

Europe's Anti-War Three Build Bridges With Southeast Asia

by Mike Billington

In resistance to the American turn to unilateralism and preemptive warfare, and the collapsing dollar-based financial system, Russia, France, and Germany are looking increasingly to Asia, and Eurasia-wide economic infrastructure and technology development projects, as the basis for a new economic order. In the past weeks, these "anti-war three" European powers have extended their gaze to three leading nations of Southeast Asia—Thailand, Malaysia and Indonesia—through high-profile heads of state and government visits, and new economic and cultural agreements.

Indonesian President Megawati Sukarnoputri conducted a highly successful trip to Russia in April, while during the second week of May, Thai Prime Minister Thaksin Shinawatra visited France, and German Chancellor Gerhard Schröder toured Southeast Asia, stopping in Malaysia, Singapore, Indonesia, and Vietnam. Not coincidental to these visits: Thailand, Malaysia, and Indonesia are also challenging the new American unilateralism, while taking measures to find alternatives to their dependence on a dying dollar economy. Both in Europe and in Southeast Asia, the urgency of building Eurasian unity, based on real physical economic development, has increased in step with U.S. unilateralism and economic decay. The Southeast Asian exception, the Philippines, proves the point: The current government in Manila, which has hitched its wagon to the chicken-hawks in Washington, finds itself increasingly isolated from the rest of Asia, and from the new diplomatic and economic ties being formed across Eurasia.

President Megawati's visit to Russia, Poland, and Romania focussed on building new military ties, explicitly countering the continuing U.S. ban on military sales to Indonesia. Government officials have stated clearly that they are not

turning away from the United States itself, but that U.S. unilateralism and economic sanctions will be challenged by Indonesia through new alliances based on respect for sovereignty (see "Indonesia and Russia Launch New Beginning," *EIR*, May 9, 2003).

Thai Prime Minister Thaksin then led a delegation representing 60 Thai firms to France, the first Prime Minister of his country to visit France in 15 years. The French are particularly anxious to participate in the ambitious infrastructure development plans in the six-nation Greater Mekong Subregion, which has Thailand as its base. Thaksin said that Thailand wants to complete a trade and investment agreement with France within the next year. France is the "key member of the EU," said Thaksin after a visit with French President Jacques Chirac, "and the EU is a big market that we should apply more concentration to."

Similarly, Frédéric Favre, president of the French Foreign Trade Advisory Committee, said that French companies were "eager to set up regional headquarters in Thailand as an investment center to build their presence in the Greater Mekong Subregion."

Schröder in Southeast Asia

The most dramatic diplomatic initiative in this new geometry between Europe and Southeast Asia was the mid-May visit of German Chancellor Schröder to the region. Speaking at a forum in Kuala Lumpur on "Malaysia-Germany, A Dialogue between Civilizations" on May 13, Schröder said: "It is not just because of the ethnic and religious diversity that your country is particularly important for worldwide cooperation between cultures. The early co-existence of Islam, Buddhism, and Hinduism in your country



German Chancellor Schröder's mid-May Southeast Asia tour (left, with Prime Minister Mahathir in Malaysia on May 12; right, May 14 meeting with Indonesia's President Megawati Sukarnoputri) was part of Eurasian diplomacy provoked by both the U.S. threat of "perpetual war," and the collapse of the dollar.

was met with a tolerant policy towards religions. For this reason, I think Malaysia is well equipped to act as a bridge between civilizations." Schröder and Malaysian Prime Minister Dr. Mahathir bin Mohamad agreed that the world must return to the multinationalism represented by the United Nations, and that "the strong must not prevail over the law, but the law must receive the strength to prevail over the strong," in Schröder's words.

The Chancellor sees Malaysia as the base for Germany's expanding cultural and economic relations in Southeast Asia. "Malaysia can be the engine of that integration, for your country has always assumed an active role on the world stage," he said.

Schröder officially opened a new center in Malaysia for the Siemens Transportation Systems Group, the giant German construction firm, which is playing a significant role in the "Asian Railroad" project, connecting Singapore with Kunming, China, by a modern rail system. The center in Malaysia will serve the entire region, where Siemens is also bidding on transportation projects in Taiwan, Thailand, and Vietnam, among others.

Schröder also expressed his strong support for the French invitation to Malaysia, as current head of the Non-Aligned Movement, to attend the Group of Eight summit in Evian, France, which formally takes place on June 2-3. At that annual summit of the industrial countries, on host France's initiative, leaders of several of the largest developing sector nations will be attending for the first time.

Chancellor Schröder's visit to Indonesia was the first by a German leader since the fall of President Suharto in 1998. The bank which was largely responsible for the reconstruction of Germany after World War II, the Kreditanstalt für Wiederaufbau (KfW), signed three major agreements during the visit, totalling 26 million euros, over half in grants and the remain-

der in 40-year loans at 0.75% interest rates. The funds will be allocated for basic science education, as well as health and water infrastructure.

Moves To Reject IMF

There are other signs of Southeast Asia's growing independence from the U.S.-dominated international institutions. Thailand withdrew from the International Monetary Fund (IMF) last year, and Indonesia has now announced that it, too, will terminate its IMF program at the end of the year—with strong support from Thailand. Former Thai Commerce Minister Narongchai Akrasanee, speaking in Indonesia on April 29, advised his host that "the formula of liberalization, deregulation, and privatization, as endlessly advocated by the World Bank and IMF, cannot be taken as a cure-all strategy. . . . We cannot afford a fully open capital account, despite what the IMF tells us." The message found strong support in Indonesia.

Malaysia, of course, rejected any IMF program during the 1997-98 speculative attack on the Asian currencies, and thereby avoided the devastation which struck Thailand and Indonesia under IMF tutelage.

Moreover, both Indonesia and Malaysia have announced that their state oil companies—two of the largest in the world—are preparing to trade in euros, rather than dollars. This is not for political reasons, they report, but due to the rapid rate of collapse of the value of the dollar in international markets, with no sign of a turnaround in the U.S. economy.

But the political threat is not being ignored. Dr. Mahathir on May 12 said of the current leadership in Washington: "They will push for regime change. They want governments that idolize them. When they are finished with the Arabs, they will turn their attention to us." The integration of Southeast Asia into the emerging Eurasian unity is intended to counter that harsh reality.