

21/09/1997

A perfect venue for voicing Asian money problems

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IT has all the makings of a highly intriguing drama.

Divers lurking in the harbour, sniffer dogs searching for bombs and the security system so tight that even toilet cleaners wear individual ID tags.

The occasion is the annual International Monetary Fund-World Bank meeting (Bank-Fund meeting) held at the Hong Kong Convention Centre overlooking the Victoria Harbour which officially starts on Tuesday.

This weekend, though, the drama starts unveiling as participants comprising 15,000 ministers, officials and bankers and other guests plus 2,000 media people converged in Hong Kong, making the occasion an event bigger than the handover of the former colony from British colonial rule on July 1.

For the first time in the history of these annual meetings, both Prime Minister Datuk Seri Dr Mahathir Mohamad and his deputy Datuk Seri Anwar Ibrahim would be attending, though not at the same time.

Dr Mahathir has been specially invited to present a paper on the Asian opportunity - the only state leader to do so - at one of the seminars being held before the meeting proper starts while Anwar will be making his usual appearance at this meeting in his capacity as the Finance Minister.

By coincidence, (the list of speakers was prepared way before the currency crisis started) George Soros is slated to speak at one of the seminars on global integration.

Attendance at these seminars are limited and attendees have to obtain vouchers. The 200 or so vouchers for Dr M's presentation yesterday were snapped up barely an hour after distribution.

The interest is understandable. First, our Prime Minister always attracts the crowd, both the media and non-media, with his no-holds-barred remarks particularly in championing the cause of the developing nations.

The Bank-Fund meeting is the perfect venue for voicing the views of a region so diverse that it has three sets of country criteria. We have wealthy Asian Tigers, namely Japan, Hong Kong, Singapore, Taiwan and Korea; Baby Tigers with emerging economies such as Malaysia as well the world's poorest who have to survive on a US\$1 (RM3) income a day.

Then, there is the issue at hand. Southeast Asia has yet to completely recover from the financial and currency firestorm which started in Thailand in July and has since spread to the region, Malaysia included.

The finance-related meetings held prior to the Hong Kong meet, the Commonwealth Finance Ministers meeting in Mauritius earlier last week (Sept 16-18) and the Asia Europe Meeting in Bangkok later in the week (Sept 18-19), have discussed the issue at length.

Anwar, who started Malaysia's war cry on "financial gunslingers" in Mauritius, will use the Bank-Fund meeting to demand that the IMF recognise that with liberalisation of financial markets must come responsibility and proper regulation.

The IMF and other supervisory institutions must not only be able to warn members of impending danger but go one step further by playing a pro-active role in assisting them to chart their economic agenda for future challenges.

And we have valid reason for sending out the war cry.

Turbulence in the Asian currency markets is already taking its toll and reducing private capital flows both to the region and to the world.

The institute of International Finance, the club of the world's biggest banks, has predicted that private capital going to Asian emerging markets would fall from US\$142 billion to US\$107 billion.

Plans had been put on hold by Governments as part of the moves to reassure investors of Governments willingness to cut current account deficits. Malaysia has deferred several, most notable the Bakun dam project, while Indonesia has postponed 14 power projects.

Asia is likely to ride through the crisis because, as emphasised by Malaysian leaders, most countries have strong economic fundamentals. This view is subscribed by many, both from the multilateral agencies as well as the leaders in the affected countries.

World Bank president James Wolfensohn has dismissed the recent crisis as a "hiccup".

Already, the various groupings in the region are considering ways of preparing themselves against future predatory attacks on their financial markets.

The Commonwealth Secretariat, specifically, will do an immediate study on lessons to be learned from the recent crisis to protect members from future attacks and the effectiveness of the current existing warning systems.

Apart from the currency issue, other matters to be discussed included a more generous new allocation of special drawing rights - soft loans - for Asian countries and the move to eradicate corruption among receiver Governments.

Hopefully, at the end of the meeting this weekend, we - the rich and the poor of the world - will see the silver lining at the end of the currency crisis cloud.

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