

Led by Poland, Hungary and the Czech and Slovak Federal Republic, the Central European countries are painfully making the leap to democracy and market economies. They will continue to need our strong support.

Lithuania, Latvia and Estonia are renewing their links with Western Europe and the world. They will need help in regaining their economic self-sufficiency.

Yugoslavia demonstrates the fact that there is no automatic evolution to stability and progress. We have seen the rebirth of countries such as Slovenia, Croatia and the other republics, but it is a slow, painful and costly process, full of enmity and hatred.

The greatest challenge of all lies in the countries of the former Soviet Union. Bringing them into this new Europe and into the world community is a momentous task -- for them and for us. We have not faced anything on this scale since the rebuilding of Western Europe after World War II.

Consider the magnitude of the challenge:

- o 12 independent states, each with its own wants and needs, often in direct conflict with one another, impatient after 75 years of oppression and enforced togetherness;
- o divisions internally based on language, religion and custom -- right now 25 million ethnic Russians live outside of Russia!

Add to this a legacy of foreign debt, technological backwardness and environmental degradation -- much of it cruelly hidden for decades -- and one can get a sense of the enormity of the challenge. There is nowhere else to go -- survival can only come from finding ways to get along within the region.

Russia and Ukraine are the main players, but the other countries of the region also want a say in the future, while honouring as few of their commitments from the past as possible.

There is little of the framework of institutions that we take for granted:

- o Democracy is just in its beginnings. Free and fairly contested elections are very new. The people have yet to be truly empowered.
- o Market economies are still a dream. There will be a long and painful transition from Inter-continental Ballistic Missiles (ICBMs) to VCRs. Millions face unemployment.