ABOUT DR. MORRISON

With an interest in regional cooperation that spans his academic career, Charles Morrison is well grounded and versed in Asian economics. Focusing initially on the Association of South East Asian Nations (ASEAN) in the 1980’s, Morrison helped to establish the Pacific Economic Cooperation Council (PECC), which is, in his words, “the APEC before there was an official APEC.” The author of numerous articles and a book on APEC, Morrison was a vocal lobbyist for bringing the summit to Hawai’i. He is currently the president of the East West Center. He holds his PhD in International Relations from John Hopkins University.

ABOVE: Charles Morrison, president of the East West Center, speaks to UH Mānoa students.

What role does the U.S. play within the Asia Pacific Economic Cooperation (APEC) process?

I think that the main purpose of APEC, from an American point of view, is to promote our relationship with the countries of Asia and the Pacific. Of course, the U.S. has very specific interests, like trade and trying to promote a common understanding of what the rules should be and the expectations for APEC.

But one of the best descriptions of APEC is by an Australian, who said that APEC provides a dating service for leaders. That is, when does the president of the U.S. see the leader of one of the smaller APEC economies, which normally don’t get much attention? APEC provides a yearly get together, which I think is quite useful.

Why is APEC 2011 important to Hawai’i?

APEC is important to Hawai’i in many ways. One small way is just the amount of money that is spent on APEC by the U.S. government. The summit will probably cost $40 to $50 million, so that’s a lot of money that comes from the federal government into Hawai’i. Also, foreign governments are spending money buying hotel rooms. About 20,000 people are coming to Hawai’i in relation to APEC—not just in November but during the whole year as a result of the APEC process. That’s just for an individual meeting, but I hope that it changes the expectations here in Hawai’i about what we can do. We have very vigorous and successful leisure tourist trade, but less so for big governmental and business meetings. Hawai’i is a logical place to have an international meeting in the U.S. So I hope people in the industry have their aspirations lifted up by this process. It’s a big undertaking and has allowed the business community not just to expect business but also to receive the funds that we need to be a successful host.

What role does the Pacific Economic Cooperation Council (PECC) play in APEC?

PECC was sort of the APEC before APEC. As a result of that history, PECC has an official observer role. There are three official observers: the Pacific Island Nations Forum Secretariat, ASEAN and PECC, the only non-governmental observer. PECC provides more academic focused, research-based recommendations for APEC leaders. For example, a couple years ago when the economic crisis was in full swing, PECC had a study on sustainable balance and inclusive growth. It was a good 50-70 page study that involved Chinese, Japanese, Canadian, American, south American, Southeast Asian economists. Several of the leaders in APEC then picked up the recommendations from that study.

You have written about a free trade area for the Asia Pacific. What do you think of the 2011 APEC goals?

The Bogor goals made in 1994 were to have free trade in Asia and the Pacific; the goal was not for a free trade agreement but it had the same aspirations as a result of global regional liberalization. The idea was Asia Pacific econo-
mies would sit down separately and negotiate their own free trade agreements. But a free trade area isn’t realistic right now—think of how difficult it is to even get a free trade agreement with Korea passed in Congress. A trade agreement is a very complicated thing to do, especially if it’s a high quality agreement that will go very deep into services and behind the border measures.

One of the current events is the Trans Pacific Partnership (TPP) negotiations, which includes 8 smaller economies and the U.S. Some people say that the TPP is not big enough, but the idea is that the TPP will be a model and will expand, so economies like Japan and Korea may be included. But even the TPP will be very difficult to do. What the Obama administration hopes to do this year is to get something that they can announce by November. We often joke that while the term in bureaucracy is “deliverables,” for this meeting, the deliverables haven’t been delivered yet: we call them “announceables.”

**What do you think is the most exciting issue for 2011?**

The U.S. has three main issues. The third area, which is the least well developed, is the green growth agenda. There are many things that can be considered green growth, like smart water meters, building materials which are more reflective of the sun, and all those other alternative energy technologies. So, the question really is how to break green growth into more feasible parts. This process will involve finding proper pricing for resources, like a carbon tax. It’s a difficult thing to do, but I also think it’s the most exciting.

**What do you see as the future of APEC?**

As for trade liberalization, the barriers have already decreased so much that I don’t see that as a frontier anymore. The new direction will involve working on domestic issues together and learning from each other’s experiences. Because of the Japanese nuclear accident, now there is a question about what should APEC say about Japan. It’s ironic that we have regimes for something like the protection of exotic species or international human rights areas, but we’ve never had an international regime for disaster relief. Each time a disaster occurs, it’s ad hoc cooperation. Economies should work together; there are many preparations that could be made, like the prepositioning of supplies. Since the Asia Pacific is particularly vulnerable to disasters, that would be a good area for APEC to work on. APEC should have a much broader agenda than just trade and investment. The basic theory is community building, and communities are built over shared vulnerabilities and opportunities. Certainly disasters are a shared vulnerability.

Asia, and particularly China, is set to take over the U.S. in many economic measures. Will this be a smooth transition?

The public perception is that an economy or a corporation is American or Asian. If you look at an individual company, the ownership may mostly be in one country but the headquarters are in another country. For instance, I was just in Western Australia, where there are lots of energy projects like liquid natural gas and minerals projects. Many investments come from the U.S., but much of the sales would be in China and produced in Australia—it is a triangular relationship. One of the purposes of APEC is to try to smooth these economic adjustments as they occur, so that people will gain regardless of which economy they live in. The trick, though, is how do you prevent the gains from being disproportionate?

A research area that could help APEC would be to foresee changes in competitive advantage. So, if the automobile industry is rising in China, what does that mean in terms of international regulations? What kinds of adjustments should other industries make in terms of co-operation regiments? And we all know that there is no final winner. Another economy will always rise to dominance.

**What about the comparative advantage of the U.S.?**

The U.S. has higher education. For example, the University of Hawai’i is a billion dollar business with lots of international students. That is a U.S. export, a service we provide. There are still goods, such as airplanes, in which the U.S. is still very competitive.

**Can you talk about your work in the APEC Studies center?**

I don’t think it’s a very successful program. It was a U.S. initiative in 1993, and the theory was to advance research useful to the APEC process. Each economy was supposed to set up APEC study centers. In general, there hasn’t been much coordination among APEC study centers.

One interesting thing, though, is that APEC now has a Policy Studies Unit. Before, the secretariat of APEC had no analytical capability and was just an official to do logistics and public relations. Now, APEC has the ability to hire researchers to conduct projects helpful to APEC.

**Will APEC ever be a binding forum?**

No, not for a long time at least. There’s still much resistance among Asian economies. One of the things I’ve argued is that we need to adjust our expectations. APEC is really like a professional association, where people go to hear papers and meet people. But a lot of the work is done bilaterally in small meetings on the side. Most of President Obama’s time at the APEC summit in Hawai’i will not be spent meeting all the other APEC leaders together but meeting the Chinese leader separately, and then the Japanese leader, etc.

In Asia there is more tolerance toward interaction in an informal sense, with the theory that simple discussion helps facilitate cooperation, which leads to results in the end. Anglo-Saxon governments, though, are more geared towards result-oriented discussions. Western governments are always under pressure to produce results. Since APEC is not a rules-creating organization, it becomes difficult to show those results.