



Message from the Dean – CEO Breakfast

On September 10, 2003 Irwin Jacobs hosted The UCSD "Chancellor's CEO Breakfast" at Qualcomm. Area CEO's had the opportunity to meet Dr. Peter F. Cowhey, Dean of the Graduate School of International Relations and Pacific Studies. This breakfast was an opportunity for San Diego business community to learn how the IR/PS's programs can support the needs of the community in the international arena.

Transcript of Peter Cowhey's CEO Breakfast Address at Qualcomm (September 10, 2003):

Many thanks to Irwin Jacobs for hosting this gathering this morning, and to Chancellor Dynes for the kind introduction.

One of the real talents of a strong CEO in any type of institution is that they have the ability to sound convincing when they are exaggerating the praises of their subordinates. So, I'd like to thank Chancellor Dynes for exemplifying those leadership skills as a CEO, but I want to draw a distinction with the fact that he certainly gilded the lily about my record and accomplishments, but the school deserves every bit of the praise that he gave to it.

I also want to say a word about becoming dean. Although I've been on the faculty of UCSD for many years, I was one of the sometimes phantom professors at UCSD because life and marriage led me to live elsewhere in the United States and undertake many other projects over the years. The University was always forgiving of my various avocations in government and industry and elsewhere. And, two years ago, when Chancellor Dynes and Vice Chancellor Marsha Chandler asked me to become dean of IR/PS, I had to face the fact that to be dean meant that I had to show up for breakfast and not just in the afternoon and head for an airplane. So, I want to say at this moment that I owe a great deal of thanks for being able to have the honor to be dean of IR/PS to my wife, Margaret McKeown. Margaret is a judge on the Ninth Circuit Court of Appeals of the Federal Government, and is now the only active member of the Ninth Circuit Court of Appeals sitting in San Diego. So, thank you very much, Margaret, for doing that.

Now, having said that, you may have heard of the Graduate School of International Relations and Pacific Studies, or, as we affectionately call it, IR/PS.

Or if some of you have had greater exposure to the school, you may have heard of our degree, which is the MPIA, the Masters of Pacific and International Affairs. And, of course, we are located at UCSD, which has lead our graduating classes to adopt the motto for the school that IR/PS is making the world and the Pacific safe for four letter acronyms. And, in a sense, we are creating a new set of symbols and a new set of tools for dealing with the Pacific.

So, what's the Pacific? We define it simply: the Americas and Asia. Now, the Pacific is going to be for the 21st century the driving force of the global economy and security arrangements. This does not require a lot of fancy extrapolations from the data. If you did simple counts of key indicators in the world today, the Pacific has obviously been the center of the world's population for a long time. But it is now the largest center for the production of goods and services in the world. It is the largest center for the production of natural resources and agriculture in the world. It is the largest center for technology creation and production in the world. By any measure, the Pacific will be to the 21st century what the Atlantic region was to the world in the 19th and 20th century.

And that Pacific region with all of its exciting opportunities of economic growth poses many of the same problems that opportunity always poses for society. So out of economic growth, for example, come the challenges of making growth smart. The largest source of air pollution emissions in the world, in the 21st century, will be Asia, unless we do something about it.

If we don't deal with the fact that the integration of the Pacific production chain is going to lead to continual readjustment strains on everyone, we could have massive dislocations that could affect us at our front door. Mexico has sustained higher rates of global inflation growth since NAFTA and has developed strong export industries. But those value-added export industries are facing new challenges because the integration of the Pacific means that many of these plants in Mexico may move to Asia unless Mexico can learn how to add sophistication to its workforce and production processes. The challenges for Mexico are the challenges for countries throughout the Pacific, and we have to meet those challenges if we're going to have stability in the Pacific.

But the world and society cannot just be about markets and economics. It's about our larger civilization. And it is important to think of the Pacific as the frontier of democracy for the 21st century. We have, on one hand, the challenges to Latin America with their old democracies that have been troubled by military dictatorships, juntas, and even when operating under electoral rules often troubled by a breakdown of fundamental systems of independent justice and accountability. Somehow those democracies have to work more successfully in the future. And in Asia, with its rising economic power, we have been watching a remarkable story of one authoritarian government after another trace the path toward introducing democratic arrangements and accountability. And those

societies must make that transition successfully or democracy will not prosper in the 21st century.

And beyond the questions of political and economic democracy is a question of security. In terms of the center of international security questions for the 21st century, we need to think about the Pacific in the long term, not the one-year period or the two-year period, but the long-haul period. You know, every day we wake up and sit at our breakfast table and read the latest headline about Iraq and for all the challenges in Iraq. We know that one of the reasons why we are there in terms of the foreign policy architecture of the Bush administration is the hope that Iraq can be the cutting edge of a great experiment. And the experiment in the Bush administration's mind is whether or not an Islamic society can change into a democratic and market-oriented society. Well that's an important experiment, but think for a moment about something that is equally important. The largest center of Islamic civilization in the world is not in the Middle East. It is by population in the stretch that runs from the island of Mindanao in the Philippines, through Malaysia, Indonesia, stretching up into India and into Pakistan. And that region in the world has for the past 30 years been trying to create a multi-cultural, democratic and market-driven society. If we do not succeed in dealing with the transformation of those countries and their societies, in the same great vision that the Bush administration has for Iraq, we will have failed in any attempt to deal with this question of the transformation of Islamic society and its integration into the broader world.

Before the tragedy of September 11th, if you had read the foreign policy documents of the Bush administration, they would have identified the future relationship between the United States and China as the strategic question of the 21st century. September 11th didn't end that enduring reality, it simply changed its context. And that context is going to be critical to the establishment of peace and order in the 21st century. The scholars and research institutes of IR/PS have been deeply involved in the issue of trying to look for security solutions for Northeast Asia, especially North Korea. And one of the things that is really very striking to anybody who is working in this area, will they be democratic or republican analyst, is that the strategy of China about North Korea is pivotal to the success or failure of U.S. policy in the region. China as a partner is indispensable toward this security goal. And in the longer term, if you want to look at the flip side, think of what it will mean for your production chains around Asia if China and Taiwan's relations turn sour. It will make the fallout from Tiananmen Square minor in comparison. And, if that occurs, we face significant disruptions for the global economy. Yet Chinese policy in regard to Taiwan is not just driven by classic calculations of diplomacy and strategy. It is also driven by the fact that Taiwan is an emerging populist governmental society - in China a hot button issue. It is one that touches the passions of people in a way that the government has to pay attention to. So we need to understand these fundamental forces of the Pacific if we are to envision how the Pacific will evolve, and thus how California and the Pacific will evolve.

Well, if the Pacific is central to the 21st century, how do you create a school, the only school in the United States, that is dedicated to a simple mission: training leaders for the Pacific, creating ideas for the management of the Pacific's problems and opportunities, and building networks for the organization of the Pacific society. That is IR/PS. Well, you would say if you were undertaking that mission that you ought to design it from the ground up, make it purpose-built for the Pacific. And that is what we did. We began with some very common sense observations; there were three of them, if you would, three rules of thumb about the Pacific society.

Rule #1: It's the economy, stupid. That tagline was central to the politics and government policies of the Pacific region long before Bill Clinton made it famous in 1992. The biggest issue in politics and economics in these societies is moving to a higher value-added economy with higher sustainable growth levels. And, it is a race, a race for more sophisticated technology, more sophisticated manufacturing and services. Whether it is China and Korea trying to become export centers for CDMA technology, or Brazil trying to become a leader in aerospace, or Singapore trying to emerge as a center for services and biotechnology in the Asian region. Those economies are in that quest and that leads to rule # 2.

Rule #2: In the Pacific, governments carry a big stick in markets and they do not talk softly. The era of Japan Incorporated may be over in that image of a single tightly run global strategy for a country. But governments still intervene in financial markets, in decisions about licensing, decisions about regulation and other market realities with a far more gleeful interventionist hand than we would ever imagine in the United States. And as those governments intervene in the markets, they change the reality of those markets.

Rule #3: Politics in the region continue to change. To be a successful manager in the Pacific, you cannot just think about who is on top in politics today. You have to ask, 'How is this situation in the total dynamic of evolution of economies, of strategic problems, and of the society of the Pacific going to change the politics of these societies in the long term?' One of the more curious conversations I had about 10 years ago was with a major U.S. banker in Argentina, who said, "Look at the success of reform in Argentina, we have turned the corner." As a scholar of political institutions in the Pacific, I sat there with my jaw dropping politely, because those of us who studied the structure of Argentine federalism, knew that they were walking on the equivalent of the California fault line in the long-term politics of Argentina, and it was bound to crash. But the concern about short-term relationships often obscure the long term challenges of politics in the region. And of course, Argentina is the one place in the world that still makes California economic policy look good, in comparison.

Now, if we abandon a cookie-cutter in educational approaches in international affairs or MBA training to deal with the Pacific, what do you do? Well, as I said we built a curriculum from the ground up, purpose-built for the Pacific. And we tried to recruit students with a passion for a different kind of intellectual and career challenge. We want students who want to have a different road forward in the world. Not because they want to think of themselves as non-conformists, but because they care about the opportunities and the challenges of the Pacific.

So, first a disclaimer, we are like all the other schools of international affairs in United States, in one respect. Although we teach general analytic skills and we teach about the Pacific as a whole, we insist that all of our students during their training master one sub-region within the Pacific, whether it is Korea or China or Japan or Latin America, in greater depth, by studying their economies, their politics, and their languages with a special vengeance, so that they can ground the general in the particular of that regional experience. But we never let them lose track of the bigger Pacific context, and most importantly, we have designed the curriculum to introduce a blend of skills that is unique professional school training in the United States.

How so? Well, if it is the economy stupid in the Pacific, then you better produce people who understand the basic skills of real markets and real business. Even if their goal in the long run is to help the peasants work in saving the forests of Peru. So, all of our students, no matter what their career ambitions are, have to take courses in managerial economics, finance and accounting, to name just three. And those courses, they report to us, serve them well even if they go into public sector. You are reading now in Cancun that they are having the World Trade Organization (WTO) negotiations. The lead working negotiator for the US on agricultural negotiations is one of my former students at IR/PS. He tells me that the fact that he can read a spreadsheet gives him amazing abilities to cut through lobbying claims that many of his colleagues who came out of traditional international affair schools simply don't have.

But, if governments carry a big stick in market places, then you better produce people who also understand the basic skills of government and inter-governmental, international decision-making. So we require all of our students, even if their goal is to end up in banking, to take courses on national politics and public policy-making in the Pacific. Why do they choose this policy in that way in this country, and do it a different way in another country? How do political structures and processes derive those choices? What are the implications for efficiency of those choices? And students have to take courses in international politics and international economic policy, to name just two. Our goal, in a sense, is to have our graduates be able to get off a plane anywhere in the Pacific or the world and figure out what to do next with the local government bureaucracy. One of my favorite alumni from IR/PS is a woman who graduated specializing in Japan, and went to work for Coca-Cola. She was so good at figuring out unusual governmental situations that as the central Eurasian markets opened up for

Coca-Cola, she became the person who was sent in to figure out how to work with the local governments in establishing marketing relationships for Coca-Cola. She became known in Coke as a person who figured out ridiculous situations in a hurry. And after a while, she said, "I know how to do this." So, she got a pilot's license and now runs a successful export trading company, flying around South Africa where she goes in and does deals with the village leaderships and the tribal leaderships around South Africa and creates a successful business network. She is a great example of the unusual skills of IR/PS.

Along the way, we want passionate students to find a focus for their passion, so in their second year our students specialize. They may specialize in international management. They may specialize in public policy. A large group of our students focus on environmental management for both the private and the public sector. They may work in international relations or they may work in a growing area of project management for development and non-profit and non-government organizations. This names a few of the specializations that our students cluster into.

Now, great teaching requires great tools for teaching. You actually have to produce the knowledge that you want to offer in an unusual curriculum. And that is the classic advantage of a research university. If there is a problem that we want to teach about, we can produce new knowledge to help teach it. Let me name just a few examples of the types of research the faculty have done at IR/PS.

In the early 1990s, when Japan still seemed invincible, a group of scholars at IR/PS invented a whole new way of thinking about Japanese politics, which basically said, you know what, the Japanese technocracy doesn't really run the country ultimately. The politicians have to approve what they do. And if you look at political incentives for the Japanese leadership, if there are changes in the competitive landscape of the world economy, Japan will not be able to execute a change in strategies successfully. And thus, the prediction became: Japan was a high risk for stagnation in 1990s. But we literally had to reinvent the way you thought about Japanese politics to do that.

In the late 1990s, with the Asian financial crisis, a group of our scholars sat down and took a look at the nature of the financial markets of the countries in Asia, where we have great expertise, and matched them against our knowledge of the political structures of the Asian countries to come up with predictions about which countries would be able to reorganize corporate governance and finance markets to better cope with the aftermath of the financial crisis. And that work is now considered the standard benchmark for understanding this in the think tanks of Washington such as the Institute of International Economics and many others.

Or, to use one other example, that is tied to the technology industries that many of you care about here. It was in the early 1990s that a group of us at IR/PS

predicted that the US would again retake the decisive lead in the telecommunications and information technology industries because in fact people have misunderstood the source of long-term competitive advantage in these fields: a) the ability of American market and political structures to allow a decisive shift in who controlled communications networks in a way that would benefit innovation, or economy, or companies that would be beneficiaries. But also, in a more profound sense, that the creation of Pacific region production networks, the really creative partnerships between the specialized expertise of places like Singapore and Malaysia and American multi-nationals, would in the long-term would be more successful than the export machine of Japan. The movement of jobs and capital to those production centers around Asia was a key to creating competitive advantage and more jobs and growth in the United States in the long-term, not just simply emptying United States of its wealth.

Now, I'm sure you all have turned on late night television occasionally and heard ads for the telephone psychics who promise to answer any questions for \$9.95. And, like them, we have some predictions that have been a little slower coming true than others. And I will not talk with you about the ones my faculty have made that have not quite arrived. But, I think we can stand up and say that we have substantially changed how people think about the Pacific in the first 15 years of our operation.

But we are a professional school and we are part of a university, of UCSD, that is dedicated to the idea that there ought to be new relationships between the university and the community in service. And so, I want to close by talking a bit about that mission of service. Now, I will talk about it in relation to University of California, San Diego.

My goal as dean at IR/PS is simple, that as Chancellor Dynes suggested, we should be the policy think tank, for the Pacific, for UCSD. And most particularly, as our great capabilities in science and engineering in tackling environmental problems advance, IR/PS should be providing the students and the thinking for the policy applications of those initiatives across the campus. We are going to be a partner with the Jacobs School of Engineering. We are going to be a deep partner with the Scripps Institution of Oceanography. We are going to be a great partner with all the sciences across University of California, San Diego.

Second, service to San Diego. I am particularly happy that last spring, Chancellor Dynes agreed that Center for U.S – Mexican Studies could become part of IR/PS. In the spring, I installed a new leadership team there, two young economists who are going to turn that center into a problem-solving think tank on economic and social policies between U.S. and Mexico. The goal is to make it into what it can be, which is the largest single think tank dealing with Mexico. And Jeff Davidow, the new leader of the Institute of the Americas (IOA) and I, have come to an agreement that we should be working together to provide analysis for

IAO, as he brings the Latin American political and business elite to San Diego to build closer ties and relations and networks out of San Diego.

Third, let me mention service to the Pacific. The first service we provide to the Pacific is, most importantly, training leaders. About 40% of the students enrolled at IR/PS are international students, primarily from Pacific countries. They are either doing our Master's degree or they are mid-career executives from governments and industry who have been chosen as sort-of up-and-comers and are sent to IR/PS to be trained, three months to a year, by us. These people represent an enormous resource for us and for this community, and we hope in the long term for the Pacific, with their new trans-Pacific outlook. We are growing the school in order to have a larger pool. Typically, our incoming Master's class was 100. This year it's 160. Within two years, it will be 200.

Now, let me close by raising two questions that you might be too polite to ask me in the question and answer period that is supposed to follow. The first question you might ask me, if you were really being tough, is 'How can a school that is oriented around international affairs in San Diego compete against the schools of Boston through Washington? Isn't it just like in real estate that it's location, location, location? And that being in a center of a political and global financial powers is the key to having a successful program tied to international affairs?' Well, my answer to you is very simple: our success will come for the same reasons that success has come to University of California, San Diego in general. We do not follow the traditional path forward. We create a new path forward. California has enormous cache in the Pacific region as the center of the United States that cares about the Pacific. And what we have tried to do is capture that dream of California for the Pacific civilization and build ourselves into a place that people turn to for ideas and training. And that is how we are going to win and succeed.

The second question you might ask is, "What does IR/PS want from me?" The answer is that our mission and success depends on partnerships with all of you. And that is something that I have undertaken as a central part of my deanship. I want you as our partners in a variety of ways. First, I want to see you there talking to our students and to our mid-career executives. I want you there, in a sense, as teaching partners in a larger sense that professional schools of law and management have long adopted. You are our unique resource and I want you to get to know us, as we get to know you. But you also need to be a source, if you would, of ideas and an agenda. Tell us your problems, your challenges. Let us see if we can find ideas and provide expertise to work with you. And finally, we look forward to working with you as the creator of these Pacific networks in ways that will work to serve our mutual goals.

Finally, you might ask what does the new School of Management at UCSD mean for IR/PS? How does that impact a school of international affairs, public policy and market oriented training, such as we do? And my answer, as a person who

as Chancellor Dynes told you was an architect of the new management school, is that I believe the management school allows us to do our mission more precisely, deeply and sharply. What we are really training are people with the unique blend of skills and a passion for dealing with the problems and opportunities in the Pacific. We are not out to train a conventional MBA who is going to deal in the problems of software management with their clients. That is not our goal. We have alumni who are senior managers at Oracle because it happened along the way that their life ended up there, and they had the skills. But that is not what draws them to us. So the Management School for us allows us to have a broader bench, a broader set of relations, and a partnership that is already very deep, for management training, to the degree that we do management training at IR/PS. But it also allows us to refocus our resources on public policy, on international affairs, and on the countries that will drive the Pacific, whether they be Brazil, or China, or India, in the long term. We have the highest percentage of graduates of any school of international affairs in United States going into the private sector. But our goal is to have students who will have unusual careers both as great employees in the private sector but unusual and distinctive leaders in public and non-profit sectors.

So, let me close in 30 seconds, by talking a little about our alumni, as examples of what we do. If you go over to Beijing today, the head of CDMA Sales for Ericsson in China is an IR/PS alum. She first worked for Qualcomm, as a matter of fact. She is now vice-president for market development for Ericsson.

If you went up to the Bay Area to Hewlett-Packard, the person who is running their initiative to develop markets for their technology in unconventional developing markets, poor regions or countries, small-, medium-size enterprises in developing countries, is an IR/PS alum.

If you go to Asia, to one of the largest conservation organizations in the region, the head of global policy is an IR/PS alum.

If you go up to the Bay Area to deal with the problem of how does technology change American society, the head of one of the most interesting non-profits in the Bay Area, which is targeting people out of less educated backgrounds in life, to mainstream them into software design and work, is an IR/PS alum. Before that, he was a senior staffer in the US-China Council. And after that he was a technology executive. He is a perfect IR/PS alumnus, in some ways.

So our students speak for our mission. And I hope that in the months and years to come, you will speak to me about how our mission can help serve your missions in life. Thanks for being here this morning.