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## Global currency coalition can curb manipulation

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THE contagion effect of the currency crisis, with its ramifications for economies everywhere, underscores the urgency of devising effective strategies for checking the volatility of exchange rates and the instability of the international financial market.

Unless this is done it will not be possible to curb currency speculation and manipulation.

Indeed, the time has come to forge a global coalition to address this blight upon human kind.

Governments, corporations, trade unions, political organisations, civic groups and the media should direct their energies towards two objectives:

- \* They should raise public awareness of the disastrous consequences of the unpredictable ebbs and flows of international capital upon the standard of living of the people.

Each and every stratum of society should realise that the fickleness of financial markets impoverishes the masses and destroys economies.

- \* A global coalition should try to work out short-term and long-term solutions to bring some stability to the international financial market.

Deterring speculation through a uniform tax on spot transactions in the foreign exchange may be a short-term measure worthy of consideration.

According to its proponent, Nobel laureate James Tobin, such a step would "increase the weight market participants give to long range fundamentals relative to immediate speculative opportunities".

In the long run, however, a globalised economy may have no choice but to establish fixed exchange rates which are at the same time just and equitable to the majority of humankind.

To ensure that short-term and long-term measures are implemented effectively, the global coalition that we envisage will have to target the International Monetary Fund.

The global coalition should remind the IMF of its responsibility.

With a clear goal in mind and sound strategies to realise that goal, a coalition of governments and important elements in civil society can mount a powerful campaign.

Of course, a campaign to restore order to the international financial system will take much more time to bear fruit.

There are well entrenched vested interests which will fight tooth and nail any attempt to check the vagaries of the financial market.

Currency speculators are only one of them; powerful governments and sections of the media also want to maintain the status quo.

Nevertheless we should not flinch from the challenge. Asean should take the lead in organising this global coalition.

Most Asean States have suffered from the currency crisis. And yet Asean remains a region of tremendous economic promise and potential.

Its 500 million people have a direct stake in fighting for a just and equitable international financial system.

In putting together a global coalition, Asean should view the countries of East Asia - Japan, North and South Korea, China (including Hong Kong), and Taiwan - as special allies since some of them have also been badly hit by currency manipulation.

As an aside, such an alliance between Asean and East Asia forged in a moment of adversity could well accelerate the formation of Dr Mahathir Mohamad's East Asia Economic Caucus.

However, if Asean is to have credibility as the leader of a global coalition to fight financial instability and currency manipulation, it should also put its own house in order.

There is no denying that there are glaring weaknesses within Asean economies which have made them all the more vulnerable to currency manipulation.

Current account deficit problems, the flow of "hot money" into the region, reckless domestic lending, unrecoverable bank loans, over investment in the property market and an obsession with prestige projects have in different ways contributed to the weakening of various Asean economies.

Lack of professionalism and incompetent management, corruption and cronyism, elite extravagance and opulence in the midst of widening economic and social disparities, have compounded the Asean malaise.

This is why as we mobilise forces in the struggle for a just international financial system, it behoves us to take a hard, critical look at ourselves.

Only if we are prepared to correct our mistakes, will we have the moral stature to ask the rest of the world to join hands with us to eliminate one of the greatest injustices of our times.