

The Economic Club of New York

328<sup>th</sup> Meeting  
82<sup>nd</sup> Year

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Francesco Cossiga  
President of Italy

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Waldorf Astoria  
New York City

Questioners: Barry MacTaggart  
Chairman, Pfizer International

David Tendler  
Chairman, Tendler Beretz Associates Limited

Introduction

Chairman, Rand V. Araskog

Welcome to the 328<sup>th</sup> meeting in the 82<sup>nd</sup> year of the Economic Club of New York. Today we are very honored to once again, on special occasion to have the Head of State of a major nation with us to speak at luncheon. We are honored to have with us an exceptionally distinguished European Statesman, the President of Italy. (Applause) Few countries have such a place in the hearts of Americans as Italy does. None has made the contributions to western civilization that Italy has. And today a robust modern Italy is once again setting standards for the world.

President Cossiga has played a leading role in Italian politics since his first election to Parliament more than 30 years ago. He has twice been Prime Minister. He has been Interior Minister and President of the Senate. He has served as President of the European Community and hosted the G7 Summit of Industrial Nations when that meeting was held in Venice.

He is also a scholar and author, a former Professor of Constitutional law, an enthusiastic ham radio operator who uses as his call sign the name of the cartoon character Andy Capp. If you ever are operating your ham radio and you hear that call sign, you know you are talking to the President of Italy.

I might also add that I know him to be an exceptionally gracious host at Quirinal Palace and a wise and insightful statesman. He is going to speak to us today in his language. There are copies

of the remarks in English at each of your places. For the question and answer period the questions will be obviously in English and the answers in Italian which will be quickly translated for you.

It is a great pleasure to introduce the President of the Republic of Italy, Francesco Cossiga.

(Applause)

The Honorable Francesco Cossiga

President of Italy

SPEECH IS PRESENTED IN ITALIAN — NO TRANSLATOR — NOT TRANSCRIBED

QUESTION AND ANSWER SESSION

CHAIRMAN, RAND V. ARASKOG: I now have a signed copy of the speech for which I said, merely gracias. I was going through this speech as the President was making it, paying attention to when Henry Kaufman turned the page, and I noticed we spent an awful long time on the last page. Mr. President, we thank you so very much for being with us, and in our practice here we have a question and answer period in which we have two of our distinguished members ask the questions. Today we have Barry MacTaggart the Chairman of Pfizer International on my far right, and on my far left, David Tendler the Chairman of Tendler Beretz Associates Limited. Ms.

Carla Lonegro is going to do the translations for us through the course of this. And Barry we would like to begin with you.

BARRY MACTAGGART: Thank you. Mr. President, you have indicated that the European option is an irreversible choice for Italy. It seems that moving towards a single market, will in many respects cause member states of the European community to be even more competitive than they are now in attracting foreign investment. What are the likely consequences for foreign investment in Italy post 1992 and what is the Italian government doing to attract American and non-European investment?

PRESIDENT FRANCESCO COSSIGA: My answer will obviously be that of a politician.

(Laughter) This doesn't mean that I don't want to answer. Bear in mind the fact that government has the responsibility of what I would say, I don't want to make any \_\_\_ to the government. I think that there is really a very widespread fear of this fortress Europe. As a matter of fact, one year ago when I visited Australia I thought I was going to a visit and to meet with a very large Italian community living in that country. Instead, from the morning until evening I was continuously asked what was going to happen after 1992. In Australia I was asked the question since morning till evening. In the United States only in the morning. (Laughter) But to be precise, it is already afternoon. I am convinced that European protectionism is incompatible with the political European structure. And as far as Italy is concerned, it is absolutely incompatible with our economic model. I said and I am convinced that our European choice is irreversible.

There is just one instance where it could be reversed and no longer be irreversible, should the other 11 member countries decide to build the European fortress because this would mark the end of our economic model, and of our development. And I believe that no political representative wishes to lose an election. There is a second further reason, which is linked to international foreign policy, perhaps not all of us have entirely understood the global importance and the scope of the challenge which the events occurring in the Eastern Europe are making to us. Perhaps this factor is much more acutely perceived by Europeans, and especially by Italians because we are nearer to the borders of what was once called the Iron Curtain. What is happening now in the East is not the outcome of the fruit of a choice made by a few though clever people. But it stems instead from the impossibility to govern, to rule over societies with having in mind a modern prospect and modern goal to be in societies which were still following an economic and political authoritarian system. And to me, to accept this challenge, by choosing the path of liberty, of freedom means first of all to understand that these countries, those people want in the first place, economic freedom, besides political one. And the help we can provide to those countries is not that of preaching freedom which anyhow is important, but to help them find a solution to their problems through a system which envisages liberty and freedom. This asks of us, not only wise political approach, but also courageous entrepreneurs who are led by the push of freedom. And a protectionist economic policy at the end, ultimately also becomes a protectionist as to spiritual matters. One other reason for which we cannot build a European fortress is that in this case, Europe would not be able to meet the challenge that East is posing to it. And it is not possible to provide a European response in any other way than through a policy

of economic freedom and of unity between Europe and the United States of America. And this is also a guarantee for the United States. And I would like to draw your attention on the importance of the challenge which comes to us not so much from the leaders of the Eastern European countries but from people living there and from events which are taking place. And we must face this challenge with the same courage, the same determination, the same unity we have shown in the visa vis the other challenge that was posed to us to which we responded in assuring and guaranteeing the defense of the free-world. And to conclude, I can tell you two facts which occurred to me personally. I came here on official visit as a Prime Minister as President of the Council of Minister nine years ago. And I am the one whom together with Chancellor Smith of the Federal Republic of Germany and he owns the first place, accepted the deployment of middle range, medium range missiles. So another words in Europe perhaps I was believed to be a warmonger. We adopted, nonetheless this decision because we were certain that they would be the first step towards the beginning of negotiations on disarmament and this actually has occurred. I felt really at peace with myself in adopting this decision and it was not an easy decision to take. I no longer bear the same responsibilities as nine years ago, but should it be so, I would again take upon myself the responsibilities to face the challenges, to face altogether as a united world the challenges coming from the events occurring in the East. One second testimony, I saw the Berlin Wall being raised. And I want to be precise on this, I didn't see it already built, I saw it when it was being built. A few days before President Bush, I went to Poland to Warsaw and on the occasion of the reception offered by the Italian Embassy, General \_\_\_\_ was there, and the Secretary of the Polish Communist Party, and the first man who had been sentenced to

death under the Pro-Stalin Regime in Poland. This means that something is changing and has changed. And therefore, the answer cannot be that in the very moment when we are trying and we are endeavoring to bring down the Iron Curtain, we at the same time, built, not only towards the East, but also unfortunately towards the West, a curtain of ECU, which is as you know, the currency used within the common market. It is not that we, it is not only that we do not want to build a fortress Europe, it is that actually we cannot do that. And I think that this is a far greater guarantee for all of you, not the fact that we do not wish to do it, but that we cannot do what you fear. (Applause)

CHAIRMAN RAND V. ARASKOG: David we are going to wrap up with a question from you.

DAVID TENDLER: Mr. President, you succeeded in answering three of my questions.

(Laughter) I would like to just touch on one of the areas you touched on regarding Berlin. Recent events in East Germany indicate possibly that reunification of Germany might occur in less time than anyone expected. Do you believe that this might ultimately revive old fears in Western and Eastern Europe regarding Germany?

PRESIDENT FRANCESCO COSSIGA: Your question, Sir, is a very witty and very delicate question. And I shall try to be very careful in giving you my answer. The division of Germany is a political outcome of the Second World War. And it is the effect and not the cause of the setting up of two political systems which are diverse, both institutionally and economically. But nobody

can forget despite this fact of cultural and historic unity of Germany, it is absolutely understandable the fact that the German people, aspire to a reunification and to unity. And not to feel so, would be tantamount as to renouncing their national identity. Therefore I would say that this is a historic, cultural and human problem. Then we have the political aspect of this issue, which is a little more complicated. We have lived through a period where there were two political and military systems which were divided and confronting one and the other. And the Warsaw Pact had characteristics which were deeply diverse from the western bloc alliance. Because in one bloc the Atlantic Pact, each nation has always been independent, whilst in the second bloc there existed and was applied a limited sovereignty of principle. But not as the effect or not only as such the Soviet imperialism, but as a consequence at the level of international law of the communist thinking, ideology. And the communist system has started to undergo a crisis when it began, it started to renounce to the principle of limited sovereignty. And the U.S. forces in Europe have remained also together to provide a political guarantee to Europe and also to fill the gap existing at the conventional level between the forces of the East and the West. Once the Soviet forces in the East remained, pursuing two goals, one was that of guaranteeing the application of the limited sovereignty principle and secondly that of having the Soviet military forces acquire a forward position in this area. Now the eastern bloc is unfreezing and this is the process which is taking place at the difference paces. And the western world must accompany this process, but it must exercise that sort of prudence that does not make Gorbachev fall within his own nation, within the Soviet Union. The success of Mr. Gorbachev is linked to the possibility of carrying out economic reforms, of these reforms having been successful and also of



the possibility to convince Soviet leadership that it is possible to guarantee, to ensure the same level of security without making recourse to the limited sovereignty principle. And therefore, this is also linked to the success in the negotiations in the nuclear, chemical and conventional field. And this factor has been, was very well understood by President Reagan and is very well understood by President Bush. But we cannot think, nor require that this sort of puzzle which is the eastern bloc falls into pieces all at once. And the last piece of the puzzle, which can fall, is constituted by eastern, by the democratic republic of Germany. And therefore, it is very likely that the problem of the unity of Germany will be addressed when a measure of detente at the lowest possible levels has been already implemented between the east and west. As far as we can foresee of course. And when this process will have led to a liberalization process within eastern Germany which will probably be the last process to take place, to occur. At that time perhaps all of us will be faced with the problem of the German reunification. In the scenario which will have a united Europe on the one hand, and a diverse balance between the east and west, fears for European countries, on the part of European countries, of course they are possible, they might be felt because we must be reminded that memories are the last things to which we give up. But you certainly recall your revolution started with the Boston Tea Party, this is part of your historic heritage; the Boston Massacre, the Crossing of Delaware River by General Washington, but I don't believe that any one of you present here today is afraid of Queen Elizabeth, I think that the same thing will happen for Europe, at least I hope so. (Applause)

CHAIRMAN RAND V. ARASKOG: Thank you President Cossiga and we wish you very well

as you travel on. Thank you. (Applause)