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U.S. SECRETARY OF STATE JAMES A. BAKER, III  
AT THE  
G-24 MINISTERIAL MEETING

Palais D'Egmont  
Brussels, Belgium  
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Almost one year has passed since leaders at the Paris Economic Summit asked the European Commission to coordinate Western assistance in support of fundamental reform in Poland and Hungary. Since then, the Commission and the member states of the G-24 have committed more than \$14 billion in economic assistance and investment credits to support the transition of these two countries to democratic governments and market-oriented economies. I would like to congratulate President Delors and his colleagues, especially Vice President Andriessen, as well as the Commission as a whole for their highly capable efforts.

This is a transition never before undertaken by so many so quickly. The G-24's broad support for reform in Poland and Hungary is based on the recognition of a simple fact: the people of these two countries are determined as never before to shake off the mistakes of the past. In April 1989, President Bush indicated that our support for Poland was predicated on tough decisions that only the Polish people could make. Under the leadership of Prime Minister Mazowiecki, the Polish Government supported by a majority of the people has not hesitated to make such tough decisions.

We have also begun to work constructively with Prime Minister Antall and the other members of the new, freely-elected Hungarian Government. We are pleased that on September 6, this new Government will open the Budapest Environmental Center, an idea first proposed by President Bush last year. With a Hungarian executive director, an American program manager, and broad European support, the Center will become a prime example of transnational cooperation for progress in Central and Eastern Europe.

We look forward to hearing assessments from our Polish and Hungarian colleagues on the progress they have made and on how our efforts can be channeled to meet the challenges ahead.

But, today, we have another important task before us -- to welcome Czechoslovakia, Yugoslavia, Bulgaria, and the German Democratic Republic into this process. In December, we opened the way for G-24 coordinated assistance for these countries as soon as they met the political and economic criteria for such assistance. Now, they have done so.

In the June 8-9 elections, the Czech and Slovak people firmly endorsed the velvet revolution and the leadership of Vaclav Havel, Civic Forum, and the Public Against Violence.

Yugoslavia has embarked on an ambitious program of economic and political reform. Just last week, the Markovic government announced a broad expansion of its economic reform program. We believe this program charts a solid course for Yugoslavian prosperity. The Republics of Slovenia and Croatia have recently held free elections, and other republics are expected to hold such elections in the near future.

Set against this progress, however, are rising internal tensions, particularly in the province of Kosovo. This concerns us greatly. We of the G-24 should collectively call upon the people, and the leaders, of Yugoslavia and its republics to resolve their difficulties peacefully and with full respect for human rights. Political and economic reform, even when fully supported and nurtured by friends and neighbors, cannot succeed if it is undermined by intolerance from within.

In Bulgaria, we have expressed our deep concern about the fairness of the recent elections. Nevertheless, pending formation of the new Bulgarian government and assuming continued democratization, we believe that progress toward reform has been sufficient for Bulgaria to be eligible now for G-24 assistance. The United States will continue to monitor closely the process of democratization and free-market reform in Bulgaria. We are prepared to provide tangible support for this process. At the same time, we need to keep in mind that G-24 conditionality is not a one time threshold, but a continuing requirement.

The German Democratic Republic is, of course, a special case and needs to be treated as such. I believe the events of this week are the first steps toward a bright economic and political future for all the people of Germany. Pending German political unification, however, it is appropriate for the G-24 to recognize the tremendous progress that has been made in the GDR toward political and economic reform.

Unfortunately, Romania has not yet met the conditions required for G-24 support. The Iliescu regime's complicity with the miners' violent repression of demonstrators, and the arrest of the political opposition, raises serious questions about its commitment to democratic reform and basic human rights. We look forward to the day when we can include Romania in the G-24 process. However, we will require demonstrable progress on both political and economic reform and respect for human rights before that day can come.

The United States believes it is essential that we maintain the integrity of the G-24 process. As I noted at the outset, this process was established to support Poland and Hungary as they moved to embrace the principles of political and economic freedom. Following those principles, the G-24 has helped both countries to follow through on their own decisions to join the community of democratic nations. Our decision to expand the process to the other countries of Central and Eastern Europe recognizes their progress in political and economic reform. The Commission, working with the G-24 member states, has developed the following five criteria that should determine eligibility for G-24 coordinated assistance:

- First, adherence to the rule of law;
- second, respect for human rights;
- third, the introduction of multi-party systems;
- fourth, the holding of fair and free elections; and,
- fifth, the development of market-oriented economies.

These criteria -- the criteria that our CSCE meetings in Bonn and Copenhagen have set for all of Europe -- send a clear message to reformers and old thinkers alike. Western assistance is designed to support fundamental political and economic reform. Its purpose is not to maintain the status quo or to revert to the problems of the past.

We also appreciate the contributions of the IMF, World Bank, OECD, and the Paris Club. These institutions are playing major roles in assisting the political and economic transition of Central and Eastern Europe. And our policies of assistance should complement the programs of these international institutions.

We believe that other international institutions that play significant roles should also be invited to participate in G-24 ministerials and senior experts meetings. For example, the ILO plays an important part in the working group on training, and the effective handling of labor issues is essential to successful economic reform in Central and Eastern Europe.

We also need to be creative about adapting current institutions to meet new needs. Therefore, I propose that the OECD create a new Affiliate Status to meet a new need. This new status would be available for those states that have developed democratic political systems, committed themselves to creating market economies, participated in the OECD Center for European Economies in Transition, and shown an interest in eventual OECD membership. Affiliate involvement in OECD activities would be tailored to their unique needs and interests. Affiliate Status would, in short, be one more way to foster a greater sense of inclusion for the newly democratizing countries.

Before closing, I would like to say a few words about our proposal for a G-24 effort in Central America. Recognizing the great success of the G-24 mechanism in Europe, the United States has proposed to the 12 EC Foreign Ministers, President Delors, Japan, and Canada that we develop a G-24-like mechanism to broaden support for democracy and development in Central America. President Bush has discussed this with President Delors. I have discussed it with a number of you and with the Central American Presidents.

At their June 18 economic summit, the Presidents welcomed the idea as a way of maintaining international attention on the region's economic and political progress, despite competing events in Eastern Europe and the Soviet Union. They believe, as we do, that we cannot let the great events of Europe lead us to overlook other opportunities and needs elsewhere.

We have not yet worked out specifics of the structure and functioning of the mechanism, because we wanted to solicit views from the Central Americans and other interested governments. Although inspired by the East European G-24, the mechanism for Central America would be a separate and distinct process, reflecting the different realities of the two regions.

At this point, we see the mechanism serving two main functions: 1) bringing together developed countries and the Central American states to discuss needs and resources, and 2) acting as a clearing house for information. It might also prove useful for: 3) preparing coordinated needs assessments, and 4) pursuing a small number of joint projects too large for any single donor nation.

Let me close with this observation. Last year when the European Commission and the member states of the G-24 undertook the task of coordinating Western assistance to Poland and Hungary, it was truly a leap into the unknown. Now we are fully engaged in a task with a great redeeming purpose: helping to bring the long-denied benefits of democracy and economic liberty to the nations of Central and Eastern Europe. Working through the Commission and the G-24, our collective efforts must continue to quicken the courage of the peoples we have promised to help in their quest for freedom and prosperity.

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