

## East-West Relations

Around the world, 1989 will be remembered as the year of European revolution. The Berlin Wall crumbled; the Iron Curtain disintegrated; totalitarian regimes collapsed; and a new Europe was born.

Joe Clark, May 26, 1990

East-West relations are undergoing changes that two years ago would have been inconceivable. These changes are creating new opportunities to reshape the political, security, and economic architecture of Europe. Central to these events is the embrace by the countries of Central and Eastern Europe of democratic and free market principles. As well, the process of German unification and its impact on the other European states, Canada, and the U.S. is of immense significance.

Canada is a committed member of the North Atlantic alliance. However, the fundamental changes affecting Central and Eastern Europe warrant a reassessment of NATO's role. As the nature of the threat changes, so do the security concerns which must be addressed. NATO must take on an additional role and become a forum for increased dialogue to meet the challenge of a new security situation, one characterized by greater openness and reduced tensions.

Canada's new approach to East-West relations also involves an enhanced role for the Conference on Security and Co-operation in Europe (CSCE). The CSCE Summit, which will take place in the autumn, could have a major effect on the future evolution of European security structures. Proposals for creating new institutions based on the CSCE, such as a body for conflict resolution, will be on the table at the summit. The goal, shared by most countries in the CSCE, is to develop political mechanisms which will preclude the use of military confrontation, replacing it with openness and predictability in military activity.

Canada is an active member of the Group of 24 (G-24) and the OECD, in devising methods to assist Central and Eastern European economies to overcome the serious difficulties imposed by their adjustment to market systems — in the form of technical assistance and through the creation of the European Bank for Reconstruction and Development (EBRD). While the challenges facing these economies are enormous, the political will to undertake these sometimes painful adjustments appears firm. Their respective transformation from command to market-oriented economies will be undertaken with different approaches and at different speeds, reflecting the diversity of each of the national economies of Central and Eastern Europe and the U.S.S.R.

East-West economic relations are undergoing rapid transformations: Central and Eastern European countries are focussing most of their energies on finding ways of integrating their economies with those of the West, and of participating more fully in the multilateral trading system. The U.S.S.R. has now obtained observer status in GATT and a number of countries are seeking closer relations with the EC.

Developments in the U.S.S.R. are central to East-West relations. President Gorbachev is facing an escalating domestic crisis. His program of reforms is caught between resistance from conservative forces and growing pressure for faster and more radical reform. Furthermore, there are severe and growing nationalist pressures threatening the unity of the U.S.S.R. If these tensions are not resolved, stability will be undermined, threatening the progress made toward democratic and economic reform.

Gorbachev has nonetheless been able to continue with constitutional reforms, including the radical reduction of the role of the Communist Party as a leading force in Soviet society, and the enhancement of presidential powers within a constitutional system of checks and balances. Although the Communist Party is still the most important power base in the country, this will likely change over the next three years. Local and republican elections have already demonstrated the weakness of the Party when faced with a democratic election.

The Soviet economy remains stalled. Soviet Prime Minister Ryzhkov has recently announced a major economic reform plan which aims to move the Soviet economy closer towards a market system. Although its popular acceptance is still in doubt, Soviet authorities will need to continue to introduce and effectively sequence a series of tougher measures (such as price reforms, real decentralization and de-monopolization, an end to subsidies, ruble convertibility) which could lead to a more successful market-based economy. Such measures present the risk of serious social dislocations and open opposition, factors which have caused earlier reforms to be retrenched.

Regional issues, frequently the most grating aspect of East-West relations, have become somewhat less dangerous as improving relations with the West has taken precedence in Soviet foreign policy. Afghanistan is receding as an East-West flash point, although the U.S. and U.S.S.R. are still supporting their respective sides. In Southern Africa, Cambodia and the Middle East, the Soviets are playing a more constructive role.