

CONCLUSIONS: THE DEBATE AT THE CHINESE TAIPEI SYMPOSIUM

Internationally, the economic aspects of the crisis have come to be complemented by a sharp focus on its social impacts, and a growing concern that economic solutions encompass a social perspective beyond simple assertions of welfare maximization as a consequence of sound economic fundamentals.

... a consensus emerged that the way forward for the most affected economies lay in the recovery of export-led growth.

The papers assembled for the Chinese Taipei Symposium (including a number of verbal presentations not specifically referenced in this report) provided ample opportunity for a wide-ranging debate. The participants at the symposium were drawn from many APEC member economies and were from government and non-government backgrounds. This combination of people, coupled to the pressing issues raised by the financial crisis, gave rise to a wide-ranging and often intense debate about the crisis in general and the appropriate APEC response in particular. Whilst many views were expressed, those reported below emerged either as central, repeated themes or as themes around which a consensus emerged in the course of the symposium. As such, they illuminate well the issues that must surely inform the debate within APEC about appropriate responses to the crisis.

Although the symposium took place in June 1998, it is interesting to observe the extent to which issues thrown up then have come to dominate the international debate about the crisis and its still unfathomed global impact. These comments were drafted in Scotland, far from the Asia-Pacific region, yet as they were drafted, massive job losses in the Scottish semiconductor industry were announced. The reason given for these and many other current job losses in the UK was the impact of the Asian crisis. At the same time, Prime Minister Blair of the UK launched his vision of the "new international financial architecture," which has gripped the imagination in the wake of IMF activities in the Asian crisis. Internationally, the economic aspects of the crisis have come to be complemented by a sharp focus on its social impacts, and a growing concern that economic solutions encompass a social perspective beyond simple assertions of welfare maximization as a consequence of sound economic fundamentals. Undoubtedly, the economic fundamentals have to be in place, but their make-up and sequencing are

now subject to vigorous international debate. Political turmoil in the Asia-Pacific region suggests that there is a great need for an effective outcome to this debate if social order is to be maintained, democratic institutions are to survive and export-led growth is to be re-instated as the engine-room of regional economic growth.

Macroeconomic Issues

An over-arching theme of the symposium was the nature of the crisis and the appropriate economic responses. The papers offered to the symposium and the discussions which followed held no terrors for the trade liberalization and facilitation agenda at the heart of the APEC process. Little, if anything, was said about a return to protected fortress economies as a response to the crisis. Rather, a consensus emerged that the way forward for the most affected economies lay in the recovery of export-led growth. Export-led growth benefits from open trading regimes, and APEC is able to contribute further to their consolidation. Attention turned to the manner in which such growth might be achieved. One issue commanded universal agreement. The most affected economies would be required to restructure their financial institutions substantially. In this context, and in line with the APEC Finance Ministers' commitments, the APEC process was able to mobilize substantial capacity-building resources to support new financial structures and systems.

In this context, the discussion moved into the heartland of the debate about solutions to the crisis. Domestic economic adjustment to the effects of the crisis was at the heart of the papers assembled here. To use a traditional adage, a cure that killed the patient offered few advantages. Policies, which unnecessarily maintained high interest rates alongside a credit crunch and tight liquidity, were unlikely to bring about a return to high growth rates and export success. Currency stabilization, controlled inflation and stable, productive

The impacts of the crisis varied between APEC member economies, suggesting that different policy mixes would be needed in different domestic contexts.



investment were needed as long-term underpinnings of economic success. A combination of domestic financial reform and international support to create these conditions would in turn allow interest rates and credit policies to once again complement export-led growth. Implicit in this debate was the argument that the international lending institutions should recognize that the Asian crisis contains elements that are different in key ways from those common in the Latin American crises of previous years. Moreover, the impacts of the crisis varied between APEC member economies, suggesting that different policy mixes would be needed in different domestic contexts. These contexts were in part defined by domestic political realities that had to be taken into account in the definition of adjustment packages. The spectre of Indonesia was ever-present in Chinese Taipei, but similar political considerations have emerged elsewhere in the region since June, not only in the most affected economies.

New financial architectures, a new WTO round, changing balances of economic forces as the crisis hits home; all provide testing challenges to the APEC agenda.



The TILF Agenda

APEC's TILF agenda did not emerge unscathed from the symposium. If open-trade regimes were broadly supported, the TILF agenda came in for criticism on the grounds of its narrowness and its inability to respond to the crisis. For critics of the TILF agenda, it is too narrowly focused on achieving unfettered trade in the framework laid down by the WTO. Its narrowness makes it unable to respond effectively to the breadth of the crisis afflicting the region. To suggest that the other APEC agenda—ECOTECH—is able to provide that breadth is to compound the error made by other international financial institutions in attempting to compartmentalize the economic and the socio-political natures of the crisis. One perspective in the symposium held the view that APEC was broadly irrelevant to any solution of the crisis because of this narrowness. Thus, a question emerges for APEC: should it reassess its goals and

Many speakers reported on the profound impact of the crisis on women.



objectives, and its delivery mechanisms, in the light of the crisis? Could the avowed aims of APEC be better served by a broader agenda? Of course, given the consensual basis of decision making in APEC, this raises the issue of APEC's viability on any other basis. For example, would consensus be possible in APEC on the design and implementation of a new international financial architecture in line with the existing TILF agenda? One suspects that behind such speculation is the broader question of where APEC goes in the future, given the challenges raised by the crisis. New financial architectures, a new WTO round, changing balances of economic forces as the crisis hits home; all provide testing challenges to the APEC agenda.

Social Dimensions: Women

Beyond the macroeconomic concerns (and their implications for APEC) another package of issues attracted considerable attention at the symposium. These were the social dimensions to the crisis and they were reflected in four topics: women; the role of safety nets; tripartism; and, more generally, the APEC ECOTECH agenda. Many speakers reported on the profound impact of the crisis on women. Of course, as these collected papers show, women are badly hit as employees, facing unemployment as a result of layoffs. They make up an important element of migrant labour in the region, a sector of the labour market badly affected by the crisis in terms of reduced opportunity and repatriation. However, the symposium was forcibly reminded of the "double shift" dimension of the crisis for women. Women's role in family structures means that they may carry responsibility for coping with the effects of the crisis on the community. Numerous examples of such coping and its impacts were offered: for example, women forced to make ends meet when partners travelled away in search of work; women forced into multiple jobs in order to provide sustenance for families; the

A failure to recognize these impacts on women would have three key impacts.



spectre of prostitution hanging over unemployed women with family responsibilities; discrimination against women in the implementation of adjustment and relief programmes; and women losing ground in terms of HRD as a result of unemployment. A failure to recognize these impacts on women would have three key impacts. First, there would be the direct and unacceptable burdens imposed on women by such outcomes. Second, social stability might be weakened as social structures held together by women fragment. Third, HRD strategies would be impeded by the marginalization of important and valued women workers. Commentaries from government officials suggested that these challenges were well recognized and that measures to provide a response were in place or under consideration.

The lack of adequate social safety nets in many of the affected economies was pointed out.



Social Dimensions: Safety Nets

The discussion about the impact of the crisis on women was situated in a larger debate mentioned in these collected papers. This concerns the desirability and adequacy of social safety nets in the most affected economies. This issue is also central to IMF, World Bank, ADB and ILO commentaries on the crisis. The lack of adequate social safety nets in many of the affected economies was pointed out in three contexts: first, the simple but profound issues of survival for people in the worst-hit economies; second, safety nets as a contribution to social cohesion and stability; third, safety nets as an underpinning to successful economic modernization and effective HRD policies. There are, of course, no easy answers to demands for the introduction of adequate safety nets. Yet the papers collected here include accounts of international support for the establishment of social provision designed to maintain social stability and continuing involvement in the modern sector. The key international lending agencies have been conscious of this issue for some time and appear to have a broader perspective on what domestic policies and institutions are needed

The focus of tripartite activity in the most affected economies appears to be on the definition of responses to downturn and retrenchment at the enterprise level, and the identification of national measures to maintain skill training and productivity-oriented practices in anticipation of any future upturn.



to achieve economic growth than might have been the case in the past.

Social Dimensions: Tripartism

A third social institution appears in the papers and in some of the verbal contributions to the symposium. This is the issue of tripartism. Across all the most affected economies, efforts have been made to create a unitary, national response to the crisis. This is necessary if only to attempt to displace social and political tensions that will inevitably arise. However, expert commentators, labour representatives and employer representatives reported that tripartite activity between governments, trade unions and employer organizations has been a frequent feature of domestic responses to the crisis. This has particular relevance to the APEC HRD Working Group, which, since the Second HRD Ministerial in Seoul in 1997, has been seeking ways to integrate the three parties in its activities. The focus of tripartite activity in the most affected economies appears to be on the definition of responses to downturn and retrenchment at the enterprise level, and the identification of national measures to maintain skill training and productivity-oriented practices in anticipation of any future upturn. Commentaries in this area were most positive.

ECOTECH

Given these social concerns, it is inevitable that the ECOTECH agenda should come under scrutiny. Clearly, ECOTECH provides a framework in which support for the required reforms in the affected economies may be generated. This is particularly true for the HRD Working Group in capacity building. However, the content of the ECOTECH agenda is currently under scrutiny within the APEC process. Its arrival on centre stage since the Osaka Leaders' Meeting has stimulated widespread discussion about the extent to which ECOTECH is defined by the TILF agenda. The nature of the crisis and the

The nature of the crisis and the widespread acceptance that solutions are not simply economic raise the possibility that ECOTECH might become the vehicle for productive social responses to the challenges facing the most affected economies.

The central role of business in creating solutions to the crisis was recognized, as were the great difficulties facing businesses in the most affected economies.

widespread acceptance that solutions are not simply economic raise the possibility that ECOTECH might become the vehicle for productive social responses to the challenges facing the most affected economies. For example, ECOTECH provides an institutional and conceptual framework in which APEC responses to social dimensions of the crisis might be developed in tandem with economic responses. ECOTECH also provides a framework in which such responses can be integrated with those of other international institutions. The crux of the matter lies not in the potential embodied in ECOTECH; this is clear to most observers. Rather, it lies in the willingness to extend and define ECOTECH activities such that they respond in an effective way to the needs of the most affected economies. Moreover, as pointed out in the symposium, it is not only a question of the current crisis. It is inevitable that the future will bring further challenges of this nature to which lessons gained in the present crisis may well be relevant. Perhaps APEC will be willing to show the same leadership and vision for a revised and extended ECOTECH, as evident in the commitment to TILF.

Business

An important aspect of the Chinese Taipei Symposium was a focus on the relationship between APEC and the business community, captured institutionally in the APEC Business Advisory Council (ABAC). The central role of business in creating solutions to the crisis was recognized, as were the great difficulties facing businesses in the most affected economies.

Financial sector businesses face particular difficulties as they confront the need for reform. Particular mention was made of the impact of the crisis on SMEs, traditionally seen as an important source of employment and innovation in the business sector, but which are often vulnerable to lending constraints. APEC's relationship with business is close and effective and, particularly in the area of capacity building and HRD, this should give rise to positive outcomes for APEC.

Complementarity

The symposium and the presented papers highlighted the importance of collaboration between all institutions involved in responses to the crisis. For APEC, this means close liaison with member economy governments and, importantly, with international agencies such as the IMF, ADB, World Bank and ILO. Duplication of effort should be avoided and complementarity established. In terms of the HRD dimension, such complementarity might well be found with the ILO's regional activities, as well as the HRD capacity-building dimensions of the other institutions' work.

Recommendations for the APEC HRD Working Group

Finally, the Chinese Taipei Symposium endorsed a range of recommendations from the Task Force. These recommendations were later presented to the mid-year meeting of the HRD Working Group. In a modest and effective way, the recommendations indicate how, within its brief, the HRD Working Group can contribute effectively to developing responses to the crisis.