

12/01/1998

Meeting dialogue objectives requires seeing both sides of the coin

Ashraf Abdullah

AT a time when confidence in the Asian economies is low and as reassurances about strong fundamentals are met with sinister remarks, renowned thinkers, politicians, diplomats and policy makers converge in Kuala Lumpur today to discuss a host of issues affecting the region. Economy is high on the agenda.

The two-day Pacific Dialogue once again groups experts in various fields to discuss and find ways to enhance cultural, security and economic co-operation between nations on both sides of the ocean - North or South, large or small, powerful or weak.

The experts include Deputy Prime Minister Datuk Seri Anwar Ibrahim, United States Defence Secretary William Cohen, former US Secretary of State Henry Kissinger, former Foreign Minister of Australia Gareth Evans, chairman of the Institute of Strategic and International Studies Tan Sri Dr Noordin Sopiee, Asia-Pacific Policy Centre president Douglas Paal and professor of University of Wisconsin's department of political science Dr Donald Emmersen.

They will put their minds together to narrow the economic disparity between the various countries and seek to strengthen regional security.

The dialogue comes at a difficult time as a number of Asian countries are facing economic problems.

Their currencies have depreciated to record lows, mostly undervalued, and their share markets have dropped sharply.

The dialogue which is being held for the fourth time is crucial now, probably more than ever, to determine the steps that can be taken by the respective countries to help one another.

Within a period of seven months the economic gap between countries of the North and South widened further.

South Korea, Indonesia and Thailand have sought financial assistance from the International Monetary Fund which, in return, has imposed tough monetary conditions.

Malaysia has decided to fend for itself.

The experts have many things on their hands. Seeking ways to create a real Pacific-Pacific community, which calls for economic equilibrium, will be their main worry.

Over the last six months, economies of certain Asian countries, albeit their strong fundamentals, took a bashing.

Their currencies were subjected to manipulative attacks by speculators in the more powerful nations.

Being important trading partners, the bigger nations cannot allow the present economic downturn to continue.

Pacific countries must definitely look into the problems of trade inequality.

The bigger and richer countries must help the smaller ones prosper.

Otherwise, the beggar-thy-neighbour policy mentioned several times by Prime Minister Datuk Seri Dr Mahathir Mohamad in recent years would continue to cast a shadow over the world.

This attitude must be discarded and be replaced by enrich-thy-neighbour policy. Rich neighbours will make for greater prosperity all round, while poor neighbours tend to sap everyone's energy and resources.

A prosperous Asian region will provide business and investment opportunities for the developed nations.

Therefore, the enrich-thy-neighbour policy is a practical solution in today's rapidly shrinking world in the face of a global village. It must also be noted that hunger and deprivation cannot sustain democracy. Hunger can lead to unrest and internal conflicts.

The richer countries will then lose potentially good trading partners. A nation facing unrest will then turn to the developed countries for aid.

The cycle goes on and benefits no one.

Surprisingly, the United States, well aware of the consequences, failed to respond positively to the problems faced by the Asian countries, once dubbed the tigers of the 21st century.

In the case of Mexico, the US was quick to act and help put the country back on its feet.

It is indeed surprising as Southeast Asian countries, mostly affected by the current economic problem, are collectively the second biggest trading partner of the US after Japan. In 1995 alone, US exports to Asean amounted to US\$45 billion (RM207 billion).

The question that participants of the dialogue will ask is whether Asean countries will be able to sustain such trade with US if their economies continue to be undermined.

Will exporters in the United States find enough buyers of their products in Southeast Asia?

Anwar said last Friday that there was a general perception that the US was not as enthusiastic with regard to Asia as it was in the case of Mexico.

"But I think this is changing and I welcome their recent interest vis-a-vis South Korea."

Analysts believe that the experts will also dwell on possibility of introducing regulations on currency trading as proposed by Dr Mahathir.

Of late greed had overcome common sense. The depreciation of several regional currencies had also made the world poorer, as in a globalised environment such as now, the impact was being felt even by those unaffected by the problems.

Dr Mahathir's proposal was supported by a number of countries as currency trading, unfettered by rules and regulations, accounted for 95 per cent of global trade in goods and services.

Currency markets continued in secrecy with traders and their trading practices remain largely unknown. And yet they had strong influence over the economies of many nations.

"A set of rules as well as a proper market, much like the ones dealing with equities and commodities, would make it more transparent and responsible," Dr Mahathir told businessmen ahead of the Asia-Pacific Economic Co-operation conference in Vancouver in November.

At this dialogue, scheduled for today and tomorrow, the experts will hold three sessions under different themes - the Celebration of Civilisations, Security and Defence Co-operation as well as Economic and Financial Co-operation.

Under the present circumstances, the dialogue should produce concrete results on how the Governments of the Pacific nations, can bolster each other's strength with linked arms. Otherwise, the purpose of the annual meeting of minds will be defeated.

As long as they see the other side of the coin, and gain valuable perspectives from their discussions, the dialogue should be able to achieve its objectives.

(END)