

# **Annual Report**

2012 - 2013

## **APEC Study Center**

Columbia University



**Asia-Pacific  
Economic Cooperation**



## Letter from the Co-Directors

Columbia University's APEC Study Center (ASC) had an active 2012-2013 academic year in which it sponsored 11 conferences and symposia as well as three brown bag lunch seminars. In addition, the ASC core faculty participated in numerous high-level meetings and seminars in the United States and across the Asia-Pacific region. The ASC continued to encourage study of this region by supporting courses at Columbia Business School (CBS), the School of International and Public Affairs (SIPA), and elsewhere in the University.

North Korea's change in leadership, and moreover the bellicose behavior of its new leader, Kim Jong-un, engendered headlines as well as several lectures on campus which tried to make sense of these developments. "Korea-Japan-US Trilateral Cooperation in an Uncertain Northeast Asia" analyzed the challenges and opportunities for cooperation, while "Limited Peace: The Korean War Armistice After Sixty Years" examined the bilateral situation on the peninsula. Finally, in "A New North Korea?" Jean Lee gave an on-the-ground assessment of North Korea, speaking about her experiences there as the Bureau Chief of the Associated Press.

Several events examined the trade dynamics in the Asia Pacific region, including "Shift in Global Trade Patterns," "APEC 2013: Resilient Asia-Pacific: Engine of Global Growth," and "The Korea-U.S. Free Trade Agreement: One Year On," which assessed the U.S.-South Korea FTA over its first year. A few events considered finance and the state of the global economy more generally, including "Banker to the World – Lessons from the Front Lines of Global Finance," and "Economic and Monetary Policy Outlook." Fittingly, and acknowledging that Asia will represent over half the world's GDP by 2050, a full-day conference on "The Asian Century and the Global Response" wrapped up the year.

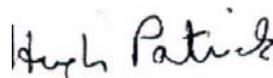
The ASC also collaborated with the Weatherhead East Asian Institute (WEAI) and the Center on Japanese Economy and Business (CJEB) on a series of lunchtime seminars that focused on Northeast Asia: "Challenges and Prospects of the Korean Economy" explored challenges including job creation, competition with China and others, mounting household debt, and rapid population aging; "The Economic-Security Nexus in Northeast Asia" examined historical and contemporary tensions and the region's increasing economic interdependency; and "Samsung and LG: From Also-Rans to Dominance in the Consumer Electronics Industry" endeavored to explain the success of these Korean companies in a heretofore Japanese-dominated industry.

Through events like these and other activities, such as our Discussion Paper Series (Section IV), the ASC demonstrates an ongoing commitment to increase understanding of the economies of the Asia-Pacific region in global and regional contexts, and support coursework and training on regional economic arrangements and initiatives.

The ASC's accomplishments and activities are made possible by the commitment and energy of the faculty and staff involved as well as the support provided by corporations, foundations, and individuals. The Corporate Sponsorship Program of annual contributions has been crucial to ensuring the Center's ongoing momentum. We are particularly grateful to the Lotte Group of Korea which has been a steadfast supporter throughout the years.



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Co-Director, APEC Study Center  
Dean  
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Economic Law and International Affairs  
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# INTRODUCTION

## A. APEC: A BACKGROUND

APEC was established in 1989 to further enhance economic growth and prosperity for the region and to strengthen the Asia-Pacific community. President Bill Clinton hosted the first Summit meeting of APEC member country leaders immediately following the APEC meeting in Seattle in 1993. This annual Summit Leaders Meeting provides an invaluable opportunity for all the leaders to discuss issues of mutual concern, as well as a well-utilized venue for “side-bar” bilateral meetings among major leaders as needed.

APEC is the only government institution whose membership includes virtually all the economies bordering on the Pacific Ocean, namely in Asia, the South Pacific, and the Western hemisphere. APEC's 21 Member Economies are: Australia; Brunei Darussalam; Canada; Chile; People's Republic of China; Hong Kong, China; Indonesia; Japan; Republic of Korea; Malaysia; Mexico; New Zealand; Papua New Guinea; Peru; The Republic of the Philippines; Russia; Singapore; Chinese Taipei; Thailand; United States of America; and Viet Nam. They are home to more than 2.7 billion people and represent about 54 percent of world real GDP and 44 percent of world trade.

APEC is the only inter-governmental grouping in the world operating on the basis of non-binding commitments, open dialogue and equal respect for the views of all participants. Unlike the WTO or other multilateral trade bodies, APEC has no treaty obligations required of its participants. Decisions made within APEC are reached by consensus and commitments are undertaken on a voluntary basis. In addition, APEC has developed sets of basic, non-binding principles and standards to address a range of relevant policy issues.

Since its inception, APEC has worked to reduce tariffs and other trade barriers across the Asia-Pacific region, creating efficient domestic economies and dramatically increasing exports. Key to achieving APEC's vision are the “Bogor Goals,” adopted by leaders at their 1994 meeting in Bogor, Indonesia, which advocate free and open trade and investment in the Asia-Pacific by 2010 for industrialized economies and 2020 for developing economies. Over 30 bilateral free trade agreements (FTAs) have been concluded between APEC member economies. APEC is also pursuing trade and investment liberalization through a regional economic integration agenda. Some of its members have been instrumental in efforts to establish the Trans-Pacific Partnership (TPP), an agreement among 12 countries in the Asia-Pacific region, recently adding Japan. This agreement, which completed its 18<sup>th</sup> round of negotiations in July 2013, would account for nearly 40% of global GDP and a third of world trade. Other members, with some overlap, have been instrumental in establishing the Regional Comprehensive Economic Partnership (RCEP), which began negotiations in November 2012 to establish their own regional trade agreement. There is some possibility that eventually these two tracks will merge into a Free Trade Area for Asia and the Pacific (FTAAP), including all APEC members.

As a result of trade liberalization initiatives over the years, average trade barriers in the region have been reduced from 16.9%, when APEC was established in 1989, to 5.7% by 2011, a reduction of approximately 66%. As a consequence, foreign direct investment into the APEC region grew at 10.1 percent per year from 1994 to 2011, while outflows from the region grew by 11.4 percent per year over the same period. APEC economies' total trade with the rest of the world increased from \$3 trillion to \$20.5 trillion from 1989 to 2012, an

almost sevenfold increase, outpacing trade in the rest of the world during the same period, which increased from \$4.6 trillion to \$22.7 trillion, a fivefold increase. In addition, trade within APEC trade grew from \$1.7 trillion in 1989 to \$9.9 trillion in 2010, nearly a sixfold increase. Since 1993, APEC's Economic and Technical Cooperation activities have resulted in the implementation of 1600 capacity building projects, around 100-150 per year, with a total value of over \$24 million for 2010-11.

Academic support for APEC activities is provided through the APEC Study Center consortium, of which Columbia University is a member; by the tripartite Pacific Economic Cooperation Committee, in which Professors Merit E. Janow and Hugh Patrick have actively participated as U.S. members; and by the policy-oriented academic conferences and networking of PAFTAD (Pacific Trade and Development Program), of which Professor Patrick was a founding member in 1968 and chair of its International Steering Committee until 2005. Both professors are also founding members of the U.S. Asia Pacific Council which, along with the East-West Center, now takes an active role in organizing these academic, business and governmental activities, and serves as the U.S. member of the Pacific Economic Cooperation Council.

For more information about APEC, please see the APEC Secretariat's website at [www.apecsec.org.sg](http://www.apecsec.org.sg).

## **B. THE APEC STUDY CENTER AT COLUMBIA**

Columbia University established the APEC Study Center (ASC) in 1994 at the request of the U.S. Department of State in response to the APEC Leaders' Education Initiative. This Initiative was introduced by President Bill Clinton and endorsed by the leaders of the other APEC member nations at their historic meetings on Blake Island and in Seattle in November 1993. It calls on institutions of higher education in the United States and throughout the Asia Pacific to collaborate on Asia Pacific policy research, and to help establish—through exchanges, joint research, conferences and other contacts—an emerging region-wide network of personal and institutional relationships for all member economies. The ASC is co-directed by Professors Merit E. Janow and Hugh Patrick.

Columbia University has long been a leading center for the study of China and Japan, with one of the oldest and most highly regarded programs of study in these areas, including one of the nation's largest concentrations of specialists in East Asian affairs. Over the years, the University has built upon its global reputation for academic excellence and policy relevance in these areas, adding the study of Korea, Southeast Asia, India, and U.S. relations with East Asian countries to its core expertise in Chinese and Japanese studies.

The ASC core faculty, representing a number of Columbia's 13 professional schools, is engaged in the study of business, economics, development, health, political science, security, law, and other matters that impact the Asia-Pacific region. Reflecting its broad mandate, the ASC is jointly administered under the School of International and Public Affairs (SIPA) and the Columbia Business School (CBS). It works closely with CJEB, of which Professor Patrick is director and Professor Janow is a core member of the faculty. The ASC supports faculty research projects where appropriate and requested, but many activities are highly decentralized. For example, Nobel Prize winner Professor Joseph E. Stiglitz, an ASC faculty member, travels extensively and is actively involved in the Asia-Pacific region, and has made major contributions to macroeconomics and monetary theory, development economics and trade theory, public and corporate finance, and theories of industrial organization and rural organization in the region.

The ASC enhances the University's rich tradition of research, conferences, lecture programs, and teaching on the Asia-Pacific region by serving as the focal point of study on issues of business and economic importance for the region. The focus of the Center's activities are twofold: the institutional arrangements and public policy issues related to the APEC forum itself; and consideration of the economic, trade, legal, and political dimensions of the APEC member countries and their efforts at increased regional integration and cooperation. In this way, the Center is focused on policy matters affecting the region as a whole and in a multidisciplinary fashion.

For more information, please see the Columbia ASC webpage at [www.gsb.columbia.edu/apec](http://www.gsb.columbia.edu/apec).

### C. INSTITUTIONAL COOPERATION

There are currently six other active university-affiliated APEC Study Centers in the U.S. They are: Brandeis/Brown University; University of California at Berkeley; University of California at San Diego; University of Hawaii/East-West Center; University of Washington; and Washington State University.

In order to improve interaction among U.S. APEC Consortium members and other individuals and groups concerned with APEC issues, Columbia University's ASC collaborates in the development of a range of activities, including the organization of substantive conferences in connection with regular meetings of Consortium members; extending invitations to interested scholars at other APEC Study Centers to attend conferences; compiling information on academic classes on APEC-related subjects; and supporting faculty and student exchanges at universities and institutions that are Consortium members. None of the American ASCs receive direct funding from the U.S. government; their activities are thus constrained by budget limitations.

Internationally, most of the APEC member economies have established their own ASCs, typically funded by their governments and located at government-selected universities or research institutes. As in the United States, their broad purposes are to establish further economic cooperation and provide information to that country's officials, academics, business people, and the public. Columbia's ASC is a member of this international consortium of ASCs.

## II. CORE FACULTY

In addition to codirectors **Hugh Patrick** and **Merit E. Janow** (see section VI for full bios), the APEC Study Center draws upon a strong core faculty of Asia and discipline specialists within Columbia University: Columbia Business School (CBS); the School of International and Public Affairs (SIPA); Columbia Law School (CLS); Barnard College; and the Graduate School of Arts and Sciences (GSAS). Many are also affiliated with the Weatherhead East Asian Institute (WEAI).

**Charles Armstrong**, Korea Foundation Professor of Korean Studies in the Social Sciences, Department of History; Director, Center for Korean Research, SIPA; Core Faculty, WEAI

**David Beim**, Professor of Professional Practice, Department of Finance and Economics, CBS

**Jagdish Bhagwati**, University Professor, Economics and Law; Senior Fellow in International Economics, Council on Foreign Relations

**Gerald Curtis**, Burgess Professor of Political Science, Department of Political Science; Director of the Toyota Research Program and former Director, WEAI; Senior Research Fellow, The Tokyo Foundation; Core Faculty, WEAI and CJEB

**Carol Gluck**, George Sansom Professor of History, Department of History; Director, Publications Program and Core Faculty, WEAI

**Glenn Hubbard**, Dean, Russell L. Carson Professor of Finance and Economics, CBS; Core Faculty, CJEB

**Xiaobo Lü**, Professor of Political Science, Barnard College; Core Faculty, WEAI

**Curtis J. Milhaupt**, Fuyo Professor of Japanese Law; Parker Professor of Comparative Corporate Law; Director, Center for Japanese Legal Studies, CLS; Core Faculty, WEAI and CJEB

**Ann Marie Murphy**, Associate Professor, John C. Whitehead School of Diplomacy, Seton Hall University; Fellow, National Asia Research Program; Adjunct Research Scholar, WEAI

**Andrew Nathan**, Class of 1919 Professor of Political Science, SIPA; Core Faculty, WEAI

**Joseph E. Stiglitz**, University Professor of International Affairs, Economics and Finance, CBS, GSAS, and SIPA; Co-Chair, University Committee on Global Thought; Co-Founder and Co-President, Initiative for Policy Dialogue; Core Faculty, CJEB

**Shang-Jin Wei**, Professor of Finance and Economics, Professor of International Affairs, and N.T. Wang Professor of Chinese Business and Economy, CBS and SIPA; Director, The Jerome A. Chazen Institute of International Business, CBS

**David E. Weinstein**, Carl S. Shoup Professor of the Japanese Economy, Chair, Department of Economics; Associate Director for Research, CJEB; Core Faculty, WEAI and CJEB

**Madeleine Zelin**, Dean Lung Professor of Chinese Studies; Professor of History, Department of East Asian Languages and Cultures and Department of History; Director, Columbia East Asian National Resource Center; Core Faculty, WEAI

### III. PROGRAMS AND ACTIVITIES

The APEC Study Center (ASC) organized and sponsored the following conferences, workshops, and lectures in 2012-13. Reports are available for these events at [www.gsb.columbia.edu/apec](http://www.gsb.columbia.edu/apec). Typically, the ASC cosponsors these programs with other academic organizations at Columbia, notably with the Weatherhead East Asian Institute (WEAI). It also cosponsors relevant programs at the Asia Society and Japan Society in New York. Many Columbia faculty members are also actively involved throughout the year in various dimensions of Asia-Pacific relations; since those activities are highly decentralized, no effort is made to describe them here.

## A. CONFERENCES AND WORKSHOPS

1. ***Korea-Japan-US Trilateral Cooperation in an Uncertain Northeast Asia***, held October 17, 2012 at Columbia University. A diverse panel consisting of Jung Ro Kim from the Ministry of Unification, Jeong-Ho Roh from Columbia Law School, Junya Nishino from Keio University, and Patrick Cronin from the Center for New American Security analyzed the challenges and opportunities for South Korea-Japan-U.S. trilateral cooperation. Gerald Curtis from Columbia University and Jin Shin, Professor at Chungnam National University, served as the discussants. Mr. Cronin discussed trilateral cooperation to address North Korea's nuclear threat and China's economic rise. He labeled North Korea a "nuclear-armed powder keg" and emphasized that all three nations must act jointly in the event of a North Korean missile launch. Professor Nishino presented survey results indicating that 62.2% of Japanese respondents "felt close" to South Korea and only 15% of Japanese respondents felt strongly about historical conflicts with South Korea, compared to 43% for South Korean respondents vis-à-vis the Japanese. Professor Roh expressed skepticism that tensions associated with historical conflicts such as "comfort women" and the Tok-Do Islands territorial dispute would be resolved by a trilateral agreement. Mr. Kim emphasized that South Korea's balanced relationships with China and the United States contrast with Japanese politicians' varying stances on China. In addition, trilateral cooperation is subject to leadership changes in each nation. Professor Curtis asserted that bilateral cooperation between Japan and South Korea will serve as the basis for trilateral cooperation on issues such as North Korea. He also pointed out that, despite the tensions between them, the two nations share significant business and educational ties which moderate their animosity. Professor Shin stated that the 1965 Treaty on Basic Relations between Japan and South Korea legally settled the historical conflicts between the two nations, but both societies still seek emotional penance and this gives politicians the opportunity to exploit these conflicts. After the opening remarks, the speakers answered questions regarding military cooperation, the sunshine policy, and historical conflicts, among others. Professor Charles Armstrong, the Korea Foundation Professor of Korean Studies and the director of the Center for Korean Research (CKR), served as the moderator. The event was hosted by CKR and the Korea Economic Institute, and cosponsored with the Institute for Peace Affairs and The Korea Society.
2. ***A New North Korea?***, held October 19, 2012 at Columbia University. This lecture featured Jean H. Lee, Bureau Chief of the Associated Press (AP), who spoke about her experiences in the Democratic People's Republic of Korea (North Korea). Ms. Lee took the audience through a slide-show narrative of changes taking place within North Korea. The presentation covered her experiences since 2008 and compared the last few years of Kim Jong-Il's reign and the current reign of Kim Jong-Un. Ms. Lee talked about the increased use of technology, cell phones, and computers, as well as the creation of recreational facilities for the public. The government became more media-friendly and allowed foreign correspondents into the country. The biggest changes were seen in the area of commerce, with the opening of new department stores and sale of foreign products. Large-scale infrastructure construction took place in urban areas, while factories in industrial provinces were revamped. Electricity shortage was reduced significantly. However, these changes were still accompanied by poverty and a lack of progress in rural regions; there is still widespread malnutrition and infrastructure development is negligible. Ms. Lee described North Korea as a country in transition, but

whether these changes would be systemic or long-term is still too early to tell. Her mission is to understand what the people of the DPRK want and what motivates them. In a closed economy like North Korea, she underlined the importance of foreign correspondents to report from the ground to provide the world with as much information as possible. Professor Armstrong served as the moderator for this event, which was organized by CKR and cosponsored with WEAI, Columbia Journalism School, and the Committee on North Korea.

3. ***Shift in Global Trade Patterns***, held October 23, 2012 at Asia Society. This panel discussion took place as a finale to a series of events concerning Asia's emerging markets. Irene Dorner, president and CEO of HSBC USA, started the event with a speech highlighting the world's economic changes over the last two decades as well as China's rise in global trade. China has now elevated its role in global trade from that of an exporter to a large investor and FDI enthusiast. Clyde Prestowitz, founder and president of Economic Strategy Institute, was the moderator for the discussion. The two panelists were Marc Mealy, vice president-policy of U.S.-ASEAN Business Council, and Murray Hiebert, deputy director and senior fellow of the Sumitro Chair for Southeast Asia Studies at the Center for Strategic and International Studies. The panel discussed the repetition in the pattern of economic and international trade transition that Japan has gone through. This was followed by a discussion on the effects of a Chinese slowdown on the entire Southeast Asian economy. Mr. Hiebert said that China's slow growth will significantly impact other countries that are highly integrated with Chinese trade, such as Singapore, Indonesia etc. He emphasized the urgent requirement for these countries to find domestic drivers of growth. Mr. Mealy agreed that a Chinese slowdown will affect the region's growth; however, the fact that international companies are looking to hedge away from China and India provides other economies an advantage. The panel also discussed the rebalancing of the world order in the context of the current global crisis. Mealy called the crisis a catalyst for increased degrees of cooperation and regional integration in East Asia. Hiebert added that this cooperation will result in better supply chain management in the region, which is a potential challenge to the United States. The panel also interacted with the audience and addressed other issues such as the role of Myanmar in world trade after its political transformation and corruption and non-transparency in Vietnam and Cambodia. The talk concluded with closing remarks from Prestowitz in which he alluded to the repeated negative rhetoric against China in the U.S. presidential debates. This event was hosted by Asia Society and cosponsored with HSBC and the Hong Kong Trade Development Council.
4. ***APEC 2013: Resilient Asia-Pacific: Engine of Global Growth***, held January 10, 2013 at Asia Society. The Asia Society hosted a two-person panel with Atul Keshap, the U.S. State Department's senior official for APEC and Wendy Cutler, Assistant U.S. Trade Representative for Japan, Korea, and APEC Affairs in the Office of the United States Trade Representative (USTR). Mr. Keshap began his remarks with a summary of APEC economies' value to the global economy, stating that APEC is the "beating heart of the economic and trade dynamism of the APEC region." Mr. Keshap then described APEC's strengths as a "trendsetter" for regulation through the use of forward-leaning, nonbinding resolutions, portraying APEC as a body with high-level commitments that offer the power of moral suasion and a facilitator of business interests. Mr. Keshap outlined the U.S. goals for APEC's 2013 Indonesia year as (1) furthering the Bogor Goals for open trade and investment, (2) promoting sustainable growth with equity, and (3) promoting connectivity. Ms. Cutler followed Mr. Keshap's remarks with an emphasis on the trade aspects of the

USTR's engagement with APEC. She highlighted four key areas that the USTR's office will bring forward in APEC's Indonesia year: eliminating non-tariff barriers on environmental goods; enhancing regulatory practices; limiting local content requirements; and improving supply chain performance. Ms. Cutler also emphasized that the Trans-Pacific Partnership is a U.S. priority that will complement rather than replace APEC. The panel was moderated by Monica Whaley, president of the National Center for APEC. It was hosted by Asia Society and cosponsored with the US-APEC Business Coalition.

5. ***Banker to the World – Lessons from the Front Lines of Global Finance***, held January 15, 2013 at Japan Society. Bill Rhodes, president and chief executive officer, William R. Rhodes Global Advisors, LLC; senior advisor, Citi; and professor-at-large, Brown University, spoke about the current economic and financial challenges faced by European countries as they tackle debt crises. He recently wrote *Banker to the World*, which focused on his involvement in several major sovereign debt crises around the world. He also discussed the repercussions of these crises and the threats they pose to the global economy, the stability of financial market economies, and the current state of the economies of Japan, China, and Korea. This talk was moderated by Harold McGraw III, chairman, president and CEO of the McGraw-Hill Companies, and hosted by Asia Society.
6. ***China's Independent Think Tanks: A Comparative Perspective***, held February 4, 2013 at CBS. Wang Haiming, founder and secretary general of the China Finance 40 Forum (CF40), outlined the features of China's think tanks and analyzed their relative advantages and disadvantages relative to their counterparts in other countries, especially the United States. The CF40 holds over 90 seminars, publishes over 15 books, and distributes 350-400 working papers per year; it runs over 20 research programs; and it holds weekly briefings for policymakers. It also established the Shanghai Finance Institute to support the development of Shanghai as an international financial center, as well as a Young Economist Forum. Mr. Haiming also described other independent think tanks such as the Unirule Institute of Economics, the Boyuan Foundation and the China Center for International Exchange; in all, China has 425 think tanks. Out of the world's 6,603 think tanks, the United States leads with 1,815. In addition, Mr. Haiming said that U.S. think tanks are perceived as less biased toward the government's position since they are independent of the government, rather than the majority of Chinese think tanks which are official or semi-official. However, U.S. think tanks exhibit a strong "revolving door" tendency between researchers and government officials, while it is almost impossible for businessmen or professors to become officials in the Chinese government. So, Mr. Haiming concluded that ironically, U.S. think tanks have a greater impact on U.S. policy. He also noted that Chinese think tanks also have trouble obtaining adequate research funding; part of this is because they are unable to register as non-profits and enjoy tax exemption as in the United States. Professor Shang-jin Wei, N.T. Wang Professor of Chinese Business and Economy and director of the Chazen Institute of International Business ("Chazen Institute") at CBS, moderated the lecture, which was cosponsored with WEAI and the Chazen Institute.
7. ***22<sup>nd</sup> Annual Graduate Student Conference on East Asia***, held February 15-16, 2013 at Columbia University. This conference provided a forum for graduate students from institutions around the world to meet and present their research for discussion with other students and Columbia faculty. Nearly a hundred students presented papers, including "The Impact of Labor Migration in China," "Human Capital in Financial Networks: Establishing Financial Associations in Colonial Korea, 1907-1932," "China's

Rise and its Foreign Policy Towards Latin America: A New Paradigm in International Relations,” and “The Economy of Kinship: Two Koreas and Korean Chinese on the Border of Yanbian, China.” This event was cosponsored with the Department of East Asian Languages and Cultures, as well as several other organizations at Columbia. Details can be found at <http://www.columbia.edu/cu/ealac/gradconf/>.

8. ***An Economic and Monetary Policy Outlook***, held February 27, 2013 at Columbia University. Richard W. Fisher, president and CEO of the Federal Reserve Bank of Dallas, presented his views on the U.S. and global economic and monetary policy outlook as the Spring 2013 distinguished speaker in international finance and economic policy. He began by addressing the current monetary policy of quantitative easing. Aside from the initial QE program, he has opposed all the large-scale asset purchase programs. He believes they were inefficient and, though theoretically compelling, that borrowers do not use cheap credit to increase payrolls. He explained how the Federal Reserve Bank’s contortionary yield curve is not very sustainable and adds to existing uncertainties. However, despite his strong feelings against quantitative easing, he believes that a sudden stop in the program would do more harm than good. He suggested instead to slowly taper it down so that securities can once again be assessed by fundamentals. Mr. Fisher then addressed the problem of systemic risk and too-big-to-fail banks, calling them the enablers of a financial tsunami. Both he and the Federal Reserve Bank of Dallas believe that the Dodd-Frank Act does not do enough to constrain large banks, and moreover inadvertently exacerbates the problems it sets out to solve. So he had a proposal to level the playing field for all banks: 1) only commercial banking and short-term deposits would benefit from the Federal Reserve Bank’s discount window; and 2) shadow banks would not benefit from the discount window, and would not have government protection or guarantees. He also suggested restructuring financial institutions and initiating faster bankruptcy proceedings. He concluded by saying that his vision was to make banks too small to save instead of too big to fail. Mr. Fisher’s speech was followed by an interactive discussion with Charles W. Calomiris, Henry Kaufman Professor of Financial Institutions at Columbia Business School, and Jan Svejnar, James T. Shotwell Professor of Global Political Economy and director of the Center on Global Economic Governance at SIPA. Robert C. Lieberman, interim dean of SIPA, made introductory remarks, and Professor Janow moderated the event. It was cosponsored with the International Finance and Economic Policy program at SIPA.
9. ***The Korea-U.S. Free Trade Agreement: One Year On***, held March 19, 2013 at The Korea Society. Wendy Cutler, assistant U.S. trade representative for Japan, Korea and APEC Affairs at the Office of the U.S. Trade Representative, recounted how the U.S.-South Korea free trade agreement (FTA) was implemented over its first year, and declared it a success overall. There had been many tariffs cut, resulting in an increase in exports from both sides; her office has received many phone calls from companies who are seeking to take advantage of the new rules. She said that integrating the auto industry into a scheme of reduced tariffs was the biggest hurdle, but that it had been overcome, resulting in reduced auto tariffs that will be in place in five years, and truck tariffs in eight years. And since Hyundai and Kia have auto plants in the United States, these reduced tariffs actually create jobs in the United States too. After her presentation, one questioner asked about the increase in agricultural products exported from Korea to the United States. Ms. Cutler acknowledged that there had been an increase, but mostly to ethnic Korean communities, showing the competitive advantage that countries have. Another audience member asked about President Obama’s promise to combat climate

change by reducing carbon dioxide emissions, noting that the FTA had relaxed auto emissions standards. Ms. Cutler replied that these rules were only for low-volume exports, since it had been determined that it would be uneconomical for this category of industry to have too many standards imposed on them. As a result of the success of the U.S.-Korea FTA, Ms. Cutler believes that Korea would be a natural fit for integration into the newly-proposed Trans-Pacific Partnership (TPP). Her office has been consulting with Korea about this proposal regularly, so if they want to participate they'll be ready to join the negotiations. This event was hosted by The Korea Society, and moderated by their director of policy & corporate programs, Nikita Desai.

10. ***A Limited Peace: The Korean War Armistice After Sixty Years***, held May 3, 2013 at Columbia University. This day-long conference addressed the state of the Korean War armistice on its 60-year anniversary. Professor Armstrong introduced and moderated the conference. Session One concerned the geopolitics of Korean division, and commenced with a keynote address by Bruce Cumings, Gustavus F. and Ann M. Swift Distinguished Service Professor in History and the College and Chair in the Department of History at the University of Chicago, who gave his perspective on whether the armistice has been effective in holding the peace in Korea. Other speakers included Avram Agov from Harvard University and Professor Armstrong, who discussed the political and historical aspects of the armistice. Andrew Nathan from Columbia University served as the discussant. Following lunch, there was a screening of Pak Sang-ho's heartrending 1965 film "The DMZ (*Pimujang chidae*).” Session Two focused on the cultural and literary dimensions of national division, and commenced with a talk by Suk-Young Kim from the University of California, Santa Barbara on the unlikely collusion of trauma and tourism around the DMZ. Susie Kim from the University of Virginia then discussed themes of suspended temporality, unknowability and impermanence in Park Wan-seo's fiction and the film *Taegukgi: The Brotherhood of War* (2004). Theodore Hughes from Columbia University served as a discussant. Finally, Marilyn Young from New York University offered a critique of U.S. policies, asserting that "peace on the Korean peninsula has been held hostage to America's needs." This event was organized by CKR and cosponsored with the Saltzman Institute of War and Peace Studies.
11. ***The Asian Century and the Global Response***, held June 12, 2013 at Columbia University. Acknowledging the reality that Asia's economy will represent over half the world's GDP by 2050, the East Asian Bureau of Economic Research (EABER) of the Australian National University (ANU) organized this day-long conference to evaluate the consequences of this shift in economic power. Peter Drysdale, emeritus professor of economics at ANU's Crawford School of Public Policy and head of EABER, convened the conference and chaired the first session, "The Rise of Asia's Economy and Its Impact." Lead discussants included Ken Henry from ANU, David Gruen from the Australian Treasury, Yiping Huang from Peking University and ANU, and Homi Kharas from the Brookings Institution. Professor Patrick chaired the second session, "Asia and the American Response." Lead discussants included Michael Armacost from Stanford University, Dwight Perkins from Harvard University, and Sheila Smith from the Council on Foreign Relations. Dr. Henry chaired the third session, "Global Regime and Architecture," which included lead discussants Elizabeth Economy from the Council on Foreign Relations, Colin Bradford from the Brookings Institution, Richard Cooper from Harvard University, and Axel von Trotsenburg from the World Bank. This event was cosponsored with the Australian Consulate-General of New York.

## B. BROWN BAG LUNCH LECTURE SERIES

The ASC co-sponsors and actively supports and promotes “Brown Bag” luncheon seminars, which are generally organized with and held at WEAI. These highly informative, informal gatherings include a question-and-answer session. Three APEC-sponsored seminars were held in 2012-13:

1. ***Challenges and Prospects of the Korean Economy***, November 7, 2012. Hiwhoa Moon, president of Choongmu Forum and adjunct professor of economics at Korea University’s Graduate School of International Studies, noted the major challenges facing South Korea’s economy: job creation; efforts to move up the value chain to compete with China and others large economies; mounting household debt; rapid population aging; and the need to recover its past growth momentum. Professor Moon sees a gloomy forecast for the near future due to the ongoing crisis in Europe, but the medium-term and long-term outlooks depend on the ability of the government to strategize effectively in such an environment. This seminar was moderated by Sue Mi Terry, senior research scholar at WEAI, and cosponsored with WEAI.
2. ***The Economic-Security Nexus in Northeast Asia***, March 7, 2013. T. J. Pempel, Jack M. Forcey Professor of Political Science at the University of California, Berkeley, gave a fascinating and wide-ranging talk on the economic and security dynamics in East Asia. He examined the historical and contemporary tensions that exist in East Asia; its increasing economic interdependency, which tends to reduce tensions; the absence of war since the Korean Armistice in 1953 and Cambodia-China-Vietnam in 1979; and the many effects of China’s rise to being the number two economic superpower on the planet. Regarding the latter, he outlined the bilateral security tensions with China, particularly with Japan and the United States, concluding that China’s rise will be accompanied by an inevitable change to the status quo, but that this shouldn’t necessarily be seen as a threat. This seminar was moderated by Professor Armstrong and cosponsored with the Center on Japanese Economy and Business (CJEB) in addition to WEAI.
3. ***Samsung and LG: From Also-Rans to Dominance in the Consumer Electronics Industry***, April 25, 2013. Robert Myers, senior vice president at Fairfield Resources International, Inc., adjunct professor at CBS’s Entrepreneurship Program, director of the Thomas Publishing Company, and former director of Technology at IBM Japan, posited that traditional performance metrics for technology companies – in particular patents, R&D investment, and low cost labor – don’t explain the success of South Korea’s Samsung and LG. He speculated that more influential factors were government policies to heavily invest in technology, and a business management culture which promoted and exploited foreign-educated managers. K. C. Park, former CEO at eMagin Corp., former executive VP at LG Electronics, and former managing director at IBM’s Technical Operations Group, served as discussant. Professor Patrick moderated the seminar, which was hosted by CJEB.

## C. OTHER PROGRAMS AND MEETINGS

The APEC Study Center faculty members participate in a wide range of Asia-Pacific academic activities, including meetings and conferences, which are too numerous to list in detail. Some of those events that involved the APEC Study Center specifically and/or its co-directors or core faculty are listed below.

1. **Annual meeting of the China Investment Corporation**, Beijing, China, July 17-18, 2011. Professor Merit E. Janow participated in this meeting as a member of the international advisory council of the CIC, which is China's sovereign wealth fund. Members of the Council exchanged views on issues such as the global macroeconomic outlook, investment opportunities and challenges, international regulatory environment and risk management.
2. **Columbia University Seminar on Southeast Asia in World Affairs**, New York, September 2012 – January 2013. Hugh Patrick and Jayne Werner of Columbia University and Ann Marie Murphy of Seton Hall University cochair this annual seminar. Members include academics and professional specialists in business, law, the media, and the non-profit world. This year, there was a conference and a lecture:
  - a. *Power Transitions, Domestic Politics and Foreign Policy in Southeast Asia*, September 27, 2012. This conference included panels on "Great Power Transitions and ASEAN's Place in Sino-American Rivalry," "The Domestic Determinants of Foreign Policy in Mainland Southeast Asia," and "The Domestic Determinants of Foreign Policy in Maritime Southeast Asia and ASEAN."
  - b. *Party Institutionalization and Cartelization in Indonesia: A Critical Review* by Dr. Marcus Mietzner, Senior Lecturer at the Department of Political and Social Change, College of Asia and the Pacific, Australian National University, January 31, 2013.
3. **Meetings**, Tokyo and Karuizawa, Japan, October 16 – November 9, 2012. Professor Patrick met with Japanese business leaders, policy makers, and academics. He presented his paper, "Japan's Sputtering Economic Recovery Amid Heightened Political Turmoil," at Harvard Law School's "2012 Symposium on Building the Financial System of the 21<sup>st</sup> Century: An Agenda for Japan and the United States," held in Karuizawa.
4. **New Leadership, New Economy: How U.S. and Chinese Leadership Transitions Shape Our Global Economic Future**, 9<sup>th</sup> China Institute Executive Summit, New York, NY, October 25, 2012. Professor Janow spoke at this event, which convened 175 corporate leaders from China and the United States to reflect on the impact of critical political events on U.S.-China bilateral relations and the global economic future.
5. **Meetings**, Tokyo, Japan, March 12 – April 7, 2013. Professor Patrick met with Japanese business leaders, policy makers, and academics. He gave the introduction for CJEB's annual Tokyo conference, this year held March 21 and titled "Inequality, Fragmentation, and Integration in the World Economy," featuring ASC core faculty member Joseph E. Stiglitz, University Professor at Columbia University, as the keynote speaker. Together with Professors Weinstein and Stiglitz, as well as Professor Alicia Ogawa from Columbia, he met with Prime Minister Shinzo Abe. He also met with Haruhiko Kuroda, the new governor of the Bank of Japan.
6. **Annual Plenary Meeting of The Trilateral Commission**, Berlin, Germany, March 15-17, 2013. Professor Janow attended this annual meeting on its 40<sup>th</sup> anniversary, which included panels on "The European Union and the Eurozone Crisis"; "Germany and Europe"; "A 21<sup>st</sup> Century Agenda for International Trade"; "China's Rise and Geopolitical Implications"; "The Arab Awakening Two Years Down the Road"; "Energy Security and

Global Climate Change”; “The United States”; and “40<sup>th</sup> Anniversary of the Trilateral Commission: Looking to the Future.”

7. **Meetings**, Seoul, Korea, April 7-11, 2013. On behalf of the APEC Study Center, Professor Patrick and core faculty member Professor Gerald Curtis met individually and jointly with Korean business leaders, academics, and policy makers, including the Japanese Ambassador to Korea, Ambassador Koro Bessho. They also participated in talks at the Institute for Global Economics, and Seoul National University, and met with students at the latter as well. In addition, Professor Curtis gave a presentation at the Asan Institute and met with senior officials at the Korean Ministry of Foreign Affairs.
8. **Abe’s Policy Initiatives and East Asia**, April 9, 2013. Professor Patrick gave a presentation on “Will Abenomics Cure Japan’s Socio-Economic Problems?,” and Professor Curtis gave a presentation on “Will Japan’s Hawkish Diplomacy Disrupt East Asia?” at the Seoul Forum.
9. **Japan Under Abe: What it Means for East Asia and for the United States**, April 10, 2013. Professor Curtis presented on this topic at the 15<sup>th</sup> East Asia Foundation Seminar.
10. **Japan’s Sustainable Growth Strategy**, New York, NY, May 22, 2013. Professor Patrick presided over this lecture by Kenichiro Sasae, Ambassador Extraordinary and Plenipotentiary of Japan to the USA, at the Japan Society.
11. **China, the U.S. and the Future of Southeast Asia**, New York, NY, June 3-4, 2013. Professor Patrick moderated a panel titled “The Outside Powers” at a conference hosted by the NYU Global Center. Other panels included “ASEAN’s Northern States,” “ASEAN’s Southern Tier,” and “ASEAN’s Maritime States.”
12. **Abenomics: Japan’s New Economic Policy Package**, Stanford, CA, June 6-7, 2013. Professor Patrick presented on this topic at the Stanford Project on Japanese Entrepreneurship (STAJE)’s 5<sup>th</sup> Annual Academic Conference on Japanese Entrepreneurship, “Entrepreneurial Policy, Outcomes, and Strategies in Japan: Lessons for the Rest of the World.”
13. **Meetings**, Hanoi, Hue, and Ho Chi Minh, Vietnam, June 12-17, 2013. Professor Curtis was the guest of honor at a dinner hosted by U.S. Ambassador David Shear, gave a speech on regional economic and security issues at the Diplomatic Academy of Vietnam, and had meetings with several businessmen and government officials. These included: Mark Lambert, political counsellor and Laura Stone, economic counsellor at the U.S. Embassy; Vu Huy Mung, Deputy Director-General of Northeast Asian affairs at the Vietnam Ministry of Foreign Affairs; Ambassador Yasuaki Tanizaki, Japanese Ambassador to Vietnam in Hanoi; and Japan’s Consul General in Ho Chi Minh City.
14. **Intersections of Power, Politics & Conflict in Asia**, Jakarta, Indonesia, June 18-20, 2013. ASC co-director Professor Janow as well as core faculty members Professors Armstrong, Curtis, Murphy, and Nathan joined other leading scholars from Columbia University, Australian National University, and the Centre for Strategic and International Studies in Jakarta for this timely conference. They examined the rising tensions between Southeast Asian nations, East Asian powers, and the United States, and the urgent domestic political challenges faced by countries in the world’s most economically dynamic region. Professor Murphy spoke about “The U.S. Pivot to Asia: Implications for Southeast Asia’s Strategic

Landscape”; Professor Curtis chaired a panel on “Money Politics in East and Southeast Asia,” and spoke about “Prime Minister Abe’s Strategic Vision”; Professor Armstrong spoke about “Continuity and Change on the Korean Peninsula”; and Professor Nathan chaired a panel on “Politics and Justice in Southeast Asia.” Finally, in a panel about “American Primacy, Chinese Ascendancy: Is There a Need for a New Security Architecture in East Asia?,” Professor Curtis spoke on “What’s Pivotal About the U.S. Pivot?,” Professor Janow spoke on “How Far is Economics the New Architecture for China-U.S. Relations?,” and Professor Nathan presented on “Toward a New Equilibrium.”

#### **D. GRADUATE STUDENT FELLOW PROGRAM**

The ASC continued its successful Graduate Student Fellow (GSF) program. GSFs attend and report on various events throughout the year, and help promote events to their fellow students. Two graduate students served as GSFs this year: Prashant Reddy and Rajitha Swaminathan, students at SIPA with concentrations in international finance and economic policy and international affairs, respectively.

#### **IV. DISCUSSION PAPERS**

The APEC Study Center added five Discussion Papers to its series during 2012-13:

71. **Samsung and LG: From Also-Rans to Dominance in Consumer Electronics** by Robert Myers, Senior Vice President, Fairfield Resources International, Inc.; Adjunct Professor, Entrepreneurship Program, Columbia Business School; Director, Thomas Publishing Company, May 2013
72. **“Quack Corporate Governance” as Traditional Chinese Medicine – the Securities Regulation Cannibalization of China’s Corporate Law and a State Regulator’s Battle Against Party State Political Economic Power** by Nicholas C. Howson, Professor of Law, University of Michigan Law School, May 2013
73. **Unilateral Multilateralism versus Reciprocity: Impacts of East Asian FTAs when Utilization is Incomplete** by Jayant Menon, Lead Economist, Trade and Regional Cooperation, Office of Regional Economic Integration, Asian Development Bank, June 2013
74. **Can FTAs Support the Growth or Spread of International Production Networks in Asia?** by Jayant Menon, Lead Economist, Trade and Regional Cooperation, Office of Regional Economic Integration, Asian Development Bank, June 2013
75. **Real Exchange Rates in a Model of Structural Change: Applications to the Real Yen-Dollar and Chinese RMB-Dollar Exchange Rates** by Robert Dekle, Professor, Department of Economics, University of Southern California, June 2013

#### **V. ACADEMIC COURSES**

There are a substantial number of courses taught at Columbia Business School (CBS), Columbia Law School (CLS), and the School of International and Public Affairs (SIPA) that are

directly relevant to the ASC through the combinations of their substantive and country specific or regional focus. In addition to courses in history and political science, the following graduate courses, offered during the 2012-13 academic year, were particularly relevant for students interested in APEC.

### **BUSINESS DEVELOPMENT ASIA, LLC: CHINA'S OUTBOUND M&A GOALS IN THE MANUFACTURING SECTOR**

This capstone seminar was offered by SIPA in the spring, and taught by Professor Janow (see section VI for bio). The course examined the drivers behind the increasing merger and acquisition (M&A) activity by Chinese manufacturing companies. Students discerned aggregate trends in Chinese outbound M&A by country and sector in order to understand to what extent the focus has shifted from resource-driven transactions to manufacturing and services, as well as how much the government is driving this development as opposed to market forces. They reviewed the incentives that the Chinese government has developed to encourage outbound M&A and investment, as well as regulatory barriers and other competitive disadvantages for Chinese companies.

### **CHINA AND INTERNATIONAL LAW**

This seminar was offered at CLS in spring semester 2013, and taught by Thomas Kellogg, Lecturer-in-Law. Over the past thirty years, China has gone from one of the most isolated countries in the world to a major player in international affairs, a leading exporter, and a much more influential voice on regional security matters. Yet even with the rapid economic growth and increased influence that China has achieved over the past several decades, it maintains an ambivalent attitude towards many key aspects of international law and the architecture of global order. This class will explore China's ambivalent engagement with international law in the context of its increasing prominence as an emerging power, and will in particular look to address the question of how China might adapt to the existing world order, and the ways in which it might look to influence its evolution. The class covered a range of issues, including China's membership in the WTO; its engagement with the international human rights regime; its approach to international cooperation on issues like global warming and nuclear non-proliferation; international law aspects of the dispute over the South China Sea; and others.

### **CHINA IN THE GLOBAL ECONOMY**

This course was taught by Professor Janow (see section VI for bio) and Daniel Rosen, an adjunct associate professor at SIPA, visiting fellow at the Peterson Institute for International Economics in Washington and founder of Rhodium Group, a macro-strategic advisory firm focused on China, India and climate policy based in New York. Through this seminar, students develop an integrated perspective on the Chinese economy and the policy environment and choices that are under consideration by and available to policy makers and business executives. The global implications of the changing nature and structure of the Chinese economy are examined. The objective of the seminar is mastery of available evidence on the current state of the Chinese economy and its global implications. It is designed to be equally useful to professionals in policy or commercial fields, both from a Chinese perspective and from the viewpoint of China's major trade and investment partners. The course is interdisciplinary and works with macro-economic and micro-economic perspectives, as well as the larger policy and legal contexts.

## **ECONOMIC DEVELOPMENT OF JAPAN**

This lecture course is offered by the Department of Economics in the fall semester, and is generally taught by David E. Weinstein, Carl S. Shoup Professor of the Japanese Economy at Columbia's Department of Economics. However, last year, during the first year of Professor Weinstein's term as chair of the Department of Economics, it was taught by visiting professor Edward Lincoln, professorial lecturer at George Washington University. It covers Japan's economic organization, structure and performance from the mid-nineteenth century to the present, focusing on the postwar period. Special emphasis is placed on the character of Japanese economic policy making as well as on the behavior of Japanese enterprises, financial institutions, labor force and households. In addition, there is considerable discussion of Japan's recent economic condition.

## **ECONOMIC ORGANIZATION AND DEVELOPMENT OF CHINA**

This lecture course is offered by the Department of Economics in the spring semester, and is taught by Carl Riskin, senior research scholar and adjunct professor of economics. Professor Riskin conducts an analytical survey of the economic history of China since 1949, with some initial discussion of major issues in China's pre-Communist economic history. Principal themes of the course include the evaluation of the development record of the Maoist period and exploration of China's unique approach to the transition from central planning to a market economy.

## **FROM TRANSITION REFORMS TO GLOBALIZATION AND FINANCIAL CRISIS**

This lecture course is offered by the Economics Department in the spring semester, and is taught by Padma Desai, Gladys and Roland Harriman Professor of Comparative Economic Systems. The first section deals with several transition issues in the post-Soviet, East Central European, and the East Asian economies of China and Vietnam as they moved from a planned to a market system. These issues relate to price liberalization and inflation control, currency reform, and asset privatization in these countries. The second section deals with the opening up of these emerging markets to a global economy via capital flows and exchange rate movements with a potentially destabilizing impact. The final section deals with the causes and consequences of the Asian financial crisis of 1997-1999 and of the recent global crisis which originated in the US toward the end of 2007.

## **INTERNATIONAL BUSINESS AND INVESTMENT TRANSACTIONS WITH CHINA**

This lecture course was offered by CLS in the spring, and was taught by Owen Nee, Lecturer-in-Law. It introduces students from a common law background to international business and investment transactions with China. It covers all forms of commercial and investment transactions with China, from international sales contracts to the formation of domestic businesses. The focus of the course is a detailed examination of the principal Chinese laws regulating such business. Students learn China has moved from a State-planned economic system to a system where the market mechanism plays the primary role in regulating commercial activities, while allowing a continuing role for the prevalent political forces in the country. The likely future course of economic regulation in China will be examined, including corporate governance reforms, stock market regulation, antitrust and bankruptcy law developments.

## **INTERNATIONAL SEMINAR – BEIJING AND HONG KONG**

These seminars were offered by CBS in the spring and summer semesters in Beijing and Hong Kong, respectively, and are taught by Shang-Jin Wei, N.T. Wang Professor of Chinese Business and Economy and director of the Jerome A. Chazen Institute of International Business. This case study of China discusses how the Chinese economy has gotten to where it is by managing three transitions simultaneously: from Marx to market, from an inward-looking Middle Kingdom to an externally-oriented world factory, and from farming to industrialization. It focuses particularly on the role of Hong Kong for international business in China. Finally, it considers factors that could influence the chance of success/failure of doing business in China, including the history that lives in the Chinese psyche, laws and regulations toward foreign investors, local financial and macroeconomic environment, corruption, and negotiation style.

## **LAW AND LEGAL INSTITUTIONS IN CHINA**

This lecture course is offered by CLS in the fall, and is taught by Professor Benjamin Liebman. This course surveys contemporary Chinese legal attitudes and institutions in historical and comparative perspective. The course begins with a brief examination of certain key themes and practices in China's traditional legal order and an appraisal of China's early-twentieth-century effort to import a Western legal model. The major portion of the term is devoted to a study of formal and informal legal institutions and procedures in the criminal and civil processes of the People's Republic of China and China's contemporary legal reform efforts. Topics will include an examination of the roles of the legal profession and the judiciary, the sources of law in contemporary China, efforts to use law to address China's growing environmental problems, and the development of China's legal framework governing financial markets.

## **THE LAW OF THE WORLD TRADE ORGANIZATION**

This intensive 3-week course is offered by CLS in the fall semester, and is open to law, SIPA and economics students. It is taught by Petros Mavroidis, Edwin B. Parker Professor of Foreign and Comparative Law. It offers a detailed introduction into the law and economics of the WTO, divided into two parts: trade in goods and dispute settlement. The first section includes the history of the world trading system, the GATT discipline, and the WTO institution; the treatment of quotas and tariffs; the most-favored nation discipline; special and differential treatment; preferential trade agreements; national treatment; general exceptions and national security; technical barriers to trade; sanitary and phyto-sanitary measures; antidumping; subsidies and countervailing duties; and safeguards. The second section includes the GATT years, dispute settlement in the WTO, and sources of law; consultations, panel procedures and the Appellate Body; and enforcement of WTO obligations.

## **THEORY OF INTERNATIONAL TRADE**

This lecture course is offered by the Department of Economics in the fall semester, and is taught by Donald Davis, Kathryn & Shelton Davis Professor of Economics & International Affairs. Professor Davis discusses the theory of comparative advantage, the gains from trade, trade and income distribution, international factor mobility, and growth and trade.

## **CASE STUDY**

### **HYNIX SEMICONDUCTOR INC.**

CBS issued a case study on a fascinating sequence of events which occurred at Korea-based Hynix Semiconductor Inc. in 2002. The ASC had produced an event on this same topic in fall 2008 featuring Robert Fallon, former chairman and CEO of Korea Exchange Bank, and E. J. Woo, former chairman of Hynix Semiconductor, called “Hynix Semiconductor: The Largest, Most Successful Asian Corporate Restructuring Ever.” The ASC then produced a report of the event which formed the basis of this case. The case is subtitled “Can Korean-owned Hynix Semiconductor stay afloat without accepting US-based Micron Technology’s offer to acquire the company?” In 2002, Mr. Woo faced a critical decision: Should he approve US-based Micron Technology’s acquisition of Hynix’s semiconductor business? Woo had been appointed to Hynix’s board to represent the company’s bank creditors after Hynix reported enormous losses. Without the deal, Hynix won’t be able to repay its lenders. The Korean government and the company’s bank creditors are pushing for the sale, yet some members of Hynix’s board say the offer undervalues the company. In this case, students are presented with the factors influencing Korea’s macroeconomic environment at that time, background on the ever-changing semiconductor industry, and Hynix’s financial statements to determine how Woo can best represent the creditors’ and Hynix’s interests. For the full case, see <http://www8.gsb.columbia.edu/caseworks/node/361>.

## **VI. CO-DIRECTORS AND PROGRAM OFFICER**

**MERIT E. JANOW** is professor of practice in international economic law and international affairs, and from July 2013 dean at Columbia University’s School of International and Public Affairs (SIPA). She is codirector of Columbia’s APEC Study Center and chair of the Faculty Oversight Committee of Columbia’s Global Center East Asia. Professor Janow teaches graduate courses in international economic and trade policy and China in the global economy at SIPA and international trade law and comparative and international antitrust at Columbia Law School. She serves on the faculty of Columbia University’s Weatherhead East Asian Institute. Previously, she was director of the Master’s Program in International Affairs and the International Finance and Economic Policy concentration at SIPA, as well as chair of Columbia University’s Advisory Committee on Socially Responsible Investing. In December 2007, Professor Janow finished up a four-year term as the North American member of the Appellate Body of the World Trade Organization (WTO). The Appellate Body hears final appeals on issues of law and legal interpretation in international trade disputes between countries that are members of the WTO. For two years, ending in March 2000, Professor Janow served as executive director of a new International Competition Policy Advisory Committee to the attorney general and assistant attorney general for antitrust at the Department of Justice, Washington, D.C. This was the first such committee established by the Department of Justice to consider international antitrust matters. Before joining Columbia University, from 1989 to 1993, Professor Janow served as the deputy assistant United States trade representative for Japan and China at the Office of the United States Trade Representative, Executive Office of the President in Washington, D.C. She was responsible for developing, coordinating, and implementing United States trade policies and negotiating strategies toward Japan and China. Prior to her tenure in government, she was an associate at Skadden, Arps, Slate, Meagher & Flom, specializing in corporate mergers and acquisitions. She is a member of the Board of Directors of Japan Society, chairman of the

Nasdaq Exchange LLC, and a board member of two fund clusters in the American Funds family and Trimble Navigation. She is also a member of the International Advisory Council of the China Investment Corporation, China's sovereign wealth fund. Professor Janow received a BA in Asian studies from the University of Michigan and a JD from Columbia Law School. She is the author of three books and numerous articles and is fluent in Japanese.

**HUGH PATRICK** is director of the Center on Japanese Economy and Business and R.D. Calkins Professor of International Business Emeritus at Columbia Business School, and codirector of Columbia's APEC Study Center. He joined the Columbia faculty in 1984 after some years as professor of economics and director of the Economic Growth Center at Yale University. He completed his B.A. at Yale University in 1951, earned M.A. degrees in Japanese Studies (1955) and Economics (1957) and a Ph.D. in Economics at the University of Michigan in 1960. He has been a visiting professor at Hitotsubashi University, University of Tokyo and University of Bombay. Professor Patrick has been awarded Guggenheim and Fulbright fellowships and the Ohira Prize. His professional publications include sixteen books and some 60 articles and essays. His major fields of published research on Japan include macroeconomic performance and policy, banking and financial markets, government-business relations, and Japan-United States economic relations. His most recent book, co-authored and co-edited with Professor Yung Chul Park of Korea University, is *How Finance is Shaping the Economies of China, Japan and Korea* (Columbia University Press, November 2013). Professor Patrick is actively involved in professional and public service. He served as one of the four American members of the binational Japan-United States Economic Relations Group appointed by President Carter and Prime Minister Ohira from 1979-1981. He has testified before Congressional committees on numerous occasions. He is on the Board of Directors of the U.S. National Committee for Pacific Economic Cooperation, and the U.S. Asia Pacific Council. He succeeded Dr. Saburo Okita and served as chairman of the International Steering Committee for the conference series on Pacific Trade and Development (PAFTAD) between 1985-2005, having served on the Committee since PAFTAD's inception in 1968. He was on the Board of the Social Science Research Council from 1982-88, and served as its chairman from 1985-88. He was a member of the Board of Directors of the Japan Society for seven three-year terms. In November 1994 the Government of Japan awarded him the Order of the Sacred Treasure, Gold and Silver Star (Kunitō Zuihōshō). He was awarded an honorary doctorate of Social Sciences by Lingnan University, Hong Kong in 2000. He also received an Eagle on the World award by the Japan Chamber of Commerce and Industry of New York in 2010. He has been a member of the Council on Foreign Relations since 1974, and is a senior scholar of the Jerome A. Chazen Institute of International Business.

**ANDY WANNING** is the ASC's Senior Program Officer, and has been with the Center since 2001. He is currently pursuing an M.S. in Sustainability Management at Columbia's Earth Institute. He completed his B.A. in Anthropology & Sociology at Lafayette College, and has been active with non-governmental organizations at the United Nations. He spent a year teaching English in Costa Rica with WorldTeach, a non-profit organization based at the Center for International Development at Harvard University.

## **VII. PROGRAM SUPPORT**

Resources for the APEC Study Center's basic infrastructure are provided by Columbia University. Corporation and foundation support in the United States and Asia are sought for specific programs and projects. The APEC Study Center especially thanks the Lotte Group of Korea for their support.

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