

RECOMMENDATIONS TO ASEM 2

**Conference on the Social and Political Dimensions of the Asian Economic Crisis
Asia Europe People's Forum
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Preamble

The current crisis is a crisis of economic globalization, and represents the collapse of a model based on indiscriminate integration of national economies with the global capitalist system. The proximate cause of the crisis is financial liberalization, which has subjected countries to the devastating effects of highly volatile capital flows. However, there are other fundamental causes embedded in the region's political and social context.

The model of development that has led to this crisis - "fast-track capitalism" - is one based on extreme dependence on foreign investment in various forms, an obsession with high rates of growth, an emphasis on increasing export market shares, the accentuation of inequality along class, gender and regional lines, and the rapid rundown of natural resources. It has also led to the emergence and domination of a financial elite with a bias towards short-term profitability and against the sustainable development of productive forces.

The IMF programmes of engineered economic contraction do not address the real problems, and will only serve to exacerbate them, leading to economic stagnation, widespread social and material distress and environmental degradation.

However, this period of crisis can also be seen as an opportunity. We reject the false choice between state-assisted capitalism and free-market capitalism. We propose instead a vision of genuinely democratic and participatory economic development.

Central to this vision is the idea that the achievement of justice and equity, recognition of the importance of social reproduction, the preservation of community and the protection of the environment are values that override economic efficiency narrowly defined. To achieve these goals, control of market forces is justified and some degree of autonomy from the volatility of international capital flows is necessary. Both governments and markets need to be made subject to the democratic decision-making of communities. In contrast to the model of globalization based on competition, we propose a model of international co-operation to achieve justice, equity and sustainable development.

Economic alternatives

Rapid trade and financial liberalisation, growing dependence on foreign capital and the lack of responsible government regulation and monitoring, exacerbated by speculative currency trading, were the main causes of the Asian economic crisis. Further, the IMF conditions and policy directives not only accelerated the crisis but demanded further liberalisation and

privatization exposing these economies to takeovers by foreign multi-national corporation. This neo-liberal agenda is effectively stripping away the ability of national governments to direct their own economies and resources, making them more vulnerable to dictates of global capital.

To avoid future economic crises, and more importantly, to begin putting people at the centre of economic policies, we propose the following:

1. ASEM governments should adopt measures to monitor and regulate international financial flows, and put in place measures to control speculation such as lock-in periods and currency transactions tax
2. The negative impact of IMF policies in Asia has highlighted the need to radically reorient the Fund to meet the needs of people. ASEM governments should use their votes on the IMF Board of Directors to demand an immediate and thorough review of its role, responsibilities and structure. Specifically this would entail a review of: decision making processes, transparency, accountability, policy and ideological objectives. In the meantime, bilateral and multilateral aid should not be tied to adherence to IMF conditions
3. ASEM governments should immediately develop stringent and legally enforceable codes of conduct governing the operations of all transnational corporations. The aim is to promote workers rights and safe working conditions, and to bring about sustainable environment, development and consumption. Further, a certain proportion of profits should be reinvested in local communities, and national and regional economies, with the participation of these communities
4. ASEM governments should not privatise established basic public goods and services, such as health, education and utilities. Rather, their provision and access for all should be improved
5. OECD members of ASEM should immediately withdraw their support of the Multilateral Agreement on Investment currently being negotiated in the OECD. Further, all ASEM members should oppose any move to link investment liberalisation to negotiations at the World Trade Organisation

Democracy and human rights

The economic crisis has caused profound pain for poor people and workers, but it has also precipitated a crisis for authoritarian regimes and must be seized as a significant moment of change. No longer is it possible to exchange political rights for economic growth, and 'Asian values' have deteriorated into Suharto style 'family values.' It is also a crisis of globalization, showing the failure of the market and raising profound questions about the neo-liberal model which has dominated economic thinking. This conjunction - a crisis of globalization and a crisis of authoritarianism - presents a unique opportunity for opening political processes and expanding the possibilities for economic and political democracy.

Indonesia

Indonesians, in particular, are suffering the extremes of the crisis as political repression and poverty impinge on every aspect of daily life.

1. We express our solidarity and support in every way with the pro-democracy struggle in Indonesia
2. We demand that the Indonesian government release immediately all political prisoners and detainees and to restore all their rights. Further, we urge the International Committee of the Red Cross to take immediate steps to locate those who have disappeared in the recent crackdown
3. We also demand that the 'social safety nets' being extended by the Government and other agencies to those most affected by the crisis be open to monitoring by independent groups to ensure that such assistance is not used as propaganda for the regime

East Timor, Burma and Tibet

1. We demand that the ASEM governments immediately launch initiatives aimed as at peaceful resolution of the conflicts in East Timor, Burma, and Tibet. These measures should be undertaken with special attention to the principles of human rights, democracy, and self-determination.

Environment

Hand in hand with the pursuit of high GNO growth rates has occurred the devastation of the environment. Thirty years of development has rapidly drawn down the natural capital of the region, with extremely serious consequences for future generations. The uncontrolled forest fires now sweeping Indonesia testify to the fundamental hostility of the model of fast-track capitalism to the environment.

1. We demand that the ASEM governments urgently initiate joint action to put out the forest fires. Among other things, this enterprise will testify to their willingness to translate their promises of co-operation into action.

Workers and migrant workers

The recent economic problems and the programs offered by the IMF in a number of Asian countries have created serious problems for labour (including migrant labour) in these nations, both unemployment and underemployment. The lack of social safety nets (eg., unemployment insurance), treatment of labour as just another commodity in the production process, and an absence of appreciation for the major contributions these workers make to economic growth all leave workers highly vulnerable. Governments and the private sector cannot use economic crises to take away or violate the basic rights to which all workers are entitled.

We urge the ASEM governments to implement the following recommendations:

1. The forced repatriation of migrant workers should be stopped immediately. Further, migrant workers should not be used as a scapegoat for economic problems or manipulated by governments and business to fragment labour and bring down wages
2. All countries must provide a permanent, adequately enforced safety net for labour, including: unemployment insurance; health care; minimum wage legislation; the right to organise; safe working conditions; and re-training and/or assistance locating jobs when unemployed. Sending countries must also be more pro-active in protecting the rights and well-being of their citizens working abroad
3. Asian and European countries must attempt to change the view of workers in general as commodities and migrant workers in particular as "problems." All workers are citizens and their economic and human importance must be recognised
4. All workers must have the opportunity to directly participate in policy formation which effects their lives. A fundamental prerequisite to achieve this is the right to establish free and independent labour unions
5. Reject all measures which use workers savings to bail out companies or repay foreign creditors

Urban and Rural Poverty

Governments packaged liberalization as the only way to development, and thereby the only solution to poverty. Even as this path made painful exactions on the poor- as trade liberalization robbed peasants of their markets, as labourers were told to forego fair pay and job security, as subsidies and social services most needed by women and children were cut in the name of deregulation and market efficiency - these disadvantaged sectors were told that liberalisation's benefits would eventually seep down to them.

Now, amid the current crisis, it is again the poor who bear the heaviest burden-especially as the solutions promoted by governments and multilateral organizations such as the IMF offer nothing but more of the same package of neoliberal policies that have been deepening inequality in our countries for decades. What's more, any gains that have been made in the past decades to reduce poverty will be reversed.

Specifically we call on governments to:

1. Reject policies which cause economic contraction and which deny the poor access to affordable food
2. Recognise and give priority to asset and income redistribution as the central solution to urban and rural poverty
3. Stop all forms of displacement and development aggression which effects the livelihood of rural and urban poor communities

4. Ensure the poor's participation in the definition of policies and programs that affect their lives and livelihoods

5. Learn from successful development projects (community banks, sustainable resource management, etc.) and alternatives that emanate from poor communities, and support, replicate and adopt from these people-led initiatives

Children

Being dependent and at a developmental stage, children are the first to suffer because of this economic crisis which deprives them of proper nutrition, primary health care and basic education. These negative effects on the physical and mental development of the child can carry over into the next generation.

Pre-existing problems like malnutrition, child labour, child prostitution, child trafficking and abuse, family violence and other forms of child exploitation can only be exacerbated in a deteriorating economic situation.

To avoid further deterioration, and more importantly to save the future generation, we propose the following:

1. Noting that all member-states of ASEM have ratified the UN Convention on the Rights of the Child, all ASEM governments, especially during this crisis period, should redouble their efforts to promote and protect the rights of children in their respective countries, emphasising especially vulnerable and exploited children.

2. ASEM, together with NGOs and civil societies should make every effort to ensure observance and compliance with recommendations made by the CRC Committee in Geneva. Periodic reporting and evaluation of this work should be carried out both by ASEM and its members.

3. All ASEM governments should take immediate steps to eliminate forms of child labour that are hazardous, abusive or harmful to the health, education and welfare of children.

4. ASEM governments should immediately observe international standards on child labour (eg., ILO Convention No. 138) and adopt the new ILO Convention on Most Intolerable Forms of Child Labour 1998.

5. ASEM should immediately urge its members to create a budget line specifically to help address and follow up on children saved from hazardous and exploitative situations.

6. ASEM should adopt and enforce stringent measures against all parties engaged in child trafficking, prostitution, and other forms of exploitation.

Women

The financial crisis and associated industrial restructuring have led to widespread and disproportionate lay-offs of women workers. Related to this, prostitution and trafficking of women and children are on the rise. Traditional Asian authoritarianism and patriarchal values imply that the economic and social marginalisation of women will accentuate during the adjustment phase, even though the earlier economic boom was largely built on the exploitation of female labour.

We call on Asian governments to:

1. Avoid features of structural adjustment policies - such as reducing social services and public goods provision - which increase the burden of unpaid labour in society
2. Ensure adequate retraining and other schemes for women workers made redundant
3. Monitor industrial restructuring so that job losses are not disproportionately higher for women workers
4. Implement inter-regional and bilateral mechanisms that effectively put a stop to the trafficking of women and children.

This statement was prepared and endorsed by the participants, representing more than 100 organisations from Southeast and East Asia, at the Conference on the Social and Political Dimensions of the Asian Economic Crisis held in Bangkok on 23 and 24 March 1998.