The Role of the Yen in Asia and the Global Economy

SPF Chairman Addresses Symposium in Myanmar

By Akinori Seki
SPF Program Director

For the past two years SPF has been supporting the "Mobilization of Financial Resources for Development in Myanmar" project, the aim of which is to provide recommendations for the construction of a policy framework aimed at the mobilization of the domestic financial resources essential to Myanmar's development. The project is being conducted jointly by policy planners, researchers and others from Southeast Asia and Japan, with reference to the financial systems of East Asian countries.

What changes and what does not

On December 17 and 18, 1999, an international symposium, doubling as a session reporting on the fruits of this project, was held at the Myanmar Institute of Strategic and International Studies in Yangon, Myanmar. The 150 participants included Myanmar's minister of foreign affairs, deputy minister of finance, and central bank governor, other policy planners, and local scholars; it was also attended by Southeast Asian and Japanese researchers, scholars, and others involved in the project.

At the request of the project's organizers, SPF Chairman Setsuya Tabuchi, whose career has included many years of involvement in the financial sector, including service as chief executive of one of Japan's top financial institutions, and who is well versed in the practical side of domestic and international finance, delivered the keynote address at the symposium on the topic of "Internationalization of the Yen."

In his address, Tabuchi touched on the things that change and those that do not. The changes he mentioned are those symbolized by the development of the Internet and, in particular, of on-line commerce. What does not change, he said, is the "gambling mind" common to all human beings. This is currently epitomized by the high stock prices and prosperity of a U.S. securities market based on speculation. He suggested that the weight of speculation may now be shifting "from the paper market of stocks and bonds to the spot market of raw materials," noting the significance of such a development for Myanmar.

A tripolar system: yen, dollar, and euro

Tabuchi then turned to his main subject, the internationalization of the yen. We have learned two lessons, he said, from the Asian financial crisis that started in July 1997: that a financial crisis can occur even in a strong macroeconomy and that an exchange-rate system that is excessively dependent on the dollar will not function properly in Asia. In order to prevent a recurrence of the crisis, Asia should adopt a currency basket with a heavy yen component.

The European Union has been pursuing a process of economic integration, including the establishment of the euro as a single currency for 11 of the 15 EU member states. Now it is time, Tabuchi urged, for Asian countries to form their own economic bloc and manage it independently of the U.S. dollar bloc (North, Central, and South America). Ideally the world should have a tripolar system to create a balanced economic environment, the three currency poles being the yen, the dollar, and the euro.

At the time of the Asian crisis the international Monetary Fund did not function very well, Tabuchi noted, suggesting that the problem was its imposition of uniform standards despite the diversity of the Asian economies. In response to this failure, Japan proposed the creation of an Asian Monetary Fund as an Asian version of the IMF. Although the initial proposal did not materialize, the Japanese government has followed up with a new initiative to provide assistance to Asian economies in coping with currency crises. The objective is to internationalize the yen; meaning that Japan must become a major importer, accepting a loss of jobs at home and other dislocations. But according to Tabuchi, "this cannot be helped": in other words, Japan must accept this pain.

Tabuchi touched on a variety of other topics, including his own experiences and observations and recent business trends, such as the boom in mergers and acquisitions among major corporations. Symposium participants seemed both fascinated and moved by this address by a person who has developed great mastery of his field of specialization.

The full text of the keynote address was printed in a local newspaper over a three-day period. It is also available on the SPF website at: http://www.spf.org/spf_e/spffeatures/yenin.htm
A new nation founded on the concept of civil society

Iriyama: Mr. Michnik, you have taken a variety of actions based on the concept of civil society in order to create a more human society in an inhuman communist state, and you have created a new non-communist state. Is the civil society that you speak of functioning smoothly in the new Poland?

Michnik: I’d like you to remember how things were in postwar Japan. The Japanese people were hoping for a perfect country, but does anyone in Japan today claim this is the perfect country they dreamed of? People are continually struggling for the highest goals, but the results have to be within the realms of possibility. When I talk with Japanese people, I get the impression that they are not satisfied with contemporary Japan, but there’s nothing strange about this. The Japanese are a lot like the Poles in some ways. I think Japan has been a hugely successful country, but Japanese people tell me this isn’t so. Poles are constantly dissatisfied with the present and pessimistic about the future. I used to be the same way when I thought about the future, thinking that things would become even worse than they already were. I distanced myself from reality and took a pessimistic view. I still maintain that distance, but I’ve become an optimist.

Iriyama: It’s good to be able to say that you’re an optimist.

Michnik: That’s because there’s nothing else I can be. After the end of communism, it was impossible for the Polish people to be anything but optimistic.

Iriyama: You mean that no nation can score a hundred percent, right?

Japan has democracy, but no freedom

Iriyama: I’d like to ask you if there’s anything specific about this new Poland that you’d like to change or that you’d like to create in the future. After the fall of the Berlin Wall, and especially after the “velvet revolution,” people around the world suddenly began talking about “civil society.” The theory of civil society raises a number of issues. One is the problem of the power relationship between civil society and the state, or their conflicting claims to reliability. In Japan, as you know, the state has taken care of everything in the public sphere, so people have been leaving everything to the state for over a hundred years. In that sense, Japan has something like an extremely soft form of communist state. Now the Japanese people are beginning to try to achieve a larger civil society and greater democracy.

One evening I had the opportunity to go out drinking with Yakovlev. After we’d had a bit to drink, we began talking about how Japan had democracy, but no freedom. Poland was the opposite: We had freedom, but no democracy. Democratic institutions are necessary for democracy, and you need the rules that these institutions determine.

So to return to my question, when you think about this slightly unsatisfactory state that has been created since the overthrow of communism, what sort of agenda do you have on which you absolutely cannot yield?

Michnik: In Poland we have a proverb that goes, “There is absolutely no one who can talk about the future of his own country. There is no one, no prophet, who can predict what will happen to his own country in the future.”

The first time I came to Japan was in 1991 to participate in an international conference in Kyoto. Alexander Yakovlev, the number-two figure in the process of perestroika, was there, too. Many Japanese media representatives also participated, and we listened to their discussions with great interest.

A culture of freedom versus a culture of discipline

Iriyama: Those who believe in radical democracy, such as Hannah Arendt, say that it’s better to have no institutions.

Michnik: Arendt said this about the 1956 Hungarian Revolution. Arendt has been the most important woman, the number-one woman, in my life, but I think she’s wrong about this one point. Democracy can not exist without institutions. Democracy doesn’t take hold unless you construct a firm system of laws. That’s why we feel there are problems with Poland’s institutions.

The Polish people have traditionally had a highly developed culture of freedom.
Japan, by contrast, has a highly developed culture of discipline. In response to your question, I think the burden has to be divided fifty-fifty between civil society and the state. I firmly believe that it’s possible to have what’s effectively a dictatorship even in a democratic country, but when there’s a healthy civil society, dictatorship is impossible.

Institutions are essential for democracy

Michnik: The greatest success of Poland’s revolution has been local government. That’s because this is the institution that can make people exert themselves, the one that can make a passive people active.

Iriyama: Excuse me for interrupting, but can we see this as something close to, for example, what Jean-Paul Sartre called engagement, the participation of intellectuals in politics?

Michnik: Sartre had the intelligentsia in mind. In that sense, I can’t apply his argument, but I feel a desire and a need to act in line with his theory. But civil society is made up of the kind of people who don’t know that Sartre or Arendt ever existed. For them, the biggest concerns are whether local roads get put in or whether a waste water purification facility gets built. When something like that is involved, they vote and speak up.

Iriyama: So you’re saying that institutions are absolutely necessary for a democratic nation. May we then assume that civil society consists of the citizens acting autonomously to affect institutions for their own purposes?

Michnik: That’s right. You have to think of this according to two criteria. One is the institutions and plans of a democratic nation. This includes the nation, the government, and the president. The other is the citizens. There are two possible philosophies for the citizens. If they want to eat fish, the question is whether to go to the parliament or the administration and get fish or to get a fishing rod and catch fish themselves. The philosophy of civil society favors the fishing rod. We don’t want the state to give us everything. We’re waiting to be able to catch fish. We’re asking for a fishing rod so that we can do so.

Iriyama: In that case, should civil society, that is, the people who want the fishing rod, and the institutions that give out the fishing rod ideally be the same?

Michnik: I don’t think that’s an ideal situation. The state is the state, and civil society is something else. I don’t know what will happen a hundred years from now, but right now, we have to distinguish the two in my country.

I think the state has an appetite like a shark and wants to absorb everything. It wants to control everything and make quick decisions. We need civil institutions, such as local governments and free publishing houses, free labor unions, foundations, and funds. The state cannot fulfill the role of civil society. I think that was Karl Marx’s utopia. Marx thought that everything should be planned, everything should be brought about through centralized decision making, but that’s impossible.

I greatly admire Marx’s criticisms of capitalist economies, but he was a complete failure as a prophet. There simply cannot be any growth and development without competition. Of course, that has to be
within the limits of the law. If not, it turns into the kind of competition practiced by gangs or the Mafia.

**Corporatism does not suit Poland**

Iriyama: I think that civil society is inseparably linked to a nation’s history, culture, and traditions. Fortunately, or it may be better to say luckily, Poland, as you yourself said, has a tradition of freedom, a tradition of citizens speaking their minds, so there’s a tradition that can serve as the basis for citizens’ action directed toward the institutions of a democratic society.

Not all countries are so fortunate, however. When people are suffering under that kind of environment or history, is it meaningful to explain the model or methodology of civil society to them? When talking to people who lack those traditions, is it meaningful to ask them to apply the model of the civil society that you or I believe in and show them the methods that exist?

As I understand it, the model for civil society is that a large variety of institutions naturally grow up among citizens through voluntary initiatives. That is, through the activities of people operating of their own free will, without anyone forcing them, and that these people begin to take action directed toward the institutions of the democratic political system.

Under the kind of corporatism seen in places like Germany, people are forced to participate in a limited number of organizations. Yet within these organizations people can exchange opinions freely. So Europe has one more model.

Michnik: Certainly the German system is different. I’m not inclined to think that it is so very different, however. I don’t think it’s a good system, but it may work in the context of German culture. I think this system survives in a democratic Germany because it has good points, but it is absolutely impossible for Poland.

Iriyama: You’re probably right. My Polish friends say that wherever two Poles gather together, three political parties spring up.

Michnik: They’re optimists, aren’t they? I think the number might be more like five!

Iriyama: The reason I raised this point is that I sometimes wonder about countries like China, for example. It has such a cultural tradition, but rather than suddenly adopt an open model of a civil society after communist politics, wouldn’t a type of coercive model, in which the people belong to a certain number of democratically operated institutions, work better?

Michnik: I also realize that the problem of China is a very complicated one. I don’t know of any method for liberating the Chinese people from their Communist dictatorship, however, and I couldn’t tell you even if you asked. That’s because no one knows.

China is watching Russia. The Chinese think they may end up like Russia. But that’s no excuse for continuing the dictatorship, and we mustn’t allow them to get away with it. They need to link these feelings with the idea of having to find a better method than the Russians. As long as the dictatorship works well, however, it will be difficult to change. The Polish people know that better than anyone else. If Wojciech Jaruzelski, who’s a good friend of mine, had started reforms three years earlier, Poland would be a different place today. But unless someone is out demonstrating on the street, everything is seen as being okay.

**Reforming Poland from within**

Iriyama: Let’s talk about Poland again. What would you like to reform in the new Poland, the Poland that has democratic institutions?

Michnik: Everything. First, I’d like to reform the tax laws. After that, the educational system and the health care system must be reformed.

Iriyama: What is it about the tax system that you want to reform?

Michnik: The current tax system doesn’t support the development of civil society. For example, it doesn’t support the growth of private schools, publishing companies, and hospitals. Profits are the number-one criterion for free markets, but that doesn’t mean that they’re also the number-one criterion for civil society.

For example, if some citizens’ organization wants to hold a festival featuring the films of Akira Kurosawa, the state should support that, even if it doesn’t generate any profits. And if my company donates part of the budget for the film festival, that amount should be tax deductible. But Poland doesn’t have such a system. The same is true of schools for people with disabilities and hospitals. I have continually supported the reforms in Poland. Up to this point, the reforms have been very meaningful for us. From now on, I want to do my utmost to reform Poland from within.
Looking Back on the Remote Mountainous Communities Project: Achievements and Possibilities

By Michie Kishigami
Program Officer, SPF

Abundant and varied results

This project combined training for young leaders from Japanese mountain communities and joint research conducted by research institutions in Japan, Switzerland, and the United States. The training component targeted leaders of mountain communities in their twenties and thirties. Every year 10 young people were selected for a total of three weeks of training in mountain communities both in Japan and overseas, where they were taught scientific principles and methods of community planning and administration, with follow-up training half a year later. The training course was conducted nine times, the last in fiscal 1998.

A great many people were involved in preparing and implementing the course, including planning officers, the community leaders and researchers who served as lecturers, and members of the communities in which training actually took place. Priority was given to field training. The emphasis on studying community activities and framing proposals meant that the active cooperation of these communities was indispensable. Fortunately, every year saw enthusiastic community participation, steadily expanding the impact of the project.

On the research side, for the last three years research evaluating mountain community development projects in Japan, Switzerland, and the United States has been conducted, including work by researchers at the University of Tokyo, the Swiss Federal Institute of Technology Zurich, and the University of Oregon.

At present many community organizations in Japan are providing imaginative courses on various aspects of community development. The SPF project’s training course, targeting only a small number of people a year, was distinguished by its intensiveness and rigor and the fact that it included training not only in Japan but also overseas. One of the project’s major aims was to give young leaders hints for new initiatives in Japanese mountain communities by introducing them to community policies and residents’ community-vitalization activities in mountainous areas of Switzerland and the U.S. state of Oregon, transcending differences in self-governing traditions, degree of long-term residence, and community policies.

Thanks to this project, today more than 90 people have completed the course and are playing key roles in 23 remote mountain communities throughout Japan. They keep in touch with one another and exchange information via the Internet. Some communities sent trainees every year, and people who have completed the course now constitute a considerable force. There were also communities, such as the town of Nishikawa in Yamagata Prefecture, that focused on women’s skill development, sending one female trainee every year.

The network reaches beyond Japan. Links with researchers at the Swiss Center for Mountainous Regions, the Swiss Federal Institute of Technology and other research institutions in Switzerland, and the University of Oregon in the United States have been maintained through joint research, training, and the exchange of information.

Photos courtesy Oguni Town

Study group session at the Oguni Conference

Overseas researchers in discussion

“International Network for Research and Training for the Promotion of Remote Mountainous Communities,” an SPF project launched in fiscal 1990, culminated in a wrap-up conference in the town of Oguni, Kumamoto Prefecture, in November 1999, bringing to an end 10 years of activities.
Zurich, and the University of Oregon, as well as people active in formulating community policy and planning and implementing community vitalization projects, will probably be utilized as an invaluable international human-resource network in future.

An experiment in enhancing “community capacity”

Amendment of the Law on Special Measures for Depopulated Areas ensures that disadvantaged communities will continue to receive government assistance from fiscal 2000 onward, though it is likely to be progressively scaled back. An aging and shrinking population is a trend throughout Japan, not only in remote communities. Differences in community vigor will further expand disparities among communities. Residents of mountain communities need to identify for themselves the economic and social significance and value of living in such communities, utilize and add to the value of their rich resources, and actively publicize these benefits to other communities.

Energizing communities requires unspectacular but steady efforts and know-how. The trination research team evaluating mountain community development projects in Japan focused on whether they had generated “community capacity,” defined as residents’ commitment to their community, conservation of community resources in the broad sense (not only things but also people and information), and the skill to utilize these resources. The team also examined outcomes and conducted a comparative analysis.

By developing young community leaders, this program has contributed to the formation of community capacity. It is hoped that the efforts of all involved and the training course will lead to utilization of the network built up and future activities on the part of those who have completed the course. While training under the auspices of the program has ended, plans for continued training are underway on the initiative of former trainees. Momentum is also building for activities targeting youth in remote mountain activities.

SPF is grateful to the many people in mountain communities in Switzerland and Oregon as well as Japan who have taken time from their busy schedules to help with the project, unstinting in their cooperation and enthusiasm, and we hope they will continue to offer advice and cooperation. The research findings are to be published in English in the United States. In addition, a Japanese-language report on the project’s 10 years of training is to be published in the near future.

Globalization and growing community interdependence

With the end of the Globalization of Local Communities in Japan program and the Concerted Action Program of NEAR (North East Asia Region), and now the International Network for Research and Training for the Promotion of Remote Mountainous Communities project, SPF programs targeting Japanese communities come to a close. Community-related programs, supporting international activities through community initiatives, were a major component of the first period (1989–94) and second period (1994–2000) of SPF’s midterm program guidelines. These long-term programs targeting communities, experiments in stimulating community activities from below and from multiple directions at a time in which...
Japanese communities have been undergoing great change, have bequeathed a legacy of valuable experience and have had a strong impact.

Community interdependence is becoming ever stronger with rapid socioeconomic globalization. If individual communities are to realize the kind of growth they want, in addition to exerting their own efforts they need to share and utilize their accumulated experience and techniques internationally. Global problems that communities need to address together, making effective use of their limited resources, are increasing all the time. The SPF’s series of community-related programs were international programs as a means. It is time now to shift to international programs as an end, administering international cooperation programs addressing specific issues and having a limited time frame, with concerned communities participating. The cumulative effect of these will, we hope, spur widespread efforts to address larger issues.

The community organizations that SPF has assisted, as well as organizations that have cooperated with SPF in self-operated programs, have steadily gained strength and are engaged in diverse activities. From these, we hope, will emerge new initiatives for solving new problems.
Universal Service and the IT Revolution in the Age of Free Competition

A Digital Divide in the Pacific Island Nations

By Rieko Hayakawa
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The Sasakawa Pacific Island Nations Fund (SPINF) has been conducting surveys and research into, and providing assistance for, distance education programs across the islands nations of the Pacific for the past 10 years. The success of these efforts has borne a number of fruits, including the upgrading of the University of the South Pacific’s USPNet1, an aid project undertaken in conjunction with the governments of Japan, Australia, and New Zealand, and the distance education project for nursing and medicine being implemented on an experimental basis by the University of Guam throughout Micronesia.

Assistance to PEACESAT boosts dramatically cost efficiency

In a three-year plan that began in 1998, SPINF has contributed to the Training Program for Distance Education and Learning Technologies and Applications (DELTA) in the Pacific Islands of PEACESAT headquarters, located within the University of Hawaii. A conference held in Honolulu in January this year as part of that program brought together many of the people involved in policy making for distance education, mainly in Micronesia, to draw up a policy for making real improvements to distance education in the region.

During the conference Dr. Norman H. Okamura, a telecommunications specialist at PEACESAT headquarters, illustrated the program’s success by describing the Universal Service Fund1, a U.S. fund for telecommunications that has already contributed up to about US$4.5 billion for telecommunications infrastructure and network building in schools and other institutions throughout the U.S. and will probably result in about US$10 million for the three U.S. territories in the Pacific that includes Guam, the Northern Marianas, and American Samoa. Meanwhile, the SPINF is contributing US$150,000 to PEACESAT headquarters over the three-year period, boosting cost efficiency almost 300-fold.

Correcting the imbalance between information haves and have-nots

The United States’ Telecommunications Act of 1996 greatly opened up the telecommunications sector. Telecommunications liberalization does not necessarily yield good results alone, however. Deregulation leads to a more competitive market and thus improved services and lower costs for many customers. But the private sector cannot be expected to take much interest in developing services in poorer communities, on small islands, and in other areas where there is little prospect of making a profit. Yet telecommunications, like water and electricity, are basic human needs in the modern age, and governments have a responsibility to prevent the emergence of too wide a gulf between the information haves and have-nots.

That is why the Universal Service Fund was established in 1983. Contributions collected from telecommunications businesses and subscribers are redistributed to the disadvantaged to rectify information imbalances. American Samoa has already benefited from this fund and has all public and private schools connected to a high-speed fiber network, and has off-island T-1 Internet access and video teleconferencing capabilities. Guam and the Northern Marianas are about to qualify for discounts under the Schools and Libraries Program, generally known as the E-rate (educational rate), which has a total annual budget of approximately US$2.25 billion.

The widening information gap

Those Western countries that have most actively pursued telecommunications deregulation already have domestic telecommunications networks in place; they are assured of a market in which free competition is possible. Accordingly, they can simultaneously promote the idea of universal service, with its goal of making telecommunications “broadly and equally” accessible.

A portion of the world’s population now lives in an environment where people can use the Internet on a daily basis to access information from around the world and to express their own views. The way the speed and volume of information transmissions constantly improves and the cost of using the Internet falls is truly impressive. And hardly a day goes by without the newspapers or television reporting something new or television reporting something new.

In contrast, the 1998 report of the International Telecommunications Union’ (ITU) pointed out that there were still 40 developing countries in the world in which...
Masao Ueda, Palau’s Minister of Health

the distribution of telephones was less than one per 100 people. The island nations of the Pacific, which have total populations of only a few tens or hundreds of thousands, and some of whose islands with only a few dozen residents are located hundreds or even thousands of kilometers from the national capital, have very little telecommunications infrastructure and lack the kind of market that would enable them to correct the information imbalance within their own borders.

For many of these developing countries, liberalization of the telecommunications sector means only a further widening of the gap between those who have access to information and those who do not. Guam, the Northern Marianas, and American Samoa are U.S. territories and thus have benefited from U.S. funding. Yet neighboring independent countries like the Federated States of Micronesia, the Republic of the Marshall Islands, the Republic of Palau, and Samoa do not receive the same help. Such nations’ telecommunications policies are sometimes strongly influenced by the desires of telecommunications companies. And, of course, most of the telecommunications in these countries are in the hands of global enterprises financed from North America and Western Europe.

An experiment to rectify the information imbalance

The question is, whose job is it to correct the imbalance between developing and developed countries arising from deregulation of international telecommunications?

At the Honolulu conference Palau’s Minister of Health Masao Ueda, Vice-President for Instructional Affairs Spensin James of the College of Micronesia, and Dean of Continuing Research and Extension Services Andrew Kuniyuki of the College of the Marshall Islands, Prof. Toshio Kosuge and Prof. Masatomo Tanaka of the University of Electro-Communications, along with Deputy Director Shin’ya Suzuki of the International Cooperation Division of the Japanese Ministry of Posts and Telecommunications (MPT), honored us with their participation. And after the conference, informal meetings were arranged with Akio Miyajima, director of the Oceania Division of the Ministry of Foreign Affairs, and Kobo Inamura, Deputy Director General of the Communications Policy Bureau at MPT, to discuss the possibilities for Japanese aid to help the three independent island countries of Micronesia with telecommunications related to health education.

Suzuki expressed his personal opinion that “in order to realize universal service on an international level, the ideal would be to establish a World Universal Service Fund to be directed by an international organization like the ITU and to cover the entire globe. As things stand, however, perhaps Japan, the United States, and other developed countries should deal with the problem and take active steps to eliminate the information gap suffered by developing countries.”

Inamura warned of the perils of policies that could lead to a kind of high-tech colonialism, in which the more that developing countries adopt advanced technologies, the more dependent they become on developed countries. He also stressed that job creation through the appropriate introduction of information technology and the promotion of industry were also important. (Inamura created many jobs in Okinawa Prefecture during his term as director of the Okinawa Office of Posts and Telecommunications with the establishment of the telephone number service center there.)

Meanwhile, Miyajima said that, in preparation for the Second Japan-South Pacific Forum Summit Meeting, PALM 2000, scheduled for April, Japan wanted to investigate the potential for providing active assistance so that globalization and the technological revolution could be brought to all the island nations of the Pacific in an appropriate manner.

All three men appeared to be thinking along largely similar lines.

Japan and other developed countries have an important role to play in telecommunications in the small island nations scattered across the vast Pacific Ocean, which covers about one-third of the planet’s surface. Actually, the “digital divide” is on the agenda of the Group of Eight Kyushu-Okinawa Summit in July. Japan itself includes many small islands, some of them very isolated. An extensive telecommunications network was built up by the Nippon Telegraph and Telephone Public Corporation, when telephone lines were taken to any part of the country where a need was identified. In a sense, the concept of providing universal service “broadly and equally” can be said to suit the Japanese temperament.

International cooperation in telecommunications is an area in which much is expected of Japan. The scale of the budget is small, but the SPINF intends to continue supporting endeavors to improve distance education and otherwise expand the use of information technology in the island nations of the Pacific. The fund also administers an independent program, Yashinomi Daigaku (Coconuts College), aimed at giving the Japanese a better understanding of Pacific island nations.

The College’s website at www.yashinomito.com provides detailed information (in Japanese) on the telecommunications situation in these nations.

1. The University of the South Pacific has its main campus in Fiji and an extension center in each of the other 11 Pacific island nations that are members of the university. Since its establishment in 1968, the university’s mission has been to provide distance education to all its members, and has set up USPNet to enable satellite communications (the website is at www.usp.ac.fj). SPINF has conducted a feasibility study for the upgrading of USPNet and provided support leading to official development assistance projects.

2. In 1971 the late Professor John Bystrom of the University of Hawaii was instrumental in securing the use of a used satellite from the U.S. National Aeronautics and Space Administration for service as Pan-Pacific Education and Cultural Experiments by Satellite (PEACESAT). In addition to management of a satellite network, PEACESAT headquarters has now become a think tank acting as a survey and research consultant on public telecommunications policy in the region and organizing workshops for the advancement of distance education, telehealth, telemedicine and other humanitarian purposes (http://obake.peacesat.hawaii.edu/). SPINF support for the headquarters has included a grant for the PEACESAT Policy Conference in Sendai in 1992. That conference was a crucial step on the way to the formation of PARTNERS, another international cooperative satellite project that is currently being promoted by Japan’s MPT.

3. See the website (www.universalservice.org).

4. The ITU is the major international organization in the telecommunications sector (www.itu.int). The corporation was privatized in 1985.
Promoting private-sector exchange pertaining to security has come to be appreciated as a “track two” process, but exchange of this sort between Japan and China is practically nonexistent. Against this backdrop, the Sasakawa Japan-China Friendship Fund has been implementing the Japan-China Security Research Exchange program this fiscal year.

As part of this program, a group of retired high-ranking Chinese military officers belonging to the China Institute for International Strategic Studies headed by Lieutenant General Deng Jiaitai, former Vice Commander of the Armored Force, People’s Liberation Army, and now Senior Consultant at the Institute, was invited to Japan December 13–21. While in Japan the group paid courtesy calls on Tsutomu Kawara, director general of the Defense Agency; Yoji Fujinawa, chairman of the Joint Staff Council; and Yoshiro Mori, secretary general of the Liberal Democratic Party. The delegation also engaged in an exchange of views at the National Institute for Defense Studies.

A reception sponsored by the Friendship Fund on December 15 was attended by over 120 people from Japanese organizations involved in Japan-China security research exchange. General Deng’s speech at the reception was entirely friendly, imparting a feeling of his extraordinary determination to promote security exchange.

In the Kansai region centered on Osaka, the retired officers received an impression of the zeal of their forebears when they viewed the monument erected at Kyoto’s Arashiyama to commemorate the late Zhou Enlai’s efforts to promote friendship between the two countries. They also visited Daihatsu Diesel Manufacturing’s Moriyama Plant in Shiga Prefecture to observe its advanced production system, which seems to have impressed them.

After returning to China, the group prepared a report that included a proposal praising the positive stance taken by Japan’s private sector in promoting security research exchange between Japan and China. It is hoped that both sides will continue to develop projects in this field.

Rethinking the Development Paradigm

By Lau Sim Yee
Chief Program Officer, SPF

On January 31, 2000, a seminar was held at the University of California, Berkeley, under the joint sponsorship of the National University of Singapore, the Berkeley Roundtable on the International Economy, and the University of California Institute on Global Conflict and Cooperation. The purpose of the meeting was to report on research findings over the past three years in the “Rethinking the Development Paradigm” project, launched in 1997 with an SPF grant to the National University of Singapore.

Japan and the newly industrializing economies of Asia, while grounding their development in their own sociocultural backgrounds and political and economic structures, have all pursued development strategies stressing the role of the state. The goal of this program is to compare these development strategies with the neoclassical paradigm based on the free-market, and lay the foundation for constructing a new development paradigm.

About 25 people participated in the seminar, including researchers from Japan, Hong Kong, and Singapore; representatives of the research institutes of the World Bank and the Asian Development Bank; American economists; and scholars from other parts of the Asia-Pacific region. With reference to the research findings, the seminar was intended to draw the attention of American scholars and researchers, as well as representatives of international organizations, to the limitations of development assistance based on the neoclassical paradigm, as well as the need to reconstruct the development paradigm to reflect the East Asian experience of economic development. This was the second such seminar. The first took place on October 18, 1999, with the cooperation of the Waseda Institute of Asia-Pacific Studies, Waseda University. A third is scheduled to be held in Copenhagen in mid-March for European scholars, researchers, and international organization representatives. The project’s research findings, incorporating the discussions from these seminars, will be published in 2000.
Asian Voices: Promoting Dialogue between the US and Asia

By Yoshinobu Onishi
Program Officer, SPF

Although this has been called the era of Asia and the Pacific, there is little information emanating from Asia in the United States, the central actor in setting the international policy agenda, and particularly in Washington, D.C. This has resulted in inaccurate perceptions and misunderstanding of Asia.

The SPF seminar project “Asian Voices: Promoting Dialogue between the US and Asia” is designed to fill this information gap. Its basic aims are to transmit views and information from Asia to a wide variety of institutions and researchers in the United States; to promote dialogue at appropriate levels between similar types of organizations in the United States and Asia, such as universities, think tanks, and nongovernmental organizations; and to contribute thereby to network creation and information sharing between East and West. The Sasakawa Peace Foundation USA, which coordinates the project, has the potential to undertake international activities because, although it is located in Washington D.C., it was established by a foreign private-sector organization.

The project organizes regular “Asian Voices” seminars. Of the six scheduled for the current fiscal year, five have already been held. Their topics included “Strange Bedfellows: Samuel Huntington and the Advocates of Asian Values,” “Crises in Myanmar and East Timor: The Case for Japanese-American Cooperation,” and “Korea and Asian Security in the Twenty-first Century.” Professor John Ikenberry of the University of Pennsylvania, who has provided intellectual support for SPF-USA’s activities since its founding, serves as the advisor for setting topics, which are selected flexibly, with a view to timeliness.

A synopsis of each seminar can be found on the SPF-USA website: http://www.spfusa.org/Program/seminar.htm

Project Evaluation System for Nonprofit Organizations

By Mayumi Morishita,
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To support evaluation in Japan’s nonprofit sector, SPF has launched the Evaluation for Nonprofit Organizations project, one facet of which has been the establishment of a committee to consider evaluation of nonprofit organizations working in the field of social welfare.

People from foundations, social welfare corporations, and universities, as well as others involved in social welfare, were invited to join the committee, which is a forum for presenting evaluation case studies from Japan and abroad, discussing members’ own experiences, and presenting views.

The topic of the second committee meeting, held February 21, was “A Project Evaluation System: Collaboration between Citizens and Local Government.” The project evaluation officer of Mie Prefecture’s NPO Office was invited to discuss the Office’s efforts and the evaluation system it has developed.

Mie’s NPO Office has undertaken a number of projects involving collaboration between citizens and local government. These projects have been run as joint deliberation and decision-making processes rather than purely governmental initiatives. Citizens who had initially been passive began to take an active part in projects, and this developed into project evaluation.

Mie has led other prefectures in developing and disclosing its own format for evaluating general projects. It attempted to use this format for NPO evaluation, but untrained citizens found the format difficult to understand, so citizens and the NPO Office collaborated to develop “Project Evaluation System ‘99.”

Following the NPO Office presentation, many of those attending the meeting engaged in lively discussion. Numerous issues relating to evaluation remain to be resolved, including the perspective of the beneficiaries, evaluation of NPOs’ missions, and organizational evaluation. This presentation should provide a major stimulus to future work on evaluation.
This issue of the newsletter includes features addressing both the past and the future of SPF. Perhaps this is fitting, now that the guidelines for SPF’s next third midterm program are nearing completion.

Conclusion of the International Network for Research and Training for the Promotion of Remote Mountainous Communities project has brought an end to the programs targeting Japanese communities that have been a major component of SPF activities for the past 10 years. These programs will leave a lasting legacy in many parts of Japan in terms of both their achievements and the challenges they pose.

Meanwhile, the dialogue between Adam Michnik of Poland and SPF President Akira Iriyama suggests a future direction for SPF activities—the interaction between individuals and society. Individual members of society band together to create groups of their own will and participate in society. These groups are an important element of civil society. But they have not been elected by anyone, nor do they officially represent anyone. Nongovernmental organizations and nonprofit organizations still lack any clearly defined code of conduct and rules.

Mutual trust is the only feasible basis of interaction between these organizations, still groping for a modus operandi, and the state and corporations. How SPF can contribute to building effective relationships among these sectors as they accomplish change and reform will be the true test of the foundation’s mettle.

Yoshiko Wakayama

Note: The views and opinions expressed in this newsletter do not necessarily reflect those of the Sasakawa Peace Foundation.