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Home-grown remedy inadequate?

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THE statement by US Secretary of State Madeleine Albright in Manila on Wednesday is beyond comprehension.

Criticising some leaders in the Association of South-East Asian Nations (Asean) by attributing the economic downturn to their long-held leadership, she is seen as having shown an aversion towards Asean-style of democracy.

Her speech before the American Chamber of Commerce in Manila, where she attended the three-day annual meeting of the nine Asean foreign ministers, took the Association by surprise. No member of the Asean Regional Forum (ARF) has made such remarks in the previous US-Asean dialogue. But Albright avowed it aloud.

Although she did not single out any leader or country in her speech, many would have pointed her remarks to Prime Minister Datuk Seri Dr Mahathir Mohamad and the Vietnam's Politburo.

Now that South-East Asia's longest-serving leader, Suharto, has stepped down as Indonesia's President, Albright's reference could well be interpreted to be directed towards Dr Mahathir, a leader whom she praised at the Asean summit in Kuala Lumpur last year.

However, her motive for making the remark is perplexing. The region and its leaders are known to the US Secretary. The region is also important to America. As one-third of US exports goes to Asia, notably Asean, and US companies have more than US\$130 billion (US\$1 = RM4.13) invested in the region, Washington has started to take note of the adverse effects the Asian problem is having on the US corporations and its trade with the region.

Asean - comprising Malaysia, Indonesia, Thailand, Singapore, the Philippines, Brunei, Vietnam, Laos and Myanmar - has and will not forget the agony and stress of having to reduce the hardships on their citizens.

Although Washington and its Western allies have repeatedly denied accusations that the attack was launched, among others as "a punishment" for Asean's decision to include Myanmar last year, the fact that the economic downturn took place immediately after that, remains enigmatic.

Even international analysts had said that had Asean kept Myanmar at bay, at least for another two or three years, they would not have to undergo such a difficult period.

However, the damage has been done. The Asian economic growth and progress is taking a setback.

Malaysia, after registering a decade long of 8 per cent growth, will have to strengthen its economic base again before it can experience full recovery.

For countries like Thailand and Indonesia, who had turned to the International Monetary Fund (IMF) for assistance, they probably will have to do much more.

Albright has also told the Manila meeting that Asian economic problem is not going to be solved by aid alone. True. But have not Asian and other developing countries in the past stressed the need for fair play and trade.

In addition, their leaders have also repeatedly called on the need for hard work. But it has been ignored by the West.

Mr Robert Kuttner, writing in Business Week, said the sudden exposure of Asian economies to the speculative whims of unregulated financial capital

was the more important cause of the Asian financial and economic problems.

"It was impossible to run an efficient economy when your currency swings by 100 per cent in just a few months," he said.

Dr Mahathir has been most vocal about currency manipulators causing damage to Asian economies and has also dismissed suggestions that it had emerged due to weaknesses in Asian economic structures.

While the Asian economic collapse has been widely blamed on structural problems such as too much state interference in economies, crony capitalism and thinly capitalised banks, Kuttner argued that the system, while in need of overhaul, had produced exceptional growth for two decades.

In an article entitled "What sank Asia? Money sloshing around the world", he said when the Asian economies became target for global financial speculation, they were abruptly exposed to forces beyond their control.

"Hot money poured in, seeking supernormal returns. When the hot money resulted in overbuilding followed by falling expectations, the money poured out just as quickly," Kuttner explained.

Recent events - with the yen being thumped to a 7-year low against the dollar, the latest attack on the South African rand, and the poor state of the Indonesian economy - are being cited as signs of prolonged depression in Asia.

And again, what is the US doing about it? Just look at what happened at last month's US-Japan meeting to address bilateral trade issues. The Americans remain in a very uncompromising mood.

When it comes to tackling the economic woes of Asean, the US has again inflicted its power on the IMF and the World Bank for this two institutions to give assistance by tailoring it to their provisions and pre-conditions, regardless of whether the people in Indonesia, Thailand, South Korea and elsewhere in Asia have enough to eat and enough to wear.

While Asian countries do not expect handouts from others, it is important to note that despite their economic problems they continue to be important players in the world economic stage. South-East Asian countries must themselves persevere with painful economic reforms if they are to recover.

Asian countries are taking the bitter medicine, some on their own, but even then they are not allowed to do so. It seems that the home-grown remedy is considered inadequate and others continue to dictate terms. What happened to the much talked about democracy, freedom to choose and human rights?

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