



Europe on the World Stage in the 21st Century

by

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delivered at
McGill University, Canada
Friday 5 March 1993

Franz Kafka once wrote a short story entitled "At the door of the law". It involves a man from the country who comes to ask to be admitted to the law but who finds his entrance barred by a fierce-looking doorkeeper. Although the door to the law is open the doorkeeper tells him he cannot enter - yet. And the doorkeeper tells him that beyond him there wait further doorkeepers, presiding over further interior doors, each more powerful than the one before.

The man from the country can do nothing but sit and wait to be let in. All his efforts to persuade the doorman, all his requests to be let in, all his bribes, come to nothing. Years pass, and the man from the country grows old waiting to be let in. As his eyesight fades he seems to see a brilliant light shining from door of law. Before he finally dies he decides to ask one last question. Summing up all his strength he asks the doorman: "Everybody seeks the law: so how is it that in all these years no one but me has demanded admittance?"

The doorkeeper can see that the man is about to die, and he replies: " No one else could gain admittance here because this entrance was meant for you alone. Now I'm going to close it".

What can we read into this story? That the man from the country - who is certainly a European - has been barred from the light of the law by a powerful state apparatus? That outside the garden of Eden there stands blocking the way to fallen man, not an angel with a sword but rather someone resembling a secret policeman?

Certainly that meaning is there. But there is possibly also another meaning. "Everybody seeks the law," says the man from the country. He is prepared to spend his life, all his energy and wealth, on gaining access to the law. He fails: but was his quest one without value? Did he not have a sense of purpose in trying to reach the truth? Is it not better to be searching for the law than placidly to stand guard outside it? The man from the country may not have reached the law: but then nor did the doorman either.

Man has always sought to overcome his own mortality by a quest for the eternal. His quest has taken many different forms at different times: at one stage a futile attempt to appropriate the souls of others through conquest and sacrifice: at another a futile attempt to extend his own life by annexing the property of others. The search for the law has a quality which is different: no man can possess it alone and yet it does confer a quality of the eternal.

Europeans have themselves been driven for centuries by a quest for a better life. For many Europeans, during most of this century, that quest has been futile. They have been forced to inhabit utopias created for them by other Europeans. Utopias which have proven to be prisons: sterile, dangerous, polluted - and of course lacking in the law. Today, as so often in the past, they must start all over again in their quest.

A great deal depends on how Europeans, individually and collectively, adapt to the disciplines of the new market order. They, like the people of America and the people of Asia, must integrate if they are to progress. And yet, like the people of America and Asia, they must preserve diversity if they are to remain stable. But, unlike the people of America and Asia, balancing integration and diversity is not for Europeans just a matter of improving efficiency or building market share. For Europeans, having hosted two world wars and one cold war this century, it is also a matter of life and death.

For Europe as a whole an act of union - that is, the joining together of the western and eastern halves of the continent in one economic space - could be the single most significant economic development of modern times. Market-led integration has already largely unified western Europe into one economic area. An expansion of this process to the east, both to central Europe and also to the republics of the former Soviet Union, would dramatically increase the size of that market, with major multiplier effects. Economic integration, through increased investment and flows of goods and capital around the continent, and with new natural resources exploited in eastern Europe, would be a powerful motor for growth.

As the railroad was to America last century, as the need to communicate was to Japan this century, the exploitation of a continental economy in the next century will be the great European opportunity.

All this is possible. In fact the logic of economics suggests it is probable. But what is less clear is how far political systems can be adapted to the logic of economics.

Because integration and the market order do not respect national identity. Once a nation is locked into the market order - whether it be in America, in Asia or in the former Soviet Union - it becomes part of a larger whole and it loses something of itself. In fact it loses in terms of independence what it gains in terms of economic benefits. The last, vestigial traces of national sovereignty - itself an old medieval concept - are blown away. An increasing proportion of the decisions that affect the nation are taken outside its boundaries: and this means that large numbers of people are in effect disenfranchised from real power.

But yet not everyone. Under the market order an elite of stateless citizens, economic nomads, move and communicate with one another across boundaries and across time zones. Moving capital, moving goods, moving information, they navigate the world economy as explorers and sailors once navigated the world's seas. These true citizens of the world may inhabit specific countries but they also inhabit a common universe, one where national identity is secondary to the pursuit of profit. These privileged few live in a land with no boundaries, no government and no laws. They live, in fact, in a new global utopia - one without a political system but with immense powers over the other world where the majority of people live.

And this creates strains in the fabric of the traditional body politic. In America, in Asia, in Europe, the nation remains the essential framework where the political process is worked out. It remains the building block of the international order: over one hundred nations currently constitute the United Nations. But the nation is no longer the sole - or even the main - vehicle of economic well-being. Even democratic systems - encouraged by the spread of information through the new technology - become closed loops where decisions and choices reflect the short term, the evanescent, the trivial. Meanwhile, important long term issues escape the political process entirely.

The challenge in eastern Europe is both to build markets and also to rebuild nations. A balance has to be struck between too much integration, which is destructive politically, and too much national diversity, which is destructive economically. Eastern Europeans are faced with a dual task of extraordinary complexity: that of substituting one economic order for another while at the same time preserving the national frameworks holding their countries together. It is those frameworks which will have to uphold the law: and which will thus protect the weak from the strong. If nations are rejected, and becomes meaningless, the consequence will not be a shift to further integration, leading to larger economic units. The consequence will instead be a shift to disintegration, leading to smaller economic units. And once the disintegration dominoes topple, there may be no limit to how far they can go - as Yugoslavia shows. The end may only be reached when a myriad of tiny military economies is created, each on a war footing with its neighbour, each a Soviet Union writ small, each bristling with armaments, each a society where, in the words of Yeats, the best lack all conviction and the worst are full of passionate intensity. Tribal customs will replace civil law.

So the starting point of any future European integration has to be the nation. The challenge is to rebuild nations without stirring up xenophobia, to promote nationalism without provoking chauvinism, to unify Europe while allowing diversity. Europe is faced with the problem in its acutest form today - but it is the same problem faced in America and Asia - wherever in the world two races or cultures coexist. Can we build in Europe a new melting pot of nations and peoples? Or must nations splinter and fragment into one hundred parts - each defining itself in opposition to the other? Europe is the test case. Nations are born in Europe. If they are destroyed in Europe that process will contaminate other continents: Africa, Asia and even America itself.

In eastern Europe, and in particular in the former Soviet Union, a race against time is now taking place. Will the constructive forces rebuilding the nation be stronger than the destructive forces undermining it? Many difficulties face Russia today.

The greatest is the threat of hyperinflation - which is a loss of all value of the currency leading to a loss of all scale of social values, leading in turn to the alienation of individuals from society. It is in reality, one more doorman barring the way of man to law.

The Russian Central Bank seems oblivious to the lessons of history. Consider Germany in 1923. The mark ceased to be worthy of the title of money, becoming a pure and simple

illusion. In June one dollar was worth one million marks: in August a hundred million: in November four billion. 1,300 papermills and 2,000 printing presses worked round the clock printing money. A cabbage would sell for 50 million marks: a postage stamp for as much as a villa in the 1890s.

Currency reform came to the Weimar Republic in 1923. But by then the surreal effects of a total loss of all reference points and social values had its effect, and the seeds of Nazism had been sown.

Inflation in Russia is not at Weimar levels. Currency reform must clearly come before it gets there. A solution cannot be imposed from outside: it must be acceptable to the Russian people themselves. Perhaps the growth in the money supply can be contained under existing arrangements. Perhaps, as in the German reforms of both 1923 and 1948, a new currency will be introduced to replace the rouble: and even a new reformed monetary institution - a kind of Bundesbank - set up to replace the discredited Central Bank.

Whatever the solution the dangers of the present course are clear: if a hyperinflation economy is created then, as in Germany in the past, the black market and barter become the only means of transaction, and foreign exchange the only sure store of value. In such a world inequalities increase, social safety nets become meaningless, savings evaporate, political life loses touch with reality, language itself ceases to hold its value, extremism becomes a common currency.

The danger is not likely to be one of a strong state building up its armaments and resorting to militarism and foreign conquest to resolve its internal problems - a new Hitler after a new Weimar. The dangers instead will be those of a weak state running down its military industrial complex, unable to control sections of society which hive off completely from the centre, and which export instability to the rest of the world.

There are already reports of Russian army officers selling off material to compensate for poor pay. A complete breakdown in monetary confidence could encourage a massive growth in black market sales of the speciality product of the Soviet Union - weapons. The Soviet Union was thought to devote 15 to 17% of GDP to defence expenditure. That is a level which the successor republics, under severe budgetary pressure, can no longer afford. But the military complex still employs around 9 million workers in Russia - about 25% of all labour - and 1.5 million in the Ukraine. Conversion of military enterprises to peaceful purposes will not be simple or quick. And in the meantime an arsenal of unneeded and unaffordable material is building up, offering the prospect of an unstable Russia as an arms warehouse to the world at large.

Nor is the problem confined to Russia. In Ukraine armaments from the former Red Army can be found on sale in local markets. As well as retailing commodities - fruit and vegetables, wine from the Crimea - markets exist which stock bombers, helicopters,

missiles, tanks: in fact all the necessities of both life and death. In the words of one of the dealers: "Our aims aren't political - what we are after is profit."

Is this to be an image of the future of the market economy? A black market system free of any rules and regulations - and of course innocent of any suggestion of the GATT and its disciplines, of any trace of the machinery of quotas, tariffs and duties which make up the official trading system? In other words, not only a world without a law but a world exporting lawlessness beyond its borders.

The west is worried about a glut of steel on the market, arising from exports from eastern Europe. There may be difficulties, but the west should take care to put matters into perspective. If the avenue for selling steel in one form is closed off that steel can be put to other uses and re-exported in a much more lethal form to earn hard currency. While the military industrial complex is still in place, and the capacity for weapons production on a gigantic scale still exists, it may be that transferring surplus steel out of eastern Europe is the lesser of two evils.

Policy will be driven by the lobbyist and the special interest group unless western nations act today with a coherent strategy. Both Europeans and Americans agree that management of change in eastern Europe, and in particular in the former Soviet Union, is the top foreign policy problem they face. But more effort is needed to translate this shared understanding into a shared policy. A revised G7 forum, including Russia as a participant, may now be the best way of handling the kinds of issues which today transcend traditional compartments of economic, military and foreign policy. The whole question of the future of the Russian military industrial complex is worth considering in such a forum. New linkages and new trade-offs - like debt for nuclear weapons swaps, or controls on arms trafficking in exchange for economic assistance, or linking trade access to ending monopoly practices - could be explored. The G7 has not done this before, this is true. But the Soviet Union has not collapsed before. We cannot start too soon to get to grips with all the consequences.

Russia is today approaching a fundamental constitutional crisis, which will create major policy questions for all the countries and international institutions which might offer financial assistance. A financial package, technical cooperation, trade measures - each will be important. But as a crucial first step we need close, coordinated dialogue between the international community and Russia. Using the G7 forum and turning it with Russia into a G8 forum will allow a coordinated programme to be worked out. It could avert an imminent constitutional crisis.

Accepting the challenge is by no means to accept despair.

It is to accept that there is a great task to be accomplished, requiring a collective effort of will by all interested parties. But it is also to recognise that a great deal of progress has already been made.

Already in eastern Europe - including in the former Soviet Union itself - the private sector is on the rise. Privatisation programmes are being implemented everywhere. Even in Russia they are going well. Already the foundations for economic growth have been laid in many countries in central Europe. Already levels of investment from the west are rising sharply. Already trade between east and west Europe is on the increase. Already - even in Russia - essential freedoms have been won by the people, and they cannot be taken away again. If political life appears chaotic that is because the rules are still being made, and constitutions are still unwritten. In no country in the history of the world has the birth of democracy been easy: Russia will be no exception. But already the media in Russia is free. Already a Constitutional Court exists. Already the prospect of a Russia under the rule of law is no longer a mirage.

Eastern Europe has begun the journey that will - if all goes well and the rest of the world is willing - end with integration with the West.

If all does goes well, if markets are built, if nations are rebuilt, if Europeans succeed in integrating while preserving diversity, the foundations of a peaceful continent will thus have been laid. We may know by the turn of the century whether we have been successful or not.

If we are successful we will thus have arrived in the new millennium at a new point of departure for mankind. A global market economic order will have been established, and democratic systems taken root over a large part of the globe.

But from that moment on, man - restless man, like the man from the country in Kafka - will once again seek entry at the door of the law. This time his quest will not be national but rather international: he will seek a way of reclaiming back to the rule of law those issues, ever increasing in number today, which escape the power of nations, governments and electors. The spread of armaments around the world and the fall out from the cold war is only one such challenge. The global drugs problem is one more. so is the global threat to the environment, and the preservation of the earth itself. Unless ways are found to handle the issues which elude the jurisdiction of the strongest nation, they will rob nations of their purpose and begin to erode civilisation itself.

Man's quest for the eternal will not diminish. He will never cease to rage against the dying of the light. But man can seek the eternal in the only way which does not harm his fellow man, his country or the planet itself. He can do so by seeking to possess the law: by making the law the property of all: by making the law the basis of civilisation throughout the world and across the world. If he waits on the threshold like the man in the story he will never be allowed entry. Man must have the courage to force his way through and make the law his own.

There is a lesson for the world in the relationship between Canada and Europe.

Twice this century Canadians have died on the battlefields of an unstable Europe. Twice they have travelled back from the new world to the old because of the failure of Europeans to settle their differences. The old world first exported its problems to the new world. Then it dragged the new world back into its own conflicts. Death became the greatest mass industry of this century: ten times as many men killed by other men as in the century before. Today the new world can help the old world to regenerate itself: to become new once again - a source of hope rather than conflict. From that point both old world and new will have a chance to begin again: and to work with others so that the entire world then becomes a new world.