

WEST EUROPEAN RESPONSES TO CHANGE IN THE SOVIET UNION AND
EASTERN EUROPE

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Introduction

Even before the dramatic events of 1989 it had become evident that the states of Western Europe faced major changes both in their collective internal arrangements within the European Community (EC) and EFTA and, as a result of an improvement in superpower relations, in their individual and collective roles in the evolving international system. In particular those who saw the Gorbachev detente initiatives and the positive response to them by the United States as the product of superpower decline tended also to anticipate a time when the West Europeans would have to play a fuller role in providing for their own security and to more effectively exert external political and economic influence. In the 1980's there had been a series of moves designed both to strengthen internal integration in Western Europe and to reinforce and expand the procedures for collective foreign and security policy. These developments were however based on the assumption that European politics would continue to be fundamentally structured by the post war cleavage between the eastern and western blocs.

From 1988 onwards a series of revolutionary changes took place, first in Poland and Hungary then in the DDR, Czechoslovakia, Bulgaria and finally Romania, which combined with changes of an equally dramatic nature in the Soviet Union and in its policies towards the outside world, meant that by the end of 1990 the Cold War and all that went with it had all but disappeared. Germany was united and NATO and the Warsaw Pact had mutually agreed that they no longer represented a threat to each other and had signed conventional arms agreements that reinforced that feeling. All the members of the Conference on Security and Cooperation in Europe (CSCE) had met in Paris in November 1990 to lay the foundations of a new European order and the European Community was perceived, with apparent enthusiasm, by both superpowers as being the key organisation upon which the new Europe would be centred.

The main purpose of this paper is to examine the individual and collective responses of the West Europeans to the events of 1989 and 1990 and to make some judgements about the extent to which they were able to rise to the leadership challenge that they posed. On the one hand these events can be seen to present the West Europeans with a great opportunity to both widen and deepen their integrative experiment in a Europe no longer divided or dominated by the superpower protagonists. This view would see the Cold War as placing definite limits on what was achievable at the collective European level particularly in the foreign and security policy spheres; it would see NATO and the need for the US nuclear umbrella as a restraint on the development of a European security identity and the continuance of the east west divide as an inhibition to the extension of the European Community (and thus of economic and political integration) to include either the neutral states of Western Europe or the states of eastern Europe. The end of the cold war would thus be seen as resulting in the

lifting of a series of restraints on the West Europeans in the pursuit of their collective endeavours.

On the other hand there is an argument that sees all the current European organisations (Western and Eastern) as being essentially cold war institutions which were unlikely to survive its peaceful conclusion. This view would have predicted the collapse of the Warsaw Pact and Comecon but would also have anticipated that NATO and the European Community too would have problems maintaining internal cohesion once the discipline of the external threat was removed. This view would regard the events of 1989 and 1990 as presenting challenges to the preservation of the achievements of West European integration rather than opportunities for their consolidation and advancement.

Both these arguments are based on the assumption that the changes that have come about are mainly the result of the reluctance and/or inability of the Soviet Union and the United States to continue in their mutually antagonistic leadership roles. It is possible to see in the recent events a desire by both superpowers to be rid of the problems and responsibilities of their previous roles in Europe and to simply withdraw leaving the economically successful West Europeans to fend for themselves and to individually and collectively assume responsibility for the economically unsuccessful East Europeans. It is certainly the case that both the United States and the Soviet Union have moved very rapidly from regarding their own relationship as fundamental and that with the West Europeans as marginal to a position where they both see the EC as the key to the new Europe even if their conceptions of that Europe differ. It is also the case that as well as upgrading the significance of their relationship with the EC both superpowers now regard their relations with a united Germany as of fundamental importance. This suggests that both the United States and the Soviet Union intend to play a significant role in the new Europe despite all the talk of the 'end of their empires' and their mutual withdrawal into relative isolation. In examining the West European responses to the challenges of the past two years this paper will also try to identify and assess the part played by the two superpowers in conditioning those responses.

Western Europe prior to 1989.

By the mid 1980's the EC as a result of various budgetary and agricultural reforms appeared to have solved, in the medium term at least, the various problems that had so frustrated it since 1975. One consequence was a revival of the internal integrative process with the commitment to the 1992 programme and the subsequent procedural and substantive advances covered within the Single European Act (SEA) which in turn had led to renewed calls for the development of Economic and Monetary Union (EMU). Title 3 of the SEA had given European Political Cooperation (EPC) a treaty base (although not as part of the Treaty of Rome) and had codified all that had developed so far in the field of collective foreign policy making. The EC 12 had also

set themselves the target of endeavouring to achieve a common foreign policy in which it was envisaged that the various collective external activities of the EC states in the economic, political and security fields would eventually be gathered together into one coherent whole. EPC now had a crisis decision making mechanism (developed after the debacle of a long delayed response to the Soviet invasion of Afghanistan) and the West European Union (WEU) had been semi-revived as part of a search for a framework within which the West Europeans might develop a common security stance. The Conference on Security and Cooperation in Europe (CSCE) process, in which in the 1970's the EC 9 had cut their EPC teeth, had proved to be a useful forum in the 1980's where European states from both sides of the ideological divide had been able to preserve and extend detente despite the onset of the second cold war. Following on from the relative success of the Conference on Disarmament in Europe that ended in Stockholm in 1986, and after the INF agreements of 1987, NATO and the Warsaw Pact had created a new conventional arms negotiating process 'within the framework of the CSCE'. This had the effect of fully involving European states and a European process in an aspect of East-West relations that had previously been under the direct and exclusive control of the two superpowers.

Thus even before the events of 1989 it could be argued that the West Europeans, in a variety of forums, were beginning to make their presence felt. The EPC process, whilst still lacking the means for significant collective action, had contributed much towards an evolving West European sense of collective identity in international political dealings. The EC itself, whilst still not fully punching its weight in the international economy, had, with its 1992 programme, attracted the attention of Japan and the US (both for a while fearful of the notion of 'Fortress Europe') and had forced the non-EC western states grouped in EFTA to both collectively seek a more structured relationship with the EC and in some cases (Austria and Norway) consider individual applications for full EC membership. Thus even at the start of 1989 we find all the states of Western Europe contemplating change and the possibility of the EC **widening** its membership and **deepening** its integrative activity. Before the events we are about to consider the EC seemed able to allow itself the luxury of a relatively relaxed development with a gradual consideration of the process of EMU and further institutional reform and a postponement of further enlargement considerations until after the completion of the 1992 targets. One of the immediate effects of the sudden changes that were to come was to give much greater urgency to all West European decisions, both unilateral and multilateral.

All the West European states had also begun to reconsider their relationship with the Soviet Union and the states of Eastern Europe. Again this was partly inspired by a reaction to the EC's 1992 programme but was mainly the result of a Soviet desire, evident from 1985 onwards, to forge a new relationship with all the potential inhabitants of Mikhail Gorbachev's celebrated 'Common European Home'. The EC had already begun to talk to those East European countries that had begun to show signs of reform potential and was also under pressure from Moscow to consider a framework agreement both with the Soviet Union individually and with Comecon. However until it became impossible to deny that Gorbachev was sincere in his determination to end the cold war many West European states, with the UK to

the forefront, worried that the Soviets were merely pursuing their age old policy of attempting to divide the Atlantic Alliance and detach the West Europeans from the United States. West Germany was the Western state which had responded most positively to Soviet advances and as a result France had begun to worry that the West Germans might be considering an 'escape' from the restraints of the EC and NATO in favour of neutrality and the possibility of reunification with the DDR.

West European responses in 1989

At the Rhodes EC summit at the end of 1988 there had been some consideration of how to respond to the growing signs of reform in Poland and Hungary. At this meeting there was a clear division between those states like Britain who were in favour of a 'wait and see' policy and those like the Federal Republic who advocated a more positive and encouraging response. The Greek government had pushed the idea of an EC-Comecon agreement (the EC and Comecon had mutually recognised each other at the start of 1988) throughout their presidency and they also wanted to concede to Soviet demands for a cooperation agreement rather than a mere trade accord. Most of the rest of the 12 wanted to find an encouraging and supportive response to Gorbachev but did not want to be seen to prefer the Soviet Union to the rest of Eastern Europe.

At the end of 1988 Gorbachev went to the United Nations and announced major unilateral conventional force cuts in Europe as part of a radical statement of new Soviet foreign policy thinking. The force cuts appeared to be both quantitatively and qualitatively significant in that they supported the Soviet argument that they intended to move from an offensive to a defensive military strategy in Europe. This line of approach was received cautiously by Mrs Thatcher who argued that it needed to be "kept in perspective" but with enthusiasm by West German foreign minister Genscher who saw it as vindication of his arguments that the Soviets were serious and that there was a need to consider delaying the anticipated update of NATO's short range nuclear weapons. The West Germans were anxious, for both domestic and foreign policy reasons, to put off this decision. The rows over cruise missile deployment followed by the optimism that surrounded the INF agreements meant that West German public opinion was firmly opposed to any further nuclear modernisation and was more inclined to push for the removal of all nuclear weapons from German soil. A general election was scheduled in West Germany for December 1990 and the ruling CDU/FDP coalition was already concerned about growing public support for both left- and right-wing radical groupings. On the foreign policy front the West Germans were opposed to any weapons that would primarily kill other Germans and were also anxious to build on the new atmosphere created by Gorbachev. At the end of 1988 the British were showing signs of irritation at the German line whilst the French began to show signs of concern.

This new NATO nuclear row was not confined to the British and the Germans. Although the British line reflected US concerns about the need to maintain the integrity of the flexible response strategy other West European states joined with the Germans in questioning whether the new circumstances did

not require new NATO thinking. All this failed to add up to much of a response to Gorbachev's initiatives. Until the June NATO summit the West Europeans were not able to collectively get their act together because the major West European states continued to stick to their national fetishes. Whilst France was able to use its special relationship with Germany in the EC to seek reassuring German support for speeding up the integration process (and thus more securely 'anchoring' the Federal Republic in the West) it was unable to do the same thing in NATO because of its own tenuous relationship with the Alliance. France was certainly looking to develop WEU as a European defence vehicle which would respond more effectively to French leadership but the real need was for NATO itself to come up with an effective response to the new circumstances. In particular as the military threat diminished NATO had to find a way of placing greater emphasis on its political role. Until the Summit in June NATO was prevented from seriously considering how it might adjust by a lack of US leadership and by Mrs Thatcher's determination to do nothing that would challenge the status quo. American leadership was lacking in the early part of 1989 because the incoming Bush administration was carrying out a seemingly endless review of American policy which for a long time seemed incapable of coming up with anything new. The NATO summit was in the end saved by a last minute initiative from President Bush who came down on the side of the Germans and expressed concern about the UK's growing isolation in the Alliance.

The Bush proposals which were based on the assumption that "the continentals will go with the Germans and so we can't do anything but go with them too" promised further conventional arms cuts, the revival of the Start talks and the promise of talks on short range nuclear forces. Just before the summit Gorbachev had wrongfooted the Alliance yet again with the promise of unilateral short range nuclear cuts and even more drastic conventional reductions. In effectively pulling the Western response together Bush talked of the United States and the Federal Republic being 'partners in leadership' of 'a Europe whole and free'. He saw the future task of the more political Alliance as being to provide support for the Gorbachev initiatives and to promote democracy and self determination throughout Europe. Bush had therefore come up with the sort of collective response that the Germans and others were looking for but which the West Europeans had been unable to put together themselves. Apart from Britain most of the other West Europeans feared that if NATO proved itself incapable of change then the Federal Republic for both internal and external reasons might be tempted to respond unilaterally to a Soviet offer of neutralisation and reunification. Apart from change within NATO the other obvious counter to this threat was to bind West Germany more securely into the EC - an option that was eagerly seized by the French and most other EC states but which was also firmly rejected by Mrs Thatcher.

Meanwhile within the EC the 12 had decided by April to adopt a 'carrot and stick' strategy towards the Eastern bloc, approving of economic incentives for those governments pursuing reform like Poland and Hungary but suspending all dealings with Romania because of its appalling human rights record. This application of the principle of 'conditionality' also placed the emphasis on separate dealings with individual East European governments rather than collective dealings with Comecon as a whole. The EC also decided in April to begin a political dialogue with the Soviet Union and the EC ambassadors in Moscow started to receive regular briefings from the

Soviet foreign ministry. The pursuit of an active and coordinated EC policy towards the East had been strongly advocated by EC Commission President Jacques Delors, partly as a way of gaining German support for his EMU proposals and partly out of a well known desire to advance the competence of the Commission at every opportunity. It was by no means clear at the time that the Commission had the capability to operate conditionality effectively given the inadequacy of its information about the economic and political situation in the Eastern bloc states.

In July 1989 the G7 met in Paris and once again it was the US in association with the West Germans who took the lead in searching for a coordinated response to developments in Poland and Hungary. Chancellor Kohl, anxious not to stir up more fears about his country's eastern leanings had suggested that the EC Commission be given the task of coordinating all Western aid to Poland and Hungary and this is what Bush got the others to agree to. The number of countries involved very soon rose to 24 (all of Western Europe, North America and Oceania and Japan) and the Commission-led programme, known as Operation Phare, rapidly started to provide food aid to Poland. In 1989 the Commission organised three meetings of the G24 involved in Phare working to an action plan based on five priorities - food aid, agricultural restructuring, improved market access, investment promotion and cooperation on the environment. As we shall see, in 1990, Operation Phare was extended to the other Eastern European states and Yugoslavia.

However just as the West Europeans began to think about the collective management of their aid to Poland and Hungary so events began to escalate with the beginnings of the crisis in the DDR that was to culminate in the fall of the Berlin Wall and the placing of German reunification on the European agenda. As refugees began to stream out of the DDR via a variety of routes West Germany was once again faced with the need to respond rapidly, preferably with the support of its EC partners. Whilst West European fears that the Germans sought hegemony were groundless the fact was that the West Germans did not have the luxury of adopting the preferred British position of 'wait and see'. If the West Germans could not get their partners to act in harmony in response to this new situation then they would have to act alone, first in providing massive aid to the DDR but eventually in facilitating the reunification process.

The possibility of West Germany acting alone over reunification raised fears amongst the West Europeans about how the Soviets might react and those fears were exacerbated by concerns about Gorbachev's own position within the Soviet Union. Indeed the initial Soviet reaction at the time that Gorbachev was due to visit the DDR for its 40th birthday celebrations was to accuse Bonn of undermining the DDR government and encouraging reunification aspirations. However the Soviets did little to prop up the DDR regime and much to encourage the view in Eastern Europe and the West that the Breznev doctrine was indeed dead and that the Soviet Union had no intention of militarily intervening to frustrate the reform process anywhere. This tendency in Soviet policy gave rise to a second and contradictory West European fear which was that the Germans would do a deal with the Soviets that would somehow involve the detachment of a united Germany from NATO and a decline in German enthusiasm for further commitments within the EC.

Fears of a declining German enthusiasm for the EC were strongly voiced within the Commission and in France. The solution championed by Delors was to speed up the process of integration and to extend the EC's emergency aid and assistance programme. In a speech at Bruges (partly designed to counter that of Mrs Thatcher a year earlier) Delors argued that the EC12 should move quickly towards establishing the Intergovernmental Conference (IGC) necessary to progress to EMU and that this should be complemented by another IGC on Political Union involving a common foreign and security policy and further reform of the EC institutions. Delors sought to link this with developments in the East by arguing that the Single Market must also be complemented by the Social Charter and by an expanded role for the European Parliament so as to continue to attract those in the East who sought basic rights, prosperity and democracy. In a direct rebuttal of Mrs Thatcher's minimalist views Delors said " Think of the effect in Prague and Warsaw and elsewhere when the EC declares solemnly, by means of a Social Charter, that it will not subordinate fundamental workers rights to economic efficiency"

The German government under pressure from the French as well as the Commission was anxious to reconcile its concern about the need to respond positively to events in the East with reassurances to its Western partners. Its hesitation about the timing of the IGC for EMU was exclusively electoral rather than substantive. Chancellor Kohl simply did not want it on the political agenda until after the 1990 German election because he feared that voters might see EC EMU as a potential barrier to, or distraction from, reunification. Foreign Minister Genscher developed the notion of the concentric circles of European cooperation in a bid to meet the demands of many of his EC partners that Germany push ahead with integration whilst at the same time not closing the EC off from the states in the East. The Germans argued an inner core of EC states willing and able to create a European Union should do so and that other European states could associate themselves with such a Union depending on their ability to make various integrative commitments. Thus the next closest ring would consist of the present EFTA states (and possibly Britain too if it continued to show reluctance about EMU and Political Union) and they would be more loosely linked to an outer ring of newly democratised Eastern European states. Finally all three circles might be linked with the US and the Soviet Union in the CSCE process thus giving expression to the Gorbachev notion of a Common European Home. Genscher's argument was that membership of these circles would be dynamic not static with the possibility of states moving from one circle to another as they became capable of more binding integrative commitments. The implication was then that any European state able to meet the basic conditions of a market economy and a democratic system could begin with a loose form of association but aspire to eventual full membership of the EC.

At an EC foreign ministers meeting in Chartres in September 1989 the 12 decided to both step up their emergency aid to Poland and Hungary and to examine ways in which the EC might offer longer term structural assistance. As events began to escalate in the Eastern bloc there was much talk of the EC and the other members of the G24 collectively organising a sort of Marshall Plan for Eastern Europe. The problem then as now was that whilst all states were willing to assist in a limited way it proved difficult, given the lack of something to unite against, to stimulate multilateral

support for the massive programme envisaged. In any case many of the EC member states were either reluctant to pour money into Eastern Europe or were concerned about its diversion either from themselves or their own areas of concern. Thus the British although willing to be unilaterally and collectively generous in the short term have been the most cautious about long term assistance preferring, under Mrs Thatcher at least, to once again 'wait and see' how the reform process develops in the East and eventually in the Soviet Union. Many of the poorer EC members who in the past have benefitted from EC regional and social funds have also shown concern about the diversion of funds towards the East. In particular fears were expressed, even before the reunification issue arose, that West Germany, the EC's major net contributor, would seek to redirect its funds from within the EC towards the East. Finally of course the EC has come under pressure from those outside, such as the Lome group or the associated Mediterranean states, who also fear that they will lose out as a result of massive funds being sent to Eastern Europe.

By October 1989 the French EC presidency, in close collaboration with the West Germans, was looking to the December Strasbourg summit to both consolidate the acceleration of European Union by fixing a date for the EMU IGC to begin and to extend collective EC aid to the East. The British continued to resist the EMU arguments but showed some enthusiasm for associating both EFTA and East European countries with the EC. Whilst the French and the Commission continued to worry about whether future enlargement was compatible with further integration the British tended to perversely argue that it was the weakening of integration that made enlargement such a desirable objective.

In the period between the fall of the Berlin Wall and the confirmation that reunification was both feasible and imminent the West Germans were faced with the tricky task of attempting to pursue a diplomacy designed to reassure its Western partners in both the EC and NATO whilst at the same time not antagonising the Soviet Union. The issue was complicated both by divisions within the ruling coalition over tactics and by sensitivities both to the upcoming West German elections (Dec 1990) and, as events developed, to free elections in the DDR.

Although the West Germans constantly encouraged the EC and NATO to rapidly adjust to the changing scene in the East, events just moved too fast for the relatively cumbersome cooperation procedures even though West European foreign ministers were almost permanently engaged in a constant round of bilateral and multilateral meetings. As events unfolded in the East a pattern developed whereby the West European states tended to react at first unilaterally, then engage in a round of bilateral diplomacy and finally attempt to coordinate their responses either in the EC or NATO. The major actors were inevitably Britain, France and West Germany with Italy operating on the margins until it assumed the EC presidency in the second half of 1990. Mrs Thatcher's standard response to most developments was to reassert the need to preserve the integrity of the Atlantic Alliance and otherwise do nothing hasty. Her statements on German reunification and on the changing military picture in Europe can be best described as Canute-like in their insistence on maintaining the status quo. There was precious little sympathy for the German dilemma and as a result Anglo-German relations rapidly worsened. Even though the French shared many of Mrs

Thatcher's concerns about German reunification there was little prospect of Anglo-French cooperation as Mrs Thatcher was also strongly opposed to any acceleration of EC integration which was the preferred French method of dealing with the problems posed by Germany. The dominant bilateral relationship was that of France and Germany even though the Germans had suddenly become the dominant partner. It was by building on the past strength of the Franco-German relationship that both countries were able to reconcile their gut nationalistic reactions to events in the East and to thus preserve a united approach to the development of the EC.

The fall of the Wall in November led to increased West German involvement in the politics of the DDR and threw both the Alliance and the EC into disarray once the initial jubilation had worn off. Whilst West Germany anticipated reunification and its attendant political and economic costs and complications other West European states expressed concern about German power, about the future of the EC and NATO and about the loss of the comforting certainties of the Cold War. In response to the decision of the United States and the Soviet Union to hold a summit in Malta and perhaps fearful that there might be some truth in the slogan 'from Yalta to Malta' the French called an extraordinary EC summit for 18 November to discuss the situation in Eastern Europe and to develop an EC line before the superpowers could meet and impose their own views. The French enthusiasm for the special Paris summit was also related to an interest in preventing discussion of events in the East from dominating the normal EC European Council meeting planned for Strasbourg in December at which the French were determined to push the EMU IGC, the Social Charter and their plans for a European Bank for Reconstruction in the East. However the main fear was that the superpowers might cobble a European settlement together (shades of Reykjavik!) and even that Gorbachev might give the go ahead for German reunification provided the US agreed that a united Germany would not be a member of NATO. By then most West Europeans assumed that self determination in the DDR would lead to a vote for reunification although Mrs Thatcher continued to protest that things were moving too fast and that it was necessary to preserve both NATO and the Warsaw Pact in the interests of stability. The implication of this was that it was also necessary to preserve the DDR!

At the Paris emergency Summit the EC achieved an impressive degree of unity in proposing continued conditional support for the now expanded reform process in the East. The political terms for this support were to be democracy, human rights and free and secure elections and the economic terms were to be recognition by the International Monetary Fund of a satisfactory movement towards a free market economy. By opting for IMF assistance the EC both recognised its own lack of expertise in this area and sought to employ a benchmark which was internationally recognised and which would thus be more likely to be acceptable to other potential Western donors. The EC Paris meeting thus showed unity and an impressive sense of history in sharp contrast to some of the EC's internal debates. There was no discussion of reunification for fear of undermining Gorbachev's position and the only really discordant note was struck by the British Prime Minister in her post-Summit press conference when she somewhat ingenuously urged that the Community should not undermine its unity by embarking on a debate at Strasbourg on EMU. Mrs Thatcher also expressed major reservations about French plans for a European Reconstruction Bank and warned that a

cautious approach to developments in the East would assist Mr Gorbachev with his internal problems. On reunification Mrs Thatcher went out of her way to say that the Helsinki Agreements prevented any questioning of borders in Europe and that all military matters should be conducted through NATO and the Warsaw Pact.

The Franco German response to Mrs Thatcher's caution was a joint address on Nov 22 to the European Parliament in which they insisted that EC political integration and democracy in the East must go together and that the best way to respond to events was to strengthen the EC bonds so that the EC could maintain its magnetic attraction to the East. At the Strasbourg European Council the French by and large got their way on advancing integration at the expense of isolating Mrs Thatcher. When she left Strasbourg after the EC had decided to hold an IGC on EMU but not until after the 1990 West German election Mrs Thatcher said that Kohl with French assistance had fixed a date which "suits his election but not mine". On the German question the Communique talked of unity rather than unification and concern was expressed at indications that the Germans were showing signs (Kohl's 10 point plan) of going it alone regardless of the views of either the EC or the two superpowers. Moscow for its part had proposed a meeting of the 4 Powers (the first since 1971) in order to underline the need for the Germans to consider the external as well as the internal ramifications of any movement towards reunification. This move was supported by both Britain and France anxious to regain some semblance of control of events. Almost everybody met everybody else in Brussels in December. The EC chaired a meeting of the G24 at which it was decided to extend aid to Czechoslovakia, the DDR Bulgaria and Yugoslavia conditional on the necessary reforms. The EC had earlier agreed to send more food aid to Poland and to provide funds for currency stabilisation and bridging loans. NATO foreign ministers met and accepted Secretary of State Baker's proposals for politicising the Alliance and developing a dialogue within the CSCE. The Soviet foreign minister came to Brussels to sign the first ever, mainly symbolic, EC-Soviet trade and cooperation agreement and also held his first ever meeting with his NATO opposite numbers. The EC and EFTA ministers met and the Eftans expressed concern that within the concentric circles notion EFTA might be seen as a sort of EC kindergarden for potential applicants from Eastern Europe.

There was thus a great deal of multilateral activity at the end of 1989 as the West Europeans sought to make some sense out the dramatic changes in the East. The EC had succeeded in producing a short term response to the need for aid in the East and had gained much prestige from its management of the overall Western effort within the G24. However the demands for new aid to those countries recently liberated presented a new set of challenges for 1990 as did the whole question of German reunification and how that was to be approached and managed. In the short term the EC agreed emergency aid to the DDR (but on nothing like the scale that the Germans were providing unilaterally) but in the long term it was becoming clear that the EC would have to face up to the rapid admission of the DDR to the EC as part of a united Germany as well as to the demands of both Czechoslovakia and Hungary that their own desire for eventual membership of the EC should not be sidelined by the DDR question. At the same time most West Europeans had also to contemplate the long term impact of these developments on their security structures and on the fate of Mr Gorbachev in the Soviet Union.

Partly in response to these events the EC itself was committed not just to completing the internal market but to progressing towards EMU and possibly also towards Political Union.

West European responses in 1990

In 1990 the West Europeans had to face up to the longer term consequences of the transformation of Eastern Europe that was completed with the Romanian revolution over Xmas as well as to a deteriorating situation in the Soviet Union. In this section we intend to follow four major themes which lead up to the CSCE Summit in Paris in November and the EC Summit in Rome in December. The four themes are German reunification, EC aid to Eastern Europe and the Soviet Union, developments within the EC and developments within NATO.

1) German reunification

There were essentially only three major players in the process that led up to the establishment of a fully sovereign united Germany on October 3. Although Britain, France and the government of the DDR were given formal roles in the 2+4 procedures that were agreed in Ottawa in February they exerted no significant direct influence on the proceedings. Indirectly France was able to extract West German support for accelerated integration because, as in earlier times, the French government was prepared to contemplate the trading of its own sovereignty (for instance with reference to the establishment of a common currency and a European Central Bank) in return for an anchoring of Germany within the EC. France was thus able to seek positive common ground with Germany over the relationship between reunification and integration in a way that the British could never do. Mrs Thatcher came to accept German unity with ill disguised bad grace and sought to inhibit the process at every opportunity. Her insistence on referring to unification rather than reunification for fear that the Germans would exploit the semantics and insist on a return to 1937 German frontiers, her insistence for a while that only the full CSCE membership could approve a change of frontiers and her obvious support for the views of Mr Ridley made life difficult mainly for her more conciliatory foreign secretary. In Germany her hostility was treated with open contempt and she found little support either in Moscow, Washington or amongst the other members of the EC. The result was that Britain was effectively marginalised from the process.

Amongst the West Europeans the Irish prided themselves that during their presidency in the early part of the year they were able to act as honest broker between West Germany and the rest of the EC but in truth the West Germans appeared to do pretty much what they wanted constrained only by domestic opinion in East and West Germany and by the need to carry the support of the two superpowers. In the case of the Soviet Union this was achieved mainly by the promise of marks and a willingness to allow Soviet troops to remain in the DDR for several years after unity. In the case of the United States Washington was willing to allow the Germans to make their own arrangements provided they could carry the support of the EC (achieved at the first Dublin summit). The United States even seemed prepared (to

Mrs Thatcher's dismay) to sanction a looser German 'association' with NATO if necessary. In the end this did not prove to be the case but the Americans must take much of the credit for orchestrating the London NATO summit in June when the Alliance was able to agree on a willingness to sign a joint peace declaration with the Warsaw Pact, to invite Gorbachev to address NATO and the Soviets to permanently liaise with it and to revise the strategy of flexible response so that nuclear weapons became 'weapons of last resort'. This movement was enough to satisfy Gorbachev that he could live with a united Germany in NATO and he very quickly came to a final arrangement with Kohl in Stavropol just after the NATO summit. The London summit was crucial to the German settlement and was illustrative of continued American influence and of a new special relationship between the US and Germany. In the end the 2+4 talks (which Mrs Thatcher had wanted to be just 4 power or at best 4+2) were usurped by a German-US deal and subsequent German-Soviet deal.

2) Aid to Eastern Europe and the Soviet Union

The West Europeans were faced at the beginning of the year with the problem of extending the support they had already offered to Poland and Hungary, individually and collectively, to the rest of the liberated East. The EC faced a problem in the expansion of food aid (to Romania) in that it was beginning to actually run out of food surpluses (mainly as a result of CAP reform). Once the short term needs were catered for and once basic trade and cooperation agreements had been set in place between the EC and Eastern Europe the problem of longer term structural aid and assistance arose. The EC had to decide what sort of second generation agreements to offer those East European countries who continued to meet the reform conditions. The Commission also had to find a level of funding that was compatible with EC budget arrangements and which the member states, many of whom were concerned at the diversion of resources, would accept. In addition the EC Commission was beginning to experience problems in managing its task as coordinator of both EC aid and G24 aid. The Commission has none of the diplomatic and administrative resources of a state so that visiting applicant countries and making accurate assessments of their needs and situation let alone their satisfaction of EC and G24 conditions became most hard. Although the EC had the assistance of the IMF and the World Bank it was still in the early months dealing with ministers from provisional governments whose days were numbered or with ministers who had no previous experience of government responsibility. There was concern inside the Commission that the EC was in danger of being swamped both financially and administratively.

Although the Italians and the Germans have pressed for much larger sums to be allocated to assistance programmes for Eastern Europe as yet such funds have not been forthcoming. nothing like the much vaunted Marshall Plan for Eastern Europe has emerged. By the middle of the year the EC had decided that despite requests from Hungary and Czechoslovakia it would not offer full membership but privileged association as the next stage in its arrangements with the Eastern states. Towards this end the EC began in negotiating in December some new 'European Agreements' with Poland, Hungary and Czechoslovakia. These arrangements would eventually give them the same sort of relationship that EFTA has enjoyed involving free trade, political

dialogue, financial support, infrastructure support etc - all of course conditional on continued progress with economic and political reforms (aid to Romania was suspended by both the EC and the G24 following the government's use of miners to repress demonstrators).

Although the West European states have managed a reasonably well coordinated political and economic response to the immediate needs of the East Europeans and although the Commission has gained some prestige from its G24 role doubts have to remain about the aid process in the longer term. Not only are the latest Commission studies of East European long term prospects fairly grim, the Community, along with its biggest net contributor, has to contemplate the cost of absorbing what used to be the DDR as well as responding to the growing crisis in the Soviet economy. Although it was very flattering for the EC to be regarded as 'magnetic' because of its relative economic success, this magnetism may well become a burden in the future. It was quite clear at the CSCE Paris meeting that most of the ex Eastern bloc countries saw their only route to salvation as being via continued EC assistance and eventual EC membership - it remains to be seen whether the West Europeans will be able to bear in the long term the burdens they took on in the short term in 1989 and 90.

As far as the Soviet Union is concerned the German government for obvious reasons has been in the forefront of arguing that the EC countries and the West as a whole has an interest in supporting the Gorbachev reforms with financial assistance. This line of argument was resisted by the United States within G24 and the UK within the EC until the end of 1990 although both then approved considerable aid and credit packages. The EC decided to go for a much closer targeting of aid, to support currency stability (as it had succeeded in doing in Poland) and to apply maximum conditionality to all aid - the EC threatened to suspend trade and cooperation agreements at the time of the Lithuanian crisis and was forced to carry out that threat for a short time as the Baltic crisis spread and worsened in early 1991. The more cautious EC approach represented a rejection of the desire of the Italian presidency to support the German and French position by massively increasing aid to the Soviet Union, as such it represents one of the few successes of the 'wait and see', 'proceed only with caution' approach advocated by the British.

3) Developments within the EC

1990 ended with the successful opening, following the Rome Summit, of two Intergovernmental Conferences dealing with Economic and Monetary Union and with Political Union. The initial impetus for this attempted integrative leap did not come in response to developments in Eastern Europe. EMU and further institutional development came onto the agenda as complements to the 1992 process and as such they were initially promoted by those anxious to continue the progress towards European Union that had been revived in the mid 1980's. However it is certainly the case that events in the East and in particular German reunification served to speed up this process as the Commission and France sought to protect the EC from any German wish to make links with the East easier by toning down integration in the West. The timetable for EMU was therefore accelerated despite some German practical hesitancy based on its experience of concluding monetary union with the

DDR. The Political Union IGC was agreed between France and Germany as part of a German process of reassuring France about its continued enthusiasm for the EC and its development. Whilst the UK certainly tried to argue in 1990 that further integration should be put off in order that the EC be seen to be both united and open towards the East this notion was defeated by those such as Delors who countered that only by fulfilling its potential would the EC be in a position to extend long term support to the East.

The wider question of EC enlargement and its impact on further integration remains however. The revolutions in the East have given rise to demands for entry from Hungary and Czechoslovakia and these in turn have hastened applications from Sweden, Austria and Norway anxious not to be sidelined by the EC's Eastern policy. The end of the Cold War has also removed the 'neutrality barrier' that had previously made Austria and Sweden hesitate about membership (Austria recently agreed to allow forces destined for the Gulf to overfly its territory). Before the changes in the East the EC had already decided that it would not contemplate further enlargement until after the 1992 process was complete. This line has been maintained but as negotiations for an European Economic Area with the EFTA countries become bogged down and as the demands for eventual membership from Hungary et al become more insistent and as 1993 draws ever nearer the question of enlargement will become more and more urgent. Despite this both the intergovernmental conferences appear to be progressing as if this was not the case and as if the EC is likely to consist of just 12 members for the conceivable future.

The EC has of course already effectively taken on a new member with the integration of the old DDR into the EC in 1990. Although concern has been expressed about the impact on the EC budget and the long transitional time required for the old DDR to raise itself up to EC standards the actual process of adjustment in 1990 caused no significant problems between the EC states. All the EC members seemed anxious to ensure that no barriers were placed in the way of reunification and this meant that they were not inclined to niggle about the transitional details - the European Parliament did for a while seek to make some procedural capital out of the need for haste but this was of no real significance. In return the Germans went out of their way to be reasonable - they did not insist on receiving extra votes in the weighted voting schemes in the Council and they have not as yet claimed any new seats in the European parliament although the question of the German representation will need consideration before the next round of direct elections. The Commission took the lead on DDR entry as it had done on the coordination of aid and its enhanced status was clear by the time of the Houston G7 summit. Throughout the year Jaques Delors never failed to miss an opportunity to get the EC involved in the many forums that were used. Thus the EC requested a seat at the CSCE, liaised directly with NATO, and attended German cabinet meetings for reunification items.

One consequence of the EC's new international status and of the possible demise of NATO has been a constant US call for a more formal process of consultation between the US and the EC. Although the firming up of this new set of procedures was spoilt by the rows over GATT at the end of the year it nevertheless represents quite an advance from a few years ago when the US exhibited little interest in dealing with either the EC or EPC and preferred to rely on bilateral dealings with the EC member states.

The EC has certainly increased its international stature over the past year and it is now firmly on track to achieve EMU and Political Union in the near future. The EC's star has certainly waxed as that of NATO has waned but it still remains to be seen whether the EC will be able to put any flesh on some of its members' aspirations to give it a much greater security role in the future.

4) Developments within NATO

In 1990 all the West Europeans achieved their primary objective of keeping a united Germany in NATO even though it seems likely that in the near future both nuclear weapons and possibly foreign troops will be removed from Germany. Inevitably the ending of the Cold War has led to a questioning of the old security structures although to date NATO has fared better than the Warsaw Pact. Whilst Britain and France have been anxious to keep their own forces out of conventional force reduction negotiations they have joined all other NATO countries in reviewing their defence arrangements now that the strategy of flexible response and forward defence in Germany is redundant. The possibility of developing multinational forces within NATO has been proposed by the British but rejected by the French. Whilst the UK is anxious to preserve NATO and devise new roles for it and thus keep the American connection other West European countries like France and Italy are keen to seize the opportunity to develop a European security identity either via WEU or possibly even the EC. This particular dispute is currently being carried out within the framework of the IGC on Political Union and the debate here has been confused by a growing US concern that NATO will not be sidelined by any EC developments in the defence sphere. At present the British and the Dutch would like to see WEU act as bridge between NATO and the EC whilst the French and the Commission AND A NUMBER OF OTHER EC states would like to see WEU develop in its own right and become answerable to, and eventually replaced by, the European Council. Hopes that CSCE would provide the framework for the new European security architecture, which were high at the end of 1990, have been dashed both by the events in the Gulf and by the further changes that have occurred in the Soviet Union. The refusal of the Soviets to allow the CSCE to play a role in arbitrating the Baltic crisis was a blow to those who saw a future role for CSCE.

To date little progress has been made on the longer term adjustment to the impact of change in Eastern Europe and the Soviet Union. In 1990 however despite the undermining of its *raison d'etre* NATO managed to make the necessary short term adjustments to reassure the Soviet Union and to thus allow German reunification to take place smoothly. The West Europeans do not have a good track record when it comes to thinking or acting collectively about their security outside the NATO framework. The continued absence of a coherent threat and a declining public support for defence in a number of West European states suggests that this will remain a contentious and undetermined issue for some time to come. In the near future the question of new security arrangements covering all of Europe are bound to be raised. The Warsaw Pact has now effectively been dissolved but it has not been replaced with anything. The Eastern European states have to

work out new relationships with the Soviet Union, with each other and with the states of Western Europe. Requests to join NATO have been rejected and Romania has already made some new arrangements with the Soviet Union whilst the EC considers a common foreign and security policy within the Political Union IGC without apparently giving much consideration to developments in the East.

Conclusions

Despite the distractions of the Gulf War at the start of 1991, developments in the East have continued to make major demands on the states of Western Europe and on the European Community. There have been a number of setbacks most particularly the reverses in the Soviet Union which have thrown Mr Gorbachev onto the defensive and which have raised doubts about his likely success in seeing political reforms and progress to a market economy through to some sort of satisfactory conclusion. Furthermore it is also becoming clear that the Commission and others were overoptimistic about the ease with which the economic problems of the eastern part of Germany might be overcome. There is a renewed danger that Germany will become distracted from its leadership role within the EC by the problems that are beginning to arise at home. Amongst the East European states the demands on the West in general and the EC in particular are growing and are both political and economic. As a result the EC has recently been forced to readjust its line in the negotiations on the new second phase association agreements it is conducting with Hungary, Poland and Czechoslovakia.

It now seems certain that these three states will this year be allowed to sign accords that will extend to them by the year 2000 freedom of movement of goods, services, labour and capital in the EC's single market as well as an option on full EC membership. This represents a considerable softening of the EC's negotiating stance - until recently reference to possible full membership was being resisted and the EC was holding out for a five year review in the ten year transitional period. The East Europeans are to be given more time to erect tariffs which they will then spend ten years dismantling and the northern EC states have overcome the objections of the Mediterranean members and made some concessions on both textiles and steel. This softening of the EC stance towards the Eastern states is partly the product of their own political pressure and partly the product of an EC realisation that it is very much in the EC's interests to advance the economic revival of the eastern bloc. The big fear in the EC is that unless conditions in the East become politically and economically acceptable and unless reasonable access to the EC is provided for the states there will be a flood of economic refugees seeking their own individual way of entering the prosperous EC. This is a fear that already exists within the EC as far as the Mediterranean non-members are concerned. One of the conclusions of this study is then that, despite the EC's determination to ignore the issue in the present IGCs, further enlargement of the EC is inevitable as a result of the changes in Eastern Europe. Just as Greece, Spain and Portugal linked EC membership with the creation and preservation of democracy and a free market economy so now are the newly liberated states of Eastern Europe. The irresistible nature of their demands on the EC are in turn forcing the EFTA states to reconsider the attractions of remaining outside

the EC and the result is thus likely to be a considerable enlargement over the next few years.

Despite the problems that lie ahead the EC's response to the events of the past few years has been quite impressive. As we argued at the start of this paper the EC has demonstrated that it is more than a cold war institution, that it is capable of rising to its greatly enhanced role in the European and Global international system and that it is capable of generating ideas at least about its possible future role in the new European security architecture. The future role of the Superpowers in the new Europe remains uncertain. It has to be said that for all the talk about their decline and in particular about their withdrawal from Europe their role as a catalyst in the events of the past few years was instrumental. Although the success of the EC and its ability to revive itself around the 1992 programme did indeed prove to have a magnetic attraction for the states in the East it was the policies of Mr Gorbachev, not the EC, that made the changes possible. Similarly the United States played a critical role during 1989 and 1990 in both assisting and stimulating the EC and NATO into an effective collective response. Neither Britain nor France was able to exert significant leadership roles within either the EC or NATO and Germany required the support and assistance of the United States (and to a lesser extent the Soviet Union) in order to bring about its reunification at such a rapid pace and in such an acceptable manner. In future the EC states may have to manage their collective responses and actions without the assistance and possibly despite the opposition of the United States and/or the Soviet Union.

Since the mid-1980's, as a result of events in the Soviet Union and Eastern Europe, the EC has most definitely moved out of the shadows and into the spotlight of European politics. It is now at the centre of all plans or proposals for the construction of the 'New Europe' and it will in the near future be required to bring about both its own **widening** and **deepening**. Change in Eastern Europe has ensured beyond all doubt that European Union in the medium to long term is no longer merely about the perfection of economic and political arrangements between the present twelve member states. European Union now involves all of Europe cooperating on a potentially limitless agenda and the European Community, however it evolves, is the organisation upon which all efforts and attention will, in future, be focussed.