

09/09/1999

Wanted: A common Asian voice

THE Asian Monetary Fund (AMF) idea which did not materialise because of Washington's stern opposition and Tokyo's sensitivity that it not rile the US could have made short work of the regional crisis. The International Monetary Fund (IMF) would have been saved the embarrassment of failing miserably in handling the crisis, millions of people in the region would have kept their jobs, and Malaysia would not even have come to the point of considering selective capital controls. The crisis-hit countries' economic growth would still have stalled but resumed quickly, and martial law in East Timor would not have happened.

In his assessment of what could have been, Bank Negara governor Tan Sri Ali Abul Hassan Sulaiman was not making an excessive assumption when he said the proposed AMF would have helped contain the contagion effects of the Asian financial crisis. Pre-authorized loan commitments under the AMF could have bolstered market confidence and expedited recovery in the crisis-hit countries. Given that the crisis was initially a currency crisis and countries were facing liquidity problems, upfront financial support that the AMF could have granted would have stopped the contagion. But the US had to oppose the idea for fear that it would diminish the role of the IMF. The rest is history - one of the worst periods in Asia's socio-economic history. Finally, after much damage had been inflicted on the crisis-hit countries, the US agreed to the principles of the proposed AMF but, which it came in the form of financial packages under the Tokyo-initiated Miyazawa Plan.

However, as Ali made quite clear in his address at the Japan-Malaysia Association Symposium in Tokyo this week, Japan cannot and should not be blamed entirely for not pursuing the AMF. The Asian funding proposal could have become a reality if Asia had been more united in its position. The whole episode underscores, yet again, the need for a common Asian voice in international affairs. This is not the first time that Asians have failed to grab the opportunity to do something beneficial for themselves. And this is not the first time that the US has come in the way of Asia playing a more prominent international role.

About a decade ago, when Prime Minister Datuk Seri Dr Mahathir Mohamad proposed that key East Asian countries start a grouping to discuss issues and solve problems, many of these countries became anxious about the idea after the US had stated its objection. The proposed East Asian Economic Grouping later became the proposed East Asian Economic Caucus (EAEC) so as to reassure these countries and Washington that it was not meant to be an economic bloc. Even after lengthy and repeated explanations that the EAEC would not even evolve into something akin to the European Union or the North American Free Trade Area, the US remained apprehensive towards the idea. So despite having been adopted at the Association of South-East Asian Nations (Asean) level way back in 1991, Japan, which was expected to lead the caucus, never came close to openly agreeing to the setting up of the EAEC. China, however, has remained supportive and this was conveyed to Dr Mahathir during his recent trip to Beijing.

If the AMF could have contained the contagion effects of the Asian crisis, the EAEC - if East Asian countries had been united enough to push through its establishment - would have ensured that the AMF was an idea whose time had come. Perhaps, the currency crisis that started with the Thai baht collapse in July 1997 could have been nipped in the bud with the

EAEC. The grouping, which would have at its disposal the financial resources and political will of the likes of Japan, China, and Asean, could have taken the lead and giving the necessary assistance to the affected countries in dealing with the currency speculators and hedge funds. And Asia would not have had to surrender its fate to the IMF and World Bank in Washington, the Asia Pacific Economic Cooperation forum, the Commonwealth Heads of Governments Meeting, or the Group of Seven industrialised countries.

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