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Summit more than a success, despite absence of some leaders

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THAT the leaders of the Group of 15 developing countries (G-15), which ended their seventh summit in Kuala Lumpur on Nov 5, had decided to take the problems caused by unregulated currency speculation beyond mere discussion came as no surprise.

Even those whose currencies and stock markets are spared from the current rounds of attack have seen the devastation which unabated speculation and manipulation have done to the economies of Southeast and East Asia.

This is more so after the attack on the Hong Kong stock market three weeks ago sent the European and American stock exchanges reeling, and causing the global share trading equation to be changed.

Asian markets used to catch a cold when America and Europe sneezed. Now, it was the turn of the US and Europe to catch the cold when Asia was down with the flu.

What was more pleasing was the apparent willingness of the G-15 leaders to go beyond rhetoric and expression of sympathy for those whose currencies and stock markets were battered.

They decided to instruct their Finance Ministers and central bank governors to meet in Kuala Lumpur three weeks after the summit for the purpose of working out rules and regulations on currency trading. Their proposals will then be forwarded to the International Monetary Fund (IMF).

It will coincide with the Dec 1 and 2 meeting of Asean Finance Ministers.

As such, it was an understatement when the Prime Minister, Datuk Seri Dr Mahathir Mohamad, who was the summit chairman, declared the meeting as a great success.

It has to be more than that. The decision is further testimony that Dr Mahathir was not talking nonsense when he proposed that currency trading should either be banned or regulated.

When speculators hit Hong Kong and sent shockwaves around the globe, Dr Mahathir was vindicated. But it has to be noted that even before the attack on Hong Kong his assertion had started to attract attention.

Senior World Bank and IMF officials on their visits to Kuala Lumpur weeks before the G-15 summit had agreed to look into Malaysia's proposal.

The G-15 endorsement of the Malaysian proposal will certainly not escape the attention of the IMF managing director, Michel Camdessus in his visit to Malaysia planned for this week.

He is scheduled to meet Deputy Prime Minister and Minister of Finance, Datuk Seri Anwar Ibrahim, today. The IMF chief will be attending the Asean Finance Ministers meeting.

The World Bank and IMF's present interest in Southeast and East Asia is heightened by the fear that their influence over and ability to dictate terms to countries in these regions will be undermined by the Asian Monetary Fund proposed by Japan.

If and when the fund is established, the combined strength of Japan, Asean and China will be strong enough to challenge the position of the World Bank and IMF and their Western backers.

The US in particular would not be too pleased to see Japan, Asean and China getting together to determine the social and economic well-being of East Asia as a bloc.

On the other hand, the success of the G-15 Summit would have been

complete had more leaders been present. Except for Algeria, Egypt, Indonesia, Peru, Malaysia and Zimbabwe, the other members were not represented by their heads of government.

Argentina sent its vice-president and Jamaica its Deputy Prime Minister while the rest sent cabinet members. Curiously, India - the most populous member of the group - sent its vice-president, a ceremonial leader, instead of an executive.

Yet one Indian journalist covering the event had the audacity to complain that the summit had been hijacked by the currency issue.

Perhaps it is not inappropriate to recall that when India was in the chair, the group's summit planned for New Delhi failed to get off the ground.

Dr Mahathir, in his response, said in spite of the focus being on the currency problems, other matters were given equal importance. These include globalisation, liberalisation and deregulation of trade and investment.

Could the absence of some of the heads of government be due to their lack of interest in the grouping or because of the fear that the debate on the currency issue would be too hot to handle?

Take Argentina as an example. We all know that President Carlos Menem is facing a domestic political problem, but we also know that Dr Mahathir had just visited him in Buenos Aires.

Days after that, he played host to US President Bill Clinton. The visit was hailed by the American media as a big success. Weeks before that, currency speculator George Soros was reported to have spent billions of dollars buying up properties in Argentina.

The achievement of the summit notwithstanding, the low level of representation by a majority of the member states was a source of disappointment.

We can accept Dr Mahathir's explanation that some of the heads of government could not attend because they had more urgent and pressing matters to handle at home, but the absence of so many cannot be good for the future of the grouping.

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