Four years have passed since the East Asian financial crisis began. Some East Asian economies, for example, China, have been unaffected by the crisis. Some other economies, such as Taiwan, Hong Kong and Singapore, because of their strong economic fundamentals, have weathered the storm relatively well. However, Indonesia, Thailand, Philippines and Malaysia have not fully recovered from the crisis. In addition, Japan has been stagnant for over a decade. In view of this, East Asia has definitely lost its lustre. Many people in the West wondered whether the East Asian economic miracle is finished. Is Confucianism or Asian values dead?

In this essay, I wish to make three assertions.

First, I believe that the East Asian economic miracle is not over. I believe that China is on the verge of transforming itself into a modern and prosperous state. China's rise in the world economy is unstoppable unless there is a war between China and Taiwan. I believe that Japan will, within the next five years, bite the bullet of fundamental reform and bounce back to life. I also believe that the countries of Southeast Asia have no choice but to set their houses in
order. I therefore believe that within the next five years East Asia will, once again, lead the world as the most dynamic region in the world economy.

Second, I believe that the economic crisis has shown that some aspects of Asian values, some of our old practices and habits must be done away with. Let me cite a few examples. Nepotism has deep roots in Asia. It is a practice born out of love of family. Asian fathers wish to groom their sons to succeed them in their businesses. Old fashioned Asian business leaders prefer to recruit their employees from within their extended families or clans based on a narrow definition of social trust. These practices must give way to meritocracy. Since the crisis of 1997-1998, many family-owned Asian businesses have started to recruit talented individuals from outside their families and clans to manage their businesses.

Corruption is pervasive in many Asian societies. It is significant that both China and India have identified corruption as their biggest problem. Rooting out corruption is a formidable task. We need a clean and determined leader to lead the campaign against corruption. We need to raise the salaries of employees in the public sector. Finally, we need to change the mindset of people. Asians must be convinced that corruption is an evil and should not be tolerated. The Rule of Man is stronger than the Rule of Law in some Asian countries. In many Asian countries, the Rule of Law does not apply to some people who enjoy a privileged position. In some Asian countries, the judges are corrupt and justice can be bought for a price. All these must change. The new Asia must embrace transparency,
integrity and accountability. This is the mission of Transparency International, which is based in Berlin.

Third, I believe that some Confucianist or Asian values are good values. They have survived the economic crisis and will continue to serve East Asia well. What are some of these values? One is the belief in strong families. In East Asia, unlike the West, marriage is still a popular institution and divorce, although rising, is still uncommon. We do not have the phenomenon of men who abandon their wives and children. Teenage pregnancy, although not unknown, has not reached the alarming level in the United States. In other words, we have not experienced and are unlikely to experience the social breakdown which Francis Fukuyama wrote about in his book entitled "The Great Disruption".

Another good Asian value is the reverence for education and learning. It is not surprising that students in countries in East Asia have consistently out-performed their Western counterparts in international tests of mathematics and science. This augurs well for East Asia because the world economy is rapidly becoming a knowledge-intensive economy. In the New World, the most important economic resource of a country is its people. A well-educated and creative people will give a country a competitive edge over other countries with a less well-educated and creative citizenry.

A third good Asian value is the work ethic. East Asians have a culture which emphasises the need to work hard. If Asians can maintain the work ethic in spite of growing prosperity, this will also give
them an edge in the global competition. Better still, Asians should learn to work smart as well as work hard. Another imperative is for Asia to upgrade its universities. Asia must have its share of world class universities if it is going to be able to compete in the global war for talent.

In conclusion, I would recapitulate my thesis that East Asia will rise again in the world economy, that while some bad Asian values should be jettisoned, others which are good values should be retained.

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