

## Emir maps way out of crisis

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DOHA: The Emir H H Sheikh Hamad bin Khalifa Al Thani yesterday said the right way to deal with the current economic crisis is to acknowledge and correct past errors.

“The solution lies not in abandoning the market laws and free trade or to resort to selective protectionist measures or to reject planning entirely, but the solution as is the case with each crisis, lies in striking a balance between responsibility and freedom, between market laws, and public social responsibility,” the Emir said in his address to the 9th Doha Forum on Democracy, Development and Free Trade, that opened at the Doha-Sheraton last evening. He also said the crisis has exceeded what is usually foreseen and expected of the market activity, from expansion to deflation. “It has gone out of control and has turned into a dangerous hurricane that threatens beyond our imagination,” he said.

The crisis is not a natural catastrophe like a hurricane or earthquake, but a result of human policies, miss-planning, excessive self confidence, desire to get rich quickly, and mixing the necessary loans needed for production and consumption with borrowing for speculations that exceed the gross production, the Emir said.

“What happened was a result of confusing beneficial investment in the stock exchange with gambling. It was also a result of turning away from the fundamentals of sound economy that is based on labour, production, market, and profit,” he said. He added that what is more dangerous than the economic crisis is the cultural and moral crisis which would not have been taken seriously by some people, had this critical crisis not happened.

The culture of consumption and getting rich quickly without production, he said, has spread out and turning speculations into a norm in the same developed countries in which the extent of the financial catastrophe was suddenly revealed.

The Emir also pointed out that the state should interfere in a crisis of such a magnitude and adopt new laws to monitor the activities of banks and financial institutions in general.

“However, there should be a warning against this interference turning into a wrong attempt to put the blame on others or on the principle of free trade itself on the one hand or in exaggerations in defending all its negative aspects and those of the banking system on the other,” he said warning against protectionist measures as a way out of the crisis. He said such measures would hinder international efforts to face the crisis and its repercussions.

Historically the crises had a corrective effect on the course of economy when producers and decision makers collaborated in drawing the correct conclusions, and not by looking for sedatives and painkillers that would mitigate the symptoms while the ailment aggravates, the Emir said.

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