

Japan and the four newly industrializing economies are demonstrating the benefits of applying market principles and pursuing real adjustment. They have put forward novel patterns of co-operation between Government and business. They have provided new models of relating science and industry. They have demonstrated the advantages of non-adversarial approaches to management and organization. Governments in this region have promoted industrialization not through rhetoric or sterile 5-year plans but through active dialogue and co-operation involving all partners in society. There is a degree of national consensus and a quality of national energy in this region which can only be the envy of economies elsewhere.

What is unique about this achievement is that it has been so rapid and so extensive. For countries in Latin America, Eastern Europe and Africa, it is the Asian achievement - rather than the North American or European experience - which provides the clearest and most compelling case for development through hard work, the free market and minimum government regulation. The fact that this achievement has been accomplished despite a legacy of poverty and recent conflict is all the more compelling. These are humbling lessons for Canada and other developed countries.

There is still a psychological tendency in the West to treat the Asian economies as addenda to the global economy. But Asia is becoming an economic powerhouse, a central engine of the global economy. Asia used to be dependent on the West. The West and Asia have now become dependent on each other, and that is to be welcomed, not resented.

One remarkable feature of this Asian experience is that prosperity has been secured without formal institutional arrangements. Europe had to form a Common Market; North America a Free Trade Agreement. There is no Pacific 1992. There is no Pacific Free-Trade Agreement. There is no Pacific OECD. What has been accomplished here has been accomplished through the efforts of individual states and individual enterprises, albeit with remarkable economic integration.

But that economic integration has not been matched regarding political and security questions.

In many ways, the geopolitics of the nuclear age have been played out in Europe, with Asia bearing the consequences. Asia has been a recipient of Cold War antagonisms. It has seldom been a donor. Regional conflicts have been fought in Asia - in Korea, Vietnam and Cambodia - for reasons of Cold