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Why not Fortress Asia?

A DECADE has passed since the idea to set up the East Asia Economic Caucus (EAEC) was mooted by Prime Minister Datuk Seri Dr Mahathir Mohamad. It's an idea that is both simple and practical; of a loose, consultative grouping of East Asian countries that will meet to discuss and if necessary make decisions on issues affecting them. It was adopted by the Association of South-East Asian Nations (Asean) leaders at their summit in Singapore back in 1992 and China has maintained its support from the start. While Tokyo has oscillated, which seems always to be the case when an idea does not amuse a certain superpower, the powerful Japanese private sector has been growing more sympathetic towards the concept over the years.

The fact of the whole matter remains that most governments in Asia will not move unless told to by their more domineering counterparts in the West. Their countries may have achieved independence decades ago but they have never really successfully prevented their former masters from colonising their minds instead. Asia has never been free to do what it thinks is best for its economies and people. The US opposed the EAEC and shot down the Asian Monetary Fund (AMF) proposal, the International Monetary Fund (IMF) dismissed any suggestion of a single Asian currency and condemned Malaysia's capital controls, and others in the industrialised world have at one time or another ridiculed theories, ideas, policies and practices of authorities in this part of the world.

And they have been able to do those things to Asia because some in this region - and they happen to be the more powerful among us - have failed to be firm. If Tokyo had stood its ground on the AMF idea, the so-called Asian crisis would have been tackled in a more positive way and much earlier. If the EAEC had been adopted before the crisis struck in 1997, governments in the region might have been able to respond to the threats and implications in a more coordinated and confident manner. Millions of jobs could have been saved and years of hard work to build up the economies of countries would not have gone wasted. And Russia and Brazil would probably have been spared the devastating effects of the contagion.

Asia has not seen the last of economic crises. Next year or perhaps even next month, something else could hit its economies, stock markets, or currencies. When that happens, some individual countries like Malaysia, South Korea, Thailand and Indonesia will have the experience to deal with the effects but they may not have the resources to overcome the problems and, with the exception of perhaps Malaysia, certainly not the mechanisms to prevent one from happening. Since the emergence of the European Union, which was almost right after the pound sterling and lira crises of early 1990s, the continent has been well buffered against severe currency attacks. And Mexico is not likely to face another crippling peso crisis as long as it has the North American Free Trade Area (Nafta) protecting its interests. Apart from Asia, which has nothing in the form of the EU or Nafta, only Africa is more exposed and vulnerable.

Asian governments must change that now because against future crises, they have better arm themselves well. Globalisation and liberalisation will bring about many challenges and, yes, threats. It should not fool itself into thinking that it can rely on the World Trade Organisation, the IMF/World Bank, or the Group of Seven to help countries in the region if something should go seriously wrong. In fact, blame would be more readily

farmed out than assistance. The EAEC may not be the answer to all of Asia's woes of tomorrow but it is a good starting, or rallying, point. Since Asean, China, South Korea and part of Japan are already very familiar with the concept and the principles of the Caucus, what needs to be done is to get the senior officials from the various countries, or the ministers, to finetune the details. From there many things can be achieved for the common good of Asia, and the world.

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