

Europe in Turbulent Times

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Ladies and Gentlemen,

Two weeks from now, the leaders of no less than 25 states of Europe will meet here in Athens to sign the treaties of accession that will bring a further eight Central European and Baltic and two Mediterranean countries into the European Union.

It's neither the first enlargement of the Union, nor the largest either in terms of geographic size, population or economy. But its political importance goes well beyond most of the previous enlargements.

When I – then as Prime Minister – signed the Treaty of Accession of Sweden to the European Union at the beautiful Greek island of Corfu in June 1995, this was part of

the completion of the integration of the western part of our continent. Countries that had called themselves neutral during the decades of division were now eager to join.

It was in 1989 that history changed course in Europe. The evil Soviet empire collapsed under the weight of its own failures. Freedom and democracy suddenly swept over large parts of Europe. History gave us a new agenda and task – to build a new system of security and peace for all of Europe.

Since then, we have seen successes and we have seen failure.

As nationalism exploded all over Central and Southeastern Europe, war came again to the Balkans. We had to wake up to the painful reality that the issues of war and peace in our part of the world had not been resolved. We stumbled and failed and failed as war swept from region to region during more than a decade.

Whether we have truly learnt the lessons of those conflicts – and our failures – is the subject of a separate debate. I do not belong to those that believe that everything has been solved and we don't have a need to worry. We face a challenging unfinished agenda in the Balkans.

But there were the spectacular successes as well.

Tons of books had been written on how socialism could be built on the ruins of capitalism. But suddenly the task given to a quarter of a billion people East of the former Iron Curtain was a different one: how to build democracy and market economy out of the ashes of dictatorship and socialism.

Since then, we have seen truly remarkable success from Tallinn to Sofia as these countries have become stable democracies and have built all the institutions of the rule of the law and functioning market economies.

Not everything is complete and not everything is perfect. But by all the reasonable standards of history, it has been a remarkable success. And we should recognize

that it would never have been possible without the inspiration as well as the template provided by the European Union.

Again, it has fulfilled its core objective of securing peace and democracy in our part of the world.

During the past thirty years, the European Union has grown with nine new members. Now, it takes a leap with no less than ten new members, with a further two – Romanian and Bulgaria – having a target date of 2007, Turkey a recognized candidate to be decided upon late next year, and new applications coming in from the countries of South-eastern Europe.

As we see a wave of referendums sweeping over Europe – Malta and Slovenia already having voted Yes, with Cyprus, Hungary and Lithuania coming next – we can also follow the deliberations of the European Convention, trying to lay the foundations for the first constitutional treaty of the evolving federation of nation states of Europe. And in parallel – let that not be forgotten – the process of the ratification of the parallel enlargement of the Atlantic Alliance is going ahead.

The new EU and the new NATO will both come into existence by May 1st next year – just before the new elections to the European Parliaments and the new nominations to the European Commission, deciding the leaderships of the institutions of the Union for the rest of this decade.

But we are no more than half the way towards fulfilling the agenda that history gave us in the year of 1989.

The countries now entering the Union have an economic level app 40 % of that of the present members. And the task for the decades ahead must be to close that wealth gap, so as to really bring Europe back together.

This must be done – and it can be done. Within less than a generation, Ireland went from the poorest member when it entered in 1973 to today the second richest member after Luxembourg.

But the risks of failure are also there. In contrast to Ireland, it took a long time for Greece after its entry in 1981 to fully start to develop its European and economic potential.

And we must not ignore the tasks that are there in the wider Europe. The today seven non-members countries of South-eastern Europe have an economic level half that of those now entering, and often significantly below that of Turkey. And towards the East, we face large countries and regions with economies at a level less than half of those of these countries of South-eastern Europe.

Economic reforms to promote growth in order to start closing the wealth gaps of Europe must be an imperative for many years to come.

And these economic reforms are necessary not only to close the wealth gaps in Europe. They are equally necessary in order to start closing the growth gap across the Atlantic Ocean.

In Lisbon in early 2000, the leaders of the European Union proclaimed their ambition of creating, within this decade, the most dynamic knowledge-based economy in the world. In short: to start catching up with the United States.

Today, the economic gap between the EU countries and the US is wider than it has been for more than a quarter of a century. Our economy is on a level app 70 % of that of the US. But the growth pattern is what is really troubling.

If the EU were to achieve a growth rate 0.5 % higher than that of the US, it would still take us 28 years to come back to the relative position versus the US that we had as recently as 1990.

Since the mid-1990's, two thirds of all the economic growth in the entire world has been in and by the United States.

And in spite of the brave words from Lisbon, and the extensive declaration from last weeks European Council in Brussels, the gap continues to widen.

Forecasts for this year – uncertain as they are – points at a US growth in the range of two percent and an EU growth in the range of one percent. More long-term predictions point at even larger divergences.

This comes in spite of the obvious potential of Europe.

A GDP of more than 8 000 billion €. More than a fifth of global trade. The world's largest exporter of goods and services. The main export market for more than 130 countries all over the globe. And – after the new members have entered – the world largest single economic market.

Enlargement should give a new impetus to economic reform. We see major industries – the automotive industry, as an example – migrating towards the new members, thus highlighting the need for reforms in order to create new jobs and new growth. And the new competitive pressure coming from the integration of the Euro will, over time, work in the same direction.

That the economic outlook is somewhat clouded isn't only a function of the unfilled promises of reform in the European Union. We live in truly turbulent geopolitical times.

There is war in Mesopotamia. There is the danger of global terrorism. There is the spread of weapons of mass destruction, with the non-proliferation regime for nuclear weapons on the verge of breaking down. There are all the issues of the tension between demographic boom and economic failure to the South and towards the Southeast of Europe.

From the perspective of Athens, but affecting us all, there are all the complex issues of state building in regions and countries shared by different nationalities in what we might refer to as the post-Ottoman world from Bihac in Bosnia in the northwest to

Basra by the Persian Gulf in the southeast. The issues of Kosovo and Kurdistan are essentially the same. And Cyprus is roughly half the way between the two.

The issue of how to deal with Saddam Hussein's defiance of the resolutions of the United Nations have divided the UN Security Council, the trans-Atlantic Alliance as well as – and perhaps most seriously - the European Union.

Now, war is a fact. Irrespectively of the views we all might have had two weeks ago, we should now all have an interest in it being brought to a speedy and successful conclusion. The task must be to start to prepare for a decent peace in Iraq but also throughout that wider region. And – I might add – over the Atlantic and within the Councils of the European Union.

The Greater Middle East is the “near abroad” of Europe. It's us that will be most profoundly affected by the explosions or implosions we might see in this region in the years ahead. Its tensions and turmoil is not only our “near abroad” – they stretch into the suburbs of nearly every major European city today.

For us Europeans, the issues of the Greater Middle East are not only issues of our external security, but also of our internal stability.

Iraq has seen three decades of brutal dictatorship, two decades of almost constant war and one decade of devastating economic sanctions. Under these circumstances, status quo could never be an option.

But we must clearly recognize that the liberation of Iraq from dictatorship must go hand in hand with the liberation of Palestine from occupation.

If there a year from now are American tanks on the streets of Baghdad and Israeli tanks on the streets of Hebron and Ramallah, we might have lost the hearths and the minds of the quarter of a billion people of the Arab world for a generation or more. In such a situation, even a splendid military success will surely turn into a horrible political failure.

The gulf that has opened up over the Atlantic is partly the product of our agendas, and the methods we use in advancing them, have drifted apart.

For more than a generation we were united by a common threat. But when that disappeared, we failed to develop a common vision.

The agenda of Europe is the agenda of 1989. We try to build peace by sharing sovereignty in an important region of the world.

The agenda of the United States is the agenda set by September 11 2001. They now seek security by exercising sovereignty on a global scale.

The different agendas, and the different methods, now drive us apart. But this is profoundly dangerous for us all.

And while different, there is no reason why not the two agendas could not be reconciled. We need peace and security through integration in Europe. But we also need to counter the evils and the turmoil's and the threats of a wider world.

Contrary to rumours, the United States is not a hyperpower that can do everything everywhere the way it wants. Even the Roman Empire recognized that it's legions were not enough in order to safeguard its world. And a world where five billion people will soon be six billion can never be ruled by ten army divisions alone.

This will be obvious in the Middle East with greater clarity than anywhere else. That's why I believe that the divisions that have opened up across the Atlantic and within Europe over the issue of Iraq can best be healed by developing a common vision and a common concept for the region of the Greater Middle East.

Today, the 22 countries of the Arab world have a population of more than a quarter of a billion people. But within two decades, this will have nearly doubled, and approach half a billion people. There is no other region of the world with as many young people. Today, close to 40 % of its population is 14 years of age and younger.

But while the population is exploding, the economies are close to stagnation. During the last two decades this region had the slowest rate of economic growth in the world with the exception of sub-Saharan Africa.

Even for those countries having oil, it doesn't help that much. The per capita oil income of Saudi Arabia today is a tenth of what it was in 1980.

Thus, the region is heading for major change. It could explode in hatred and turmoil. It could implode in social despair. But there is also a path towards political and economic reform in an increasingly close integration with both Europe and the United States and the rest of the world. Clearly, we have an immense interest in seeking to support all those working for this later course of development.

For more than a generation, it was countering the Soviet threat, and working for political change for the oppressed of half of Europe, that was the overriding task in terms of the security and peace of Europe.

Now, we are living in a different world.

We are building new structures for peace and integration in Europe. Major tasks remain – the open issues of the Balkans, the future membership of Turkey, our new neighbours.

But increasingly we must be prepared to address the issues of our wider near abroad. This will require cooperation in foreign as well as domestic policies. It will require a common approach to security. We must be prepared to deal with sensitive issues of political change and economic reform in cultures sometimes very different from ours.

And we must be prepared to take our responsibility in the even wider world. Try to stop the proliferation of weapons of mass destruction. Counter the spread of infectious diseases. Open up the world trading system – food, textiles, services obviously included – to the benefit of those starting to climb the ladder of development.

Building a better world not primarily by giving them the fear of our capabilities of destruction, but by giving them the hope that comes from our capabilities of cooperation, integration and reform.

In this, we must build a better partnership with the United States. In his policy address to the German Bundestag in Berlin less than a year ago, President Bush said wise words on the tasks ahead. And he noted, “the New World has succeeded by holding to the values of the Old”.

These are words worth remembering as there is war in Mesopotamia, while the nations of Europe are preparing to meet on the ancient Agora and sign the treaties that truly bring our continent together in a new framework of peace.