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Asia looks within for strength

WOULD Asia have been more united and firm against attacks on its currencies had the East Asian Economic Caucus (EAEC) existed? The question posed by Datuk Seri Mohd Najib Abdul Razak, the Education Minister, is pertinent. As Hong Kong finds itself doing battle against currency speculators in its foreign exchange and share markets, several regional economists and leaders have started to talk about might-have-beens as well as the need for regional cooperation. The EAEC comes to mind because of the opposition from many industrialised countries when it was first mooted. But if there had been a closer and more formalised regional cooperation such as the proposed caucus, might not Thailand, South Korea and Indonesia have been able to draw from the strength of Asian countries as a group instead of having to fight the powerful hedge funds and speculators on their own?

Mr Husamitsu Arai, the Vice-Minister for International Affairs under Japan's Ministry of International Trade and Industry, spoke on Wednesday of the need for Asia to unite on the issue of the continent's economic crisis. Arai said his country wants this message that Asia is united to be sent to the world through the Asia Pacific Economic Cooperation forum which holds its annual summit in Kuala Lumpur later this year. The vice minister said with unity Asia can dispose of speculation; if Asia is divided, then speculators may attack. A South Korean expert, Prof Dr Jung Shik Son, also spoke of regional cooperation to fight the speculators. He said that what individual countries in the region had been doing in response to the economic crisis was to try and tackle the crisis from the perspective of individual countries rather than in a regional context. There was no concerted effort or coordinated policy, merely ad-hoc measures and inexperienced policies.

Even within the Association of South-East Asian Nations (Asean), the response to the crisis that has crippled Thailand and Indonesia and seriously damaged the prospects of all its other member economies has been individualistic. Although the relevant authorities did meet occasionally under the Asean banner to discuss the issue, it was clear that measures taken by one Government were not always discussed with the other governments first. Often, each country just did its own thing, sometimes with the other country openly questioning the wisdom of its measures. For example, a president of a republic recently criticised another member of Asean for not being a friend in need. But even if Asean had been wholly united in the face of the assaults, it would not have been able to provide support or aid to other countries such as South Korea, Japan and Hong Kong. However, some economies outside Asean are too influential to leave out from any Asian initiative as the well-being of their economies could easily affect those in Asean.

Coincidentally, Najib brought up the EAEC at an international seminar co-sponsored by Japan, the country that had effectively put the brakes on the caucus' momentum. Asia had missed a golden opportunity when Prime Minister Datuk Seri Dr Mahathir Mohamad first mooted the idea of the EAEC to bring together East Asian economies under a loose, consultative forum. As the economic crisis facing Asian countries deepens and widens, the governments would now be justified in trying to revive the idea. As Najib said, it is still not too late to formalise the EAEC. But Arai and other Asian leaders must refrain from looking out for assistance, even from

Apec. To look to the likes of the International Monetary Fund (IMF), which is facing financial as well as resource constraints, would be to put additional burden on the world body.

Asia must start looking into itself for the strength to fight against external irritants. Lest its leaders forget, Hong Kong is not the first to have its currency assaulted and it won't be the last. Since the attack on the baht in July 1997, and earlier this decade on the Mexican peso, the pound sterling, the lira and exotic currencies from Latin America, absolutely nothing has been done to regulate currency trading. The US, the IMF, the European Union and the Group of Seven are not going to go out of their way to stop the rot in Asia. Asians have to fight their own battle, together.

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