

central bankers are gathering in London, for a Group of Seven meeting on May 8, and foreign ministers are meeting on May 9, preparatory to the heads-of-state gathering on May 15 in Birmingham, England. But no counter-IMF actions are planned.

In Washington, D.C., the House of Representatives has balked at providing the \$18 billion of pledged money to the IMF—a useful move, but still the Congress has not had the sense to organize the funeral ceremony for the failed agency. The IMF, as the events in Indonesia make clear, cannot be “reformed,” or “improved.” It must be buried. IMF Managing Director Michel Camdessus said on May 5, in Melbourne, Australia, that the Fund could face the biggest crisis in its 53-year history, if the U.S. Congress doesn’t cough up the \$18 billion. So be it.

## Asian NGOs demand action on financial crisis

*The following memorandum, on the Asian economic crisis and the role of currency speculation, was signed by a number of Asian non-governmental organizations on March 27, and addressed to the Asia Europe Meeting (ASEM) summit in London on April 3-4. It shows that even the politically correct are dragged toward reality because of the physical economic collapse and the failure of institutions. Many of the signatories, such as “back to nature” Sulak Sivaraksa, represent the worst sort of “third worldism,” but the statement of the crisis, and the demand that ASEM take action, indicate the severity of the global financial crisis. A subhead has been added.*

**Memorandum** to the Asia Europe Summit in London, 3-4 April 1998 from non-governmental organizations and individuals in Southeast and Northeast Asia:

We, the signatories to this memorandum, are deeply concerned about the devastating impact of the present financial crisis upon the people of Southeast and Northeast Asia. Millions of women and men have lost their jobs. There is severe deprivation within the poorer segments of society as a result of the dramatic increase in the prices of basic necessities. The crisis has made indigenous communities, migrant workers, and other marginalized groups even more vulnerable than before. In some parts of the region, there is hunger and starvation.

While the causes of the crisis are varied, it is undeniable that it was triggered by the massive outflow of short-term, speculative capital from the region. It was this outflow which led to the rapid depreciation of a number of currencies and the decline of stocks and shares. The adverse consequences of this continue to be felt in almost every sector of the economy.

It is because short-term, speculative capital is so fickle, moving in and out of money markets in search of quick, huge profits, that it has wreaked havoc upon many Asian economies just as it had caused a lot of damage to various European and Latin American economies in the past. It is not widely known that speculative capital, which is massive in size and scale, dominates global financial transactions today. It wields much more influence than long-term capital investments in the real economy. This is why it is in a position to make and unmake economies.

Currency speculation should be curbed and controlled at the global level. There should be effective mechanisms for regulating currency trading itself, out of which has arisen currency speculation. Currency traders should be made accountable while currency trading should be made transparent.

Though calls for curbs upon currency speculation have become more frequent in recent months, international institutions, charged with ensuring global financial stability, and most international organizations, have been rather lukewarm in their response. The International Monetary Fund (IMF) for instance, has not gone beyond a promise to study the problem. The G-7 [Group of Seven] has not shown any inclination to address the issue. It is only organizations such as the G-77, the G-15, and ASEAN [Association of Southeast Asian Nations]—all linked to the South—that are concerned about currency speculation and the volatility of the international financial system.

It is our earnest hope that the Asia-Europe (ASEM) Summit in London in April 1998 will show some empathy for the sufferings of the people of Northeast and Southeast Asia. Since countries in both continents have been victims of currency speculation, they should realize the importance of taking concrete measures to bring some order and stability to the money markets of the world.

### **Curb speculation**

*We therefore urge the ASEM Summit to put forward tangible proposals on curbing currency speculation and regulating currency trading.*

At the same time, as individuals and organizations espousing the incorporation of moral values in the economic order, we are deeply conscious of the fact that the present international financial system is almost totally devoid of ethical principles. That money, a medium of exchange, has now been transformed into a commodity of profit, is a moral indictment upon the entire system. Everything today, from nature to culture, has a monetary value to it. Indeed, the system itself is sustained by the constant manipulation of interest rates—an institution which is abhorrent to all the major religions of the world.

If we are disturbed by the lack of ethics in international finance and international economies, we are equally distressed by the inability of certain national elites to uphold moral principles in the governance of their societies. In these

societies, the present financial crisis has, in a sense, served to expose a deep moral malaise; the concentration of wealth and power in the hands of a few; the lack of accountability and transparency in both the economic and political spheres; and widespread corruption and cronyism.

It is our sacred duty, as citizens of Southeast and Northeast Asia, to overcome these and other challenges in our societies. At the same time, however, we are acutely aware of the global dimension of the financial crisis that confronts us. It is this dimension that we expect the ASEM Summit to address—for the sake of our people.

Signatories:

Mr. Adi Sasono, president, Center for Development Studies, Indonesia

Mr. Ahmad Azam Abdul Rahman, president, Malaysian Muslim Youth Movement (ABIM), Malaysia

Dr. Amien Rais, president, Muhammadiyah Movement of Indonesia, Indonesia

Mr. Amidi bin Hj. Abdul Manan, president, Association of Muslim Students (PKPIM), Malaysia

Dr. Chaiwat Satha-Anand, Peace Information Center, Faculty of Political Science, Thammasat University, Thailand

Prof. Chandra Muzaffar, president, International Movement for a Just World (JUST), Malaysia

Mr. Charles Hector Fernandez, president, Society for Christian Reflection, Malaysia

The Hon. Ms. Delgermaa Banzragchiin, chairman, Subcommittee on Human Rights, Member of the State Great Hural (Parliament), Mongolia

His Excellency Bishop Julio Xavier L. Labayan, executive chairperson, Socio-Pastoral Institute, Philippines

Prof. Kinhide Mushakoji, secretary general, International Movement Against Discrimination and Racism (IMADR), Japan, and member of the International Advisory Board, JUST

Mr. Loka Ng Sai Kai, president, Young Buddhist Association of Malaysia, Malaysia

Dr. Mina M. Ramirez, president, Asian Social Institute, Graduate School of Economics, Sociology, and Social Work, Philippines

Prof. Makoto Katusumata, director, International Peace Research Institute, Meiji-Gakuin University, Japan

Mr. Michael O. Mastura, president, Islamic Welfare Society of the Philippines, Philippines

Prof. Sangjin Han, Department of Sociology, Seoul National University, South Korea, and coordinator, Friends Group of Korea, JUST

Mr. Sulak Sivaraksa, president, Santi Pracha Dhamma Institute, Thailand

Prof. Tian Jin, executive member, United Nations Association, People's Republic of China

Mr. Vaithilingam, president, Malaysian Hindu Sangam, Malaysia

# The 'New Europe' is not quite a union

by Rainer Apel

The ship has not even weighed anchor to leave port, as fist fights erupt among the crew and the officers—fights about basically everything: the route, the speed, and who should be captain. After hours of exhausting wrangling, the only agreement that can be reached, is to weigh anchor.

A script for a new movie, something like *Titanic II*? No, it's reality; it happened in Brussels, at the summit of the European Union (EU) governments on May 2-3. Not all the inside facts are known, but all the leaks and reports from the talks converge on the one crucial fact, that, instead of setting an example for the unity of Europe under the European Monetary Union (EMU), the summit turned into pandemonium.

## The first governor of the ECB

The lack of agreement became apparent, when the heads of government and their finance ministers convened for the summit luncheon on May 2. The most important issues had already been decided beforehand: the official start-up date of the EMU, on Jan. 1, 1999; its initial member-states, of which there will be 11; and the establishment of the European Central Bank (ECB), on July 1, 1998. But, a fight over a seemingly secondary issue, namely, who should be the first governor of the ECB, caused the meeting to explode.

Granted, it had been known that the French opposed the generally agreed upon nomination of former Dutch Central Bank Governor Wim Duisenberg to head the ECB. France's President Jacques Chirac had proposed his own candidate, French central bank Governor Jean-Claude Trichet. But, the other EU leaders did not take the French seriously. The French would back down, as they have always done, the German delegation, led by Chancellor Helmut Kohl, assumed. The French would complain for a while, but otherwise, everybody would enjoy the luncheon, and after two hours or so, everybody would fly home. Kohl and German Finance Minister Theo Waigel had already checked out of their hotel rooms, before they drove to the luncheon.

But, the French did not back down that easily, and the meal did not proceed in harmony. Nor did it last only two hours: It dragged on for 11 hours. And, in the end, a "compromise" was apparently reached on the ECB, on the nature of which each participant gave a different account. Nominally, it had been agreed that Duisenberg would be first governor of the new ECB, and that Trichet would follow him on that job, and that the transfer of chairs would occur some time mid-