

JIAP OBSERVATION

THE BROOKINGS INSTITUTION AND THE STUDY OF JAPAN

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The big news this month [November] in the Asia policy field is the *de facto* dismissal of **Dr. Ed Lincoln** (JIAP member) from The Brookings Institution (<http://www.brookings.edu>). On Wednesday, November 20, Dr. Lincoln was told by Brookings' Director of Foreign Policy Studies, **Mr. James B. Steinberg**, that there was too little money available in the foundation world for research on the political economy of Japan and Asia to justify keeping Dr. Lincoln at Brookings. Steinberg's new policy, for Brookings, to emphasize project as opposed to program-based fundraising had brought to the fore the lack of interest in Dr. Lincoln's work. Indeed, Steinberg reportedly noted that it would "take a miracle" to find funding to support Lincoln's research. Funders approached by Steinberg expressed so little interest in the Japanese economy, that he could not defend sending to Brookings' Board of Trustees any of Dr. Lincoln's research project proposals. Thus, Lincoln will leave Brookings at the end of June 2003, the end of Brookings' fiscal year.

The implications of this decision go far beyond the career of the single best scholar on Japan's economy. It raises a number of important questions about Washington think tanks and how funding decides policy research priorities. Does project-based fundraising in contrast to program support affect or skew scholarly research? Is the role of a think tank to examine the future and explore issues yet to be raised or should policy research exist merely to promote time-sensitive, political agendas? In addition, why is there a lack of interest in American foundations to support research on Japan? There is also the subtext of the interesting history of Japanese funding of Brookings that had its origins the mid-1970s as thank you's for favorable coverage. Most important, the Lincoln episode highlights how funders can influence America's foreign policy research agenda.

Backtracking

This reporter did interview both parties on Friday, November 22. Mr. Steinberg's version of his Wednesday meeting was somewhat different than Dr. Lincoln's. Steinberg repeatedly and categorily denied that Ed Lincoln had been asked to leave or would even leave Brookings. He said, for now, he "was not planning any changes" in the foreign policy program. It was all a matter of "what projects could be funded." He said it was "not true" that Lincoln was leaving. He "did not know where anyone would have gotten that impression." And noted that I should "ask Lincoln."

He did say he was "always looking for good scholars" and Northeast Asia is a "big priority" for his program. The region's longer term regional dynamics are of great interest as the "security architecture has not keep pace with other changes in the region." He is looking to do more work on and to get more funding for projects on Korea, China, the region's energy requirements, and

Russia's energy relationship in the region. Unfortunately, your reporter did not press Mr. Steinberg on his many references to funding and did not find out if funding was available for Dr. Lincoln's projects and if not, why.

Funding Determines Priorities

For years, observers of policy research fundraising have warned that foreign funding, especially Asian grants, come with implicit strings attached. Those who defend these gifts are quick to point out that they do not take them with conditions and they do not accept interference. For the most part, this is true. The "but" comes in, however, when the "project" is first selected. No project moves forward unless it is acceptable in the first place. Any "conditionality" is embedded in project plan. For relatively small funding, foreign donors can accomplish two important goals—tie up scholarly resources to work on red-herring and redundant projects or cultivate a select group of people (mostly white men) with private programs and publication opportunities. The latter is fundamental to creating a comfortable human network (*jinmyaku* in Japanese) of contacts among foreign policy elites. In some cases, it also creates foreign policy elites.

Mr. Steinberg's funding priorities--Korea, China, the region's energy requirements, and Russia's energy relationship in the region--unfortunately, sound like the mundane ones traditionally encouraged by Japan and Taiwan. These topics have long been the focus of considerable American and European scholarly talent and energy. These issues, and indeed much of the Asia-Pacific research done, appear to be a distraction from the imaginative analysis and the scrutiny these countries really need. For the past 10 years, Japan has funded so many energy and regional security studies that you are left wondering what they don't want studied. None of the myriad studies anticipated Japan's military restlessness, North Korean détente with Japan, democracy in Taiwan, and militant Islam in Asia.

The Institute of International Economics (IIE) is often cited as a research center heavily funded by Japan. This is not true. Only 10 to 15 percent of its funding comes from Japanese sources. What is true is that Japanese funding is very specific and targeted, and comes from what appear to be "designated funders" such as Nomura and the Sasakawa family of funds. [Some scholars believe that Nomura represents the Finance Ministry and Sasakawa the Foreign Ministry.] In terms of targeted projects, the most important Japanese-funded project is an approximately \$200,000, semi-annual private meeting of leading monetary policy officials. Through projects such as these, IIE has gained recognition for its policy analysis of Japan's economy. It should be noted, however, that neither of IIE's scholars who cover Japan have Japanese language skills and one only began his study of Japan five years ago.

Brookings & Japanese Funding

It is also important to look at Dr. Lincoln's tenure at Brookings within the context of Japanese funding of American think tanks. Brookings was the first Washington research center to be offered funding from Japan. It was also the first to turn it down, at least temporarily.

Reeling from the Nixon shocks of 1971, Japanese government and industry were searching for ways to hurt the Nixon Administration, influence opinion leaders, and arrange better access to policy changes affecting Japan. The handful of lawyers like Noel Hemmingdinger and Mike McDaniels, PR consultants like Mike Masaoka, and friendly congressmen like Ways & Means Chairman Wilbur Mills had failed in quelling the bitter textile dispute or in warning Japan about changes in economic or foreign policies that would affect Tokyo.

In the early 1970s, Brookings began a series of studies of major political economies such as Great Britain and China. In 1971, Brookings started its path-breaking study of Japan

under the leadership of Harvard's Dr. Henry Rosovsky and Yale's Hugh Patrick and funded by the Andrew Mellon Foundation. The result was a seminal book in 1976, *Asia's New Giant: How Japan's Economy Works*. Also in late 1971, Philip Trezise, a Japan expert (though he could not speak nor understand Japanese) and the former assistant secretary of State for economic affairs who participated in the resolution of the textile dispute with Japan, joined Brookings to begin a cooperative economic dialogue with Japan. Mr. Trezise had not liked Nixon's tactics with Japan.

In 1972, Keidanren approached Brookings to fund projects on Japan and especially the new study on Japan. Then Brookings head Dr. Kermit Gordon, was reportedly appalled by the appeal, even if it was \$1 million. Gordon was old school. He had rejected gifts from the UK for the study of the British economy and this was just more of the same. He strongly believed that such funds would call into question any scholar's impartiality and inhibit objectivity.

As can well be imagined, Brookings' Foreign Policy Studies' team was startled by the decision. With the traditional foundations, such as Ford and Rockefeller, looking to fund greater social programs and questioning the racial and gender composition of think tanks, Brookings was having a difficult time supporting its Foreign Policy Studies program. Headed by former State Department official (Chairman of the Policy Planning Council) Henry Owen (1969-78), Foreign Policy Studies received a cool reception from many funders for its white male team that was heavy on political credentials and light on academic ones. Mr. Owen himself held only a BA from Harvard University.

In the end, Owen, Trezise, and then-fellow Fred Bergsten (eventually founder of IIE) found a way to funnel Japanese money to Brookings. The first effort was simply to have foreign participants in studies to pay their own way. In December 1971, an annual conference with Germany, Japan, and the US was initiated where each side funded its own part—no foreign monies flowed through Brookings. Most important, in 1973 Sumitomo Heavy Metal, whose chairman was then head of Keidanren, donated \$1 million to the Japan Society in New York City to establish the "Sumitomo Fund for Policy Research." This "American" fund lasted for approximately five years and over 50 percent (some say 80 percent) of the funds were given to The Brookings Institution. By then, Dr. Gordon had died (1976) and the practice of accepting foreign and special interest funding for projects and programs initiated by Henry Owen was firmly established.

What do the Japanese Think?

No Japanese official to whom we have spoken in the public or private sector has expressed great surprise by Lincoln's departure from Brookings. He had been at Brookings since the mid-1980s, following Trezise as the in-resident specialist on Japan's political economy. One Japanese journalist thought that the Embassy and Foreign Ministry would be rejoicing. Indeed, Lincoln has long been the subject of whispering campaigns to discredit his work. Generally, the Japanese in Washington noted that a lot of people in Japan did not like Lincoln as he was right, told the truth, was fluent in Japanese, and phrased well whatever he said. The problem was that although his scholarship and analysis were correct and articulate, but just too negative. His position at Brookings was too powerful and his views held Japan up to too much scrutiny. It was as if he was telling too much of the family secrets.

Lincoln articulately and factually highlighted the darker aspects of the US-Japan relationship. A fragile security relationship was being held together by an even more fragile economic one; one that in today's global economy threatened to destabilize all political gains. The ugly truth is that Japan's antiquated economic system is unlikely to keep pace with 21st century economies. Many policy officials on both sides of the Pacific who need to manage the relationship could not have perceived this view as helpful. Yet, some thoughtful Japanese officials speculate that while in the

short run it may be good for Japan to be rid of Lincoln, in the long run it is a bad sign for US-Japan relations. It is just another signal of the decline of Japanese importance in Washington—better known as “Japan passing.”

If Stalin Only Knew...

Some observers believe it is possible to still save Dr. Lincoln’s job. They perceive Mr. Steinberg as neither knowing nor understanding Dr. Lincoln’s prestige and how much of it he brings to Brookings. If Brookings’ President Strobe Talbot and its board only knew how important Lincoln was to Brookings’ credibility, it is reasoned, Mr. Steinberg’s decision would be overturned. More sophisticated Washington players dismiss this analysis as naïve and akin to believing that Stalin had nothing to do with the purges and gulags (as many did). Mr. Steinberg, a veteran of the Clinton Administration and former aide to Mr. Talbot at the State Department, is perceived as a very careful political player who is highly unlikely to dismiss a prominent scholar without first discussing it with his higher-ups. What is likely, though, is that he has already lined up a prominent Bush Administration official with the right academic credentials to take the “Japan slot.” This man will be well-liked by the Japanese and can attract substantial funding for Asian regional security projects. To Steinberg and Brookings’ board, Lincoln is yesterday’s issue.

Clash of Cultures: Drink the Hemlock

In the end, Dr. Lincoln will have to leave Brookings. There is a clash of cultures between him and the current Brookings regime. There is the tension between those who advocate independent, rigorous research with the facts dictating the results and guerrilla punditry where glib commentary and facts culled from others’ hard work are employed to strengthen, if only cosmetically, a political position. More important, in today’s political world, you *never* renege on your decision. It shows weakness, not magnanimity.

It is unfortunate that Mr. Steinberg does not believe his own analysis that “the security architecture has not kept pace with the great changes in Asia.” It takes an understanding of more than military affairs and personal connections to understand this dynamic. The changes in Asia are about economics and the economics is all about how modernity has strained the family, traditional Asian human relationships, governmental arrangements, the environment, and physical well-being of citizens. This is all about political economy, Dr. Ed Lincoln’s specialty.

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