

# Washington Mulls East Asian Summit

by William Jones

The reaction of the Clinton Administration to the ASEAN-Plus-3 summit meeting on the last weekend of November would seem mildly encouraging. When asked by *EIR* about Administration reactions to the summit's wide-ranging measures of economic cooperation, including currency swaps that could be implemented if any of these nations were faced with another financial crisis like that of 1997-98, White House spokesman Jake Siewert simply said, "Well, anything—any effort to liberalize trade in a multilateral setting is welcome, and that's something we've encouraged both through APEC [Asia-Pacific Economic Cooperation Forum] and through the WTO [World Trade Organization]." Another senior Administration official told *EIR*, "As long as China lives up to its WTO commitments, they are welcome to enter into whatever bilateral or multilateral economic relationships they might wish."

This response, however, really begs the question, because what is at stake here is finding a workable alternative to the bankrupt International Monetary Fund (IMF)/WTO system. *EIR* pointed out that it was the U.S. Treasury Department which last year shot down the Japanese proposal for an Asian Monetary Fund—which could provide alternative financing for the beleaguered Asian countries—on the pretext that it would undermine the "conditionalities" of the IMF. Siewert replied, "In the past, I know Treasury has thought that the primary means for dealing with crises, when they arise, is through the International Monetary Fund, and that that's the best way to address those crises in a multilateral setting. I'll check with Treasury and let you know if their views have changed."

In fact, according to one Asian journalist, "People have been bombarding Treasury with calls to see what they think about the Singapore event." The U.S. Ambassador to APEC, Larry Greenwood, commented to one diplomat that there was no concern about this development toward regional cooperation, if it did not affect the relationship these countries have to APEC, which also includes the United States, Canada, Australia, and New Zealand as well as a few Ibero-American nations.

But the move to seek regional solutions comes in the face of the abysmal failure of the larger economic groupings like APEC or the G-7 to come up with any lasting solutions to the international financial crisis. As one mainland Chinese journalist commented to this writer, "People always talk so much about the Pacific Rim nations. But if the Pacific is in-

deed a lake, as the term seems to imply, it is a very big one, and sometimes we have to deal with issues on a regional basis."

Certain U.S. factions are showing their complete opposition to the ASEAN moves to stop a financial collapse. Speaking to a Washington reporter at a conference across town, William D. Rogers, a longtime associate of Henry Kissinger at the U.S. State Department and vice chairman of Kissinger Associates, said of the Asian Monetary Fund: "The idea has been around for a couple of years. I thought it was a lousy idea then, and I believe it's a lousy idea now."

A minority among U.S. policymakers wishes to ignore the new Asian economic development completely, hoping that it will simply go away. Stratfor, an Austin, Texas-based consulting firm which provides intelligence updates to military and political think-tanks, issued a wire: "Tensions among the wildly varied states constantly crop up. It is these tensions that will limit ASEAN's future as an economic entity. Governments willing to trade with Internet-savvy Singapore cringe at the thought of investing in some of its more unstable partners, such as Indonesia, the Philippines or Vietnam. . . . Without Singapore's leadership, an ASEAN free trade agreement and regional economic integration are doubtful."

Another response has been to raise the spectre of the evil machinations of a Communist China, trying to dominate the region. That this is the *British* financial establishment's line, may be judged from the acid comments of *The Economist* magazine. In an article on the ASEAN-Plus-3 meeting in its Dec. 1 edition, *The Economist* referred to Chinese Prime Minister Zhu Rongji, who had floated the proposal for an Asian free-trade area, as being "at his most feline" at the Singapore summit.

C. Fred Bergsten, head of the International Institute of Economics, in a July 15 *Economist* article, written after the ground-breaking Chiang Mai meeting this spring which effectively established "ASEAN-Plus-3" as an institution, had ruefully admitted, "East Asia also clearly feels that multilateral institutions, on which it was previously willing to rely, are no longer infallible. It notes that its aggregate economy and external trade are about as large as those of the United States and the EU, and that its monetary reserves are much larger. Hence it wants its own institutions, and a central say in its own fate."

If the U.S. Administration insists on holding to the "Washington consensus," insisting that the IMF be "lender of last resort" and the virtual dictator over the economic policy of the lending countries, the East Asian nations might well have to "go it alone." In the face of the stubborn resistance of Western governments, particularly Britain and the U.S., to the proposals by economist and statesman Lyndon LaRouche for the creation of a New Bretton Woods monetary system, the countries of Asia, as well as the other countries of the world, really have no choice. The alternative is to be swept away by the financial holocaust awaiting the world as it foolishly clings to the wreck of the IMF/WTO system.