

between the CSCE and the alliances. Failing that, we would be concerned that efforts to institutionalize the CSCE might generate endless "turf battles" and the neutering of CSCE as nothing more than a talk shop.

*In light of the foregoing, we would ask how CSCE might best be developed as a creative and flexible institution for building confidence between the alliances and, at the same time, constructing new pan-European security arrangements? We would ask whether, in addition to having a Council of Foreign Ministers, the CSCE would be strengthened by having a parliamentary wing, such as might be provided by linking it to the Council of Europe?*

### **Economic Security**

The urgency of getting on with building a cooperative security system in Europe is underscored by the fact that, whereas the danger of east-west military confrontation is a much diminished if not altogether disappeared threat, new dangers are rapidly emerging on the European horizon. We refer here to the threat of economic and political instability in Eastern Europe and the Soviet Union. To take only one example of the possible dangers, Eberhardt Schultz of the German Institute for Foreign Affairs warned that the rise of nationalism exacerbated by economic failure could result in mass migrations from the East to the West. "Everywhere we are arriving too late to prevent these situations from developing. The tragedy is that in the West we are creating a world of mobility and in Eastern Europe there is a renaissance of nationalism. There will be a long-lasting crisis in the USSR with huge emigrations. As many as one million ethnic Germans may leave and there may be more than 500,000 Jewish emigres to Israel."

If anything approaching problems on this scale were to develop, one can well imagine that Western Europe's preoccupation with its own economic integration might be deflected somewhat towards the east, raising the issue of major new sources of funding for economic development in Eastern Europe and the Soviet Union. Thus far, the international community has managed to agree on plans for the European Bank for Reconstruction and Development in Eastern Europe, with proposed paid-in capital of about Cdn.\$ 14 billion. It is estimated that it will lend about \$850 million (U.S.) to Eastern Europe and the Soviet Union in its first year of operations. To put this into perspective, it is estimated that West Germany will invest \$35-40 billion a year in East Germany alone, a country of only 16 million people. One can well imagine what the combination of an economic miracle in East Germany and economic failure in much of the rest of Eastern Europe and the Soviet Union might add up to. More than once during our trip, we were reminded that in future the threatening divide between East and West is more likely to be economic than military and that, accordingly, we must build a new doctrine of security based on economic