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SUBJECT: Daily Digest 4/13: JAPAN'S FINANCIAL CRISIS

TO: Doris O. Matsui (Doris O. Matsui@eop [UNKNOWN])
READ:UNKNOWN

TEXT:
Over the past ten days, analysts in Asia and Europe have continued to express their alarm over the financial crisis gripping Japan, which--in Prime Minister Hashimoto's own admission--is facing its most severe economic problems since World War II. Prompted by the "triple lows" recorded in Japan's stock and bond markets and in the value of the yen on April 3, editorialists voiced concern that Japan's distress would throw the global economy into a tailspin. Many writers agreed with Bangkok's independent Nation, which stressed: "Like the Titanic, Japan's sinking economy--the second biggest in the world--is threatening to drag everyone into global recession." These observers enjoined the Japanese premier to "act with courage" to overcome domestic "resistance...which (has) slowed down the measures needed to revive the Japanese economy." Two other topics dominated the debate--the tax cuts announced by the Japanese government late last week, and the second Asia-Europe Summit Meeting (ASEM-II) in London, April 4-5. Following are major themes in the commentary:

'HASHIMOTO CAVES IN;' WILL 'SICK SAMURAI' RECOVER?--Commentators in China and South Korea saw the tax reform package Mr. Hashimoto announced April 9 as a sign that the Japanese prime minister had "caved in to international pressure." Dailies in Japan gave extensive coverage to the plan, with business-oriented Nihon Keizei judging that the announcement, although "late," was a "welcome turnaround." That paper also stressed that the Japanese leaders had not yet explained the tax cuts in detail, and urged the government to make them "drastic and permanent." Discussing other "pump-priming" measures presented by Mr. Hashimoto at the ASEM-II meeting in London, moderate Tokyo Shimbun wondered why the Japanese leader only seemed to announce economic policy changes when he went abroad. "The prime minister appears to have no fixed views and opinions," Shimbun complained, adding: "Such being the case, Japan can hardly play the role of leader in resolving the Asian...crisis." Outside Japan, most opinion-makers sensed that it was still too early to tell if the measures would be effective, but reiterated that it was essential that Japan implement "the structural reforms whose lack is the true cause of the crisis."

ASEM-II: 'ALL FIZZ BUT NO PANACEA'--The consensus of foreign commentary was that the ASEM-II meeting had succeeded in reassuring Asia that "Europe cared" but that the gathering had produced little in terms of concrete proposals. Tokyo's conservative Sankei remarked that "Asian countries can hardly conceal their disappointment over the lack of a positive European reaction." Singapore's pro-govenment Straits Times saw the meeting as "all fizz, but no panacea" for Asia's problems, to which Bangkok's popular Siam Rath added: "Now that the worst has seemed to pass, Europe thinks that...inspirational words should suffice." A Russian pundit likened Europe's role to that of an ineffectual nurse, "leaning over sick Asia, adjusting the pillows...and swearing solidarity. Other than that (ASEM-II) did little." The top-circulation Bangkok Post and others concluded that ASEM-II had "illustrated...that the U.S. is ultimately in charge of the international financial system."

This survey is based on 59 reports from 14 countries, April 2 - 13.

EDITOR: Kathleen J. Brahney

EAST ASIA AND PACIFIC

JAPAN: "Make Tax Cuts Drastic And Permanent"

Business-oriented Nihon Keizai's editorial stressed (4/10): "Prime Minister Hashimoto formally announced on Thursday that his government would double the 2 trillion yen tax reduction for fiscal 1998 and revise the Fiscal Structural Reform Law during the current Diet session. We feel the prime minister's announcement came rather late, but still welcome his fiscal policy turnaround. Hashimoto, however, did not clarify details of how income, residential and corporate taxes would be reduced. Drastic and permanent tax cuts are the only way to stimulate the economy and reform the nation's fiscal structure. The prime minister should, therefore, clarify concrete measures to implement permanent tax cuts at an early date."

"Is Hashimoto Aware Of Economic Mismanagement?"

An editorial in liberal Asahi observed (4/10): "Japan's economic slump has become so severe that even the prime minister has admitted that the present state of the Japanese economy is extremely serious.... Hashimoto has created a framework for using 30 trillion yen in public funds to stabilize Japan's financial system. But there are no signs yet of financial recovery. The international community, apprehensive about the negative effects of the Asian economic crisis on the world economy, has doubts about Hashimoto's leadership. The Clinton administration is openly irritated by Tokyo's delay in taking concrete pump-priming measures. Asked about his personally taking the political blame for having to reverse fiscal policy, Prime Minister Hashimoto said that he would assume responsibility by implementing the (16 trillion yen) stimulus package.... Any leader who does not voluntarily learn a lesson from his past mistakes will lose public confidence."

"Record Rises In N.Y. Trading Reflect Distorted World Economy"

Liberal Asahi's editorial said (4/8): "Despite a continuing drop in Japanese stock prices, American stock prices remain at an all-time high.... A possible crash on the New York Stock Exchange would have a tremendously negative effect on the U.S. economy as well as on the world economy as a whole. Time has come for the U.S. Federal Reserve Board to take belt-tightening steps. The United States may find it difficult to raise interest rates sharply in view of the economic slowdown, the Asian economic crisis and mid-term elections. However, it is now necessary for the United States to step out of its current neutral position. Japan and other Asian countries should create market conditions that enable investors from all over the world to invest with a sense of security. This will also be effective in reducing the excessive expectations the world is placing on the American market. Stock prices are often referred to as a mirror reflecting the economy of a nation. The fact that the New York Stock Exchange is currently being viewed as the only investment market in the world is reflecting the distorted state of the world economy itself."

"Hashimoto Should Implement Large-Scale Tax Cuts"

Business-oriented Nihon Keizai's editorial said (4/7): "The Japanese economy is facing its worst slump since World War II.... The government of Japan and the ruling Liberal-Democratic Party (LDP) have come up with a comprehensive 16 trillion yen-plus economic stimulus package. But this package centers on public works projects, as did past packages. This will hardly get the weak Japanese economy back on track. The time has come for Prime Minister Hashimoto to forget about saving face politically, and adopt a new fiscal policy that calls for large-scale tax reductions.... Senior government and LDP officials are to blame for allowing the Japanese economy to reach this sorry state of affairs. Officials did not take drastic measures to stimulate the economy because they were too worried about saving face politically with the Fiscal Structural Reform Law already in effect.... Prime Minister Hashimoto should now be politically responsible and launch a new, bold fiscal policy that centers on tax reductions."

"Asian Economic Crisis Contributes To Record New York Stock Prices"

An editorial in top-circulation, moderate Yomiuri observed (4/7): "Economic growth without inflation, strong corporate performance and healthy consumption have all contributed to record rises in trading on the New York Stock Exchange.... Blind optimism is not warranted.... Financial experts in the United States and elsewhere have pointed out that New York stock prices are overvalued.... If the Asian economic crisis persists, American firms will suffer, leading to a possible drop in American stock prices. In this sense, it is necessary to overcome the Asian economic crisis not only for the sake of the world economy, but also for maintaining stable economic growth in the United States. The Japanese economy, which has been sluggish for a long time now, also represents a source of concern for the U.S. economy. The U.S. government has repeatedly demanded that Japan boost domestic demand and get its economy back on track. Putting an end to the economic slump should be a top priority for the Japanese government, not something that needs to be initiated by the U.S. government."

"ASEM Statement Should Be Put Into Effect Quickly"

Conservative Sankei had this editorial view (4/6): "The two statements issued at the second Asia-Europe Meeting (ASEM) summit in London left wide perception gaps between Asian and European countries about what to do about the Asian economic crisis. Asian countries are pinning their hopes on immediately (securing) ASEM aid for their ailing economies, while European countries are preoccupied with coordinating domestic policies before the launching of their common currency, the 'euro,' next January. The ASEM summit failed to adopt concrete measures that could cope effectively with the crisis.... Asian countries can hardly conceal their disappointment over the lack of positive European reaction."

"ASEM Asks Japan To Change"

An editorial in moderate Tokyo Shimbun observed (4/6): "Discussion at the

ASEM summit centered on the Asian currency crisis and the 'Japan problem.' At the ASEM meeting, Prime Minister Hashimoto announced dramatic pump-priming measures. Why must Hashimoto announce changes in his economic policy only when he goes abroad? We are worried that if the government continues to act like this, Japan will become the butt of international ridicule. Japan's economic recovery became a major issue of discussion at the London meeting, in addition to discussion of measures to get Asian countries out of their currency crises. Even though the United States is not a member of ASEM, a deep sense of distrust about Japan's economic policy pervaded the ASEM meeting. This distrust is perhaps best typified by U.S. Treasury Secretary Rubin's earlier remark that 'a weak Japanese economy is to blame for the Asian currency crisis.' [A misquote from Rubin's Georgetown speech.]

"The government of Japan criticizes foreign calls for Japan to take bold measures to boost domestic demand as interference in Japanese domestic affairs. But then the prime minister retracts or changes his economic policy at international conferences. He is hiding his economic policy failure by using the pretext of giving in to foreign pressure. The prime minister appears to have no fixed views and opinions.... Such being the case, Japan can hardly play the role of leader in resolving the Asian currency crisis."

"Asia, Europe Should Cooperate On Resolving Asian Crisis"

Top-circulation, moderate Yomiuri observed (4/2): "The second Asia-Europe Meeting (ASEM) summit opens in London today during a lingering economic crisis in Southeast Asia. Discussion at the ASEM summit will center on measures to get the ailing Asian economies back on track. Two communiques--a chairman's statement and a special statement on the Asian economy--will be issued at the summit. We hope summit participants will specifically urge each and every Asian economy to exercise self-help in overcoming its crisis and cooperate with the IMF and other organizations....

"We welcome Europe's recognition of the seriousness of the Asian economic situation. Prior to the opening of the ASEM summit, Europe moved to create an ASEM trust fund to help the weak Asian economies. We hope Japan and Europe will cooperate in launching practical assistance programs for these weak economies. To overcome the Asian economic crisis, the IMF must urgently resume loans for Indonesia. Indonesian and IMF officials have been meeting since late last month to close the gap over an IMF economic reform package, but no breakthrough is in sight yet.... It is imperative that Prime Minister Hashimoto brief other summit participants on the details of Japan's latest economic stimulus package. He should also cooperate with British Prime Minister Blair, summit chairman, in overcoming the Asian crisis and opening the way for further development of a more cooperative Asia-Europe relationship."

CHINA: "Japan's Hashimoto Buckles, Cuts Taxes"

Official, English-language China Daily observed (4/10): "Japanese Prime Minister Ryutaro Hashimoto buckled under global pressure, announcing a $31-billion tax cut in a massive emergency package to avert a looming recession.... International pressure for tax cuts, led by U.S. officials and even the IMF, has been building as storm clouds gather over the Japanese economy."

"Clinton's Response To Crisis In Japan"

Sun Wenqing wrote in the official, Chinese Youth Party China Youth Daily (Zhongguo Qingnianbao) (4/8): "Clinton's urgent appeal to Japan demonstrates that the United States is worried about the possible regional and global effects of the stagnant economic situation in Japan. Clinton's appeal is a good indication that the United States is fiercely discontented with Japan's ongoing economic policies. Japan is undergoing mounting pressure."

"Japanese Economic Situation Drastically Worsens"

Yue Shaoyan wrote in the official Chinese Youth Party China Youth Daily (Zhongguo Qingnianbao, 4/7): "In the long run the urgent economic measures, which have been taken by the Japanese government since last year, are conducive to the improvement of the Japanese economy. However, the reforms cannot produce instant results. The Japanese economy is unlikely to see a turn for the better in the near future."

"Possibility For Vast Asian-European Cooperation"

Li Wenzheng and Jiang Qianhong wrote in the official Communist party People's Daily (Renmin Ribao) (4/6): "Although ASEM's achievements are uncharted, the meeting is significant because it promotes the prospect of a new partnership and cooperation between Asia and Europe."

"Fruitful ASEM Conference"

The official English-language China Daily wrote (4/6): "The conference confirmed that the ASEM process should be conducted on the basis of equal partnership, mutual respect and mutual benefit. It opens a new chapter in Asian-European cooperation and common development. This serves the interests of both sides and is conducive to the drive for global multi-polarization."

INDONESIA: "The World With No Limits"

Islamic-oriented news weekly Ummat held in an editorial (4/13): "Indeed, Europe and the United States should help Asia. Yet, at the same time, Asia has to do its homework--in particular, building strong social values to ensure economic welfare.

"The problem is that Asian leaders have fallen into pomposity. They have rejected the concepts of democracy and human rights as understood by the West.... The arrogance of claiming that Asia possesses its own, superior values has been proved empty. Such arrogance must be brought to an end, if we want to cooperate effectively with other continents."

"ASEM Boosts Mutual Understanding"

Leading, independent Kompas commented (4/6): "The Asian crisis, which needs to be dealt with jointly...should make Asian and European leaders aware that unity of the global economies is already a fact that is difficult to deny. Therefore, it is necessary for both parties to cooperate and help each other, while continuing to adhere to the principle of mutual respect and to understand the situation of other parties. It is within this spirit that we would like to see the shape of Europe's commitment in its participation in dealing with the Asian crisis."

"Asia-Europe"

Muslim intellectual Republika editorialized (4/6): "In the spirit [of reviving the Asia-Europe relations], we hailed the Second ASEM with a view of mutual respect. We, therefore, do not want any group to try to link this meeting with a political agenda, especially with one aimed at imposing pressure and interfering in the internal affairs of a sovereign, independent country."

"Awaiting ASEM Results"

Muslim intellectual Republika's editorial stressed (4/3): "If what the Indonesian ambassador to the United Kingdom Rahardjo said turns out to be right--that ASEM will probably produce an alternative to the IMF aid package to Indonesia--it would be a significant step for an immediate end to the crisis. However, signals from European countries, including Britain and Germany, thus far indicate that Indonesia should stick to the IMF program. If so, what benefits will we gain, particularly concerning the crucial point for Indonesia--private foreign debt--a point which is not even included in the ASEM main agenda?"

SINGAPORE: "ADB To Launch East Asian Financial Caucus"

Tokyo correspondent Anthony Rowley commented in the pro-government Business Times (4/13): "A new East Asian financial caucus, centered on ASEAN but also including other countries of the region, is scheduled to be formed during the Asian Development Bank's (ADB) annual meeting in Geneva at the end of this month. The group is expected to focus its efforts on improving monetary coordination and economic surveillance within the region. ADB president Mitsuo Sato will in effect launch the caucus when he hosts a lunch in Geneva on April 28 for finance ministers and central bank governors of the ASEAN nine, plus South Korea. The grouping is later expected to include Japan, China and Taiwan--but not, at this stage, the United States or other Pacific nations. It will differ in this respect from most financial and monetary groups formed in East Asia in recent years which generally include the United States and other non-Asian countries. In terms of composition, if not yet of function, the group will resemble somewhat the East Asian Economic Caucus (EAEC) proposed several years ago by Malaysia. ASEAN already has a forum for regional cooperation in the sphere of security--the Asean Regional Forum or ARF--but this also invites the United States and Russia as well as China to its meetings....

"How the United States and possibly other Pacific nations such as Canada and Australia will react to the idea of a new caucus of regional finance ministers and central banks governors--one from which they are excluded--is likely to be a sensitive issue. The United States for one strongly opposed the EAEC concept and also the more recent proposal put forward by Japan for an Asian Monetary Fund, which was viewed in Washington as a potential threat to the IMF."

"Fizz And Good Will At ASEM II, But No Panacea"

Political desk correspondent Chua Mui Hoong filed this commentary from London for the pro-government Straits Times (4/8): "Certainly, all those who had hoped to see a solution to the Asian financial crisis emerging from the summit will be disappointed, because there was none. But the meeting did deliver as much as a summit of this nature can be expected to.... Asian leaders who went to London fearing their European partners might have lost interest, were persuaded otherwise. The Thai and Japanese premiers attested to this, with Prime Minister Goh Chok Tong adding that he would give this message to the peoples of Asia: Europe cared.... Statements of support and solidarity during times of crisis like this are essential to boost confidence, and this second ASEM meeting deserves credit for having managed to deliver such an endorsement. But at the same time, as the British media noted in their reports, neither Britain nor Europe pledged more than they were already giving.... In the end, as far as the Asian crisis is concerned, ASEM II delivered what realists would have expected: strong political endorsement, a flurry of initiatives, but no panacea."

"Partners In Progress"

The pro-government Straits Times' editorial concluded (4/7): "It would be unrealistic to expect (ASEM II) to wish away Asia's current crisis. But held, as it was, against a backdrop of plunging shares in Tokyo, ASEM II did come to grips with the very real fear that recession in Japan could mean a second slump across Asia.... Perhaps ASEM II's single biggest achievement was to dispel the notion that Europe is unconcerned about conditions in Asia.... Asia is still the growth area of the future, and in its competitive ties with the us, Europe has much to gain in terms of economic and geopolitical benefits from alliance with Asia. Similarly, Asia, too, hopes for much from Europe's well-established scientific and technical skills. Truly can they be called partners in progress."

"Drugging Asia--So Is There A Western Conspiracy?"

Senior editorial writer Asad Latif wrote in a wide-ranging feature examining various views on a "Western conspiracy" behind the Asian financial crisis in the pro-government Singapore Times (4/5) under this sub-headline: "Was U.S. dollar debt used to weaken Asia the way opium was used to weaken China in the last century? Asad Latif discusses the plausibility of various conspiracy theories." The article began: "Asia was once in the ascendant. Fearing a world marked by its dominance, America and Europe engineered a financial crisis here. They wanted to stymie the region's economic ascent, bring about political change in authoritarian systems that thrived on growth, and increase East Asia's strategic dependence on the West to prevent it from bandwagoning with China, the rising power in this part of the world.... Will the Asian financial crisis be described this way in the years to come? It may well be, going by the conspiracy and other theories that have gained currency over the past few months. As Asians contemplate their economic and political setback in world affairs, some of them believe that a Western hand is at work in their misfortunes. The villains in their scenarios, which range from an outright conspiracy to a looser agenda of malevolence, are currency speculators, fund managers, credit rating agencies, risk consultancies, central banks and chanceries. The contours of the conspiracy or agenda are hazy but, as with all suspicions and fears, the very indistinctness of the threat magnifies its effect."

"Summit Of Great Significance"

Pro-government, Chinese language Lianhe Zaobao had this editorial view (4/3): "The economic crisis and reforms that are taking place in Asia are a cause for concern to the region's European partners.... For those countries hit by the financial crisis, their largest creditor countries are France and Germany, both EU members. Therefore, it is clear that prosperity or the decline of Asia will have an impact on Europe.

"There is no doubt that the above-mentioned issues would become the key topics for discussion during the (ASEM) summit. In particular, on problems surrounding the East Asian financial crisis, both sides, in their dialogues, should be able to reach a greater understanding and consensus, identify the cause of the crisis, draw lessons from it and explore possible forms of assistance. But for their part, Asian countries should not expect too much. Firstly, the task of rescuing the affected economies rests mainly on the IMF. Intervention by other countries may cause confusion. European countries are expected to support the IMF's position and insist that affected countries take resolute actions to reform their economies. Of course, if European countries would adopt more substantive measures, it would help Asian countries get out of the current crisis and restore confidence."

SOUTH KOREA: "Pressured By U.S., Hashimoto Waves White Flag"

Conservative Chosun Ilbo made these observations (4/10): "Prime Minister Hashimoto has finally caved in to international pressure and announced an economic stimulus package and postponement of pledged budgetary reforms. Adoption of a stimulus package clearly indicates that the administration's economic policy has now been reversed. The prime minister desperately sought to avoid this, but Japan's 'triple lows'--which sent jitters through the markets--and international pressure led by President Clinton did not give [Hashimoto] much choice.... Markets are responding positively to this move by the Japanese government. Thanks to the announced stimulus package plan, fear that Japanese financial circles would collapse has dissolved.... The question remaining is how efficient the package will prove to be. Even though the success of the package remains uncertain, its psychological impact on jittery markets is already significant."

"Dark Clouds Of May Crisis Forming In Japan"

Government-owned Seoul Shinmun (4/8) commented: "The theory that Japan may face a major crisis in May is gaining ground. In late April and early May, when various economic statistics are available, Japanese banks and financial institutions will become more leery about lending funds to companies.... Construction and trading companies, along with the distribution industry, will most likely be hit hardest by the crisis.

Debt-laden construction companies may not be able to overcome the crisis unless the government provides a massive stimulus package.... Many companies may go bankrupt because consumer spending is likely to get more restrictive in May and bank loans will become more difficult to get."

"How U.S. Takes Japan's 'Triple Lows'"

Conservative Segye Ilbo (4/7) commented, "In the United States' view, Japan alone holds the key to resolving what is called Japan's 'triple lows'--the yen's slide against the dollar, plunging bond prices and tumbling stock prices. Having no other option but to push Japan toward economic reforms, the United States is doing just that. The United States has also emphasized that Japan's lack of political leadership, not economic factors, caused the current financial crisis.... Though it may be politically unthinkable for the Japanese government to reverse its economic policy at this point, the consternation caused by the 'triple lows' and the fear of deflation appear to be too real and threatening for Japan to be hesitant.... Despite its shortcomings, Japan should be able to manage the economy--once its political leadership begins to be efficient."

"Is Asian Economy Really Collapsing?"

An op-ed article in moderate Hankook Ilbo (4/7) noted under the headline above: "Signs are everywhere that the economic crisis that hit Southeast Asia and Korea is heading toward Japan, Asia's foremost economic stronghold. As the crisis is now reaching Japan...(Korea's) financial markets (are) most threatened.... Despite all these problems on this side of the Pacific, the United States is having an enormous economic boom....

"Why this disparity?... As the Cold War concluded, the world economy had to transform itself, becoming market-oriented.... The current economic crisis sweeping across Asia is just one move proof that the region was not ready for the kind of economic liberalization the world had demanded.... It was Asia that people used to say would be the center of the world economy in the new century. Now it sure looks like the United States is claiming it."

"Japan Responsible For Yen's Fall"

Moderate Hankook Ilbo had this assessment (4/6): "Japan's financial instability is spreading to the rest of Asia, threatening to shake the world economy. Not only foreign capital, but domestic funds, are leaving Japan, with the country going through what it once experienced in 1990---when the economic bubble seriously threatened the economy.... Any prospects for improvements in the Japanese situation are very dim at least for a while.... As long as the financial crisis continues in Japan, it will be more difficult for us to secure the financial assistance that Japan promised us. In addition, more problems are expected with regard to our debts, though they have already been rolled over. Also, the devalued yen and the strong dollar will further threaten a deterioration of our competitiveness in exports. All of this points to the fact that we will face enormous predicaments in overcoming financial difficulties.... Capital now leaving Japan is adding a bubble to the U.S. economy, and this may swiftly create a much more worrisome situation if Japan is forced to sell its foreign assets, including U.S. bonds.... That situation has to be stopped, and Japan, the world's largest creditor country, should be more responsible and aggressive in curbing the current crisis. Japan's role--in preventing the world economy from collapsing-- could not be more critical."

"Japan Must Act--Now"

Pro-business Joong-Ang Ilbo challenged (4/6): "What in the world is holding back the Japanese economy? President Clinton...has attributed the problem to Japan's bureaucracy.... If Japan wants to prevent a recession of its own economy as well as of the world economy, it must focus--now--on how to reform its financial structure and how to stimulate its economy. When Japan does this, the world will be able to get rid of its distrust of Japan."

"'Sales Diplomacy' Opens Up Possibilities"

Moderate Hankook Ilbo judged (4/6): "Asia has until now long been considered a 'pond' that belongs to the United States. Because of this perception, Europe has kept its distance from Asia, remaining indifferent, while the region is going through its worst kind of economic crisis. Also, Europe still believed that Asia was the United States' problem and that it alone had to resolve it.... The ASEM meeting, however, has reached a world-wide consensus that Asia and Europe are never far from each other. That consensus was the greatest accomplishment the summit meeting saw."

"The Japanese Financial Crisis"

Conservative Chosun Ilbo told its readers (4/5): "The disparity (between the United States and Japan) on the diagnosis of what caused Japan's economic crisis is no small matter, because the existence of disparity itself can threaten, not only a global slowdown, but an actual collapse of the Asian economy.... What the United States is saying is that Japan should boost its economy by encouraging domestic demand, while Japan is simply focusing on ways to carry out long-term financial and industrial reforms.... This contention between the United States and Japan, however, is not expected to escalate to (such a point that) it exacerbates Japan's economic situation, as both sides understand the danger of pushing each other into a corner.... The most serious aspect of the crisis in Japan is the possibility that Korea can fall its worst victim, having to bear a worse kind of burden than any other countries in the region.... Though our debts have been rolled over, currency exchange rates in Korea still remain
too unstable to remain unaffected by a plunging yen....

"All Asian economies will soon be on the verge of a second wave of currency crises, and the wave may not stop in Asia. The United States, Japan, the EU, and the IMF are the ones that have the capacity to stop it."

THAILAND: "Fate Of Global Economy In Hashimoto's Hands"

An editorial in the independent, English-language Nation judged (4/8), "Like the Titanic, Japan's sinking economy--the second biggest in the world--is threatening to drag everyone into global recession. Indeed, like everyone else, the future of the Thai economy hinges on a turnaround in the Japanese economy.... Prime Minister Ryutaro Hashimoto must act with courage and speed to overcome the resistance in his ruling Liberal Democratic Party, political allies and the stubborn bureaucracies--all of which have slowed down the measures needed to revive the Japanese economy."

"ASEAN Finds Itself Adrift In A Fast-Changing Sea"

Pana Janviroj commented in the independent, English-language Nation (4/8), "ASEAN is under threat from inside and out. A failure of vision, coupled with the rise of the global economy, propelled by liberalization, is set to shrink ASEAN's standing in world affairs. The challenge for the leaders of

ASEAN is not so much to rescue the grouping's credibility, but rather to first face the facts. And foremost, is the recognition that ASEAN as an association has failed to cushion the economic impacts on its individual members or to use its reputed international clout (now proving as illusory as ever) to help the region in the way it wants. This brings to mind the initial regional response to the crisis--the pooling of resources from the loosely-formed Asian stabilization fund--which a number of East Asian nations including China and Japan are members. The fund, managed by central banks in the region, was eventually sidelined by the IMF which intervened at the initiative of the United States and European monetary authorities and governments. Another point of concern was the failure of

ASEAN, Japan and other Asian nations to set up a $100-billion fund to help defend the regional currencies. Again the Europeans and the Americans were able to dissuade Japan from backing the move on the grounds that the Asian financial and economic crisis was a global issue that would be better handled by the IMF.... The old vision must be dismantled and the taboo issues opened up for debate. Otherwise, ASEAN will once again miss the boat to move into the new global economy with confidence."

"ASEM's Meager Results Mean U.S. Is In Charge"

Thitinan Pongsudhirak commented in top-circulation, moderately conservative, English-language Bangkok Post (4/8): "Summit meetings rarely end in outright failure, and ASEM II was no different. But the overriding issue of this summit had to do with the mitigation of Asia's raging financial crisis. On this score, the results were meager. Despite issuing catchy promises of continued support and cooperation--'through thick and thin', in British Prime Minister Tony Blair's words--the Europeans were short on concrete delivery. What ASEM II has illustrated is that the United States is ultimately in charge of the international financial system."

"Europe Can No Longer Stand Idly By On The Sidelines"

Charoon Seri held in largest circulation Thai Rath (4/6): "From now on, Europe can no longer stand idly by on the sidelines.... Since the Asian financial crisis started in the middle of last year, Europe has shown no willingness to help its friends in distress. In the case of Thailand, only

Germany spared no pains to help. Do not forget that European financial institutions also have to share the responsibility for the crisis.... Was it not the European investors and lenders who made available easy loans for Thai banks and trust firms to reinvest in the non-productive sectors that eventually triggered the crisis?"

"ASEM And Sweet Words"

Krailak commented in popular Siam Rath (4/6): "That the atmosphere of this ASEM Summit was not as cheerful as the first is not surprising, since not much tangible aid was forthcoming.... Europe has remained strictly passive throughout the crisis, leaving the United States, the controller of the IMF, and Asian giants China and Japan to deal with the situation on their own.... Now that the worst has seemed to pass, Europe thinks that only inspirational words should suffice."

"Second Round Of ASEM Summit"

Charnnarish Boonpharod commented in elite Naew Na (4/4): "What Asia is certain to get from the 15 European nations is 'moral support,' not cash. In return, Europe will get Asians' promises to open their markets wider.... The summit will also help stimulate Europe to become more active in Asia instead of letting the United States play the hero's role alone."

SOUTH ASIA

INDIA: "Planning For Change"

This was the ediitorial view of the centrist Times of India (4/6): "With Japan in the grip of its worst recession in 50 years, global economic prospects are looking decidedly grim.... Japan's woes cast a pall of gloom over the just concluded Asia-Europe (ASEAN) summit in London.... European corporations are heavily engaged in Asia, but concern about the Orient goes beyond the fear of red on the balance sheets of a few companies. Asia is today the dynamo of the world economy and if it breaks down, the consequences for the international capitalist system will be extremely severe. That is why Hashimoto is being urged by the United States, IMF, OECD and others to throw aside the monetarist nostrums of the past decade and reflate the Japanese economy....

"If developments in Japan and Asia will play a crucial role in determining the future course of the world economy, so too, will the launch of the euro...scheduled for the end of 1999.... (The euro) will eventually challenge the dollar's supremacy as the main international reserve currency.... The implications for U.S. economic power are not hard to imagine.... The next century is going to see the United States hard put to defend its pre-eminent position in the world economy."

EUROPE

BRITAIN: "Time To Look West"

The independent Financial Times had this op-ed essay (4/3) by Gerald Segal, director of studies at the International Institute for Strategic Studies: "ASEM will not be taken seriously unless its agenda is radically revised. Much of the economic agenda can be left to the markets to manage. An inclination to manage the market helped create the kinds of crises Pacific Asia is now experiencing. Putting more emphasis on the political and social roots of reform is essential, even if the plain speaking about crony capitalism and human rights will be considered uncouth. It is neither 'schadenfreude' nor neo-imperialism to argue that Pacific Asia and ASEM will flourish only if Asians undertake the political and social reforms that make them better able to compete in a global economy with more open--and, yes--Western rules."

FRANCE: "Europe Too Timid In Asia"

Left-of-center Le Monde's editorial maintained (4/7): "The Asia-Europe Summit has just revealed that, in terms of investment and trade with the region, Europe comes before the United States.... Yet Europe looks like a political dwarf in Asia.

"The dominant influence, politically or culturally speaking, is American.... This is, in part, Europe's fault. As in the Middle East, where Europe pays but is not part of the negotiations, the responsibility lies with Europe's lack of political will and weak cultural impact, which are not commensurate with Europe's economic importance. Europe just has no political visibility.... The summit was a first step toward Europe's affirmative policy. It should not be the last."

"Asia's Lack Of Reforms"

Jean-Louis Gombaud commented on privately-run Europe One radio (4/6): "Faced with Asia's enormous problems, the Asia-Europe summit is not up to par.... Europe, in spite of its declarations, cannot deal with the magnitude of the problem.... Everyone is beginning to realize that Asia's problem does not stem from lack of markets, but rather, from a lack of reforms, adaptability and transparency.... But to address these issues is to question a continent's age-old system of balances and that is dangerous. That is why this weekend, in London, Europe could find no words to answer Asia's plight."

GERMANY: "Europe Should Support Asia"

On national radio station Deutschlandfunk of Cologne (4/6) Klaus Ehring commented:

"Times have changed and the economic crisis has brought many states to the verge of bankruptcy. And it revealed a degree of corruption and nepotism which has severely diminished the respect for the achievements of Asia. The Asian summit participants now expect support from Europe in solving their financial crisis.... Europe should support Asia because we depend on Asian markets. Europeans should participate in the conversion of debts and in offering new credits. In addition, Europeans need to assist with structural reforms.... Two years ago, shortly before the ASEM summit, there was an argument among the state leaders over the issue of human rights. This time hardly anybody is talking about human rights. But human rights, democracy, and freedom of speech belong to the remedy which could help against corruption, nepotism, and blindness to wrong developments. That is why European state leaders should not omit these topics."

"Feeling Of Being Deserted By Europe"

On Westdeutsche Rundfunk radio station of Cologne (4/6) Peter Hahnefeld said: "When the Asian miracle failed nine months ago, the Europeans remained silent. While the IMF and the United States supported Asia, representatives of the biggest economic power in Europe denied the extent of the crisis.... Federal Bank President Tietmeyer and Economics Minister Rexrodt stated with relief that the crisis would affect Japan and the United States much more severely than Europe, and their hands went back into their laps.... Such an attitude could be fatal. In the long run, the feeling of being deserted by Europe may lead to solidarity among the Asian countries. China's skillful efforts in gaining a leadership position in the Far East are beginning to show results."

"Time Bomb Asia"

Centrist Stuttgarter Zeitung's editorial stressed (4/3): "Japan is suffering not only from its own weaknesses but also from the crisis in Southeast Asia, since the country has close links with other countries in the region. This has two negative implications for Japan. The recessions in Korea, Indonesia and Thailand are weakening Japan's export opportunities and, because of the devaluations of their currencies, those countries have turned into serious competitors for Japan. These events in Asia will have an effect on Europe...and if Japan is now also sliding into recession, the consequences would be even more serious than previously assumed. Since Japan is closely integrated into the global economy, the effects of such a crisis cannot be limited anymore. A time bomb is ticking in Asia."

RUSSIA: "Europe Not To Leave Asia In The Lurch"

Under the above headline, reformist Russkiy Telegraf (4/7) published this commentary by Yulia Berezovskaya and Vladimir Abarinov: "(When one went) to Bangkok in 1996, Asian tigers bared their teeth, whereas today they seem to be wagging their tails. Knowing full well that a financial crisis in Asia is a global threat, Europe has leaned over the sick Asia, adjusting the pillows, passing medicine, and swearing solidarity. Other than that, it can do little. Asian leaders--though some of them expected more--were generally satisfied with the results of the meeting--the Europeans had said all they could to cheer up the investors."

"Europe To Pitch In"

Vladimir Katin in London filed for centrist Nezavisimaya Gazeta (4/7): "The only sensible way open for Europe is to pitch in helping Asia get over the crisis. Without reviving the Asian miracle, Europe may lose billions and prospects in the future."

"Russia Lost Between Asia And Europe"

Vsevolod Ovchinnikov, writing about the runup to the second Asia-Europe Summit (ASEM) meeting in London, said in official government Rossiyskaya Gazeta (4/2): "These summits are one of the many ways to build a multipolar world.... Russia, the only great power located both in Europe and in Asia, has not been invited. According to the rules, the EU and ASEAN are responsible for inviting new members from Europe and Asia respectively. The trouble lies in a false stereotype: Asia regards the Russians as Europeans and Europe regards them as Asians."

BELGIUM: "Asian Leaders Reassured"

Special correspondent Philippe Paquet wrote in conservative Catholic La Libre Belgique (4/6): "Satisfaction was general at the end of the second meeting of the Euro-Asian summit, on Saturday, in London. Having arrived concerned, the Asian chiefs of state and of governments left reassured that Europe maintained its confidence in the future of their economies and would increase efforts to help them to emerge from the crisis. Their European colleagues, initially surprised to see their financial contribution--though larger than that of the United States--grossly underestimated, were able to correct their image and to reinforce the weak link of the triangular relationship between Europe, Asia and North America. ASEM has thus demonstrated its usefulness."

"U.S. Still Lead Actor On Global Stage"

Philippe Le Corre observed in independent Le Soir (4/6): "The (ASEM) meeting's great absentee, the United States remains the main actor in globalization, and (the United States') economic, strategic, political and even ideological power is not questioned by anyone in Asia. The Europeans, who have returned their last colony--Hong Kong--to the Asians are not going to play the policemen in Asia. The Asians know it and respect the 'American big brother.' But they have also learned not to put all their eggs in one basket, as the London meeting has just demonstrated, at a key moment of the evolution of Eastern Asia."

"Asia, Europe Reverse Positions On Fortune's Wheel"

Philippe Paquet had this to say in conservative Catholic La Libre Belgique (4/2): "Twenty-five heads of state and of government (are to) meet in London.... Logically, (this crisis) should make the dialogue the Europeans are seeking on such themes as human rights and labor legislation more difficult. And organizations such as Human Rights Watch are getting ready to put more pressure on the political authorities, since the crisis makes them worry that more social abuses will be coming."

SPAIN: "End Of The Asian Model"

Independent El Mundo noted (4/6): "The principal preoccupation of the Europe-Asia Summit in London was the crisis in Japan.... Lacking a solid macroeconomic underpinning, the giant of Asia has instead been shown to have feet of clay. Recent scandals, as exemplified by the failure of Yamaichi, one of its largest investment banks, have set the crisis in motion. But there are other factors as well: a wave of speculation fostered by the nature of the economy, and private and public corruption.

Government, corporations and banking groups have connived at weaving a web of influence and interests that have mortgaged Japan's future. This may explain why Moody's financial rating service has raised doubts about the capability of Japanese officials to implement the reforms announced by Prime Minister Hashimoto."

"Sick Samurai"

Juan Tapia wrote in centrist Barcelona's La Vanguardia (4/5): "In Japan, the industrial bosses--the modern-day samurai--have power over everything. Banks do not lend to persons with solvent projects, but rather to the conglomerates that control them, for which reason they invest badly. Competition among firms is less relevant than the oligopolies they have formed, and the labor market simply does not exist. The relationship of the worker to his employer is more akin to feudal paternalism than to the modern industrial world. Finally, the Liberal-Democratic Party was both a Keiretsu front and a sign of its decay. MacArthur persuaded the Japanese to copy the American politico-economic system, but the underlying mindset continued in the pre-WWII tradition."

"Saving Asia"

Jose Maria Carrascal opined in conservative ABC (4/5): "One of the most surprising and dangerous phenomena of recent times has been the collapse of the Asian economies.... How did this come about?... All those countries believed that economic growth was possible without political development, even demonstrating certain disdain for democracy and its dragging effect on their triumphal march.... In the end, the 'Asian tigers' have not been the victims of their own success--as some have said--but, rather, of their inability to develop democratically in parallel with the growth of their economies.... So much corruption, log-rolling, and top-down direction have caused them to forfeit their gains, and what is worse, possibly drag others along with them. For this reason, there is no alternative but to give them a hand."

"Crisis In Japan"

Liberal El Pais explained (4/2): "It is essential that Japan implement the structural reforms whose lack is the true cause of the crisis, and that it do so before the situation grows worse and begins to affect China, for example, whose currency has thus far escaped the devaluations suffered by its neighbors, but whose financial system has begun to feel the shock waves."

LATIN AMERICA AND CARIBBEAN

CUBA: "South Pacific: Attack By Uncle Sam And Company"

Ernesto Montero Acu?a wrote in Cuban Communist Workers' weekly Trabajadores (4/6): "Under a neoliberal model like the one they are trying to impose with measures on the IMF fashion, we can foresee that these Southeast Asian nations will become even more tempting to foreign investment, especially from the United Staes and Japan. This is the reason why the West is trying to discredit the economic model of strong state control of the national economy, finances, employment, et al. The weakening in such control and the increase of corruption in the financial system were precisely some important factors leading to the crisis--due not only to the 'boldness' of an isolated speculator--which allowed speculative private capitals to penetrate the system, get dollar profits, and then take the latter to other markets....

"The U.S. secretary of the treasury, the IMF and World Bank officials are all proclaiming that 'financial rescue (in reference to Southeast Asia) protects neither workers nor the environment and, thus, its possibility to succeed will be limited.' That is why direct and transnational foreign investors pay no heed to trade union protests.... They hope the measures will increase their future chances since, although higher interest rates are the goal of speculative capital, investors aspire to a higher profit share. As expected, the United States and Co. will continue to strive to reconquer the South Pacific. The current crisis is their best catalyst for it."

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X` hp x (##Xn\ P6Qy&P#Monday, April 13, 1998
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JAPAN'S FINANCIAL CRISIS: 'ASIA'S ECONOMIC STRONGHOLD' THREATENED

X` hp x (#Over the past ten days, analysts in Asia and Europe have continued t
o express
their alarm over the financial crisis gripping Japan, whichin Prime
M
inister Hashimoto's own admissionis facing its most severe economic
problems si
nce World War II. Prompted by the "triple lows" recorded in
Japan's stock and
bond markets and in the value of the yen on April 3,
editorialists voiced conc
ern that Japan's distress would throw the global
economy into a tailspin. Many
writers agreed with Bangkok's independent
Nation, which stressed: "Like the Ti
tanic, Japan's sinking economythe
second biggest in the worldis threatening to
drag everyone into global
recession." These observers enjoined the Japanese pr
emier to "act with
courage" to overcome domestic "resistance...which (has) slow
ed down the

measures needed to revive the Japanese economy." Two other topics
dominated
the debatethe tax cuts announced by the Japanese government late last
week,
and the second AsiaEurope Summit Meeting (ASEMII) in London, April 45.
Following are major themes in the commentary:

'HASHIMOTO CAVES IN;' WILL 'SICK SAMURAI' RECOVER?Commentators in China
and So
uth Korea saw the tax reform package Mr. Hashimoto announced April 9 as
a sign
that the Japanese prime minister had "caved in to international
pressure." Dai
lies in Japan gave extensive coverage to the plan, with
businessoriented Nihon
Keizei judging that the announcement, although
"late," was a "welcome turnaroun
d." That paper also stressed that the
Japanese leaders had not yet explained t
he tax cuts in detail, and urged the
government to make them "drastic and perma
nent." Discussing other
"pumppriming" measures presented by Mr. Hashimoto at t
he ASEMII meeting in
London, moderate Tokyo Shimbun wondered why the Japanese l
eader only seemed
to announce economic policy changes when he went abroad. "Th
e prime minister
appears to have no fixed views and opinions," Shimbun complain
ed, adding:
"Such being the case, Japan can hardly play the role of leader in r
esolving
the Asian...crisis." Outside Japan, most opinionmakers sensed that it
was
still too early to tell if the measures would be effective, but reiterated

that it was essential that Japan implement "the structural reforms whose lack
is the true cause of the crisis."

ASEMII: 'ALL FIZZ BUT NO PANACEA'The consensus of foreign commentary was
that
the ASEMII meeting had succeeded in reassuring Asia that "Europe cared"
but tha
t the gathering had produced little in terms of concrete proposals.
Tokyo's co
nservative Sankei remarked that "Asian countries can hardly conceal
their disap
pointment over the lack of a positive European reaction."
Singapore's progoven
ment Straits Times saw the meeting as "all fizz, but no
panacea" for Asia's pro
blems, to which Bangkok's popular Siam Rath added:
"Now that the worst has see
med to pass, Europe thinks that...inspirational

words should suffice." A Russi
an pundit likened Europe's role to that of an
ineffectual nurse, "leaning over
sick Asia, adjusting the pillows...and
swearing solidarity. Other than that (A
SEMII) did little." The
topcirculation Bangkok Post and others concluded that
ASEMII had
"illustrated...that the U.S. is ultimately in charge of the internat
ional
financial system."
This survey is based on 59 reports from 14 countries, April 2 13.
EDITOR: Kathleen J. Brahney

EAST ASIA AND PACIFIC
X` hp x (#
JAPAN: "Make Tax Cuts Drastic And Permanent"
X` hp x (#
Businessoriented Nihon Keizai's editorial stressed (4/10): "Prime Minister
Has
himoto formally announced on Thursday that his government would double
the 2 t
rillion yen tax reduction for fiscal 1998 and revise the Fiscal
Structural Ref
orm Law during the current Diet session. We feel the prime
minister's announ
cement came rather late, but still welcome his fiscal
policy turnaround. Hash
imoto, however, did not clarify details of how
income, residential and corporat
e taxes would be reduced. Drastic and
permanent tax cuts are the only way to s
timulate the economy and reform the
nation's fiscal structure. The prime minis
ter should, therefore, clarify
concrete measures to implement permanent tax cut
s at an early date."

"Is Hashimoto Aware Of Economic Mismanagement?"

An editorial in liberal Asahi observed (4/10): "Japan's economic slump has
bec
ome so severe that even the prime minister has admitted that the present
state
of the Japanese economy is extremely serious.... Hashimoto has created
a frame
work for using 30 trillion yen in public funds to stabilize Japan's
financial
system. But there are no signs yet of financial recovery. The
international c
ommunity, apprehensive about the negative effects of the Asian
economic crisis
on the world economy, has doubts about Hashimoto's
leadership. The Clinton adm

inistration is openly irritated by Tokyo's delay
in taking concrete pumppriming
measures. Asked about his personally taking
the political blame for having to
reverse fiscal policy, Prime Minister
Hashimoto said that he would assume re
sponsibility by implementing the (16
trillion yen) stimulus package.... Any le
ader who does not voluntarily learn
a lesson from his past mistakes will lose
public confidence."

"Record Rises In N.Y. Trading Reflect Distorted World Economy"

Liberal Asahi's editorial said (4/8): "Despite a continuing drop in Japanese
stock prices, American stock prices remain at an alltime high.... A
possible c
rash on the New York Stock Exchange would have a tremendously
negative effect
on the U.S. economy as well as on the world economy as a
whole. Time has come
for the U.S. Federal Reserve Board to take
belttightening steps. The United St
ates may find it difficult to raise
interest rates sharply in view of the econo
mic slowdown, the Asian economic
crisis and midterm elections. However, it is
now necessary for the United
States to step out of its current neutral position
. Japan and other Asian
countries should create market conditions that enable
investors from all
over the world to invest with a sense of security. This w
ill also be
effective in reducing the excessive expectations the world is placi
ng on the
American market. Stock prices are often referred to as a mirror refl
ecting
the economy of a nation. The fact that the New York Stock Exchange is
c
urrently being viewed as the only investment market in the world is
reflecting
the distorted state of the world economy itself."

"Hashimoto Should Implement LargeScale Tax Cuts"

Businessoriented Nihon Keizai's editorial said (4/7): "The Japanese economy
i
s facing its worst slump since World War II.... The government of Japan and
th
e ruling LiberalDemocratic Party (LDP) have come up with a comprehensive
16 tri
llion yenplus economic stimulus package. But this package centers on
public wo

rks projects, as did past packages. This will hardly get the weak
Japanese eco
nomy back on track. The time has come for Prime Minister
Hashimoto to forget a
bout saving face politically, and adopt a new fiscal
policy that calls for lar
gescale tax reductions.... Senior government and
LDP officials are to blame fo
r allowing the Japanese economy to reach this
sorry state of affairs. Officia
ls did not take drastic measures to
stimulate the economy because they were to
o worried about saving face
politically with the Fiscal Structural Reform Law
already in effect....
Prime Minister Hashimoto should now be politically resp
onsible and launch a
new, bold fiscal policy that centers on tax reductions."

"Asian Economic Crisis Contributes To Record New York Stock Prices"

An editorial in topcirculation, moderate Yomiuri observed (4/7): "Economic
gr
owth without inflation, strong corporate performance and healthy
consumption ha
ve all contributed to record rises in trading on the New York
Stock Exchange...
. Blind optimism is not warranted.... Financial experts in
the United States
and elsewhere have pointed out that New York stock prices
are overvalued....
If the Asian economic crisis persists, American firms
will suffer, leading to a
possible drop in American stock prices. In this
sense, it is necessary to ov
ercome the Asian economic crisis not only for the
sake of the world economy, bu
t also for maintaining stable economic growth in
the United States. The Japane
se economy, which has been sluggish for a long
time now, also represents a sou
rce of concern for the U.S. economy. The U.S.
government has repeatedly demande
d that Japan boost domestic demand and get
its economy back on track. Putting
an end to the economic slump should be a
top priority for the Japanese governme
nt, not something that needs to be
initiated by the U.S. government."

X` hp x (# "ASEM Statement Should Be Put Into Effect Quickly"
X` hp x (#
Conservative Sankei had this editorial view (4/6): "The two statements

issued
at the second AsiaEurope Meeting (ASEM) summit in London left wide
perception
gaps between Asian and European countries about what to do about
the Asian econ
omic crisis. Asian countries are pinning their hopes on
immediately (securing)
ASEM aid for their ailing economies, while European
countries are preoccupied
with coordinating domestic policies before the
launching of their common curre
ncy, the 'euro,' next January. The ASEM
summit failed to adopt concrete measu
res that could cope effectively with
the crisis.... Asian countries can hardl
y conceal their disappointment over
the lack of positive European reaction."

"ASEM Asks Japan To Change"

An editorial in moderate Tokyo Shimbun observed (4/6): "Discussion at the
ASEM
summit centered on the Asian currency crisis and the 'Japan problem.'
At the
ASEM meeting, Prime Minister Hashimoto announced dramatic pumppriming
measures
. Why must Hashimoto announce changes in his economic policy only
when he goe
s abroad? We are worried that if the government continues to act
like this, Jap
an will become the butt of international ridicule. Japan's
economic recovery
became a major issue of discussion at the London meeting,
in addition to discu
ssion of measures to get Asian countries out of their
currency crises. Even
though the United States is not a member of ASEM, a
deep sense of distrust abou
t Japan's economic policy pervaded the ASEM
meeting. This distrust is perhaps
best typified by U.S. Treasury Secretary
Rubin's earlier remark that 'a weak J
apanese economy is to blame for the
Asian currency crisis.' [A misquote from R
ubin's Georgetown speech.]

"The government of Japan criticizes foreign calls for Japan to take bold
measur
es to boost domestic demand as interference in Japanese domestic
affairs. But
then the prime minister retracts or changes his economic
policy at internatio
nal conferences. He is hiding his economic policy
failure by using the pretext

of giving in to foreign pressure. The prime
minister appears to have no fixed
views and opinions.... Such being the
case, Japan can hardly play the role of
leader in resolving the Asian
currency crisis."

"Asia, Europe Should Cooperate On Resolving Asian Crisis"
X` hp x (#
Topcirculation, moderate Yomiuri observed (4/2): "The second AsiaEurope
Meeti
ng (ASEM) summit opens in London today during a lingering economic
crisis in So
utheast Asia. Discussion at the ASEM summit will center on
measures to get th
e ailing Asian economies back on track. Two
communiquesa chairman's statement
and a special statement on the Asian
economywill be issued at the summit. We
hope summit participants will
specifically urge each and every Asian economy t
o exercise selfhelp in
overcoming its crisis and cooperate with the IMF and oth
er organizations....

"We welcome Europe's recognition of the seriousness of the Asian economic
situa
tion. Prior to the opening of the ASEM summit, Europe moved to create
an ASEM
trust fund to help the weak Asian economies. We hope Japan and
Europe will coo
perate in launching practical assistance programs for these
weak economies. T
o overcome the Asian economic crisis, the IMF must urgently
resume loans for In
donesia. Indonesian and IMF officials have been meeting
since late last month
to close the gap over an IMF economic reform package,
but no breakthrough is i
n sight yet.... It is imperative that Prime Minister
Hashimoto brief other sum
mit participants on the details of Japan's latest
economic stimulus package.
He should also cooperate with British Prime
Minister Blair, summit chairman,
in overcoming the Asian crisis and opening
the way for further development of a
more cooperative AsiaEurope
relationship."

CHINA: "Japan's Hashimoto Buckles, Cuts Taxes"
X` hp x (#
Official, Englishlanguage China Daily observed (4/10): "Japanese Prime
Minist

er Ryutaro Hashimoto buckled under global pressure, announcing a
$31billion tax
cut in a massive emergency package to avert a looming
recession.... Internati
onal pressure for tax cuts, led by U.S. officials
and even the IMF, has been b
uilding as storm clouds gather over the Japanese
economy."

"Clinton's Response To Crisis In Japan"

Sun Wenqing wrote in the official, Chinese Youth Party China Youth Daily
(Zhon
gguo Qingnianbao) (4/8): "Clinton's urgent appeal to Japan
demonstrates that t
he United States is worried about the possible regional
and global effects of t
he stagnant economic situation in Japan. Clinton's
appeal is a good indication
that the United States is fiercely discontented
with Japan's ongoing economic
policies. Japan is undergoing mounting
pressure."

"Japanese Economic Situation Drastically Worsens"
X` hp x (#
Yue Shaoyan wrote in the official Chinese Youth Party China Youth Daily
(Zhong
guo Qingnianbao, 4/7): "In the long run the urgent economic measures,
which ha
ve been taken by the Japanese government since last year, are
conducive to the
improvement of the Japanese economy. However, the reforms
cannot produce inst
ant results. The Japanese economy is unlikely to see a
turn for the better in
the near future."

"Possibility For Vast AsianEuropean Cooperation"

Li Wenzheng and Jiang Qianhong wrote in the official Communist party People's
Daily (Renmin Ribao) (4/6): "Although ASEM's achievements are uncharted,
the
meeting is significant because it promotes the prospect of a new
partnership an
d cooperation between Asia and Europe."
X` hp x (#
"Fruitful ASEM Conference"

The official Englishlanguage China Daily wrote (4/6): "The conference
confirm
ed that the ASEM process should be conducted on the basis of equal
partnership,
mutual respect and mutual benefit. It opens a new chapter in

AsianEuropean coo
peration and common development. This serves the interests
of both sides and is
conducive to the drive for global multipolarization."

INDONESIA: "The World With No Limits"

Islamicoriented news weekly Ummat held in an editorial (4/13): "Indeed,
Europ
e and the United States should help Asia. Yet, at the same time, Asia
has to d
o its homeworkin particular, building strong social values to
ensure economic w
elfare.

"The problem is that Asian leaders have fallen into pomposity. They have
rejec
ted the concepts of democracy and human rights as understood by the
West.... T
he arrogance of claiming that Asia possesses its own, superior
values has been
proved empty. Such arrogance must be brought to an end, if
we want to cooperat
e effectively with other continents."

"ASEM Boosts Mutual Understanding"

Leading, independent Kompas commented (4/6): "The Asian crisis, which needs
to be dealt with jointly...should make Asian and European leaders aware that
u
nity of the global economies is already a fact that is difficult to deny.
The
refore, it is necessary for both parties to cooperate and help each other,
whil
e continuing to adhere to the principle of mutual respect and to
understand the
situation of other parties. It is within this spirit that we
would like to s
ee the shape of Europe's commitment in its participation in
dealing with the A
sian crisis."
X` hp x (#
"AsiaEurope"

Muslim intellectual Republika editorialized (4/6): "In the spirit [of
reviving
the AsiaEurope relations], we hailed the Second ASEM with a view of
mutual res
pect. We, therefore, do not want any group to try to link this
meeting with a
political agenda, especially with one aimed at imposing
pressure and interferi
ng in the internal affairs of a sovereign, independent
country."

X` hp x (# "Awaiting ASEM Results"

Muslim intellectual Republika's editorial stressed (4/3): "If what the
Indones
ian ambassador to the United Kingdom Rahardjo said turns out to be
rightthat A
SEM will probably produce an alternative to the IMF aid package
to Indonesiait
would be a significant step for an immediate end to the
crisis. However, signa
ls from European countries, including Britain and
Germany, thus far indicate t
hat Indonesia should stick to the IMF program.
If so, what benefits will we ga
in, particularly concerning the crucial point
for Indonesiaprivate foreign deb
ta point which is not even included in
the ASEM main agenda?"
X` hp x (#
X` hp x (# SINGAPORE: "ADB To Launch East Asian Financial Caucus"

Tokyo correspondent Anthony Rowley commented in the progovernment Business
Tim
es (4/13): "A new East Asian financial caucus, centered on ASEAN but
also inc
luding other countries of the region, is scheduled to be formed
during the Asia
n Development Bank's (ADB) annual meeting in Geneva at the end
of this month.
The group is expected to focus its efforts on improving
monetary coordination a
nd economic surveillance within the region. ADB
president Mitsuo Sato will in
effect launch the caucus when he hosts a lunch
in Geneva on April 28 for financ
e ministers and central bank governors of the
ASEAN nine, plus South Korea. Th
e grouping is later expected to include
Japan, China and Taiwanbut not, at this
stage, the United States or other
Pacific nations. It will differ in this res
pect from most financial and
monetary groups formed in East Asia in recent year
s which generally include
the United States and other nonAsian countries. In t
erms of composition, if
not yet of function, the group will resemble somewhat t
he East Asian Economic
Caucus (EAEC) proposed several years ago by Malaysia. A
SEAN already has a
forum for regional cooperation in the sphere of securitythe
Asean Regional
Forum or ARFbut this also invites the United States and Russia a
s well as

China to its meetings....

"How the United States and possibly other Pacific nations such as Canada and Au
stralia will react to the idea of a new caucus of regional finance ministers an
d central banks governorsone from which they are excludedis likely to be a sens
itive issue. The United States for one strongly opposed the EAEC concept and a
lso the more recent proposal put forward by Japan for an Asian Monetary Fund, w
hich was viewed in Washington as a potential threat to the IMF."

"Fizz And Good Will At ASEM II, But No Panacea"

Political desk correspondent Chua Mui Hoong filed this commentary from London for the progovernment Straits Times (4/8): "Certainly, all those who had hoped
to see a solution to the Asian financial crisis emerging from the summit will
be disappointed, because there was none. But the meeting did deliver as much a
s a summit of this nature can be expected to.... Asian leaders who went to Lo
ndon fearing their European partners might have lost interest, were persuaded o
therwise. The Thai and Japanese premiers attested to this, with Prime Minister
Goh Chok Tong adding that he would give this message to the peoples of Asia: E
urope cared.... Statements of support and solidarity during times of crisis li
ke this are essential to boost confidence, and this second ASEM meeting deserve
s credit for having managed to deliver such an endorsement. But at the same ti
me, as the British media noted in their reports, neither Britain nor Europe ple
dged more than they were already giving.... In the end, as far as the Asian cr
isis is concerned,
ASEM II delivered what realists would have expected: strong political
endorsement, a flurry of initiatives, but no panacea."

"Partners In Progress"

The progovernment Straits Times' editorial concluded (4/7): "It would be unre
alistic to expect (ASEM II) to wish away Asia's current crisis. But held, as it
was, against a backdrop of plunging shares in Tokyo, ASEM II did come

to grips
 with the very real fear that recession in Japan could mean a second
slump acro
ss Asia.... Perhaps ASEM II's single biggest achievement was to
dispel the not
ion that Europe is unconcerned about conditions in Asia....
Asia is still the
growth area of the future, and in its competitive ties with
the us, Europe has
much to gain in terms of economic and geopolitical
benefits from alliance with
Asia. Similarly, Asia, too, hopes for much from
Europe's wellestablished scient
ific and technical skills. Truly can they be
called partners in progress."
X` hp x (#
 "Drugging AsiaSo Is There A Western Conspiracy?"

 X` hp x (#Senior editorial writer Asad Latif wrote in a wideranging feature ex
amining
various views on a "Western conspiracy" behind the Asian financial cris
is in
the progovernment Singapore Times (4/5) under this subheadline: "Was U.S
.
dollar debt used to weaken Asia the way opium was used to weaken China in the

last century? Asad Latif discusses the plausibility of various conspiracy
theo
ries." The article began: "Asia was once in the ascendant. Fearing a
world m
arked by its dominance, America and Europe engineered a financial
crisis here.
They wanted to stymie the region's economic ascent, bring about
political chang
e in authoritarian systems that thrived on growth, and
increase East Asia's str
ategic dependence on the West to prevent it from
bandwagoning with China, the r
ising power in this part of the world.... Will
the Asian financial crisis be d
escribed this way in the years to come? It
may well be, going by the conspirac
y and other theories that have gained
currency over the past few months. As As
ians contemplate their economic and
political setback in world affairs, some of
 them believe that a Western hand
is at work in their misfortunes. The villain
s in their scenarios, which
range from an outright conspiracy to a looser agend
a of malevolence, are
currency speculators, fund managers, credit rating agenci
es, risk
consultancies, central banks and chanceries. The contours of the cons

piracy
or agenda are hazy but, as with all suspicions and fears, the very
indis
tinctness of the threat magnifies its effect."

"Summit Of Great Significance"
X` hp x (#
X` hp x (#Progovernment, Chinese language Lianhe Zaobao had this editorial vie
w (4/3):
"The economic crisis and reforms that are taking place in Asia are a
cause
for concern to the region's European partners.... For those countries hi
t by
the financial crisis, their largest creditor countries are France and
Germ
any, both EU members. Therefore, it is clear that prosperity or the
decline of
Asia will have an impact on Europe.

"There is no doubt that the abovementioned issues would become the key
topics f
or discussion during the (ASEM) summit. In particular, on problems
surrounding
the East Asian financial crisis, both sides, in their dialogues,
should be abl
e to reach a greater understanding and consensus, identify the
cause of the cri
sis, draw lessons from it and explore possible forms of
assistance. But for th
eir part, Asian countries should not expect too much.
Firstly, the task of res
cuing the affected economies rests mainly on the IMF.
Intervention by other co
untries may cause confusion. European countries are
expected to support the IM
F's position and insist that affected countries
take resolute actions to reform
their economies. Of course, if European
countries would adopt more substantiv
e measures, it would help Asian
countries get out of the current crisis and res
tore confidence."

SOUTH KOREA: "Pressured By U.S., Hashimoto Waves White Flag"

Conservative Chosun Ilbo made these observations (4/10): "Prime Minister
Hash
imoto has finally caved in to international pressure and announced an
economic
stimulus package and postponement of pledged budgetary reforms.
Adoption of a
stimulus package clearly indicates that the administration's
economic policy
has now been reversed. The prime minister desperately sought

to avoid this, bu
t Japan's 'triple lows'which sent jitters through the
marketsand international
pressure led by President Clinton did not give
[Hashimoto] much choice.... Mar
kets are responding positively to this move
by the Japanese government. Thanks
to the announced stimulus package plan,
fear that Japanese financial circles w
ould collapse has dissolved.... The
question remaining is how efficient the pa
ckage will prove to be. Even
though the success of the package remains uncerta
in, its psychological impact
on jittery markets is already significant."

"Dark Clouds Of May Crisis Forming In Japan"

Governmentowned Seoul Shinmun (4/8) commented: "The theory that Japan may
fac
e a major crisis in May is gaining ground. In late April and early May,
when v
arious economic statistics are available, Japanese banks and financial
institut
ions will become more leery about lending funds to companies....
Construction
and trading companies, along with the distribution industry,
will most likely b
e hit hardest by the crisis. Debtladen construction
companies may not be able
to overcome the crisis unless the government
provides a massive stimulus packag
e.... Many companies may go bankrupt
because consumer spending is likely to ge
t more restrictive in May and bank
loans will become more difficult to get."

"How U.S. Takes Japan's 'Triple Lows'"

Conservative Segye Ilbo (4/7) commented, "In the United States' view, Japan
al
one holds the key to resolving what is called Japan's 'triple lows'the
yen's sl
ide against the dollar, plunging bond prices and tumbling stock
prices. Having
no other option but to push Japan toward economic reforms,
the United States i
s doing just that. The United States has also emphasized
that Japan's lack of
political leadership, not economic factors, caused the
current financial crisis
.... Though it may be politically unthinkable for
the Japanese government to
reverse its economic policy at this point, the

consternation caused by the 'tr
iple lows' and the fear of deflation appear
to be too real and threatening for
Japan to be hesitant.... Despite its
shortcomings, Japan should be able to man
age the economyonce its political
leadership begins to be efficient."

"Is Asian Economy Really Collapsing?"

An oped article in moderate Hankook Ilbo (4/7) noted under the headline above:
"Signs are everywhere that the economic crisis that hit Southeast
Asia and Ko
rea is heading toward Japan, Asia's foremost economic stronghold.
As the cris
is is now reaching Japan...(Korea's) financial markets (are) most
threatened..
.. Despite all these problems on this side of the Pacific, the
United States i
s having an enormous economic boom....

"Why this disparity?... As the Cold War concluded, the world economy had to
t
ransform itself, becoming marketoriented.... The current economic crisis
sweep
ing across Asia is just one move proof that the region was not ready for
the ki
nd of economic liberalization the world had demanded.... It was Asia
that peop
le used to say would be the center of the world economy in the new
century. No
w it sure looks like the United States is claiming it."

"Japan Responsible For Yen's Fall"

Moderate Hankook Ilbo had this assessment (4/6): "Japan's financial
instabil
ity is spreading to the rest of Asia, threatening to shake the world
economy.
Not only foreign capital, but domestic funds, are leaving Japan,
with the count
ry going through what it once experienced in 1990when the
economic bubble serio
usly threatened the economy.... Any prospects for
improvements in the Japanese
situation are very dim at least for a while....
As long as the financial cris
is continues in Japan, it will be more difficult
for us to secure the financial
assistance that Japan promised us. In
addition, more problems are expected wi
th regard to our debts, though they
have already been rolled over. Also, the

devalued yen and the strong dollar
will further threaten a deterioration of ou
r competitiveness in exports.
All of this points to the fact that we will fac
e enormous predicaments in
overcoming financial difficulties.... Capital now l
eaving Japan is adding a
bubble to the U.S. economy, and this may swiftly crea
te a much more worrisome
situation if Japan is forced to sell its foreign asset
s, including U.S.
bonds.... That situation has to be stopped, and Japan, the w
orld's largest
creditor country, should be more responsible and aggressive in c
urbing the
current crisis. Japan's rolein preventing the world economy from
c
ollapsing could not be more critical."

"Japan Must ActNow"

Probusiness JoongAng Ilbo challenged (4/6): "What in the world is holding
back
the Japanese economy? President Clinton...has attributed the problem to
Japa
n's bureaucracy.... If Japan wants to prevent a recession of its own
economy a
s well as of the world economy, it must focusnowon how to
reform its financial
structure and how to stimulate its economy. When Japan
does this, the world w
ill be able to get rid of its distrust of Japan."

"'Sales Diplomacy' Opens Up Possibilities"

Moderate Hankook Ilbo judged (4/6): "Asia has until now long been considered
a
'pond' that belongs to the United States. Because of this perception,
Europ
e has kept its distance from Asia, remaining indifferent, while the
region is g
oing through its worst kind of economic crisis. Also, Europe
still believed th
at Asia was the United States' problem and that it alone had
to resolve it....
The ASEM meeting, however, has reached a worldwide
consensus that Asia and Eur
ope are never far from each other. That consensus
was the greatest accomplishm
ent the summit meeting saw."
X` hp x (#
X` hp x (# "The Japanese Financial Crisis"

Conservative Chosun Ilbo told its readers (4/5): "The disparity (between the

U
nited States and Japan) on the diagnosis of what caused Japan's economic
crisis
is no small matter, because the existence of disparity itself can
threaten, no
t only a global slowdown, but an actual collapse of the Asian
economy.... What
the United States is saying is that Japan should boost its
economy by encourag
ing domestic demand, while Japan is simply focusing on
ways to carry out longte
rm financial and industrial reforms.... This
contention between the United Sta
tes and Japan, however, is not expected to
escalate to (such a point that) it
exacerbates Japan's economic situation, as
both sides understand the danger of
pushing each other into a corner....
The most serious aspect of the crisis i
n Japan is the possibility that Korea
can fall its worst victim, having to bear
a worse kind of burden than any
other countries in the region.... Though our
debts have been rolled over,
currency exchange rates in Korea still remain too
unstable to remain
unaffected by a plunging yen....

"All Asian economies will soon be on the verge of a second wave of currency
cr
ises, and the wave may not stop in Asia. The United States, Japan, the EU,
and
the IMF are the ones that have the capacity to stop it."

X` hp x (# THAILAND: "Fate Of Global Economy In Hashimoto's Hands"
X` hp x (#
An editorial in the independent, Englishlanguage Nation judged (4/8), "Like
th
e Titanic, Japan's sinking economythe second biggest in the worldis
threatenin
g to drag everyone into global recession. Indeed, like everyone
else, the futu
re of the Thai economy hinges on a turnaround in the Japanese
economy.... Prim
e Minister Ryutaro Hashimoto must act with courage and
speed to overcome the r
esistance in his ruling Liberal Democratic Party,
political allies and the stub
born bureaucraciesall of which have slowed
down the measures needed to revive
the Japanese economy."

"ASEAN Finds Itself Adrift In A FastChanging Sea"

Pana Janviroj commented in the independent, Englishlanguage Nation (4/8), "AS
EAN is under threat from inside and out. A failure of vision, coupled with the
rise of the global economy, propelled by liberalization, is set to shrink ASEA
N's standing in world affairs. The challenge for the leaders of ASEAN is not s
o much to rescue the grouping's credibility, but rather to first face the facts
. And foremost, is the recognition that ASEAN as an association has failed to
cushion the economic impacts on its individual members or to use its reputed
international clout (now proving as illusory as ever) to help the region in th
e way it wants. This brings to mind the initial regional response to the cris
isthe pooling of resources from the looselyformed Asian stabilization fundwhic
h a number of East Asian nations including China and Japan are members. The f
und, managed by central banks in the region, was eventually sidelined by the IM
F which intervened at the initiative of the United States and European monetar
y authorities and governments. Another point of concern was the failure of AS
EAN, Japan and other Asian nations to set up a $100billion fund to help defend the
regional currencies. Again the Europeans and the Americans were able to dissuade Japan from backing the move on the grounds that the Asian financial a
nd economic crisis was a global issue that would be better handled by the IMF.
... The old vision must be dismantled and the taboo issues opened up for deba
te. Otherwise, ASEAN will once again miss the boat to move into the new glob
al economy with confidence."

X` hp x (# "ASEM's Meager Results Mean U.S. Is In Charge"
X` hp x (#
Thitinan Pongsudhirak commented in topcirculation, moderately conservative, Eng
lishlanguage Bangkok Post (4/8): "Summit meetings rarely end in outright failu
re, and ASEM II was no different. But the overriding issue of this summit had
to do with the mitigation of Asia's raging financial crisis. On this score, th
e results were meager. Despite issuing catchy promises of continued support a

nd cooperation'through thick and thin', in British Prime
Minister Tony Blair's
wordsthe Europeans were short on concrete delivery.
What ASEM II has illustrat
ed is that the United States is ultimately in
charge of the international finan
cial system."

"Europe Can No Longer Stand Idly By On The Sidelines"

Charoon Seri held in largest circulation Thai Rath (4/6): "From now on,
Europ
e can no longer stand idly by on the sidelines.... Since the Asian
financial c
risis started in the middle of last year, Europe has shown no
willingness to he
lp its friends in distress. In the case of Thailand, only
Germany spared no pa
ins to help. Do not forget that European financial
institutions also have to
share the responsibility for the crisis.... Was it
not the European investors
and lenders who made available easy loans for Thai
banks and trust firms to rei
nvest in the nonproductive sectors that
eventually triggered the crisis?"
X` hp x (#

"ASEM And Sweet Words"

X` hp x (#Krailak commented in popular Siam Rath (4/6): "That the atmosphere o
f this
ASEM Summit was not as cheerful as the first is not surprising, since no
t
much tangible aid was forthcoming.... Europe has remained strictly passive
t
hroughout the crisis, leaving the United States, the controller of the IMF,
and
Asian giants China and Japan to deal with the situation on their own....
Now
that the worst has seemed to pass, Europe thinks that only inspirational
words
should suffice."

"Second Round Of ASEM Summit"

Charnnarish Boonpharod commented in elite Naew Na (4/4): "What Asia is
certain
to get from the 15 European nations is 'moral support,' not cash. In
return,
Europe will get Asians' promises to open their markets wider....
The summit w
ill also help stimulate Europe to become more active in Asia

instead of lettin
g the United States play the hero's role alone."

X` hp x (#SOUTH ASIA

INDIA: "Planning For Change"

This was the ediitorial view of the centrist Times of India (4/6): "With
Japa
n in the grip of its worst recession in 50 years, global economic
prospects are
looking decidedly grim.... Japan's woes cast a pall of gloom
over the just co
ncluded AsiaEurope (ASEAN) summit in London.... European
corporations are heav
ily engaged in Asia, but concern about the Orient goes
beyond the fear of red o
n the balance sheets of a few companies. Asia is
today the dynamo of the world
economy and if it breaks down, the consequences
for the international capitali
st system will be extremely severe. That is
why Hashimoto is being urged by th
e United States, IMF, OECD and others to
throw aside the monetarist nostrums of
the past decade and reflate the
Japanese economy....
X` hp x (#
"If developments in Japan and Asia will play a crucial role in determining
the
future course of the world economy, so too, will the launch of the
euro...sched
uled for the end of 1999.... (The euro) will eventually
challenge the dollar's
supremacy as the main international reserve
currency.... The implications for
U.S. economic power are not hard to
imagine.... The next century is going to
see the United States hard put to
defend its preeminent position in the world e
conomy."
X` hp x (#
EUROPE

X` hp x (# BRITAIN: "Time To Look West"

The independent Financial Times had this oped essay (4/3) by Gerald Segal,
dire
ctor of studies at the International Institute for Strategic Studies:
"ASEM wi
ll not be taken seriously unless its agenda is radically revised.
Much of the
economic agenda can be left to the markets to manage. An

inclination to manage
 the market helped create the kinds of crises Pacific
Asia is now experiencing.
  Putting more emphasis on the political and social
roots of reform is essentia
l, even if the plain speaking about crony
capitalism and human rights will be c
onsidered uncouth. It is neither
'schadenfreude' nor neoimperialism to argue t
hat Pacific Asia and ASEM will
flourish only if Asians undertake the political
and social reforms that make
them better able to compete in a global economy wi
th more openand,
yesWestern rules."

   FRANCE: "Europe Too Timid In Asia"
X`   hp x (#
Leftofcenter Le Monde's editorial maintained (4/7): "The AsiaEurope
Summit ha
s just revealed that, in terms of investment and trade with the
region, Europe
comes before the United States.... Yet Europe looks like a
political dwarf in
 Asia.

"The dominant influence, politically or culturally speaking, is American....
This is, in part, Europe's fault. As in the Middle East, where Europe pays
but
 is not part of the negotiations, the responsibility lies with Europe's
lack o
f political will and weak cultural impact, which are not commensurate
with Euro
pe's economic importance. Europe just has no political
visibility.... The sum
mit was a first step toward Europe's affirmative
policy. It should not be the
last."

X`   hp x (#   "Asia's Lack Of Reforms"

   JeanLouis Gombaud commented on privatelyrun Europe One radio (4/6): "Faced
wit
h Asia's enormous problems, the AsiaEurope summit is not up to par....
Europ
e, in spite of its declarations, cannot deal with the magnitude of the
problem.
... Everyone is beginning to realize that Asia's problem does not
stem from la
ck of markets, but rather, from a lack of reforms, adaptability
and transparenc
y.... But to address these issues is to question a
continent's ageold system
 of balances and that is dangerous. That is why

this weekend, in London, Europ
e could find no words to answer Asia's
plight."
X` hp x (#
X` hp x (# GERMANY: "Europe Should Support Asia"

On national radio station Deutschlandfunk of Cologne (4/6) Klaus Ehring
commen
ted:
"Times have changed and the economic crisis has brought many states to the
ver
ge of bankruptcy. And it revealed a degree of corruption and nepotism
which
has severely diminished the respect for the achievements of Asia. The
Asian su
mmit participants now expect support from Europe in solving their
financial cri
sis.... Europe should support Asia because we depend on Asian
markets. Europe
ans should participate in the conversion of debts and in
offering new credits.
In addition, Europeans need to assist with structural
reforms.... Two years
ago, shortly before the ASEM summit, there was an
argument among the state lead
ers over the issue of human rights. This time
hardly anybody is talking about
human rights. But human rights, democracy,
and freedom of speech belong to th
e remedy which could help against
corruption, nepotism, and blindness to wron
g developments. That is why
European state leaders should not omit these topic
s."

"Feeling Of Being Deserted By Europe"

On Westdeutsche Rundfunk radio station of Cologne (4/6) Peter Hahnefeld said:
"When the Asian miracle failed nine months ago, the Europeans remained
silent.
While the IMF and the United States supported Asia, representatives
of the b
iggest economic power in Europe denied the extent of the crisis....
Federal Ba
nk President Tietmeyer and Economics Minister Rexrodt stated with
relief that t
he crisis would affect Japan and the United States much more
severely than Eur
ope, and their hands went back into their laps.... Such an
attitude could be f
atal. In the long run, the feeling of being deserted by
Europe may lead to so
lidarity among the Asian countries. China's skillful
efforts in gaining a lead

ership position in the Far East are beginning to
show results."

"Time Bomb Asia"
X` hp x (#
Centrist Stuttgarter Zeitung's editorial stressed (4/3): "Japan is suffering
not only from its own weaknesses but also from the crisis in Southeast Asia,
si
nce the country has close links with other countries in the region. This
has t
wo negative implications for Japan. The recessions in Korea, Indonesia
and Tha
iland are weakening Japan's export opportunities and, because of the
devaluatio
ns of their currencies, those countries have turned into serious
competitors fo
r Japan. These events in Asia will have an effect on
Europe...and if Japan i
s now also sliding into recession, the consequences
would be even more serious
than previously assumed. Since Japan is closely
integrated into the global eco
nomy, the effects of such a crisis cannot be
limited anymore. A time bomb is t
icking in Asia."

RUSSIA: "Europe Not To Leave Asia In The Lurch"
X` hp x (#
Under the above headline, reformist Russkiy Telegraf (4/7) published this
comme
ntary by Yulia Berezovskaya and Vladimir Abarinov: "(When one went) to
Bangkok
in 1996, Asian tigers bared their teeth, whereas today they seem to
be wagging
their tails. Knowing full well that a financial crisis in Asia is
a global th
reat, Europe has leaned over the sick Asia, adjusting the pillows,
passing medi
cine, and swearing solidarity. Other than that, it can do
little. Asian leade
rsthough some of them expected morewere generally
satisfied with the results of
the meetingthe Europeans had said all they
could to cheer up the investors."

"Europe To Pitch In"

Vladimir Katin in London filed for centrist Nezavisimaya Gazeta (4/7): "The
on
ly sensible way open for Europe is to pitch in helping Asia get over the
crisis
. Without reviving the Asian miracle, Europe may lose billions and

prospects
in the future."

"Russia Lost Between Asia And Europe"

Vsevolod Ovchinnikov, writing about the runup to the second AsiaEurope Summit (
ASEM) meeting in London, said in official government Rossiyskaya Gazeta (4/2):
"These summits are one of the many ways to build a multipolar world.... Russi
a, the only great power located both in Europe and in Asia, has not been invite
d. According to the rules, the EU and ASEAN are responsible for inviting new m
embers from Europe and Asia respectively. The trouble lies in a false stereoty
pe: Asia regards the Russians as Europeans and Europe regards them as Asians."

X` hp x (# BELGIUM: "Asian Leaders Reassured"

X` hp x (#Special correspondent Philippe Paquet wrote in conservative Catholic La Libre
Belgique (4/6): "Satisfaction was general at the end of the second m
eeting
of the EuroAsian summit, on Saturday, in London. Having arrived concern
ed,
the Asian chiefs of state and of governments left reassured that Europe mai
ntained its confidence in the future of their economies and would increase effo
rts to help them to emerge from the crisis. Their European colleagues, initial
ly surprised to see their financial contributionthough larger than that of the
United Statesgrossly underestimated, were able to correct their image and to re
inforce the weak link of the triangular relationship between Europe, Asia and N
orth America. ASEM has thus demonstrated its usefulness."

"U.S. Still Lead Actor On Global Stage"

Philippe Le Corre observed in independent Le Soir (4/6): "The (ASEM) meeting'
s great absentee, the United States remains the main actor in globalization, an
d (the United States') economic, strategic, political and even ideological powe
r is not questioned by anyone in Asia. The Europeans, who have returned their
last colonyHong Kongto the Asians are not going

to play the policemen in Asia.
The Asians know it and respect the 'American
big brother.' But they have also
learned not to put all their eggs in one
basket, as the London meeting has jus
t demonstrated, at a key moment of the
evolution of Eastern Asia."
X` hp x (#
X` hp x (# "Asia, Europe Reverse Positions On Fortune's Wheel"

X` hp x (#Philippe Paquet had this to say in conservative Catholic La Libre Be
lgique
(4/2): "Twentyfive heads of state and of government (are to) meet in
Lo
ndon.... Logically, (this crisis) should make the dialogue the Europeans
are s
eeking on such themes as human rights and labor legislation more
difficult. An
d organizations such as Human Rights Watch are getting ready to
put more pressu
re on the political authorities, since the crisis makes them
worry that more so
cial abuses will be coming."

SPAIN: "End Of The Asian Model"
X` hp x (#
Independent El Mundo noted (4/6): "The principal preoccupation of the
EuropeAs
ia Summit in London was the crisis in Japan.... Lacking a solid
macroeconomic
underpinning, the giant of Asia has instead been shown to have
feet of clay. R
ecent scandals, as exemplified by the failure of Yamaichi,
one of its largest i
nvestment banks, have set the crisis in motion. But
there are other factors as
well: a wave of speculation fostered by the
nature of the economy, and privat
e and public corruption. Government,
corporations and banking groups have con
nived at weaving a web of influence
and interests that have mortgaged Japan's f
uture. This may explain why
Moody's financial rating service has raised doubts
about the capability of
Japanese officials to implement the reforms announced
by Prime Minister
Hashimoto."

"Sick Samurai"

Juan Tapia wrote in centrist Barcelona's La Vanguardia (4/5): "In Japan, the
i
ndustrial bossesthe modernday samuraihave power over everything. Banks

do not
lend to persons with solvent projects, but rather to the conglomerates that con
trol them, for which reason they invest badly. Competition among firms is less
relevant than the oligopolies they have formed, and the labor market simply d
oes not exist. The relationship of the worker to his employer is more akin to
feudal paternalism than to the modern industrial world. Finally, the LiberalDe
mocratic Party was both a Keiretsu front and a sign of its decay. MacArthur pe
rsuaded the Japanese to copy the American politicoeconomic system, but the und
erlying mindset continued in the preWWII tradition."

"Saving Asia"

Jose Maria Carrascal opined in conservative ABC (4/5): "One of the most surpri
sing and dangerous phenomena of recent times has been the collapse of the Asian
economies.... How did this come about?... All those countries believed that
economic growth was possible without political development, even demonstrating
certain disdain for democracy and its dragging effect on their triumphal march
.... In the end, the 'Asian tigers' have not been the victims of their own suc
cessas some have saidbut, rather, of their inability to develop democratically
in parallel with the growth of their economies.... So much corruption, logroll
ing, and topdown direction have caused them to forfeit their gains, and what is
worse, possibly drag others along with them. For this reason, there is no alt
ernative but to give them a hand."

"Crisis In Japan"

Liberal El Pais explained (4/2): "It is essential that Japan implement the str
uctural reforms whose lack is the true cause of the crisis, and that it do so b
efore the situation grows worse and begins to affect China, for example, whose
currency has thus far escaped the devaluations suffered by its neighbors, but
whose financial system has begun to feel the shock waves."

LATIN AMERICA AND CARIBBEAN

CUBA: "South Pacific: Attack By Uncle Sam And Company"

Ernesto Montero Acu9a wrote in Cuban Communist Workers' weekly Trabajadores
(4
/6): "Under a neoliberal model like the one they are trying to impose
with me
asures on the IMF fashion, we can foresee that these Southeast Asian
nations wi
ll become even more tempting to foreign investment, especially from
the United
Staes and Japan. This is the reason why the West is trying to
discredit the ec
onomic model of strong state control of the national economy,
finances, employm
ent, et al. The weakening in such control and the increase
of corruption in th
e financial system were precisely some important factors
leading to the crisis
due not only to the 'boldness' of an isolated
speculatorwhich allowed speculati
ve private capitals to penetrate the
system, get dollar profits, and then take
the latter to other markets....

"The U.S. secretary of the treasury, the IMF and World Bank officials are all
p
roclaiming that 'financial rescue (in reference to Southeast Asia) protects
nei
ther workers nor the environment and, thus, its possibility to succeed
will be
limited.' That is why direct and transnational foreign investors pay
no heed t
o trade union protests.... They hope the measures will increase
their future c
hances since, although higher interest rates are the goal of
speculative capita
l, investors aspire to a higher profit share. As expected,
the United States a
nd Co. will continue to strive to reconquer the South
Pacific. The current cr
isis is their best catalyst for it."

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================= END ATTACHMENT 2 =================

ARMS Email SystemRECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: gmgmex (gmgmex@usia.gov@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME:14-APR-1998 12:07:00.00

SUBJECT: APRIL 14, 1998 NEWS SUMMARY

TO: Steven J. Ronnel (Steven J. Ronnel@EOP [UNKNOWN])
READ:UNKNOWN

TEXT:
MORNING NEWS SUMMARY

USIS - MEXICO

Tuesday, April 14, 1998

The following items are picked up from the Mexican media as they appeared with no/no attempt to verify their accuracy. Readers should understand that reports may not be completely accurate.

1. The autonomous council of Chenalho stated that EZLN supporters will

not permit the government to "destroy the 38 autonomous municipalities" that have been working since December 19 1994 in Chiapas. The president of the council, Domingo Perez said that the inhabitants of the 38 municipalities have concentrated in their respective municipal headquarters "to defend the freely and democratic elected authorities": JORNADA 1-8

2. Foreign Affairs Secretary Rosario Green said that the expulsion of foreigners who violate the law "represents an act of sovereignty, of defense of institutions and of the national flag and anthem and is not a xenophobic action." She added that Mexicans authorities will not permit

Mexican territory to become a shelter for foreigners seeking "to destroy institutions legally established by Mexico" or to organize experiments with "parallel forms of government." She said that there are approximately 18,000 foreigners in Chiapas although a report in FINANCIERO cites the Secretariat of the Interior as saying there are 4, 500 foreigners in Chiapas: JORNADA 3, FINANCIERO 1-41, UNIVERSAL 1-14, REFORMA 1, EXCELSIOR 1-10

3. State Department spokesman James Rubin expressed the US government's "concern for the status of foreign observers in Chiapas. He added that the US government expected Mexico to continue allowing foreign observers to travel to lived in or work in Chiapas to carry out activities (so long as they) respect the Mexican sovereignty and law. He also noted that "we support the right of journalists to carry out their legitimate functions without being concerned for their security" : JORNADA 3, FINANCIERO 42, UNIVERSAL 1, REFORMA 1

4. PRD President Andres Manuel Lopez Obrador said that the expulsion of foreigners represents a "xenophobic act" that damages the institutions and image of Mexico abroad:" JORNADA 5

5. The Mexican Association of Foreign Correspondents condemned the attack against two photographers in Chiapas: JORNADA 8, REFORMA 6, NEWS 4

6. In a conference at the Tecnologico de Monterrey, writer Carlos
Fuentes
demanded the federal government implement a policy of negotiation and not of confrontation on the Chiapas conflict. He questioned the "hard line" being taken that expels foreigners but fails to fight crime: JORNADA 7, UNIVERSAL 15

7. SRE reported that the UN Human Rights Commission passed a Mexican initiative for all members to promote and protect the human rights of immigrants. The initiative calls for protection of human rights of immigrants regardless of their immigration status: JORNADA 3, UNIVERSAL 2

8. Foreign Affairs Secretary Rosario Green said that during the
Summit of
the Americas participants will begin negotiations to establish a Free Trade Agreement of the Americas. She added that President Zedillo will meet with President Clinton and Canadian Prime Minister Jean Chretian during the Summit: JORNADA 15, FINANCIERO 29, EXCELSIOR 4, REFORMA 11

9. According to a State Department report, the US will seek to
advance in
the creation of a hemispheric anti-narcotics alliance during the Summit of the Americas: UNIVERSAL 8, EXCELSIOR 4

10. Human Rights Watch recommended that, during the Summit of the Americas, Mexico be questioned about advances the Mexican government has made in fighting impunity of persons who violate human rights: JORNADA 49

11. IMF official, Guillermo Perry, (Chief Economist for Latin America) said that the Asian crisis could had a negative consequence on Mexico's growth rate, but added that Mexican authorities could reduce that impact with an adjustment in the exchange rate. He added the IMF expects a growth rate of 4.8% for Mexico in 1998: JORNADA 1-22, REFORMA 1

12. Article in FINANCIERO states that the pressure of environmental groups in the US is threatening the Mexican export of shrimp to the US because a possible embargo for the incidental death of other species while shrimping: FINANCIERO 13

13. In a press conference PRD senator Jorge Calderon said that the Mexican government must demand that US authorities halt the inspection and boarding of Mexican ships in national waters: JORNADA 41, FINANCIERO 30, EXCELSIOR 1

14. During the trial of Col. Pablo Castellanos, accused of leaking documents from SEDENA to the news weekly, PROCESO, Brigadier General Hector Sanchez Lopez, Chief of Section 2 of Military Intelligence of the Estado Mayor, admitted during testimony that the U.S. Embassy knew of a proposal that Amado Carillo had made to the Mexican government to allow "free passage" for drug trafficking into the U.S. in exchange for a commitment not to sell narcotics in Mexico: REFORMA 4

15. Alleged member of the Arellano Felix cartel, Everardo Arturo Paez, aka, "el Kiti," is seeking an "amparo" to prevent his extradition that is

being sought by the U.S. Embassy in Mexico: UNIVERSAL 11

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==================== ATTACHMENT 1 ====================
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:
RFC-822-headers:
Received: from conversion.pmdf.eop.gov by PMDF.EOP.GOV (PMDF V5.1-9 #22921)
id <01IVUY4B81OW007A0M@PMDF.EOP.GOV> for Ronnel_S@a1.eop.gov; Tue,
14 Apr 1998 12:23:11 EDT
Received: from Storm.EOP.GOV by PMDF.EOP.GOV (PMDF V5.1-9 #22921)
with ESMTP id <01IVUY3RQVLC006LH7@PMDF.EOP.GOV> for Ronnel_S@a1.eop.gov; Tue,

14 Apr 1998 12:22:36 -0400 (EDT)
Received: from xgate.usia.gov ([198.67.64.2])
by STORM.EOP.GOV (PMDF V5.1-10 #22921)
with SMTP id <01IVUY3HIS3W0015T7@STORM.EOP.GOV> for Ronnel_S@a1.eop.gov; Tue,

14 Apr 1998 12:22:06 -0400 (EDT)
Received: from Connect2 Message Router by xgate.usia.gov via Connect2-SMTP
4.32.03; Tue, 14 Apr 1998 12:09:41 -0400
Organization: USIA
X-Mailer: Connect2-SMTP 4.32.03 MHS/SMF to SMTP Gateway
X-SMF-Hop-Count: 3
================== END ATTACHMENT 1 ==================

ARMS Email SystemRECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: USIA_Media_Reaction (USIA_Media_Reaction@notes1.usia.gov@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME: 1-MAY-1998 12:46:00.00

SUBJECT: Daily Digest 5/1: ASIAN FINANCIAL CRISIS

TO: Doris O. Matsui (Doris O. Matsui@eop [UNKNOWN])
READ:UNKNOWN

TEXT:
Foreign media commentators tracking the Asian financial crisis underscored

the need for Japan to play a major role in leading the region out of the

"financial tailspin" that has beset East Asia since last summer. Although

most analysts welcomed the economic stimulus packages announced by Tokyo in

mid- and late April, they nonetheless stressed that the plans were "tardy"

and might not produce the desired results. Singapore's pro-government

Straits Times, for example, portrayed Japan's latest fiscal reform

announcement as the desperate action of someone caught "standing on rail

tracks as a train speeds towards him; transfixed by the very danger he

should avoid...(but) paralyzed into inaction. Mercifully," the paper

noted, Tokyo has leapt "out of harm's way...(but) the success (of the

stimulus package) will depend on whether its momentum will be sustained."

Writers discussed the mid-April meetings in Washington of the IMF and

World Bank, and accompanying discussions of the G-7 finance ministers.

This block of commentary also dwelled on Japan's "key role" in helping

Asia

overcome the economic crisis, and the "moral hazard" faced by the IMF and

other institutions as they intervened to assist troubled economies.

Dailies in South Korea and India insisted that the institutions making

"foolish loans" should bear the brunt of loan repayment rather than the

taxpayers of the countries that provide rescue packages. Following are highlights of the commentary:

THE VIEW FROM JAPAN: 'WE MUST EXPLAIN, BUT ALSO TAKE ACTION'--Several Japanese papers urged Prime Minister Hashimoto to take steps to ensure that the global community "understands" what Japan is doing to tackle its economic woes, but also acknowledged that swift "action" was also required. "The government should not waste time in implementing effective pump-priming measures," stated top-circulation, moderate Yomiuri. Business-oriented Nihon Keizai took note of the U.S. and EU's "frustration" over Japan's slow response to its problems, and agreed with charges that "Japan...has neglected for too long the stimulation of its ailing economy." In a separate editorial, Yomiuri also stressed that the "government...should not reject foreign calls (for reform) as interference in Japan's...affairs. Instead, they should recognize the gravity of Japan's responsibility (to) the global community."

WHO WILL BE ASIA'S 'SAVIOR,' JAPAN OR CHINA?--A number of pundits debated whether Japan or China would carry the laurels of being proclaimed "Asia's savior." The conservative Australian saw the U.S. as increasingly turning to China as the emerging power in Asia, rather than to Japan, which, the paper contended, the U.S. was increasingly coming to regard as "hopeless in terms of leadership." A leading Indonesian paper defended Japan's efforts to "help" spur a recovery in Asia, calling them "adequate." Others sided with Bangkok's independent Nation view that Japan's role had been "largely invisible." A Singapore daily warned of a "strong China" overtaking a "weak Japan," arguing that such an imbalance "would not be in anyone's interest."

This survey is based on 42 reports from 24 countries, April 14 to May 1.

EDITOR: Kathleen J. Brahney

EAST ASIA AND PACIFIC

JAPAN: "Japan Must Help Resolve Economic Crisis Through Trade"

An editorial in the top-circulation, moderate Yomiuri observed (4/27), "The East Asian economic crisis, which started last summer, has already had negative effects on the world economy.... However, while these Asian economies are getting themselves back on track thanks to emergency loans from the IMF and Japan, the developed countries need to help the Asian countries rebuild their export industries and finances.... Japan has an important role to play in helping the Asian countries overcome economic problems. Since the economic crisis surfaced last summer, Japan has extended loans worth $37 billion--the largest amount by a developed nation--to Asian countries.

"Since Japan is in the midst of a recession, East Asian exports to Japan have been declining, prompting the United States to criticize Japan by saying, 'Tokyo is not doing enough to resolve the Asian economic crisis.' Also because of a continuing rise in Japan's trade surplus with the United States, Washington continues to urge Tokyo to boost domestic demand.... At the OECD and Quadrilateral meetings, Japan must explain that it is tackling these problems in a serious manner, and obtain international understanding.

At the same time, the government should not waste time in implementing effective pump-priming measures."

"Japan's International Pledge To Revive Economy"

Top-circulation, moderate Yomiuri's editorial said (4/17): "'The government, ruling and opposition political parties and business leaders should not reject foreign calls (for Japan's effective economic measures) as interference in Japan's internal affairs. Instead, they should recognize the gravity of Japan's responsibility within the world economy. The nation must do whatever it can to pull the ailing economy out of the long slump through prompt implementation of a truly effective stimulus package, and thus restore confidence in the economy at home and abroad. The United States and other G-7 nations also bear a responsibility to support Japan in its efforts to revive its economy."

"Japan Must Implement Permanent Tax Cuts"

An editorial in business-oriented Nihon Keizai observed (4/17), "G-7 meetings do not usually center on the Japanese economy. A statement issued at the end of the meeting, expressed grave concern over the seriousness of problems facing Japan. The statement reflected a sense of frustration the United States and European countries have felt toward Japan, which has neglected for too long the stimulation of its ailing economy."

"G-7 Frustration Keeps Growing Over Japan"

Liberal Asahi commented editorially (4/17), "The G-7 meeting ended with a sense of frustration among other member countries. It appears that Finance Minister Matsunaga mistakenly jumped to the conclusion that the United States and other G-7 countries understood Japan's latest economic package.... From now on, Japan should adopt the common view of other G-7 nations that Japan's economic slump must be understood in the context of the Asian (economic) crisis. Japan's economic recovery is indispensable.... As long as the Japanese economy remains sluggish...the Asian and world economies will also remain in the doldrums."

"U.S. Irritated With Japan"

Toru Kunimatsu filed from Washington for top-circulation, moderate Yomiuri (4/15): "Although Treasury Secretary Rubin during his meeting with Finance Minister Matsunaga welcomed Japan's economic stimulus package, he sought an immediate settling of its specific contents.

"He suggested that he was irritated with Japan for not yet honoring its international commitment to 'reduce the trade surplus by expanding domestic demand.' The U.S. government's judgment is that early recovery of the Japanese economy holds the key to stabilization of those Asian economies now in turmoil. The meeting also provided a glimpse of the context the United States is now facing: The U.S. Congress is leaning more toward protectionism with the off-year elections this fall near at hand. Unless Japan demonstrates results by making an economic recovery, pressure coming from the Congress, which is increasingly dissatisfied with the ever-expanding deficit with Japan, will continue unabated."

"Lessons Of Crisis Should Be Evident At Finance Meetings"

Top-circulation, moderate Yomiuri's editorial said (4/15): "We hope that participants in the meetings will agree that East Asia needs a broad-based support package to end the crises and restore economic stability.... Prime Minister Hashimoto needs to explain to other nations that he is serious about stimulating the weak economy by boosting domestic demand and reducing trade surpluses through his new stimulus package. Japan must also urge the United States and other key nations to cooperate in correcting the weak yen and the strong dollar, a factor contributing Japan's growing trade surplus. Another important issue for the participants to take up at the meetings is a study of the how the current crisis developed so that it never happens again.... Several Asian nations have become critical of the IMF's failure to predict that such an economic crisis could hit the region. These nations also claim that the world monetary organization aggravated the crisis by forcing them to accept prescriptions that did not reflect the conditions facing them. The IMF should take this criticism to heart the next time it considers what sort of 'rescue package' is appropriate for any given nation or region."

CHINA: "Western Powers Impose Pressure; Japan Pledges Reforms"

Official Beijing Daily (Beijing Ribao) commented (4/17): "Economic reform will deprive Japan of many economic opportunities. Although Japan wants to reform, it is reluctant to provide the monetary investment for reform.... If Japan remains indecisive in its reform policies, its economy will hardly recover, nor will the United States and European countries lessen their pressure on Japan."

"Legislation Promotes Financial Reforms"

Xu Yanli and Guo Yajie wrote in State Council Economic Daily (Jingji Ribao, 4/17): "The twists and turns of the current Japanese financial reform reveal a lack of thoroughness. On the other hand, however, Japan cannot backtrack once it opens up its financial markets. We still cannot predict the future effects of these reforms."

"Japan Worries U.S."

Zhai Jingsheng wrote in State Council Economic Daily (Jingji Ribao, 4/14): "Although American economic growth is currently healthy, the United States cannot rest. If the Japanese economy, which the United States once considered its strongest economic defense line, collapses, the American economy will be greatly impacted. This explains American anxiety."

AUSTRALIA: "U.S. Lets Asia Policy Drift Amid Domestic Undercurrents"

Under the above headline, foreign editor Greg Sheridan filed this op-ed piece from the United States for the national, conservative Australian (5/1): "The Clinton administration is going through some intriguing transitions in foreign policy right now.... The changing relativities between China and Japan in U.S. thinking are fascinating.

"Secretary of State Madeleine Albright was in Tokyo this week soothing Japanese sensitivities, but overall it is clear the Americans are coming to regard Japan as just hopeless in terms of leadership and are increasingly asking what strategic deals they can do with China. This would be fruitful, but is not without risks."

"Bigger Regional Strategic Role For Japan Appropriate"

In the editorial view of the liberal Melbourne Age (4/30): "The reality is that neither Japan nor its regional neighbors can reasonably continue to live amid the shadows and inhibitions of the past. And far from signalling a military resurgence in Japan, the change comes with the blessing, if not at the instigation, of the United States.... The interest of the United States, eager to ease its global strategic responsibilities with the ending of Cold War tensions, is to ensure that Japan will play a more substantial support and self-defense role in dealing with any security crisis in its vicinity.... But now that China is growing in wealth, strength and confidence, it is logical to welcome Japan as a countervailing power within--so long as possible--the American alliance."

"Reform Of World Finance"

The business-oriented Australian Financial Review judged in an editorial (4/17): "Rather than being broken, let's not forget that global financial capitalism is mostly working.... This does not mean that the architecture does not need freshening up along the lines to be considered by the

G-22.... And it may even include exploring how creditors themselves take more of a haircut when their optimistic lending turns sour--instead of being bailed out by the IMF. Again, giving crewcuts to foreign creditors sounds the right 'lender-beware' thing to do. But taking this too far--as do the anti-IMF Republicans in Washington--could end up making it harder for crisis-hit debtor countries to access the capital they need to recover."

INDONESIA: "Japan's Role And Our Choice To Carry Out Reforms"

Leading independent Kompas commented (4/27): "It should be asked to what extent the United States and Europe are helping us, and whether we have been honest and serious in implementing reforms in line with international rules.... Japan has been helping Asia adequately. It is time for us to hear from the United States and Europe to what extent they have been helping us in Asia cope with the crisis.... Surely, it is our sovereign right to make our own choice of what kinds of reform we would like to have.

However, we had better heed external views of ways to revive the economy."

MALAYSIA: "Curbing Global Hedge Funds"

The government-influenced Business Times offered this editorial view (4/17): "Never mind that it took the IMF ages to discover the truth; its admission this week that there is a need to curtail the activities of powerful hedge funds is significant. Malaysia has been one of the first and loudest to call for a long-term solution to the financial turmoil that hit the region last July.... What is needed is a global effort led by the relevant world authorities. The IMF and the World Bank fit the bill, but they will need not only the support, but also the guidance of governments in Southeast Asia. Input from countries like Malaysia is important not only because (these countries) are directly affected by the turmoil, but because they had quickly grasped (its) cause.... In this context, ASEAN has a potentially major role to assume.... It is crucial that ASEAN remains united in facing the currency issue and the efforts in dealing with the changing financial structure of the international system. ASEAN and the developing countries must now take the lead in dealing with the issue and be wary of some who may want to hijack the matter and manipulate it to their own vested interests."

SINGAPORE: "A Boost For Japan"

The pro-government Straits Times' editorial held (4/28): "Japan's fiscal package to stimulate its economy is not little--the $204-billion plan is the largest in its history--though it came late in the day and, though it is better to be late than never to arrive, its success will depend on whether its momentum is sustained. For a very long while, Tokyo resembled a man standing on rail tracks as a train speeds towards him; transfixed by the very danger he should avoid, the man is paralyzed into inaction. Mercifully, however, the sound of the whistle releases him from his predicament just in time, and he jumps out of harm's way....

"What is at stake immediately is the political future of Mr Hashimoto, who is besieged by criticism both within and outside his party. The extent of the package's success will be critical in determining whether he can fend off his detractors. In the longer run, Japan's ability to deregulate its markets will decide whether it can share leadership of economic globalization. The alternative is the United States' taking the lead exclusively. The consequence would be a strong America and a strong China, with a weak Japan sandwiched in between. That would not be in anyone's interest. Japan should lead, by example."

"Reforming The Global Financial System"

Lee Siew Hua noted from Washington in the pro-government Straits Times (4/16): "From all over the world, financial ministers and central bankers have come to Washington in a new push to overhaul the global financial system. Their overarching theme is the Asian financial crisis and they hope to prevent or soften future crises. Plans are afoot to strengthen national financial systems through global standards, at a fragile time when trillions of dollars slosh through the international markets daily. The private sector will be pressed to do a better job of weighing market risks, and to bear fuller responsibility for their actions. And the International Monetary Fund (IMF) wants more teeth for its surveillance work. In an unusually intense week, the IMF and World Bank are holding their spring meeting while the Group of Seven industrial powers gathered yesterday, and will meet emerging and transition economies for inaugural talks today. Under U.S. leadership, this new Group of 22 countries--which includes

Singapore --will look at how to create an 'international financial architecture' that is as modern as the markets."

SOUTH KOREA: "No Alternative To The IMF"

Commentary in conservative Chosun Ilbo maintained (4/18): "During the Washington meeting, all G-24 nations decided that they will have to cope with the economic crisis by making the IMF more efficient.... The IMF has been under constant criticism because of the general perception that it has failed to efficiently deal with Asia's economic crisis. Despite the agreement on the need for a more efficient monetary fund, no action plans have been prepared. Treasury Secretary Rubin pointed out that investors should be held responsible for bad investments, but that suggestion was not followed up with an implementation plan. The Washington meeting also failed to decide whether the IMF should continue to make public announcements about the economic status of countries in trouble.... As far as Korea is concerned, the meeting was significant because it showed that the international community approves of the efforts Korea is making to overcome the current economic crisis."

"G-22 Nations' Moral Hazard'"

Pro-business Joong-Ang Ilbo's editorial concluded (4/16): "The financial crisis in Asia is making the United States and other advanced nations aware of the need to strengthen the world financial system.... In order to prevent similar crises in the future, the G-7 nations have for the first time invited treasury ministers and central bank governors from the G-22 nations to a meeting in Washington.

"Of the three goals stated in the G-7 official statement, the most interesting is the third, which sets criteria for dividing responsibility fairly among those international financial institutions involved. We take this matter seriously because we strongly believe that the international financial institutions which invested in Asia should accept some responsibility for what happened.... The risk which the institutions should have assumed has gone instead to the taxpayers of the countries providing rescue packages. This is a clear case of moral hazard. If this unfair behavior is ignored, we risk similar crises in the future created by financial institutions simply to make money. From this point of view, having these institutions take responsibility for their profits sounds very right."

"Japan's Responsibility And Choice"

Independent Dong-A Ilbo's editorial said (4/14): "At this point there is no prospect of change in the current trend of a 'strong dollar' and a 'weak yen.' One reason is that Japan's stimulus package offers only temporary measures and the United States shows no sign of changing its foreign exchange policy. Even though the economic stimulus package Japan announced April 9 is the largest since the World War II, it nevertheless is not sufficient for an economy that needs long-term plans on tax cuts and budget
expansion."

THAILAND: "Japan Hamstrung By Policy Conflicts"

Avudh Panananda commented in the independent, English-language Nation (5/1): "Despite the massive mobilization of money and credit flowing into the region, Japan's role [in light of the Asian financial crisis] remained largely invisible.... Political commentator Minoru Morita blamed inward-looking politicians and demoralized bureaucrats as part of the reason why Japan failed to exercise better leadership.... Japanese Prime Minister Hashimoto had almost no experience with Asia prior to assuming office.... Within the context of the Asian crisis, the Japanese government has failed to prioritize its programs of action, prompting policies to neutralize one another.... In the end, the country will only see deteriorating problems on all fronts.... Meanwhile, the stimulus package will not be as effective as it should have been because the government has to keep an eye on the worsening fiscal deficit. The lingering fiscal imbalance triggered further depreciation of the yen which would in turn divert Japanese investment from the region to the home office, exacerbating
the regional economic woes."

"China, Japan: Who Is Asia's Savior?"

Sutichai Yoon posed these questions in the independent, English-language Nation (4/17): "So who is the more resilient, China or Japan? In other words, who can we rely on to pluck us out of this mess--the world's second-richest country or the world's most populous nation? Are we witnessing a real competition for eventual economic dominance in Asia? Is

China taking over from Japan as the economic leader underscoring the beginning of a fundamental shift in the midst of the Asian meltdown? The answers, unfortunately, are far from encouraging. The prognosis is equally gloomy for the two Asian giants. China and Japan need not be engaged in a race toward regional dominance in the economic field. But the two could in fact complement each other and any attempt by either side to outrank the other will be taken as a sign of immaturity. Reform is the key word, and both Japan and China must demonstrate their commitment in the form of a pragmatic economic rejuvenation agenda in order to lay down the foundation for Asia's economic recovery. In the end, the two giants cannot pursue their own economic policies without taking into consideration Asia's long-term political, economic and social stability."

SOUTH ASIA

INDIA: "Disappointment In Washington"

According to an editorial in the centrist Hindu (4/23): "The spring meeting of the IMF and the World Bank in Washington were of particular significance this year to both India and the world.... The markets and the governments of the world...had their eyes focussed on Washington, since this was the first such gathering after the East Asian crisis exploded late last year. On neither count has the conference yielded a positive outcome.... While the turmoil in East Asia has ebbed somewhat, the controversy over the role of the IMF in the crisis has not. Yet, the finance ministers who met in Washington broadly endorsed the IMF programs, without in any way evaluating the efficacy of the institution's approach. If anything, the meetings have strengthened the hands of the IMF to develop a 'tiered response' while warning countries of an impending crisis....

"The world body will soon be able to go public if the 'problem' country does not take appropriate action. Since the IMF's capacity to foresee a crisis has never been of a very high order, the danger here is that advice on a wrong understanding will precipitate a market reaction even when there is no fundamental problem with an economy.... The IMF's system of publicizing broad trends in national economies...did not help stave off the East Asian crisis of 1997.... There is no reason to believe that adherence to the new code will make any difference in the future.... The first steps are being taken to prevent private creditors from continuing with risky lending since they know that the IMF will protect their capital if a problem arises. The IMF is to work towards preventing this problem of 'moral hazard,' by devising ways to make international banks also bear the cost of foolish lending to gullible borrowers."

EUROPE

BRITAIN: "Washington Outlook Bright Beyond Tokyo Stormclouds"

The conservative Times had this by economics editor Anatole Kaletsky (4/17): "The main conclusion to emerge from the Washington meetings of the IMF and the G-7 was predictable, but nonetheless important. The Asian crisis, which was mainly responsible for the sudden disappearance of hawks in the central banks, has turned out to be more damaging than expected for the countries directly involved, but it has been little more than a pinprick for the advanced economies of America and Europe.... Perhaps the most powerful message to come out of the Washington meetings was the indecision and lack of leadership in the Japanese government's approach to its economic problems. It was hardly surprising that the G-7 communique, which seemed justifiably optimistic about every other feature of the global economic picture, betrayed an obvious lack of confidence in Mr. Hashimoto and Japan."

"Strengthening Global Finance"

The independent Financial Times commented in an editorial (4/16): "If nothing else, the Asian financial crisis has shattered complacency. The entire 'architecture' of the global financial system is under review. But a successful outcome will be difficult to secure, since the issues are intractable and contentious. As the shock fades, the powers-that-be may even decide to change rather little. If so, they will merely be inviting the next calamity. At present, however, the ideas are flowing. The spring meetings of the IMF and the World Bank in Washington this week--and the accompanying discussions of the G-7 finance ministers--have occasioned several contributions. Foremost among these was a thoughtful speech by Treasury Secretary Robert Rubin on Tuesday.... At least policymakers are grappling with some of the difficult questions. The need for greater transparency has become obvious, as is the case for circumscribing national sovereignty over financial regulation.

"The biggest issue, however, is how to balance the lender-of-last resort function against the need to ensure private sector responsibility for mistakes. To this Mr. Rubin has not provided the solution, perhaps because there is none."

"G-7 Ministers Warn Japan To Prevent Wider Crisis"

The liberal Guardian commented from Washington (4/16): "Among the current concerns is that Japan's lurch into a period of no growth can be reversed before it moves into a downward spiral that could aggravate Asia's problems and rebound to the United States and Europe."

"U.S. Tells G-7 To Lean On Japan"

The liberal Guardian commented from Washington (4/15): "The Americans believe that placing Japan back on the right track will be an essential component for repairing the global economic architecture.... Both the United States and the IMF fear that the Japanese authorities will not act fast enough to pull Japan back from recession. A slowdown in Japan at a time when the global economy is already weakening as a result of the East Asian crisis, could push the international economy into stagnation."

"Can Japan Escape From A Deflationary Spiral?"

The independent Financial Times' editorial held (4/14): "Despite the more detailed plans for income tax cuts and public spending announced by Prime Minister Hashimoto last Thursday, the risk that the world's second largest economy will suffer a precipitous decline remains disturbingly high.... There will have to be another package, which will be even harder to pitch at the right confidence boosting level. In the meantime the yen seems likely to remain weak, ensuring that Japan re-exports the impact of the Asian crisis to Europe and the United States. This underlines the global implications of Japan's plight. Without a Japanese recovery the rest of Asia's problems will be harder to solve. With a Japanese deflation the risk of a protectionist backlash grows. Japan can and should expect continuing international pressure for more radical action. This is dangerous territory indeed."

FRANCE: "Transfer Of Capital: Liberalization Under Surveillance"

Jean-Pierre Robin, Washington correspondent for right-of-center Le Figaro Economique (4/16) wrote: "Despite an aggravated crisis in Asia, the G-7 and the IMF want to favor the free transfer of investments.... The Asian crisis must not lead to a restriction of international capital trading. The remedy is to liberalize the flux of capital, and improve the surveillance systems which have so far been faltering.... Great Britain recommended the creation of a mutual surveillance committee between the IMF and the World Bank."

"G-7's Double Challenge: Weak Yen And New Financial Crisis"

Marie-Laure Cittanova and Gilles Senges commented in right-of-center Les Echos (4/16): "Before the G-7 meeting, which was essentially concerned with the excessive decline in the yen, the IMF, the World Bank and leaders gathered in Washington had only one obsession: adapt the international monetary system after the Asian crisis.... Aside from the difficult discussions about forcing Japan to play its role of economic leader, the other theme of the spring meetings between the IMF and the World Bank was the prevention of financial crisis."

"Japan Under Pressure From G-7 And Trade Markets"

Centrist La Tribune front-paged this (4/16): "Tokyo is pressured by his partners to restart its economy.... Washington is very concerned by the excessive decline of the yen."

"Japanese Government More Irritated Than It Says"

Left-of-center Liberation, in comment from Tokyo, judged (4/15): "On the even of the G-7 meeting, the finance minister denies pessimistic forecasts.... The Japanese government is probably more irritated than it says by the critics from its main commercial partners and affiliated organizations."

"Washington Will Put Pressure On Japan"

Jean-Louis Santini commented in wire service AFP (4/15): "At the G-7 meeting in Washington on Wednesday, the United States will put pressure on Japan to implement lasting measures to restart the economy to make sure that the second world economy avoids a recession.... At a press conference in Washington, Robert Rubin said the measures recently announced by the Japanese prime minister were very significant. He immediately added that he wanted to see the details of the program."

GERMANY: "A Promise"

Centrist Stuttgarter Zeitung had this to say (4/17): "The exhortations fell on receptive ears. The financial experts had called for reforms to liberalize the European labor markets. These points were also put in the final communique written by the finance ministers and central bank directors of the G-7. Germany, France, and Italy belong to the G-7 and thus they direct these points towards themselves. But those communiques usually do not have much to do with the policies carried out by the national governments."

ITALY: "G-7 Leaders: 'Careful, Another Crisis Will Destroy Us'"

Arturo Zampaglione wrote from New York for left-leaning, influential La Repubblica (4/17): "Treasury ministers and central bank governors yesterday dealt in Washington with the 'architecture' of international finance.... Invited by U.S. Treasury Secretary Rubin...representatives of the G-22...listened to the U.S. proposals. First, more transparency for the economic data supplied by all countries.... Second, the establishment of more rigid criteria for banking institutions all over the world.... Third, making private investors co-responsible.... Of course, it will take time before all these ideas develop into political decisions, but everybody realizes...the urgent need to achieve a conclusion. Everybody is convinced of the risk that another crisis, perhaps even more serious than the Asian crisis, may bring the international economy to its knees."

"G-7 Puts Japan On Trial"

An editorial in provocative, classical liberal Il Foglio said (4/16): "Tokyo has not only adopted tardy and insufficient measures aimed at stimulating domestic demand; it also continues to refuse liberalizing its financial market, preventing foreign investment which could help the stock market and make the yen stronger.... Western industrialized nations, as well as the IMF, would like Japan to adopt more courageous measures to

reduce taxes in order to increase revenues, boost consumption and restore trust among the citizens.... For the time being, Tokyo wants to be a G-7 member, but refuses to observe the basic rules of the club."

"G-7: Yen Needs To Be Stabilized"

Mario Platero observed in leading business Il Sole-24 Ore (4/16): "In order to give muscle to G-7 decisions, the United States and Japan held a bilateral meeting in Washington yesterday to work 'together to sustain a weak yen.' This is the strongest U.S.-Japan joint initiatives in the last three years....

"Trying to avoid a deterioration of the Japanese crisis is even more important at a moment when the other nations of the region are painfully coming out of one of their worst financial crises.... This is why G-7 nations have focused their attention on the stability of the yen and have agreed to carry the burden of possible coordinated interventions to complement Tokyo's economic initiatives."

"How To Cure A Sick Japan"

Boris Biancheri, former Italian ambassador to Washington, remarked in centrist, influential La Stampa (4/16): "It is not part of the Japanese style to present resistance to demands coming from the international community. The Japanese are inclined to accept them...(and) adjust them to their internal needs later...counting on the difficulty that foreigners have in grasping the complicated internal mechanisms of their country."

RUSSIA: "Japan Left To Its Own Devices"

Dmitry Zharnikov wrote in reformist Noviye Izvestia (4/17): "Weak Japan is a big headache for the West, which is doing everything to protect itself from cheap Japanese exports and global financial cataclysms. In Washington, the Japanese were told bluntly that they could rely only on themselves.... Russia held no part in denying 'brotherly capitalist aid' to Japan. Moscow was not invited. Commenting on that, the chairman of the

Russian Central Bank, Sergei Dubinin, aptly remarked that Russia's political weight still exceeds her economic potential."

HUNGARY: "When The Giant Collapses"

Foreign editor Eva Elekes wrote in second largest circulation Nepszava (4/15): "The whole world is all eyes looking at Japan struggling along with trying to rescue itself.... But the British weekly The Economist is not that pessimistic, pointing out that Japan's share in the gross global output is only 13 percent and the now very strong U.S. economy, together with the increasing demand of the European and Latin American markets, compensate for the decline of Japan. While Japanese Prime Minister Hashimoto hastens to counter international criticism, he also has to think about his own future. There will be elections in July, and many in the ruling Liberal Democratic Party think that somebody has to be made responsible for the economic hardships. That someone, a scapegoat, will probably be Hashimoto himself."

LATIN AMERICA

BRAZIL: "IMF Counterattacks"

An editorial in liberal Folha de Sao Paulo said (4/17): "The IMF was hardly criticized during the Asian financial crisis, but it again is accusing the industrialized economies of being responsible for the global instability. There is a paradox in the world economy. Today growth is not better because the United States has benefited from the crisis. But some of these benefits may have bad effects in the coming months. On a short term, the horizon is positive, but its roots may be problematic. The U.S. economic scenario, while comfortable today, says the IMF, may also contain the seeds of its own deterioration in the near future. The risks for the global system remain, however, and not only in the so-called emerging markets."

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ASIAN FINANCIAL CRISIS: 'RECOGNIZING THE GRAVITY OF JAPAN'S RESPONSIBILITY'

Foreign media commentators tracking the Asian financial crisis underscored the
need for Japan to play a major role in leading the region out of the "financia
l tailspin" that has beset East Asia since last summer. Although most analysts
welcomed the economic stimulus packages announced by Tokyo in mid and late Apr
il, they nonetheless stressed that the plans were "tardy" and might not produce
the desired results. Singapore's progovernment Straits Times, for example, po
rtrayed Japan's latest fiscal reform announcement as the desperate action of so
meone caught "standing on rail tracks as a train speeds towards him; transfixed
by the very danger he should avoid...(but) paralyzed into inaction. Mercifull
y," the paper noted, Tokyo has leapt "out of harm's way...(but) the success (of
the stimulus package) will depend on whether its momentum will be sustained."
Writers discussed the midApril meetings in Washington of the IMF and World B
ank, and accompanying discussions of the G7 finance ministers. This block of c
ommentary also dwelled on Japan's "key role" in helping Asia overcome the econo
mic crisis, and the "moral hazard" faced by the IMF and other institutions as t
hey intervened to assist troubled economies. Dailies in South Korea and India
insisted that the institutions making "foolish loans" should bear the brunt of
loan repayment rather than the taxpayers of the countries that provide rescue p
ackages. Following are highlights of the commentary:

THE VIEW FROM JAPAN: 'WE MUST EXPLAIN, BUT ALSO TAKE ACTION'Several Japanese p

apers urged Prime Minister Hashimoto to take steps to ensure that
the global co
mmunity "understands" what Japan is doing to tackle its economic
woes, but also
acknowledged that swift "action" was also required. "The
government should no
t waste time in implementing effective pumppriming
measures," stated topcircula
tion, moderate Yomiuri. Businessoriented Nihon
Keizai took note of the U.S. an
d EU's "frustration" over Japan's slow
response to its problems, and agreed wit
h charges that "Japan...has neglected
for too long the stimulation of its ailin
g economy." In a separate
editorial, Yomiuri also stressed that the "governmen
t...should not reject
foreign calls (for reform) as interference in Japan's...a
ffairs. Instead,
they should recognize the gravity of Japan's responsibility (
to) the global
community."
WHO WILL BE ASIA'S 'SAVIOR,' JAPAN OR CHINA?A number of pundits debated
whether
Japan or China would carry the laurels of being proclaimed "Asia's
savior." T
he conservative Australian saw the U.S. as increasingly turning to
China as the
emerging power in Asia, rather than to Japan, which, the paper
contended, the
U.S. was increasingly coming to regard as "hopeless in terms
of leadership." A
leading Indonesian paper defended Japan's efforts to
"help" spur a recovery in
Asia, calling them "adequate." Others sided with
Bangkok's independent Nation
view that Japan's role had been "largely
invisible." A Singapore daily warned
of a "strong China" overtaking a "weak
Japan," arguing that such an imbalance "
would not be in anyone's interest."

This survey is based on 42 reports from 24 countries, April 14 to May 1.
EDITOR: Kathleen J. Brahney

EAST ASIA AND PACIFIC

X` hp x (# JAPAN: "Japan Must Help Resolve Economic Crisis Through Trade"

An editorial in the topcirculation, moderate Yomiuri observed (4/27), "The
East
Asian economic crisis, which started last summer, has already had
negative eff
ects on the world economy.... However, while these Asian

economies are getting
themselves back on track thanks to emergency loans from
the IMF and Japan, the
developed countries need to help the Asian countries
rebuild their export indu
stries and finances.... Japan has an important
role to play in helping the As
ian countries overcome economic problems.
Since the economic crisis surfaced
last summer, Japan has extended loans
worth $37 billionthe largest amount by a
developed nationto Asian
countries.

"Since Japan is in the midst of a recession, East Asian exports to Japan have
b
een declining, prompting the United States to criticize Japan by saying,
'Tokyo
is not doing enough to resolve the Asian economic crisis.' Also
because of a
continuing rise in Japan's trade surplus with the United States,
Washington con
tinues to urge Tokyo to boost domestic demand.... At the OECD
and Quadrilatera
l meetings, Japan must explain that it is tackling these
problems in a serious
manner, and obtain international understanding. At the
same time, the governme
nt should not waste time in implementing effective
pumppriming measures."
X` hp x (#
X` hp x (# "Japan's International Pledge To Revive Economy"

Topcirculation, moderate Yomiuri's editorial said (4/17): "'The government,
ru
ling and opposition political parties and business leaders should not
reject fo
reign calls (for Japan's effective economic measures) as
interference in Japan'
s internal affairs. Instead, they should recognize the
gravity of Japan's resp
onsibility within the world economy. The nation must
do whatever it can to pul
l the ailing economy out of the long slump through
prompt implementation of a t
ruly effective stimulus package, and thus restore
confidence in the economy at
home and abroad. The United States and other
G7 nations also bear a responsibi
lity to support Japan in its efforts to
revive its economy."

"Japan Must Implement Permanent Tax Cuts"

An editorial in businessoriented Nihon Keizai observed (4/17), "G7 meetings do
not usually center on the Japanese economy. A statement issued at the end of
the meeting, expressed grave concern over the seriousness of problems facing Ja
pan. The statement reflected a sense of frustration the United States and Euro
pean countries have felt toward Japan, which has neglected for too long the sti
mulation of its ailing economy."

"G7 Frustration Keeps Growing Over Japan"

Liberal Asahi commented editorially (4/17), "The G7 meeting ended with a sense
of frustration among other member countries. It appears that Finance Minister
Matsunaga mistakenly jumped to the conclusion that the United States and other
G7 countries understood Japan's latest economic package.... From now on, Japa
n should adopt the common view of other G7 nations that Japan's economic slump
must be understood in the context of the Asian (economic) crisis. Japan's econ
omic recovery is indispensable.... As long as the Japanese economy remains slu
ggish...the Asian and world economies will also remain in the doldrums."

"U.S. Irritated With Japan"

Toru Kunimatsu filed from Washington for topcirculation, moderate Yomiuri (4/1
5): "Although Treasury Secretary Rubin during his meeting with Finance Minist
er Matsunaga welcomed Japan's economic stimulus package, he sought an immediate
settling of its specific contents.

"He suggested that he was irritated with Japan for not yet honoring its interna
tional commitment to 'reduce the trade surplus by expanding domestic demand.'
The U.S. government's judgment is that early recovery of the Japanese economy h
olds the key to stabilization of those Asian economies now in turmoil. The mee
ting also provided a glimpse of the context the United States is now facing: T
he U.S. Congress is leaning more toward protectionism with the offyear election
s this fall near at hand. Unless Japan

demonstrates results by making an econo
mic recovery, pressure coming from the
Congress, which is increasingly dissatis
fied with the everexpanding deficit
with Japan, will continue unabated."

"Lessons Of Crisis Should Be Evident At Finance Meetings"

Topcirculation, moderate Yomiuri's editorial said (4/15): "We hope that partic
ipants in the meetings will agree that East Asia needs a broadbased support pac
kage to end the crises and restore economic stability.... Prime Minister Hash
imoto needs to explain to other nations that he is serious about stimulating th
e weak economy by boosting domestic demand and reducing trade surpluses through
his new stimulus package. Japan must also urge the United States and other
key nations to cooperate in correcting the weak yen and the strong dollar, a f
actor contributing Japan's growing trade surplus. Another important issue for
the participants to take up at the meetings is a study of the how the current
crisis developed so that it never happens again.... Several Asian nations ha
ve become critical of the IMF's failure to predict that such an economic crisi
s could hit the region. These nations also claim that the world monetary organ
ization aggravated the crisis by forcing them to accept prescriptions that did not reflect the conditions
facing them. The IMF should take this criticism to heart the next time it
considers what sort of 'rescue package' is appropriate f
or any given nation
or region."

X` hp x (# CHINA: "Western Powers Impose Pressure; Japan Pledges Reforms"
X` hp x (#
Official Beijing Daily (Beijing Ribao) commented (4/17): "Economic reform wil
l deprive Japan of many economic opportunities. Although Japan wants to reform
, it is reluctant to provide the monetary investment for reform.... If Japan r
emains indecisive in its reform policies, its economy will hardly recover, nor
will the United States and European countries lessen their pressure on Japan."

"Legislation Promotes Financial Reforms"

Xu Yanli and Guo Yajie wrote in State Council Economic Daily (Jingji Ribao, 4/
17): "The twists and turns of the current Japanese financial reform reveal a l
ack of thoroughness. On the other hand, however, Japan cannot backtrack once i
t opens up its financial markets. We still cannot predict the future effects o
f these reforms."

"Japan Worries U.S."

Zhai Jingsheng wrote in State Council Economic Daily (Jingji Ribao, 4/14): "
Although American economic growth is currently healthy, the United States canno
t rest. If the Japanese economy, which the United States once considered its s
trongest economic defense line, collapses, the American economy will be greatly
impacted. This explains American anxiety."

AUSTRALIA: "U.S. Lets Asia Policy Drift Amid Domestic Undercurrents"

Under the above headline, foreign editor Greg Sheridan filed this oped piece f
rom the United States for the national, conservative Australian (5/1): "The Cl
inton administration is going through some intriguing transitions in foreign po
licy right now.... The changing relativities between China and Japan in U.S. t
hinking are fascinating.

"Secretary of State Madeleine Albright was in Tokyo this week soothing Japanese
sensitivities, but overall it is clear the Americans are coming to regard Japa
n as just hopeless in terms of leadership and are increasingly asking what stra
tegic deals they can do with China. This would be fruitful, but is not without
risks."

"Bigger Regional Strategic Role For Japan Appropriate"

In the editorial view of the liberal Melbourne Age (4/30): "The reality is th
at neither Japan nor its regional neighbors can reasonably continue to live ami

d the shadows and inhibitions of the past. And far from signalling a
military
resurgence in Japan, the change comes with the blessing, if not at
the instigat
ion, of the United States.... The interest of the United
States, eager to eas
e its global strategic responsibilities with the ending
of Cold War tensions, i
s to ensure that Japan will play a more substantial
support and selfdefense rol
e in dealing with any security crisis in its
vicinity.... But now that China i
s growing in wealth, strength and
confidence, it is logical to welcome Japan as
a countervailing power
withinso long as possiblethe American alliance."
X` hp x (#
"Reform Of World Finance"

X` hp x (#The businessoriented Australian Financial Review judged in an editor
ial
(4/17): "Rather than being broken, let's not forget that global financial
capitalism is mostly working.... This does not mean that the architecture
does
not need freshening up along the lines to be considered by the G22....
And it
may even include exploring how creditors themselves take more of a
haircut when
their optimistic lending turns sourinstead of being bailed out
by the IMF. Ag
ain, giving crewcuts to foreign creditors sounds the right
'lenderbeware' thing
to do. But taking this too faras do the antiIMF
Republicans in Washingtoncoul
d end up making it harder for crisishit
debtor countries to access the capital
they need to recover."

X` hp x (# INDONESIA: "Japan's Role And Our Choice To Carry Out Reforms"
X` hp x (#
Leading independent Kompas commented (4/27): "It should be asked to what
exten
t the United States and Europe are helping us, and whether we have been
honest
and serious in implementing reforms in line with international
rules.... Jap
an has been helping Asia adequately. It is time for us to
hear from the Unite
d States and Europe to what extent they have been helping
us in Asia cope with
the crisis.... Surely, it is our sovereign right to
make our own choice of wha
t kinds of reform we would like to have. However,
we had better heed external

views of ways to revive the economy."

X` hp x (# MALAYSIA: "Curbing Global Hedge Funds"
X` hp x (#
The governmentinfluenced Business Times offered this editorial view (4/17):
"
Never mind that it took the IMF ages to discover the truth; its admission
this
week that there is a need to curtail the activities of powerful hedge
funds is
significant. Malaysia has been one of the first and loudest to call
for a long
term solution to the financial turmoil that hit the region last
July.... What
is needed is a global effort led by the relevant world
authorities. The IMF an
d the World Bank fit the bill, but they will need not
only the support, but als
o the guidance of governments in Southeast Asia.
Input from countries like Mal
aysia is important not only because (these
countries) are directly affected by
the turmoil, but because they had quickly
grasped (its) cause.... In this cont
ext, ASEAN has a potentially major role
to assume.... It is crucial that ASEAN
remains united in facing the currency
issue and the efforts in dealing with th
e changing financial structure of the
international system. ASEAN and the deve
loping countries must now take the
lead in dealing with the issue and be wary o
f some who may want to hijack the
matter and manipulate it to their own vested
interests."

SINGAPORE: "A Boost For Japan"
X` hp x (#
X` hp x (#The progovernment Straits Times' editorial held (4/28): "Japan's fis
cal
package to stimulate its economy is not littlethe $204billion plan is the
l
argest in its historythough it came late in the day and, though it is
better to
be late than never to arrive, its success will depend on whether
its momentum
is sustained. For a very long while, Tokyo resembled a man
standing on rail tr
acks as a train speeds towards him; transfixed by the
very danger he should av
oid, the man is paralyzed into inaction. Mercifully,
however, the sound of the

whistle releases him from his predicament just in
time, and he jumps out of ha
rm's way....

"What is at stake immediately is the political future of Mr Hashimoto, who is
b
esieged by criticism both within and outside his party. The extent of the
pack
age's success will be critical in determining whether he can fend off his
detra
ctors. In the longer run, Japan's ability to deregulate its markets will
decide
whether it can share leadership of economic globalization. The
alternative is
the United States' taking the lead exclusively. The
consequence would be a stro
ng America and a strong China, with a weak Japan
sandwiched in between. That wo
uld not be in anyone's interest. Japan should
lead, by example."
X` hp x (#
"Reforming The Global Financial System"
X` hp x (#
Lee Siew Hua noted from Washington in the progovernment Straits Times
(4/16):
"From all over the world, financial ministers and central bankers
have come to
Washington in a new push to overhaul the global financial
system. Their overar
ching theme is the Asian financial crisis and they hope
to prevent or soften fu
ture crises. Plans are afoot to strengthen national
financial systems through
global standards, at a fragile time when trillions
of dollars slosh through the
international markets daily. The private sector
will be pressed to do a bette
r job of weighing market risks, and to bear
fuller responsibility for their act
ions. And the International Monetary Fund
(IMF) wants more teeth for its surve
illance work. In an unusually intense
week, the IMF and World Bank are holding
their spring meeting while the Group
of Seven industrial powers gathered yeste
rday, and will meet emerging and
transition economies for inaugural talks today
. Under U.S. leadership, this
new Group of 22 countrieswhich includes Singapor
e will look at how to
create an 'international financial architecture' that is
as modern as the
markets."

SOUTH KOREA: "No Alternative To The IMF"

Commentary in conservative Chosun Ilbo maintained (4/18): "During the
Washingt
on meeting, all G24 nations decided that they will have to cope with
the econom
ic crisis by making the IMF more efficient.... The IMF has been
under constant
criticism because of the general perception that it has failed
to efficiently
deal with Asia's economic crisis. Despite the agreement on
the need for a mor
e efficient monetary fund, no action plans have been
prepared. Treasury Secret
ary Rubin pointed out that investors should be held
responsible for bad investm
ents, but that suggestion was not followed up with
an implementation plan. The
Washington meeting also failed to decide whether
the IMF should continue to ma
ke public announcements about the economic
status of countries in trouble....
As far as Korea is concerned, the meeting
was significant because it showed tha
t the international community approves
of the efforts Korea is making to overco
me the current economic crisis."
X` hp x (#
"G22 Nations' Moral Hazard'"
X` hp x (#
Probusiness JoongAng Ilbo's editorial concluded (4/16): "The financial
crisis
in Asia is making the United States and other advanced nations aware
of the nee
d to strengthen the world financial system.... In order to prevent
similar cri
ses in the future, the G7 nations have for the first time
invited treasury min
isters and central bank governors from the G22 nations
to a meeting in Washing
ton.

"Of the three goals stated in the G7 official statement, the most
interesting
is the third, which sets criteria for dividing responsibility
fairly among thos
e international financial institutions involved. We take
this matter seriously
because we strongly believe that the international
financial institutions whic
h invested in Asia should accept some
responsibility for what happened.... The
risk which the institutions should
have assumed has gone instead to the taxpay

ers of the countries providing
rescue packages. This is a clear case of moral
hazard. If this unfair
behavior is ignored, we risk similar crises in the futu
re created by
financial institutions simply to make money. From this point of
view,
having these institutions take responsibility for their profits sounds v
ery
right."

"Japan's Responsibility And Choice"

Independent DongA Ilbo's editorial said (4/14): "At this point there is no
pr
ospect of change in the current trend of a 'strong dollar' and a 'weak
yen.' O
ne reason is that Japan's stimulus package offers only temporary
measures and t
he United States shows no sign of changing its foreign exchange
policy. Even t
hough the economic stimulus package Japan announced April 9 is
the largest sinc
e the World War II, it nevertheless is not sufficient for an
economy that needs
longterm plans on tax cuts and budget expansion."

THAILAND: "Japan Hamstrung By Policy Conflicts"

Avudh Panananda commented in the independent, Englishlanguage Nation (5/1):
"
Despite the massive mobilization of money and credit flowing into the
region, J
apan's role [in light of the Asian financial crisis] remained
largely invisible
.... Political commentator Minoru Morita blamed
inwardlooking politicians and
demoralized bureaucrats as part of the reason
why Japan failed to exercise bett
er leadership.... Japanese Prime Minister
Hashimoto had almost no experience
with Asia prior to assuming office....
Within the context of the Asian crisis,
the Japanese government has failed to
prioritize its programs of action, promp
ting policies to neutralize one
another.... In the end, the country will only
see deteriorating problems on
all fronts.... Meanwhile, the stimulus package w
ill not be as effective as
it should have been because the government has to ke
ep an eye on the
worsening fiscal deficit. The lingering fiscal imbalance trig
gered further

depreciation of the yen which would in turn divert Japanese inves
tment from
the region to the home office, exacerbating the regional economic wo
es."

"China, Japan: Who Is Asia's Savior?"

Sutichai Yoon posed these questions in the independent, Englishlanguage
Nation
(4/17): "So who is the more resilient, China or Japan? In other
words, who c
an we rely on to pluck us out of this messthe world's
secondrichest country or
the world's most populous nation? Are we
witnessing a real competition for eve
ntual economic dominance in Asia? Is
China taking over from Japan as the econo
mic leader underscoring the
beginning of a fundamental shift in the midst of th
e Asian meltdown? The
answers, unfortunately, are far from encouraging. The p
rognosis is equally
gloomy for the two Asian giants. China and Japan need not
be engaged in a
race toward regional dominance in the economic field. But the
two could in
fact complement each other and any attempt by either side to outra
nk the
other will be taken as a sign of immaturity. Reform is the key word, a
nd
both Japan and China must demonstrate their commitment in the form of a
prag
matic economic rejuvenation agenda in order to lay down the foundation
for Asia
's economic recovery. In the end, the two giants cannot pursue their
own econo
mic policies without taking into consideration Asia's longterm
political, econo
mic and social stability."

SOUTH ASIA

INDIA: "Disappointment In Washington"

According to an editorial in the centrist Hindu (4/23): "The spring meeting
o
f the IMF and the World Bank in Washington were of particular significance
this
year to both India and the world.... The markets and the governments of

the w
orld...had their eyes focussed on Washington, since this was the first
such gat
hering after the East Asian crisis exploded late last year. On
neither count h
as the conference yielded a positive outcome.... While the
turmoil in East Asi
a has ebbed somewhat, the controversy over the role of the
IMF in the crisis ha
s not. Yet, the finance ministers who met in Washington
broadly endorsed the I
MF programs, without in any way evaluating the efficacy
of the institution's ap
proach. If anything, the meetings have strengthened
the hands of the IMF to de
velop a 'tiered response' while warning countries
of an impending crisis....

"The world body will soon be able to go public if the 'problem' country does
no
t take appropriate action. Since the IMF's capacity to foresee a crisis
has ne
ver been of a very high order, the danger here is that advice on a
wrong unders
tanding will precipitate a market reaction even when there is no
fundamental pr
oblem with an economy.... The IMF's system of publicizing
broad trends in nati
onal economies...did not help stave off the East Asian
crisis of 1997.... Ther
e is no reason to believe that adherence to the new
code will make any differen
ce in the future.... The first steps are being
taken to prevent private credit
ors from continuing with risky lending since
they know that the IMF will protec
t their capital if a problem arises. The
IMF is to work towards preventing thi
s problem of 'moral hazard,' by devising
ways to make international banks also
bear the cost of foolish lending to
gullible borrowers."

EUROPE

BRITAIN: "Washington Outlook Bright Beyond Tokyo Stormclouds"

The conservative Times had this by economics editor Anatole Kaletsky (4/17):
"The main conclusion to emerge from the Washington meetings of the IMF and
the
G7 was predictable, but nonetheless important. The Asian crisis, which
was mai
nly responsible for the sudden disappearance of hawks in the central
banks, has

turned out to be more damaging than expected for the countries
directly involv
ed, but it has been little more than a pinprick for the
advanced economies of A
merica and Europe.... Perhaps the most powerful
message to come out of the Was
hington meetings was the indecision and lack of
leadership in the Japanese gove
rnment's approach to its economic problems.
It was hardly surprising that the
G7 communique, which seemed justifiably
optimistic about every other feature of
the global economic picture, betrayed
an obvious lack of confidence in Mr. Has
himoto and Japan."

"Strengthening Global Finance"

The independent Financial Times commented in an editorial (4/16): "If
nothing
else, the Asian financial crisis has shattered complacency. The
entire 'archi
tecture' of the global financial system is under review. But a
successful outc
ome will be difficult to secure, since the issues are
intractable and contentio
us. As the shock fades, the powersthatbe may even
decide to change rather litt
le. If so, they will merely be inviting the next
calamity. At present, howeve
r, the ideas are flowing. The spring meetings
of the IMF and the World Bank in
Washington this weekand the accompanying
discussions of the G7 finance ministe
rshave occasioned several
contributions. Foremost among these was a thoughtful
speech by Treasury
Secretary Robert Rubin on Tuesday.... At least policymaker
s are grappling
with some of the difficult questions. The need for greater tra
nsparency has
become obvious, as is the case for circumscribing national sovere
ignty over
financial regulation.

"The biggest issue, however, is how to balance the lenderoflast resort
function
against the need to ensure private sector responsibility for
mistakes. To thi
s Mr. Rubin has not provided the solution, perhaps because
there is none."

"G7 Ministers Warn Japan To Prevent Wider Crisis"

The liberal Guardian commented from Washington (4/16): "Among the current con
cerns is that Japan's lurch into a period of no growth can be reversed before i
t moves into a downward spiral that could aggravate Asia's problems and rebound
to the United States and Europe."

"U.S. Tells G7 To Lean On Japan"

The liberal Guardian commented from Washington (4/15): "The Americans believe
that placing Japan back on the right track will be an essential component for
repairing the global economic architecture.... Both the United States and the
IMF fear that the Japanese authorities will not act fast enough to pull Japan b
ack from recession. A slowdown in Japan at a time when the global economy is a
lready weakening as a result of the East Asian crisis, could push the internati
onal economy into stagnation."

"Can Japan Escape From A Deflationary Spiral?"

The independent Financial Times' editorial held (4/14): "Despite the more det
ailed plans for income tax cuts and public spending announced by Prime Minister
Hashimoto last Thursday, the risk that the world's second largest economy will
suffer a precipitous decline remains disturbingly high.... There will have to
be another package, which will be even harder to pitch at the right confidence
boosting level. In the meantime the yen seems likely to remain weak, ensuring
that Japan reexports the impact of the Asian crisis to Europe and the United S
tates. This underlines the global implications of Japan's plight. Without a J
apanese recovery the rest of Asia's problems will be harder to solve. With a J
apanese deflation the risk of a protectionist backlash grows. Japan can and sh
ould expect continuing international pressure for more radical action. This is
dangerous territory indeed."

FRANCE: "Transfer Of Capital: Liberalization Under Surveillance"

JeanPierre Robin, Washington correspondent for rightofcenter Le Figaro

Economi
que (4/16) wrote: "Despite an aggravated crisis in Asia, the G7 and
the IMF wan
t to favor the free transfer of investments.... The Asian crisis
must not lead
to a restriction of international capital trading. The remedy
is to liberalize
the flux of capital, and improve the surveillance systems
which have so far be
en faltering.... Great Britain recommended the creation
of a mutual surveillan
ce committee between the IMF and the World Bank."

"G7's Double Challenge: Weak Yen And New Financial Crisis"

MarieLaure Cittanova and Gilles Senges commented in rightofcenter Les
Echos (4
/16): "Before the G7 meeting, which was essentially concerned with
the excessiv
e decline in the yen, the IMF, the World Bank and leaders
gathered in Washingto
n had only one obsession: adapt the international
monetary system after the Asi
an crisis.... Aside from the difficult
discussions about forcing Japan to play
its role of economic leader, the
other theme of the spring meetings between th
e IMF and the World Bank was the
prevention of financial crisis."

"Japan Under Pressure From G7 And Trade Markets"

Centrist La Tribune frontpaged this (4/16): "Tokyo is pressured by his
partner
s to restart its economy.... Washington is very concerned by the
excessive de
cline of the yen."

"Japanese Government More Irritated Than It Says"

Leftofcenter Liberation, in comment from Tokyo, judged (4/15): "On the
even o
f the G7 meeting, the finance minister denies pessimistic
forecasts.... The Ja
panese government is probably more irritated than it
says by the critics from i
ts main commercial partners and affiliated
organizations."

"Washington Will Put Pressure On Japan"

JeanLouis Santini commented in wire service AFP (4/15): "At the G7 meeting
in

Washington on Wednesday, the United States will put pressure on Japan to imple
ment lasting measures to restart the economy to make sure that the second world
economy avoids a recession.... At a press conference in Washington, Robert Ru
bin said the measures recently announced by the Japanese prime minister were ve
ry significant. He immediately added that he wanted to see the details of the
program."

GERMANY: "A Promise"

Centrist Stuttgarter Zeitung had this to say (4/17): "The exhortations fell o
n receptive ears. The financial experts had called for reforms to liberalize t
he European labor markets. These points were also put in the final communique
written by the finance ministers and central bank directors of the G7. Germany
, France, and Italy belong to the G7 and thus they direct these points towards
themselves. But those communiques usually do not have much to do with the poli
cies carried out by the national governments."
X` hp x (#
ITALY: "G7 Leaders: 'Careful, Another Crisis Will Destroy Us'"
X` hp x (#
Arturo Zampaglione wrote from New York for leftleaning, influential La Repubbl
ica (4/17): "Treasury ministers and central bank governors yesterday dealt in
Washington with the 'architecture' of international finance.... Invited by U.S
. Treasury Secretary Rubin...representatives of the G22...listened to the U.S.
proposals. First, more transparency for the economic data supplied by all coun
tries.... Second, the establishment of more rigid criteria for banking institu
tions all over the world.... Third, making private investors coresponsible....
Of course, it will take time before all these ideas develop into political de
cisions, but everybody realizes...the urgent need to achieve a conclusion. Eve
rybody is convinced of the risk that another crisis, perhaps even more serious
than the Asian crisis, may bring the international economy to its knees."

"G7 Puts Japan On Trial"

X`   hp x (#
An editorial in provocative, classical liberal Il Foglio said (4/16): "Tokyo has not only adopted tardy and insufficient measures aimed at stimulating domes
tic demand; it also continues to refuse liberalizing its financial market, prev
enting foreign investment which could help the stock market and make the yen st
ronger.... Western industrialized nations, as well as the IMF, would like Japa
n to adopt more courageous measures to reduce taxes in order to increase revenu
es, boost consumption and restore trust among the citizens.... For the time be
ing, Tokyo wants to be a G7 member, but refuses to observe the basic rules of t
he club."

X`   hp x (#
"G7: Yen Needs To Be Stabilized"

Mario Platero observed in leading business Il Sole24 Ore (4/16): "In order to
give muscle to G7 decisions, the United States and Japan held a bilateral meet
ing in Washington yesterday to work 'together to sustain a weak yen.' This is
the strongest U.S.Japan joint initiatives in the last three years....

"Trying to avoid a deterioration of the Japanese crisis is even more important
at a moment when the other nations of the region are painfully coming out of on
e of their worst financial crises.... This is why G7 nations have focused thei
r attention on the stability of the yen and have agreed to carry the burden of possible coordinated interventions to complement Tokyo's economic initiatives."

"How To Cure A Sick Japan"

Boris Biancheri, former Italian ambassador to Washington, remarked in centrist,
influential La Stampa (4/16): "It is not part of the Japanese style to presen
t resistance to demands coming from the international community. The Japanese
are inclined to accept them...(and) adjust them to their internal needs later..
.counting on the difficulty that foreigners have in grasping the complicated in

ternal mechanisms of their country."

RUSSIA: "Japan Left To Its Own Devices"

Dmitry Zharnikov wrote in reformist Noviye Izvestia (4/17): "Weak Japan is a
b
ig headache for the West, which is doing everything to protect itself from
chea
p Japanese exports and global financial cataclysms. In Washington, the
Japanes
e were told bluntly that they could rely only on themselves....
Russia held no
part in denying 'brotherly capitalist aid' to Japan. Moscow
was not invited.
Commenting on that, the chairman of the Russian Central
Bank, Sergei Dubinin,
aptly remarked that Russia's political weight still
exceeds her economic potent
ial."

HUNGARY: "When The Giant Collapses"

Foreign editor Eva Elekes wrote in second largest circulation Nepszava
(4/15):
"The whole world is all eyes looking at Japan struggling along with
trying to
rescue itself.... But the British weekly The Economist is not that
pessimistic
, pointing out that Japan's share in the gross global output is
only 13 percent
and the now very strong U.S. economy, together with the
increasing demand of t
he European and Latin American markets, compensate for
the decline of Japan. Wh
ile Japanese Prime Minister Hashimoto hastens to
counter international criticis
m, he also has to think about his own future.
There will be elections in July,
and many in the ruling Liberal Democratic
Party think that somebody has to be
made responsible for the economic
hardships. That someone, a scapegoat, will pr
obably be Hashimoto himself."

LATIN AMERICA

X` hp x (# BRAZIL: "IMF Counterattacks"
X` hp x (#
An editorial in liberal Folha de Sao Paulo said (4/17): "The IMF was hardly
c
riticized during the Asian financial crisis, but it again is accusing the
indus
trialized economies of being responsible for the global instability.
There is

a paradox in the world economy. Today growth is not better because
the United
States has benefited from the crisis. But some of these benefits
may have bad
effects in the coming months. On a short term, the horizon is
positive, but it
s roots may be problematic. The U.S. economic scenario,
while comfortable toda
y, says the IMF, may also contain the seeds of its own
deterioration in the nea
r future. The risks for the global system remain,
however, and not only in th
e socalled emerging markets."

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X`   hp x (#%#Xx\ P6QyXP#

================= END ATTACHMENT   2 =================

ARMS Email SystemRECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: USIA_Media_Reaction (USIA_Media_Reaction@notes1.usia.gov@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME: 1-MAY-1998 12:46:00.00

SUBJECT: Daily Digest 5/1: ASIAN FINANCIAL CRISIS

TO: Laura D. Schwartz (Laura D. Schwartz@eop [UNKNOWN])
READ:UNKNOWN

TEXT:
Foreign media commentators tracking the Asian financial crisis underscored the need for Japan to play a major role in leading the region out of the "financial tailspin" that has beset East Asia since last summer. Although most analysts welcomed the economic stimulus packages announced by Tokyo in mid- and late April, they nonetheless stressed that the plans were "tardy" and might not produce the desired results. Singapore's pro-government Straits Times, for example, portrayed Japan's latest fiscal reform announcement as the desperate action of someone caught "standing on rail tracks as a train speeds towards him; transfixed by the very danger he should avoid...(but) paralyzed into inaction. Mercifully," the paper noted, Tokyo has leapt "out of harm's way...(but) the success (of the stimulus package) will depend on whether its momentum will be sustained."
Writers discussed the mid-April meetings in Washington of the IMF and World Bank, and accompanying discussions of the G-7 finance ministers.
This block of commentary also dwelled on Japan's "key role" in helping Asia
overcome the economic crisis, and the "moral hazard" faced by the IMF and other institutions as they intervened to assist troubled economies.
Dailies in South Korea and India insisted that the institutions making "foolish loans" should bear the brunt of loan repayment rather than the taxpayers of the countries that provide rescue packages. Following are

highlights of the commentary:

THE VIEW FROM JAPAN: 'WE MUST EXPLAIN, BUT ALSO TAKE ACTION'--Several Japanese papers urged Prime Minister Hashimoto to take steps to ensure that the global community "understands" what Japan is doing to tackle its economic woes, but also acknowledged that swift "action" was also required. "The government should not waste time in implementing effective pump-priming measures," stated top-circulation, moderate Yomiuri. Business-oriented Nihon Keizai took note of the U.S. and EU's "frustration" over Japan's slow response to its problems, and agreed with charges that "Japan...has neglected for too long the stimulation of its ailing economy." In a separate editorial, Yomiuri also stressed that the "government...should not reject foreign calls (for reform) as interference in Japan's...affairs. Instead, they should recognize the gravity of Japan's responsibility (to) the global community."

WHO WILL BE ASIA'S 'SAVIOR,' JAPAN OR CHINA?--A number of pundits debated whether Japan or China would carry the laurels of being proclaimed "Asia's savior." The conservative Australian saw the U.S. as increasingly turning to China as the emerging power in Asia, rather than to Japan, which, the paper contended, the U.S. was increasingly coming to regard as "hopeless in terms of leadership." A leading Indonesian paper defended Japan's efforts to "help" spur a recovery in Asia, calling them "adequate." Others sided with Bangkok's independent Nation view that Japan's role had been "largely invisible." A Singapore daily warned of a "strong China" overtaking a "weak Japan," arguing that such an imbalance "would not be in anyone's interest."

This survey is based on 42 reports from 24 countries, April 14 to May 1.

EDITOR: Kathleen J. Brahney

EAST ASIA AND PACIFIC

JAPAN: "Japan Must Help Resolve Economic Crisis Through Trade"

An editorial in the top-circulation, moderate Yomiuri observed (4/27), "The East Asian economic crisis, which started last summer, has already had negative effects on the world economy.... However, while these Asian economies are getting themselves back on track thanks to emergency loans from the IMF and Japan, the developed countries need to help the Asian countries rebuild their export industries and finances.... Japan has an important role to play in helping the Asian countries overcome economic problems. Since the economic crisis surfaced last summer, Japan has extended loans worth $37 billion--the largest amount by a developed nation--to Asian countries.

"Since Japan is in the midst of a recession, East Asian exports to Japan have been declining, prompting the United States to criticize Japan by saying, 'Tokyo is not doing enough to resolve the Asian economic crisis.' Also because of a continuing rise in Japan's trade surplus with the United States, Washington continues to urge Tokyo to boost domestic demand.... At the OECD and Quadrilateral meetings, Japan must explain that it is tackling these problems in a serious manner, and obtain international understanding.

At the same time, the government should not waste time in implementing effective pump-priming measures."

"Japan's International Pledge To Revive Economy"

Top-circulation, moderate Yomiuri's editorial said (4/17): "'The government, ruling and opposition political parties and business leaders should not reject foreign calls (for Japan's effective economic measures) as interference in Japan's internal affairs. Instead, they should recognize the gravity of Japan's responsibility within the world economy. The nation must do whatever it can to pull the ailing economy out of the long slump through prompt implementation of a truly effective stimulus package, and thus restore confidence in the economy at home and abroad. The United States and other G-7 nations also bear a responsibility to support Japan in its efforts to revive its economy."

"Japan Must Implement Permanent Tax Cuts"

An editorial in business-oriented Nihon Keizai observed (4/17), "G-7 meetings do not usually center on the Japanese economy. A statement issued at the end of the meeting, expressed grave concern over the seriousness of problems facing Japan. The statement reflected a sense of frustration the United States and European countries have felt toward Japan, which has neglected for too long the stimulation of its ailing economy."

"G-7 Frustration Keeps Growing Over Japan"

Liberal Asahi commented editorially (4/17), "The G-7 meeting ended with a sense of frustration among other member countries. It appears that Finance Minister Matsunaga mistakenly jumped to the conclusion that the United States and other G-7 countries understood Japan's latest economic package.... From now on, Japan should adopt the common view of other G-7 nations that Japan's economic slump must be understood in the context of the Asian (economic) crisis. Japan's economic recovery is indispensable.... As long as the Japanese economy remains sluggish...the Asian and world economies will also remain in the doldrums."

"U.S. Irritated With Japan"

Toru Kunimatsu filed from Washington for top-circulation, moderate Yomiuri (4/15): "Although Treasury Secretary Rubin during his meeting with Finance Minister Matsunaga welcomed Japan's economic stimulus package, he sought an immediate settling of its specific contents.

"He suggested that he was irritated with Japan for not yet honoring its international commitment to 'reduce the trade surplus by expanding domestic demand.' The U.S. government's judgment is that early recovery of the Japanese economy holds the key to stabilization of those Asian economies now in turmoil. The meeting also provided a glimpse of the context the United States is now facing: The U.S. Congress is leaning more toward protectionism with the off-year elections this fall near at hand. Unless Japan demonstrates results by making an economic recovery, pressure coming from the Congress, which is increasingly dissatisfied with the ever-expanding deficit with Japan, will continue unabated."

"Lessons Of Crisis Should Be Evident At Finance Meetings"

Top-circulation, moderate Yomiuri's editorial said (4/15): "We hope that participants in the meetings will agree that East Asia needs a broad-based support package to end the crises and restore economic stability.... Prime Minister Hashimoto needs to explain to other nations that he is serious about stimulating the weak economy by boosting domestic demand and reducing trade surpluses through his new stimulus package. Japan must also urge the United States and other key nations to cooperate in correcting the weak yen and the strong dollar, a factor contributing Japan's growing trade surplus. Another important issue for the participants to take up at the meetings is a study of the how the current crisis developed so that it never happens again.... Several Asian nations have become critical of the IMF's failure to predict that such an economic crisis could hit the region. These nations also claim that the world monetary organization aggravated the crisis by forcing them to accept prescriptions that did not reflect the conditions facing them. The IMF should take this criticism to heart the next time it considers what sort of 'rescue package' is appropriate for any given nation or region."

CHINA: "Western Powers Impose Pressure; Japan Pledges Reforms"

Official Beijing Daily (Beijing Ribao) commented (4/17): "Economic reform will deprive Japan of many economic opportunities. Although Japan wants to reform, it is reluctant to provide the monetary investment for reform.... If Japan remains indecisive in its reform policies, its economy will hardly recover, nor will the United States and European countries lessen their pressure on Japan."

"Legislation Promotes Financial Reforms"

Xu Yanli and Guo Yajie wrote in State Council Economic Daily (Jingji Ribao, 4/17): "The twists and turns of the current Japanese financial reform reveal a lack of thoroughness. On the other hand, however, Japan cannot backtrack once it opens up its financial markets. We still cannot predict the future effects of these reforms."

"Japan Worries U.S."

Zhai Jingsheng wrote in State Council Economic Daily (Jingji Ribao, 4/14): "Although American economic growth is currently healthy, the United States cannot rest. If the Japanese economy, which the United States once considered its strongest economic defense line, collapses, the American economy will be greatly impacted. This explains American anxiety."

AUSTRALIA: "U.S. Lets Asia Policy Drift Amid Domestic Undercurrents"

Under the above headline, foreign editor Greg Sheridan filed this op-ed piece from the United States for the national, conservative Australian (5/1): "The Clinton administration is going through some intriguing transitions in foreign policy right now.... The changing relativities between China and Japan in U.S. thinking are fascinating.

"Secretary of State Madeleine Albright was in Tokyo this week soothing Japanese sensitivities, but overall it is clear the Americans are coming to regard Japan as just hopeless in terms of leadership and are increasingly asking what strategic deals they can do with China. This would be fruitful, but is not without risks."

"Bigger Regional Strategic Role For Japan Appropriate"

In the editorial view of the liberal Melbourne Age (4/30): "The reality is that neither Japan nor its regional neighbors can reasonably continue to live amid the shadows and inhibitions of the past. And far from signalling a military resurgence in Japan, the change comes with the blessing, if not at the instigation, of the United States.... The interest of the United States, eager to ease its global strategic responsibilities with the ending of Cold War tensions, is to ensure that Japan will play a more substantial support and self-defense role in dealing with any security crisis in its vicinity.... But now that China is growing in wealth, strength and confidence, it is logical to welcome Japan as a countervailing power within--so long as possible--the American alliance."

"Reform Of World Finance"

The business-oriented Australian Financial Review judged in an editorial (4/17): "Rather than being broken, let's not forget that global financial capitalism is mostly working.... This does not mean that the architecture does not need freshening up along the lines to be considered by the

G-22.... And it may even include exploring how creditors themselves take more of a haircut when their optimistic lending turns sour--instead of being bailed out by the IMF. Again, giving crewcuts to foreign creditors sounds the right 'lender-beware' thing to do. But taking this too far--as do the anti-IMF Republicans in Washington--could end up making it harder for crisis-hit debtor countries to access the capital they need to recover."

INDONESIA: "Japan's Role And Our Choice To Carry Out Reforms"

Leading independent Kompas commented (4/27): "It should be asked to what extent the United States and Europe are helping us, and whether we have been honest and serious in implementing reforms in line with international rules.... Japan has been helping Asia adequately. It is time for us to hear from the United States and Europe to what extent they have been helping us in Asia cope with the crisis.... Surely, it is our sovereign right to make our own choice of what kinds of reform we would like to have.

However, we had better heed external views of ways to revive the economy."

MALAYSIA: "Curbing Global Hedge Funds"

The government-influenced Business Times offered this editorial view (4/17): "Never mind that it took the IMF ages to discover the truth; its admission this week that there is a need to curtail the activities of powerful hedge funds is significant. Malaysia has been one of the first and loudest to call for a long-term solution to the financial turmoil that hit the region last July.... What is needed is a global effort led by the relevant world authorities. The IMF and the World Bank fit the bill, but they will need not only the support, but also the guidance of governments in Southeast Asia. Input from countries like Malaysia is important not only because (these countries) are directly affected by the turmoil, but because they had quickly grasped (its) cause.... In this context, ASEAN has a potentially major role to assume.... It is crucial that ASEAN remains united in facing the currency issue and the efforts in dealing with the changing financial structure of the international system. ASEAN and the developing countries must now take the lead in dealing with the issue and be wary of some who may want to hijack the matter and manipulate it to their own vested interests."

SINGAPORE: "A Boost For Japan"

The pro-government Straits Times' editorial held (4/28): "Japan's fiscal package to stimulate its economy is not little--the $204-billion plan is the largest in its history--though it came late in the day and, though it is better to be late than never to arrive, its success will depend on whether its momentum is sustained. For a very long while, Tokyo resembled a man standing on rail tracks as a train speeds towards him; transfixed by the very danger he should avoid, the man is paralyzed into inaction. Mercifully, however, the sound of the whistle releases him from his predicament just in time, and he jumps out of harm's way....

"What is at stake immediately is the political future of Mr Hashimoto, who is besieged by criticism both within and outside his party. The extent of the package's success will be critical in determining whether he can fend off his detractors. In the longer run, Japan's ability to deregulate its markets will decide whether it can share leadership of economic globalization. The alternative is the United States' taking the lead exclusively. The consequence would be a strong America and a strong China, with a weak Japan sandwiched in between. That would not be in anyone's interest. Japan should lead, by example."

"Reforming The Global Financial System"

Lee Siew Hua noted from Washington in the pro-government Straits Times (4/16): "From all over the world, financial ministers and central bankers have come to Washington in a new push to overhaul the global financial system. Their overarching theme is the Asian financial crisis and they hope to prevent or soften future crises. Plans are afoot to strengthen national financial systems through global standards, at a fragile time when trillions of dollars slosh through the international markets daily. The private sector will be pressed to do a better job of weighing market risks, and to bear fuller responsibility for their actions. And the International Monetary Fund (IMF) wants more teeth for its surveillance work. In an unusually intense week, the IMF and World Bank are holding their spring meeting while the Group of Seven industrial powers gathered yesterday, and will meet emerging and transition economies for inaugural talks today. Under U.S. leadership, this new Group of 22 countries--which includes

Singapore --will look at how to create an 'international financial architecture' that is as modern as the markets."

SOUTH KOREA: "No Alternative To The IMF"

Commentary in conservative Chosun Ilbo maintained (4/18): "During the Washington meeting, all G-24 nations decided that they will have to cope with the economic crisis by making the IMF more efficient.... The IMF has been under constant criticism because of the general perception that it has failed to efficiently deal with Asia's economic crisis. Despite the agreement on the need for a more efficient monetary fund, no action plans have been prepared. Treasury Secretary Rubin pointed out that investors should be held responsible for bad investments, but that suggestion was not followed up with an implementation plan. The Washington meeting also failed to decide whether the IMF should continue to make public announcements about the economic status of countries in trouble.... As far as Korea is concerned, the meeting was significant because it showed that the international community approves of the efforts Korea is making to overcome the current economic crisis."

"G-22 Nations' Moral Hazard'"

Pro-business Joong-Ang Ilbo's editorial concluded (4/16): "The financial crisis in Asia is making the United States and other advanced nations aware of the need to strengthen the world financial system.... In order to prevent similar crises in the future, the G-7 nations have for the first time invited treasury ministers and central bank governors from the G-22 nations to a meeting in Washington.

"Of the three goals stated in the G-7 official statement, the most interesting is the third, which sets criteria for dividing responsibility fairly among those international financial institutions involved. We take this matter seriously because we strongly believe that the international financial institutions which invested in Asia should accept some responsibility for what happened.... The risk which the institutions should have assumed has gone instead to the taxpayers of the countries providing rescue packages. This is a clear case of moral hazard. If this unfair behavior is ignored, we risk similar crises in the future created by financial institutions simply to make money. From this point of view, having these institutions take responsibility for their profits sounds very right."

"Japan's Responsibility And Choice"

Independent Dong-A Ilbo's editorial said (4/14): "At this point there is no prospect of change in the current trend of a 'strong dollar' and a 'weak yen.' One reason is that Japan's stimulus package offers only temporary measures and the United States shows no sign of changing its foreign exchange policy. Even though the economic stimulus package Japan announced April 9 is the largest since the World War II, it nevertheless is not sufficient for an economy that needs long-term plans on tax cuts and budget

expansion."

THAILAND: "Japan Hamstrung By Policy Conflicts"

Avudh Panananda commented in the independent, English-language Nation (5/1): "Despite the massive mobilization of money and credit flowing into the region, Japan's role [in light of the Asian financial crisis] remained largely invisible.... Political commentator Minoru Morita blamed inward-looking politicians and demoralized bureaucrats as part of the reason why Japan failed to exercise better leadership.... Japanese Prime Minister Hashimoto had almost no experience with Asia prior to assuming office.... Within the context of the Asian crisis, the Japanese government has failed to prioritize its programs of action, prompting policies to neutralize one another.... In the end, the country will only see deteriorating problems on all fronts.... Meanwhile, the stimulus package will not be as effective as it should have been because the government has to keep an eye on the worsening fiscal deficit. The lingering fiscal imbalance triggered further depreciation of the yen which would in turn divert Japanese investment from the region to the home office, exacerbating
the regional economic woes."

"China, Japan: Who Is Asia's Savior?"

Sutichai Yoon posed these questions in the independent, English-language Nation (4/17): "So who is the more resilient, China or Japan? In other words, who can we rely on to pluck us out of this mess--the world's second-richest country or the world's most populous nation? Are we witnessing a real competition for eventual economic dominance in Asia? Is

China taking over from Japan as the economic leader underscoring the beginning of a fundamental shift in the midst of the Asian meltdown? The answers, unfortunately, are far from encouraging. The prognosis is equally gloomy for the two Asian giants. China and Japan need not be engaged in a race toward regional dominance in the economic field. But the two could in fact complement each other and any attempt by either side to outrank the other will be taken as a sign of immaturity. Reform is the key word, and both Japan and China must demonstrate their commitment in the form of a pragmatic economic rejuvenation agenda in order to lay down the foundation for Asia's economic recovery. In the end, the two giants cannot pursue their own economic policies without taking into consideration Asia's long-term political, economic and social stability."

SOUTH ASIA

INDIA: "Disappointment In Washington"

According to an editorial in the centrist Hindu (4/23): "The spring meeting of the IMF and the World Bank in Washington were of particular significance this year to both India and the world.... The markets and the governments of the world...had their eyes focussed on Washington, since this was the first such gathering after the East Asian crisis exploded late last year. On neither count has the conference yielded a positive outcome.... While the turmoil in East Asia has ebbed somewhat, the controversy over the role of the IMF in the crisis has not. Yet, the finance ministers who met in Washington broadly endorsed the IMF programs, without in any way evaluating the efficacy of the institution's approach. If anything, the meetings have strengthened the hands of the IMF to develop a 'tiered response' while warning countries of an impending crisis....

"The world body will soon be able to go public if the 'problem' country does not take appropriate action. Since the IMF's capacity to foresee a crisis has never been of a very high order, the danger here is that advice on a wrong understanding will precipitate a market reaction even when there is no fundamental problem with an economy.... The IMF's system of publicizing broad trends in national economies...did not help stave off the East Asian crisis of 1997.... There is no reason to believe that adherence to the new code will make any difference in the future.... The first steps are being taken to prevent private creditors from continuing with risky lending since they know that the IMF will protect their capital if a problem arises. The IMF is to work towards preventing this problem of 'moral hazard,' by devising ways to make international banks also bear the cost of foolish lending to gullible borrowers."

EUROPE

BRITAIN: "Washington Outlook Bright Beyond Tokyo Stormclouds"

The conservative Times had this by economics editor Anatole Kaletsky (4/17): "The main conclusion to emerge from the Washington meetings of the IMF and the G-7 was predictable, but nonetheless important. The Asian crisis, which was mainly responsible for the sudden disappearance of hawks in the central banks, has turned out to be more damaging than expected for the countries directly involved, but it has been little more than a pinprick for the advanced economies of America and Europe.... Perhaps the most powerful message to come out of the Washington meetings was the indecision and lack of leadership in the Japanese government's approach to its economic problems. It was hardly surprising that the G-7 communique, which seemed justifiably optimistic about every other feature of the global economic picture, betrayed an obvious lack of confidence in Mr. Hashimoto and Japan."

"Strengthening Global Finance"

The independent Financial Times commented in an editorial (4/16): "If nothing else, the Asian financial crisis has shattered complacency. The entire 'architecture' of the global financial system is under review. But a successful outcome will be difficult to secure, since the issues are intractable and contentious. As the shock fades, the powers-that-be may even decide to change rather little. If so, they will merely be inviting the next calamity. At present, however, the ideas are flowing. The spring meetings of the IMF and the World Bank in Washington this week--and the accompanying discussions of the G-7 finance ministers--have occasioned several contributions. Foremost among these was a thoughtful speech by Treasury Secretary Robert Rubin on Tuesday.... At least policymakers are grappling with some of the difficult questions. The need for greater transparency has become obvious, as is the case for circumscribing national sovereignty over financial regulation.

"The biggest issue, however, is how to balance the lender-of-last resort function against the need to ensure private sector responsibility for mistakes. To this Mr. Rubin has not provided the solution, perhaps because there is none."

"G-7 Ministers Warn Japan To Prevent Wider Crisis"

The liberal Guardian commented from Washington (4/16): "Among the current concerns is that Japan's lurch into a period of no growth can be reversed before it moves into a downward spiral that could aggravate Asia's problems and rebound to the United States and Europe."

"U.S. Tells G-7 To Lean On Japan"

The liberal Guardian commented from Washington (4/15): "The Americans believe that placing Japan back on the right track will be an essential component for repairing the global economic architecture.... Both the United States and the IMF fear that the Japanese authorities will not act fast enough to pull Japan back from recession. A slowdown in Japan at a time when the global economy is already weakening as a result of the East Asian crisis, could push the international economy into stagnation."

"Can Japan Escape From A Deflationary Spiral?"

The independent Financial Times' editorial held (4/14): "Despite the more detailed plans for income tax cuts and public spending announced by Prime Minister Hashimoto last Thursday, the risk that the world's second largest economy will suffer a precipitous decline remains disturbingly high.... There will have to be another package, which will be even harder to pitch at the right confidence boosting level. In the meantime the yen seems likely to remain weak, ensuring that Japan re-exports the impact of the Asian crisis to Europe and the United States. This underlines the global implications of Japan's plight. Without a Japanese recovery the rest of Asia's problems will be harder to solve. With a Japanese deflation the risk of a protectionist backlash grows. Japan can and should expect continuing international pressure for more radical action. This is dangerous territory indeed."

FRANCE: "Transfer Of Capital: Liberalization Under Surveillance"

Jean-Pierre Robin, Washington correspondent for right-of-center Le Figaro Economique (4/16) wrote: "Despite an aggravated crisis in Asia, the G-7 and the IMF want to favor the free transfer of investments.... The Asian crisis must not lead to a restriction of international capital trading. The remedy is to liberalize the flux of capital, and improve the surveillance systems which have so far been faltering.... Great Britain recommended the creation of a mutual surveillance committee between the IMF and the World Bank."

"G-7's Double Challenge: Weak Yen And New Financial Crisis"

Marie-Laure Cittanova and Gilles Senges commented in right-of-center Les Echos (4/16): "Before the G-7 meeting, which was essentially concerned with the excessive decline in the yen, the IMF, the World Bank and leaders gathered in Washington had only one obsession: adapt the international monetary system after the Asian crisis.... Aside from the difficult discussions about forcing Japan to play its role of economic leader, the other theme of the spring meetings between the IMF and the World Bank was the prevention of financial crisis."

"Japan Under Pressure From G-7 And Trade Markets"

Centrist La Tribune front-paged this (4/16): "Tokyo is pressured by his partners to restart its economy.... Washington is very concerned by the excessive decline of the yen."

"Japanese Government More Irritated Than It Says"

Left-of-center Liberation, in comment from Tokyo, judged (4/15): "On the even of the G-7 meeting, the finance minister denies pessimistic forecasts.... The Japanese government is probably more irritated than it says by the critics from its main commercial partners and affiliated organizations."

"Washington Will Put Pressure On Japan"

Jean-Louis Santini commented in wire service AFP (4/15): "At the G-7 meeting in Washington on Wednesday, the United States will put pressure on Japan to implement lasting measures to restart the economy to make sure that the second world economy avoids a recession.... At a press conference in Washington, Robert Rubin said the measures recently announced by the Japanese prime minister were very significant. He immediately added that he wanted to see the details of the program."

GERMANY: "A Promise"

Centrist Stuttgarter Zeitung had this to say (4/17): "The exhortations fell on receptive ears. The financial experts had called for reforms to liberalize the European labor markets. These points were also put in the final communique written by the finance ministers and central bank directors of the G-7. Germany, France, and Italy belong to the G-7 and thus they direct these points towards themselves. But those communiques usually do not have much to do with the policies carried out by the national governments."

ITALY: "G-7 Leaders: 'Careful, Another Crisis Will Destroy Us'"

Arturo Zampaglione wrote from New York for left-leaning, influential La Repubblica (4/17): "Treasury ministers and central bank governors yesterday dealt in Washington with the 'architecture' of international finance.... Invited by U.S. Treasury Secretary Rubin...representatives of the G-22...listened to the U.S. proposals. First, more transparency for the economic data supplied by all countries.... Second, the establishment of more rigid criteria for banking institutions all over the world.... Third, making private investors co-responsible.... Of course, it will take time before all these ideas develop into political decisions, but everybody realizes...the urgent need to achieve a conclusion. Everybody is convinced of the risk that another crisis, perhaps even more serious than the Asian crisis, may bring the international economy to its knees."

"G-7 Puts Japan On Trial"

An editorial in provocative, classical liberal Il Foglio said (4/16): "Tokyo has not only adopted tardy and insufficient measures aimed at stimulating domestic demand; it also continues to refuse liberalizing its financial market, preventing foreign investment which could help the stock market and make the yen stronger.... Western industrialized nations, as well as the IMF, would like Japan to adopt more courageous measures to

reduce taxes in order to increase revenues, boost consumption and restore trust among the citizens.... For the time being, Tokyo wants to be a G-7 member, but refuses to observe the basic rules of the club."

"G-7: Yen Needs To Be Stabilized"

Mario Platero observed in leading business Il Sole-24 Ore (4/16): "In order to give muscle to G-7 decisions, the United States and Japan held a bilateral meeting in Washington yesterday to work 'together to sustain a weak yen.' This is the strongest U.S.-Japan joint initiatives in the last three years....

"Trying to avoid a deterioration of the Japanese crisis is even more important at a moment when the other nations of the region are painfully coming out of one of their worst financial crises.... This is why G-7 nations have focused their attention on the stability of the yen and have agreed to carry the burden of possible coordinated interventions to complement Tokyo's economic initiatives."

"How To Cure A Sick Japan"

Boris Biancheri, former Italian ambassador to Washington, remarked in centrist, influential La Stampa (4/16): "It is not part of the Japanese style to present resistance to demands coming from the international community. The Japanese are inclined to accept them...(and) adjust them to their internal needs later...counting on the difficulty that foreigners have in grasping the complicated internal mechanisms of their country."

RUSSIA: "Japan Left To Its Own Devices"

Dmitry Zharnikov wrote in reformist Noviye Izvestia (4/17): "Weak Japan is a big headache for the West, which is doing everything to protect itself from cheap Japanese exports and global financial cataclysms. In Washington, the Japanese were told bluntly that they could rely only on themselves.... Russia held no part in denying 'brotherly capitalist aid' to Japan. Moscow was not invited. Commenting on that, the chairman of the

Russian Central Bank, Sergei Dubinin, aptly remarked that Russia's political weight still exceeds her economic potential."

HUNGARY: "When The Giant Collapses"

Foreign editor Eva Elekes wrote in second largest circulation Nepszava (4/15): "The whole world is all eyes looking at Japan struggling along with trying to rescue itself.... But the British weekly The Economist is not that pessimistic, pointing out that Japan's share in the gross global output is only 13 percent and the now very strong U.S. economy, together with the increasing demand of the European and Latin American markets, compensate for the decline of Japan. While Japanese Prime Minister Hashimoto hastens to counter international criticism, he also has to think about his own future. There will be elections in July, and many in the ruling Liberal Democratic Party think that somebody has to be made responsible for the economic hardships. That someone, a scapegoat, will probably be Hashimoto himself."

LATIN AMERICA

BRAZIL: "IMF Counterattacks"

An editorial in liberal Folha de Sao Paulo said (4/17): "The IMF was hardly criticized during the Asian financial crisis, but it again is accusing the industrialized economies of being responsible for the global instability. There is a paradox in the world economy. Today growth is not better because the United States has benefited from the crisis. But some of these benefits may have bad effects in the coming months. On a short term, the horizon is positive, but its roots may be problematic. The U.S. economic scenario, while comfortable today, says the IMF, may also contain the seeds of its own deterioration in the near future. The risks for the global system remain, however, and not only in the so-called emerging markets."

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 1 May 1998 12:47:14 EDT
Received: from Storm.EOP.GOV by PMDF.EOP.GOV (PMDF V5.1-9 #29131)
 with ESMTP id <01IWIPWEQE2O0025TN@PMDF.EOP.GOV> for schwartz_l@a1.eop.gov;
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SHINGTON DC 20547 OFFICE OF RESEARCH AND MEDIA REACTIONOO
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6511 Ann Pincus, Director Archived at:
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ASIAN FINANCIAL CRISIS: 'RECOGNIZING THE GRAVITY OF JAPAN'S RESPONSIBILITY'

Foreign media commentators tracking the Asian financial crisis underscored
the
need for Japan to play a major role in leading the region out of the
"financia
l tailspin" that has beset East Asia since last summer. Although
most analysts
welcomed the economic stimulus packages announced by Tokyo in
mid and late Apr
il, they nonetheless stressed that the plans were "tardy"
and might not produce
the desired results. Singapore's progovernment
Straits Times, for example, po
rtrayed Japan's latest fiscal reform
announcement as the desperate action of so
meone caught "standing on rail
tracks as a train speeds towards him; transfixed
by the very danger he should
avoid...(but) paralyzed into inaction. Mercifull
y," the paper noted, Tokyo
has leapt "out of harm's way...(but) the success (of
the stimulus package)
will depend on whether its momentum will be sustained."
Writers discussed
the midApril meetings in Washington of the IMF and World B
ank, and
accompanying discussions of the G7 finance ministers. This block of
c
ommentary also dwelled on Japan's "key role" in helping Asia overcome the
econo
mic crisis, and the "moral hazard" faced by the IMF and other
institutions as t
hey intervened to assist troubled economies. Dailies in
South Korea and India
insisted that the institutions making "foolish loans"
should bear the brunt of
loan repayment rather than the taxpayers of the
countries that provide rescue p
ackages. Following are highlights of the
commentary:

THE VIEW FROM JAPAN: 'WE MUST EXPLAIN, BUT ALSO TAKE ACTION'Several
Japanese p
apers urged Prime Minister Hashimoto to take steps to ensure that
the global co

mmunity "understands" what Japan is doing to tackle its economic
woes, but also
acknowledged that swift "action" was also required. "The
government should no
t waste time in implementing effective pumppriming
measures," stated topcircula
tion, moderate Yomiuri. Businessoriented Nihon
Keizai took note of the U.S. an
d EU's "frustration" over Japan's slow
response to its problems, and agreed wit
h charges that "Japan...has neglected
for too long the stimulation of its ailin
g economy." In a separate
editorial, Yomiuri also stressed that the "governmen
t...should not reject
foreign calls (for reform) as interference in Japan's...a
ffairs. Instead,
they should recognize the gravity of Japan's responsibility (
to) the global
community."
WHO WILL BE ASIA'S 'SAVIOR,' JAPAN OR CHINA?A number of pundits debated
whether
Japan or China would carry the laurels of being proclaimed "Asia's
savior." T
he conservative Australian saw the U.S. as increasingly turning to
China as the
emerging power in Asia, rather than to Japan, which, the paper
contended, the
U.S. was increasingly coming to regard as "hopeless in terms
of leadership." A
leading Indonesian paper defended Japan's efforts to
"help" spur a recovery in
Asia, calling them "adequate." Others sided with
Bangkok's independent Nation
view that Japan's role had been "largely
invisible." A Singapore daily warned
of a "strong China" overtaking a "weak
Japan," arguing that such an imbalance "
would not be in anyone's interest."

This survey is based on 42 reports from 24 countries, April 14 to May 1.
EDITOR: Kathleen J. Brahney

EAST ASIA AND PACIFIC

X` hp x (# JAPAN: "Japan Must Help Resolve Economic Crisis Through Trade"

An editorial in the topcirculation, moderate Yomiuri observed (4/27), "The
East
Asian economic crisis, which started last summer, has already had
negative eff
ects on the world economy.... However, while these Asian
economies are getting
themselves back on track thanks to emergency loans from

the IMF and Japan, the
developed countries need to help the Asian countries
rebuild their export indu
stries and finances.... Japan has an important
role to play in helping the As
ian countries overcome economic problems.
Since the economic crisis surfaced
last summer, Japan has extended loans
worth $37 billionthe largest amount by a
developed nationto Asian
countries.

"Since Japan is in the midst of a recession, East Asian exports to Japan have
b
een declining, prompting the United States to criticize Japan by saying,
'Tokyo
is not doing enough to resolve the Asian economic crisis.' Also
because of a
continuing rise in Japan's trade surplus with the United States,
Washington con
tinues to urge Tokyo to boost domestic demand.... At the OECD
and Quadrilatera
l meetings, Japan must explain that it is tackling these
problems in a serious
manner, and obtain international understanding. At the
same time, the governme
nt should not waste time in implementing effective
pumppriming measures."
X` hp x (#
X` hp x (# "Japan's International Pledge To Revive Economy"

Topcirculation, moderate Yomiuri's editorial said (4/17): "'The government,
ru
ling and opposition political parties and business leaders should not
reject fo
reign calls (for Japan's effective economic measures) as
interference in Japan'
s internal affairs. Instead, they should recognize the
gravity of Japan's resp
onsibility within the world economy. The nation must
do whatever it can to pul
l the ailing economy out of the long slump through
prompt implementation of a t
ruly effective stimulus package, and thus restore
confidence in the economy at
home and abroad. The United States and other
G7 nations also bear a responsibi
lity to support Japan in its efforts to
revive its economy."

"Japan Must Implement Permanent Tax Cuts"

An editorial in businessoriented Nihon Keizai observed (4/17), "G7 meetings
do

not usually center on the Japanese economy. A statement issued at the end
of
the meeting, expressed grave concern over the seriousness of problems
facing Ja
pan. The statement reflected a sense of frustration the United
States and Euro
pean countries have felt toward Japan, which has neglected for
too long the sti
mulation of its ailing economy."

"G7 Frustration Keeps Growing Over Japan"

Liberal Asahi commented editorially (4/17), "The G7 meeting ended with a
sense
of frustration among other member countries. It appears that Finance
Minister
Matsunaga mistakenly jumped to the conclusion that the United States
and other
G7 countries understood Japan's latest economic package.... From
now on, Japa
n should adopt the common view of other G7 nations that Japan's
economic slump
must be understood in the context of the Asian (economic)
crisis. Japan's econ
omic recovery is indispensable.... As long as the
Japanese economy remains slu
ggish...the Asian and world economies will also
remain in the doldrums."

"U.S. Irritated With Japan"

Toru Kunimatsu filed from Washington for topcirculation, moderate Yomiuri
(4/1
5): "Although Treasury Secretary Rubin during his meeting with Finance
Minist
er Matsunaga welcomed Japan's economic stimulus package, he sought an
immediate
settling of its specific contents.

"He suggested that he was irritated with Japan for not yet honoring its
interna
tional commitment to 'reduce the trade surplus by expanding domestic
demand.'
The U.S. government's judgment is that early recovery of the
Japanese economy h
olds the key to stabilization of those Asian economies now
in turmoil. The mee
ting also provided a glimpse of the context the United
States is now facing: T
he U.S. Congress is leaning more toward protectionism
with the offyear election
s this fall near at hand. Unless Japan
demonstrates results by making an econo
mic recovery, pressure coming from the

Congress, which is increasingly dissatis
fied with the everexpanding deficit
with Japan, will continue unabated."

"Lessons Of Crisis Should Be Evident At Finance Meetings"

Topcirculation, moderate Yomiuri's editorial said (4/15): "We hope that partic
ipants in the meetings will agree that East Asia needs a broadbased support pac
kage to end the crises and restore economic stability.... Prime Minister Hash
imoto needs to explain to other nations that he is serious about stimulating th
e weak economy by boosting domestic demand and reducing trade surpluses through
his new stimulus package. Japan must also urge the United States and other
key nations to cooperate in correcting the weak yen and the strong dollar, a f
actor contributing Japan's growing trade surplus. Another important issue for
the participants to take up at the meetings is a study of the how the current
crisis developed so that it never happens again.... Several Asian nations ha
ve become critical of the IMF's failure
to predict that such an economic crisi
s could hit the region. These nations
also claim that the world monetary organ
ization aggravated the crisis by
forcing them to accept prescriptions that did not reflect the conditions
facing them. The IMF should take this criticism to heart the next time it
considers what sort of 'rescue package' is appropriate f
or any given nation
or region."

X` hp x (# CHINA: "Western Powers Impose Pressure; Japan Pledges Reforms"
X` hp x (#

Official Beijing Daily (Beijing Ribao) commented (4/17): "Economic reform wil
l deprive Japan of many economic opportunities. Although Japan wants to reform
, it is reluctant to provide the monetary investment for reform.... If Japan r
emains indecisive in its reform policies, its economy will hardly recover, nor
will the United States and European countries lessen their pressure on Japan."

"Legislation Promotes Financial Reforms"

Xu Yanli and Guo Yajie wrote in State Council Economic Daily (Jingji Ribao, 4/
17): "The twists and turns of the current Japanese financial reform reveal a l
ack of thoroughness. On the other hand, however, Japan cannot backtrack once i
t opens up its financial markets. We still cannot predict the future effects o
f these reforms."

"Japan Worries U.S."

Zhai Jingsheng wrote in State Council Economic Daily (Jingji Ribao, 4/14): "
Although American economic growth is currently healthy, the United States canno
t rest. If the Japanese economy, which the United States once considered its s
trongest economic defense line, collapses, the American economy will be greatly
impacted. This explains American anxiety."

AUSTRALIA: "U.S. Lets Asia Policy Drift Amid Domestic Undercurrents"

Under the above headline, foreign editor Greg Sheridan filed this oped piece f
rom the United States for the national, conservative Australian (5/1): "The Cl
inton administration is going through some intriguing transitions in foreign po
licy right now.... The changing relativities between China and Japan in U.S. t
hinking are fascinating.

"Secretary of State Madeleine Albright was in Tokyo this week soothing Japanese
sensitivities, but overall it is clear the Americans are coming to regard Japa
n as just hopeless in terms of leadership and are increasingly asking what stra
tegic deals they can do with China. This would be fruitful, but is not without
risks."

"Bigger Regional Strategic Role For Japan Appropriate"

In the editorial view of the liberal Melbourne Age (4/30): "The reality is th
at neither Japan nor its regional neighbors can reasonably continue to live ami
d the shadows and inhibitions of the past. And far from signalling a military

resurgence in Japan, the change comes with the blessing, if not at
the instigat
ion, of the United States.... The interest of the United
States, eager to eas
e its global strategic responsibilities with the ending
of Cold War tensions, i
s to ensure that Japan will play a more substantial
support and selfdefense rol
e in dealing with any security crisis in its
vicinity.... But now that China i
s growing in wealth, strength and
confidence, it is logical to welcome Japan as
a countervailing power
withinso long as possiblethe American alliance."
X` hp x (#
"Reform Of World Finance"

X` hp x (#The businessoriented Australian Financial Review judged in an editor
ial
(4/17): "Rather than being broken, let's not forget that global financial
capitalism is mostly working.... This does not mean that the architecture
does
not need freshening up along the lines to be considered by the G22....
And it
may even include exploring how creditors themselves take more of a
haircut when
their optimistic lending turns sourinstead of being bailed out
by the IMF. Ag
ain, giving crewcuts to foreign creditors sounds the right
'lenderbeware' thing
to do. But taking this too faras do the antiIMF
Republicans in Washingtoncoul
d end up making it harder for crisishit
debtor countries to access the capital
they need to recover."

X` hp x (# INDONESIA: "Japan's Role And Our Choice To Carry Out Reforms"
X` hp x (#
Leading independent Kompas commented (4/27): "It should be asked to what
exten
t the United States and Europe are helping us, and whether we have been
honest
and serious in implementing reforms in line with international
rules.... Jap
an has been helping Asia adequately. It is time for us to
hear from the Unite
d States and Europe to what extent they have been helping
us in Asia cope with
the crisis.... Surely, it is our sovereign right to
make our own choice of wha
t kinds of reform we would like to have. However,
we had better heed external
views of ways to revive the economy."

X`   hp x (#   MALAYSIA: "Curbing Global Hedge Funds"
X`   hp x (#
The governmentinfluenced Business Times offered this editorial view (4/17):
"
Never mind that it took the IMF ages to discover the truth; its admission
this
week that there is a need to curtail the activities of powerful hedge
funds is
significant. Malaysia has been one of the first and loudest to call
for a long
term solution to the financial turmoil that hit the region last
July.... What
is needed is a global effort led by the relevant world
authorities. The IMF an
d the World Bank fit the bill, but they will need not
only the support, but als
o the guidance of governments in Southeast Asia.
Input from countries like Mal
aysia is important not only because (these
countries) are directly affected by
the turmoil, but because they had quickly
grasped (its) cause.... In this cont
ext, ASEAN has a potentially major role
to assume.... It is crucial that ASEAN
remains united in facing the currency
issue and the efforts in dealing with th
e changing financial structure of the
international system. ASEAN and the deve
loping countries must now take the
lead in dealing with the issue and be wary o
f some who may want to hijack the
matter and manipulate it to their own vested
interests."

SINGAPORE: "A Boost For Japan"
X`   hp x (#
X`   hp x (#The progovernment Straits Times' editorial held (4/28): "Japan's fis
cal
package to stimulate its economy is not littlethe $204billion plan is the
l
argest in its historythough it came late in the day and, though it is
better to
be late than never to arrive, its success will depend on whether
its momentum
is sustained. For a very long while, Tokyo resembled a man
standing on rail tr
acks as a train speeds towards him; transfixed by the
very danger he should av
oid, the man is paralyzed into inaction. Mercifully,
however, the sound of the
whistle releases him from his predicament just in
time, and he jumps out of ha

rm's way....

"What is at stake immediately is the political future of Mr Hashimoto, who is
b
esieged by criticism both within and outside his party. The extent of the
pack
age's success will be critical in determining whether he can fend off his
detra
ctors. In the longer run, Japan's ability to deregulate its markets will
decide
whether it can share leadership of economic globalization. The
alternative is
the United States' taking the lead exclusively. The
consequence would be a stro
ng America and a strong China, with a weak Japan
sandwiched in between. That wo
uld not be in anyone's interest. Japan should
lead, by example."
X` hp x (#
"Reforming The Global Financial System"
X` hp x (#
Lee Siew Hua noted from Washington in the progovernment Straits Times
(4/16):
"From all over the world, financial ministers and central bankers
have come to
Washington in a new push to overhaul the global financial
system. Their overar
ching theme is the Asian financial crisis and they hope
to prevent or soften fu
ture crises. Plans are afoot to strengthen national
financial systems through
global standards, at a fragile time when trillions
of dollars slosh through the
international markets daily. The private sector
will be pressed to do a bette
r job of weighing market risks, and to bear
fuller responsibility for their act
ions. And the International Monetary Fund
(IMF) wants more teeth for its surve
illance work. In an unusually intense
week, the IMF and World Bank are holding
their spring meeting while the Group
of Seven industrial powers gathered yeste
rday, and will meet emerging and
transition economies for inaugural talks today
. Under U.S. leadership, this
new Group of 22 countrieswhich includes Singapor
e will look at how to
create an 'international financial architecture' that is
as modern as the
markets."

SOUTH KOREA: "No Alternative To The IMF"

Commentary in conservative Chosun Ilbo maintained (4/18): "During the
Washingt
on meeting, all G24 nations decided that they will have to cope with
the econom
ic crisis by making the IMF more efficient.... The IMF has been
under constant
criticism because of the general perception that it has failed
to efficiently
deal with Asia's economic crisis. Despite the agreement on
the need for a mor
e efficient monetary fund, no action plans have been
prepared. Treasury Secret
ary Rubin pointed out that investors should be held
responsible for bad investm
ents, but that suggestion was not followed up with
an implementation plan. The
Washington meeting also failed to decide whether
the IMF should continue to ma
ke public announcements about the economic
status of countries in trouble....
As far as Korea is concerned, the meeting
was significant because it showed tha
t the international community approves
of the efforts Korea is making to overco
me the current economic crisis."
X` hp x (#
"G22 Nations' Moral Hazard'"
X` hp x (#
Probusiness JoongAng Ilbo's editorial concluded (4/16): "The financial
crisis
in Asia is making the United States and other advanced nations aware
of the nee
d to strengthen the world financial system.... In order to prevent
similar cri
ses in the future, the G7 nations have for the first time
invited treasury min
isters and central bank governors from the G22 nations
to a meeting in Washing
ton.

"Of the three goals stated in the G7 official statement, the most
interesting
is the third, which sets criteria for dividing responsibility
fairly among thos
e international financial institutions involved. We take
this matter seriously
because we strongly believe that the international
financial institutions whic
h invested in Asia should accept some
responsibility for what happened.... The
risk which the institutions should
have assumed has gone instead to the taxpay
ers of the countries providing
rescue packages. This is a clear case of moral

hazard. If this unfair
behavior is ignored, we risk similar crises in the futu
re created by
financial institutions simply to make money. From this point of
view,
having these institutions take responsibility for their profits sounds v
ery
right."

"Japan's Responsibility And Choice"

Independent DongA Ilbo's editorial said (4/14): "At this point there is no
pr
ospect of change in the current trend of a 'strong dollar' and a 'weak
yen.' O
ne reason is that Japan's stimulus package offers only temporary
measures and t
he United States shows no sign of changing its foreign exchange
policy. Even t
hough the economic stimulus package Japan announced April 9 is
the largest sinc
e the World War II, it nevertheless is not sufficient for an
economy that needs
longterm plans on tax cuts and budget expansion."

THAILAND: "Japan Hamstrung By Policy Conflicts"

Avudh Panananda commented in the independent, Englishlanguage Nation (5/1):
"
Despite the massive mobilization of money and credit flowing into the
region, J
apan's role [in light of the Asian financial crisis] remained
largely invisible
.... Political commentator Minoru Morita blamed
inwardlooking politicians and
demoralized bureaucrats as part of the reason
why Japan failed to exercise bett
er leadership.... Japanese Prime Minister
Hashimoto had almost no experience
with Asia prior to assuming office....
Within the context of the Asian crisis,
the Japanese government has failed to
prioritize its programs of action, promp
ting policies to neutralize one
another.... In the end, the country will only
see deteriorating problems on
all fronts.... Meanwhile, the stimulus package w
ill not be as effective as
it should have been because the government has to ke
ep an eye on the
worsening fiscal deficit. The lingering fiscal imbalance trig
gered further
depreciation of the yen which would in turn divert Japanese inves
tment from

the region to the home office, exacerbating the regional economic wo
es."

"China, Japan: Who Is Asia's Savior?"

Sutichai Yoon posed these questions in the independent, Englishlanguage Nation
(4/17): "So who is the more resilient, China or Japan? In other words, who c
an we rely on to pluck us out of this messthe world's secondrichest country or
the world's most populous nation? Are we witnessing a real competition for eve
ntual economic dominance in Asia? Is China taking over from Japan as the econo
mic leader underscoring the beginning of a fundamental shift in the midst of th
e Asian meltdown? The answers, unfortunately, are far from encouraging. The p
rognosis is equally gloomy for the two Asian giants. China and Japan need not be engaged in a
race toward regional dominance in the economic field. But the two could in
fact complement each other and any attempt by either side to outra
nk the other will be taken as a sign of immaturity. Reform is the key word, a
nd both Japan and China must demonstrate their commitment in the form of a prag
matic economic rejuvenation agenda in order to lay down the foundation for Asia
's economic recovery. In the end, the two giants cannot pursue their own econo
mic policies without taking into consideration Asia's longterm political, econo
mic and social stability."

SOUTH ASIA

INDIA: "Disappointment In Washington"

According to an editorial in the centrist Hindu (4/23): "The spring meeting o
f the IMF and the World Bank in Washington were of particular significance this
year to both India and the world.... The markets and the governments of the w
orld...had their eyes focussed on Washington, since this was the first

such gat
hering after the East Asian crisis exploded late last year. On
neither count h
as the conference yielded a positive outcome.... While the
turmoil in East Asi
a has ebbed somewhat, the controversy over the role of the
IMF in the crisis ha
s not. Yet, the finance ministers who met in Washington
broadly endorsed the I
MF programs, without in any way evaluating the efficacy
of the institution's ap
proach. If anything, the meetings have strengthened
the hands of the IMF to de
velop a 'tiered response' while warning countries
of an impending crisis....

"The world body will soon be able to go public if the 'problem' country does
no
t take appropriate action. Since the IMF's capacity to foresee a crisis
has ne
ver been of a very high order, the danger here is that advice on a
wrong unders
tanding will precipitate a market reaction even when there is no
fundamental pr
oblem with an economy.... The IMF's system of publicizing
broad trends in nati
onal economies...did not help stave off the East Asian
crisis of 1997.... Ther
e is no reason to believe that adherence to the new
code will make any differen
ce in the future.... The first steps are being
taken to prevent private credit
ors from continuing with risky lending since
they know that the IMF will protec
t their capital if a problem arises. The
IMF is to work towards preventing thi
s problem of 'moral hazard,' by devising
ways to make international banks also
bear the cost of foolish lending to
gullible borrowers."

EUROPE

BRITAIN: "Washington Outlook Bright Beyond Tokyo Stormclouds"

The conservative Times had this by economics editor Anatole Kaletsky (4/17):
"The main conclusion to emerge from the Washington meetings of the IMF and
the
G7 was predictable, but nonetheless important. The Asian crisis, which
was mai
nly responsible for the sudden disappearance of hawks in the central
banks, has
turned out to be more damaging than expected for the countries
directly involv

ed, but it has been little more than a pinprick for the
advanced economies of A
merica and Europe.... Perhaps the most powerful
message to come out of the Was
hington meetings was the indecision and lack of
leadership in the Japanese gove
rnment's approach to its economic problems.
It was hardly surprising that the
G7 communique, which seemed justifiably
optimistic about every other feature of
the global economic picture, betrayed
an obvious lack of confidence in Mr. Has
himoto and Japan."

"Strengthening Global Finance"

The independent Financial Times commented in an editorial (4/16): "If
nothing
else, the Asian financial crisis has shattered complacency. The
entire 'archi
tecture' of the global financial system is under review. But a
successful outc
ome will be difficult to secure, since the issues are
intractable and contentio
us. As the shock fades, the powersthatbe may even
decide to change rather litt
le. If so, they will merely be inviting the next
calamity. At present, howeve
r, the ideas are flowing. The spring meetings
of the IMF and the World Bank in
Washington this weekand the accompanying
discussions of the G7 finance ministe
rshave occasioned several
contributions. Foremost among these was a thoughtful
speech by Treasury
Secretary Robert Rubin on Tuesday.... At least policymaker
s are grappling
with some of the difficult questions. The need for greater tra
nsparency has
become obvious, as is the case for circumscribing national sovere
ignty over
financial regulation.

"The biggest issue, however, is how to balance the lenderoflast resort
function
against the need to ensure private sector responsibility for
mistakes. To thi
s Mr. Rubin has not provided the solution, perhaps because
there is none."

"G7 Ministers Warn Japan To Prevent Wider Crisis"

The liberal Guardian commented from Washington (4/16): "Among the current

con
cerns is that Japan's lurch into a period of no growth can be reversed
before i
t moves into a downward spiral that could aggravate Asia's problems
and rebound
to the United States and Europe."

"U.S. Tells G7 To Lean On Japan"

The liberal Guardian commented from Washington (4/15): "The Americans
believe
that placing Japan back on the right track will be an essential
component for
repairing the global economic architecture.... Both the United
States and the
IMF fear that the Japanese authorities will not act fast
enough to pull Japan b
ack from recession. A slowdown in Japan at a time when
the global economy is a
lready weakening as a result of the East Asian crisis,
could push the internati
onal economy into stagnation."

"Can Japan Escape From A Deflationary Spiral?"

The independent Financial Times' editorial held (4/14): "Despite the more
det
ailed plans for income tax cuts and public spending announced by Prime
Minister
Hashimoto last Thursday, the risk that the world's second largest
economy will
suffer a precipitous decline remains disturbingly high....
There will have to
be another package, which will be even harder to pitch at
the right confidence
boosting level. In the meantime the yen seems likely to
remain weak, ensuring
that Japan reexports the impact of the Asian crisis to
Europe and the United S
tates. This underlines the global implications of
Japan's plight. Without a J
apanese recovery the rest of Asia's problems will
be harder to solve. With a J
apanese deflation the risk of a protectionist
backlash grows. Japan can and sh
ould expect continuing international
pressure for more radical action. This is
dangerous territory indeed."

FRANCE: "Transfer Of Capital: Liberalization Under Surveillance"

JeanPierre Robin, Washington correspondent for rightofcenter Le Figaro
Economi
que (4/16) wrote: "Despite an aggravated crisis in Asia, the G7 and

the IMF wan
t to favor the free transfer of investments.... The Asian crisis
must not lead
to a restriction of international capital trading. The remedy
is to liberalize
the flux of capital, and improve the surveillance systems
which have so far be
en faltering.... Great Britain recommended the creation
of a mutual surveillan
ce committee between the IMF and the World Bank."

"G7's Double Challenge: Weak Yen And New Financial Crisis"

MarieLaure Cittanova and Gilles Senges commented in rightofcenter Les
Echos (4
/16): "Before the G7 meeting, which was essentially concerned with
the excessiv
e decline in the yen, the IMF, the World Bank and leaders
gathered in Washingto
n had only one obsession: adapt the international
monetary system after the Asi
an crisis.... Aside from the difficult
discussions about forcing Japan to play
its role of economic leader, the
other theme of the spring meetings between th
e IMF and the World Bank was the
prevention of financial crisis."

"Japan Under Pressure From G7 And Trade Markets"

Centrist La Tribune frontpaged this (4/16): "Tokyo is pressured by his
partner
s to restart its economy.... Washington is very concerned by the
excessive de
cline of the yen."

"Japanese Government More Irritated Than It Says"

Leftofcenter Liberation, in comment from Tokyo, judged (4/15): "On the
even o
f the G7 meeting, the finance minister denies pessimistic
forecasts.... The Ja
panese government is probably more irritated than it
says by the critics from i
ts main commercial partners and affiliated
organizations."

"Washington Will Put Pressure On Japan"

JeanLouis Santini commented in wire service AFP (4/15): "At the G7 meeting
in
Washington on Wednesday, the United States will put pressure on Japan to
imple

ment lasting measures to restart the economy to make sure that the
second world
economy avoids a recession.... At a press conference in
Washington, Robert Ru
bin said the measures recently announced by the Japanese
prime minister were ve
ry significant. He immediately added that he wanted to
see the details of the
program."

GERMANY: "A Promise"

Centrist Stuttgarter Zeitung had this to say (4/17): "The exhortations fell
o
n receptive ears. The financial experts had called for reforms to
liberalize t
he European labor markets. These points were also put in the
final communique
written by the finance ministers and central bank directors
of the G7. Germany
, France, and Italy belong to the G7 and thus they
direct these points towards
themselves. But those communiques usually do not
have much to do with the poli
cies carried out by the national governments."
X` hp x (#
ITALY: "G7 Leaders: 'Careful, Another Crisis Will Destroy Us'"
X` hp x (#
Arturo Zampaglione wrote from New York for leftleaning, influential La
Repubbl
ica (4/17): "Treasury ministers and central bank governors yesterday
dealt in
Washington with the 'architecture' of international finance....
Invited by U.S
. Treasury Secretary Rubin...representatives of the
G22...listened to the U.S.
proposals. First, more transparency for the
economic data supplied by all coun
tries.... Second, the establishment of
more rigid criteria for banking institu
tions all over the world.... Third,
making private investors coresponsible....
Of course, it will take time
before all these ideas develop into political de
cisions, but everybody
realizes...the urgent need to achieve a conclusion. Eve
rybody is convinced
of the risk that another crisis, perhaps even more serious
than the Asian
crisis, may bring the international economy to its knees."

"G7 Puts Japan On Trial"
X` hp x (#
An editorial in provocative, classical liberal Il Foglio said (4/16): "Tokyo

has not only adopted tardy and insufficient measures aimed at stimulating domes
tic demand; it also continues to refuse liberalizing its financial market, prev
enting foreign investment which could help the stock market and make the yen st
ronger.... Western industrialized nations, as well as the IMF, would like Japa
n to adopt more courageous measures to reduce taxes in order to increase revenu
es, boost consumption and restore trust among the citizens.... For the time be
ing, Tokyo wants to be a G7 member, but refuses to observe the basic rules of t
he club."
X` hp x (#
"G7: Yen Needs To Be Stabilized"

Mario Platero observed in leading business Il Sole24 Ore (4/16): "In order to
give muscle to G7 decisions, the United States and Japan held a bilateral meet
ing in Washington yesterday to work 'together to sustain a weak yen.' This is
the strongest U.S.Japan joint initiatives in the last three years....

"Trying to avoid a deterioration of the Japanese crisis is even more important
at a moment when the other nations of the region are painfully coming out of on
e of their worst financial crises.... This is why G7 nations have focused thei
r attention on the stability of the yen and have agreed to carry the burden of
possible coordinated interventions to complement Tokyo's economic initiatives."

"How To Cure A Sick Japan"

Boris Biancheri, former Italian ambassador to Washington, remarked in centrist,
influential La Stampa (4/16): "It is not part of the Japanese style to presen
t resistance to demands coming from the international community. The Japanese
are inclined to accept them...(and) adjust them to their internal needs later..
.counting on the difficulty that foreigners have in grasping the complicated in
ternal mechanisms of their country."

RUSSIA: "Japan Left To Its Own Devices"

Dmitry Zharnikov wrote in reformist Noviye Izvestia (4/17): "Weak Japan is a
b
ig headache for the West, which is doing everything to protect itself from
chea
p Japanese exports and global financial cataclysms. In Washington, the
Japanes
e were told bluntly that they could rely only on themselves....
Russia held no
part in denying 'brotherly capitalist aid' to Japan. Moscow
was not invited.
Commenting on that, the chairman of the Russian Central
Bank, Sergei Dubinin,
aptly remarked that Russia's political weight still
exceeds her economic potent
ial."

HUNGARY: "When The Giant Collapses"

Foreign editor Eva Elekes wrote in second largest circulation Nepszava
(4/15):
"The whole world is all eyes looking at Japan struggling along with
trying to
rescue itself.... But the British weekly The Economist is not that
pessimistic
, pointing out that Japan's share in the gross global output is
only 13 percent
and the now very strong U.S. economy, together with the
increasing demand of t
he European and Latin American markets, compensate for
the decline of Japan. Wh
ile Japanese Prime Minister Hashimoto hastens to
counter international criticis
m, he also has to think about his own future.
There will be elections in July,
and many in the ruling Liberal Democratic
Party think that somebody has to be
made responsible for the economic
hardships. That someone, a scapegoat, will pr
obably be Hashimoto himself."

LATIN AMERICA

X` hp x (# BRAZIL: "IMF Counterattacks"
X` hp x (#
An editorial in liberal Folha de Sao Paulo said (4/17): "The IMF was hardly
c
riticized during the Asian financial crisis, but it again is accusing the
indus
trialized economies of being responsible for the global instability.
There is
a paradox in the world economy. Today growth is not better because
the United

States has benefited from the crisis. But some of these benefits
may have bad
effects in the coming months. On a short term, the horizon is
positive, but it
s roots may be problematic. The U.S. economic scenario,
while comfortable toda
y, says the IMF, may also contain the seeds of its own
deterioration in the nea
r future. The risks for the global system remain,
however, and not only in th
e socalled emerging markets."

##
X` hp x (#%#Xx\ P6QyXP#

================== END ATTACHMENT 2 ==================