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'Time for Asia to lead in global public policy'

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Dr Sri Mulyani says Asia is expected to become a shaper of global public policy so it needs to play an active policymaker role and be involved in public policy debate. CHEW SENG KIM/ST PHOTO

It is time for Asia to become a leader in shaping global public policy, according to World Bank managing director Sri Mulyani Indrawati, a former Indonesian finance minister.

"The challenge for Asia is, you are no longer a follower, you have now become a leader," Dr Sri Mulyani told The Straits Times in an interview yesterday (March 21).

"You are expected to become a shaper of global public policy and that requires quite an active policymaker role and involvement in public policy debate."

In this respect, she would also welcome the appointment of Singapore finance minister Tharman Shanmugaratnam as the head of the International Monetary Fund's International Monetary and Finance Committee (IMFC). Tharman is touted as a front-runner for the job.

"Tharman is also going to play an important role if he is going to chair the IMFC," she said. "In terms of the presence and leadership of many of the Asean member countries, in addition to the traditional countries of China, Japan and even South

Korea, Asean as a group has... potential in showing leadership in shaping international public policy."

She added: "Asean, in general, is going to be important in terms of showing the identity of this region." The Association of Southeast Asian Nations is a group of 10 countries including Thailand, Singapore and Malaysia.

Dr Sri Mulyani gave up her ministerial post in Indonesia - Asean's largest member - to take up the leading post at the World Bank in June last year.

She is responsible for the World Bank's operations in Latin America and the Caribbean, East Asia and the Pacific, and the Middle East and North Africa.

She said her challenge at the World Bank would be to raise the profile of Asia's involvement in policymaking on the global stage.

Dr Sri Mulyani was speaking on the sidelines of the Conference on East Asian Development at Orchard Hotel, co-organised by the World Bank and the Institute of Policy Studies.

Today (March 22), she will speak at an event co-hosted by the Singapore Institute of International Affairs and the Singapore Exchange.

Dr Sri Mulyani said Asia has set a good example in recent years by overcoming poverty and showing resilience during the global recession and clocking impressive economic growth. Developing East Asia is expected to grow 8.2 per cent this year, according to the World Bank.

She also said that she does not expect inflationary pressures to reach the severe levels they did in 2008, before the financial crisis, despite escalating food and energy prices, as well as pressure from capital inflows pushing up Asian asset prices.

"If you talk about the magnitude of the oil price, it is not close to that in 2008. The food price is now reaching the same level (it was then). But don't forget, in 2008 before the crisis, demand pressure was very strong, because no one was thinking about the crisis.

"This year, demand pressure is still actually unbalanced, it is still not as strong as before the 2008 crisis... (and) the supply constraint is not worse, so I don't think inflation is worse than 2008."

She said Asian economies are now "muddling through" after a strong recovery, and need to maintain growth momentum even though confidence has been hit by the recent earthquake and tsunami in Japan and the ongoing Arab world crisis.

"Definitely confidence was much stronger when the Group of 20 and other authorities tried to rescue the global economy from the crisis. This is now depleting,

hit by many factors. But that's why I think it's very important that the momentum of recovery should still be maintained and remain the anchor of policy co-ordination and co-operation across countries."

She said building integration and connectivity would help in growing domestic demand in the region.

"The most important challenge is how Asia should not only maintain the momentum of growth, but also accelerate this balancing, to become more a source of strength, by integrating and relying more and more on its own trade and investment.

"And that will help the global problem, because the US and Europe definitely need Asian economies to pull their economies out from the recession and the unsustainable macro-economic situation."

Source:

<http://www.asianewsnet.net/home/news.php?sec=2&id=18051>