

# PRESENTATION THE CONTRIBUTION OF THE ECONOMICS COLLOQUIUM TO NATO'S ECONOMIC AGENDA: AN EVOLUTION OVER 30 YEARS

*Philip Joseph, OBE*

Secretary General, Chairman, Distinguished Visitors, Ladies and Gentlemen,  
The NATO Economics Colloquium, started in 1971 is, I believe, the longest running series of economics conferences in the world devoted solely to the Soviet Union, the CIS (Commonwealth of Independent States) and Central and Eastern Europe. I have been privileged to set up eight such colloquia and to participate altogether in 24 out of the 27 which have taken place before today's, in NATO's 50<sup>th</sup> anniversary year. In those 27 events, 360 authors presented 548 papers which are reproduced in the 27 volumes of proceedings. This says nothing of you, the participants, who have taken part in the discussions, made your views known and influenced the outcome.

You will understand therefore, why, when I was first invited to say something about the evolution of the NATO Colloquium, I accepted the honour with some trepidation. My fears were justified when I started to review the 27 volumes of proceedings and tried to describe this evolution. The result of that review is a paper which I thought might be of value to future students of the area and it has therefore been distributed to you. It contains, in three appendices, a list of the papers arranged in chronological order, one in alphabetical order of authors (which is a list of experts without compare) and another in alphabetical order of subjects.

## **Aims**

I am frequently asked why NATO, fundamentally a defence organisation, is concerned with economics at all. Most of you know the answer but it is not a silly question: we should pose it from time to time to verify whether the work continues to be justified. According to its Fiftieth Anniversary Handbook, NATO is "an association of free states united in their determination to *preserve their security* through mutual guarantees and stable relations with other countries". The organisation "provides the structures needed to facilitate *consultation and co-operation between them*, in political, military, and *economic* as well as scientific and other non-military fields".

The preservation of security requires continuous assessment of the intentions and capabilities, of the strengths and weaknesses of friends and potential foes alike. Their economies are a vital element of such assessment. Thus the aim of the Colloquium has always been to provide the nations of the Alliance with the best information possible on the economic factors affecting their security and stability. [Moreover, Article 2 of The Treaty calls for the '*elimination of economic conflict and the encouragement of economic collaboration*' hence the need here also for economic assessments]. How better to gather the information, the interpretations and analyses necessary for such assessments, than to bring together the most expert brains in the world in such studies? As the Secretary General, the late Manfred Wörner, said at the opening of the 1992 Colloquium "...the results ... will help us to decide on how we proceed in those questions which really affect both economic realities and security."

Studying the economic development of one's friends and potential foes is not new. Let me quote from the record of a meeting between two heads of state: "The report I heard in my country was true but I did not believe it until I came to see for myself. Yet only half had been reported, your prosperity, your economic strength, is far greater than anything I have ever heard of". This was the Queen of Sheba talking to King Solomon during a visit to Jerusalem some three thousand years ago! One might be tempted to ask whether it was only economics that was of interest about this man who had 500 wives and even more concubines. However, there was an exchange of gold and other precious goods brought by the Queen, possibly for arms and equipment, and a son was born to the Queen. Ethiopian tradition has it that he became Menelik I, who founded the royal dynasty of Ethiopia.

## **Evolution Over the Years**

A year by year comment on the development of the Colloquium is given in my paper but I would like to recall here the main lines. During the 30 years since the Colloquium was first conceived, the Soviet Union, and later Russia, has been led by five men: Brezhnev, Andropov, Chernenko, Gorbachev and Yelstin. All have introduced political and economic reforms made possible by, and deeper than, their predecessors' until, with Boris Yeltsin, the Soviet Union disappeared and the Commonwealth of Independent States was created.

During its first 10 to 15 years the Colloquium was geared mainly to the Five-Year Plans and concerned itself largely with their fulfilment. Towards the end of that decade (1980) conditions in the USSR were changing decisively: the dramatic movement in population distribution from 33 urban/67 rural in 1940 to 62 urban/38 rural in 1977 was of serious concern to the authorities. There was demand for greater regional autonomy. East-West trade, already affected by adverse Western conditions, was suffering from sanctions imposed

by the West in protest against the Soviet invasion of Afghanistan in December 1979.

The early 1980s, according to our colloquia, saw the faster development of the black economy in the USSR and Eastern Europe as a result partly of a disastrous Soviet harvest in 1981 which increased the need to import huge quantities of Western, mainly North American, grain and partly of continued Western sanctions. The small progressive reforms introduced during the preceding years had done little to avert this development.

Leonid Brezhnev died in November 1982. His successor, Yuri Andropov, introduced some wide ranging reforms designed to improve the lot of the consumer and revitalise the economy but he died after 14 months. His successor, Chernenko, in power only a year, did not have time to achieve anything of note.

Mikhail Gorbachev came to power in March 1985 and the second half of the 1980s was marked by accelerated political and economic changes. At last the nations of Eastern Europe were free to introduce their own systems of government, and Hungary, Poland and Czechoslovakia were the first to take advantage of this situation. In 1986, accordingly, we took an overall and penetrating look at the economies of Eastern Europe and their foreign economic relations. Before the end of the 1980s the Berlin Wall had fallen, the economies of Eastern Europe were unrecognisable, Germany was well into the process of unification and the withdrawal from Afghanistan was completed.

It seems to be in the nature of reforms that each set is made possible through earlier ones and, in turn, each set gives rise eventually to further reforms. Thus the Nineties have seen even greater changes under Boris Yeltsin; they are reflected in the colloquia starting in 1991 when **one Czech and three Soviet** speakers shared this platform and established the precedent honoured ever since of EE and Russian participation. The Colloquium has been a regular feature of the NACC Work Plan since its beginning. The disappearance of the Soviet Union brought revolutionary changes in the economies of Russia and its CIS companions. The colloquia did much to bring understanding of the new atmosphere, of the depth of shock and pain of transition from command economies to the market, of the difficulties of conversion of the defence industries and of the problems of transformation to private ownership in the countries which were to become "Cooperation Partners". By 1997 **12 of the 23** speakers were from Central and Eastern Europe including the Former Soviet Union thus giving substance at the colloquia to the links between us enshrined in the "Founding Act" which had created the basis for a "Joint Permanent NATO-Russia Council".

Last year, 1998, saw another first when Marjan Senjur, Minister of the Republic of Slovenia for Economic Relations and Development, invited the Colloquium to take place in Ljubljana and to discuss "The Role of the State with Particular Focus on Security and Defence Issues".

## Overview

The changes in format, in participating nationalities, in subjects examined at the colloquia and in the priorities accorded to them, all reflect the reforms, the changes in policies and the economic developments in CEE, in the USSR and in the FSU, and in the new relations between East and West. Thus our evolution followed the succession in Soviet and FSU leadership and in parallel developments in CEE.

I have been asked if the Colloquium predicted the changes we have seen. It has always been my view that it is not the function of this meeting to predict: prediction needs also military, political, social, ethnic, and other inputs. Our job here is to research, to analyse and to interpret the facts and the statistics which present themselves, and the plans which are exposed by the leaders of the countries we study. These functions have been carried out thoroughly and the meetings of the late 1980s and early 1990s were particularly penetrating in their analyses. Prediction would jeopardise objectivity and would render much of the work of doubtful value. Over the years we certainly studied and drew attention to the steady deterioration in the Soviet and East European economies which occurred in spite of reforms, and we emphasised how dependent political and social stability were on economic success.

Nevertheless most of the reforms have drawn the nations involved into closer links with the West and into closer integration in the global economy.

Unfortunately, the impatience too often shown in CEE countries and in the West tends to mask the strides made since Brezhnev died. There was talk of solutions which would be found in days - **500 days** was one programme - but few people seemed to remember how long it took the Western nations to re-establish themselves after 1945. As an example, it took us in the UK something like **500 weeks** to transform our economy from the command structure it had during the war to the mixed economy which it became ten years later when rationing disappeared. This was when we had the advantage that practically all our pre-war contacts abroad had remained intact, and when there was an almost unlimited market for capital equipment as well as consumer goods.

I submit that the CEE nations, and perhaps even more we, in the prosperous West should therefore appreciate the great efforts we have witnessed and the successes so far achieved. But we should never forget the close link that has always existed between economics and international as well as national stability.

André de Staercke who spent many of the wartime years in the UK with Paul-Henri Spaak said that "NATO was born out of fear and hope". Is it fear or hope that have led the nations of the Alliance, during its 50<sup>th</sup> Anniversary year, to unite in an attempt to establish humanity and stability in a region of Europe where stability has been but a fleeting and unreliable visitor in the past?

The maps of Western Europe are spattered with battlefield sites of historic origins. I believe that the signatories of the Washington Treaty would regard

it as a success that the gazetteer of such sites has not been expanded in 50 years since NATO was formed. This Colloquium, and especially your analyses, interpretations and contributions to our understanding of the economic changes and realities have played a part in this success.

Ladies and Gentlemen,

Thank you for your patience, thank you for your attention.