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### Co-operation through crisis

FOR the last three decades, Asean's vast economic potential has mostly existed on paper. Reams of it have been produced - in numerous reports, proposals and committee minutes - while that potential was talked about, tinkered with and put off for another day. Economic co-operation was actually one of Asean's founding principles under the 1967 Bangkok Declaration. But it has had to give way to the argument of members' "differing levels of development" - their need to protect large and vulnerable domestic markets and their unequal experience and expertise in international trade.

The renowned Asean consensus machine worked overtime before its most ambitious economic initiative, the Asean Free Trade Area came into being five years ago. Even so, this slow, graduated and highly "flexible" approach to integration is well short of what was advanced by Malaysia at the first Asean Economic Congress in 1987. Asean had then begun to realise that it had to integrate, and bring its economic potential into fruition, or wither away. It faced a real possibility of obsolescence as increasing regional stability deprived it of its main political focus. In spite of this, many members were still too inward-looking to perceive the gains to be had from closer regional linkages.

As in regional and international politics, nothing works better than a crisis or common external threat to shake Asean up into seeing how much its members' economic fortunes are inter-linked and interdependent. The recent speculative attacks on the region's currencies have shown individual Asean countries that they cannot isolate themselves from their neighbours. The Asean Economic Ministers Meeting last week decided that economic co-operation was, in the age of globalisation, a necessity. Asean has not been the first regional or multilateral grouping to be motivated by currency instability. Both the Group of Seven industrial countries and the European Monetary System (the precursor to the European Monetary Union) were formed by the breakdown of the International Monetary Fund-managed system of fixed exchange rates in the 1970s. Volatile currencies have been a driving force behind the economic integration of Europe towards a single currency. They will act in the same way to push Asean's governments to work together. But government-to-government co-operation, in monetary and economic policies, will not be enough. Asean's economic integration must allow for the truly borderless movement of goods, services and investments before its individual countries can act as one to overcome internal disadvantages.

That is still far into the future. However, the region's currency crisis will have one positive outcome - it will increase regional trade and investment. This growth, according to some analysts, can be substantial. Most of the Asean countries' drop in purchasing power in international trade can be offset by increased trade among themselves. Although increased economic co-operation will, willy-nilly, be brought about as a result, Asean can do worse than just wait for things to happen. Member countries will, as Prime Minister Datuk Seri Dr Mahathir Mohamad said at the AEM's opening on Thursday, have to lift co-operation to a higher plane. It must take place on a loftier and more enlightened basis, and rise above the set of narrow national interests on which it has, up to now, been built on.

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