mission is to produce and publish Asia-Pacific-focused interdisciplinary research; to educate students, scholars, and corporate and governmental affiliates about the importance of U.S.-Asian relations; to promote constructive interaction to understand and resolve the region's challenges; to influence U.S. policy toward the Asia-Pacific; and to guide Asian nations on key foreign relations, government, political economy, technology, and social issues.

THIS IS THE FOUNDATION

on which a unique research center
now stands strong.

It was the spring of 1976. I'll never forget the event: a meeting of American and Japanese leaders from the semiconductor industry. I don't know why I was invited, nor why I agreed to go. But it was good that I went, because the meeting left an indelible impression. It was the first time I had ever witnessed open and hostile disagreement among American and Japanese representatives. By the end of the day, the two sides actually wound up yelling at each other. The discussions, which started out calmly, ended in a heated confrontation.

The experience made me realize that trade was turning into a serious and volatile problem in U.S.-Japan relations. In view of the widening gap in national rates of savings and investments, it seemed to me that the bilateral trade imbalance was likely to worsen rather than improve. And if a rapidly growing, high-tech sector such as semiconductors generated such heat, then no economic sector—certainly not automobiles or auto supplies—seemed safe from the political crossfire. Thus, the 1976 meeting opened my eyes to the seriousness of problems looming ahead in the U.S.-Japan relationship.

Worried about the future of the world's most pivotal bilateral relationship, I met with

several Stanford colleagues to discuss whether Stanford might be able to contribute, in some small way, to the goal of better understanding between the United States, Japan, and, more broadly, Asia. We decided in 1976 to create an interdisciplinary research center focused on public-policy issues involving the United States and Asia.

From that memorable meeting in 1976, the Asia-Pacific Research Center has grown rapidly into one of the world's biggest and busiest research organizations of its kind. We are proud of what APARC has accomplished to date, but the problems and challenges ahead look even more formidable than those of the past. The Center's work is far from over.

Daniel Okimoto
Founder and Director Emeritus, APARC



MESSAGE FROM THE DIRECTOR



Over the past year, APARC consolidated its position as a premier Stanford research center focused on contemporary Asia, expanded many of its successful programs, and addressed some of the region's urgent problems.

Taking the Lead on Pressing Issues

North Korea and Iraq dominated the news and the U.S. administration's attention in 2002 and 2003. While Iraq falls outside APARC's geographical purview, U.S. intervention in the war—and implications of that involvement for U.S.–North Korea relations—impelled the Center to organize a seminar series and a policy conference to consider the North Korea issue. The seminar series, which began in spring 2003 and will continue through the next academic year, sparked lively debate on the topics of North Korea's future, the challenges of proliferation, and Korean anti-Americanism.

In addition to this special series, the Center's Shorenstein Forum organized a major series on contemporary China which included some of the most distinguished names in contemporary China studies. The Center's Southeast Asia Forum concentrated on issues of terrorism, Muslim identity, and instability in Southeast Asia; a talk on Al Qaeda in Southeast Asia by Zachary Abuza was a highlight.

APARC has developed a reputation for organizing policy-relevant conferences on cutting-edge issues facing contemporary Asia. The policy conference we hosted in February, "North Korea: New Challenges, New Solutions," answered the urgent need for a new forum that could address inter-Korean and North Korea–U.S./Japan relations on a nonofficial, nonpolitical level. Scholars and policymakers convened to formulate new policies that South Korea, Japan, and the United States might undertake and implement toward North Korea. This meeting produced an APARC policy brief—the first, we expect, of many—on the North Korea nuclear challenge.

Strengthening Research Capabilities

Research remains APARC's primary mission. The Center's diverse research projects are thriving. APARC also enjoyed a banner year for publications: we produced fifteen working and discussion papers, including three major monographs on peri-urbanization in Chengdu and Hangzhou, China.

Over the past year, the Center has conducted a search for an Oksenberg Senior Fellow to strengthen our program on China's international relations and politics. The search has been exciting and productive, and we anticipate that a new China specialist will join our ranks in 2004. In addition, APARC plans to bring a new faculty member on board to enhance the Japanese studies program. APARC began its life as a center focused on Japan and U.S.–Japan relations. To maintain our position as a locus for such work, our search for another Japan specialist is now well under way.

To foster different research perspectives and enliven the Center's atmosphere through the presence of outstanding young academics, APARC has actively grown its postdoctoral program. In 2002–03, the Korean Studies Program hosted Gihong Yi as its inaugural research fellow. Two new scholars take his place this year: Chiho Sawada, a Ph.D. in East Asian languages and civilizations from Harvard, and Hong Kal, who earned her Ph.D. in art history from the State University of New York, Binghamton.

The Shorenstein Forum also welcomed its first research fellows last year. Mary Comerford Cooper and Jing Huang spent 2002–03 researching civil-military relations in China and the impact of politics on the Chinese stock market, respectively. This year, we are pleased to welcome Erik Kuhonta and Harukata Takenaka. Kuhonta specializes in the comparative and international politics of developing countries, with a focus on Southeast Asia. Takenaka is no stranger to APARC, having previously worked with Daniel Okimoto on his





project on Japan's political economy. We wish all of last year's postdoctoral fellows good luck in their new endeavors, and look forward to working with this year's distinguished group.

Bringing Scholars Together

Technological developments and the advent of the Internet have changed the way academics carry out their research. Nowhere is this more true than at APARC, where we take pride in the collaborative, international, and interdisciplinary nature of our work. APARC encourages interaction among Asia scholars across the region and the world, whether they locate themselves in academe, business, or government. The visiting scholars who take up residence here each year reflect this open, practical emphasis, as do the Center's multidisciplinary projects and publications. APARC faculty travel constantly to Asia, and while many also spend significant time in Washington the Center strives not to be American-centric in its outlook. APARC faculty and researchers are dynamic, energetic, pragmatic people whose work has a profound impact on their fields of expertise. This is the place where distinguished academic research yields real-world results.

I enjoyed my time as acting director of this remarkable institution. Andrew Walder, on sabbatical last year, returns to the helm in 2003–04, and we welcome him back. As ever, we are grateful to our friends and contributors for their continued support, and we encourage their involvement and feedback. I draw your attention in particular to the Center's new look, which is part of a broader redesign effort at our parent organization, the Stanford Institute for International Studies (SIIS). Though APARC's familiar waves have been replaced by a handsome new logo in Stanford's cardinal red, the Center's mission remains steadfast, and we greet the coming academic year with enthusiasm and a renewed sense of purpose.

Gi-Wook Shin
Acting Director 2002–03



THIS IS THE RESEARCH

that transforms insightful academic
analysis into real-world results.

SELECTED REGIONWIDE PROJECTS

East Asia's Urban Boom: The Shape of the Future

The Urban Dynamics of East Asia research team has been active on two fronts: completing its project on peri-urbanization in China and finalizing a book on comparative East Asian urbanization.

This year, in conjunction with the Beijing Institute of Geographical Sciences of the Chinese Academy of Sciences, project researchers undertook fieldwork in two peri-urban economic clusters in Hangzhou, China: down garments and mid-technology instruments. The down cluster produces most of the world's down sports equipment (e.g., ski jackets, sleeping bags), as well as quilts. Many of the workers are second-generation migrants; their parents migrated to coastal China in the early 1980s. The mid-technology cluster manufactures products appropriate for the Chinese market, including affordable wastewater treatment membranes, gas meters that operate on stored-value cards, and mobile cell phone switching centers to serve large crowds. These products represent one of the most dynamic areas of China's economy.

The team has also undertaken significant fieldwork in Chengdu, western China. Douglas Webster gave a presentation to the city's key shareholders—politicians, bureaucrats, and business people—which used remotely sensed data to assess the physical growth of the Chengdu Extended Urban Region from 1978 to the present. The analysis, undertaken in collaboration with SIIS colleague Karen Seto, created a stir when it became publicly apparent that, over the past ten years, Chengdu has been growing in exactly the opposite direction intended by the city's planners.

The Ford Foundation-funded peri-urbanization project ended in October 2003 with a final workshop in Beijing. Over one hundred people attended, including members of national and local Chinese agencies involved in urban policy and Beijing's academic community. Key research results, published as three APARC working papers, were presented.

The research team completed a first draft of their book, *At the Vortex: Exploring East Asia's Urban Dynamics*. The book weaves profiles of East Asia's megacities—including Tokyo, Beijing, Seoul, Shanghai, Singapore, Manila, Jakarta, Bangkok, and Hong Kong—



into thematic chapters. Taking a multidisciplinary approach, the book examines key areas of great change since 1950, such as built form, relationships between the city and the state, urban management, and startlingly fast changes in economic fortune. From this perspective, the authors also consider the future, possibly pivotal, role of East Asia's urban regions in twenty-first century global society.

Innovation and Entrepreneurship on the Rise across Asia

The Stanford Project on Regions of Innovation and Entrepreneurship (SPRIE), in collaboration with its more than seventy research affiliates in seven countries, is pressing ahead on detailed description and analysis of high technology regions in Asia. During the past year, SPRIE-affiliated research teams conducted surveys, collected data, and synthesized material on Silicon Valley, Hsinchu (Taiwan), Zhongguancun (PRC), Singapore, the Teheran and Taedok valleys (Korea), Bangalore (India), and nine regions in Japan.

Analysis to date points to significant changes. In the wake of the worldwide high technology downturn, regions across Asia have actually

demonstrated significant increases in capacity and, more important, in capability for higher value-added activities.

Signs of progress are everywhere. On the innovation front, for example, as measured by U.S. patents granted, both Taiwan and Korea have moved to the top eight countries, with Taiwan ranked well ahead of France and the United Kingdom in 2002. Indications of burgeoning entrepreneurship are plentiful in Taiwan, the PRC, Korea, and India. In Seoul's Teheran Valley, there were more than 2,000 start-ups by the end of 2002, with 69 percent involved in IT industries. Between 1988 and 2002, high tech ventures in Zhongguancun (in Beijing) grew from 527 to more than 12,000.

The rise of Asia's regions is enabled and amplified by other global drivers. Production is moving to Asia, and particularly China, at a stunning pace. Market demand is also shifting, tipping the center of equilibrium away from the United States toward Asia. Between 1985 and 2000, for example, production of semi-conductors in Asia jumped from 1 percent to 17 percent, with levels projected to reach 35 percent by 2010.



CENTER

Members of the SPRIE research team gathered at APARC in October 2003 for a project workshop.

The rise of Asia's regions is only part of the story. Equally important are changing regional dynamics. Firms are offshoring and outsourcing in order to enter growth markets, pursue higher-value-added activities, and access pools of talent. Increased flows of people, technology, and capital are shaping complex networks, which are in turn facilitated by developments in the deployment and pricing of technologies. For example, the capacity for moving information between the United States and India has skyrocketed as the cost of bandwidth has declined precipitously, from more than \$60 per megabit in 1996 to less than \$.60 in 2002. Indeed, linkages between Silicon Valley and Bangalore have fueled the growth of software services in India: more than 522,000 Indian IT professionals generated \$6.2 billion in exports in 2000.

Not all signs are positive for individual regions' development, or their mutual cooperation. Silicon Valley is struggling to protect its core competencies while pursuing the elusive next wave of technology. Hsinchu is pressured to move up the value chain in light of Shanghai's rapid advancements, while Shanghai is becoming a high-cost location relative to other up-and-coming regions. Emerging areas of comparative

advantage are difficult to predict, and cooperative—and possibly competitive—relationships continue to evolve. Other points of friction, such as job loss and immigration, suggest additional crosscurrents of potential conflict. These are issues of continued investigation.

SPRIE reports and working papers will contribute to a book to be published in 2004.

The impact of foreign capital on Asian capitalism

Seeking to understand the impact of foreign capital on financial reform and corporate restructuring in Japan, South Korea, and China, APARC and Yonsei University have jointly organized a research project, led by Daniel Okimoto.

To assess the impact of foreign capital flows on financial reform and corporate behavior, foreign capital flows can be categorized into three types: foreign direct investments (FDI), portfolio investments, and bank loans. While FDI has had a positive impact on both short-term technology transfers and on the long-run development of manufacturing and financial infrastructures in East Asia, it is "locked in" and has had little direct, discernible impact on public policy or corporate reform. The same holds true

for long-term bank loans. The impact of foreign capital is strongest where capital mobility is freest—specifically, portfolio investments and short-term loans—because the tacit threat of capital withdrawal creates compelling incentives for both private and public actors to enhance overall efficiency.

In both Japan and South Korea, the percentage of foreign capital represented on the stock markets has risen to significant levels—around 20 percent and climbing. Foreign capital is the most active segment of daily stock market transactions, accounting for more than half of the aggregate turnover. It thus sets the pace and basic direction for stock market fluctuations. Japanese and Korean corporations must pay attention to expectations of quarterly profits or they risk being punished by falling share prices.

Does the globalization of capital flows bring about institutional and policy convergence? Are capital markets the leading edge of domestic change? The short answer is no. Domestic capital markets lie at the vortex of powerful political forces. If serious problems arise which threaten to erode confidence in banks, slow economic output, and jeopardize financial stability, domestic leaders will act to contain the short-run damage. Sometimes this generates reforms in certain sectors; at other times, it inhibits reform. In Japan, private corporations in export-oriented sectors have undergone significant restructuring, while corporations in nontraded sectors (e.g., construction, transportation, and financial services) have been slow to adapt to the impact of global capital movements.

In August 2003, a working conference was held at Stanford to assess the research papers submitted for this project. The papers will be edited and published toward the end of 2004.

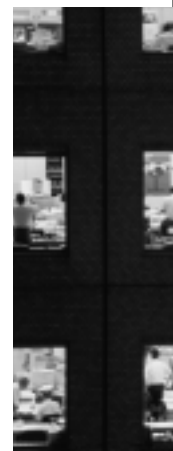
Economic Growth, Loss, and Progress in East Asia and the G-7

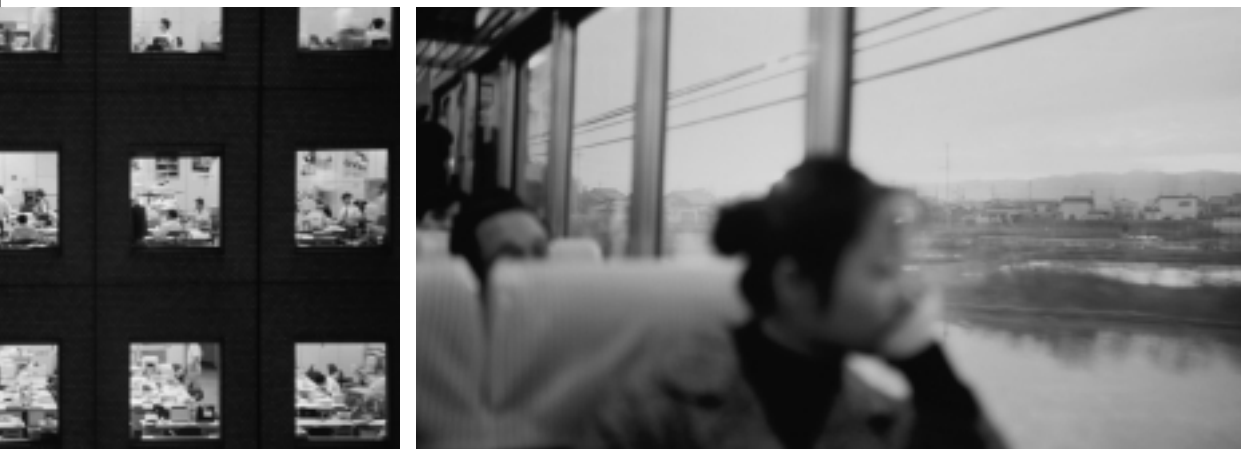
In 1994, Paul Krugman published a provocative but pessimistic article on the “The Myth of the

East Asian Miracle” in East Asia’s newly industrialized economies (NIEs)—Hong Kong, South Korea, Singapore, and Taiwan. According to Krugman, these NIEs had seen limited technical progress since the 1960s, despite their high rate of economic growth.

Lawrence Lau has long been engaged in research that reexamines Krugman’s thesis in particular and the sources of East Asian economic growth in general. In a recent APARC paper, Lau and his colleague, Jungsoo Park of the State University of New York, Buffalo, show that the primary reason for limited technical progress in East Asian NIEs is, in fact, their lack of investment in intangible capital, such as R&D and goodwill. Lau and Park further observe that, as some East Asian economies began to undertake investment in intangible capital in the mid-1980s, they also showed positive measured technical progress. This finding reinforces the notion that technical progress is essentially the return on investment in unmeasured intangible capital.

Lau has also been studying the effects on real output of differences in inputs and relative productive efficiency for the Group of Seven (G-7) countries—Canada, France, West Germany, Italy, Japan, the United Kingdom, and the United States—for the post-World War II period. The United States has been and continues to be vastly more efficient than the other G-7 countries. In 1999, for example, the other G-7 countries ranged between 60 to 80 percent as efficient as the United States in transforming given inputs into output. Over time, Lau has found that France, Italy, and Germany have substantially improved their relative productive efficiency. Canada and the United Kingdom have modestly improved, and Japan has made large gains. The large differences among the G-7 countries in labor market conditions and outcomes—labor force participation rates, employment rates, average hours of work, human capital levels, and female labor force





participation rates—have also had significant effects on their relative real output. Lau and Stanford colleague Michael Boskin have found that the real output loss associated with these labor market differences is large in Canada and the United Kingdom but enormous in continental Europe, amounting to more than an entire decade of lost economic growth.

SELECTED COUNTRY-SPECIFIC PROJECTS

Financing Rural Administrative Units in China

This new project, which Jean Oi is pursuing in collaboration with scholars from China, examines how relations between Chinese townships and villages are driven by fiscal concerns. The project examines why local fees and surcharges grew so rapidly during the 1980s and 1990s, and created what have been called peasant burdens—the major source of rural discontent. It also considers the fiscal and political consequences of state efforts to reduce these fees and the overall level of cadre corrup-

tion in China's villages and townships, including the abolition of village and township fees for the new tax-for-fee policy (*feigashui*).

Breaking the “Iron Rice Bowl”: Corporate Restructuring and Governance in China

Jean Oi leads this ongoing project, which examines restructuring and governance reform in China's state-owned enterprises (SOEs). In collaboration with Thomas Heller of the Stanford Law School and scholars from China, Oi has collected survey and qualitative data on corporate restructuring and governance reform over the last decade. The project assesses the economic and political consequences of that reform, identifies the stakeholders, delineates the new corporate forms that have emerged, analyzes how they function, and observes the problems that they encounter and create. Implicit in the research design is the desire to capture the regional and sectoral variation inherent in the reform process. The project also attempts to identify the different phases and strategies of reform over time.

Preliminary findings point in two directions. First, it appears that China is making headway



in reforming the state socialist system. More and more state-owned factories have been privatized, some being sold to domestic investors, others to foreigners. Following the Western model—sometimes with the help of foreign brokerage houses—increasing numbers of companies are being listed on domestic or foreign stock exchanges. Formerly state-run firms have established boards of directors and supervisors as part of their corporate governance. Increasingly focused on the bottom line, firms are streamlining and cutting costs. SOEs are handing off nonproductive social-service sectors to local governmental authorities. Most telling, the “iron rice bowl” is being broken. More workers are being laid off, bankruptcy law has finally been allowed to take effect, and factories are closing. However, while change is taking place, the state remains the controlling shareholder in the majority of firms.

The second direction shows that market-conforming institutions have been tempered by concerns about rising unemployment, decreasing government revenues, and mounting enterprise and bank debt. China’s post-state-socialist leadership is instituting an ambitious program of corporate restructuring, but politics has skewed

the privatization process. Most intriguing is the state’s concern about state workers displaced in the course of privatization. These issues affect not only the speed and the nature of reform, but also decisions about which enterprises may be declared bankrupt or privatized. Follow-up research suggests that while concerns about workers and political stability remain important, new methods and institutions are cutting the cord between the state and its workers, and reducing or eliminating the state’s share in many SOEs. Some localities have already completed this second phase of corporate restructuring.

Economic Development and Political Decision-making in China’s Villages

Based on fieldwork and surveys carried out in China’s villages, Jean Oi has been examining the effect of different levels and types of economic development on the distribution of power and decision-making in villages. Oi and Kaoru Shimizu, also at Stanford, used this dataset to examine the extent and variation in peasant burdens in China’s villages. Their resulting paper, “Political Institutions and Peasant Burdens in China, 1984 to 1995,” was presented at the “Grassroots Governance in Contemporary



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Jean Oi speaks with reporters during a teaching trip to Beijing.

China” conference, held at Shizuoka University, Japan, in fall 2002. The paper provides one of the first estimations of the actual burdens that China’s peasant had to bear from the late 1980s to the mid-1990s in different types of villages.

Further analysis of the data has revealed different pathways to rural development that show the costs of rural industrialization. Some of these findings are outlined in another paper, “State and Peasants on the Eve of the 16th Party Congress: Reducing Peasant Burdens to Avert Crisis,” which was presented at the conference “New Leadership, New China? Where Is China Headed after the 16th Communist Party Congress?” held at Stanford’s Hoover Institution in January 2003. The paper will be published in a special conference volume in 2004.

Challenging Assumptions about the Chinese Cultural Revolution

In recent years, a large volume of documentary materials from the 1960s has become available to scholars of the Chinese Cultural Revolution. Andrew Walder has examined these materials in order to explore previously unknown aspects of this tumultuous era, and to reexamine reigning scholarly interpretations of what occurred and why.

One product of this research is a database built from information in roughly 2,000 rural county annals published in China since the late 1980s. These sources provide new information about the magnitude and timing of political events nationwide from 1966 to 1971. Preliminary analyses yield an estimate of roughly one million dead and 25 million persecuted in rural China alone. Most of these casualties did not occur during the period of armed factional conflict and local civil war. Instead, they occurred after political order was reestablished by the local military-civilian regimes that also orchestrated massive purge campaigns.

A second focus of this research is an examination of student Red Guard newspapers and wall posters from the city of Beijing during 1966 and 1967. These sources permit a careful re-examination of the social interpretations of Red Guard politics that have dominated scholarship on the subject. One recent product is a paper that reconsiders the role of a famous “conservative” Red Guard leader from a high official family, long thought to be an opponent of more radical students from less privileged backgrounds. In fact, this student leader harbored strong grievances against his party superiors,



and supported a thorough purge. Moreover, his factional opponents were led by students from family backgrounds identical to his own. The case study undermines the distinction between “conservative” and “radical” factions central to past interpretations of the Cultural Revolution. It also subverts the claim that “conservative” factions were not only loyal to the party apparatus, but also from privileged families that opposed radicals from less privileged backgrounds.

The project aims to develop analyses of collective action in which participants are not assumed to have fixed identities and interests, and in which the need to avoid loss—rather than gain advantage—drives their actions. These ideas run counter to the mainstream of sociological thinking about such topics over the past three decades. They may have broader applicability to the emergence of ethnic warfare and other forms of civil strife in collapsing states.

New Insights into Social Stratification and Elite Opportunity in China

Andrew Walder continues to analyze data from a large, nationally representative survey of 6,400 Chinese households, conducted jointly in 1997

with sociologists at the University of California, Los Angeles, and Chinese People's University. The first of its kind in China, the survey collected detailed information on occupations, income, and housing conditions for families, as well as complete career and educational histories for respondents and less detailed histories for spouses, parents, and grandparents.

During the past year the project yielded two papers. The first looked at the impact of kinship ties to local party leaders in generating household income in rural China over the past two decades. These ties had a significant net impact on income only in the poorest rural regions which offered limited opportunities outside of agriculture. In rural regions, where wage labor and private household enterprise were widespread, the close relatives of local cadres had no income advantages at all. The net income advantages of village cadres, however, were large in all regions except for the poorest, and they grew as the local economy developed. One unexpected finding was that cadre advantages are largest in the most privatized and commercialized rural regions. This is because cadre households participate in private business at the highest rates in these regions. The link



between increased cadre incomes and the privatization process leads to a situation the reverse of what many have expected—cadres' newfound prosperity in the market economy has not led to defection from the party or from rural office-holding.

A second paper directly addressed the idea—widespread in scholarly work and in recent transition reports published by the World Bank—that the economic advantages of elite insiders in transitional economies decline as market reform and privatization increase. In fact, the fate of former communist elites depends on two separate processes: the speed with which communist political hierarchies are dismantled and the constraints on asset appropriation in the course of reform. China has maintained its political hierarchies even as it has erected strong barriers to asset appropriation. Accordingly, China's elites have fared differently than those in other regions. In central Europe and the Baltics, rapid democratization and the collapse of communist parties, combined with legal restrictions on asset appropriation, have created considerable turnover of political elites and prevented the emergence of a new business class with roots in the old system. In Russia, by contrast, rapid political change and unregulated privatization generated a new business oligarchy with roots in the former system. In regimes created when regional communist parties withdrew from multinational federations and rapidly privatized their economies (Uzbekistan, Kazakhstan, Kyrgyzstan), old regime elites extract large incomes from their offices or appropriate state assets for private business.

In China and Vietnam, where communist parties remain in power while sharply restricting the pace of privatization, the old elites remain in power and can draw larger incomes from office, but their ability to appropriate assets for private business undertakings is curtailed. So far, China and Vietnam have not generated a new private business oligarchy out of the old political elite.

But this also means that these market-oriented Asian regimes have yet to undergo the political and economic transformations already completed in many of the postcommunist states. How these future transitions are handled will affect the fate of China's elites and will likely influence the country's future economic growth.

What Is Indonesia? Hopeful Perspectives on a Troubled Country

The future of Indonesia, the world's largest archipelagic country, is in doubt. In 1998, its economy shrank 13 percent. In 1999, one of its provinces, East Timor, repudiated it in a referendum and became independent in 2000. In 2001, Indonesian president Abdurrahman Wahid was impeached for corruption and incompetence. In 2002, Islamist terrorists killed more than two hundred people in Bali. In 2003, the government launched a massive assault on secessionist rebels in Aceh while simultaneously repressing pro-independence sentiment in Papua. These years also saw deadly riots in Jakarta, bloodshed in Maluku and Sulawesi, and scattered acts of violence by and against the state.

In light of these events, what is Indonesia today? Donald Emmerson began researching the question "What is Indonesia?" by locating the country on three dimensions of spatial identity: coherence, distinctiveness, and commonality. By these geographic criteria, Indonesia's identity appeared ambiguous at best. He then turned to history, survey research, and interviews to explore three levels of Indonesian identity. First is a "great tradition"—a dates-and-heroes narrative of independence from Dutch rule taught in schools and commemorated on patriotic holidays. Second is a "little tradition" in which Indonesia's meaning, to its citizens, is filtered through the ethnic, religious, and other communities to which they belong. Third is a "personal tradition" of particular ways that an individual citizen has, biographically, experienced Indonesia.

Emmerson's preliminary findings suggest that apocalyptic fears for Indonesia's near future are overdrawn. Indonesia is not about to break up. At all three levels, national identity is real. But it is also diverse, dynamic, and contested. The "great tradition" has been jeopardized by confidence-sapping crises since 1998. Rival sources of national self-definition include secular democracy and literalist Islam. Especially in the cities, endemic corruption has bred cynicism and made simple patriotism seem naïve. But in other places, the benefits of decentralization are cementing voluntary identification with the nation-state. Insofar as "personal traditions" can be assessed, Indonesia largely remains an assumed frame within which daily lives are lived. In a democratic context, the new multiplicity of answers to the question of Indonesian identity reflects healthy introspection—not imminent destruction.

Telecommunications and Power Reform Put South Asia in the Spotlight

Rafiq Dossani spearheads research on a variety of South Asia-focused projects at APARC under the auspices of Stanford's South Asia Initiative, which he also directs.

In 2002–03, Dossani continued to focus on telecommunications reform in India. A November 2002 conference on telecommunications convergence in New Delhi produced a report that was later presented to India's Communications Ministry. The report analyzes the convergence bill currently under consideration by the Indian Parliament, arguing that in an era of convergence, telecommunications regulation should apply either to vertical industry segments (e.g., cell-phones, landlines, Internet) or to service layers (e.g., infrastructure, transport technology), but not both. Even if a single approach is adopted, monopolization risks arise from inter- and intra-layer economies of scale and scope. In the long term, service-layer regulation makes the most sense. The APARC report thus offers a good starting point: it proposes to eliminate vertical-

based regulation and shows how to move to purely layer-based regulation. At the same time, it demonstrates that such a move requires regulatory capacity that does not yet exist. Such capacity is needed both to manage the transition from the present system and to regulate the industry that will result. India's minister of telecom and information technology, Arun Shourie, recently remarked that "APARC is very active in driving Indian telecom policy."

Dossani also continues his work on power reform in India. His ongoing research collects original data on the usage and distribution of rural power and proposes appropriate system reform. He has published several monographs on this subject over the past year, including a paper forthcoming in *Energy Policy*.

Other projects that Dossani is pursuing include studies of financing for technology-based small and medium enterprises (TSMES) and business process outsourcing (BPO). The TSME project, undertaken jointly with Martin Kenney of the University of California, Davis, surveys the global record of TSMES in accessing financing and proposes suitable mechanisms to improve access. Preliminary findings were presented to the United Nations Conference on Trade and Development in November 2002.

The BPO project is an exciting new undertaking that focuses on a hot topic—the globalization of business processes and implications for U.S. workforce reorganization and for developing countries. Partly funded by the Sloan Foundation, the project has already generated considerable academic and media interest and has been invited to join the Sloan Globalization Initiative Project. The research will be carried out with scholars from the University of California, Davis, and Kansas State University.

Korean Studies Research Gathers Speed

Gi-Wook Shin has been active on several research fronts over the past year. First is a project that investigates the origins and politics





of ethnic nationalism in modern Korea. Despite Korea's rapid globalization, Koreans still maintain a strong sense of ethnic homogeneity. What accounts for the rise and persistence of such an ethnic/racial identity? While the Korean nation's ethnic homogeneity is assumed on both sides of the peninsula, Shin's research shows that it is neither a fixed entity nor rooted in ancient time. Instead, it is a product of particular historical processes that endured both colonialism and territorial division. Korean ethnic homogeneity is historically embedded and carries considerable social and political significance. Shin's study demonstrates that common blood and ancestry are defining features of South Koreans' national identity. In addition, he finds that the vast majority of South Koreans consider North Koreans to be fellow members of the Korean ethnic nation. These indicators of ethnic homogeneity help explain not only attitudes about unification but also views of North Koreans as innocent victims of the communist regime, the belief that national division is only temporary, and the determination that unification must be achieved to restore temporarily lost ethnic unity. Shin is completing a book on this research.

A second project, sponsored by the Korean International Trade Association, is a comparative study of media coverage of Korea and the United States. U.S.-Korea relations have recently undergone significant changes. This study seeks to show how attitudes toward Korea expressed in the U.S. media, and attitudes toward the United States in the Korean media, have changed in the last decade. What are the sources that inspired these changes in attitude and perception? To answer this question, Shin and his team are currently coding over 3,000 articles on Korea that have appeared in four major U.S. newspapers—the *New York Times*, the *Washington Post*, the *Wall Street Journal*, and the *Los Angeles Times*. A comparable number of U.S.-focused articles in the Korean media—the *Choson Daily*, the *Central Daily*, and the *Hangyore*—are also being coded. APARC is working with Korea's Hallym University on this project.

Shin's newest research focuses on the Korean experience of reconciliation and cooperation in East Asia. In collaboration with newly arrived research fellows, Shin's project rethinks historical injustice in East Asia in order to promote reconciliation and cooperation in the region.



THESE ARE THE PROGRAMS

that connect students and scholars,
policymakers and professionals to tackle the
region's urgent challenges.

KOREAN STUDIES PROGRAM

APARC's Korean Studies Program (KSP) went from strength to strength in its second year of operation. The program's standing-room-only Korea luncheon seminar series hosted twelve talks in 2002–03, given by some of the field's most distinguished scholars and practitioners. Even as North Korea dominated international headlines—and the program hosted a major policy conference to address DPRK-related issues—the luncheon seminars covered Korean studies in broader terms, from presidential politics to trade to religion.

Program director Gi-Wook Shin is actively involved in several major research projects, detailed elsewhere in this report; his recent output also includes a book on the Kwangju Uprising, a chapter in an edited volume on the Korean War, an APARC working paper, and op-ed contributions to many newspapers in the United States and Korea. Shin taught three courses at Stanford and will also serve as co-editor of the *Journal of Korean Studies*, the field's premier academic publication, which he has brought to APARC. Editorial work is under way; the next issue is expected in 2004.

The KSP hired two postdoctoral research fellows in fall 2003. Dr. Chiho Sawada, from Harvard University, and Dr. Hong Kal, of the State University of New York, Binghamton, will collaborate with Shin on various Korea-related projects. Dr. Sawada will also teach undergraduate courses on Korean history. In addition, jointly with Stanford's Center for East Asian Studies—a student- and teaching-focused center where Shin oversees Korea-related courses—the KSP has sponsored a Korea internship program and overseas seminars held in Seoul for undergraduates.

The KSP aspires to distinguish itself from other Korean studies programs in the United States by focusing on multidisciplinary, collaborative research and education on policy-relevant topics. Unlike individual disciplines, such as economics, political science, or conventional area studies, the KSP seeks to promote interdisciplinary research by using the tools and insights of both area studies and the social science disciplines.

CORPORATE AFFILIATES VISITING FELLOWS PROGRAM

Established in 1982, APARC's Visiting Fellows Program is a vital and dynamic part of Center

PROGRAMS

APARC
STANFORD
HS**Selected KSP Events, 2002–03****The Personal Diary of Park Hung Chee**

Carter J. Eckert, Director, Korea Institute,
Harvard University

Understanding Korea's Presidential Election

Jin Hyun Kim, Senior Research Advisor, Korea
International Trade Association

A Korean American Woman's Promise to Reunite Three Lost Generations of Her Family

Helie Lee, Author, *Still Life with Rice*

Class Formation in Asian Capitalism

Hagen Koo, Professor, University of Hawaii

Korean Democracy in the "Three Kims" Era

Hyug Baek Im, Visiting Professor, Department
of Political Science, Korea University

Analyzing Korea's Presidential Election

- Robert A. Scalapino, Robson Research Professor
of Government Emeritus, Department of Political
Science, University of California, Berkeley
- Michael Armacost, APARC
- Gi-Wook Shin, APARC

Heredity and Social Structure in the Choson Dynasty

James Palais, Department of History,
University of Washington

Korea's International Economic Policy

Taeho Bark, School of International Area
Studies, Seoul National University

Foreign Policy Dilemmas Raised by North Korea, Iraq, and Similar Cases

Daniel Chirot, University of Washington

The Koreans and Their Neighbors

Michael Armacost, APARC

The Political Ecology of Famine:

The North Korean Catastrophe and Its Lessons
Meredith Woo-Cumings, University of Michigan

Korea's Impact on the Buddhist Traditions of East Asia

Robert Buswell, University of California, Berkeley

The Korean Economy Five Years After the Crisis

Seung-woo Chang, Former Minister of Planning
and Budget, ROK



life. Its 200-plus alumni now occupy distinguished positions in the government and private sectors of Japan, China, Korea, and India. The program introduces Asia-based fellows to American life and institutions, including the economy, society, culture, politics, and law.

Visiting fellows have the opportunity to audit classes at Stanford, to participate in APARC's varied outreach and social events, to improve their English skills, and to gain exposure to important Bay Area businesses and business people. As part of the 2002–03 curriculum, fellows visited Oracle, Sun Microsystems, Cisco Systems, Flextronics Semiconductor, and the Rutherford Winery. Site visits included trips to the office of the mayor of San Francisco, the Tech Museum of Innovation, the Stanford Linear Accelerator Center, the FBI, and Angel Island.

Monthly seminars—on topics ranging from U.S. patent law to Japanese immigration—give fellows a close look at APARC faculty research and that of others working at Stanford and in the Bay Area. These seminars lay the groundwork for each visiting fellow's own research project, the academic cornerstone of the program. Designing and executing an individual project—which is written up and formally

presented to APARC faculty and scholars—allows visiting fellows to use Stanford's vast resources and their own skills to further their personal interests, deepen their companies' knowledge of target topics, or both.

THE SOUTHEAST ASIA FORUM

The Southeast Asia Forum (SEAF), now in its fifth year, continued to raise the profile of Southeast Asia at Stanford, in the Bay Area, and around the country, especially in Washington.

In the Forum's 2002–03 seminar series, fifteen experts addressed Southeast Asian topics, ranging from political literature in Vietnam to gold mania in the Philippines. Terrorism received particular attention in the wake of the October 12, 2002 bombing in Bali, Indonesia. Highlights from the series included a packed audience for Bakri Musa, a Malaysian critic of affirmative action in that country, whose talk triggered a debate so lively that it prompted an informal discussion group on Malaysia that continues to meet.

SEAF director Donald Emmerson was active on several fronts during the year. At Stanford, he taught a senior honors thesis course on Islam in Indonesia while developing a book manuscript on Indonesian identity. He published several academic papers and op-eds (noted elsewhere in this report) on democracy, liberalism, and U.S.-Indonesia relations, and appeared widely in the media. Emmerson's commentary appeared in print outlets as diverse as the *Wall Street Journal*, *Jakarta Post*, *Straits Times* (Singapore), and *L'Humanité* (Paris). Off campus, he lectured on Southeast Asian subjects at Columbia, Johns Hopkins, and Princeton, among other venues.

In October 2003, SEAF (jointly with the National Bureau of Asian Research and the U.S.-Indonesia Society) released a report from the National Commission on U.S.-Indonesian Relations, a distinguished nonpartisan panel on which Emmerson serves. The product of

Visiting Fellows 2002–03

Masafumi Asano

Kansai Electric Power Company, Japan

Tetsuo Fujita

The Japan Research Institute

Joseph Huang

AllCan Investment Company, Ltd., Taiwan

Makoto Kawashima

Ministry of Finance, Japan

Taketo Kokubo

Sumitomo Corporation, Japan

Luguang Li

PetroChina Company, Ltd.

Wen-Jich Lin

Ministry of Foreign Affairs, Taiwan

Tingru Liu

Infotech Venture Company, Ltd.

Toshiharu Murakami

Electric Power Development Company, Ltd., Japan

Hidetaka Nishimura

Ministry of Economy, Trade, and Industry (METI), Japan

Hiroshi Nozawa

Asahi Shimbun Company, Japan

Shinichi Omori

Japan Patent Office

Rahul Padhye

Reliance Industries, Ltd., India

Kosuke Takahashi

Development Bank of Japan

Kenji Tashiro

Kumamoto Prefectural Government, Japan

Tatsushi Tatsumi

Sumitomo Corporation, Japan

Shinichi Togami

Tokyo Electric Power Company

Eiji Tsujimoto

Impress Corporation, Japan

PROGRAMS



LEFT

(Clockwise L to R) Okky Choi,
KSP director Gi-Wook Shin,
Chiho Sawada, and Hong Kal of the
Korean Studies Program 2003.



RIGHT

Professor Zachary Abuza



Selected SEAF Events, 2002-03

Islam in Southeast Asia: Indonesia, Malaysia, and the Philippines

Donald Emmerson, SEAF

Co-sponsored with the World Affairs Council of Monterey Bay

Financing Terror in Southeast Asia: What Is To Be Done?

Leif Rosenberger, Economic Advisor to the Commander in Chief, U.S. Pacific Command

Al Qaeda in Southeast Asia:

Thinking Globally, Acting Locally
Zachary Abuza, Simmons College

Communism and the Popular Imagination in 20th Century Vietnam

Peter Zinoman, University of California, Berkeley

The New Face of Corruption: Populism and the Political Economy of Thailand

Pasuk Phongpaichit,
Chulalongkorn University, Bangkok
Co-sponsored with the Rule of Law Program, Stanford Law School

more than a year of meetings, research, and discussion, the report found Indonesia at a critical juncture in its political and economic transition. Commission members advised the United States to assist in this transition by crafting a range of responses, from strengthening democratization and legal reform to improving the climate for private investment. But the report gave the highest priority of all to helping Indonesians remedy the quality and accessibility of education.

Six days after the report's release, President Bush met in Bali with Indonesian president Megawati Sukarnoputri and announced a \$157 million aid package for Indonesia focused on education. Later, in Washington, at a meeting co-convened by SEAF to discuss the report and attended by over one hundred people, Deputy Assistant Secretary of State for East Asia and Pacific Affairs Matthew Daley acknowledged that an advance copy of the report had been instrumental in the administration's deliberations on Indonesia. That the U.S. president had announced what the Commission had recommended was, said Daley, "no coincidence." Even before its release, the report had "already had a big impact in government." Several senators and congresspeople also spoke highly of the

(continued on page 23)

report. Senate Foreign Relations Committee Chair Richard Lugar called it “an important reference for members of Congress and the public as a whole.” House Subcommittee on East Asia and the Pacific Chair James Leach went further: “The U.S. government would be well advised to heed this advice.” The text is available on APARC’s website.

THE SHORENSTEIN FORUM

Funded through the generosity of San Francisco philanthropist Walter H. Shorenstein, APARC’s Shorenstein Forum consolidated its position as one of Stanford’s most active Asia-related programs.

In addition to its ongoing seminars on connections between California and Asia, the Forum hosted two significant speaker series in 2002–03. The first, which addressed key issues facing contemporary China, featured some of the field’s most eminent scholars. The second, which will continue into the 2003–04 academic year, invites experts from various backgrounds to consider the North Korea problem.

Orville Schell, dean of the School of Journalism at the University of California, Berkeley was the winner of the 2003 Shorenstein Journalism Award, presented annually to a member of the media whose work has helped American audiences to appreciate the complexities of Asia. The author of fourteen books, Schell has written widely about Asia for *Wired*, the *New York Review of Books*, the *New Yorker*, *Harper’s*, and other national magazines. He has received numerous fellowships and writing prizes, and has served as correspondent and consultant for several PBS *Frontline* documentaries, as well as an Emmy-Award-winning program on China for CBS’ *60 Minutes*. Schell accepted his award at the Joan Shorenstein Center on Press, Politics, and Public Policy at Harvard, which jointly administers the award with APARC’s Shorenstein Forum. The award ceremony travels back to Stanford in 2004.

Another False Dawn? Peace, War, and History in “Acheh, Indonesia”

Anthony Reid,
National University of Singapore

Going for the Gold: Rethinking the Philippines in Global Time and Space

Martin Lewis, Lecturer in International Affairs,
Stanford

“Hating Americans” in Muslim Southeast Asia: From the Bali Bombing to the Baghdad Bombing and Back

Greg Fealy, Paul H. Nitze School of Advanced
International Studies, Johns Hopkins University

Race, Religion, and the Politics of Education in Malaysia: What Price Affirmative Action?

M. Bakri Musra, Physician and Columnist,
Malaysiakini (Malaysia Today)

Regimes of Truth, Mobs of Anger, Companies for Profit: Who Makes the News?

Yuli Ismartono, Executive Editor,
Tempo magazine, Jakarta

Update on Indonesia—Reform and Stability: Can They Co-Exist?

- Donald Emmerson, SEAF
- Yuli Ismartono, Executive Editor,
Tempo magazine, Jakarta
- Nancy Peluso, Department of Environmental
Science, Policy, and Management,
University of California, Berkeley
- Harry Bhaskara, Managing Editor,
Jakarta Post

Co-sponsored with the Asia Society and the
Center for Southeast Asian Studies, University
of California, Berkeley

What Should the U.S. (Not) Be Doing?: A Southeast Asian View

Jusuf Wanandi, Centre for Strategic and
International Studies, Jakarta

Muslim Southeast Asia and the Iraq War: The Politics of Backlash

Donald Emmerson, SEAF
Co-sponsored by the Stanford Center on
Conflict and Negotiation and the World Affairs
Council of Northern California

PROGRAMS



Edwin O. Reischauer wrote exactly thirty years ago of the need for “a profound reshaping of education if mankind is to survive in the sort of world that is fast evolving.” I know he would be pleased that his name is attached to this cutting-edge program that uses new technology to foster better understanding of Japan among some of the best high school students in America.

George Packard, President, United States–Japan Foundation, on the Reischauer Scholars Program

Selected Shorenstein Forum Events, 2002–03

California’s Trade and Investment with Asia: Present and Future

Lon Hatamiya, Secretary, California Technology, Trade, and Commerce Agency

New Modes of Organizing Trade in the Asia-Pacific

Vinod Aggarwal, Director, APEC Study Center; Professor of Political Science, University of California, Berkeley

How Did the Chinese Communist Party Survive the Tiananmen Crisis? Will It Face Another?

Harry Harding, Dean, Elliot School of International Affairs, George Washington University

U.S.-China Relations: Key Drivers and Underlying Issues

Kenneth Lieberthal, Distinguished Fellow and Director for China, William Davidson Institute, University of Michigan

Opening the Red Box: Explaining Economic Policy Regimes in China

Barry Naughton, So Kwanlok Professor of Chinese and International Affairs, Graduate School of International Relations and Pacific Studies, University of California, San Diego

(continued on page 25)

In 2002, the inaugural class of Shorenstein Fellows entered APARC. Mary Comerford Cooper and Jing Huang spent a year conducting research at the Center, on the politics of the Chinese stock market and civil-military relations in China, respectively. Both enriched APARC’s academic life, delivering presentations and publishing papers. Harukata Takenaka and Erik Kuhonta have been selected as the 2003 Shorenstein Fellows.

Finally, the Shorenstein Forum underwent a leadership change in August 2003. Russell Hancock, director of the Forum since 2000, left APARC to join Joint Venture: Silicon Valley Network. APARC is fortunate that Michael Armacost, already in residence as Shorenstein Distinguished Fellow, has agreed to lead the Forum through the coming academic year; he has already laid numerous plans to help the Forum continue its important work.

REISCHAUER SCHOLARS PROGRAM: BRIDGING APARC AND HIGH SCHOOLS

Between February and June 2004, the Stanford Program on International and Cross-Cultural Education (SPICE) and the United States–Japan Foundation (USJF) will conduct the Reischauer Scholars Program (RSP), a distance-learning



APARC's Henry Rowen (L) and
Ambassador Ashraf Jehangir Qazi

course on Japan. Named after the former U.S. ambassador to Japan, the program will select twenty exceptional high school juniors and seniors from throughout the United States to engage in an intensive study of Japan. Students from private and public schools and diverse communities are being encouraged to apply.

The RSP will provide students with a broad overview of Japanese history, literature, religion, art, politics, and economics, with a special focus on the U.S.-Japan relationship. Along with other top scholars throughout the United States, APARC professors Michael Armacost and Daniel Okimoto will provide lectures on CD-ROM. Ambassadors Howard Baker and Ryozi Kato will provide the opening remarks for the course, also on CD-ROM. SPICE curriculum specialist Waka Takahashi Brown is coordinating the course.

Concurrent with the Internet-based course, students will develop individual research projects. Final research projects will be printed in journal format and students will be required to lead two presentations on Japan at their schools or in their communities. Ultimately, the RSP will equip participants with a rare degree of expertise about Japan that may have a significant impact on their choice of study and future careers.

The Domestic Roots of Chinese Foreign Policy

Susan Shirk, Professor of U.S.-China Relations, Graduate School of International Relations and Pacific Studies, University of California, San Diego

Zhu Rongji's Economic Legacy

Nick Lardy, Brookings Institution

America and China after 9/11:

How Convergent Are Their Strategic Views and What Does It Matter?

David Lampton, George and Sadie Hyman Professor of China Studies; Director, China Studies Program, Paul H. Nitze School of Advanced International Studies, Johns Hopkins University

Iraq and North Korea:

New Challenges to the U.S.-Japan Relationship

- Michael Armacost, APARC
- Yasuhiro Nakasone, Prime Minister, Japan (1982–87)
- George Shultz, Secretary of State (1982–89); Thomas W. and Susan B. Ford Distinguished Fellow, Hoover Institution

Co-sponsored with Yomiuri Shimbun, the Japan Society of Northern California, the World Affairs Council of Northern California, and the Asia Society

Peace and Security in South Asia

Ashraf Jehangir Qazi, Ambassador of Pakistan to the United States

Reflections on Japan's Postwar History

Yoichi Funabashi, Chief Diplomatic Correspondent, Asahi Shimbun Company

Machiavelli's Children:

Comparing Japan and Italy's Political History

Richard Samuels, Ford International Professor of Political Science; Director, Japan Program, MIT

Prospects for the DPRK in a Post-Saddam Global Environment

Nicholas Eberstadt, Henry Wendt Scholar in Political Economy, American Enterprise Institute

Proliferation, Anti-Americanism, and the Two Koreas

Kyung-Won Kim, Ambassador to the United States from the Republic of Korea, 1985–88

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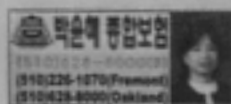
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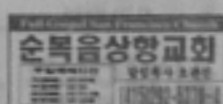
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Thursday, November 6, 2003

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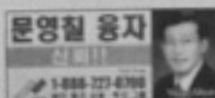
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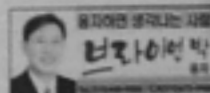
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THE KOREA DAILY

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"All the News
That's Fit to Print"

The New York Times

National Edition

Northern California: Partly sunny.
Risk of a late shower toward the
Oregon border. A more shower in the
northern Sierra Nevada. Highs near
60 more places. Details, Page A22

POSTMASTER: PLEASE DO NOT DELAY DAILY NEWSPAPER

The Asahi Shimbun

2003年 平成15年 11月18日 Saturday Issue No. 42237



THIS IS THE OUTREACH

that promotes deeper understanding
of Asia's diversity, potential, and
ongoing development.

APARC faculty and scholars frequently are asked to comment on current events and issues that affect the Asia-Pacific region. Members of APARC's faculty write regular columns for major Asian newspapers; they also contribute op-eds and expert commentary to some of the most widely read U.S. and international newspapers and journals.

FEATURED OP-EDS AND COMMENTARY

Michael Armacost column on U.S. policy

Monthly, *Joong-Ang Ilbo*,
South Korea's largest daily circulation newspaper

**Gi-Wook Shin column on current events in Korea
and the United States**

Monthly, *Joong-Ang Ilbo*

"Stanford researcher examines offshoring trend"

Profile of Rafiq Dossani,
Silicon Valley BizInk, September 26, 2003

"The North Korean calculus"

Robert Madsen, *Washington Post*, September 25, 2003

"The six party talks"

Daniel Okimoto, *Joong-Ang Ilbo*, September 2003

"To rescue Islam from jihad, Muslims must look within"

Donald Emmerson, *Los Angeles Times*, August 31, 2003

"China must help us to end the 'Kim dynasty'"

Commentary by Henry Rowen,
Wall Street Journal, July 22, 2003

"U.S.-Jakarta ties hit rocky patch"

Commentary by Donald Emmerson,
Straits Times, July 18, 2003

"A full-blown crisis"

Daniel Okimoto, *Asahi Shimbun*, July 7, 2003

"Capital: The Chinese currency puzzle"

Commentary by Ronald McKinnon,
Wall Street Journal, June 12, 2003

"Techies see jobs go overseas"

Commentary by Marguerite Gong Hancock,
San Francisco Chronicle, June 2, 2003

"Euro beating up the U.S. dollar"

Commentary by Ronald McKinnon,
San Francisco Chronicle, May 24, 2003

"Iraq's history of commerce, culture key to rebuilding"

Commentary by Donald Emmerson,
USA Today, April 10, 2003

"Democrats say focus should be on North Korea"

Commentary by Robert Madsen,
Los Angeles Times, March 6, 2003

"Americans could face swamp in Philippines"

Commentary by Donald Emmerson,
Los Angeles Times, February 22, 2003

OUTREACH



“What we’re watching is the transformation of an agrarian, peasant-centered East Asian world to an urban, outward-looking world.... Even rural China is trying to act like Shanghai, just as Shanghai has learned from Singapore, Hong Kong, and New York.”

Thomas Rohlen, quoted in *“The Mighty Asian Mayors”*
Newsweek International Special Edition, November–December 2003

LEFT

Taipei’s Mayor Ma

RIGHT

(L to R) Rifaat Hussain, Isabel Hilton,
 Henry Rowen, and Teresita Schaffer at
 the South Asia Conference.



“Global spread of democracy poses new challenge for U.S.”

Donald Emmerson, *YaleGlobal Online*, January 29, 2003

“Is North Korea’s threat a ploy?”

Commentary by Gi-Wook Shin,
San Francisco Chronicle, January 11, 2003

“When democracy bites back”

Donald Emmerson, *Los Angeles Times*, January 10, 2003

“A new wave of anti-Americanism in South Korea”

Gi-Wook Shin,
San Diego Union-Tribune, January 5, 2003
San Francisco Chronicle, January 10, 2003

FEATURED EVENTS

**The Prospects for
 Peace in South Asia**

This annual gathering was hailed as the first conference in the United States to consider relations between India and Pakistan as outcomes of their domestic political histories. Hitherto, conferences on this subject have examined relations as the outcome of military and political cultures, current strategic goals, and nuclearization. By contrast, APARC event participants analyzed deeper and more abiding forces: the military-governance paradigm in

Pakistan; theocratic politics in India and Pakistan and their use in regional politics; and the domestic politics of Kashmir on both sides of the border. Co-sponsored by the U.S. Army War College, the conference papers are slated for publication as a book in 2004.

**Disease Prevention and Health
 Promotion in Japan’s Worksites**

APARC’s Comparative Health Care Policy Research Project collaborated with the Keio Graduate School of Business to sponsor a major health care conference at Keio University in Tokyo on May 30–31, 2003. Guided by information from a comprehensive employee dataset that the Health Care project has analyzed, the conference examined critical methodological issues associated with identifying, addressing, and tracking the health of Japanese employee populations. Participants noted an alarming proportion of employees suffering from unreported lifestyle diseases—including diabetes, hypertension, and tobacco-related illnesses—and proposed specific policy initiatives to promote smoking cessation in Asian countries. The Keio Business Forum will publish conference results in late 2003.



North Korea: New Challenges, New Solutions

The Korean peninsula has been at the center of Cold War politics ever since its 1945 territorial division. Signs of hope appeared after the 2000 North-South summit, but the current stalemate between the two countries and recent tension over North Korea's nuclear program indicate that a peaceful conflict resolution, let alone unification, will not come easily. APARC's Korean Studies Program hosted a conference to discuss North-South and North-U.S./Japan relations on a non-partisan level. The conference produced a policy brief by Michael Armacost, Daniel Okimoto, and Gi-Wook Shin which was widely circulated among U.S. and Korean policymakers and scholars.

Taipei Mayor speaks on "Taipei's Changing Role in Global IT Industries"

The Honorable Ma Ying-jeou, Taipei's high-profile mayor, gave his only public address in Silicon Valley at Stanford University, hosted by APARC's SPRIE project. Mayor Ma has had a distinguished career of government service and in 2001 was reelected as Taipei mayor in a landslide. He became mayor in December 1998, unseating the popular incumbent Chen Shui-

bian; *Newsweek* dubbed him one of "the mighty Asian mayors" in its recent special report on the region. During his visit to Silicon Valley, Mayor Ma focused on Taipei's role in global high technology industries and met with local university and company leaders.

SPRIE Deepens its Networks at Stanford and in Silicon Valley

To extend its activities to the broader Stanford community, SPRIE continues to participate actively in the Stanford Entrepreneurship Network (SEN), a forum for collaboration among the university's entrepreneurship-related programs. In SEN, SPRIE joins fourteen other academic and student programs from across campus, including the Office of Technology Licensing. In this capacity, SPRIE has co-sponsored briefings for faculty entrepreneurs, student business-plan competitions, and seminars on angel investing, incubators, and social entrepreneurship.

Beyond Stanford, SPRIE has partnered with Joint Venture: Silicon Valley Network to establish the Silicon Valley Global Knowledge Network. The Network will carry out research and analysis centered on networks driving the knowledge economy, and promote and leverage relationships among technology leaders in Silicon Valley and

OUTREACH



other regions. This partnership aims to create a vibrant “network of networks” across the Valley’s business and entrepreneurship organizations.

FEATURED SEMINARS

A key component of APARC’s mission is promoting constructive interaction and cooperation among students, scholars, business and government leaders, and the public. The Center regularly sponsors seminar series, academic conferences, and special events to foster discussion of Asia’s foreign relations, government, political economy, technology, and social issues.

Foreign Relations**Peace and Security in South Asia**

Ashraf Jehangir Qazi,
Ambassador of Pakistan to the United States

War with Iraq: What about North Korea?

- Gi-Wook Shin, APARC
 - William J. Perry, CISAC, Hoover Institution
- Co-sponsored with Bursting the Bubble

Government and Political Economy**The National Security Implications of Trading with China**

The Honorable C. Richard D’Amato, Vice Chairman,
U.S.-China Security Review Commission

Why Can’t Japan Get Back on Track? Institutional Legacies and System Transitions

Jennifer Amyx, University of Pennsylvania

Democracy and Nationalism in India, 2003

Shiv Vishvanathan, Centre for the Study of
Developing Societies, New Delhi

Japan’s Dual Civil Society

Robert Pekkanen, Middlebury College

**Technology, Innovation,
and Entrepreneurship****South Asian Entrepreneurship in Britain:****Factors Influencing Growth**

Anuradha Basu, Director, Centre for Entrepreneurship,
School of Business, University of Reading

Wipro and the Building of Human Capital in India

Vivek Paul, Chairman, Wipro

**Organizational Absorptive Capacity for Managing
International R&D**

- Seiko Arai, Visiting Scholar, APARC
- Joerg M. Borchert, Vice President, Security and Chip Card ICs, Infineon Technologies
- John K. Howard, former President, Panasonic Semiconductor, USA

Regional Advantage: The Non-Silicon Valley Way

James C. Sha, Managing Partner, Spring Creek Ventures

Opportunities and Challenges in China: VC Perspectives

Bobby Chao, Chairman, Dragon Venture Inc.

"I don't want China to be marginalized or seen just as area studies. I'd rather see China studies as another case, like England or France, [because] those of us who have area expertise in China have something to contribute to the understanding of a lot of different political trends."

Jean Oi quoted in "Inside China" by Diane Rogers,
Stanford Magazine, September–October 2003

LEFT

Katherine Jen

RIGHT

Professor Ronald Dore

The Japanese Entrepreneur: Making the Desert Bloom

Edward A. Feigenbaum, Kumagai Professor of
Computer Science Emeritus, Stanford

The Evolving Telecommunications Industry in China

Gwong-Yih Lee, Senior Director and
General Manager, Cisco Systems

Innovation, Entrepreneurship, and Venture Capital in Greater China

Ta-Lin Hsu, Chairman and Founder, H&Q Asia Pacific

The Quest for the Next Wave of High-Tech Industry Growth

Katherine Jen, Managing Partner,
AsiaTech Management LLC

Cross-Pacific Venture Investing: Comparing China and the United States

Peter Chu, Managing Partner, AsiaTech

Dynamic Interactions between Communities of Practices in High-Tech Clusters

Michel Ferrary, Ceram Graduate School of Business,
Sophia Antipolis

The Competitiveness of Indian Manufacturing

Pankaj Chandra, Indian Institute of Management,
Ahmedabad

The Future of India's Biotechnology Industry

Ajay Piramal, Chairman, Nicholas Piramal Corporation

High Tech Investment Migrations

Jesse Chen, Managing Partner, Maton Venture

Supplier-Managed IT Services Outsourcing: When Is It Worthwhile?

Ram Akella, University of California, Santa Cruz

Venture Investment and Entrepreneurship in Greater China

Ronald Chwang, Chairman and President, Acer
Technology Ventures

Society

Japan As Pop Culture

Ichiya Nakamura, Executive Director, Stanford Japan
Center–Research

An Economist's View of Japanese Disaster Recovery

Toshihiko Hayashi, Chairman, Stanford Japan
Center–Research

STDs and HIV in China, 2002

Myron Cohen, M.D., Director, Center for Infectious
Diseases, University of North Carolina, Chapel Hill
Co-sponsored with CEAS and the Center for
Health Policy

The Battle for the Japanese Corporate Soul

Ronald Dore, Centre for Economic Performance,
London
Co-sponsored with CEAS

Jazz in Interwar Japan: A Prehistory of Globalization

E. Taylor Atkins, University of California, Berkeley
Co-sponsored with CEAS

OUTREACH

“An excellent and indispensable work, a first of its kind, weaving vivid eyewitness accounts with a range of insightful scholarly perspectives that probe the multiple meanings of one of the great, defining moments in the history of Korean democratization.”

Carter J. Eckert, Harvard University, on *Contentious Kwangju: The May 18 Uprising in Korea's Past and Present*, Gi-Wook Shin and Kyung Moon Hwang, eds., 2003



Japanese Prisoners in the Soviet Gulag, 1945–49

Andrew Barshay, University of California, Berkeley
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City Planning—Parks in Tokyo and San Francisco

Tomoko Takeuchi, Chief Planner, Tokyo Metropolitan Government

FEATURED PUBLICATIONS

APARC research produces working papers, policy briefs, and books, which the Center both publishes and distributes. APARC scholars also publish extensively in academic journals and through scholarly and trade presses, thus ensuring that the Center's unique interdisciplinary work reaches the widest possible audience. The publications featured below showcase the broad scope of APARC's research and outreach activities.

Foreign Relations

Michael H. Armacost, “Recent Adjustments to Japan's Security Policy,” *Strategic Asia Annual Report 2003–04*.

Michael H. Armacost, Daniel I. Okimoto, and Gi-Wook Shin. “Addressing the North Korea Nuclear Challenge.” Policy brief, APARC, April 2003.

Henry S. Rowen. “Kim Jong-Il Must Go.” *Policy Review*, 121, October/November 2003.

Government and Political Economy

Lawrence J. Lau and Guijuan Wang. “Tax Reforms for Enhancing the Stable Development of the Chinese Financial System.” Working paper, APARC. September 2003.

Lawrence J. Lau and K.C. Fung. “Adjusted Estimates of United States–China Bilateral Trade Balances: 1995–2002.” *Asian Economic Journal* 14, May/June 2003.

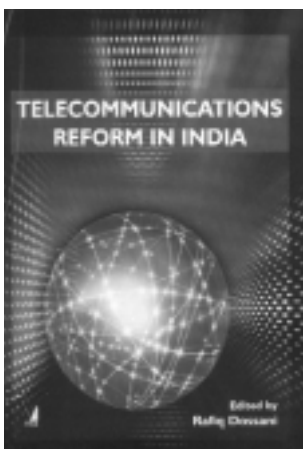
Lawrence J. Lau and Jungsoo Park. “Sources of East Asian Economic Growth Revisited.” Working paper, Department of Economics, Stanford University. December 2002.

Lawrence J. Lau and Michael J. Boskin. “The Comparative Postwar Economic Performance of the G-7 Countries.” Working paper, Department of Economics, Stanford University. December 2002.

Jean Oi. “State Responses to Rural Discontent in China: Tax-for-Fee Reform and Increased Party Control,” in “Crisis in the Hinterland: Rural Discontent in China.” Woodrow Wilson Center Asia Program, *Asia Program Special Report* 108, March 2003.

Jean Oi. “Bending without Breaking: The Adaptability of Chinese Political Institutions,” in Nicholas Hope, ed., *How Far across the River?: Chinese Policy Reform at the Millennium*. Stanford: Stanford University Press, 2003.

Jean Oi and Kaoru Shimizu. “Political Institutions and Peasant Burdens in China, 1984 to 1995,” in Masaharu Hishida, ed., *Grassroots Governance in Contemporary China*, from conference in Shizuoka, Japan, August 30 to September 1, 2002 (forthcoming).



“With valuable lessons for the telecommunications industries in Mexico, Indonesia, the Philippines, and other countries taking formerly state-run industries private, this book is a valuable resource for policymakers, regulators, practitioners, scholars, and overseas investors.”

Praise for *Telecommunications Reform in India*, Rafiq Dossani, ed.
 Published in 2002 by Greenwood Publishing Group in Connecticut,
 the first Indian edition was issued in 2003 by Viva Books, New Delhi.

Gi-Wook Shin and Gary Hytrek. **“Social Conflict and Regime Formation: A Comparative Study of South Korea and Costa Rica.”** *International Sociology* 17:4, 2002.

Gi-Wook Shin. **“Nationalism and War: Korea,”** in Young-Ick Lew and Chae-Jin Lee, eds., *Korea and the Korean War*. Seoul: Yonsei University Press, 2002.

Andrew Walder. **“Elite Opportunity in Transitional Economies.”** *American Sociological Review*, in press.

Andrew Walder. **“Politics and Property in Transitional Economies: A Theory of Elite Opportunity.”** Working paper, APARC. April 2003.

Andrew Walder. **“Political Office, Kinship, and Household Wealth in Rural China.”** Working paper, APARC. December 2002.

Technology, Innovation, and Entrepreneurship

Rafiq Dossani. **“Reorganizing the Power Distribution Sector in India.”** *Energy Policy*, in press.

Rafiq Dossani and Martin Kenney. **“Lift and Shift: Moving the Back Office to India.”** *Information Technology and International Development*, in press.

Rafiq Dossani and Martin Kenney. **“Went for Cost, Stayed for Quality?: Moving the Back Office to India.”** Working paper, APARC. November 2003.

Rafiq Dossani and V. Ranganathan. **“Farmers’ Willingness to Pay for Power in India: Conceptual**

Issues, Survey Results, and Implications for Pricing.” Working paper, APARC. July 2003.

Henry S. Rowen. **“Will China Take Over World Manufacturing?”** *International Economy*, November 2002.

Society

Annemarie Schneider, Karen C. Seto, Douglas R. Webster, Jianming Cai, and Binyi Luo. **“Spatial and Temporal Patterns of Urban Dynamics in Chengdu, 1975–2002.”** Working paper, APARC. October 2003.

Gi-Wook Shin. **“The Paradox of Korean Globalization.”** Working paper, APARC. January 2003.

Andrew Walder. **“Tan Lifu: A ‘Reactionary’ Red Guard in Historical Perspective.”** *China Quarterly*, in press.

Andrew Walder and Yang Su. **“The Cultural Revolution in the Countryside: Scope, Timing, and Human Impact.”** *China Quarterly* 173, March 2003.

Andrew Walder. **“Qingli jieji duiwu: wenhua geming de neimu” (Cleansing the Class Ranks: The Hidden Face of the Cultural Revolution).** *Shehui kexue* (Hong Kong Journal of Social Science) 24, Winter 2003.

Douglas R. Webster, Jianming Cai, Larissa Muller, and Binyi Luo. **“Emerging Third Stage Peri-Urbanization: Functional Specialization in the Hangzhou Peri-Urban Region.”** Working paper, APARC. October 2003.

Douglas R. Webster, Jianming Cai, Larissa Muller, and Binyi Luo. **“Peri-Urbanization in Chengdu, Western China: From ‘Third Line’ to Market Dynamics.”** Working paper, APARC. October 2003.



THESE ARE THE PEOPLE

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think about the Asia-Pacific, the world's
most populous region.

Directors

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Research interests: Political
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biotechnology, and environmental
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Director, Center for
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with particular focus on corporate
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PEOPLE



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Professor, Department of Political Science

Research interests: Political economy of Japan and Asia, U.S.-Japan relations, high technology, and security relations in Asia.

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Senior Fellow Emeritus, SIIS

Professor Emeritus, School of Education

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Edward B. Rust Professor of Public Management Emeritus, Graduate School of Business

Senior Fellow Emeritus, Hoover Institution

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Professor, by courtesy, Department of Economics

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Faculty Fellow, SIIS (2002–03)

William D. Eberle Professor of International Economics, Department of Economics

Research interests: Foreign exchange markets and national monetary policies; trade and financial liberation to promote growth in less developed countries; fiscal federalism; and Japan's economic slump.

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Director, Stanford Computer Industry Project

Senior Fellow Emeritus, SIIS

Herbert Hoover Professor of Public and Private Management Emeritus, Graduate School of Business

Professor Emeritus, Computer Science, School of Engineering

Research interests: Development of new information infrastructures, technology development, and global changes in business strategy.

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Senior Urban Planning Advisor, National Economic and Social Development Board, Prime Minister's Office, Thailand

Advisor, East Asian Urban/Infrastructure Operations Division, World Bank

Research interests: Comparative peri-urbanization in East Asia; dynamics of urban change in post-1997 developing East Asia; application of strategic/foresight approaches to urban management.

Research Personnel

Mary Comerford Cooper

Shorenstein Fellow (2002–03)

Research interests: Political and economic transition in the PRC.

Rafiq Dossani

Senior Research Scholar, APARC
Director, South Asia Initiative

Research interests: Financial, technology, telecommunications and energy-sector reform in India, and Asian entrepreneurship in Silicon Valley.

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Associate Director, SPRIE

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Yumiko Nishimura

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Gihong Yi

Korean Studies Fellow (2002–03)

Research interests: Intercompany influence and industrial growth in Korea's automobile and semiconductor industries.

Visiting Scholars

Because of its multidisciplinary approach to the study of Asia, distinguished faculty, and location in the heart of Silicon Valley, APARC attracts scholars from all over the world. During 2002–03, APARC hosted ten visiting scholars, whose contributions enriched the Center's intellectual and social life.

Seiko Arai

Oxford University

New technology and corporate strategy: International management of R&D by multinational firms

Sung-Wook Cho

Seoul Public Prosecutor's Office
Development of North-South Korean dialogue

Jen-Chang Chou

Formerly with Taipei Economic Cultural Office
Chinese entrepreneurs in Silicon Valley (SPRIE)

Harrison Holland

San Francisco State University
U.S.-Japan relations and Japanese security

Hyeg Baeg Im

Korea University, South Korea
The rise and fall of Park Chung Hee's Yushin regime

Inshik Lee

Ministry of Planning and Budget, South Korea
Political, economic, and security issues facing Asia and the Korean peninsula

Robert Madsen

The Economist
Japan's political economy

Guijuan Wang

Research Institute of Fiscal Science, Ministry of Finance, PRC
Tax policies for enhancing the stability of China's stock market

Yong Chul Yoon

Munhwa Broadcasting Company
American policy toward the Korean peninsula

Mariko Yoshihara

Stanford University
University-industry linkage

Staff**Macy Chan**

Assistant to Lawrence J. Lau
Macy Chan received a B.A. in economics from the University of Southern California and an M.B.A. from the University of Hong Kong. She previously worked as an account manager in corporate banking for Hang Seng Bank and Citibank Hong Kong.

Ok Kyung Choi

Korean Studies Program Coordinator
Assistant to Gi-Wook Shin and Donald Emmerson
Ok Kyung (Okky) Choi coordinates Korean Studies Program activities at APARC. After graduating from Ewha Women's University, she worked as an interpreter/translator in Korea and as an account executive for Edelman Worldwide.

Neeley Main

Program Coordinator
Neeley Main has an M.A. in international affairs from the University of Pittsburgh. She has also organized programs at the European Union Center in Pittsburgh and the World Affairs Council.

Claire McCrae

Assistant to Michael Armacost, Daniel Okimoto, and Jean Oi
Claire McCrae joined APARC in November 1999, having previously worked in the Medical School and the Controller's Office. She has also volunteered with Hospice of the Valley and Good Samaritan Hospital in San Jose.

Yumi Onoyama

Manager of Corporate Relations
Yumi Onoyama graduated from the University of California, Davis, with a B.A. in economics. She joined APARC in 1997 after spending a year teaching English in Chiba, Japan.

Rowena Rosario

Assistant to Rafiq Dossani, Marguerite Gong Hancock, and Henry Rowen
Rowena Rosario has a B.S. in chemistry from the University of Santo Tomas and a human resources management certification from the University of California, Santa Cruz. Prior to joining APARC, she worked in corporate HR.

Huma Shaikh

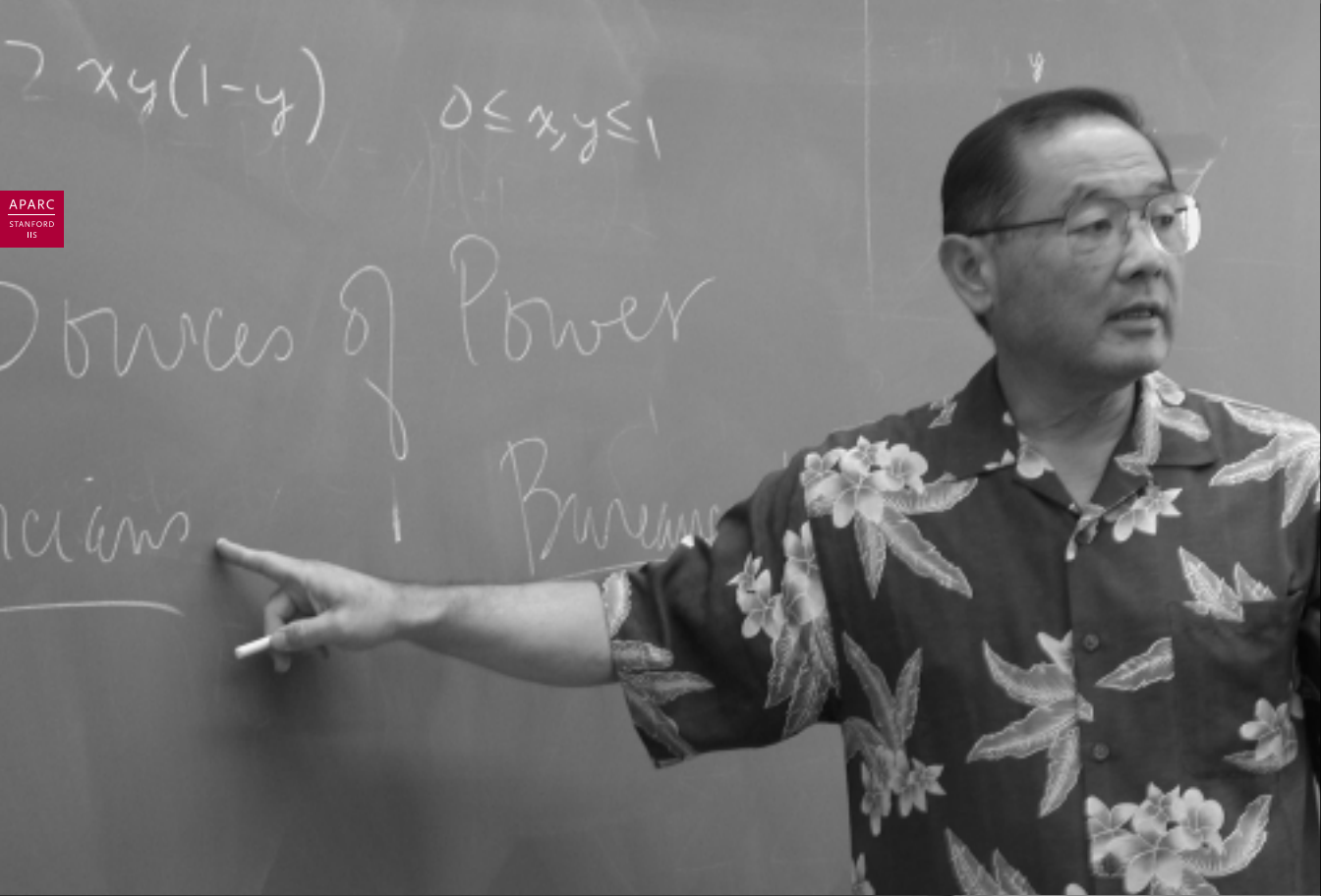
HR and Finance Administrator
Huma Shaikh joined APARC in April 2003. She has a long history at Stanford, having previously worked at the Hoover Institution and in Facilities. Her educational background is in banking, business administration, and programming.

Victoria Tomkinson

Publications Manager and Webmaster
Victoria Tomkinson has a B.A. in English from Georgetown University and a Ph.D. in English from Oxford University. She previously worked as an editor at Random House and Penguin UK.

Debbie Warren

Assistant to the Directors
Debbie joined APARC in March 2002 as assistant to Shiho Harada Barbir and Andrew Walder. Before coming to APARC, she worked as an administrative assistant in advertising.



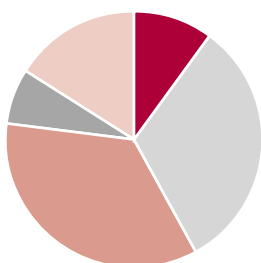
THIS IS THE MOMENT

to join with APARC to advance its research,
training, and outreach agendas.

APARC's mission to promote deeper understanding of the Asia-Pacific region has never been more critical. As the region faces new challenges, new research directions emerge, offering new opportunities for APARC affiliates and increased need for their commitments. APARC seeks gifts and grants, as well as corporate sponsorships, to support its research, training, and outreach goals.

APARC offers a variety of opportunities for individuals, corporations, and government and nonprofit organizations. We welcome support from all sources for research efforts, fellowships, or ongoing projects. The Center runs an active corporate affiliates program, which is available for companies interested in expanding their networks of connections with Asian counterparts or in gaining early access to APARC research. All APARC affiliates enter into continuing relationships with the Center that support the research infrastructure and other activities of mutual interest.

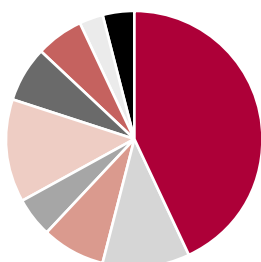
FINANCIAL INFORMATION



FY 2002-2003

Center Revenues by Source

%		\$ in thousands
10%	ENDOWMENT	\$209
32%	GIFTS	\$646
35%	AFFILIATES AND OTHER INCOME	\$706
7%	GRANTS AND CONTRACTS	\$144
16%	UNIVERSITY FUNDS	\$333
100%	TOTAL:	\$2,038



Expenses

%		\$ in thousands
43%	RESEARCH/ADMINISTRATIVE STAFF SALARIES	\$1,058
11%	STAFF BENEFITS	\$269
8%	STUDENT SUPPORT	\$197
5%	POSTDOCTORAL AND VISITING SCHOLARS	\$112
13%	CONFERENCES, WORKSHOPS, TRAVEL	\$324
7%	PUBLICATIONS, RESEARCH MATERIALS ACQUISITION.....	\$177
6%	OPERATIONS	\$154
3%	COMPUTER, TELECOMMUNICATIONS	\$79
4%	INDIRECT COSTS	\$106
100%	TOTAL:	\$2,476

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APARC's work would not be possible without the financial support of our many generous friends and affiliates. APARC gratefully acknowledges the following donors for their support in 2002–03. Listed below are individuals, corporations, foundations, and institutions whose contributions were received and recorded between September 1, 2002 and August 31, 2003.

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