

Symposium “Challenges and Opportunities for Regional Cooperation in APEC Region”

The Government of Japan and APEC Business Advisory Council (ABAC) Japan jointly organized a symposium on APEC Cooperation on May 16, 2003 in Tokyo. Government officials, ABAC members and other business executives, representatives of Central Banks, academics and journalists from APEC economies and a representative of ADB (Asian Development Bank) participated in discussions.

There were three sessions, i.e., on (i) IPR (Intellectual Property Right), (ii) Regional financial cooperation, and (iii) FTA (Free Trade Agreement)/EPA (Economic Partnership Agreement).

The symposium has contributed to strengthening of cooperative relations between APEC governments and ABAC on wide range of issues.

The following is summary of presentation and discussion. This summary was made by moderators of each session. (Full text of presentations and powerpoint slides will be in the website of the Ministry of Foreign Affairs of Japan. <http://www.mofa.go.jp>)

First Session : Intellectual Property Rights (IPR)

~ Role of Intellectual Property Rights (IPR) for the Social and Economic Development of the APEC Region

<Opening remarks>

Mr. Nobuhiko KAWAMOTO (Member of ABAC Japan)

< Moderator >

Mr. Hideo NAKOSHI (Attorney at Law and Patent Attorney, Ikuta & Nakoshi, Japan)

<Panelists>

Mr. Hisamitsu ARAI (Secretary General, Intellectual Property Strategy Headquarters, Cabinet Secretariat, Japan)

Mr. Hugh L. STEPHENS (Senior Vice President, International Relations & Strategic Policy, AOL Time Warner Inc.)

Mr. Bodin ASAVANICH (Secretary General, Federation of Thai Industries, Chairman of Sub-committee on Intellectual Property Rights of the National Human Right Committee of Thailand)

Dr. Botaro HIROSAKI (Associate Senior Vice President and Executive General Manager, Intellectual Asset Operations Unit, NEC Corporation, Japan)

Mr. Nobuhiko KAWAMOTO (Member of ABAC Japan)

<Summary>

1. The role of ABAC is to discuss IPR issues intensively, as one of our most important themes, which we make specific proposals to the APEC Economic Leaders' Meeting. It is expected that the proposals resulting from the Symposium will not only help to create international common rules, but also be directly linked to actual business activities and produce great influence.

A nation's intellectual property system reflects the nation's economic system and is inextricably linked to the economic reality. Accordingly, it is a fact that the nation's unique circumstances cannot help being reflected in its intellectual property system. At the same time, however, goods and services created by intellectual property form a distribution market extending beyond national boundaries, and it is unlikely that only a certain single nation's system remains unique. If that is the case, the distribution efficiency would be markedly hindered as a result of the presence of multiple rules in one market. Consequently, there always remains the question of how to produce the international common rules and the unique domestic circumstances to come in terms with each other.

Another major question involves the discrepancy between the system and the practice. As a matter of fact, a system cannot function by itself. Continuous effort involving organization, personnel, and financial support is required to lead the system until it penetrates into the awareness of individual citizens. This process cannot be achieved in a short span of time, and this is also a field where international cooperation is extremely effective.

While APEC is a region with cultural and political diversity, in economics, it is one of the most dynamic regions in the world. This region is therefore an area where the integration into an economic region is advancing rapidly. Accordingly,

ensuring the standardization and effectiveness of rules regarding intellectual property is an extremely important topic, and this issue is directly linked to the rise and fall of not only a corporation or an individual, but also a society or a nation.

For this purpose, APEC's blanket strategy is to actively promote international exchange of information and cooperation in personnel training and educational activities. This is why we hold the concept of APEC IPR Service Centers, and why we have today speakers from various business fields, background, and regions such as the United States, Thailand, and Japan.

2. **Mr. Arai** focused on activities by the Japanese Government in the field of intellectual property, with reference to the necessity of international cooperation such as APEC IPR Service Centers. Japan has recently implemented many system reforms such as establishment of an Intellectual Property Basic Law under the theme of a nation based on intellectual property, the content of which extends over various fields such as the creation, protection, and utilization of the intellectual property, and human resource development. In all of these fields, we aim at accurately ensuring the system guarantee and effectiveness without being constrained by convention because the attainment of such reform goal is indispensable to Japan's future. Also, such attainment cannot be called successful if it is achieved within Japan only; instead, it must be achieved in the entire APEC region. For this purpose, mutual international cooperation is extremely important. Through such efforts, Japan will contribute to the entire APEC region.

3. **Mr. Stephens** referred to the importance of protection of intellectual property from the standpoint of a global corporation, especially a content corporation. He has also made a convincing argument from various viewpoints such as (a) foreign investment, (b) ensuring the creativity of people, (c) development of domestic intellectual industry, (d) ensuring a nation's financial resources through taxation, (e) maintenance of healthy law-abiding spirit of people, and (f) ensuring a social and national resources. As the history tells us, in spite of various circumstances, it is a universal fact that valuing intellectual property, which is the accomplishment of creation, reproduces a new creation, which, in light of a long-term, multidirectional viewpoint, has been absolutely advantageous to the development of a national economy.

4. **Mr. Asavanich's** presentation was from the standpoint of a country like Thailand, about its activities in the field of intellectual property and its request to other countries and corporations. He explained that Thailand is making great efforts in establishing the system of intellectual property and ensuring the effectiveness of protection and has shown successful results. The gap between the system guarantee and actual effectiveness is unavoidable, and it cannot be bridged overnight. For this reason as well, we need international cooperation.

Also, since intellectual property is a system which allows monopolization, it inevitably becomes antecessor-protective. Accordingly, the side doing the catching-up cannot deny its tendency to handle intellectual property in a repressive manner; however, this problem cannot be solved by uniformly enforcing protection or by insisting on the repression. As Mr. Asavanich has pointed out, we have

much to learn from lessons such as AIDS and SARS. In that sense, our future tasks would be to make intellectual property to come in terms with local people and their culture and economy, while providing maximum protection to it at the same time.

5. **Mr. Hirosaki** made presentation from the standpoint of a Japanese corporation. He spoke how a Japanese corporation has responded to changes in the circumstances surrounding intellectual property in Japan, and its responsive measures in future, which are very helpful to many nations and corporations. In other words, the maturation of industry gives rise to demand for high value-added products, placing intellectual property at the center of the value. In order to respond to the demand, a corporation aspires to upgrade itself through selection and concentration. We therefore learned the necessity of the use of various strategies, and the importance of managing control from not only domestic but also international perspective. Also, Mr. Hirosaki has pointed out a gap between technology itself and legal system for its protection. It is true that, the possibility of trade secret protection is especially greatly dependent on the intellectual property awareness of the people of the nation.

6. Through these presentations, it has been understood that strengthening of the protection of intellectual property should be universally recognized. On the other hand, there seems to be a considerable difference of views over the content of the system guarantee, depending on each panelist's viewpoint. Also, a great deal of gap is expected over the degree of ensuring implementation.

7. Following comments were made from the floor.
- Part of the intellectual property (especially copyright), which is widely used, might be considered as a public property.
 - Intellectual property policy significantly lacks the consumers' viewpoint.
 - More consideration should be given to the standpoint of developing countries in intellectual property policy.

8. There always remains a gap between technology and social system, or between economic reality and legal system, or between legal system and implementation; it is impossible to reduce the gap to zero. Furthermore, the gap may seem even more impossible to be bridged depending on the country's development stage and the standpoint. How to bridge such gap, however, is where the human wisdom is tested. The lessons in the past have taught us that given correct and detailed information, and the presence of someone who is willing to accept it, any gap can be made smaller and the possibility or the capability to bridge it increases. The information naturally contains the correct recognition of the gap itself, and it is also a fact that a good understanding of the circumstances resulting with the gap is the first step in the elimination of the gap. Also, while the development of someone able to handle such problems appropriately is very difficult, it is also the most important key. In that sense, the blanket strategy implemented by ABAC aims at what has been discussed, and there is much to expect from its practice on the concept of IPR Service Centers. The symposium is a part of such activity.

Second Session : Regional Financial Cooperation

~ including Chiang Mai Initiative and Asian Bond Market Initiative

<Opening remarks>

Mr. Tasuku TAKAGAKI (Member of ABAC Japan)

< Moderator >

Dr. Naoyuki Yoshino (Professor of Economics, Keio University, Japan)

<Panelists>

Mr. Naoyuki SHINOHARA (Deputy Director-General, International Bureau, Ministry of Finance, Japan)

Dr. Jae-Ha PARK (Director, Macro Finance Team, Senior Research Fellow, Korea Institute of Finance)

Mr. Thirachai PHUVANAT-NARANUBALA (Deputy Governor, Bank of Thailand)

Mr. Masato MIYACHI (Senior Advisor in the Southeast Asia Development, Asian Development Bank)

Dr. Kanit SANGSUBHAN (Director of Policy Research Institute, Fiscal Policy Office, Ministry of Finance, Thailand)

<Summary>

1. In 1997, Asian financial crisis hit Thailand, Indonesia and Korea. It also affected Hong Kong, Malaysia and several other Asian countries. Asian economic growth in the 1990s was thought to be stable since current accounts were in surplus and the government budget balances were in pretty good situation compared with Latin American countries.

The first characteristic of Asian countries is that they kept their currencies strongly tied with the US dollar (dollar pegged system). Because of dollar linked currency system, huge amount of short-term capital had been flown into Asian region by 1997. These short-term capital were lent through finance companies and banks to corporations in need of longer maturity financing. Some companies could even borrow directly from overseas. Excessive inflow of short-term capital created bubble into the region, which raised asset prices such as those of stocks and land prices. There were *double miss-matches* behind the crisis, namely *currency miss-match* and *maturity miss-match*.

The second characteristic of Asia is its *bank dependent economy* and *underdeveloped capital markets*. When banks are facing to NPL (Non-performing loan) problems, the credit supplies by banks shrink and bank loans become more short-term oriented. Therefore companies can not pursue their planned investments and other expected business expansion programs. Therefore, the long-term financial instruments are needed to keep companies planning on long-term basis.

The third characteristic is *high savings rate* in the region which is very different from Latin American countries. Some countries show about 40% savings ratio in terms of GDP. Plenty of savings are available in the region. Yet these savings were invested *outside of Asian regions*. Then these funds came back to Asia as short-term investment in 1997. It is important to set up facilities to use savings within the region rather than invested in outside of Asian regions.

Regional cooperation is needed to cope with similar kind of currency crisis which occurred in 1997 and to develop regional bond markets so as to utilize regional savings into regional investment in Asia.

2. **Mr. Shinohara** made presentation focusing on various regional cooperation after 1997 Asian crisis, policy dialogues and Asian bond market initiatives.

(1) Regional Swap Arrangements and Policy Dialogue

In November 1999, ASEAN+3 summit meeting was held in Manila and agreed to enhance “ self-help and support mechanisms in East Asia ” . In May 2000, ASEAN+3 Finance Ministers met in Chiang Mai and agreed to create a regional financing arrangement in order to complement existing international facilities like IMF (*Chiang Mai Initiative (CMI)*). Following the CMI, the network of bilateral swap arrangements have been established among such countries as China, Indonesia, Japan, Korea, Malaysia, the Philippines and Thailand. The CMI is still in progress, and main principles of bilateral swap arrangements will be reviewed next year.

(2) Regional Financial Cooperation

Since the Asian financial crisis was partly caused by sudden reversal of short-term capital inflow to the region, it will be needed to seek for stabilization of the currencies in East Asia and an effective regional policy dialogue mechanism. A research group will be set up at ASEAN+3 to discuss further regional cooperation from a long-term viewpoint.

(3) Asian Bond Markets Initiative

Savings in Asia are mainly deposited in banks and banks lend these savings on short-term basis. It is important to foster bond markets in Asia so as to provide long-term capital flow without causing maturity and currency risks. Working groups are being set up to work on this Initiative.

3. **Dr. Park** presented the prospects of regional financial cooperation in East Asia. First, he stressed that financial cooperation in the region is an important policy issue to prevent another crisis in the future. He explained various efforts which have been made to strengthen financial cooperation in the region since the outbreak of the Asian crisis, such as *the Manila Framework*, *the New Miyazawa Initiative*, and most importantly *the Chiang Mai Initiative (CMI)*. However, he pointed out that the current CMI system is too weak to be able to work as a credible and effective system of defense against future financial crises. Among others, Dr. Park emphasized the need for the establishment of a surveillance unit and de-linking IMF conditionality. Later, he touched upon another important policy issue to plough the huge amount of capital accumulated in Asia directly back into the region. He explained the background and recent progress of cooperation on fostering regional bond market after Korea proposed to undertake a full-scale discussion on the ways to develop a regional capital market under ASEAN+3 Finance Ministers ' Meeting on 13 November 2002. He stressed that further the regional financial cooperation is needed in order to develop regional bond market in Asia.

4. **Mr. Thirachai** told that prior to 1997, Thailand and most other Asian countries were in budget surplus and depended heavily on commercial banks (i.e. almost 70% of total financial assets were bank loans). However, the financial crisis in 1997 brought high depreciation of baht, namely from 20 baht/\$ to 57 baht/\$, and the NPL (non-performing loans) ratio went up to 45%. Since financing channels were limited to bank loans, Thai business sector faced with severe liquidity crunch due to high NPLs and massive recapitalization needs. It intensified the economic slowdown, as highly leveraged businesses and corporations were cut off their traditional credit funding.

Development of bond market provides the economy with a more balanced financial infrastructure. It allows private and public sector issuers to finance long-term projects at lower cost, thus reducing maturity risks. Development of the demand side of the bond market involves promoting the pooling of investor base or the pooling of reserves under the Asian Bond Fund initiative. Work on the supply side of the bond market revolves around issues of tax, legal and regulatory as well as accounting system. In the initial stage, issuers will be sovereign and quasi-sovereign issuers and in later stage corporate issues will also be included.

The aim of the Asian bond market initiatives is “ by Asia ” , “ in Asia ” , and “ for Asia ” .

5. **Mr. Miyachi** told that Asian development Bank (ADB) is ready to play an active role in the development of local and regional bond market. ADB ' s role in the development of the capital market will be the following items:

- (i) Provision of grants and loans in order to mitigate political risks of bond issues,
- (ii) Issuance of ADB ' s bonds in local currency to develop local bond market,
- (iii) Use of guarantee for mobilizing local currency.

Mr. Miyachi provided several examples which ADB provided partial credit guarantee (PCG) in these days. Examples were the power sector assets and liabilities management corporation in the Philippines and to offshore portfolio investors in Pakistan in order to reduce political risk. Furthermore ADB sets up the scheme of SME (Small & Medium Enterprises) securitization process in order to promote smooth funding for the SME credit market.

6. **Dr. Kanit** proposed effective monitoring of short-term capital flow into the region to avoid possible currency attack in future. He also proposed a kind of foreign reserves to reduce moral hazard problems. The size of the reserve pool depends on exchange rate regime in the region and it might develop into Asian Currency Fund (ACF).

He suggested to set up Asian Bond Fund for initial investment by Executive Meeting of East Asia and Pacific Central Banks (EMEAP). For further development of the bond market in Asia, the following steps are to be taken.

- (i) Issue of asset-backed bond,
- (ii) Issue of credit guaranteed bond, and

(iii) Issue of currency basket bond.

In order to push the Asian bond market much further, the appropriate infrastructures are needed to develop,

- (i) taxation and accounting,
- (ii) laws and regulations,
- (iii) clearing and settlement mechanism,
- (iv) hedging facilities,
- (v) credit guarantee scheme,
- (vi) credit rating agencies, etc.

Dr. Kanit mentioned the role of APEC, including assisting member economies to build necessary financial infrastructure.

Dr. Kanit explicitly suggested to make new products of the regional bond in explicit form.

7. After the presentations and comments by panelists, active discussions took place on such points as

- (i) how to encourage participation by private investors into the development of regional bond market
- (ii) how to create reliable credit rating agencies in the region. It was pointed out from the floor participant that sovereign bonds and corporate bonds are very different in nature. Corporate bonds need much more careful examination compared with sovereign bonds in their issues. Of course the development of the regional corporate bonds are most demanded to avoid future crisis.
- (iii) Proposals for SME securitized bonds might be even more difficult to develop unless careful examination of the issuer is made and/or careful pooling of companies is made.
- (iv) Development of both domestic bond market and the regional bond market are needed in the region at the same time rather than the domestic market is first and the regional bond market is in the second.

Third Session : FTA (Free Trade Agreements) / EPA(Economic Partnership Agreements)

~ Desirable future of FTA / EPA for World Economy

<Opening remarks>

Mr. Noriyuki YONEMURA (Member of ABAC Japan)

< Moderator>

Dr. Shujiro URATA (Professor, Economics at School of Social Sciences, Waseda University, Japan)

<Panelists>

H.E.Mr. CHEW Tai Soo (Ambassador of the Republic of Singapore to Japan)

H.E.Mr. Carlos de ICAZA (Ambassador of Mexico to Japan)

Mr. Yukio SHOTOKU (Managing Director/Member of the Board, Matsushita Electric Industrial Co., Ltd., Japan)

Dr. Christopher FINDLAY (Professor, Asia Pacific School of Economics and Management, Australian National University)

Mr. Noriyuki YONEMURA (Member of ABAC Japan)

<Summary>

1. **Ambassador CHEW** of Singapore presented a case for free trade agreement for Singapore. Having noted that Singapore is a strong advocate of the multilateral open trading system under the WTO, Ambassador Chew observed that trade liberalization under the WTO has not made much progress recently, mainly because of the large number of WTO members. Facing the difficulty in undertaking trade liberalization under the WTO, Ambassador Chew sees regional and bilateral free trade agreements as complements to the multilateral process.

Ambassador Chew then goes on to explain the FTAs, of which Singapore is a member. ASEAN Free Trade Area (AFTA), which has ten members, contributed not only to the reduction in tariff rates, but also in other areas including elimination of non-tariff barriers and quantitative restrictions. Bilaterally, Singapore has concluded FTAs with New Zealand, Japan (JSEPA), EFTA, Australia and the US (USSFTA). JSEPA goes beyond trade and investment liberalization to include programs for cooperation in various areas including science and technology, human resource development and exchanges. JSEPA has strategic and economic benefits for both countries and Southeast Asia. Some of the economic benefits are export expansion, employment generation, and technology transfer, while strategic benefits include expansion of FTAs to other Southeast Asian countries. Ambassador Chew also explained the wide-ranging contents of USSFTA. He emphasized the importance of cross-regional FTAs such as USSFTA, as they would contribute to avoiding the formation of closed regional trading blocs.

2. **Professor FINDLAY** analyzed the current FTA strategies applied in Asia-Pacific and their contribution to the world economy. Professor Findlay presented two scenarios for his analysis. One scenario assumes that although

FTAs do not produce significant economic impacts, and that FTAs are overtaken by the WTO, they serve political objectives. The other scenario assumes that FTAs produce significant economic impacts, and thus first mover advantages do matter. Furthermore, FTAs will not be overtaken by the WTO, and they serve political objectives.

According to Professor Findlay, two scenarios lead to the following negative consequences, which include diversion of policy attention from the multilateral trade liberalization, higher costs of doing business mainly because of different rules on local content requirements, and trade diversion, and tensions emerging from competition for becoming hubs of FTAs. He also touched upon the problem of abuse of rules of origin in order to protect domestic market.

To avoid these negative consequences, Professor Findlay suggested that FTAs should have consistency in terms of agreement and extend terms of accession to new members. To achieve these suggestions, he argued the need for strong leadership at national level, analysis by APEC at regional level, and review of FTA rules at multilateral level, or at the WTO.

3. **Ambassador de ICAZA** of Mexico shared with us the Mexican experiences of the NAFTA. Mexico achieved remarkable economic growth to rank ninth in terms of GDP in the world. Ambassador de Icaza attributes Mexico's economic success to remarkable trade and FDI expansion, which in turn resulted from the NAFTA membership and Mexico's wide network of FTAs. Ambassador de Icaza stressed the importance of comprehensive coverage under FTA. He argued that FTAs are complementary to the WTO in liberalizing the world trading system.

Mexico has become a very active participant in FTAs, with 11 FTAs with 32 countries. Mexico and Japan are currently negotiating an FTA, and Ambassador believes that conclusion of Japan-Mexico FTA would lead to strengthen economic ties, promote trade and investment, enhance cooperation, and promote free trade across the Pacific. Commenting on APEC, Ambassador de Icaza emphasized the significance of achieving the Bogor goals of free trade and FDI.

4. **Mr. SHOTOKU** presented a case in favor of promoting FTAs for Japan from the business perspectives. Mr. Shotoku reviewed the evolution and recent developments of FTAs in the world and noted that FTAs have expanded not only in terms of the number but also in terms of their geographical coverage. In particular, he noted that regionalization is going to expand in North and South America, and in Europe.

On overseas strategies of Japanese firms, Mr. Shotoku explained the dramatic changes over time. Currently, the establishment and expansion of local production facilities in regional blocs is main strategy. Given this observation, Mr. Shotoku argued that Japanese firms are in a disadvantageous position in a market, where Japan is not a member of FTA. An important case in point is Mexico, which has FTAs with the US and the EU, but not with Japan. As such, Japanese firms cannot compete with US or EU firms on a par basis in Mexico. Having discussed the need for Japan to establish FTAs with many countries, especially those in East Asia, Mr. Shotoku stressed the importance of trade liberalization on regional as well as on global setting, because they are complementary to FTAs.

5. The discussions and questions are focused mainly on three issues:
 - (i) the benefits of FTAs
 - (ii) costs of FTAs, and
 - (iii) the obstacles to the formation of FTAs.

Asked the specific benefits from FTAs, Ambassador Chew responded by saying that it is too early to show the positive impacts of JSEPA because it was enacted only six months ago. Having so noted, Ambassador Chew continued to emphasize the WTO-plus components included in JSEPA such as mutual recognition of standards, which would bring about benefits.

On the same question, Ambassador de Icaza strongly argued that NAFTA has contributed significantly to Mexico's remarkable economic growth by enabling Mexico to conduct structural reform and economic adjustment, attract foreign direct investment and expand foreign trade and thus strengthen its overall competitiveness.

Turning to the obstacle to FTAs, Ambassador Chew and Mr. Shotoku indicated that resistance to liberalization from non-competitive industries is most serious. To deal with the resistance, Ambassador Chew pointed out the possibility of excluding such industries from liberalization, while Mr. Shotoku stressed the need of political leadership to overcome such resistance.

On the possible costs of FTAs, all the panelists recognized possible harmful impacts of FTAs on global trade liberalization, if FTAs become inward-looking closed blocs. To avoid such negative impacts, panelists agreed with the need for pursuing regional as well as global trade liberalization simultaneously with FTAs.

6. (Some remarks from the moderator)

Presentations and the following discussions pointed out the benefits and costs of FTAs. The benefits include the promotion of trade liberalization and domestic deregulation, which would contribute to economic growth. More benefits can be expected if FTA has WTO-plus items such as FDI liberalization, trade and FDI facilitation, mutual recognition of technical standards, various economic and technical cooperation programs. Indeed, JSEPA has such components. Recognizing the importance of the creation of economic environment, where free flow of goods, money, people, and information is realized, for achieving economic growth, APEC economies should seek to establish EPAs, which go beyond FTAs.

The costs of FTAs arise mainly from three sources.

One is inefficient use of resources, resulting from possible adjustment costs in the form of unemployment of workers due to trade liberalization, and also resulting from discriminatory nature of FTAs against non-FTA members.

Another source is complicated trade system, which may result from FTAs. A case in point is differences in the rules of origin among different FTAs.

The third source of possible costs is diversion from global trade liberalization not only in political circles, but also in bureaucratic and business circles.

To minimize the adjustment costs, the government should provide temporary support to the unemployed workers in the forms of income transfer and provision of education and training. To avoid misallocation of resources arising

from discriminatory nature of FTAs, the FTA member countries should include all the products in trade liberalization program and they should not increase protection levels to non-members. Indeed, these are some of the important conditions that have to be satisfied in order for FTAs to be approved by the WTO. In order to enforce these conditions, the Committee on Regional Trade Agreements (CRTA), which was set up to deal with the issues concerning FTAs, has to strengthen its monitoring and enforcement authority. To avoid complicated trading system caused by different rules of origin among FTAs, CRTA should set up a rule on the rules of origin, which has to be followed by WTO members. Finally, on diversion of interests from global trade liberalization to FTAs, WTO members have to make efforts to conclude the Doha Development Round negotiations as quickly as possible.

I hope these points will be useful for ABAC to prepare recommendations to APEC Leaders in the area of FTAs. Before closing, I would like to emphasize the importance of political leadership to overcome obstacles to establish FTAs and global trade liberalization, as I believe that benefits of FTAs will outweigh their costs, particularly in the long run. Equally important is the understanding of this point on the part of general public. Without strong support for FTAs by leaders and general public based on correct understanding of the net benefits of FTAs, FTAs will not be realized because strong resistance from the interest groups, which do not want to lose their vested benefits, will prevail with their strong political influence, as the history attests. If such unfortunate situation continues, the countries will stagnate and their people will be forced to lower their living standard.

(end)