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`Region has extremely bright future'

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DESPITE its current economic problems, the region has an "extremely bright future", the Fourth Pacific Dialogue was told last night.

Dr Donal Emmersen, a Professor in the Department of Political Science at the University of Wisconsin, said he is optimistic about the region.

Speaking at the Fourth Pacific Dialogue dinner in Kuala Lumpur, he said South-East Asia has an extremely bright future.

"The miracle cannot come back because there never was a miracle. What there was, was hard work and good decisions.

"I believe that bad times make good policies. There may not be rapid recovery ... but it will happen," Emmersen said.

Emmersen added that in order to resolve the regional turmoil, policy makers will have to face the contradiction it reveals between faith in markets that can only flourish without regulation, and the fact that volatility of such markets is magnified unless they are regulated.

"In this context, Prime Minister Datuk Seri Dr Mahathir Mahathir and George Soros have become allies for they agree on the need for regulation," he added.

Soros was opposed to Dr Mahathir's proposal when the Prime Minister mooted it in August but later reversed his stand after having reportedly lost money in the market.

Emmersen said policy makers will also need to face another contradiction - the virtual absence of state in free market and the necessary participation of the state in the arrangement to ensure free market volatility.

He said this scene is constantly being played out by Thailand and Indonesia where private debt is being addressed by the International Monetary Fund (IMF).

He added that policy makers may wish to ponder on the utility of regional organisation in efforts to resolve the crisis.

Emmersen said as economic events had risen in frequency, more of what goes on in the world is harder to attribute to a single actor or factor given the anonymous, open and multiply-shaped nature of markets.

"There is no consensus on the cure and on what caused the crisis," he said.

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