This webinar was given by Richard Zeckhauser, Jack Donahue and Karen Eggleston, on Friday, March 5, 2021, to discuss their recent book, “The Dragon, the Eagle, and the Private Sector: Public-Private Collaboration in China and the United States.” Professor Yijia Jing of Fudan University, China’s leading expert on public-private relationships also participated. This webinar was co-sponsored by the Shorenstein Asia-Pacific Research Center, FSI, at Stanford University. Larry Summers, M-RCBG Director, also provided an opening discussion (via recording).

John Haigh:
Welcome everybody, I'm John Haigh and I am the co-director of the Mossavar-Rahmani Center for Business and Government. I am incredibly pleased that tonight we have a terrific discussion. It is on the book The Dragon, The Eagle, and The Private Sector: Public-Private Collaboration in China and the United States. It is truly a collaboration in and of itself across Harvard, Stanford and China Fudan University. So we're incredibly fortunate to have just a terrific group of people here to talk about the book.

John Haigh:
I want to introduce them just very briefly. We have Karen Eggleston from Stanford, the Freeman Spogli Institute. Then we have Jack Donahue who is at the Kennedy School as a faculty member. Richard Zeckhauser who is a faculty member at the Kennedy school. And we're also joined by Professor Yijia Jing from Fudan University, who is China's leading expert scholar on collaborative governance and will also be speaking with us today as part of the discussion panel.

John Haigh:
Also, the situation we have Larry Summers speaking virtually and speaking through a video. He couldn't make it this evening but he had a fairly lengthy discussion of the book that we're going to introduce. I think everybody knows who Larry is. He's a Charles Elliot university professor, former secretary of the treasury and former President of Harvard. We will start with that and then we will come back to the panel. With that Scott, if you could play the comments from Larry.

Lawrence Summers:
I'm really glad to have this opportunity to reflect on the book by Eggleston, Donahue, and Zeckhauser on collaborative governance in the United States and China. I want to say why I think this kind of research is so very important and then raise a few questions about their approach. We live in many ways in a world of juxtapositions and oppositions, state versus market, planning versus the invisible hand, China versus the United States. And yet so much of what actual life is about is what game theorists call [inaudible 00:02:55] some games, what business theorists call coopertition situations involving both cooperation and co-opetition and what practical people call getting along. And what this book is ultimately about in its emphasis on collaborative governance is exactly that between the market and control, and between the public and the private sector. And that has got to be right as a way of thinking about almost any complex problem.

Lawrence Summers:
And yet it is an aspect that is rarely two rarely considered by economists. We discuss probably too often how much and too little have. There are an infinite number of discussions with the size of the public sector versus the size of the market sector. But there's too little on how the boundaries should be manage in the wide range of activities that involve both sectors. I think of this kind of work as micro, micro economics, if macro economics is concerned with the overall allocation. [inaudible 00:04:51] is concerned with questions of stabilizing the economy, the economy's overall rate of growth and micro economics is concerned with the allocation of resources and is concerned with the identification and even the correction of market failure, collaborative governance is concerned with how particular tasks and particular commitments of resources once decided on, are going to be best accomplished. Ultimately, I would rather live in a society that doesn't make precisely the right resource allocation choices but that pursues its objectives efficiently and effectively, than a society that makes the right resource allocation choices but can't actually do anything with any effectiveness.

Lawrence Summers:

And so I think this kind of thinking about collaborative governance is of profound importance. I think this kind of research is very valuable because on the one hand it brings some rigor and some analysis to a mushy ideas about cooperation. In the context of Michael Dukakis, his presidential campaign, 30 something years ago, I coined the phrase, "The governor doesn't believe in a simple invisible hand, doesn't believe in the heavy hand of government, but believes in a helping hand of government." [inaudible 00:07:11] was not a bad way of evoking, a kind of moderate, progressive philosophy, but what I wasn't able to do and frankly what he wasn't able to do was take it much beyond that to distill principles of what kinds of arrangements were likely to work and what kinds of arrangements we're less likely to work. And so this book brings analysis and rigor to experience, and perhaps even more rarely for economist, brings experience to analysis and rigor with its thoughtful case studies. Much of what I've said could have been said about the earlier Donahue and Zeckhauser work on a collaborative governance.

Lawrence Summers:

What I found especially interesting here was the treatment of the United States and China in parallel, the eagle and the dragon, if you like. Nowadays we are increasingly seeing the United States and China in terms of polarities. What about Taiwan? What human rights? What about democracy? What about South China Sea? What about intellectual property protection? What about export subsidies? But that is probably not the only prism through which we should think about warning from the separate experiences as the United States and China, people in both countries want to be more prosperous people in both countries want to enjoy better parts, people in both countries want to have a functioning infrastructure that enables grandparents to visit their grandchildren, businesses to visit their customers and so forth. And so by pointing out commonalities of problem and even more by pointing out commonalities of solution or be a middle ground solution reached from opposite goal lines towards the neighborhood of the 50 yard line, il think this book makes an important contribution and it provides a basis for continuing dialogue between American practitioners, American theorists, and Chinese practitioners and Chinese theorists. I think the place where a great deal more work is needed is in the set of issues around technology and in the set of issues around the environment.

Lawrence Summers:

What is the right role for government in these sectors where self-evidently, there are huge externalities, negative externalities in the case of environmental issues, positive information, externalities in the case of technology issues? And yeah, where it's very clear that government cannot simply direct and plan. In
the United States. We're going to have to decide in the next few years, whether we think of or in what ways we think of our largest technology companies as vital national champions and in what ways we think of them as quayside public institutions, that can't be governed purely privately for profit? Those issues, as we've seen with the treatment to Jack Ma in very different ways exist in China as well.

Lawrence Summers:
We have the same kinds of issues with respect to climate change. I believed 10 years ago that climate change was immensely difficult politically, but not very difficult intellectually. If you put a sufficiently high price on carbon, then the world would get to the right answer and if you didn't, then it wouldn't and so politics was immensely difficult, but that was all, it was immensely difficult. Today I understand, I think, that environmental problems are shot through with chicken and egg issues. Will there be electric cars if there are not charging stations? Will there be charging stations if there are not electric cars?

Lawrence Summers:
Will the benefits of Moore's law, like technological progress be captured by those who make it possible? And if not, how can more efforts be induced? If consumers are not willing to accept higher prices, what is their second best alternative to egregious losses? These issues around the shaping, channeling and driving of technology are at their very essence, matters for collaboration between the private and the public sector.

Lawrence Summers:
This is not altogether new. What Dwight Eisenhower called the military industrial complex represented some kinds of collaborative governance, but whereas we tend to think positively collaborative governance, military industrial complex is not a term that makes people feel warm and fuzzy. How are we going to think about this in the future? I'm also reminded of collaborative governance by my experience in the financial sector. Many times I have heard senior regulators of financial institutions refer to we, meaning the controller of the currency regulator and the bank in question.

Lawrence Summers:
I am a member of a group known as the Group of Thirty that includes academics, government officials, former government officials and senior representatives of financial institutions that sits around in conclave and prepares recommendations, which from time to time get a fair amount of attention on questions like [inaudible 00:15:47] restructuring or derivatives from a collaborative process. Is that a highly positive thing or should one view that collaboration with some suspicion because of the ways in which it involves co-operation?

Lawrence Summers:
I don't know the answer to any of these questions with confidence or others that I could formulate, but I do have a confident conviction that the ideas explored in this important book will help us find a way forward. And I have the confident conviction that whatever may have been true 50 years ago, as a consequence of progress, widget production is going away of candle making and farming. Because of our spectacular success, increasing productivity, the number of people involved in it is shrinking. And so if it was right for the economic textbook of 1950, or 1920, or 1890 to treat widget production by canonical firms as the canonical example of what happens in the economy, I believe the kinds of collaborations explored in this book are an increasing share of the economy, and degeneration from now will be a far larger share of the economy in both China and in the United States. And that's why
these reflections and the webinar that I’m going to be sorry to miss is so profoundly important. Thank you very much.

John Haigh:
So as usual, we always find Larry interesting and provocative. I'm going to turn it over to Richard Zeckhauser here in a second. Just a couple of things that we wanted to mention. This is sponsored by the Mossavar-Rahmani Center for Business and Government, but it's also sponsored by the Shorenstein Asia Pacific Research Center at the Freeman Spogli Institute at Stanford where Karen is the deputy director. I think many of you probably know Richard.

John Haigh:
Richard is the Ramsey professor of political economy at the Kennedy school and one of the things I would... I have to editorialize a little bit, he was the single most influential professor I've had in my life when I was at the Kennedy school and beyond. With that Richard, I will turn it over to you to provide an overview of the book.

Richard Zeckhauser:
Well, thank you John and I'd also like to thank Larry for his incisive comments as they usually are. I'm going to give a little bit of an overview of our book. I'm going to talk about our goals and purposes and lay bare a bit of the anatomy of the process that we call collaborative governance. The government calls on the private sector to meet what are appropriately thought of as public goals. That's what collaborative governance is all about. A key element of this process is that there is a sharing of discretion. Thus, the two parties each play a role in determining what is produced and how it is produced and this process is widely used in both China and the United States. China and the United States are usually cast as fierce rivals, but there are broad areas of society where there is little or no rivalry.

Richard Zeckhauser:
These areas don't get much attention in the New York times and, I suspect they get not as much attention also in the Chinese press. As an example, both nations must provide health education, housing, and transportation services to their citizens. These are not areas of fierce competition. Indeed, for many of them there's not even modest competition. I mentioned that a central role in collaborative governance is the sharing of discretion, thus we're not talking about contracting at one pole and we're not talking about complete laissez-faire at the opposite pole. We're talking about production processes that call on the best capabilities of both sectors and grant each of them and element of control.

Richard Zeckhauser:
Now, to be sure though, we're going to be talking about similarities. There are major differences between China and the United States in the ways they produce the types of goods and services we're discussing. So state owned enterprises play a major role in China, they are a scarcity beast in the United States.

Richard Zeckhauser:
In the United States nonprofit enterprises are widely found and are growing rapidly as a second segment of the society, they play quite a modest role within China. But beyond these major differences, there are also major similarities. Both nations are highly pragmatic. They each possess a strong entrepreneurial
spirit and they’re willing to experiment and innovate. Indeed, I would say that on these grounds there’s more similarity between China and the United States than there is between the United States and most of the nations in Europe from which many of our citizens originally came.

Richard Zeckhauser:
So our book details how the dragon and the Eagle grapple with the challenge of producing the goods and services to meet a broad array of public goals. Karen will be describing the subjects that we discussed in our book but let me just remark that there are triumphs in our accounts and there are tragedies, and there are many outcomes that are in between. And we hope that this volume provides some guidance on how those triumphs can become more common.

Richard Zeckhauser:
The tragedies more scares and the in-between outcomes can be improved. Let me turn to a dramatic current illustration of collaborative governance so current that it only gets brief mentioned in our book. I’m referring to the COVID pandemic which drew on two different challenges for the process we’re discussing. First, an effective vaccine was needed lest the catastrophe become a super catastrophe. In the United States, a quite successful partnership was created between the government offering both regulatory processes and significant financing and it’s highly innovative pharmaceutical sector. Moderna, a company that’s just down the street from the business and government center at Harvard, had never produced a commercial product. But in less than a year, it came up with a new vaccine using a previously unproved process that has over 90% effectiveness.

Richard Zeckhauser:
I would say that that was a triumph of collaborative governance. The distribution process in the United States has proved much more challenging, we have clogged websites, clogged delivery facilities, and highly inconsistent priorities for receiving the vaccine even within a single jurisdiction. I would like to contrast that with experience that I've recently learned about in China, where Tencent which is a giant company within China using its ubiquitous WeCheck application, has created an effective system that allows individuals to go online to see where in their general area the vaccine is being distributed and to sign up easily for appointments, a triumph for collaborative governance. There's probably a lesson here in the way these two outcomes came about and we hope that individuals in both China and the United States will examine the lessons in this volume to see how they can achieve outcomes for their citizens that produce public benefits more effectively. So thank you for that, thank you for listening and I will now introduce my colleague Karen Eggleston, who as John mentioned is at Stanford university. Karen is a senior fellow there and Karen will provide an overview of our book.

Karen Eggleston:
Thank you very much Richard and thank you all for joining us today. I will continue discussing the concepts and the applications in the book by giving a tour. So as Richard mentioned, we define many of the concepts. In our first section of the book, we talk about the context in both countries where those concepts are applied and the main part of the book discusses five different policy domains where we provide detailed historical legacies and case studies of application of collaborative governance. Starting with building the railroads that build the nation historically in both countries and the high speed rail network in China. We talk about real estate, intricate tangle of public and private. We talk about hosting the Olympics and the experience of public and private sector in that endeavor in both countries. And final two have to do with developing human capital.
Karen Eggleston:
We talk about the truest wealth of nations creating human capital and education and state and market in population health and health care. And the final chapter of the book looks at what we call the transparency imperative. So we don't have time to go over any of the details of the case studies here. I'll just briefly mention what we talk about in the health chapter. As Richard over viewed, we talk about historical development and provide case studies. This involves the evolution of pooled financing and how China got to universal health coverage but also the evolution of mixed ownership in China's health sector. As professor Summers mentioned, that both countries have evolved towards a similar outcome.

Karen Eggleston:
In some cases you might consider health care delivery in this way whereas in China was still dominated by the government sector. There's been an evolution towards more mixed ownership and development of a new category of the private, not for profit, which in the United States is been the dominant category for a century among community hospitals at least.

Karen Eggleston:
We also talk about elder care services and as Richard mentioned, collaborative governance in response to the pandemic which was just unfolding as we were finishing this book. And today to talk to us about some other research on China, we're delighted to have joining us professor Yijia Jing, who is a co-author on another chapter, in a different book. We're delighted he was able to comment on this book and join us from Shanghai live today. Yijia Jing is the Chang Jiang Scholars, Seaker Chan Chair Professor of Public Management and Dean of the Institute for Global Public Policy Professor OF the School of International Relations and Public Affairs at Fudan University. So professor Jing over to you.

Yijia Jing:
Thank you Karen, it's my big pleasure to be part of this book launch event. I want first to congratulate my three old friends, Karen, Richard and Jack for producing this brilliant new book. This book is a result of their decade, now, research in the areas of contracting and collaborative governance. It is also a new venture into the China- US comparison. I believe it will be read by many and book review of this book has just been published in a journal, I added Global Public Policy and Governance. You can all go to the website to get a copy of this review for free. Today's topic, collaborative governance is important for both China and the United States and for the whole world. I think this is an unavoidable strategy for modern governments to survive in a world that expects the governments to be small but effective, to cost less but provide more.

Yijia Jing:
The government has to engage external actors to handle complex issues in need of complex capacities. [inaudible 00:30:16] book correctly finds that despite and many huge differences between the two countries, both China and the US are more than uncomplex societies. So the demand for collaborative governance is consistent across the two countries. As audience may not be familiar with China, upon the request from Karen, I will say a few points based on my research and my observations.

Yijia Jing:
First, collaborate governance in China has demonstrated strong past dependence. It has been incremental in forms of in depth, collecting benefits and avoiding risks in cautious ways. Crappy governance in China started from economic areas then spread to social and other areas, There has been
a state centered approach. So that means the partners are not exactly equal. There may be a hierarchical relation and usually the government dominates. But [inaudible 00:31:21] we have discretion as emphasized in this book does appear. It's not just by accident or due to incomplete contracts, our government intentionally and purposefully does that to collect a synergy of collaboration.

Yijia Jing:
We also see a gradual process to institutionalize collaborative governance in China by introducing [inaudible 00:31:45] like transparency, accountability, openness and competition. Another point I want to make is that overall performance of collaborative governance in China has been positive and it is a very irreversible trend for China. But of course, this is a learning process and we encountered a lot of failures and setbacks.

Yijia Jing:
For example, in late 1990s, there was once a strong issue either in public-private partnerships, [PvP 00:32:17], in infrastructures and public utilities. But after many huge projects were built by PvP, there was a lot of negative feedback and comments realize that it was not experienced enough and didn't know how to manage market and collaborative relation. There is also a lot of local variation in collaborative governance. For example, one major initiative in the public sector will fall into this China is to build digital governance. And digital government has played a very important role in China's control of the pandemic. And in this area, Chinese governments from central to local, of course, don't have enough digital capacities but can't get them from the market.

Yijia Jing:
I noticed that local governments Zhou Gong, Guangdong and Shanghai, they have very different ways in collaborating with digital companies to build up their digital capacities. For example, Guangdong has a lot of collaboration with Tencent, Zhou Gong with Alibaba. And in that process, local governments in China have been learning how to balance their roles, multiple roles as partners, as virtual policymakers, and also as market regulators. The final point I want to make is that collaborative governance in China is not just practice in domestic issues. It's also been practiced in China's increasing global engagement. For example, in the area of international development, the headquarter of the BRICS Bank is Shanghai, and this bank is governed by... I mean kind of shared way between the five BRICS countries. And we can also think about AIB, Asian Infrastructure Investment Bank, headquartered in Beijing. So even if China holds the majority of its shares, collaboration has been exercised [inaudible 00:34:23] are the country members. And China is also promoting collaboration means belt road initiative. And even before the China-US relations, I think decoupling has never been supported by the Chinese government, which still expects a kind of win-win situation between China and US.

Yijia Jing:
So to conclude I think this book is a cutting edge contribution to the research of collaborative governance. Its values are beyond China and the United States. I also think that this book reminds us how important collaborative governance between China and the United States in global affairs is, thank you.

Karen Eggleston:
Thank you very much. And finally, before our question and answer, I would like to introduce a coauthor Jack Donahue, we’ll be talking about transparency. Feel free to put your questions in the Q&A and we’ll get to those after his remarks, Jack?

Jack Donahue:
Thank you Karen and thank you Yijia for your comments which were always so fruitful and illuminating. Our last chapter has to do with transparency and it's probably the chapter where we are the most prescriptive and we do get into some prescription throughout the book. But this is when we actually make a call for transparency as an important broad spectrum accountability device. Transparency is, in the United States it's a bit of a fetish governmental transparency, probably more in principle than in practice but it is something that you can get heads nodding and enthusiasm anytime you talk about transparency in government.

Jack Donahue:
This is not something that we would expect China to adopt the US approach in any kind of cookie cutter way. Transparency is important but transparency in China should be transparency with Chinese characteristics, if I may. But it's crucial for China, I think, to embrace the transparency imperative because the evil twin of collaborative governance is cronyism, or corruption.

Jack Donahue:
And there are lots of countries and lots of policy arenas where collaborative governance could be a truly effective way to increase innovation and efficiency and flexibility, but is not available because the populace will be convinced that any interaction, between the public and private sectors, amounts to sort of collusion on the part of elites against the public interest. And therefore, the highly promising approach of collaborative governance is simply off the table in those countries and those policy arenas. And it would be a shame for this to happen in China because the potential for collaborative governance to amplify the ability of China to create public value through interaction between its public and private sectors, it's just so great and it'd be a shame to squander that. Thank you very much and I will turn it over again to John Haigh for some concluding observations and then we will entertain your questions.

John Haigh:
So my comments really I'm going to leave it with Karen. Karen's going to help manage the Q&A, I would encourage you to feel free to put them into the Q&A chat. I've always found with this group that anything is fair game. I will start this off very briefly. One of the questions that's in the chat area, the Q&A section now, is not necessarily specific to China or... it's more directed at the United States. "Do you have any thoughts or any lessons from the Texas power fiasco as it relates to collaborative governance or its failure?" And Karen, I'll leave it to you to manage the rest[crosstalk 00:38:38].

Richard Zeckhauser:
Okay, so let me respond to that John. There's a maxim that I use in my course, I even used it when you were there, which is diagnosis before prescription. And we had a talk a couple of days ago where Bill Hogan, who has been heavily involved in the design of the Texas system, and is one of the nation's indeed the world's leading energy experts that are discussed as going wrong in Texas, have been significantly misdiagnosed. And it's often said that a crisis is a terrible thing to waste but a crisis is also a terrible thing to lead you to leap to conclusions that might be inappropriate, and I think that almost any jurisdiction has that particular tendency. Indeed, Bill raises the question as to whether this was really a
one in 100 year phenomenon, and how much money should we be willing to spend to reduce the likelihood of such a phenomenon going forward? And I think that, that's a general lesson for almost any catastrophe, including the pandemic. And sometimes we spend much too little in preventing them or in preparing to cope with them and sometimes we spend much too much. We should make that a deliberation rather than something, for example that we will discuss now just a short period after that because we really don't know exactly what went wrong.

Karen Eggleston:
So jack, did you have anything you wanted to add to that or should we move on to the next question? So we have a question here perhaps Yijia would like to comment and then if Richard or Jack also, "How does China's pursuit of self-sufficiency in strategic areas such as semiconductors affect its collaboration with the private sector??" Yijia, any thoughts on that question you would like to share?

Richard Zeckhauser:
You have to unmute yourself.

Yijia Jing:
Okay, so sorry. Thank you for this interesting question. As I just mentioned, a situation of digital governments because for China now we are very enthusiastic to bring in high technology into the operation of the government to facilitate its service provision. But the situations that the government doesn't have enough digital capacities, so as in situations just true for the development of a semiconductor industry. Basically, the government's... I mean doesn't have much in its on hand, so it has to cooperate a notch with the private industry. So in that process, I think comments doesn't just play a role of collaborator. Just like mentioned, the government needs to balance its role as a collaborator, as an industrial policymaker and also as a market regulator. In this case, I think, the important roles, more important roles of the government as industrial policy maker, and market regulator, how to create sufficient competition within the market and how to create good industrial policy environments for these semiconductor companies to grow. Yes, that kind of strategy certainly makes it a priority for governments to think how to collaborate well with the [inaudible 00:42:37] semiconducted companies.

Karen Eggleston:
Thank you. Richard, maybe we can ask you first to step in. There's a question about collaborative approaches are different in these two countries. And they also need to work together to address global challenges, like climate change, and others. So I don't know if you have thoughts. The comment was that we seem to be providing an optimistic approach to the countries being able to work together. What are your thoughts Richard?

Richard Zeckhauser:
Well, I think that dealing with what economists would call global public goods is the major challenge for the 21st century. The pandemic was the first example, I think climate change is the overwhelming example and I think that we understand public goods theory and align theory appropriately, the big players have to play a disproportionate role. And the two big players in this area, are called China and the United States. And I think we're going to have to... I think that in time we will see that on the climate problem, our interests are actually pretty strongly aligned.
Thomas Schelling, who was an instructor for the three authors of this volume, spent much of his life looking at the Cold War and the rivalry between the USSR and the United States. And his big insight was that these two nations with thought of themselves as being in some sense, enemies, much more so than China and the United States which are not threatening to destroy each other at the moment, actually had the greatest common interest in this one goal, which was the central goal, I think, of the last half of the 20th century, which was avoiding nuclear war. And we managed to do it and I'm sort of hoping that with regard to climate change, we're going to figure out how to do it. I also... this is just to decide about climate change. I think we are too late to control climate change just through controlling carbon emissions. We've discovered in the last few weeks actually that even that very few countries are coming close to the targets that they mentioned and the Paris accord.

Richard Zeckhauser:
And we're likely to have two degrees centigrade warming unless we do something else which will involve some technological mechanism which could be flight and stratosphere and living aerosols, it could be carbon sequestration and planting of trees. But we're going to have to move in that direction and I think that China and the United States as the two... also two technological powerhouses are going to have to be involved in working on these alternate or complimentary solutions together.

Karen Eggleston:
Thank you, Yijia I don't know if you wanted to add a few comments to that or I can move on to the next question.

Yijia Jing:
I think for corporate governance, for domestic issues and also for international issues, the context are actually quite different although the logic's may be applicable. When we think about relations between China and United States, I think the constitution... I mean the institution environments and behavior patterns should be very different but we have a diversity situation, we can also think about the best situation. For example, today's first speaker Professor Summers, I think for many people of ours maybe you know his theory of Balance of the Financial Terror between China and the United States because firstly, we think about balance of nuclear terror between Soviet Union and the United States, then he coined that term the Balance of Financial Terror.

Yijia Jing:
So, I mean, we cannot get into too much detail but it simply means that both countries are believed to be able to destroy another financially, then nobody wants to destroy another party. Okay, but certainly that's a worse situation. But the best situation is that we trust each other, we think about the common interests, the potential synergies between us. I think the current reality is... I've been testing this theory by Professor Summers, yeah. But I do think that in the near future, I think if the leaders of the two countries, its a seating of two countries, you can come down and think about the situation between two countries with a kind of holistic picture, then you kind of gradually realize that there is that kind of potential of being returned to countries and a lot of collaborative governance mechanisms may be applied into the bilateral relations between the two countries in general and in many specific areas.

Karen Eggleston:
Thank you. And Jack, maybe you can try answering, there's a question, "To what extent do differences in political governance and rule of law between the two countries condition the nature of their respective collaborative governance?"

Jack Donahue:

Well, it would be silly to suggest that they did anything but conditioned them profoundly. I mean the legal, the cultural institutional context matters enormously for the forms of collaboration that are available and their odds of success. I guess I would like to touch on a related theme that's come up in several of the questions, which is the... what's the what's special about collaborative governance, how is this different from contracting and corporate [inaudible 00:48:58] and that kind of fashionable but terribly imprecise term public-private partnerships. And we actually avoid the term public-private partnerships simply because it means so many things, that means nothing at all. And our definition of collaborative governance does hinge on the notion of recognized explicit, intentional and managed sharing of discretion between the public and private sectors.

Jack Donahue:

And government's ability to do that is deeply conditioned by the nature of the institutions, and the sense of what's legitimate for government to do, and the capability in terms of institutions and human capital within government. So you do have to understand what your government is capable of before you begin to think about collaborative governance and some governments have they aren't capable of it at all. Some governments don't have the analytic capability or the popular legitimacy to engage in this high potential but rather complex and error prone form of collective action.

Karen Eggleston:

Great, thank you. So we have another question related to transparency but maybe also, Richard can comment... both Jack and Richard on the question about reporting and general accounting and transparency and how they interact, "So is there a middle ground for China also in the US to present similar reliable reporting and transparency?" Question is expressing some doubt that it's possible to do that equally in both countries, do you have thoughts on this? Richard first.

Richard Zeckhauser:

Well, one I will give the thoughts but I will then call on you to give thoughts because roughly 100 times as much about China as I do. You may argue, you may say it's only 87 times as much but many countries are now moving to accounting standards that will be understood elsewhere. And if you... needn't be the China uses our system, and I'm sure that America would not adopt to the Chinese system, but if it can improve matters 20%, that would be a major gain. And the reason that people are using these accounting standards is that it enables them to perform better in international market, people are willing to lend the money, people are willing to welcome them into their country, so on and so forth. These things go so far that some countries actually adopt the laws of other countries in order to do this. An interesting example is the laws in terms of arbitration, it's now quite common for a contract between country A and country B, to agree that it will be arbitrated to country C because I don't want to use your standards, and you don't want to use my standards and country C standards are very best.

Richard Zeckhauser:

So I think that there will be some gravitation towards common standards and you will be disadvantaged if your accounting system is somewhat different from other people's standards. Interestingly, Canada,
which we think of as the country that's closest to the United States, actually has quite different counting standards in some areas than does the United States, which is provides havoc for companies that play a major role in the United States as well as Canada.

Karen Eggleston:
Thank you, that's related to another question which I'll invite Jack to see if he wants to answer. "Are there gold standards of collaborative governance in other parts of the world outside of the US and China that we can look towards for inspiration? We mentioned only a few in the book. While you think about that, just to answer what Richard asked about maybe an example of transparency. From the China case, we talk about the challenges, for example, in the [inaudible 00:53:23] minimum living standard program in China, it's required that the localities publicly post or let the community know about the individuals receiving that public support program, but that also creates problems if the program wants to meet more than one goal such as stability as well as providing minimum support. That's one case that we talk about. So Jack, did you have question about... any thoughts you want to share about the question?

Jack Donahue:
That's a really interesting question. I've been I've been trying to think if there's an answer to that. There certainly are countries that tend to do a relatively the good job at cross sectoral interaction. I don't think there's any gold standard serves as a template for other countries to adopt, not the United States, definitely not China. Because the right models depends so much on the cultural and institutional context. In some ways, I mean, the United States has an awful lot of successful examples just because we try a lot, because we tend to shy away from our governmental approaches, so we experiment a lot with mixed approaches, some of them are catastrophic but some of them just by the law of averages work out pretty well.

Jack Donahue:
So I would say the United States is not a bad place to look to, for successful examples. In terms of countries that have the highest hit rate, the highest traction and relatively successful kinds of collaboration to the disasters it's kind of the usual suspects of well governed countries, the Nordics, Germany, Singapore, on a good day the UK.

Richard Zeckhauser:
Can I just say a word?

Karen Eggleston:
Yes, Richard wants to talk about Singapore perhaps? Since we talked a little bit [crosstalk 00:55:16]. Okay.

Richard Zeckhauser:
I want to talk about an area where the world seems to have met a common standard, which once again deals with vaccines. By the way, very important for China. China has pledged to give away a half billion doses... deliver a half billion doses of its Sinovac vaccine, produced by a private company, to the world. Many countries that produce vaccines, there is a world standard on this, you have to get your vaccine approved by what we would call traditional standards and you have to publish in one of the major medical journals. Unfortunately for many places, those are in the United States and in the United Kingdom, Lancet Journal, American Medical Association, et cetera. So... and the New England Journal of
Medicine. And people do not trust vaccines that haven't received that particular imprimatur of meeting a world standard. So I think this goes to the theme that Jack talked about of transparency, you have to have things peer reviewed and these are all by the way, private sector publications, government has no role with them whatsoever.

Karen Eggleston:
So we're coming up upon an hour, maybe I'll post this question and if any of our panelists today would like to answer, "Are there certain frameworks for collaborative governance that are consistently more effective than others in particular contexts?" Anyone want to give a couple minutes thought on that question?

Jack Donahue:
I'll start on that Karen. I think the important piece of general guidance that we develop in this book and also in a previous book that Richard and I wrote on this, is the most important thing is to recognize what you're doing, to recognize that that contracting and volunteerism and collaboration are different. They have different intellectual approaches, they have different managerial imperatives and many of the most...

Jack Donahue:
unfortunate mistakes come when people think they're contracting when they're collaborating, when they think that they're dealing with a collaborator but in fact, they're dealing with a volunteer organization. So being clear about the nature of the relationship is the first step to getting it right.

Karen Eggleston:
Go ahead Richard.

Richard Zeckhauser:
Well, I would say that this is useful whatever form of collaborative governance is found mostly in your particular jurisdiction. And I think here, China and the United States are definitely fortunate relative to other countries, be willing to experiment and innovate and particularly give up frameworks or approaches that don't work. And that's very hard to do because when you start something, interest groups build up who liked the way you're doing things. But if you start from the very beginning with the idea that we're going to have some equivalent of zero-based budgeting and we're going to look at the experiment and see how it works out, that offers tremendous power no matter what framework you're using, no matter what apparatus is in place. I think we should ask Yijia to give us a final valedictory word on this subject.

Yijia Jing:
Actually, I just have some response to a question. I think it's very difficult to conclude, any remark on PvP is always effective. Its contingent on many other factors as Jack just said and as your important perspective is to sink PvP or collaborate governance is a process, its not just a kind of one shot is even to determine who will be our partners that may be just the beginning stage. And then we have to establish appropriate mutual relations based on rules and informal principles. And we have to monitor that Process... manager process to evaluate the performance then come up with some further measures, steps, punishments and rewards. So that's process as a dynamic process in need of magic, thank you.
Karen Eggleston:
Thank you very much. Indeed, in our book we emphasize in many of the chapters that process of
analysis and revision, so we appreciate your highlighting that. I just want to conclude by thanking
everybody today, [foreignlanguage 01:00:17]. Thank you all for joining us today and for your interest in
public-private collaboration. On behalf of the one fifth of humanity that called China and the US home,
and who are working together can also forward global collective interests, we hope to hear from you
about your ideas upon reading the book, perhaps after the paperback or a Chinese edition become
available. Many thanks to our esteemed commentators today, Lawrence Summers and Yijia Jing, and
thanks to the others who also provided endorsements and reviews of our book, Fareed Zakaria, Anthony
sage, David Lampton, [inaudible 01:00:53].

Karen Eggleston:
Many thanks to my coauthors who use the power of majority voting to determine the author order of
our book. Thanks also to John Haigh, [inaudible 01:01:04] and to the staff at Stanford Asia Pacific
Research Center, especially Lisa Lee and Noah [Runcan 01:01:10]. So thank you all for joining and have a
good evening or a good morning depending on your side of the Pacific, thank you.