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Chirac tries for the impossible?

PRESIDENT Jacques Chirac of France is trying to do something which almost seems impossible; getting the industrialised countries to agree to sit down with developing countries and discuss the establishment of a new global financial architecture by the end of the year. North-South dialogue has always been as elusive as complete peace in West Asia. There have been numerous calls by the developing world for North-South dialogues to sort out many issues. However, the Group of Seven (G-7) has never agreed to go down to the developing countries' level or invite the Third World for a tete-a-tete.

It is not often that a leader of a G-7 country initiates talks with developing countries, especially on such big issues. Chirac however, seems to have no qualms about departing from the norm. He seems to have no problems about consulting with Datuk Seri Dr Mahathir Mohamad, the Prime Minister of a developing country, on various issues affecting the developing world before any G-7 meeting. Chirac has set himself a daunting and challenging task and in this, he may be standing alone - the UK and the US seem to be huddled together over the issue, although President Bill Clinton's views on the economic crisis that originated from Asia have lately proven to be quite consistent with what Dr Mahathir has been trying to tell the world since late 1997, just months after the crisis broke out in Thailand. Germany may be supportive of the dialogue proposal and a great deal of hope is being placed by many developing countries on Japan. But why would the G-7 want the Group of Fifteen (G-15) developing countries to sit at the same table and discuss a new international financial architecture?

There are so many reasons why they should. The crisis in Asia has hurt many economies very badly. The East Asian countries may have opened their markets - especially after the International Monetary Fund had established a presence - for shrewd investors from the North to buy cheap. But the impact of the Asian crisis was also felt by foreign companies, including banks, especially in countries such as Indonesia, Thailand, South Korea and Malaysia. These were the so-called emerging markets to which companies from industrialised countries had paid so much attention. Today, the international companies from France, the US, Britain or Germany have lost a lot of money because of what happened. Some have stopped their operations and sacked thousands of loyal staff to relocate elsewhere outside the region. More will be forced to do so if the crisis deepens or if the problems recur and the shrewd investors from the North who came recently to buy cheaply may not see any returns for a long time. At the end of the day, the North may be looking at losing a market of hundreds of millions of consumers because of what a handful of hedge funds and speculators did.

But then again, as long as most economies in Europe and America are not affected by a severe economic downturn, most of their governments will continue to ignore the developing countries' views. As long as governments in the South continue to feel and act subservient to the North, the G-7 will not be compelled to act for the world instead of just for themselves. The G-15 has become a voice to be reckoned with and there are several organisations that overlap with the G-15, such as the Association of South-East Asian Nations, the Developing 8 and the Non-Aligned Movement, that are also beginning to speak up a little more collectively.

However odd it may seem, these organisations must now pray that Chirac will get his way and that somehow the US and the other economic powers in the North will open up and take into account the views of their friends in the South. Organisations that transcend in certain areas the North-South divide, such as the Asia-Pacific Economic Cooperation forum, the Asia-Europe Meeting, the Commonwealth and, of course, the World Trade Organisation must also realise that allowing a handful of countries to drag their feet over the proposed international financial architecture so as to allow another handful to reap handsome profits from activities that destroy small economies, will only result in making sure that the world is a worse place to live in come the next millennium.

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