



## **Cultural Changes Gnaw At Heels of Asian Tigers**

by David I. Hitchcock

The International Monetary Fund and the West insist that East Asian countries, now suffering their worst economic setback, must make drastic changes in banking, finance, and business if they are to receive IMF and other assistance. The strict teacher-doctor from the West insists this bitter medicine will be "good for you" and must be swallowed this minute.

Responsible leaders in East Asia agree - intellectually. But emotionally, the pain won't subside soon, since what's really called for is not only radical change in business and finance, but an even more wrenching shift in social and cultural behavior.

Already reeling from the most rapid industrialization, urbanization, and globalization the world has ever witnessed, countries from Thailand and Indonesia to Korea and Japan now must turn their economies around - and upside down. The U.S. would do well to show patience, flexibility, and understanding of the avalanche of change the region is trying to cope with.

Eighteen months ago, interviews in seven countries reported by the Center for Strategic and International Studies (CSIS) revealed uncannily similar mounting local concerns.

A respected Malaysian analyst characterized his country as "a boat traveling at breakneck speed, traversing the waters well, but what happens when the engine breaks and we have to get the oars out?" Indonesian experts worried: "We are driving a creaky bus faster and faster" and "trying to hold the country together." A Thai scholar lamented: "There is no moral compass."

In China, a rock star sings, "Money beckons/But we have no ideals." In Korea, "there is a sense of uncertainty, of rootlessness;" while a leading economist said Japan "is stuck in a catch-up when it needs to explore new strategies ... we have the feeling of being enclosed, entrapped ...." Added another, "We are "spiritually driving without a destination."

What these analysts were worried about wasn't so much economic as political, social, and cultural: the impact of "cascading change" requiring countries to grapple with deepening distrust of government, weakening values, families, and spirituality, and widening income gaps, pollution, and school problems.

### **A Price to Pay for Prosperity**

Today, American headlines describe an Asian "meltdown" - a sharp contrast to the World Bank's widely touted 1993 report, "The East Asian Miracle." No one foresaw today's economic crisis. And Americans overlooked the impact such rapid change was having on traditional societies and cultures.

American experts reel off what has to be done: an end to "crony capitalism," to secret deals, to bribes, to propped-up state enterprises, monopolies, and overregulation. The message is clear: "Enter the hard, impersonal capitalism of the West" - a tall order for countries where soft human relationships, avoidance of direct conflict, reward based on loyalty and past favors, and deals often based on connections are deeply ingrained.

Before the IMF called the class to order, East Asian societies were troubled by so much Western influence and pressure, sometimes accompanied by the threats of sanctions if action was not taken on a trade complaint, labor practice, human rights abuse, or environmental outrage.

Well aware of American crime, guns, drugs, and homelessness, as well as vast wealth and cutting-edge innovation, Asian leaders interviewed in the CSIS report expressed irritation: "The U.S. is too pushy and domineering," "thinks it is the model," "imposes its values on others," etc.

So far, the affected Asian stock markets have dropped in value 25 percent to 75 percent. Annual economic growth has slumped. Local currencies have lost from one-third to more than three quarters of last July's value. Asians feel their economies are slipping out of their control and into the hands of London, Washington, and Wall Street. Some wonder out loud if behind the IMF, the U.S. is not really calling the shots.

Some Asian papers speculate that from their economic pain, the U.S. will actually come out a winner. American writers warn of the adverse impact Asia's tailspin could have on U.S. exports and sales of domestic products, which will be competing with ever-cheaper imports.

But few have noted the backlash that could be heading toward the West. For now, Asians appear to blame their own governments, banks, and businesses. But if the harsh measures only now sinking in lead to many more bankruptcies, business closings, and layoffs, the blame could swing across the Pacific.

### **Opportunity for Cooperation**

Clearly, the temper of the times in East Asia calls for patience, understanding and some flexibility from Western rescuers. Not all the world is sold on globalization or on stone-cold capitalism, nor do all peoples believe America should become even more influential over their fate and future. The IMF and G-7 countries, anxious to maintain pressure for Asian reforms, have nevertheless rushed \$10 billion more to avoid Korea's collapse.

Noting Congress's failure so far to approve more U.S. funds for the IMF's reserve and new "authority to borrow," President Clinton is wisely stressing the interdependence of the U.S. and Asian economies. But he should also highlight

our desire to exchange ideas on various social issues afflicting many Asian nations because the U.S. is troubled by similar problems.

Never was there a better time for the U.S. to develop a new style of cooperation - among equals - with our friends in East Asia. Striving together, we have the best chance to strike the right path, not only to the region's economic revitalization, but to the development of the truly civil society both sides of the Pacific yearn for.

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