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First of all, I would like to thank PBEC for inviting me to speak before you today. I value this opportunity because I know who really are the most important actors in the making of the future of the Pacific.

2. It is not the great leaders of the Pacific who are the most important builders of the Pacific community that is yet to be. It is not the officials and bureaucrats who will build the Pacific community of cooperative peace and prosperity that I hope will flourish in the twenty-first century.

3. It is not the great intellects and the powerful media that will construct the Pax Pacifica that will be worthy of the aspirations of the peoples of the Pacific. Most certainly, all will have to rise to the challenge. At some point or other, all will have to play the most critical of roles.

4. Yet, right or wrong, it is simply my view that the most important sustained builders of the Pacific community that must be built in the days, weeks, years and decades ahead will be the workers, managers and entrepreneurs of the business communities of the countries of the Pacific rim.

5. I do not say this because I am speaking before so many captains of industry and commerce of this vast region, before so many of the business leaders of the Pacific. I have repeatedly stressed this point at meetings of government leaders and at other meetings where such a view is often regarded as heretical. I might as well repeat it before an audience which must regard such a view as merely obvious.

6. I am sure we can all agree that peace and stability are essential pre-requisites for the Pacific Age. Without peace and without stability, all the basic assumptions on progress have to go back to the drawing board. Fortunately for us in the Pacific, not perhaps for 150 years has the strategic environment been so conducive for peace and stability. In so many parts of the Pacific, peace and stability have already

broken out or are being strengthened.

7. I am fully aware of the awesome conflict potential in the Korean peninsula that could change the entire strategic picture and future of the Pacific. I know of the possibility of the division of Canada. I am aware of the issues in Mexico and some of the internal security concerns in north and central America. But I am very confident that China will not break up, that the Japanese are not going to lose their senses and there will be no violent maritime conflict in the region.

8. All these and other security issues that will be thrown up in the course of time can be dealt with the old mind-set of confrontation, power and deterrence, which can never create a warm and cooperative peace, which can only guarantee the rigidifying of a status quo and the vicious circle of enmity, armament, suspicion and hatred. To be sure, there are circumstances under which there is no better choice. But the Pacific of today and tomorrow is a Pacific of better choices.

9. There are now tremendous opportunities to go by a different path, to cooperate with those with whom one disagrees, with whom one has yet to come to an agreement. There are so many opportunities to work with those whose perspectives and interests differ from one's own yet presents possibilities of harmonisation, or at worst an agreement to agree to disagree without being disagreeable. This is the path of cooperative security, of trying to get along, of trying to understand one's adversary and the security concerns of others, of trying to accommodate and to embrace, to strengthen acquaintanceships, to build the bonds of friendship.

10. It is a central paradox of peace-making that true peace is best made when there is peace. It is too late when the clouds of conflict have begun to gather. Now and in the years ahead, to ensure the Pacific Era that we want to see, we must together work intimately and diligently to build a Pacific Peace worthy of the name of the ocean which washes all our shores.

11. It also seems somewhat obvious that we should build not only a community of cooperative peace but also mutual prosperity. I believe there are at least two pillars for such an endeavour which should be stressed at this point in time.

12. The first is to ensure a Pacific market system which unleashes the ferocious force of enterprise and catalyses all the synergistic potential of the Pacific. The second is to ensure the development of a Pacific economic system firmly wedded to open regionalism.

13. We have seen the bankruptcy of the central command economy. On the other hand, we have seen what can be done when markets are opened and liberated and when goods and

services are freed to respond to the commands of the marketplace rather than the specific targets and dictates of bureaucrats, planners and politicians. We have seen what China has been able to achieve, what Vietnam has been able to accomplish. We should seek the further opening of the transition economies and the wedding of all our economies to the market system.

14. What makes sense within the context of the domestic economy makes sense also within the international and Pacific economy. The command economy makes nonsense in terms of domestic economics. It makes nonsense in terms of the international economy.

15. Our Pacific Era must also be built upon the firm foundation of a liberalising Pacific economic system that is fast reducing the obstacles to the flow of goods and services. I believe that we owe it to the world and to ourselves to also proceed on the basis of lowering the obstacles to businesses located outside the Pacific rim. A mercantilist Pacific makes as much sense as a mercantilist Canada or a mercantilist Japan or a mercantilist United States.

16. However macho we are on the Pacific, we must never forget the global community. I believe we must escape the trap that has been a source of weakness in Western Europe. It is very difficult to find Europeans who believe that they are incredibly Euro-centric. At the same time, I am confident most of you will agree with me when I say that it is difficult to find Europeans who are not in fact, whether they know it or not, incredibly Euro-centric.

17. We of the Pacific must never forget our global frame of reference and our global frame of operations. The Pacific community which we should seek to build must not be inward-oriented and discriminatory towards the rest of the world. We would be foolish if we of the Pacific get together in order to circle our wagons, to raise the barricades and to keep everyone else out. Our Pacific community must be open to the world, to the exports and the investments, technology and comprehensive economic penetration of the rest of the world.

18. Even as we must be committed to open globalism at the global level, and to open super-regionalism at the Pacific level, we must be committed to open regionalism in all the various regional schemes upon which we embark. The North American Free Trade Area (NAFTA) and the free trade area between Australia and New Zealand (ANZCERTA) must all seek to reduce the barriers to external economies as well as reducing the barriers to the participating member states. The same must hold for whatever is tried in East Asia. Any East Asian scheme for economic cooperation, including the EAEC, which has been the victim of so much deliberate misinformation, must be wedded to this idea of open regionalism.

19. I have so far outlined what I mean by 'cooperative peace' and 'cooperative mutual prosperity'. Let me try to clarify what I mean by the term 'a true Pacific Community'.

20. I believe that the true Pacific community that has to be patiently built must be robust, must be infused by friendship and a sense of community. It must be egalitarian and democratic. And it must be beneficial to all of the members of our Pacific family.

21. It must be a community that will endure, not a Pacific construct founded on a transient passion or a temporary association of convenience that might be here today and gone tomorrow.

22. We should understand, indeed welcome, the enthusiasm of those who have just discovered the Pacific. But the building of such a true Pacific community is not a task to which we should come with wide-eyed romanticism, idealism or impatience. There is little room for romanticism and every reason for being realistic, for exploiting pragmatism to its fullest potential. Our idealism must be without illusion. There is need for a constructive impatience but an even greater need for sobriety and the stamina of the long-distance runner.

23. We must be prepared for a journey of a thousand miles. Not because there is virtue in long journeys, but because the journey towards a true Pacific community must of necessity be long. This is unfortunate. But that is the way that it is.

24. Second, what we must build, I believe, is a relationship between us based on a sense of community, "as within a family or a group of friends".

25. A true Pacific community, a Pacific village or family or group of friends will need to be founded on knowledge, familiarity, understanding, empathy, mutual regard and mutual respect.

26. Let us face the facts squarely. Many of us around this Pacific rim are as strangers, whose acquaintanceship with each other can be measured in terms of months rather than years. Many of us hardly know each other, are hardly familiar with each other. It can be no surprise that there are enormous gaps in understanding. Indeed, in basic knowledge.

27. At present there appears to be a gross imbalance not only in knowledge but also with regard to mutual respect. One is sometimes tempted to think that those who know least about others are the most likely to tell them what they should be doing with regard to the running of their present and the making of their future.

28. My advocacy of egalitarianism and democracy is not an attempt to fly in the face of reality. In life, some will

always be more equal than others. Chile is not Canada. Canada is not China. Hong Kong is not Japan. And Japan is not the United States. Even within the family, we know that there are older brothers and sisters. But the play of power and size and leadership should take place within a roughly egalitarian framework. Although the different shades of grey will be there, we all know when something is definitely non-egalitarian and when something is clearly egalitarian. Whatever may have been the record of the past, in the future, we cannot move forward, a true Pacific community cannot be built, on the basis of hegemony and imperial command.

29. We are also deeply committed to the building of a Pacific community that is democratic and consensual and that operates on the basis of democratic and consensual principles. We all know how frustrating democracy can be. But it is the best form so far devised for the governance of society. This is as true for the governance of a civilised community of states, as it is true for the governance of a civilised community of citizens.

30. We all know how infuriatingly difficult it is to get a consensus, especially when so many from so many different backgrounds, perspectives and interests are involved. But what is the alternative? To pretend agreement when there is none? To go through the motions of adopting the finest formulation of words, with no intent to see them through and to honour them in the spirit as well as in the letter? To sign agreements and to mount the most intense search for loopholes even before the ink is dry? What is the alternative to building a community through consensus? To bulldoze? To bludgeon? To bully? You can legislate for some things. But you cannot legislate for a meeting of the minds, for a feeling of sympathy and affection between friends and the bonds that bind a family together. A true Pacific community can only be built through the deepening and widening of consensus over a large range of shared ends and shared perceptions on the means.

31. Most obviously, it is extremely important for all who are involved in the Pacific process of community building to feel that they are benefitting, that they are getting something they would otherwise not get.

32. There are those who believe in historical inevitability -- and the historical inevitability of the Pacific as the future economic centre of gravity of the world. I believe that things are inevitable only if we make them so.

33. Our 'Pacific Era' will be stillborn if we quarrel and fight amongst ourselves, if we divide the Pacific, if we create discriminatory trading blocs, if we draw a line down the Pacific, if we are unwilling to extend to each other the normal rules and regulations -- like Most Favoured Nation (MFN) -- that are the norms between trading economies.

34. I am sure you will also agree that a `Pacific Era' cannot be sustained if we do not play fair, if we do not open more fully to each other, if we do not further liberalise our economies.

35. I am sure you will also agree that a `Pacific Era' will not be fostered if we do not engage fully all the dynamic possibilities of working together; if we do not exploit all the synergistic opportunities afforded by the fact that each of us have different strengths and comparative advantages.

36. Obviously, Governments have a major role to play. But I do not believe that in the foreseeable future Governments have all that great a role to play. The Almighty help us if we were to create the Pacific analogue of the `Eurocrats' who have played such an interventionist role in Europe.

37. To try to build a Pacific community along the lines of the European Community would be extremely disruptive and damaging to the long term building of a Pacific community. The conditions are not there. It would be disastrous.

38. Instead of a ton of legal documents, a phalanx of bureaucracy forcing the pace of integration; instead of an artificially forced process, what Governments should do is merely establish the framework within which people-to-people contact can flourish, the ambience and framework within which entrepreneurs can go about their daily business of profiting from Pacific dynamism, thereby building the relationships of investment, trade and comprehensive economic interdependence which are the brick, the steel and the cement of our embryonic Pacific community.

39. Let me therefore end as I began, by stressing the importance and the role of the private sector. You, ladies and gentlemen are the most important builders.

40. Prosper from the Pacific. Prosper with the Pacific. Build the web of mutual regard, interdependence and common interest that will withstand the test of time. No more solid foundation can be found for the making of a Pacific Era that hopefully will span and go beyond the twenty-first century.