

# Crisis in the Asia-Pacific

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While the full extent of the unfolding Asian economic crisis is yet to be felt, its shock waves have already had a serious impact on world politics. The Conference will discuss the economics of the crisis in detail tomorrow. Tonight I want to focus on the political significance of the crisis and its broader context.

## Whose crisis?

Here in Australia we have been reading and hearing a lot about the Asian economic crisis in the media. But most of it is reactionary rubbish. It is a disgusting mix of racist gloating, pompous preaching, hypocrisy and a manic if shaky faith that the crisis will not affect Australia. I want to begin by taking up these media distortions.

First let me pose the question: Whose crisis is this?

At first we were told it was only a temporary **currency crisis'' effecting just three countries: Thailand, Indonesia and Malaysia. The economic fundamentals''** were OK so there were no worries.

But then Thailand, Indonesia and South Korea went to the IMF for emergency assistance. So then we were told there was a **debt crisis'' and a banking crisis''** as well as a **currency crisis''**. Now Japan, the largest economy in the region and the second largest in the world, is in serious economic crisis. And there are ominous rumblings from China. We see a **snowballing multi-tiered Asian economic crisis that will have effects all around the world and might even trigger off a world recession. So, part of the answer to the question Whose crisis?''** is that it certainly is a crisis that encompasses most of South-East Asia, South Korea and Japan but will seriously impact on the other countries in the Asia Pacific and ultimately have some effect on the whole world.

But in the Democratic Socialist Party's view, this is a world crisis in a more profound sense: This crisis is also a world crisis because its fundamental cause is not peculiarly Asian but a direct result of contradictions inherent in the world capitalist system.

The Western propaganda that now seeks to blame the crisis on corruption and cronyism in Asia begs

the question: How come US, European and Japanese banks and the multinational corporations were so keen to lend and invest in these economies for the last three decades, knowing full well that most of the regimes in these countries were blatantly corrupt and repressive? How come political democracy and human rights never got in the way of business deals in Asia before?

Another myth is that the Asian crisis is a result of too much government interference in the Asian economies. On the contrary, as the British Economist magazine (an aggressive advocate of economic neo-liberalism) admits, the Asian **Newly Industrialising Countries'' (NICs) and the so-called Tiger''** economies of South-East Asia have long been some of the most pro-capitalist and foreign investor-friendly governments in the world. The considerable government intervention in these economies has all been to help capitalists make a bigger profit.

On the other hand, those like Malaysian PM Mahathir, who blamed international foreign exchange speculators like George Soros for the crisis, are also wrong. Speculative capital certainly contributed to the rapid growth of foreign debt and also to the timing and scale of the investor panic in 1997 (which triggered the currency crises in Asia), but it was not, in our opinion, the fundamental cause of the crisis. We have to distinguish between the transmission mechanisms involved in the development of this crisis from its causes.

The Asian financial crisis did not arise fundamentally out of poor management practices in Asia nor simply from the capriciousness of world financial markets but because even the partial industrialisation of a few selected nations from the Third World has now produced more than world capitalist markets can absorb. Basically, there is now a huge global industrial overcapacity for the production of cars, steel, chemicals and computer chips, textiles, clothing and footwear. And much of this overcapacity is now located in East Asia.

The Asian economic miracle rested on sustaining high exports of these goods, primarily to the US, Japan and Western Europe but by 1995 both the NICs and the South-East Asian **Tiger'' economies suffered a sharp drop in their exports. Their irrationality''** of the speculative investors lay in their delay in moving their money. The sudden flight of capital that began the currency crises in the region last year was a belated, panicky recognition that the **Asian miracle''** was a myth. While we say this as an endemic capitalist crisis of industrial overcapacity or overproduction, this does not mean that there is no real need for these products but industries can produce far more than there are people who can afford to buy these goods. So the real irrationality at the heart of the crisis arises out of the fact we have a world economic system that prioritises the private profit of an immensely wealthy but tiny minority over the needs of most people. For a more detailed economic analysis of the origins of the current Asian economic crisis I recommend you check out an article by Chow Wei Cheng in the latest issue of the magazine Links, at sale in the Resistance bookstall at this conference. {{{The useful myth of the Asian economic miracle}}}

The current Asian economic crisis has world-wide significance on a third level. This is at the level of ideology, where the **Asian economic miracle''** has played a key role in selling the idea that the capitalist system offers a way out of the permanent economic and social crisis that the great majority of the world's population suffers.

Its ideological significance grew in the 1990s. Africa and Latin America had suffered a **lost decade''** under the supervision by the International Monetary Fund (IMF). Many countries actually went backwards, economically. On the other hand, the collapse of the Soviet Union had given rise to a widespread loss of confidence in challenging the dictates of big capital. This is the general

context in which the myth of the Asian economic miracle" came to play its major role. The exploited nations of the Third World (and the newly democratised" countries of Eastern Europe) were told to emulate the NICs and their apparent successors, the South-East Asian Tigers" economies. There is a way out of forced underdevelopment", it was argued, but you have to adopt the foreign investor-friendly, exports-first approach of the NICs to get there. In conjunction, the myth of Asian values" was spread: 1. to explain the miracle; 2. legitimise repression and corruption in these countries and; 3. hide the eager collusion in both these practices by Western corporations and governments.

The promoters of Asian values" didn't pay attention to the fact that the millions of Asians suffering repression and exploitation weren't saying, That's fine its part of our culture". In stead they were fighting this repression, struggling build independent unions, militant student movements and in some cases armed revolts

Smug Western politicians and many academics — who dutifully articulated and embroidered these theories that disappeared" dissent and repression in Asia, and excused the grossest abuses of the Universal Declaration of Human Rights — were in a very comfortable position. On one hand they could justify the profitable deals with dictators, the diplomatic blindness towards the bloody Indonesian occupation of East Timor, the repression all around the Asia-Pacific. On the other hand they could distance themselves from Asian culture" and brag about the moral superiority of Western, democratic values". Now with the Asian economic crisis" the ruling class's ideologists are in damage control. Now we get a flood or articles and speeches about a failure of Asian values". Here in Australia, there is all of a sudden an abundance of hypocritical posturing from government and business on democracy and Asia, yet only a few months ago, the Australian government argued in international forums for the separation of human rights and labour concerns from business deals. {{West knows best?}} More and more we hear the argument that the West knows best" — there's a reincarnation of the idea of the White man's burden" in the colonies. The cycle of war, oppression, famine and chronic political and economic crisis foisted much of the Third World precisely because of the continued super exploitation of these nations is used by the ideologists of the oppressor nations to present their own societies as more civilised".

For a naked example, just look at Clinton's recent visit to Africa where he delivered the message from the world's greatest exploiter nation: In Africa, colonialism and neo-colonialism are no longer even to be tokenly acknowledged as the main problem, rather it is argued that it is the abuse of the independence" which followed decolonisation in the 1960s. Sorry about slavery two centuries ago, said Clinton, but the problem today is you Africans can't handle political independence. The solution to Africa's problems, said Clinton, lies in opening up African economies to more US trade and investment. Surely, after the lost decade" it is clear in Africa that neo-liberalism = deeper exploitation yet the only hint of dissent in the visit came from Nelson Mandela who appealed for more aid rather than just more trade.

We are seeing the same reactionary line in Asia and the Pacific. Western governments, the IMF, World Bank, the multinationals and their loyal economists are unanimous in their prescriptions for a solution" to the Asian economic crisis: more neo-liberal reform, open up your economies, more freedom for foreign investors, cut subsidies for basic necessities -- in short let the market rip and too bad about the devastating

social consequences. This formula will be very familiar to the international guests at this conference. The people in the Third World know very well the meaning of IMF rescue'' programs:

First and foremost, as a senior former World Bank official admitted recently, it is the bad loans made from the rich countries that are being rescued.

Second, the ordinary people of the officially rescued'' countries are forced to pay for the rescue'' through unemployment, poverty, further environmental degradation and greater exploitation.

Third, the rich countries get the extra benefit of being able to buy up the best parts of the economies of the rescued'' nation. It is a solution of sorts the Western powers are demanding. But it's a solution of their problems via more freedom for the exploiters to exploit! This is the real meaning of West knows best''. It's a disgusting, patronising, hypocritical and racist line but it shouldn't surprise us one bit. It's called imperialism''. In their introduction to a new publication Lenin's classic 1916 analysis of imperialism by Pluto Press, British academics Norman Lewis and James Malone remind readers that imperialism'' wasn't always seen by many people (at least in the West) as a bad thing. Colonial rule, it was once proclaimed, was for the own good of the colonial peoples. In this colonial administrators, missionaries and respected writers were once united.

Lenin's analysis of imperialism, and the historic victory of the Russian Revolution, played a critical role in destroying the smug insecurity of the imperialist powers earlier this century. The real interests and power relations in the world were revealed starkly and imperialist ideologists were put on the defensive. For nearly 70 years, imperialism was widely discredited.

## Imperialism today

Of course a lot has changed since 1916.

But the central propositions of Lenin's analysis of imperialism remain true. And for evidence you don't have to look in any Marxist text book or journal, the facts are there for all to see in the statistics compiled by UN agencies, the World Bank, aid workers, writers and researchers from all around the world.

### **1. Imperialism grows necessarily out of capital accumulation and concentration.**

Early this century it was a new development. As a few capitalist monopolies in the west accumulated and concentrated capital they began had to break out of their boundaries in the search for bigger markets and resources. Expanding commerce went together with gunboats, imperial military expeditions and missionaries.

Today we have the huge multinational corporations, quite a few with wealth far greater than many poor countries put together. While they may have transcended national boundaries they still are primarily based in North America, Western Europe and Japan and they still rely on the powerful state apparatuses of their home countries to ease the way'' of their business dealing – if necessary with the help of military might. Imperialistic, predatory behaviour is not just a bad policy choice'' made by certain governments today but it is an inherent nature of the state in the countries where capital has been accumulated and concentrated.

In short, vicious, predatory and war-like imperialism is actually existing capitalism'' today. {{2. Imperialism leads to war.}} This was the argument that had the greatest political resonance in 1916 in the midst of the carnage of World War I, a war between imperial powers over their colonies which killed 8.5 million people. A similar dynamic lay behind World War II which killed 55 million people. In the subsequent post-war'' period been some 150 more wars which have killed some 22 million people. War goes on, despite the end of the Cold War'' nearly a decade ago, and the weapons are more awesome and the proportion of civilian casualties, as a result of collateral damage'' or not, has grown sharply.

Since the collapse of the Soviet Union and Eastern European regimes, there has been a return of the blatant politics of imperialism and increased Western military intervention all around the world. US military might has been thrown around with increasing arrogance with the UN Security Council seen by many as little more than a front for US and European imperialism. Its blatant double standards, selective and partisan interventions in the Middle East, Bosnia and Africa have all but smashed any moral authority it ever enjoyed.

Just a month or so ago there nearly was another bloody, one-sided war against Iraq, the ostensible cause of which (Saddam Hussein's alleged hoard of weapons of mass destructions in his presidential palaces) is now being revealed as a hoax. When the US met some hesitation from other imperialist powers in the Security Council, Madeleine Albright said, without a blink, that the US reserved the right to start the war regardless because it stood taller than other nations and knew best!

### **3. Imperialist investment in the Third World does not lead to development of the oppressed nations.**

Today, we are being asked to swallow the fairy tale that by allowing free markets'', and ape the laissez-faire stage of capitalism in England and North America they can become wealthy, developed countries too. Never mind the fact that this advice is clearly a case of Do as we say, not as we do'', the world capitalist market has not succeeded in lifting a single country of the Third World out of underdeveloped status'' this century. The small club of wealthy robber nations remains basically the same as in 1916 and the ranks of the world's oppressed and exploited has only grown. Indeed, global inequality has worsened dramatically. The average per capita income of the richest countries was 11 times that of the poorest countries in 1870. It rose to 38 times by 1965 and by 1993 it was 61 times as much. Why has the gap between rich and poor countries grown after a century of ever greater development of a world capitalist market? First, because the bulk of investment still goes to other exploiter nations not to the Third World. Between 1990 and 1993, 60% of foreign direct investment flowed between the imperialist centres of North America, Western Europe and Japan. This is just the foreign direct investment, we are not including the huge investment that takes place within the richest countries. These three centres also take 69% of total world exports. Basically, the countries with 75% of the world's population continue to miss out on trade and investment. Second, the way in which foreign investment is directed in the Third World still generally entrenches underdevelopment, that is as producers of raw materials or at best industries at a lower technological level. Most Third World countries are still marked by their place in a world division of labour determined in the colonial era, for example, as producers of sugar, cocoa, coffee or minerals. What development that has taken place in the Third World depended on some basis protection from imperialist competition. The NICs were once encouraged



by the US to industrialise in this way for political reasons but that's changed today. In the last decade, the exploiter nations have also sought to bolster their technological advantage through new rules on intellectual property rights''.

I am sure few of you here tonight would doubt these three basic features of the world we live in. This is the political context of the current crisis in the region. But still too few people who do see world in this way, draw the necessary conclusion that the system needs to be replaced urgently. Too few, especially in wealthy countries like Australia, draw the conclusion that these conditions demand a serious political commitment to bringing about fundamental change.

The stark divisions in the world between rich and poor nations, powerful and weak, bolsters racism in the wealthy, exploiter nations. That's another nasty feature of imperialism. Racism is being promoted consciously by those in power because it helps breakdown solidarity between the working people of different nations and creates divisions within the working class in the West. That's their problem, we are encouraged to think. It's their fault. Perhaps we'll save ourselves if we lock the nations doors to a hungrier and more desperate world. And so we see fortress Europe, fortress Australia attacks on new migrants, especially those from the Third World.

But the great majority of us confront common oppressors. We face a capitalist neo-liberal offensive all around the world today, as we can see even here in Australia in the naked class war on the waterfront. It's corporate profits versus human rights, union rights, economic justice and the environment.

### **Resist defeatism**

Today there are quite a few who argue that capital has become so mobile and so concentrated in the hands of large multinational corporations that governments have now become powerless to challenge their dictates. The best we can do, some people have concluded is seek the best possible accommodation with so-called global'' capital. Defeatism has influenced the responses of some activists and NGOs in the region to the IMF restructuring programs being forced on Indonesia, South Korea and Thailand in the wake of the crisis. They are attempting to tie an anti-dictatorship, anti-crony agenda to the IMF's program, the program of imperialism. This is a big mistake, in our opinion. The IMF's programs are blatantly anti-people. These programs will destroy the lives of millions in the region. Progressive activists should firmly oppose them. Further by supporting the IMF programs, these activists play into the hands of dictators like Suharto who then can posture as defenders of the plight of ordinary people. We argue that global'' capital may have got out of control in the Asian crisis (as capital does in every economic crisis) but it has not become invincible. It is still possible — indeed necessary — to oppose the dictates of big capital.

Indeed the nervous discussion within the imperial elites about how to extract the maximum neo-liberal ``reform'' in Asia's crisis-struck economies without provoking popular revolts, proves that the exploiters know that their rule is not invincible.

Certainly, the peoples' movements in the Asia Pacific have a big job ahead to rebuild to the point where we can win new major victories. There are defeats and setbacks to get over but there are also new openings and challenges. The economic crisis in the region is such a challenge. It has created openings for progressive political changes, most clearly in Indonesia. And we know that any popular

victory in the region will be a victory for all of us. Of course, there is much work ahead of us. This conference, we hope will be one important step forward in that process.