

ended in Singapore today will be remembered for the clash of perceptions of Malaysia's push for an East Asia Economic Caucus" (EAEC). The Malaysian initiative, announced in December 1990 but most clearly conceptualized in a Mahathir speech in Bali, Indonesia on March 4, 1991, proposed that ASEAN would add to its ranks Japan, China, South Korea, Taiwan, Hong Kong, Vietnam, Cambodia, and Laos, and that this larger grouping would together chart the fate of the region. Mahathir's concern was explicit: "There are a host of problems for the world arising out of the structural weaknesses of the world's biggest economy and biggest debtor nation, the United States. . . . There is the sole American giant, with immense problems at home and no longer driven by the imperative of the Cold War abroad." The Bush administration opposed Mahathir's initiative from the outset, and arm-twisted its Asian allies to have no part of it, and instead to operate as part of the Anglo-American controlled Asia-Pacific Economic Cooperation (APEC) grouping. The Bush administration's major targets were Japan, South Korea, and Indonesia.

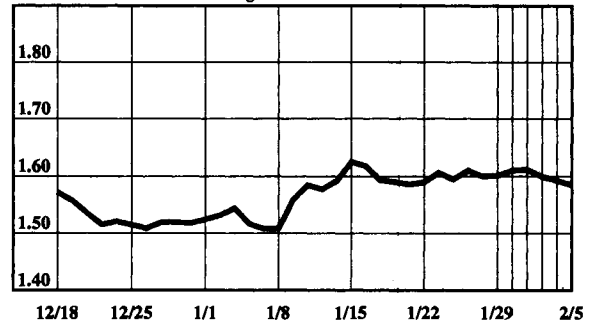
Although the ASEAN governments, including Indonesia, had earlier backed the Malaysian initiative, at the summit in Singapore the Indonesian government balked. Indonesia is known to be concerned that the EAEC would drive a wedge between the U.S. and Japan, a concern that Mahathir attempted to address the last day by noting that the "wedge" is already there, that Malaysia didn't cause it, and that the problem will not be solved until the U.S. does something with its own economy. ASEAN's final consensus was not to shelve but to slow down the formation of the EAEC. As the South Korean daily the *Korea Times* described the decision: "Southeast Asian nations are moving toward the creation of a new regional economic bloc in competition with the trading blocs in Europe and North America. But, they have refrained from the outright formation of an economic body similar to the EC [European Community], apparently in consideration of objections from the U.S. and some other Asia and Pacific states."

Indonesia's Foreign Minister Ali Alatas denied that his country's apparent policy reversal on the EAEC was based on fear of alienating the United States or of losing western markets. Some policy analysts think that the fact that President Bush has declined—at least for now—to rupture U.S.-Indonesian relations over the recent "Dili incident," in which East Timor demonstrators were killed by Indonesian troops, may be connected to President Suharto's decision not to rupture Indonesia's relations with the U.S. over the EAEC. The intensifying campaign to split East Timor from Indonesia is led by Portugal under British direction, but thus far the Bush White House has downplayed Indonesia's "human rights violations"; this, at the same time that the Bush administration is using similar tactics to bring down other developing sector governments.

## Currency Rates

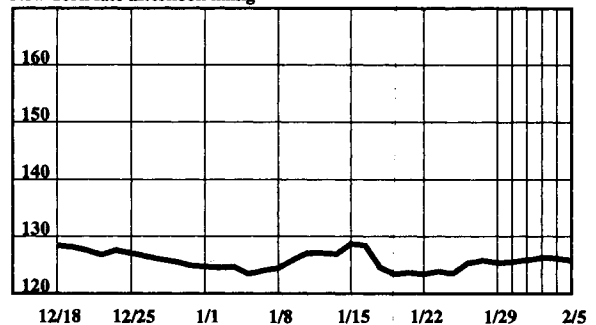
### The dollar in deutschemarks

New York late afternoon fixing



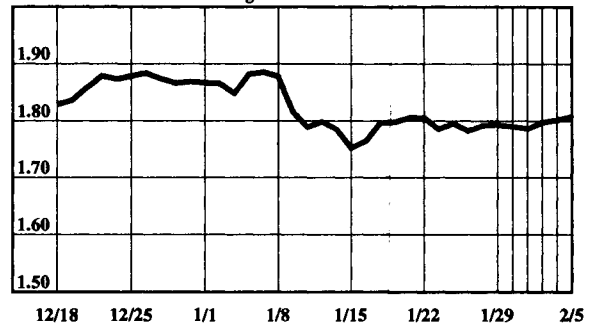
### The dollar in yen

New York late afternoon fixing



### The British pound in dollars

New York late afternoon fixing



### The dollar in Swiss francs

New York late afternoon fixing

