

## APEC: The Battle Lines Are Drawn Against Globalization

by Michael Billington

The American and British Commonwealth advocates of free trade were handed a setback at the Nov. 12-16 meeting of the Asian Pacific Economic Cooperation (APEC) Forum in Bandar Seri Begawan, the capital of Brunei Darussalam. The nations of Asia generally rallied behind an assertion of national sovereignty and the general welfare of their populations, rather than submit to the dictates of the increasingly discredited process of “globalization.”

In the weeks preceding the APEC meeting, a memo from economist Lyndon LaRouche to the heads of state of the ten nations of the Association of Southeast Asian Nations, plus China, Japan, and South Korea (ASEAN-Plus-3) circulated among Asian leaders. The memo proposed that the upcoming meeting of the ASEAN-Plus-3, to be held less than two weeks after the APEC summit, must adopt emergency measures to meet the unfolding global economic breakdown, including the establishment of a new, development-oriented Asian monetary arrangement, totally independent of the International Monetary Fund (IMF), the World Trade Organization (WTO), and other international bodies promoting free trade and globalization. Such action would form a seed crystal for a new world monetary system. The APEC summit proved to be a drawing of the battle lines between those who are thinking in that direction, to one degree or another, against the increasingly desperate spokesmen for the bankrupt Western banking system.

While many important developments took place on the sidelines between the heads of state attending the meeting, the official sessions ended up with little accomplished, which was, to a certain extent, the intention of most of the Asian participants. The United States and certain British Commonwealth members of APEC, including Singapore, Canada, New Zealand, and Australia, went into the meeting intent on

getting an agreement for a new round of trade negotiations, run by the WTO, to begin within the coming year. However, with Malaysia taking the lead—as it has over the past three years in regard to rejecting destructive demands made by the international financial oligarchy—the Asian nations insisted that a new round would not be successful if the developed nations continued to impose an agenda not in the interest of the developing nations. As Rafidah Aziz, Malaysia’s International Trade and Industry Minister, told the press, “They can jolly well say 2001, but they are kidding themselves,” pointing to the collapse of the WTO conference in Seattle last December as a case in point. “I have very serious doubts,” said Aziz, “about anything shaping out of Brunei, or after Brunei, simply because in Geneva [WTO headquarters] there is not yet any sign of a credible agenda that is of interest to both developed and developing countries.”

### Nations Agree with Malaysia

As a result of this resistance, the opening sessions of APEC, involving the ministers of trade and economics of the member-nations, did not call for a timetable for a new round of trade talks. Western press carried headlines such as: “Australia Says Malaysia Out of Step with APEC Criticism,” and “Malaysia Odd Man Out at APEC Show of Unity.” However, as the meeting progressed, it became clear that the major nations of Asia, including both China and Russia, had lined up *with* Malaysia, not only in demanding an agreeable agenda before any new trade negotiations were to proceed, but also in several important cases, defending Malaysia’s historic role in refusing IMF and Western banking dictates.

For example, Thai Deputy Prime Minister and Commerce Minister Supachai Panitchpakdi, who will become the WTO Director General in 2002, warned against rushing into a new

round of trade negotiations. “We cannot tolerate a second failure,” as in Seattle, he said. “It would be close to disastrous for the WTO.” He insisted that the next round must be development-oriented, with greater quality and substance, and with better integration of developing countries into the process. Supachai has been the leading Thai official to voice support for Malaysia’s economic policies.

China’s President Jiang Zemin met with Malaysian Prime Minister Datuk Seri Dr. Mahathir bin Mohamad, the architect of Malaysia’s successful program of selective currency controls and rejection of IMF demands, and the two leaders expressed their agreement on the need for currency controls to prevent the ravages of international speculation. President Jiang also spoke out forcefully against uncontrolled globalization: “We should not lose sight of the hidden worries facing the global economic development. The unstable capital and foreign exchange markets and international oil price hike have added to the adverse factors against economic growth. . . . There are a few countries that have tried to force their own values, economic regime, and social system on other countries by taking advantage of economic globalization.”

Equally important was the role of Russian President Vladimir Putin at the summit. Putin provided interviews and articles to several Asian press in the period preceding the APEC meeting, calling for a new approach to North-South relations, emphasizing technological development, and the need for participation of Asian countries in the development of the vast trans-Siberian region. At the summit, he met privately with Dr. Mahathir, inviting him to visit Russia next year.

### **‘Crush ASEAN-Plus-3’**

One reason for the Asian countries’ caution regarding APEC can be seen in the pre-conference statement by one of the leading business participants, Asia-Pacific General Motors president Rudolph Schlais. Schlais complained that “some of the member economies seem to have lost their enthusiasm for APEC. For instance, there is now public talk about a Northeast Asia Free Trade Area and an ‘ASEAN-Plus-3’ trade bloc.” The job of APEC, he said, must be to “ensure that the subregional and country-to-country agreements are consistent with the overall objectives of WTO and APEC member-countries.”

This attempt to use APEC to bludgeon any independent effort by Asian nations to establish regional policy collaboration, independent of the IMF, the United States, and the British Commonwealth powers, is not new. APEC was formed in 1989, and upgraded to a heads-of-state forum in 1993, precisely to circumvent plans by Asian nations—spearheaded even then by Malaysia’s Dr. Mahathir—to establish an East Asian Economic Group (EAEG), to consist only of the Southeast Asian and East Asian nations. APEC was created in order to force any such regional economic discussion to take place under the supervision of Washington and the British Com-

monwealth powers of Canada, Australia, and New Zealand. At the time, Japan and China, and even most of the ASEAN nations, were unwilling to counter the wishes of these powers, even to the extent of creating an independent institution for the region.

However, since the 1997-98 collapse of the Asian markets and currencies, brought on by international speculators, and the even more destructive policies forced upon several of the nearly bankrupt Asian nations by the IMF, the nations’ leaders have learned that neither the IMF nor the Western powers will act to protect them in a crisis—in fact, they have done the opposite. Therefore, when the ASEAN nations and China, Japan, and Korea began to formally define themselves as the ASEAN-Plus-3, a grouping almost identical with Dr. Mahathir’s earlier EAEG proposal, the protestations from the West were largely ignored. There is no question but that the Western financial oligarchy recognizes the potential for this grouping to act upon LaRouche’s proposals toward creating a new regional monetary structure independent of the IMF, and are frantic to prevent it.

### **Britain’s Singapore Branch**

One means for sabotaging the ASEAN-Plus-3 initiatives was seen on the sidelines of the APEC meeting, as several bilateral “Free Trade Associations” (FTAs) were established, based on precisely the principles rejected by the majority of the Asian nations as an agenda for a new trade round. All of these FTAs were created by Singapore, the former colonial headquarters for the British Empire in Asia, and still essentially a conglomerate of British banking institutions with home rule. In the days preceding the APEC meeting, Singapore announced a bilateral FTA with New Zealand, the first such institution in Asia, and another with Mexico, the first cross-Pacific FTA. The FTA with New Zealand is expected to be expanded to include Australia, Chile, and the United States, which will be called the “Pacific 5.” Another FTA between Singapore and Japan was reported to be in the works, and after a round of golf between President Clinton and Singapore Prime Minister Goh Chok Tong, they announced that the United States and Singapore would also set up an FTA. The deal even includes the imposition of labor and environmental conditions on trade policies, two of the most bitterly opposed demands put forward by the developed nations for the WTO agenda.

This drive to establish a sub-grouping of Asian nations tied together by supranational free-trade rules, and standing in opposition to those nations that refuse to submit to such neo-colonial controls, has an eerie resemblance to the Cold War alliance of the 1950s created by the British and U.S. Secretary of State John Foster Dulles, called the Southeast Asian Treaty Organization (SEATO). SEATO was an anti-communist military pact, supposedly to provide U.S. military protection against communist insurgency, in exchange for support for the U.S. takeover of the European colonial wars

in Asia. The new Free Trade Associations are economic, not military, but they are clearly aimed at isolating and ultimately breaking the sovereign right to economic independence in Asia, just as the world financial system is collapsing.

Dr. Mahathir, in a press conference held immediately after his meeting with President Putin, expressed his concern that the FTAs not become a means of imposing non-tariff barriers, and as a means of circumventing the agreement to have a mutually agreeable agenda for any future trade talks. He also explained that Malaysia and other nations had ultimately agreed to a final communiqué calling for a new round of trade talks by next year, but only because the proviso was added that the agenda be agreed to by *all* before the start of negotiations.

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## Documentation

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### Mahathir Outlines New World Economic System

*Only days after the APEC summit, Dr. Mahathir made a striking call to leaders from Southern Africa gathered at the fifth annual meeting of the Langkawi International Dialogue, including Presidents Robert Mugabe of Zimbabwe, Joaquim Alberto Chissano of Mozambique, and Dr. Sam Nujoma of Namibia, in Langkawi, Malaysia, on Nov. 19. The following excerpts of that speech demonstrate that the impulse for a new economic order among the Asian nations is perceived to be the basis for a new world monetary and economic system.*

... When we last met here in Langkawi, we spoke of pro-activity and representation, of empowerment and international regulations that are fair and just. The year that has passed has not diminished in any way, our fervor for doing what is right. Because when we don't do right for ourselves, we cannot fault others when things go horribly wrong.

2. Pro-activity is necessary because the stakes get increasingly higher, because one wrong move could result in the loss of lives and livelihood, of sovereignty of nations, of the right to call our country our own. Pro-activity calls for a careful assessment of what is real and what is hype. It requires us to seek the truth and not take it for granted that others are telling us the truth.

3. It has often been said that the only permanence is change, and at present this phenomenon called "globalization" promises to change economic, political, and social landscapes the world over. Likewise, we are made to believe that globalization is in fact driven by irrefutable economic laws and irrepressible market forces. All nations big and small must accept or accommodate it, that it is impossible to resist or even modify. In fact, the Director General of the World

Trade Organization (WTO) likened the stopping of globalization "as trying to stop the rotation of the Earth."

4. Why are they trying so hard to pass this as "the truth"? Because its repetition and reinforcement "intimidates" us into thinking that they know better, and this intimidation prevents critical analysis.

5. The truth is there is indeed very little "free market" element in this brand of globalization. It has been deliberately shaped to fulfill the requirements of the principal players, a process greatly aided by political powers bent on creating international conditions conducive to their needs.

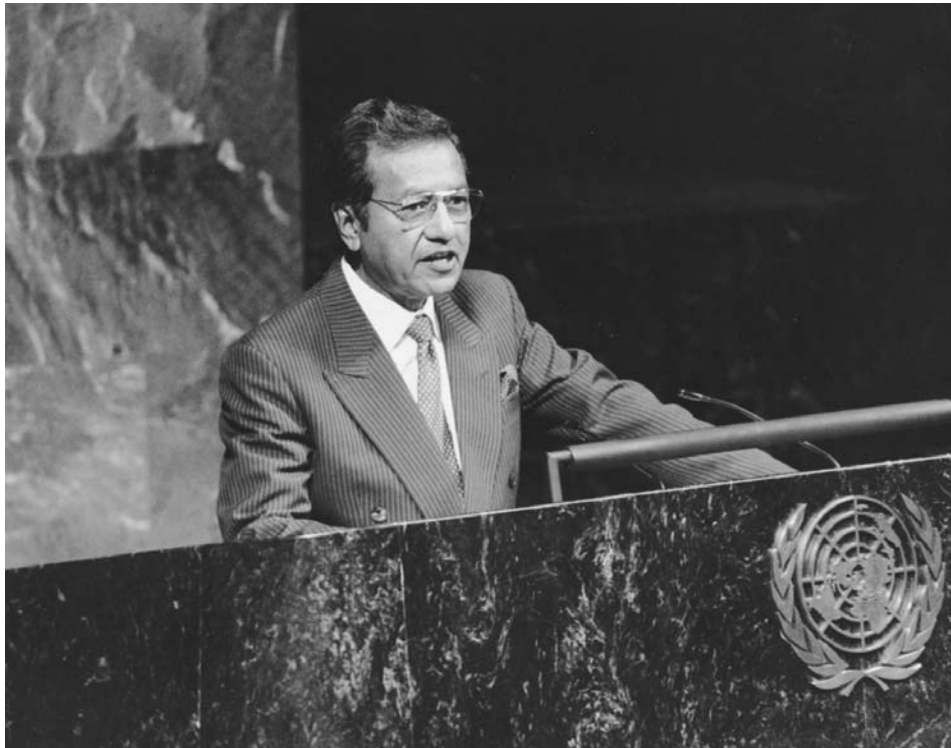
6. It is indeed baffling that in the face of the onslaught of such diverse economic and political strategies for economic domination, any effort on the part of developing nations to slow the advancement of trade liberalization is automatically labeled as "barriers to business" or "market distortions."

7. All around us double standards abound. During the seven-year-long Uruguay Round of GATT [General Agreement on Tariffs and Trade], a number of developed nations (i.e., the United States, Europe, and Japan) secured special terms for their textile and agricultural sectors. As global trade increasingly endangers their supremacy in these areas, they have resorted to a range of tariffs and non-tariff barriers, including quotas and so-called voluntary export restrictions. . . .

9. The Trade Related Intellectual Property Rights Agreement (TRIPS) protects the rights of corporations but allows for patenting of the shared knowledge of indigenous communities. The implication for developing countries is the loss of billions in rent transfers to rich countries, as trans-national corporations (TNCs) will continue to control virtually all the patents of developing countries.

10. In the interest of this so-called "level playing field," the WTO wants all countries to stop subsidizing farmers, and through the 1996 Farm Bill, the United States reduced direct subsidy payments. However, through its "Green Box" policies, exemptions are provided for direct income subsidies to U.S. agro-exporters, because they do not constitute production subsidies and are, therefore, "non-trade distorting." I fail to see the logic of this equation, purportedly made in the name of fair trade, but perhaps more disturbing is the prospect of a policy statement that perhaps mathematically tallies, but sends small farms and farmers all over the world to an early grave. . . .

12. So why bother with the rhetoric of "a better quality of life for all humanity" and "an equal footing," when it is really all about money and market domination? As was very clearly stated by the Office of the United States Trade Representative and Related Entities, regarding its trade policies in the Asia Pacific: ". . . We must, therefore, continue to identify those markets that present growth opportunities, ensure access to those markets, and do so in such a way as to create enduring relationships that foster not only short-term economic prosperity, but also our long-term economic security. A failure by



*Malaysia Prime Minister Dr. Mahathir bin Mohamad: "The truth is there is indeed very little 'free market' element in this brand of globalization. It has been deliberately shaped to fulfill the requirements of the principal players."*

the United States to participate in and shape these efforts could significantly diminish the opportunities for U.S. firms and workers as we enter what some are calling the 'Pacific Century.' Thus, the United States has been pursuing an activist trade policy in the Asia Pacific region aimed at further opening these fast growing markets, and expanding opportunities for American companies and workers. . . ."

13. The developing economies of the world must wake up to the reality of what this means to us. We have to equip ourselves and build our strength, because the failure to do so is tantamount to laying down our weapons and surrendering our collective destinies. We must strive for greater technological know-how, stronger representation in world fora, and for appropriate institutional, legal, supervisory international framework. While the developed nations continuously harp on "human rights violations," the G-77 accurately identifies poverty as the single most pervasive violation of human rights. And this is not perpetrated by us.

14. Extreme poverty continues to afflict over one-fifth of the world's population. The marginalization of Africa, for example, must be corrected. . . .

18. The larger issue of representation of developing economies in international fora is one of urgency that must immediately be addressed. Here again the implication of a weak economy manifests itself in a number of ways. While making up three-fourths of WTO membership, the economic dependence of developing nations on the larger economies in terms of imports, exports, aid, and security means that their numbers

can never be used to their advantage. This obviously results in their inability to make their vote count, in a manner that serves to influence the agenda and trade negotiations in their favor. . . .

20. In the face of such shortcomings, developing countries must strengthen international cooperation to ensure an effective system of global governance, where different countries, independently of their size or economic strength, have their say. The network itself may serve as a surveillance system against the ills that may infiltrate our economies.

21. The difficulties involved in putting together a new multilateral structure cannot be underestimated, but it is evident that such efforts do work even though the process is long and hard. But pulling of wool over the eyes is no longer feasible. It used to be that parties were willing to reach any kind of agreement, at the last hour — no matter how unsatisfactory — just so that "an agreement is reached." Now countries are no longer content with doing that. The Seattle debacle is proof that developing countries are no longer willing to take the back seat. Hard lessons have been learnt from the Uruguay rounds. The merits and intentions of these so-called "mediating mechanisms" of international multilateral agencies are seriously suspect. While the proponents of globalization may argue that it is not a zero-sum game, the stakes are indeed higher in all facets of economic activities, be it trade, finances, or economic negotiations. . . . The spirit of Smart Partnership, far from being an abstraction, is a workable entity that promises real, tangible results.