



## STRATEGIES for Economic Development

### Team members:

<i>Agung Wicaksono</i>	Indonesia	<i>Kamaleswari Balakrishnan</i>	Malaysia
<i>Kiyoteru Tsutsui</i>	Japan	<i>John Paul de la Vega</i>	Philippines
<i>Miho Kawada</i>	Japan	<i>Stephen Ho Jia Jun</i>	Singapore
<i>Michele Choo Yen Yen</i>	Malaysia	<i>Ornsaran Manuamorn</i>	Thailand

*“Globalisation is a human creation, not some supernatural force”*

- *Mr Yoshiro Kuwata, Executive Vice President and Representative Director, Hitachi Ltd*

As Asia edges towards the new millennium, it is crucial that its leaders take time out to rethink Asia's role in the new global economy. In this new age, acknowledgement must be given to the fact that globalisation is here to stay. However, in Asia's pursuit to be a more prominent player in the global arena, it must be careful not to sacrifice its long-term economic viability in its rush to be on par with the rest on the world.

### Introduction

Rapid economic growth of the economy of the last two decades has been associated with an increasing level of economic interdependence and market integration as a result of international trade liberalisation in the region.

This interdependence has also highlighted the danger that could result when insufficient effort is made to understand its potential pitfalls. The recent economic crisis has really accentuated this. As more and more of the countries in the region jumps onto the bandwagon of globalisation, many of them do not realise till it was too late that they were not fully prepared for the effects of exposing themselves to full-blown competitions. While globalisation has been very beneficial in kick-starting the growth of many of the Asian economies, the problems that it brings with it are many.

The crisis has emphasised some fundamental weaknesses that has been plaguing Asia from the lack of transparency in the financial sector to the debt-led economic growth in many of the emerging Asian markets and the lack of an Asian leadership in the resolution of the crisis.

Previously, Asia looked towards the more developed regions as a model. More often than not, it was a passive player that attempted to mimic the success achieved, thereby importing wholesale the strategies of economic development.

However, it has been clearly shown in the recent crisis that the western model cannot be fully applied to the Asian context without some well-thought modifications. This is due to some fundamental differences that exist between the dynamics of Asia and the West.

The one main lesson that could be derived from this whole episode is that Asia is in desperate need for a collective Asian leadership that is capable of steering the region through such crisis and lead us beyond. Whilst we have in place multilateral organisations like ASEAN, they do not have the necessary political will and intention of gelling the region together and solving the common problems faced.

The recent crisis has exposed some shortcomings in the way regional groupings, such as ASEAN, work. Questions as to whether the hallowed policy of non-intervention in the internal affairs among member ASEAN countries is appropriate are being raised. It seems that ASEAN has simply not been in the thick of the most pressing issues.



After some admirable collaboration to help Thailand and Indonesia in the first few months of the slump, including discussions toward the creation of a regional stabilisation fund, ASEAN has retreated into a subdued, if not paralysed silence. Neither has ASEAN taken further another crisis-related idea to conduct a portion of regional trade in local currencies. This lack of collective will to come together and act on the issues has forced many Asian countries to turn to the West individually for guidance.

Going forward, it is critical that a strong regional leadership is formed. This could either take the form of an expanded ASEAN or even the creation of an entirely new entity that is capable of transcending the differences of the countries concerned and channelling the collective effort towards the betterment of the region.

We have yet to realise the fact that while the international community has long perceived and treated Asia as an entity as far as financial investments are concerned, we ourselves have not woken up to this simple fact. This lack of unity has subjected almost every one of us to the mercy of foreign speculative funds, and each is left to fend for itself. If Asia has established a collective financial monitoring body, the crisis would not have devastated and reversed the painstakingly achieved economic growth, wiping out the many years of progress.

It is also felt that Asia has always been lacking a strong voice in the international economic community and it is high time that Asia as a regional entity makes its presence felt. As quoted above, globalisation is a human creation, and not some form of uncontrollable supernatural force. Asia can no longer remain a passive player in this new age of globalisation. We cannot be under the illusion that this is an abstract concept beyond our comprehension and control. Proactive involvement in shaping this constantly evolving phenomenon is the only way of ensuring that Asia would not be left in the dust as the rest of the world moves forward. This could only be realised provided that Asia gels itself and forms a credible entity, laying down some clear distinctive goals, and then taking the next big step towards proactive global engagement. It is also important to note that while Asia readies itself for this bold step forward, it must not lose sight on the fact that what it is really after is economic growth. Asia should not sacrifice its long-term viability in its pursuit to be on par with the rest of the world.

In this paper, we present strategies that will enable Asia to enter a new era of co-operation for economic growth and sustainable development based on Asian unity or what we term as 'Asianism'. This is done on the premise that, globalisation is here to stay. That state intervention in economies is inevitable while at the same time market forces should be allowed to play its part. It should also be acknowledged that there exist wide economic disparities among the various nations of Asia.

### **Vision**

Based on the aforementioned, it is proposed that a new vision for the Asian economic development be formulated. The vision is as follows:

*"We envision Asia entering a new era of co-operation for economic growth and sustainable development based on Asianism"*

### **Objectives**

The vision can be realised by the achievement of two main objectives:

- 1) To create a greater ability to influence globalisation
- 2) To achieve sustainable economic growth

## Strategies and Recommendations

### *Asianism defined*

Towards creating a greater ability to influence globalisation, we feel that it is important to actualise the principle of Asianism. This would involve a two-fold strategy of creating Asian unity, and letting united Asia take a bigger role in the world.

### *Asian Unity*

Towards creating a greater ability to influence globalisation, it is important to realise Asian unity. This calls for greater economic co-operation among Asian countries, which can be achieved by encouraging interactions at all levels inclusive of government and private sectors.

### Recommendations

We strongly urge the Governments of Asia to share and contribute in the solution of its economic problems, especially in the wake of the present economic crisis. We feel that the emerging economic challenges of the future will require collective efforts among the Asian nations. The government leaders may consider the creation of an Asian Monetary Fund to protect the financial and economic sovereignty of nations.

We hope to see more economic networking initiatives among non-government agencies, students, and all other Asian citizens. The programmes that we develop should be long-term oriented. These initiatives can take the form of a variety of forums and conferences, spanning the whole spectrum of respective states, ranging from the youths to the private and government sectors.

We envisage these interactions leading to a better understanding of one another in the respect of economic similarities and differences, thus fostering more economic co-operation.

In the long-term, we envision an Asian Union that represents our region's economic interests in the global business and financial community. This union seeks to increase and enhance Asia's presence in the world economy, leading to a more substantial influence. Asia can no longer remain passive in this new age of globalisation.

We believe that the political will of Asian countries will be paramount in achieving this aim.

### Sustainable Development

In the pursuit of rapid economic growth, Asia must not lose sight of the fact that the ultimate goal is one of sustainable growth. Asia cannot afford to sacrifice its long-term viability in its rush to be on par with the rest of the world.

*“We have yet to realise the fact that while the international community has long perceived and treated Asia as an entity as far as financial investments are concerned, we ourselves have not woken up to this simple fact.”*



Towards sustainable economic development, we exhort Asia to adopt three approaches:

1. Better management of human capital
2. Environmental-awareness
3. Restructuring of the financial and non-financial sectors.

**1. *Better Management of Human Capital***

With the dawn of the new global age, where knowledge is the key determinant of economic success, we require an education system that prepares the individual to meet the challenges of a knowledge-based economy. To keep pace with the demands of such a rapidly changing economy, a structured dynamic education and training system should be put in place to constantly upgrade the skills and knowledge of the people.

**2. *Environmental-awareness***

We recommend that our institutions improve their accounting standards and systems based on eco-accounting, which essentially assesses the impacts on the environment in quantitative form.



It is realised that the industry is a significant contributor to environmental degradation. As such, it is imperative that Asia increases research efforts towards developing zero-emission, zero-waste technology.

By conforming and exceeding the global environmental standards, Asia will achieve sustainable economic growth over the long haul.

**3. *Restructuring of financial and non-financial sectors***

The economic crisis has proven the need for the restructuring of the financial and non-financial sectors. We believe that this is part and parcel of sustainable economic development. It is thus recommended that Asian governments intensify restructuring efforts. This should necessarily lead to a greater transparency and more efficient operations that will help enhance the competitiveness of the financial sectors. A key restructuring strategy in the non-financial sector would be the strengthening of small and medium enterprises (SMEs). These enterprises are critical as they form the foundations of Asian economies. The SMEs not only provide the support to industrial development, but they also have the potential to subsequently develop into the driving force of the economies.

**Establishing Asia in the Global Village**

We recognise that foreign direct investment will still play a crucial role in the economic activities of Asian nations. We urge our people to work towards a mutually benefiting existence between Asia and our partner economies.

We also see the potential of Asia taking a lead in globalisation, and the ability to practice self-less leadership. We urge the Asian economies to look towards less developed economies outside the region. We feel that we can strike a balance between the quest for profitability on our part and setting an example of economic responsibility.

## Conclusion

The stage has been set. The question now is whether Asia, is set to play its key role as the player who reprises its successes after her star has fallen in the economic world. The long and short-term objectives are clear: to create a greater ability to influence globalisation and to achieve sustainable economic growth. These will be attained when the vision emerges as reality. Our strategies and recommendations can help Asia. Whether it remains a fantasy depends on us. We believe that our strategies are workable, realistic and of general application. However, we must also be mindful of the fact that these solutions need prerequisites stated in our introduction earlier. At the same time, the undeniable factor is that of the political will of the Asian leaders to engage in a collective Asia in order to make this dream come true.

Constructive engagement is of essence in Asian unity. The feasibility of our strategies depends on the willingness of Asian countries to implement these prerequisites, for without them, achieving Asian unity will be impossible. Once the stage is set and the conflicts are resolved, these recommendations can take form and we can let Asia be master of its own destiny.

To realise the vision of Asian unity, we must think collectively in terms of Asia and at the same time, globally, since we are undeniably living in the new global and ever dynamic age. At the same time, a conducive environment must be created in order to foster this political will among the Asian leaders. In order to attain this, Asia must take a long hard look at itself and identify the most important catalyst to these reformations, that is - leadership. For this reason, there must be certain inherent qualities that Asian leaders must possess in order to establish the political will to achieve a united Asia.

As the youth today and the leaders of tomorrow, we say that a leader must possess vision, passion and motivation. Vision here denotes long-term thinking and an analytical mind, to set a clear focus. To have the ability of being creative, and to sustain the success of the creativity, in the long run.

The second element, passion, can be said to be the emotional state of the leader to take action for the benefit of his country. Passion must encompass traits such as commitment, determination and drive in achieving the vision of Asian unity, for without these elements, how can one translate dream into reality? The final fundamental element is that of motivation. Not only must the leader be self-motivated, he must also have the ability to motivate people. To have the capability of reaching out to people, to feel and to be one of them, whether at the grassroot or at higher level. This would in turn garner support from the Asian people, thus unifying them at national level and towards the common goal of achieving a one Asia concept.

This would allow our vision to take a physical form. We would then be able to unite Asia under the leaders' common goal of achieving Asianism. This vision, passion and motivation to achieve Asian unity must be fostered in the minds of the Asian community simultaneously. It is then that Asia will exist as a collective regional voice, and there would be so much for the rest of the world to learn from this unique collectivism, for a dream would remain a dream, unless it is brought to life....

*“As the youth today and the leaders of tomorrow, we say that a leader must possess vision, passion and motivation. Vision here denotes long-term thinking and an analytical mind, to set a clear focus. To have the ability of being creative, and to sustain the success of the creativity, in the long run.”*