

IPS LECTURES SERIES

**EUROPEAN UNION FOREIGN
POLICY AND THE CHALLENGES
OF GLOBALISATION¹**

by

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European Union

¹ Edited transcript of speech and Q&A session at the ASEF-IPS Public Lecture held in Singapore on 5 April 2002.

Acknowledgement

The Institute of Policy Studies is grateful to the Asia-Europe Foundation for co-organising the Public Lecture on which this publication is based. We would also like to acknowledge ASEF's contribution in making this publication possible.

Curriculum Vitae

The Rt. Hon. Christopher F. Patten, C.H. European Commissioner for External Relations European Union

Christopher Francis Patten was born in 1944. He was educated at St Benedict's School, Ealing; Balliol College, Oxford (Domus Exhibitioner, BA Hons. and MA Hons. Modern History) and won a Coolidge Travelling Scholarship to the USA in 1965.

Mr Patten joined the Conservative Research Department in 1966. He was seconded to the Cabinet Office in 1970 and was personal assistant and political secretary to Lord Carrington and Lord Whitelaw when they were Chairmen of the Conservative Party from 1972-1974. In 1974 he was appointed the youngest ever Director of the Conservative Research Department, a post which he held until 1979.

Mr Patten was elected as Member of Parliament for Bath from May 1979 until April 1992. In 1983 he wrote "The Tory Case", a study of Conservatism. Following the General Election of June 1983, Mr Patten was appointed Parliamentary Under Secretary of State, Northern Ireland Office and in September 1985 Minister of State at the Department of Education and Science. In September 1986 he was appointed Minister for Overseas Development at the Foreign & Commonwealth Office.

He was appointed to the Privy Council in the Queen's Birthday Honours List, June 1989 and was appointed a Companion of Honour in the New Year's Honours List 1998.

In July 1989 Mr Patten was appointed Secretary of State for the Environment. In November 1990 he became Chancellor of the Duchy of Lancaster and Chairman of the Conservative Party.

Mr Patten was appointed Governor of Hong Kong in April 1992, and was there from July 1992 until the return of Hong Kong to China in 1997.

He was Chairman of the Independent Commission on Policing for Northern Ireland set up under the Good Friday Peace Agreement.

In September 1999 he was appointed European Commissioner for External Relations.

He is an Honorary Fellow of The Royal College of Physicians, Edinburgh, an Honorary Fellow of Balliol College, Oxford and was appointed Chancellor of Newcastle University in 1999. In 1998, he wrote *East and West*, a book on Asia and its relations with the rest of the world.

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The European Union is a profoundly political project and one which has attempted to achieve important political goals through economic means. After three bloody civil wars in 70 years, after the third of those wars, we tried to lash together France and Germany in an act of almost unparalleled political reconciliation using economic means. Initially through the establishment of a coal and steel community, then a common market to achieve that simple political goal. Initially with six members, gradually extending its membership to include, *inter alia*, as we say rather coyly in the European Commission, the country I know best, which as ever in European matters, joined rather too late. Bringing in after their escape from decades of authoritarian government, Portugal, Spain and Greece, to consolidate democracy in those countries. And achieving by today remarkable economic success in a single market of 15 member states, which has just launched its own currency, again with significant success.

I think over the years, there was a growing recognition that there was a gap between the importance of our role as an economic player on the world stage– the largest trading block in the world, the largest provider of development assistance in the world– and the role that we were playing politically. Some people said, perhaps a trifle unfairly, that we were an economic giant and a political pygmy. I think that was borne out, above all, by the political circumstances surrounding the dismemberment of Yugoslavia. In the early to mid-1990s, Yugoslavia fell apart in bloody turmoil. There was a particularly unfortunate moment when three of Europe's Foreign Ministers went to Bosnia announcing that this was the hour of Europe, when Europe would sort things out. Well, it did not. In the following months and years, over 200,000 people were killed.

There were two million refugees or internally-displaced people and villages were razed to the ground, mass graves, ethnic cleansing, hubris followed with hellish immediacy by nemesis. I think that event, more than any other, impelled Europe from an external relations policy based on communiqués full of very strong nouns and adjectives and equally weak verbs to the attempt to put together a common foreign and security policy which would be more muscular, more focused and more effective.

Let us be clear on what we are doing. We are not trying to establish a single foreign and security policy. Foreign and security policy goes right to the heart of what it means to be a nation state. I believe that, as far ahead as I can foresee, there will be as many foreign ministers and as many foreign ministries as there are member states of the European Union, each with their own preconceptions, each with their own experiences, each with their own slightly different takes on the world. It is not surprising that if you are in the German Foreign Ministry, you see things slightly differently than if you are in the Spanish Foreign Ministry; not surprising if you are in the British Foreign Office, you see things slightly differently from the Quai D'Orsay. But nevertheless, there has been a growing understanding and acceptance of the fact that we punch much more effectively if we try to do things together, that we can, in the aggregate, putting together the considerable resources available to the European Union, make greater sense and have a greater impact. And as I will point out a little later that is exactly what has happened, for example, in the Balkans. So we are not, as some of the most frenetic critics would argue in my own country, trying to create a super state with Romano Prodi's finger on the nuclear trigger. What we are trying to do is manage a more coherent and more co-ordinated approach to the challenges of today.

I would like to divide the rest of my remarks, like Caesar's Gaul, into three parts. First of all to make a few remarks about the conceptual nature of our enterprise; then to say something about some of our geographical priorities; and finally I would like to say something about the impact of technology on foreign and security

policy today – in other words, I would like to speak a bit about the globalisation agenda.

EU as a Concept

Let me begin with the conceptual point. A distinguished and extremely wise, though in this case I do not think accurate, observer of the international scene, a Frenchman called Dominique Moisi, wrote recently that there had developed a tripartite division of responsibilities in the world. He said the US fights, the UN feeds and the European Union funds. Now that is, in my view, an unfair caricature, though there is a little truth in it, because the European Union fights too. There are a number of our member states which have military commitments in the Afghan theatre at the moment. It is also true that we are attempting to make a greater commitment to conflict prevention, peace keeping and crisis management and that as members of NATO, many of us have, for many years, helped to police the boundary between the Soviet empire and free Europe. But what is true about Dominique's observation is that there is a yawning gap between the military capacities to deploy force in the United States and military capacity in the European Union.

A very distinguished, now retired, US diplomat Ray Seitz, who was for many years the American ambassador in London, recently said that America was not just a superpower, it was a super-duper power. You would have noted that a few weeks ago, in making his budget request to Congress, President (George W) Bush proposed a US\$48 billion increase in defence spending. Now many of us in Europe would like Europe to spend rather more on defence. We would like to see Europe professionalising that spending, spending more on precision-guided munitions, on airlift capacity, on military telecommunications, on Special Forces. But if US\$48 billion is the entrance fee to the global security club, then frankly, if you are a European politician, it is not on. It is inconceivable that any European government, and we should face up to this, could get elected promising to increase defence spending by 14 per cent while cutting spending on health and education. So I think we have to be realistic about the balance between military capacity

on either side of the Atlantic, even while recognising that we are going to need to do more in the European Union in order to prevent the imbalance between the United States and Europe becoming so great as to create serious technological and military problems itself.

But, of course, security is not just about military capacity. I have been very struck by the extent to which at meetings of Foreign Ministers, for example the G8 Foreign Ministers' Meeting, the agenda of discussion is dominated more and more by issues which frankly Foreign Ministers have not usually spoken about in the past. Of course, they are still talking about the Kashmir dispute, alas *ad nauseam* about the terrible bloody feud in the Middle East. But increasingly they are also talking about the relationship between security and what I call the dark side of globalisation. They are talking about drugs, now a bigger industry than the sale of iron and steel or motorcars, about money laundering, trafficking in human beings, international organised crime, terrorism, state failure.

So, in the wake of the military campaign in Afghanistan, what are we in the European Union trying to do? We have contributed to that military campaign but in the wake of that campaign, which we hope is in its last stages, it is the European Union which has committed itself to just under 50 per cent so far of the money pledged for reconstruction in Afghanistan – what some people on the right of the Republican Party call, with a slight sneer, social work. To which I would respond 'Pity there wasn't rather more social work in the 1980s and 1990s because if there had been, we would not have been faced with the problems in Afghanistan that we face today'. What we are actually confronting in Afghanistan now is a failed state which has been responsible for about 90 per cent of the heroin consumed on the streets of every European capital. What we are now involved in is the long, difficult, painstaking job of trying to help put that country back together again, and I think that that "social work" is every bit as much a part of the security agenda as smart bombs. What in Afghanistan, Columbia, Angola and the Democratic Republic of the Congo we are trying to do is to make multi-lateralism, international co-operation work, to give multi-

lateralism teeth. We are doing that in the European Union, as an imperfect organisation but as the best example of multi-lateralism in institutionalised action that the world, frankly, has ever seen. A unique pooling of sovereignty, which means that we have left behind the worst of nationalism while hanging on to the best of patriotism.

However strong you are, even if you are a super-duper power, you cannot do everything on your own. The nation state is not sufficient unto itself. You have to share sovereignty in order to protect your national interest and it is increasingly difficult to distinguish between what is in the national interest and what is in the international interest. It is extremely difficult to make a separation between your national interest and the demands, the imperatives of international co-operation. When that proposition is challenged, when that concept is challenged, then in my judgement, rather than stand on the sidelines booing, rather than sit in the grandstand shaking placards above our heads, what the European Union should do is simply get on and discharge our own responsibilities as effectively as we can. So, for example, in the area of environmental diplomacy, with the Kyoto Protocol, which we are saddened that the United States has walked away from, rather than denouncing American environmental policy, I think what is important for us in the European Union is to make sure, as we are doing, that we ratify the Kyoto Protocol, that we persuade others like the Russians and the Japanese to ratify the Kyoto Protocol, and that we discharge our responsibilities as effectively as possible.

Geography and the EU's Priorities

I want, secondly, to say something about geography and about some of our priorities. I just want to say one thing about our wider interests and then to say something about the inevitability of some of our priorities being our near abroad, our own neighbourhood.

I would first like to say something about our relationships here in Asia. It is extremely difficult to set out clearly a strategy for Europe's relations with Asia when one is talking about over half of humanity living in every conceivable climatic and political zone, when one

is talking about some countries which are, in terms of per capita GNP, richer than the European Union, like Singapore, and when one is also talking about 800 million people living on less than a dollar a day. Setting out a clear and coherent policy for dealing with that variety is itself a bit of an intellectual Himalaya but let me point to a number of general propositions about our relationship with Asia and then say a word or two about China where I have just been, and about ASEAN.

First of all, we are an enormously important trade partner of Asia. Before the Asian financial crash in 1997, Asia's surplus with the European Union was slightly below 20 billion euro. Asia's surplus with the European Union today is over 120 billion euro and I think it is fair to say that access to Europe's increasingly open market has been one of the factors which has enabled most of Asia to recover from the crisis of 1997. It is also true that we are a major provider of development assistance in Asia. Here in the Asian region we will be providing, just in terms of development co-operation and leaving on one side humanitarian assistance, 450 million euro in project assistance over the next three or four years, and that will be focused principally on poverty alleviation and on helping Asian countries take advantage of the increasingly open access to global markets. We are important as an economic partner, an investor, and a colleague in the educational and environment sectors. Increasingly as well, we have taken a role in trying to assist with regional economic problems, for example, in assisting Kim Dae Jung's reconciliation policy on the Korean peninsula. The Swedish Prime Minister and Javier Solana, my colleague who represents Foreign Ministers, and myself made a visit to Pyongyang last year and we have attempted, difficult as it is, to begin to melt the permafrost of that extraordinary regime. After September 11th, and it is just perhaps a reminder of the range of what we are capable of doing, I went with a couple of colleagues to Pakistan where we took a trade and co-operation agreement out of the freezer and agreed to open up our European market to Pakistan textiles and where we also announced a substantial programme of development assistance in order to encourage

Pakistan to be a resolute and whole-hearted member of the international coalition against terrorism. So, across the board whether economic or political, I think we have an important relationship here with our friends in Asia.

I just want to single out two particular aspects of that relationship. First of all China. I think it is true today that our relationship with China is better and closer than it has ever been before. That is partly based on a trade relationship worth 100 billion euro. It is partly based on China's recent accession to the WTO and to the work we are doing with China in order to make a success of that accession; partly due to the support we are providing China in important areas like social security reform, economic reform, environmental development and the support we are giving to the rule of law, training Chinese judges. But it is also due to links between scientists in China and Europe, which are growing exponentially and also due, I think, to a shared understanding about the importance of international governance which provides fair rules for everyone.

ASEAN fascinates us. I am concerned myself that investment from Europe in ASEAN has not recovered from the collapse of confidence after the financial crash in 1997 and that we should give as much support as we can to regional integration and regional developments in ASEAN. I hope that we can help with trade liberalisation in ASEAN and that we can draw closer to ASEAN, both on a bilateral basis and in international fora. I hope we can work closely with ASEAN countries in ensuring that the next round of trade liberalisation in the World Trade Organization reflects the needs of developing countries, as was promised at Doha. We have interests as the European Union here in Asia, just as we have interests in Latin America where we are negotiating free trade agreements with Chile and MERCOSUR, having done the same with Mexico. We have interests in Africa where we are the largest provider of development assistance, and around the Mediterranean which we are concerned should not become a geo-strategic fault line between the Islamic world and the West. We are hoping to negotiate a free

trade area and greater political co-operation around the Mediterranean. That is an example of the extent to which, inevitably, much of our focus in developing external relations is on the areas around our borders.

So, we have been very preoccupied with the situation in Southeast Asia, and following what I said earlier about the hour of Europe, we have actually managed in the last two or three years, I think, to make a real difference in the Western Balkans, though it invariably reminds me of that English folk dance, the floral dance in which you take two steps forward and one step back. Nevertheless, we have seen considerable progress in moving towards a political and economic reform throughout the region and which I think helped last year prevent a bloody civil war in the former Yugoslav republic of Macedonia. I would guess that Javier Solana and I visited Macedonia, within the course of 15 months, at least 20 or 25 times, which perhaps gives some idea of how much energy we put into that. We are providing from Europe about 85 per cent of the servicemen and women who are helping to keep the peace in the Balkans. We are spending the best part of a billion euro a year to help rebuild society in the Western Balkans. We have opened our market asymmetrically to exports from the Balkans, provided that countries in the Balkans open their markets to one another and which has probably been the main stabilising factor in the Balkans. We have offered countries in the region who conclude contractual agreements with us, which commit them to a process of political and economic reform if they complete that process, the prospect of becoming accession candidates for the European Union.

It is equally the prospect of becoming members of the European Union which has, I think, been the major reason why the dismemberment of the Soviet empire has been managed with a soft rather than a hard landing. We are likely to have ten new members of the European Union by 2004, most of them countries which previously existed under the Soviet yoke. Of course, not all the countries of the Soviet empire either wish to become members of the European Union or can become members of the European

Union. And if we were to simply take every neighbour of an enlarged European Union as an accession candidate, I guess we would have to go on until we got to Mongolia. But accession to the European Union has been an extremely important part of our foreign and security policy, and with those countries which do not become candidates but which are important neighbours – and Russia is the best example – we have to fashion a strategic relationship, so that there is not a gulf in living standards and the standards of government between us and them, which would itself become politically destabilising. We are discussing with the government of the Russian Federation, with President (Vladimir) Putin and Prime Minister (Mikhail) Kasyanov and others, establishing a common European economic space which will, I hope, try to ensure a commonality of standards across the whole of the European continent. So, the near abroad is inevitably a priority for us but not at the exclusion of our broader continental interests.

Technology and Globalisation

The last point I wanted to make is about technology. People talk sometimes about globalisation as though this is the first time it has happened. Eight of my step-father's uncles from county Mayo in the west of Ireland left the country in the first twenty years of the last century for North America. They would have found it quite difficult to accept the proposition that globalisation was discovered by Alan Greenspan and Bill Gates. The difference with globalisation this time round, the increasingly wide acceptance of the allocation of resources by markets, increasing trade liberalisation, is that technology augments and expedites the impact of market forces. It is what the business editor of The Economist newspaper calls the 'death of distance', and the cheapening of distance.

In that process, most people have undoubtedly been left better off largely because of the improvement in living standards of hundreds of millions of peasant farmers in China and in India. But not everybody has been left better off. Through the last decade, about 1.2 billion people in the world were living on less than a dollar a day. We live in a world in which ten per cent of the globe receives

about seventy per cent of the income. There are global inequities and there are inequities within rich societies. If you travel in London, six stops on the tube from Westminster, you arrive at a borough where life expectancy is six years less than in the centre of the capital. It is the poor who of course suffer most from the dark side of globalisation, from epidemic diseases like tuberculosis or HIV/AIDS, the sexual exploitation of children, the collapse of government in failed states. I think that Europe has, as a major priority of our foreign agenda, to take a lead in helping to shape that agenda to make globalisation fairer, more acceptable and more balanced.

Nobody can or should try to stop globalisation. It is an absurdity, like trying to stop time. But I think we can make it more acceptable to more people by trying to ensure that the arrangements for trade around the world, the rules for international trade are fairer; by increasing development assistance as we pledged ourselves to do at the recent UN Conference in Monterey; and more manageable as well by dealing with what I believe is the most difficult problem of political science today. That is, while the nation state remains the basic political community, and while the institutions of the nation state remain those to which people feel their primary loyalty and command the greatest legitimacy and credibility, people nevertheless recognise that their nation cannot do everything on its own, that it needs to share sovereignty with others. But the problem is that the institutions we have created to manage shared sovereignty have great difficulty in commanding the same loyalty, or legitimacy, or credibility as the institutions of the nation state. That, when you think of it, is the problem for the Bretton Woods institutions and for the UN. It is a problem we have seen addressed violently on the streets of Seattle, Washington, Prague, Genoa. It is a problem for us in the European Union, which we are trying to address before we enlarge our Union from 15 to 25 members. Those are all, it seems to me, important aspects of Europe's role in external relations.

I want to leave you with one thought. The 1990s began with a book written by the Japanese-American political scientist, Francis Fukuyama, called *The End of History*, which received a certain

acclaim. Fukuyama, to be fair to him, was not arguing that we had seen the end of interesting times. What he was arguing was that, after the collapse of the Berlin Wall, the collapse of international communism – that last great totalitarian menace – we had seen the end of ideological debate, of a real argument over the best way of organising both politically and economically human society. That we had seen the final triumph of small 'l' liberal values, both in political and economic terms. The 1990s ended with a book by another rather effective writer Robert Kaplan, *The Coming Anarchy*. Kaplan's earlier book on the Balkans, *Balkan Ghosts*, which is a rattling good read, if wrong, is said to have been extremely influential in shaping President (Bill) Clinton's views on the Balkans and in persuading President Clinton initially not to get involved in the Balkans. Kaplan's latest work, it is said, is extremely influential with President (George W) Bush. Kaplan argues that the world is increasingly nasty and brutish, with nasty and brutish people out there who can do an awful lot of damage to those of us who still have a rather naïve view of liberal society, of pluralism and of parliamentarism and democratic values. The only thing is to build walls and be tough.

Well, there may be some Europeans who believe that, but this is not one of them. I think we could live in that sort of world, and maybe that is what the atrocities of September 11th warned us. But I actually think that it is possible to live in a better sort of world, the sort of world in which we try to ensure that many more people can live in decent plural societies. But that involves commitment and energetic commitment, above all, by those of us who live in rich and well-off societies. I remember going, when I was a Development Minister in the British government, to South Africa for the first time during the years of apartheid, and visiting some friends in a wealthy suburb of Johannesburg and driving away from their home through the gates, past the security guards and the walls, and going about a mile down the road to a desperately poor settlement called Alexandria, where there was sewage running down the streets, where there were people living in appalling poverty, where even then the incidence of HIV/AIDS was growing day by day. And

those people who lived in the suburbs behind the walls and behind the security guards had actually convinced themselves that they could go on like that, that they could lock out the realities of the existence of most South Africans. It just is not possible. It was not possible for South Africa. It is not possible for rich and prosperous countries today. We have to get involved, to try to make life more decent and more free for other people because if we do not, the implications for our own security are there for all of us to see. Mr. Kaplan has made the point but it is not in my judgement an inevitable outcome.

QUESTIONS & ANSWERS²

Question: I would like to, if I may be a little parochial, ask you about Burma, which unfortunately goes to the heart of the relationship between ASEAN and the EU. It has, unfortunately, coloured the relationship in the past, a little less so now. My question is this: a lot of people in ASEAN are sympathetic and understand EU's concerns about human rights in Burma and about the high esteem in which Aung San Suu Kyi is held in Europe, which is also shared among many people in Asia. But the fact remains that the EU has done business and continues to do business with a number of countries with questionable human rights records around the world, in Africa, in Latin America, even in Asia. The argument put forward for this is that engagement tends to improve human rights. Given some of the things you were talking about, making multi-lateralism work, social work, etc., people are puzzled about why this argument is not advanced in the case of Burma. I actually asked a European Union official this once and he said that Burma had an election and annulled it or the generals did not respect the results of the election in 1990, whereupon some people in the room piped up and said that there are many countries which had never had elections at all and yet the EU continues to do business with them. So what indeed is the difference? I guess a lot of people have come to think that the EU's relationship with Burma is driven more by *realpolitik* than by morality and by a desire to

² The Q & A session was chaired by Professor Tommy Koh, Director, Institute of Policy Studies.

show that something is being done about human rights and that Burma is a victim of being relatively poor, relatively small, relatively insignificant strategically to Europe. How would you respond to this charge, and how would you suggest that EU and ASEAN can work together to stop the so-called 'Burma problem' from colouring the relationship?

Commissioner Patten: Let me say one or two words about Burma on which I am better informed than I might otherwise be. I am travelling with a colleague from my private office who is about to become Her Majesty's next ambassador in Burma, a Burmese speaker and a scholar of Burma, so I certainly have from her a pretty clear view of the problems. First of all, a trip down memory lane. When the IMF did their first report on Asian economies back in the mid-1950s, the two countries which they predicted would be the first real Asian tigers were the Philippines and Burma, and I think that what has happened in Burma is an interesting commentary on the fact that geography is destiny and that politics can do you an awful lot of serious damage. Secondly, when I became a European Commissioner, I was distressed by the extent to which the EU-ASEAN dialogue, politically, had been taken hostage by our relationship, or non-relationship, with Burma and I am glad that, at least to some extent, we have put that right. Thirdly, in making judgements about human rights abuse one has, of course, to draw lines and it is not always easy but it does seem to me that when you read ILO reports and when you see what has happened politically in Burma in the last few years, a country which because of the production of heroin and amphetamines is a menace to the whole region, where the prevalence of HIV/AIDS is a menace as well – which is why whatever the other measures being taken we are committed to a programme to spend quite considerable resources in Burma helping to deal with that problem. When you look at some aspects of Burmese behaviour, I think it is not difficult to see why we have placed a visa ban on travel by members of the military regime, why we put a ban on the sale of arms or other things that can be used for internal repression and why we have now also frozen the assets of members of the regime. There is another country where we have only recently done exactly the same,

Zimbabwe, another country where the wonderful prospects which should have existed have been wrecked by a political leader who has become increasingly dictatorial and who has corrupted the electoral process. So it is not just Burma that we have singled out for this treatment.

I very much hope, however, that things will improve in Burma. We have recently sent an official visit to Burma, what we call a troika, to look at the situation there. I hope that Burma will allow the ILO to have a permanent representative in Burma, that the dialogue which started with Aung San Suu Kyi will make considerably more progress and that we will see more than just the release of a few members of the NLD and the opening of a few NLD offices. I hope, in other words, that the process of reconciliation will take root and flower. And when it does, what you can be assured of is that the European Union will provide substantial development co-operation to Burma – not just, as we are at the moment, humanitarian assistance to try to enable the Burmese people to blunt a little the harsh impact of the policies of the regime. But the real damage that is being done in Burma is being done by the policies of the government, so I hope that those policies will change and I can assure the people of Burma and the government of Burma that any sign of real political progress on their part will be warmly recognised in the European Union. But we need to see the progress first. I will not go round the world indicating the other places where we have taken exactly the same attitude. Of course, it is true that in the medium and long term, helping to open up the economy, helping it to open up the society, improves and deepens civil society and improves people's political as well as their other prospects but as I once said, it does take two to tango.

Question: I envy Europe for its foreign policy in the sense that I wish Asia had a common or interesting foreign policy we can do together. I also welcome it since it means that Europe will not turn completely inward-looking but I am concerned that the foreign policy might turn into a sort of loose collection of pet causes. In this light, your speech was very interesting, in drawing at once a partnership

of America and yet suggesting some areas of difference. Could I ask you to illustrate this? If Europe increases its capacity and will to have a foreign policy, how much will this be more of increasing its ability to be a camp follower and a lieutenant to the US as opposed to a counter weight, that is to say, with your capacity and will increasing, you can assist where the US has said 'yes,' but can you say 'no' or something different? In particular, could I ask you about North Korea, which you mentioned in your speech, having gone to Pyongyang: will the EU be working with other partners in Asia to try to bring the inter-Korean talks to a higher level and, in this sense, be a counterweight to the Bush administration declaration that North Korea is part of an axis of evil?

Commissioner Patten: I want to make a point, at the outset, which one should not need to make, but there are those who if one breathes and whispers a critical remark about our greatest and closest friends regard it as somehow being anti-American. There is not an ounce of America-phobia in me. I got into politics as a student in the United States. Many of my political heroes are American politicians, like George Marshall. I recognise, as a European, and this is of course relevant to General Marshall, the extent to which Europe owed, after the Second World War, its rejuvenation and rebuilding in freedom to the leadership and the generosity of the United States. So, no anti-Americanism.

But there is a debate going on and it started some time ago, back in the Clinton era and to some extent is a reflection of a much older debate, in the United States between what are called the uni-lateralists or sovereigntists and the multi-lateralists. A debate between those, principally, on the right of the Republican Party, who believe that any multi-lateralism or international co-operation which involves compromise by the United States is undermining America's sovereignty and America's own national interest and that America should set its path, establish its goals and go for them and if other people do not want to go along with it, so be it; and multi-lateralists who believe that even the greatest power in the world cannot do everything on its own. This is an important debate for the rest of us.

Secretary of State, James Baker, once said, in another context, that he did not have a dog in a particular fight. Well, in the discussion about uni-lateralism or multi-lateralism, we in Europe have a dog in the fight. We are committed to multi-lateralism, to the proposition that not even the greatest power can do everything on its own. It is not just a question of expedience, nor a question of needing an international set of rules that people will accept if you are going to deal with a problem like money laundering, which is reckoned now represents between two and five per cent of global income, a perfectly obvious example of one needing international co-operation. If you need international co-operation, you need international institutions which are capable of setting down rules which people will accept and which are capable of carrying the credibility and legitimacy for implementing those rules. But there is a moral aspect to it as well. In the American Declaration of Independence, there is a wonderful sentence about the importance of having regard to the interests and concerns of others. Why? Because, as Henry Kissinger says in the very last paragraph of his book, *Does America Need A Foreign Policy?*, America has to recognise the importance of translating its great might into a moral consensus in order to provide the enlightened leadership which the world needs. I want to see enlightened leadership from the United States.

The problem we have in the European Union is, in a sense, the reverse. We have to try to turn our moral consensus into rather greater ability to deploy economic and political capacity around the world but I have no doubt at all that if you are the biggest by far kid-on-the-block, it is profoundly in your own interests to demonstrate, even if sometimes you have to grind your teeth at the lack of gratitude and at the jealousy that you cope with, that you are committed to leading by mobilising consent, not leading by telling people what to do. I do not think it is a question of us "standing up" to America. I think it is a question of us continuing to try to persuade America to remain committed to the multi-lateral tradition which, more than anything else, established for the world, after the Second World War, the institutions which made the second half of the last century a great deal more pleasant to live through than the first half. It was

the United States which, more than anybody else, drafted and established the UN Declaration of Human Rights, the United States which played a leading role in establishing the UN and the Bretton Woods institutions, and I hope that is a tradition which is not forgotten.

On North Korea. Sometimes if you talk about engagement, about multi-lateralism, you are spoken of by people like neo-conservatives in the US as though you are a sort of fay wimp. But what is the alternative on the Korean Peninsula to the policy being pursued by President Kim Dae Jung? Of course, that engagement cannot be mushy. That engagement recognises the terrors of that regime which spends huge amounts of money that it has not really got on weapons while the people starve. I am under no illusions that the human rights record of North Korea, with whom we have incidentally just begun a dialogue on human rights, does not notably reflect a close reading of the works of John Stuart Mill. But while being tough with the Koreans over weapons proliferation, over missile testing, over the question of whether or not they are developing a nuclear capacity, surely it also makes sense for us to try to draw them into the international community. Chairman Kim Jong Il, on the basis of six hours spent in his interesting company, is a smart fellow. The terrors for Chairman Kim Jong Il are that the world outside does look an awful lot different from Pyongyang. People say, well, you know maybe he can take China as a model. Can you imagine what the impact on Chairman Kim Jong Il must have been on first seeing Pudong, on first seeing the skyline in Shanghai? You do not have to be an Einstein to know that that sort of economic opening does make it rather difficult to run the sort of regime which exists in North Korea. But what we have to do is to try to draw North Korea into the international community. We have been inviting North Korean officials to come to see us in Europe to discuss how to manage a market economy. We are designing one or two technical assistance programmes to help them reorganise their energy industry and to negotiate with international financial institutions and other organisations. In providing humanitarian assistance and in providing other forms of help, for example in the

agricultural sector, we are trying to ensure that there is better access for our non-governmental organisations to other parts of North Korea. To believe that we should be doing all that is not to be a wimp, to hide one's head in the sand, to fail to recognise the potential threat posed by North Korea. But if I am asked which is the greater threat to all of us, including the United States, North Korea's poverty and isolation or North Korea's ability to fire pretty rudimentary missiles, I know what I think.

Question: Having just been to China, I would be very interested, and I suspect others might too, in your reflections on China and in particular Hong Kong since reversion.

Commissioner Patten: I think Hong Kong has gone remarkably well since 1997. I think Hong Kong had developed during the 1990s a profound sense of citizenship. I think it had developed a great deal more political self-confidence, not least, greater self-confidence about the institutions of pluralism and the rule of law and I think those things have stood Hong Kong in good stead. I think Mr. Tung (Chee Wah)'s administration managed to steer through the storms of 1997 and 1998 with considerable skill and I would pay a particular tribute to Donald Tsang, the then Financial Secretary, and I think that Hong Kong has a hugely important role to play, not just as the gateway to the Pearl River delta in economic development in the south of China but more generally in relation to the opening up of the Chinese economy. The only thing that would make me worried about Hong Kong was if Hong Kong lost its own confidence in what it is good at and in what distinguishes it.

Let me explain what I mean. During my career as [the last governor], I used, fairly regularly, to be told that I should be worried about competition with Singapore. Well, it seemed to me that the world in general, and Asia in particular, were quite big enough for both of us and that there were qualities of life and governance and economic management in Singapore which were different from Hong Kong and it would not make any sense for me to try to make Hong Kong more like Singapore, any more than it would make

much sense for Singapore to become more like Hong Kong. They are admirable, they are entrepreneurial in different ways but they are not the same place. Today I read lots of articles about competition between Shanghai and Hong Kong in much the same terms as though somehow China and Asia could not actually manage with both, not as cut-throat rivals but as, to some extent, partners though not without their rivalry. I do not think that Hong Kong could ever be geographically or probably politically closer to Beijing than Shanghai is. I think Shanghai has a wonderful role and excitement about it, which is perhaps characteristic of Shanghainese entrepreneurialism, which, of course, made, in the 1940s and 1950s, a considerable contribution to the economic development of Hong Kong. It is perhaps also a reflection of a particular take-off point in economic development. So, what is the conclusion I come to? The conclusion is that Hong Kong should not think that in order to continue to compete or be successful, it either has to be Singapore or Shanghai. What it should go on being is good old self-confident Hong Kong, believing in the rule of law, in civil society, in the importance of having an un-corrupt police force and a decent civil service, and believing, above all, in its patron saint, Adam Smith. Hong Kong has made remarkable economic adjustments over the years, from being a manufacturing centre to being an added-value services centre. Did the government ever do that? Did the government tell Hong Kong what to do?

I was always horrified when anybody ever said to me I should have an industrial policy. I do not dispute that other cities, other countries have done very successfully by engineering particular sorts of economic developments. I do not say that critically. I can think of one other country which has been a spectacular success despite having no natural resources. But Hong Kong has been successful because the government has focused on allowing entrepreneurs to do what entrepreneurs do best, which is to run businesses and make profits. I very much hope that Hong Kong will not lose faith in the economic principles which have made it a mighty and wonderful and occasionally messy example of the basic proposition of the greatest explainer of what makes economies

develop — what Jane Jacobs regards as the clutter, the bottle, the mess, the relationships of urban life.

On China. I have just reviewed a book by Joe Studwell, who was editor for years of the China Economic Quarterly and head of the Economist Intelligence Unit on China, which sets out with panache all the problems China faces and sets out with particular panache a series of sketches of the complete cock-ups a lot of multinationals have made of their investments in approaches to the China market, even the great legendary, not yet canonised, Jack Welch. I know the problems, of un-funded pension liabilities, the physical problems, an overhang of bad debts in the banking centre. But drive through Jiangsu province as I did last week and it is amazing. It looks like the New Territories in Hong Kong, development after development. You now have the sort of dialogue with Chinese officials which would have been inconceivable a few years ago. So without in any way denying that there are snags and problems, big problems, I think that what has happened in China is extraordinary and will doubtless continue to be extraordinary. I think that the worst service we can do to China and to those who are leading China is to give the impression that going into China and trying to do business there is a problem-free area. I mean there are snags. The people who do best there are the people who approach it most sensibly, not abandoning at the airport all the principles, all the cautions that they would apply anywhere else if they were investing. I am optimistic and I happen to think that if you are pessimistic about the outcome and the outlook in China, it is really pretty depressing because you are pessimistic about between a fifth and a quarter of humanity, and that is pessimistic.

But the other point I want to make is this. There are those geo-strategists who think that China's growth and development will be exponential, which of course is not true, but who also think that China's development is somehow a threat to the rest of us. I think that is a crazy argument. I think for China to do well would be extremely good for the rest of us. The only thing that would be bad for the rest of us is if China was not to do well. So the only threat,

in my judgement, would be for China not to be able to cope with what I would guess will be one of the biggest challenges for the next generation of leaders, trying to accommodate political and social change to what has happened in the economy since the late 1970s.

Question: The European Union has made for years an enormous effort in the Middle East and now apparently can make peace there because everybody is suspecting what the United States is doing. What is going to happen there? Is the European Union ready again to start reconstruction after all this violence?

Commissioner Patten: I warmly welcome the statement made by President Bush yesterday. I am pleased that the United States has intervened so forcefully. With Javier Solana and Josep Pique, I will be meeting Colin Powell next Wednesday in Madrid. I am not sure whether that will be before or after his visit to the region, to Tel Aviv and Jerusalem and the Palestinian territories. But whether it is before or after, I am sure that we will want to set out in terms our support for what he is charged with accomplishing.

What seems to me to be imperative is for the whole international community to work solidly together to get the unqualified implementation of Security Council Resolution 1402, an end to the violence, the withdrawal of Israeli forces from the Palestinian territories and then a return to the recommendations of George Mitchell's Commission. Do we have to start arguing about sequencing, whether the violence has to stop before the withdrawal? Life in the Middle East is too horrendously dangerous to get into that sort of argument. What is required is an end to the violence and the withdrawal. The only alternative will be more bloodshed, more violence, more mayhem, more 18-year-old girls from one side blowing themselves up and blowing up 17-year-old girls from the other side in horrendous acts at the same time. Israel's security concerns are legitimate and I would wish that there had been more condemnation of suicide bombings. I have had to spend part of my life trying to deal with terrorism, Irish terrorism. Suicide bombings

introduced into the terrorist equation a totally new and horrendous weapon and I do not understand how leaders in the region, leaders anywhere who are themselves parents, can fail to condemn a terrorist act which destroys one after another young people in their own countries, while causing terrible violence on the other side as well. I just think it defies description that that sort of horrendous insanity is still encouraged. But secondly, just as there are totally legitimate Israeli security concerns, there are totally legitimate Palestinian political aspirations, and unless you address those, then the security situation for Israel will continue, alas. Saying that does not excuse violence. Saying that recognises reality, and in order to address Palestinian political concerns it is not only important to recognise, theoretically, the aspiration for a viable Palestinian state, it is important to make that state possible by ending the illegal settlements by Israeli settlers in the Palestinian territories and by recognising the 1967 borders. You cannot have a viable Palestinian state, a state which will meet the aspirations of Palestinians if it is perforated like a Swiss cheese by illegal settlements. It is absolutely impossible.

The European Union will go on doing what it can, both with the United Nations and regionally, to support peace efforts and no one has worked harder in the interest of peace than my colleague and friend, Javier Solana, in incredibly difficult circumstances, but it is a recognition of reality that the United States has a particularly important and crucial leadership role and nobody else can play that role, though we in Europe can play a role as well. We have been playing a role by being perhaps the principal funder of public services in the Palestinian territories. We have been arguing for months that the economic blockade of the Palestinian territories, throwing young men and women in the Palestinian territories out of work, increasing the impoverishment of the Palestinian territories was a crazy way of trying to secure greater political stability. We will play our role and I hope that we will soon be challenging Europe's finance ministers with the consequences for our development assistance of a political settlement. But I repeat, what all of us should focus on is an implementation of the UN Security

Council Resolution without any “ifs”, without any “buts”, now.

Chairman Koh: I would like in my two minutes summation to also make three points.

My first point is that we Asians should be inspired by the European Union project. As Commissioner Patten said, at the heart of the European project is the prevention of the recurrence of war in Europe and I think the European Union project has succeeded brilliantly in preventing the recurrence of war and in institutionalising peace. I hope that we living here in East Asia will be inspired by our European friends' achievement and we will re-double our efforts to make ASEAN successful, to make the ASEAN Plus Three process successful, because apart from harnessing the synergies and complementarities of a larger market and economy, at the heart of these projects is also peace. We wish to prevent the recurrence of conflict and of war in Southeast Asia and in East Asia.

The second point. I was so happy to hear Commissioner Patten's lecture this afternoon on uni-lateralism versus multi-lateralism. No one can accuse him of being a wimp and yet he has argued so cogently and eloquently a case for intelligent and hard-headed multi-lateralism. He said to us that it is a reality of the contemporary world that it is impossible to solve some of our most pressing problems by ourselves. Multi-lateralism is therefore as much a reality of our contemporary world as globalisation, and he said that Robert Kaplan's new book, *The Coming Anarchy*, is fundamentally flawed because the rich countries of the West cannot live in a gated community in the world just as the rich people of Southeast Asia cannot live in the gated communities of Southeast Asia. We have to reach out to help alleviate poverty, to empower the disfranchised, and I was so happy with your message.

My third and final point, having listened to you this afternoon and having previously listened to your colleagues, the High Representative for CFSP Javier Solana, Commissioner Pascal Lamy, and Commissioner Poul Nielson, I must say we wish more power to

the European Union. You were too modest when you quoted someone as saying that the European Union is an economic giant and a political pygmy. It is not so, because from what you have told us this afternoon, the European Union has considerable assets and you can, not by being a camp follower or a counterweight but just by being yourself, help the world with enlightened leadership where our good friend, the United States is hopefully temporarily unable to provide that leadership, whether it be on the environment, the Kyoto Protocol, in North Korea or elsewhere. And I would conclude by posing this great challenge to you. Can you, Commissioner Patten, and your colleagues in the European Union help to make the last sentence of Henry Kissinger's book come true, which is, to translate America's overwhelming power into a new moral consensus and to persuade America to provide the world with its enlightened leadership. That is the challenge I pose to you.