

important countries, countries with global impact, but neither serves as a political fulcrum around which the entire region naturally turns.

What is happening, however, is that the democracies of the Pacific Rim and of Asia constitute a vibrant community - despite the obvious national differences. That is something new and unprecedented, forged by an intensive exchange of technology, ideas, and people - an exchange and a community that reach across the Pacific, and are particularly important to us as North American Pacific countries.

The economic links across the Pacific are growing, powerful, and permanent. This University understands that reality clearly. Stanford has been a world leader in microelectronics, virtually bringing Silicon Valley into being, and contributing consistently to its growth. Microelectronics represent, in a highly compressed form, the two contrasting but inseparable aspects of doing business with Asia today: that double reality of new market opportunities and sharp competition.

Asia, of course, is an immense market, and has always tantalized traders. North America was discovered by discouraged Europeans who were looking for Asia. Canada's railway, whose construction created our nation, was built as much to link Europe with the Pacific as to unite our far-flung colonies. The passenger cars on our first transcontinental train were named after cities in the Orient, and our first steamships, out of Vancouver, were named, with an imperial echo uncharacteristic of Canada, Empress of India, the Empress of Japan, the Empress of China. True to that spirit, they carried missionaries and traders, intent on purveying the benefits of our civilization to much older societies.

But modern Asia is much more than a market. For many North American industries, it has become the competition, the trend setter, and that is just beginning.

We number three hundred and fifty million people here, in the three nations of North America. Asia numbers billions, for most of this century, that imbalance in population has been offset by a difference in development. That gave this continent an undeniable economic advantage, but also the dangerous illusion that we were invulnerable. Economic advantage changes quickly. Illusions last longer, and the most fundamental economic challenge modern Asia offers North America is the challenge to our complacency.