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MICHAEL J HUGHES

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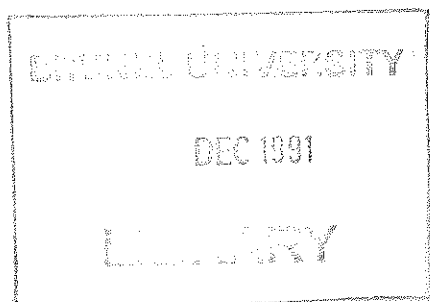
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**The Myth of Central European Identity
and the Move Towards European Integration**

Michael J. Hughes
(Brunel University)

February 1991

WORLD BANK

INTERNATIONAL
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1. Introduction

The Single European Act (S.E.A.) of 1986 established a framework for the evolution of the European Community (E.C.) in the years ahead. At the time the S.E.A. was passed, the bipolar structure of Europe appeared to be as rigidly defined as ever. Although Mikhail Gorbachev's appointment as General Secretary of the Soviet Communist Party, in April 1985, signalled a change in both the rhetoric and aims of his country's foreign policy, there was little to suggest that the years ahead would witness anything more radical than a return to the détente process of the early 1970's. Whilst the S.E.A. sought a form of integration that was less grandiose and idealistic than the one desired by early advocates of European union, such as Robert Schumann, its adoption inevitably implied a 'hardening' of the division of Europe. Although new states would still be eligible to join the E.C. once the provisions of the S.E.A. took effect, the increased degree of economic and political unity between existing members threatened to make the process of accession more wrenching for late arrivals.

The dramatic changes which took place in Eastern Europe during 1988-1989 pose an enormous challenge to the institutional architecture of Europe which has developed over the last four decades. The new situation demands a flexible response, just at the time when E.C. institutions are being prepared to meet the challenge of the Single European Market.

This paper looks at some of the problems and dilemmas facing the countries of Eastern Europe, as they seek to establish their identity in the New Europe. It examines the basic attitudes towards regional identity which shaped the thinking of many members of the new political elites in the area - especially in Hungary, Poland and Czechoslovakia - and suggests that their early belief in the existence of a distinctive 'Central European Identity' is insufficient to provide a framework for developing viable policy options at the present time. The paper also suggests that effective European integration in the years ahead cannot be based on the assumption that the E.C. will simply absorb the countries of Eastern Europe as and when they are deemed to be ready for membership. Since, on even the most optimistic projections, none of these countries will be prepared for E.C. membership in less than a decade, it will be necessary in the interim to promote new forms of cooperation between the countries of the region. (1) This regional cooperation can, in turn, help the countries of Eastern Europe in their search for economic and political development. It can also offer some hope for introducing stability in an area which has in recent years witnessed the collapse of Soviet power and the reunification of Germany.

2. Central European Identity Before the Second World War

The recent upheavals on the continent have once again made it fashionable to ask the 'big questions' about the nature of European history and identity. This has been particularly true in the countries newly liberated from Soviet domination. (2) Before the massive shifts of population which followed the end of the Second World War, the region was made up of a complex patchwork of different ethnic groups, each with its own religion and customs. During the 19th century, political control of the area was divided between the four major European Empires: the Turks, the Austrians, the Russians and the Germans. The local intelligentsia's growing interest in nationalist ideology, evident from 1800 onwards, was inspired by a wish to respond to the complexities of this situation. Since the population of the region was ethnically heterogenous, it was not possible for any national group simply to demand its political independence; it was first necessary to define the nation itself. Complex ethnographic and cultural research, of the kind carried out by writers such as the Czech panslavs Francek Palacky and Karl Havilcek, was a necessary prelude to any attempt at using national identity as the basis for political demands. In general, the 19th century intelligentsia lacked a strong sense of a distinct Central European identity; they were more interested in establishing the national authenticity of particular nations, such as the Czechs or Magyars. (3) However, their ideas were generally

inspired by a tolerant understanding of the significance of nationhood, a tradition which can be traced back at least as far as the German philosopher Johann von Herder. Every nation was seen as a necessary element in human civilisation; each had the right to exist, but was bound in return to respect the rights of all its neighbours.

The Versailles Treaty (1919) destroyed the 'integrative' force of the old European Empires and established a number of independent states to the east and south of Germany - including Czechoslovakia, Yugoslavia and a newly-restored Poland. During the inter-war period, relations between the countries of the region were usually tense; their leaders did not share the benign attitude towards other nationalities evident amongst the intelligentsia in the previous century. The 'revisionist intentions' of countries which had lost territory at Versailles, notably Hungary and Austria, were treated with suspicion by their neighbours. The competitive tariff policies pursued by governments in the region led to a 'beggar thy neighbour' situation, in which everyone suffered. With a small number of exceptions, such as the Czech Prime Minister Tomas Masaryk, few politicians or intellectuals gave serious thought to the promotion of a common sense of Central European identity. Nor were many practical schemes put forward to promote regional cooperation; those that were, such as a tariff union suggested by the French Government in 1930, failed to find any positive response.

3. The Second World War and the Establishment of Soviet Hegemony

The Nazi-Soviet Pact (1939), which divided Poland and the Baltic Republics between the two signatories, continued the sorry tradition according to which the political fate of Eastern and Central Europe was determined by outside forces. During the War itself, the Western Powers gave little thought to the future of the region; most of their attention was directed to the fate of Germany after the defeat of Nazism. The leader of the Polish Government-in-exile in London, General Sikorski, put forward a proposal for economic integration between the Baltic States, Poland, Czechoslovakia, Hungary and Romania, but his ideas were overtaken by events. (4) The division of Europe into two camps, which was set in motion at the 1945 Yalta Conference between Churchill, Roosevelt and Stalin, destroyed any prospect for the emergence of a Central Europe composed of independent nation-states. In spite of protests by the Western allies, Stalin wasted little time in establishing Soviet hegemony over the area subject to his control, incorporating the countries of the region firmly under his rule. During the decades following the end of the Second World War, the U. S. S. R. used a number of mechanisms to integrate the economic and political systems of the satellite countries with those of the Soviet Union itself - so forming a distinctive 'Communist Block':

1. **Adoption of Soviet-Style Political Structures.** Although Communist Parties in the region were nominally independent they were, in practice, subject to control by Moscow. The setting-up of the Cominform, in 1947, provided an institutional forum which facilitated the dominance of the Soviet Communist Party over those of the satellites. A large number of informal mechanisms, including control over key appointments and the use of terror, were also employed to ensure effective Soviet political control.

2. **The economic transformation of Eastern Europe.** Collective farms on the Soviet model were developed in all countries of the region during the late 1940's and 1950's (although Poland later moved back to a system of private agriculture). The system of Five Year Plans, first introduced in the U.S.S.R. in 1928, was also introduced in Eastern Europe during the late 1940's, and reflected the traditional Soviet emphasis on heavy industry at the cost of consumer goods.

3. **Formal economic integration.** The Council for Mutual Economic Assistance (C.M.E.A.) was set up to establish a socialist division of labour between the communist states, which was in turn intended to increase the productivity of their economies. By attempting to incorporate all the region's economies within a single planning system, the C.M.E.A. encouraged a high degree of economic integration. However, since the criteria used for deciding which country should specialise in a particular sphere of economic activity were highly arbitrary, the system led to a massive distortion

in the pattern of economic activity.

4. **Military Integration.** The Warsaw Pact, signed in 1955 in response to West Germany's entry into N.A.T.O., formalised the high degree of military integration between the Soviet Union and its satellites. This level of integration had the advantage, from the Soviet perspective, of increasing military effectiveness *vis a vis* N.A.T.O. whilst, at the same time, increasing control over the satellites.

4. Dissident Strategies and the Redefinition of Eastern Europe

The crushing of the Prague Spring by Warsaw Pact tanks, in 1968, paved the way for the emergence of the dissident movement in the countries of Eastern Europe, above all in Poland and Czechoslovakia. A wave of worker unrest in Poland, in 1976, was followed by the formation of a Workers' Defence Committee (K.O.R.), which provided a forum for intellectuals and workers to meet unofficially to discuss their common resentments against the regime. In Czechoslovakia, this link between workers and intellectuals failed to materialise in such an effective manner, at least until the final months of 1989; however, the establishment of the Charter 77 organisation, designed to monitor the implementation of the human rights provisions of the Helsinki Final Act (1975), provided a loose institutional forum for the expression of dissent against one of the most repressive regimes in the

region. In both countries, discussion about the nature of Eastern Europe became an important element in the opposition's attempt to understand the political development of the region. Since a number of these dissidents, including Vaclav Havel, Jiri Dienstbier and Jacek Kuron, occupy important political posts today, understanding their ideas can help explain present developments.

Most of the intellectuals who engaged in dissident activity rightly believed that the agreements reached at the Yalta Conference had destroyed their countries' hopes for obtaining real political independence. They argued that the term Eastern Europe was a purely political concept, rather than an economic or geographical one; it was used to describe the countries which were forceably absorbed into the Soviet orbit after the Second World War. The emigré Czech novelist, Milan Kundera, developed this argument in its most extreme form. Writing in the New York Review of Books, he claimed that the real cultural and geographical division of Europe was located on the western border of the Soviet Union. (5) Echoing 19th century writers like Havilcek, he argued that countries such as Czechoslovakia, Poland and Hungary should be considered as part of Central Europe, and as such were participants in the mainstream of European cultural development. The Czech playwright, Vaclav Havel, and the Hungarian dissident intellectual and novelist, Georgyi Konrad, echoed these ideas in their own writings. (6) By treating cultural identity in this way, these writers effectively used

it to challenge the legitimacy of Soviet hegemony over their countries.

The various opposition groups of the 1970's and 1980's were well aware that they were engaged in a common enterprise - namely to emancipate their countries from Soviet control. Havel noted that "it is highly likely that any self-liberating movement in the Soviet Block countries will only succeed if it goes beyond the borders of any one country". (7) However, surveillance by the security police made it difficult for members of the different national opposition movements to meet in order to develop any common perspective on the problems they faced. Even so, by the mid-1980's, many of the leading figures in organisations such as Charter 77 and Solidarity were engaged in an active effort to meet with their counterparts from other countries, in order to develop a common Central European perspective on the problems they faced. Members of K.O.R. and Charter 77 engaged in clandestine meetings on the border between Poland and Czechoslovakia, in order to hold discussions on questions of common interest. Occasional seminars, such as the one held at Budapest in November 1987, brought together participants from opposition groups in various Soviet Block countries, along with western observers. Whilst the practical results of such encounters may not have been great at the time, they helped cement certain ideas about a shared regional identity which have become important in the months since the Berlin Wall was breached. They also paved the way for the development of

personal friendships and acquaintance between many members of the new political elites which came to power in 1989.

5. Whose Central Europe?

Whilst the dissident intellectuals and writers of the 1980's used the idea of Central Europe in such a way as to challenge the legitimacy of Soviet control over their countries, today they face a new problem - the problem of Germany. Since the newly-unified Germany has a population of 80 million and a G.N.P. of \$1.7 trillion, it will without doubt be the dominant power in the central part of Europe. Now that the ex-communist countries have broken away from the Soviet orbit, their governments have become increasingly concerned about the possible threat which Germany may pose to their attempt to develop their independence and sense of identity. The Czech philosopher-politician Tomas Masaryk, writing early in the 20th century, at a time when Germany was also very powerful, simply excluded the country from his definition of Central Europe (whilst including Sweden and the Baltic Republics). (8) However, such a definition does great violence to the traditional understanding of Central Europe as a cultural *mitteleuropa*, in which German influence and language was predominant. (9) Against this background, the demand for a Central European identity poses the danger for countries such as Poland and Czechoslovakia of legitimising

the hegemony of a new outside power, in place of the old Soviet dominance.

As a result of the new political situation in Europe, which developed after the dramatic events of November 1989, the debate about the nature of Central Europe has begun to enter a new phase. In the months immediately following the 1989 revolutions, the idea of Central Europe exercised most appeal for left-leaning intellectuals who sought a 'third way' of development for their countries - one which would preserve the perceived social achievements of the old Communist regimes (universal welfare provision, egalitarianism, etc), with the efficiency of western market economies. (10) The new President of Czechoslovakia, Vaclav Havel, whose early writings showed a deep suspicion of the supposedly materialist values of western consumer societies, was for a long time reluctant to follow the advice of his Finance Minister and support the adoption of market reforms. (11) Erazim Kohak, an emigré Czech philosopher working in America, has continued the quest for a Central European identity capable of serving as the foundation for a new form of social and economic system. (12) During the exhilarating first months of 1990, this search for a common identity was a standard theme of discussion between the cultural intelligentsia of Central Europe. However, by the middle of 1990, as the mood of euphoria began to fade, this interest in a potential 'third way' began to fade, in part because the elections which took place in the region between March and June brought to office a number of politicians who

were little interested in the abstractions of such a debate. Political discourse began to take a form more familiar to a western audience, as discussion about economic reform and social policy replaced the earlier talk about identity and culture. (13) A similar tendency was evident in discussions about the relationship between the emerging democracies of Central Europe. Whilst the Polish, Czechoslovak and Hungarian governments, in particular, have placed great emphasis on developing good relations with one another, they generally favour modest 'ground-level' initiatives, which offer a practical response to the region's problems.

6. Central Europe Today

The revolutions which took place in 1989 were, in large part, inspired by the wish to 'return to Europe'. Underlying this slogan was the familiar belief that the Yalta Conference had skewed the region's development; the collapse of the *ancien régime* meant that the time was now propitious for a return to the earlier patterns of development disrupted by the Second World War and its aftermath. However, whilst the appeal of this rather simplistic slogan can easily be understood, it conceals a whole host of ambiguities and problems. It is, quite simply, incorrect to argue that Central Europe as a whole was an integral part of Europe in the years before 1939. Whilst Czechoslovakia had an economic

structure and democratic political system which resembled that of its western neighbours, the same was hardly true of Poland. It was even less true of the Balkan countries, such as Romania and Bulgaria, where peasant economies and bureaucratic authoritarian patterns of government were the rule before the Second World War. (14) For most countries in the region, rejoining Europe is not simply a question of overcoming the legacy of forty years of Communist rule; they also need to address more deep-seated questions about how best to overcome their historical status as countries on the economic and political periphery of the continent. Scenarios which envisage a rapid integration into the E.C. are unlikely to be viable - not least because some of the formerly Communist countries are likely to jib at surrendering their newly-won sovereignty. Enjoying the economic fruits of closer economic integration is one thing; surrendering large areas of political sovereignty is, as the British experience shows, quite another. The best course for the foreseeable future is, then, to search for more modest programmes for regional cooperation, whilst keeping open the option of full integration with the E.C. at a later stage. (15) Fortunately, there are a number of existing initiatives to build on.

1. **The Czech initiatives.** During the months following the collapse of the old Communist regimes, Czechoslovak foreign policy has proved the most imaginative at seeking a new international framework for the development of the region.

The Czech President, Vaclav Havel, travelled to Warsaw to speak to the Polish Parliament just a few weeks after being sworn into office. Recalling his earlier secret meetings with the Polish opposition, he spoke of the need to develop these links now that the 'dissidents' found themselves in positions of power:

A true co-ordination of our policies during the process that we both call "The Return to Europe", ought to grow out of a really authentic friendship, based on a solid understanding of the destinies into which we have been forced; on the common guidance which it gave us and mainly, on the common goals that unite us. On that point we also ought to coordinate our efforts as much as possible with Hungary. (16)

In the months that followed, Czechoslovak foreign policy actively sought to promote two goals. In the first place, it tried to promote regional cooperation between the members of the former Communist Block. In the second place, it tried to encourage the development of a European-wide security framework, capable of ensuring the stability of the whole continent. President Havel, speaking at the Parliamentary Assembly of the Council of Europe in May 1990, criticised the continued division of Europe into two military blocks. A memorandum sent by the Czech Government to the C.S.C.E. talks in Vienna, called for the establishment of a European Security Commission to provide a specifically European platform for discussing security issues. Whilst this active Czech foreign policy was partly inspired by a desire to establish a pivotal role for the country in post-Cold War Europe, these initiatives reflected the Government's realisation that

integration had to take place at a number of different levels, and could not simply be approached within the context of the E.C.

2. **The Pentagonal Initiative.** In 1978, a number of provinces and regions on both sides of the Iron Curtain - in Italy, West Germany, Yugoslavia, Austria and Hungary - came together in order to promote a number of goals in the areas of culture, transport, and ecology. The Alpe-Adria Group, as it became known, deliberately eschewed areas of 'high policy', in favour of promoting regional cooperation in more mundane areas. A few weeks after the collapse of the Berlin Wall, in December 1989, the Foreign Ministers of Italy, Austria, Yugoslavia and Hungary met to discuss how the work of the Alpe-Adria Pact could be extended; as a result of their talks, the Pact was reconstituted into a quadrilateral association of states. In May, 1990, Czechoslovakia acceded to this new association; three months later, in August 1990, the newly-formed Pentagonal Initiative released a Policy Document outlining its aims. The goals of the Pentagonal Initiative are more elaborate than those of the old Alpe-Adria working group. Whilst still emphasising cooperation over specific transport and infrastructure projects, it also sees its role as making "a contribution towards creating security and stability for the change-over from the old to the new order", as well as seeking "the consolidation of democratic institutions and economic recovery and development". (17) It seems likely that

an unspoken goal of the Pentagonal Initiative is to provide a counter-balance to a newly-unified Germany. The activist Italian Foreign Minister, de Michelis, may also see the new association as a chance to extend his country's influence in south-eastern Europe.

3. **The Balkans Initiative.** The term Central Europe has generally been used, on both sides of the Iron Curtain, in such a way as to exclude the countries of south-east Europe. However, after the collapse of the Zhivkov and Ceausescu Regimes, in Bulgaria and Romania respectively, the countries in the Balkan region face problems which often resemble those of their northern neighbours. In October 1990, the Foreign Ministers of the Balkan States (Albania, Greece, Bulgaria, Yugoslavia, Romania, Turkey) met in Tirana in order to consider the future development of their region in the New Europe. Any serious attempt at developing a common approach to their problems is, of course, impeded by the existence of serious tensions between some of the members - above all between Greece and Turkey. Nevertheless, a communiqué issued after the meeting stressed the countries' determination to respect each others' sovereignty, and noted their support for the C.S.C.E. talks in Vienna, as well as their commitment to democratic values. The meeting also laid down a follow-up process, involving biannual meetings between the Foreign Ministers of the six countries. (18) Whilst the tensions between the participants mean that the significance of the

Balkans Initiative should not be overstated at the present time, it can help contribute to the process of integration at the sub-continental level.

The most obvious 'casualty' of these last two initiatives is Poland; leading Polish intellectuals have openly acknowledged that they are afraid their country is being left out in the development of Central Europe. In part, this is due to reasons of geography. In addition, the territory of the present Polish state was never part of the Habsburg Empire, with the result that it lacks many of the historical experiences which defined the political culture of countries such as Hungary and Czechoslovakia. However, Poland is also a far larger country than its southern neighbours (with a population of 40 million), and there is a fear on the part of some other countries that it would dominate any regional pact of which it was a member. Some Poles have spoken hopefully of a possible Baltic Initiative, involving the Scandinavian countries, Latvia, Lithuania and Estonia. However, at least some of the Scandinavian countries are more interested in potential E.C. membership, whilst leaders of the independence movements in the Soviet Baltic Republics are suspicious of any form of association which could threaten their hoped-for sovereignty. (19) In any case, the current instability in the Baltic region means that it would be unwise for Poland to pin its hopes on cooperation with other countries in the area.

7. Seeking a Framework for Integration: the View From the West

The speed of recent developments in Europe has meant that the response to events by E.C. and other western governments has developed on an *ad hoc* basis; it is impossible to impose a rigid institutional framework when everything is still in a state of flux. This lack of coordination has been a cause of alarm to some observers. However, it is by no means clear that this apparently chaotic reaction may not be the most advantageous under present conditions; it is flexible enough to allow a rapid response to new developments. The most important task for western governments, as the Managing Director of the International Monetary Fund (I.M.F.) noted at a recent conference, is to make a clear commitment to the *principle* of long-term support for the new democracies - above all in the sphere of economic aid. (20) Once such a commitment is in place, economic and other assistance should be channelled to the new democracies by the most effective means possible - bilateral, multilateral, etc.

Western countries, especially the members of the E.C., have an obvious interest in seeing the ex-communist countries continue on the path of economic liberalisation and political democratisation. They also have a vital interest in developing a new international order in Europe - one which will guarantee the security and peace of the continent. At present (February 1991), the political situation in the former Soviet satellites varies considerably from country to country.

Czechoslovakia and Hungary have held free Parliamentary elections; the existing Polish Parliament was elected on a restricted basis in 1989, but the country has successfully held free elections for the new Presidency. All three countries have made steady progress in dismantling the remnants of the *ancien régime*, although elements of the old nomenklatura remain intact in each country. (21) Romania and Bulgaria have both held reasonably 'free and fair' elections, which have resulted in the return of governments largely composed of reformist elements from the old communist parties. (22) The various republics making up the Yugoslav Federation have returned governments of radically differing hues, threatening the break-up of the country. The three Governments in the northern tier are ideologically close enough to one another to engage in active cooperation on a range of policies; at present, however, they are too concerned with internal reforms to devote any more substantial energies to questions of regional cooperation. In addition, certain tensions have developed between the three countries during the second half of 1990, mainly as a result of the Poles' sense of being isolated by their neighbours. The best hope western governments have of influencing political developments in the region is via the provision of economic assistance, in order to smooth the way for a transition to a market economy.

The provision of western economic aid has received enormous attention during the past year. A new institution, the Bank for European Reconstruction and Development

(E.B.R.D.), has been established with the backing of 39 countries, to help in the construction of market economies in the new democracies. The Head of the new bank, Jacques Attali, has argued that the E.B.R.D. fulfils a role which cannot be met by existing institutions such as the World Bank and the I.M.F., which lack the requisite European perspective. (23) During the past year, a general consensus has arisen amongst donors and recipients alike that aid can only be of value when combined with major structural reforms, involving a shift to a free market: Attali identifies the role of the E.B.R.D. as "the vanguard of the private sector". (24) At present, since the E.B.R.D. is not yet fully in operation, aid is flowing through a number of different forums. The I.M.F. has negotiated stand-by arrangements with a number of countries in the region, in order to cushion them against balance-of-payments crises. (25) The E.C. is acting, on behalf of the G.7 industrialised nations, to organise long-term assistance for the region. A vast number of bilateral initiatives, including Britain's 'know-how fund', seek to make available the expertise necessary for establishing financial markets, carrying out privatisations, etc. Various Central Banks, including those of the U.K. and the Netherlands, have seconded experts to help in the formation of effective monetary and fiscal policies. (26)

The majority of this aid has been allocated on a bilateral basis, in the sense that it has been targeted on particular countries in the old Eastern Europe according to

their needs. However, this should not necessarily be seen as a the result of a failure by donor countries to develop a common strategy towards Eastern Europe. There has, in fact, been a remarkable level of agreement on the aid issue between governments and non-governmental agencies alike. The Belgian Finance Minister, Philippe Maystadt, has argued that western (including E.C.) aid policies should be able to respond flexibly to new situations, changing in response to shifting priorities. (27) The biggest problem is deciding how much aid is necessary; most western Governments and organisations believe that the bulk of new funds flowing into the ex-C.M.E.A. countries will have to come from commercial sources. (28) The Italian Foreign Minister, De Michelis, has called for E.C. countries to devote 0.25% of their G.N.P. to helping the new democracies build up their economies, the funds to be channelled through a variety of mechanisms. (29) Whilst this proposal sounds generous, at least in comparison with previous E.C. initiatives, it in fact only represents about \$16 billion *per annum* - barely enough to cover interest payments on the massive debts run up during the 1970's and 1980's by the former Soviet satellites. (30)

Some influential voices, including that of Jan Vanous, head of the consulting firm PlanEcon, have argued that regional economic cooperation between the former Soviet satellites would help them in their search for economic development. However, such a proposal needs to be treated with a certain caution. A brief glance at the three countries

which have travelled furthest on the road to economic reform - Poland, Hungary and Czechoslovakia - shows that there are still considerable differences between them. Poland embarked on a course of rapid economic reform in January 1990, including full convertibility of the zloty at a fixed exchange rate and the abolition of price controls. In Hungary, by contrast, reform appears to be faltering, due to the population's unwillingness to accept the price rises necessary for a transition to a free market. (31) The Czechoslovak Finance Minister, Vaclav Klaus, has energetically pushed the cause of market reform in his country, but his efforts have met with a good deal of opposition within the leadership, as well as a certain degree of suspicion on the part of the population as a whole. (32) Whilst a formal attempt to promote economic cooperation between the three countries might speed up reform amongst the laggards, it might simply reduce the overall pace of change in countries such as Poland. The most likely outcome of any formal cooperation on economic matters would probably be the development of a tariff wall around the economies of the countries concerned, which would simply protect inefficient producers at the cost of consumer welfare. It is far more desirable that each of these economies becomes integrated with the world economy through the medium of free trade. Since the beginning of 1990, the trading patterns of each of these countries has changed rapidly, as the old C. M. E. A. imposed patterns have begun to break down. (33) Both Hungary and Poland now export far more to the west than was

the case a year ago, whilst their trade with the U.S.S.R. has shrunk dramatically. (34) If these trends continue, the ex-C.M.E.A. economies will be able to absorb the western know-how and capital which is necessary if they are to enter a path of long-term economic growth. On the other hand, if these changes are prevented by the emergence of economic protectionism in the old Eastern Europe, it will be impossible for the countries of the region to identify where their comparative advantage in economic activity lies, which will in turn impose considerable costs in lost efficiency. The E.C. countries can best help the ex-C.M.E.A. economies shift to more efficient patterns of production by ensuring that the new democracies have full access to E.C. markets. Unfortunately, the recent collapse of the G.A.T.T. talks and the growth of protectionism around the world does not make the climate propitious for such actions.

8. Conclusion

Before the new democracies can consider joining the E.C., they must first go through a less radical process of integration into the ways of the New Europe. This seemingly paradoxical situation is, in fact, no different from the one which marked the early decades of the E.C. itself. A long process of preparation is necessary before a country is able to join an economic and political association which, by the

early 21st century, is likely to involve a massive surrender of economic and political sovereignty. The precise nature of the preparatory stages through which the new democracies must pass will only become apparent with the passage of time. However, a few general points can be made.

1. The intense debate about the existence of a distinctive Central Europe, which dominated unofficial political discourse in the region during the 1980's, can be seen in retrospect to have been something of a 'red herring'. The Central European idea was primarily used to discredit the Soviet Union's political domination in the eastern part of the continent; it was less significant as a model for future development. Today, it lingers mainly in the minds of those who dislike the move to the free market and are seeking for an alternative economic and political strategy.

2. Whilst the debate about Central European identity proves, in retrospect, to have been a debate about the need for the region's political emancipation from Soviet domination, it encouraged useful contacts between those who now occupy positions of influence in the new democracies. These contacts, and the ideas which originally stimulated them, have encouraged a number of valuable regional initiatives in areas such as transport and cultural policy, which can help the new democracies establish closer relations with their neighbours. The most distinctive feature of the Soviet satellites' foreign policies before 1989 was their comparative isolation from

western and communist countries alike. Breaking down this pattern of insularity can only have beneficial effects. Membership of institutions such as the Council of Europe will also encourage a more outward-looking perspective. (35)

3. Economic integration is today best achieved by economic liberalisation and free trade - not by the development of regional economic groupings of the E.F.T.A. variety. The Polish experience during 1990 shows that convertability and free trade need not necessarily lead to a balance of payments crisis. Free trade will encourage efficiency gains in the domestic economy and, assuming that the political situation continues to improve, encourage foreign investment. Once the ex-C.M.E.A. economies are on a path of convergence with those of the E.C., they will be more ready to face the challenges and opportunities of full membership.

4. In the short-term, perhaps the biggest challenge facing Europe is the construction of a new security order, to replace the bipolar structure which has crumbled during the past two years. The governments of the new democracies, which are still formally members of the Warsaw Pact, have not been responsive to the idea of transforming N.A.T.O. into a political organisation, capable of providing a security framework for the New Europe. (36) They may look more favourably on the idea, expressed at a meeting of E.C. Foreign Ministers in Brussels on February 4th 1991, of developing the Western European Union (W.E.U.) as a new forum for security issues. However, most members of the E.C., with the exception

of the British, want an homogenous European union in which the membership of the E.C. would be identical with that of the W.E.U.; the former would provide a forum for economic and political issues whilst the latter would concentrate on problems of European security and defence. (37) If this vision wins out, it would still leave the problem of devising an interim arrangement which would take account of the new democracies in the decade or so before they are ready for full European union.

The only certain thing that can be said about the development of the old Eastern Europe in the years ahead is that it will be uncertain. Whilst the path to democracy has been smoother than could have been expected a year ago, there are ominous signs of new political tensions emerging in the Balkans. Even in countries like Poland and Hungary, where the transition away from Communist rule has been easier, there are signs that the pains and frustration caused by economic reform are having a destabilising influence on the political system. The most appropriate response to such a situation is to develop a flexible series of initiatives, capable of meeting the changing needs of the area. The integration of the former peoples' democracies into the wider Europe is a process which will take many years and go through many stages. Whilst the idea of an eventual European Union, encompassing all the countries of the continent, can remain a guiding ideal, the most pressing need as far as the new democracies are concerned

is to develop short-term strategies which will provide the conditions for rapid economic growth and regional security. Only when these are secured will it be possible to absorb the ex-Communist countries into the E.C.

Notes

1. Even Jeffrey Sachs, an enthusiastic proponent of integrating the former planned economies into the E.C., appears to accept that none of the new democracies are likely to be ready for full membership in less than a decade. J. Sachs: 'What is to be done now: Promoting Capitalism and Economic Prosperity in Eastern Europe', Lionel Robbins Memorial Lecture, London School of Economics, January 1991.
2. See, for example, G. Gornicki: 'Is Poland Really in Central Europe', East European Reporter, Vol. 4, #2, pp. 57-58. Emigré authors have been particularly active in addressing this question. See, for example, the article by the Czech emigré philosopher, E. Kohak: 'Can there be a Central Europe', Dissent, Spring 1990, pp. 194-197; J. Škvorecký: 'The State of Europe', Granta, #30, pp. 127-128; .
3. A few writers put forward practical schemes to promote the formation of a sense of Central European identity. The political economist Friedrich List argued that a tariff union between the countries in the region would lead to more rapid economic development, with all its concomitant benefits. See Tony Judt: 'The Rediscovery of Central Europe', in Daedalus, Winter 1990, p. 24.
4. G. Bischof & E. Brix: 'The Central European Perspective', in R. Jordan (ed): Europe and the Superpowers, p. 222.
5. M. Kundera: 'The Tragedy of Central Europe', in New York Review of Books, 26th April, 1984.
6. See, for example, Havel's claim that there is such an entity as a Central European mind - "sceptical, sober, anti-utopian, understated".
7. East European Reporter, Vol. 3, #2, p. 2.
8. T. Garton Ash: 'Does Central Europe Exist?', New York Review of Books, October 9th, 1986.
9. T. Judt *op. cit.*, p. 24.
10. The idea also had a certain appeal for western intellectuals who disliked the supposed materialism prevalent in their societies. See, for example, the comments of George Steiner, Granta, #30, p. 131.
11. Havel's dislike of 'consumerism' was almost certainly stimulated by his distaste for the policies of the Husak regime in Czechoslovakia, which used material concessions to 'buy the support' of the population in the years following the Prague Spring. At times, Havel's diagnosis of the 'spiritual and moral crisis in society' resembles that of Solzhenitsyn in its intensity. See, V. Havel: 'Letter to Dr Gustav Husak', *passim*. For a statement of Solzhenitsyn's most recent views, see 'Kak nam obustroit Rossiia', Komsomolskaia Pravda, September 18, 1990.
12. Kohak, *op. cit.*

13. For a stimulating discussion of the foundations of this change, see R. Dahrendorf: Reflections on the Revolution in Europe. This change in the style and objects of political debate is one of the main factors shaping the development of the new political parties in the new democracies. For an analysis of the split in Civic Forum between Klaus and his opponents, see Jiri Pehe: 'The Civic Forum Becomes a Political Party', in Report on Eastern Europe, February 1, 1991, pp. 1-4.
14. For a brief analysis, see G. Schopflin: 'The Political Traditions of Eastern Europe', Daedalus, Winter 1990.
15. For the E.C. perspective, see Helen Wallace: 'Widening and Deepening: The European Community and the New European Agenda', R.I.I.A. Discussion Paper, #23.
16. East European Reporter, Vol. 4, #2, p. 56.
17. For a translation of the Policy Document, see East European Reporter, Vol. 4, #3, pp. 54-56.
18. *ibid.*, pp. 57-59.
19. Off-the-record conversation, Autumn 1990.
20. I.M.F. Survey, July 2, 1990.
21. The potential threat posed by members of the *ancien régime* became a major issue in Polish politics during 1990. In Czechoslovakia, a Parliamentary resolution of January 10, 1991, insists that all potential deputies are screened to ensure they had no active links with the Secret Police during the period before November 1989.
22. For a maverick account stressing the influence of the *nomenklatura* on the Romania elections, see George Ross: 'Whither Romania'. Salisbury Review pp. 39-44.
23. In spite of its name, the Bank's biggest shareholder is in fact the U.S. - a fact which is exercising considerable influence on the evolution of the E.B.R.D.'s development. The Economist, 2-8 February, p. 94.
24. Interview with Jacques Attali, B.B.C. television, February 4, 1991.
25. For details, see I.M.F. Survey, various.
26. I.M.F. Survey, August 13, 1990.
27. I.M.F. Survey, July 2, 1990.
28. Most countries in the old Eastern Europe have made it much easier for western firms to invest, though most still have laws making it difficult for foreigners to buy companies outright.

29. I.M.F. Survey, July 2, 1990.
30. Figures based on my own calculations.
31. The programme for Hungarian economic reform, presented to Parliament in September 1990, was radical in intent. However, the taxi-drivers' strike of October, aimed against a rapid increase in petrol prices, has forced Joseph Antall's Government to take a more cautious line.
32. See J. Pere, *op.cit.*, for a discussion of the political opposition faced by Klaus within the Civic Forum.
33. For a discussion of the present state of the C.M.E.A. see V. Kusin: 'C.M.E.A.: The End is Nigh', Report on Eastern Europe, February 1, 1990.
34. As from the January 1, 1991, the U.S.S.R. is insisting that trade with its former satellites be conducted in hard currency, which will have the effect of reducing trade between the ex-C.M.E.A. economies still further.
35. Helen Wallace, *op.cit.*, p.26.
36. Civic Forum, at its recent Congress, has in fact taken a more positive view of N.A.T.O., describing it as "the guarantor of peace and freedom". This favourable opinion reflects the Forum's move to the right in recent months.
37. For a brief discussion of the issue of 'variable geometry', see The Economist, 2-8 February, 1991.

