

Session 2

Meeting the Challenge 1: The Role of Intellectual Exchange

PANEL PRESENTATIONS

PRESENTATIONS IN SESSION TWO focused on the role of intellectual exchange in dealing with the social impacts of the crisis. Funabashi Yoichi, chief diplomatic correspondent and columnist of the *Asahi Shimbun*, led off the presentations with a reflection on Japan's experience of economic "bubble and burst," noting that if there had been diligent analysis and dialogue on the issue at the time it may have provided an early warning to other Asian countries that economic disaster was imminent.

Funabashi forwarded the idea that perhaps Asia lacks a tradition of intellectual dialogue and engagement. He asserted that a lack of rigor in government policy and a general lack of responsibility when making policy decisions inevitably affect neighboring countries, often negatively. The devaluation of the Chinese yuan, the reversal of yen appreciation between the United States and Japan, and Plaza Accord decisions are examples of policy initiatives taken independently by some countries that increased the strain on the currencies of neighboring countries. Funabashi concluded by arguing that responsible public policy must include rigorous intellectual dialogue and a high degree of coordination and engagement with other countries in the region.

Jusuf Wanandi, chairman of the Supervisory Board of the Centre for Strategic and International Studies, Indonesia, was the second speaker. Wanandi approached the session's topic by emphasizing the complexity of the issues with which the region has to contend. He stressed that the current watershed era of globalization and fast-paced technological change has stimulated new ideas and new visions, and that the resultant changes are not just economic but also political, social, and cultural. The fact that developing countries are having difficulty in recognizing and coping with

these changes has compounded the social impact of the crisis. Wanandi argued that recognition both of the root cause of the crisis and of the full implications of closer regional interdependence is a critical first step to coping with its challenges.

Wanandi's first point was the need for greater cooperation at the regional level to strengthen and consolidate institutions so as to face the new era. To facilitate this, it is critical that the political development of countries progress in tandem with economic development. Government policy must now aim to achieve sustainable growth rather than remarkable growth, as before.

Second, Wanandi argued that the need for intellectual dialogue in the region has never been greater. He described how changes—economic, political, and social—are so rapid and so encompassing that governments feel under siege and do not have the resources necessary to cope. Governments by nature, he felt, are shortsighted and equipped to manage only day-to-day tasks; they are not necessarily effective in coping with complex and rapidly changing problems. Indeed, the current problems are so huge that they are better tackled at the regional, rather than national, level. While consolidation at the national level by countries is necessary, equally important is greater cooperation at the regional and global levels. Wanandi argued for the need to include the regional institutions that already exist, such as ASEAN, and noted also the need for a “critical core” at the regional level to instill intellectual dialogue and to facilitate community-building and cooperation in East Asia.

Essential to effective regional dialogue, Wanandi suggested, is more input from civil society. He emphasized the importance of a multidisciplinary and multilayered dialogue drawing on all available intellectual sources and disciplines, especially think tanks and academics. Furthermore, he pointed out the importance of sustaining the interest of public opinion and government in supporting international and regional cooperation. Wanandi concluded by asserting that it is only through intellectual exchange at the intraregional and interregional levels that the goals of stability, peace, security, and welfare in the region can be realized.

The third speaker, Zhang Yunling, director of the Institute of Asia-Pacific Studies at the Chinese Academy of Social Sciences, recommended that the region pursue further intellectual exchange through study and analysis, including conferences not unlike the present one. While agreeing with Wanandi on the merit of increasing regional dialogue and developing appropriate institutions to this end, he felt that ASEAN and APEC do not

have the resources necessary to contribute adequately. Zhang's main point was the need to specify the role of intellectual exchange, which he held to be as important as identifying and understanding the problems at hand.

Zhang elaborated on three main issues. The first concerned economic security and how to define it in a manageable way. On this question, he contended that the concept of sustainable economic development is defined differently from country to country, and that the questions of equality and equity are perceived according to a given country's particular circumstances. Second, Zhang suggested that the issue of human security is far more comprehensive than just the issue of human rights, and that human rights should not be reduced simply to political rights. Third, he explained that China is dealing with the practicalities of regulating its labor market and limiting the social effects of the crisis domestically. However, reforms currently being put in place are worsening the unemployment situation and increasing income inequality. A main challenge for the Chinese government is to ensure that the weakest elements of the population receive social benefits as necessary. In conclusion, Zhang reiterated the necessity for greater regional cooperation and strengthened intellectual dialogue.

Zainal Aznam Yusof, deputy director-general of the Institute of Strategic and International Studies, Malaysia, was the final speaker of session two. Yusof reviewed the ideas and ideologies that have prevailed recently in East Asia, and indeed globally, and concluded that intellectuals in the region must go beyond current ideas and develop a new economic architecture for the future. Asserting that the promises of market mechanisms have not materialized, he questioned that the liberalization of all markets as quickly as possible is a desirable strategy.

From the perspective of economic reform, Yusof warned that the global capital system itself needs restructuring and regulation. Specifically, while governments and financial institutions in East Asia are being urged to be more open and accountable, the same accountability should apply to hedge-fund managers and rating agencies. Yusof concluded that East Asia now has a rich source of data and experience from the crisis and is therefore well-positioned to generate an appropriate vision and practical initiatives, particularly relating to financial and economic policy, that will best suit the needs of the region.

DISCUSSION

Discussion opened with comments on the nature, aims, and benefits of intellectual dialogue. A Japanese participant proposed that intellectual dialogue could foster the creation of new networks of policymakers able to contribute to a long-term perspective and to carry out unbiased analyses of issues. Second, he underlined how intellectual exchange is especially important in this era of increasing regional interdependence because it can provide deeper mutual understanding and thus strengthen regional relations. Third, the participant illustrated how intellectual dialogue is a key element in community-building inasmuch as it draws together like-minded people with shared values who can contribute constructively to the development of the region. Finally, he proposed that active intellectual exchange can be useful as an early-warning device to counter possible future crises.

A Singaporean economist expressed her agreement with the previous participant, adding that intellectual exchange across a broad range of expertise is desirable. Furthermore, she suggested that East Asian countries take the initiative to share ideas and experiences for dealing with common problems rather than reinventing the wheel. Next, a participant from the Philippines seconded the view that a main benefit of intellectual dialogue is community-building, maintaining that intellectual exchange increases mutual understanding and is the vehicle through which to share best-practice ideas. Finally, she commented that intellectual exchange can provide "road maps" that offer governments direction and a comprehensive, positive picture of the future.

A number of other participants mentioned additional benefits of intellectual dialogue. These included free, unrestricted thought that can produce and test alternatives for policymakers, who often do not have the time to test ideas. This in turn adds legitimacy to policies, and governments can deal with criticisms if policies have been built on a solid base. A Malaysian economist reiterated the early-warning role of dialogue by noting that the reduction and management of risk are intrinsic functions of intellectual exchange.

The discussion then continued with the identification of some difficulties in cultivating intellectual dialogue in the region. First, although intellectuals need to be truly independent in forming and fearless in expressing their opinions, such independence is rare given the existence of powerful cultural mores dictating the need to avoid public criticism by