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Since
Following the end of the Cold War, it has become fashionable to state that a previously bipolar world has now become tripolar. According to this view, the political and military rivalry between the United States and the Soviet Union has been replaced by a three-way economic competition involving the United States, Germany and Japan. But, in the post-Cold War world that is developing, we are witnessing the unfolding of a far more complicated global marketplace, one in which Western Europe is a key player. It is important to understand the nature of these new trends, especially as they involve and affect governments, business enterprises, and consumers. The likely responses to the changing world economy will be extensive, covering ~~both~~ the relationships among public- and private-sector organizations as well as the procedures within each of these institutions.

What about the tripolar world? It is true that three nations - Japan, Germany and the United States - have become, at least for the present time, the dominant economic powers. But the reality is far more complicated than that. First of all, each of the three nations is a part - and a leading member - of a different and much larger regional grouping. Secondly, and simultaneous with this pattern of economic and political regionalization, is the decentralizing force of the transnational business enterprise. Let us examine each of these developments and see how they influence the future of the North American-West European relationship.

The United States, Canada and Mexico have developed a North American Free Trade Agreement (NAFTA), reducing or eliminating barriers to commerce and business generally in that part of the world. We can readily foresee considerable potential for shifting people and other resources within the entire continent. Ultimately, all of the Western Hemisphere may become one major trading area. From the viewpoint of the United States, the neighbour to the North, Canada, has long been the number one trading partner. Now Mexico, the neighbour to the South, has become the second largest market for American-produced goods and services. The trend to regionalization is clear.

Yet focusing on the United States or even North America is too limited. People outside the Western Hemisphere realize that many nations in Latin America have

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now begun to experience sustained economic growth, especially Chile and Argentina as well as Mexico. The development of a broader Western Hemisphere trading relationship is increasingly possible in the early years of the 21st century.

Turning to the Asian rim, there is no counterpart to either the European Union or NAFTA. The governments of this region have not embarked on an effort to link their economies or to eliminate barriers to trade and investment. Nevertheless, the informal commercial and investment relationships across the region are quite significant. For example, like the EU, about three-fifths of the international trade of the Asian rim countries stays in the area. This is a very different view ~~than~~ *from the one* most Western observers hold of that region. Thus, it is a more inward-looking or at least self-sufficient area than most people located outside the Asian rim yet realize. The continued rapid growth of the countries in that region is likely to accelerate the importance of Asian markets for the exporters located there.

The role of Japan is especially impressive. Europeans and Americans often are preoccupied with companies in other nations buying some of our key economic assets. Thus we do not always appreciate the fact that Japan is a major source of foreign investment for such Asian nations as Thailand, Malaysia, and Indonesia.

Japan is also the major source of imports for those countries and the major destination for their exports. For example, the six nations making up the Association of Southeast Asian Nations (ASEAN) are now a larger market for Japan than the United States.

Merely contemplating the economic implications of the extension of current trends in East Asia into the 21st century is awe-inspiring. For example, if China achieves its economic goals for the year 2000 and then moves forward at satisfactory growth rates, that nation's per capita income in 2050 may be roughly equal to that of the United Kingdom in 1965.