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Acceptance of Dr M's argument shows leaders realise its wisdom

Ashraf Abdullah in London

"HE has not lost his sense of humour," remarked a British reporter about Prime Minister Datuk Seri Dr Mahathir Mohamad after his Press conference at the end of the two-day Second Asia-Europe Meeting on Saturday.

Foreign journalists were anxious to meet him as they saw very little of him during Asem 2.

They were curious to know why Dr Mahathir, who, during his 17-year term as Prime Minister, enjoyed a very close relationship with the media, only spoke to reporters on the last day of the meeting.

The answer is obvious. Dr Mahathir was waiting for the outcome of the Asem 2 which he had earlier said he was not very optimistic of.

But in the end, he came out of it with a smile on his face.

Intrigued by Dr Mahathir's silence, a foreign journalist asked whether he had stopped his attacks on currency speculators for fear of sending the market downwards.

"Well, I kept the peace, so to speak. I have held myself back and have not said anything. But I am quite sure that even currency speculators do not want to act as dictators and prevent free speech.

"So, off and on, I make very mild remarks about these things. I hope I don't hurt anybody and they will not depress the value of the ringgit," he said, laughing.

But on a more serious note, Dr Mahathir said Asem 2 delivered much more than he had expected, obviously happy with the decision of the 25 leaders, 15 from European nations, acknowledging that the financial instability in Asia was, to a certain degree, induced by the activities of currency speculators.

In a separate statement on the financial and economic situation, the leaders called for improvement in transparency of the financial and capital markets and to monitor capital flows.

This is the first international support for Dr Mahathir's proposal that currency trading be regulated to ensure transparency.

He had said on several occasions in the past that there was a need for greater transparency and regulation in currency trading. He was then ridiculed, even to the extent of some calling him an "economic illiterate".

But the fact that the leaders have accepted his argument goes to show that they have now realised the wisdom of his proposal.

He had said that often currency traders who had the power to impoverish even nations, carried out their activities in secrecy. Their identities were also unknown.

In a statement, the leaders called for "strengthened co-operation, regulation and supervision in financial sectors, and an examination by the International Monetary Fund and international regulatory bodies of ways to improve transparency in financial and capital markets, including the possibility of monitoring short-term capital flows".

For all the extremely tight security, sweep of motorcades up to the Queen Elizabeth II Conference Centre in the heart of Westminster, the banquets at Buckingham Palace, and the newly re-wallpapered Lord Chancellor's lodgings, the meeting did produce some results.

On paper, at least, they have reached common cause.

They did approve "action plans" on trade and investment between the two regions, they did vow to resist protectionism and renewed the fealty to

the IMF.

They did launch the Asem Trust Fund to help transfer of European financial knowhow to Asia, and European businessmen will send delegations to the region to explore investment opportunities.

The leaders also agreed to a variety of other issues, ranging from the environment and money-laundering to sexual exploitation of children - even to pool their resources against the dreaded Millennium Bug.

British Prime Minister Tony Blair, who is current chairman of the European Council, gave the assurance that Europe would not be a mere "fair-weather friend", but will stick by Asia, thick and thin".

Responsibility for the crisis cannot be laid only at the door of East Asia. An increasingly fickle and unpredictable international financial system is definitely to be blamed.

Asian leaders are concentrating now on coping with the effects of the crisis and are seeking to carry through necessary structural reforms.

They are anxious to receive whatever support they can from the West, notwithstanding their misgivings about the nature of the IMF rescue packages.

The West would be making a serious mistake if it under-estimated Asia's capability of rebuilding its economies.

There has been a tendency in the West to view the crisis as some kind of catastrophe, marking the end of the Asian resurgence.

Asem was born of Europe's desire not to be left out of the Asian miracle. But Asem 2 took place in very different circumstances to the first in Bangkok two years ago.

Then Asia was riding high, now it is in trouble. It must be tempting for Europe's leaders to place the Asem relationship on the back burner. But this will be extremely myopic.

An era may be over, but East Asia is likely to resume growth rates far exceeding those of Europe and to acquire an ever more significant presence in the world.

That will be the paradigm shift.

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