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Stability and security in Europe

48

The changing foreign policy arena

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Netherlands Scientific Council for Government Policy

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Table of contents

Summary

Since the fall of the Berlin Wall, Europe finds itself in a new political environment. The old bipolar order of East versus West has been replaced by a patchwork of international relations in which crises are, more often than before, of a predominantly local character. Among the biggest changes are those taking place in the realm of security. The initial expectations of a great improvement in the security of European states following the collapse of the Communist regimes of Central and Eastern Europe have been only partly borne out by events. And while the threat of an apocalyptic conflict has receded, it has been replaced by various multi-faceted risks which are difficult to control and which are putting the ability of states to work together to a severe test.

Since 1990 Europe has witnessed 'a return of history'. Conflicts which had been thought to be long dead - or at least buried - proved to be as alive as ever, particularly with regard to the ethnic and cultural conflicts of which there are so many in Central and Eastern Europe. In addition, there has also been a 'return of geography': the mainly local nature of the centres of conflict, combined with the fact that - in contrast to the monolithic threat of the past - the direct involvement of the Western allies in open conflicts can diverge widely, means that the security of the West can no longer be regarded as 'indivisible'.

The fragmenting forces generated by these developments may be further exacerbated by economic regionalisation and polarisation, and there are unmistakeable signs of trends in this direction within the world trade system. The growing international political importance of economic issues means that such regionalisation can help to undermine the cohesion of the West in other policy areas, such as security.

Renationalisation
The trend outlined above is to some extent reflected in the position of nation states. While interdependencies between states on the security and economic fronts have long been such that they cannot promote - let alone safeguard - their own interests in isolation, these states remain the chief actors in the international political arena. Today there are unmistakeable moves towards a certain 'renationalisation', and here again historical patterns are re-emerging. In the regrouping of the nations of Central and Eastern Europe, for example, the old fault lines separating the three great empires which came to an end in 1919 - the Habsburg monarchy, the Russian Tsarist dynasty and the Ottoman Empire - are once again apparent. In the West, the United States is withdrawing from regional European security issues, which it now regards as being a mainly European affair. Added to this, Germany, the central power in Europe, finds itself confronted with the same problem it faced after its first unification under Bismarck in 1871, namely that it is at once too big and too small: too small to be accepted as a hegemonic power by those around it, and too big to be welcomed as a partner without a certain degree of mistrust. On one hand this places an additional burden on the process of European integration; on the other, Germany's increased presence may be an advantage if it can be used to add strength to Europe's actions.

Security organisations
The major shifts in the international power balance obviously have consequences for existing security organisations. The most important of these, NATO, has always had the dual function of guaranteeing the security of the West while at the same time providing a forum for the coordination, under American leadership, of relations between the Western allies from a security

standpoint. Following the collapse of the Warsaw Pact and the consequently lower priority given to 'security', there is a danger that both of NATO's traditional functions will fall by the wayside. As a supra-regional organisation, NATO is ill-equipped to intervene in smaller and/or diffuse conflicts outside its own field of authority. The coordinating function has been weakened primarily because the US limits its concerns within NATO to strategic problems (particularly nuclear issues) which must be tackled in conjunction with Russia, while at the same time turning its attention inward, to its own domestic problems. This does not mean that NATO is on the verge of extinction, but it does imply that it will play a less all-encompassing and prominent role than in the past, when the security of Europe still held the undivided attention of the US.

The gaps left by the retreat of NATO can be filled only to a limited extent by other, existing organisations. The United Nations can be an important vehicle for lending legitimacy to actions by certain countries in the interest of maintaining peace, while the Organisation for Security and Cooperation in Europe, for its part, can attempt to stop disputes from breaking out into open conflicts through preventive diplomacy. Neither organisation, however, has the capacity to back up their intervention with force where necessary.

While it is true that the Western European Union is intended to become a collaborative instrument for the security and - ultimately - the defence of the European Union, the realization of this objective is still a long way off. The progress of the WEU in this direction is wholly dependent on the extent to which the leading Member States wish to give concrete form to the proposed collaborative structure. More generally, progress in these policy areas will be possible only if the cooperation between the larger states becomes sufficiently homogeneous and cohesive to generate the capacity to act which is needed for effective intervention.

Central and Eastern Europe

A distinction can be made in Central and Eastern Europe between Russia and the states within its sphere of influence (the former Soviet Union minus the Baltic states), the states seeking membership in the European Union, and other states in Southeastern Europe. Although these groups of states are anything but homogeneous, they will, to a certain extent, be treated by their environment as if this were so.

Russia, while no longer an enemy, cannot - due to its size and position - be integrated into existing Western alliances. If Russia poses a threat to the security of Europe, this is probably not a result of its strength, but rather of the fact that while its size and armed strength mean it is still a great power, this is combined with instability and weakness. The risk lies above all in uncontrollable tendencies toward disintegration, the consequences of which reach into Western Europe. Western policy is geared to countering this threat as far as possible by supporting President Yeltsin and his policy of reform but, given the nature and extent of Russia's political and economic problems and Yeltsin's own faltering position, this Western policy is unlikely to achieve rapid success. In their foreign and security policy the US and other Western nations appear to be prepared to accord Russia the status of a great power, something which leads to a tacit acceptance of the Russian sphere of influence referred to earlier.

A majority of the countries of Central and Southeastern Europe, which were dominated for 40 years by the Soviet Union, now looks primarily to NATO for their security and to the EU for their prosperity, although how the various accessions will be synchronised has not yet been firmly established. With respect to planned accession to the EU, the four 'Visegrad' countries are

furthest advanced. The existing association agreements with these countries could be converted into full membership shortly after the turn of the century. On the one hand the Western European EU members have much to gain from moves to reduce instability in the heart of Europe, while the continued expansion of the EU, this time through the addition of a number of Central European states, will increase its presence on the world stage. On the other hand, this accession is likely to change the nature of the EU. If renationalisation cannot be stopped, homogeneity and cohesion will become even more problematic.

The European Union

If the EU wishes to actively contribute to the future security of Europe, it must have a sufficient political and economic grasp on its own environment. This is not the case even now, and expansion threatens to reduce the EU's capacity to act even further.

The outcome of the debate over the question of whether to first widen EU membership or to deepen it has been such that both processes have been set in motion. A membership approaching 30 states is likely at some time after the year 2000, while the Treaty of Maastricht (1991) provides for a qualitative move towards deepening integration through the realisation of European Monetary Union (EMU). Monetary union could be an option after 1997 for the minority of Member States which meets the criteria for economic convergence. 'Maastricht' also creates an institutional framework within which integrated decision-making regarding the *acquis communautaire* goes hand in hand with intergovernmental cooperation on a common foreign and security policy and on issues related to justice and home affairs.

In order to strengthen Europe's ability to act, a number of proposals have been put forward for differentiated integration. The proposal which has attracted most attention comes from the German parliamentary CDU/CSU party. According to this proposal the participants in the European Monetary Union, centred around France and Germany, would form a 'core group' which is homogeneous and cohesive enough to enable decision-making processes in all other policy areas to be integrated as well. Its dual purpose is to anchor Germany firmly in the European integration process and to strengthen Europe's capacity to act. This German view expressly includes the Netherlands as a member of the core group.

Focus areas for Dutch policy

The preceding analysis of the main outlines of international developments in general and developments in the area of security in particular has a number of consequences for the Netherlands. The Council believes that Dutch foreign and security policy should proceed in the coming years from four starting-points:

1. The general orientation should focus on promoting cohesion and countering fragmentation.
2. The Netherlands should strive for the closest possible cooperation in existing international organisations, which also means that it should be prepared to contribute to necessary modifications in burden-sharing among states. This should support two main objectives, namely a lasting congruence between American and European security interests and the preservation of institutional arrangements that maintain 'openness' and discipline in the world economy.
3. The development and maintenance of good bilateral relations, including with countries with which the Netherlands has had little involvement (such as the countries of Central and Southeastern Europe) should be granted a higher priority.

4. Systematic contingency-planning, having due regard for the inter-related nature of policy options, is desirable.

In view of these starting-points, the Council holds that it is of particular importance that the European capacity to act be strengthened, so as to fill the gaps that result from the decreased involvement of the US. This is a central issue.

European policy

The preceding analysis suggests, according to the Council, that a continuingly strong commitment to the European Union remains required. The Netherlands should be prepared to participate in some form of differentiated integration or variable geometry, in which the leadership will inevitably fall upon Germany and France. A minimalist policy that seeks to counter fragmentation of the present level of integration, while reserving as much room for manoeuvre as possible by means of changing coalitions, might be an alternative. However, this would lead to a reactive policy, which would amount to a policy of abstention.

The decisive factors in the choice for a continuingly strong commitment to the EU are, besides the general aim of promoting cohesion and countering fragmentation, the need to repel external threats which the Netherlands cannot meet alone, the desire to maintain the *acquis communautaire* and the protection of large regionally-concentrated trading interests - in short, the 'insurance' aspects of a more binding cooperation in Europe. A further important argument is that in an expanding European Union without a sufficiently homogeneous and cohesive core the present status quo will not continue; instead, foreign policy could easily revert to a 'nineteenth-century' situation, with power concentrated among the larger players and, as a result, reduced attention for the smaller Member States. This would likely also mean that Germany would be forced into a leading role as a central power and would accordingly (have to) use its weight to a greater extent than is generally desired. Finally, the Council feels that the smaller nations will not necessarily have less influence within a core group based on Franco-German cooperation than outside it, and could even have greater influence inside.

If the creation of an EMU core group depends to some extent on the Netherlands, this gives the Dutch government a negotiating position. In the Council's view, the criteria formulated by the Dutch Minister for Foreign Affairs in his memorandum on the expansion of the EU offer a starting-point for avoiding the creation of permanent divisions in the EU while preventing that Member States which remain outside the core group assume a right on that core group's progress. The temptation to try to regulate every last detail through formalised structures will, however, have to be avoided.

The urgency of the need to bolster Europe's capacity to act and to promote binding elements should also shape policy in the preparations for the Intergovernmental Conference (IGC) in 1996. The Netherlands (together with Germany) can work for a supranational structure, but need not stick stubbornly to this ideal in isolation if the necessary majority is absent. With regard to the rights of the smaller Member States of the EU with respect to the allocation of votes in the Council of Ministers, the composition of the European Commission, the presidency of the EU, and so on, a pragmatic stance is required.

The logic of the policy orientation proposed here is that the Netherlands will seek to intensify cooperation in Europe on the basis of its own strengths. An increased emphasis on European integration may well demand above all a change in the direction of investment in long-term interests, whereby costs may be incurred in advance of the opportunity to reap the benefits.

With regard to trade and development policy, the choice advocated here would mean increased attention for tasks in Southeastern Europe. As far as defence policy is concerned, the Netherlands should be prepared to work together with its European partners in contributing to peace operations under a wide range of circumstances.

Introduction

This report was prepared by an internal project group at the WRR under the chairmanship of Professor Maarten Brands, advisory member of the Council. Other members of this project group were Frans Bletz (Rapporteur), Arnout Brouwers, Otto Holman, Marja Kwast-Van Duursen, Heleen Ruyg and Professor Jan Schoonenboom.

The report is based in part on a number of studies, most of them carried out by external experts. Given the nature of the subject matter the Council also felt it useful to invite a number of foreign experts to make a contribution. Insights arising from these studies are reflected throughout this report, though explicit reference is not always made to the source. The studies concerned are as follows:

Security policy
- Christoph Bertram, *The Future of European Security and the Franco-German Relationship;*
- Willem van Eekelen, *Veranderende veiligheid* (Changing Security).

Economic relations
- Jacob Kol, *Blocformation, Fragmentation and Stability in the World Economy.*

Central and Eastern Europe
- Maarten Brands, Ronald Havenaar, *De centrale plaats van Duitsland in de Europese politiek* (The central role of Germany in European politics);
- Louk Hagendoorn, Karen Phalet, Roger Henke, Rian Drogendijk, *Etnische verhoudingen in Midden- en Oost-Europa;* (Ethnic relations in Central and Eastern Europe);
- Pierre Hassner, *The European Union and the Balkans;*
- Otto Holman, *Transformatieprocessen in Midden- en Oost-Europa: de internationale dimensie;* (Transformation processes in Central and Eastern Europe: The International dimension);
- Jacques Rupnik, *Changes in Central Europe and European Integration*;
- Michel Tatu, *Russia and the World.*

European integration
- Piet-Hein Donner (rapp.), *Europa, wat nu?* (Europe: what now?); (In collaboration with the European Movement in the Netherlands);
- Helen Wallace and William Wallace, *Flying together in a Larger and More Diverse European Union.*

The Netherlands and the European Union
- Herman Posthumus Meyjes, *De Nederlandse buitenlandse politiek aan de grens van Terra Incognita;* (Dutch foreign policy on the brink of the unknown);
- Paul Scheffer, *Machtsverschil en rechtsgelijkheid in de Europese Unie;* (Power differences and legal equality in the European Union);
- André Szász, *Nederland en de Economische en Monetaire Unie.* (The Netherlands and Economic and Monetary Union).

United States
- Arnout Brouwers, *Amerika's buitenlands beleid en de ontwikkeling van de transatlantische relaties na 1990.* (America's foreign policy and the development of transatlantic relations after 1990).

These studies have been published independently by the Council.

The changing international arena

1

1.1 Introduction

When the WRR decided some two years ago to publish a report on international relations since 1989/90 and the consequences of the various developments for the Netherlands, this was based on the expectation of a high degree of uncertainty: the chain of events which culminated in the fall of the Berlin Wall and the collapse first of the Soviet Empire and then the Soviet Union itself, together with the discrediting of the Communist ideology, were unmistakeable signs of the end of an era. What would follow was much less clear.

The Council saw '1989/1990' not only as the end of the ideological and political confrontation between East and West but also and above all as the end of an order which shaped virtually every field of international relations. The disappearance of the bipolar East-West opposition broke the 'axis' around which many international relations (ideological, military, political, economic, scientific, cultural and psychological) had been grouped for decades. The great revolutions in Europe not only affected the existing power blocs, but also the relations between the countries which had formed part of those blocs. This was naturally most clearly visible in the former Eastern bloc which, after a half century of 'unity' imposed by the Soviet Union, simply ceased to exist. The changes also had an impact on relations between the countries of the West, however. The disappearance of the long-perceived threat of the Russian 'bear' and the unexpected unification of Germany led unmistakeably to major shifts, both in relations between the United States and Europe and between individual European countries. Finally, the disappearance of bipolarity took away the 'focal point' by which many 'non-aligned' countries had defined their position in the world.

The expectation that the relatively clear-cut confrontation between the two power blocs would be followed by a much more chaotic patchwork of regional tensions and conflicts has since been confirmed by events. In the former Yugoslavia and the Caucasus for example, (civil) wars have flared up which have made victims of whole communities and led to the shifting of regional borders. Developments in a number of other hotbeds of tension must be awaited.[1] The nebulous structure of the conflicts in Eastern and south-eastern Europe, reflecting a 'crisis of order', is apparent among other things from the amount of fighting over uncertain state boundary lines which almost never coincide with ethnic divisions. Countries whose nationhood is relatively recent are again picking up the threads of the 1919 Versailles Peace Conference, whose resolutions fell virtually by the wayside in the interwar period. In the West, the 1989/1990 revolution has led in the first place to pressure on established institutions which are now confronted with new, hitherto unknown tasks. Here too, however, there has been a shift in interstate relations, a fact evidenced by the way in which America, for the first time in half a century, is distancing itself from Europe, and by the shifts in Western Europe which have resulted from the increased weight of Germany.

Five years after the fall of the Berlin Wall, Europe faces a new security problem, and one which has become much more differentiated; hard-to-control issues which impinge on the stability of states are cropping up in all shapes

1] See Louk Hagendoorn, Karen Phalet, Roger Henke, Rian Drogendijk, *Etnische verhoudingen in Midden- en Oost-Europa* (Ethnic relations in Central and Eastern Europe); WRR, Preliminary and Background Studies no. V88, The Hague, Sdu Uitgeverij, 1995. This topic is discussed in more detail in Chapter 3 of this report.

and sizes. While this is discussed in more detail in Chapter 2, a general distinction can be made here between different categories of problems.

In the first place there are the security problems of the type which have dominated recent decades, such as the issue of strategic nuclear weapons, where Washington and Moscow remain the primary centres of decision-making, though in an atmosphere of (hopefully enlightened) cooperation rather than the old confrontation. This situation, cooperation in a changed context, also characterises the nuclear question in general, where issues concerning proliferation of arms and material and the safe management of nuclear installations in the Russian Federation and CIS are also of importance. There is in principle scope for a joint American/Russian approach in the issue of chemical and biological weapons as well.

On the other hand, there is a whole gamut of non-nuclear security problems which are no longer bound by the old bipolar order and consequently lead to a host of risks that are difficult both to assess and to control. According to some analysts the basis of a new order, a 'new watershed', can be discerned in 'intra-European' relations,[2] which in time may result in a European Union swelled by a number of Central European states and a security alliance with the United States acting as a 'safety net', on the one hand, and a weakened Russia whose tacitly acknowledged sphere of influence is limited to most of the former Soviet territory on the other. Whether such a 'new order' will continue in the direction of a new coordination system, and whether such a system would offer a sufficient basis for renewed stability, is however anything but clear. There is also a real danger that significant additional security problems could arise in a North-South direction, for example the 'implosion' of the regime in Algeria, with resultant chaos in North Africa and concomitant instability in the southern European Union. In short, the risks are wide-ranging, even though the threat is less universal than the nuclear dangers of the past. As Chapter 2 points out, the regional differentiation poses the threat that the political will of the West (or Western Europe) to make efforts to secure stability could crumble. A coordinated approach will in any event become more difficult.

This report focuses mainly on the issue of international security: because the changes in this area compared with the situation prior to 1989/1990 are most manifest, because existing institutions (states and international organisations) have been shown to lack most or all of the equipment needed to deal with the relevant risks, and because the possibility cannot be ruled out that an accumulation of apparently distant conflict situations will have consequences which ultimately affect Europe and therefore the Netherlands (e.g. the effect of socio-economic and ethnic conflicts in the Russian Federation on the type of government which is in power in Moscow).

The fact that the focus of this report primarily encompasses the security and stability issue obviously does not mean that this can be viewed in isolation from other developments. Foreign policy is concerned not only with security problems, but with a host of other issues such as economic relations, development cooperation and international environmental protection. Security problems may be related to problems in these other areas, they may be exacerbated by them or they may be embedded in broader frameworks of collaboration and mutual dependence. And yet security and stability deserve priority in more than one sense: in the first place because, without a guarantee of physical survival, there can be no question of development, economic or otherwise; in the second place because economic development, international

2] See Christoph Bertram, *The Future of European Security and the Franco-German Relationship*; in: *Een gedifferentieerd Europa*; WRR: Preliminary and Background Studies no. V89, The Hague, Sdu Uitgeverij, 1995.

order and the capacity to achieve joint solutions to common international problems cannot take shape without stability and control of security issues. A minimum level of security, as well as a minimum level of control over factors which threaten that security, are a precondition for a process of stabilisation which can subsequently be reinforced by economic development, mutual dependence in other fields and cooperation in solving common problems. The impetus which results from this works only in the longer term, if it works at all.

Recent times have seen an 'economisation' of international relations, at least in the relations between the developed states of the OECD, GATT, G-7 and so on; this 'economisation' is inversely proportional to the degree to which the possibility of a military conflict between the large(r) powers has faded into the background. The most notable feature here is that in the world economy, where national borders are increasingly incapable of isolating the states within them, economic and technological competition is becoming fiercer, not only at company level, but also between states and groups of states. The leading states are responding to this with attempts to secure their positions by creating economic spheres of influence consisting of core areas and peripheral states, whose buffer function mainly means that they offer a reservoir of cheap labour or operate less stringent rules in the extraction of raw materials or pollution of the environment. An example of such regionalisation can be seen along the lines US/NAFTA - Japan/Southeast Asia, and possibly also European Union/Central Europe. Russia has more of a peripheral role in this scenario, while China is the great unknown in this game. It is difficult to assess what this development means for the external security issue, although it is probably fair to assume that a continuation of antagonistic 'economic bloc-formation' is almost certain to have an effect on security relations. This is discussed in more detail in Chapter 4.

In light of the above, the Council investigates two main questions in this report:

- What current structural developments will shape the international arena in the longer term (around 10 years), particularly in the area of the external security of states and the stability of security structures?
- What expectations can be voiced on the basis of the above regarding the tasks which will face those responsible for policy? To what extent do these issues necessitate a review of policy focus (including Dutch policy)?

In anticipation of the answers to these questions, one general finding can be presented here, namely that there will generally be fewer policy 'options' than is often thought, at least if 'options' are taken to mean real alternatives. In reality, the options in the coming years could in many cases be more accurately described as 'dilemmas'. Naturally this applies more to smaller countries than to larger nations, and naturally it is by no means unique that policy involves a choice between the lesser of two or more evils. The situation in the West, however, which appeared so rosy after the defeat of Communism, soon began to evoke associations with the prayer which at the same time implies a curse: 'may all your dreams come true'. Explanations can be found for the unsatisfactory nature of the policy options and the compulsion to act and act quickly which arises in various fields (there is no longer any question here, unlike in a zero-sum situation, of 'winning' or 'losing': a series of problems which have been suppressed for decades now demand solutions), but this of itself achieves little. It is particularly important to realise that foreign policy in a new arena, where it is necessary to respond to fundamental changes in what is already an uncertain and hard to control environment, is in no way a matter of free choice but, as stated earlier, will frequently come down to a choice of the lesser of two evils.

1.2 Fragmentation versus integration

The realignment of international relations after 1989/1990 is taking place along a plane of fragmentation versus integration - and to date, it is the fragmentation of existing alliances and organisations which is most striking.

'Fragmentation' and 'integration' are, however, terms about whose precise content there is no agreement. 'Integration', for example, can be used to refer to either a process or a situation. In what follows, 'integration' will be interpreted primarily as a 'transition to a new unit as a result of which the problem-solving capacity increases'. This will be the result of the interaction of three forces, namely integrative forces (e.g. military and political dominance, shared value systems, cybernetic capacity of the system), differentiating forces (such as economies of scale and the division of labour) and disintegrating forces (such as fractures which occur in value systems of a society or system of societies, major social inequality and unbalanced power distribution or the failure of a value system or traditional elements of society to adapt to processes of technical and organisational differentiation).[3] Integration, then, is never a completely clear-cut and one-sided matter, but is always a question of degree, if only because of the dialectic which arises between fragmentation and integration. Thus, for example, the disintegration of existing alliances and organisations can provide the germ for new forms of integration while, conversely, integration at one level can lead to fragmentation at another, 'higher' level. European integration, for example, could result in regional bloc-formation which, in a world perspective, comes down to fragmentation. Similarly, economic globalisation is often interpreted as an integrating force, although it has just as much of a fragmenting effect (increasing differences between social groups, regions, states, and between and within economic sectors; see Chapter 4). It is against the background of these nuances that the above observation regarding fragmentation of existing forms of cooperation is made here.

One factor in this fragmentation is that, as stated earlier, so many old oppositions have re-emerged since the end of the Cold War. It is as if the search for a sense of belonging, for new certainties in a world which has become uncertain, is leading to a 'return of history'. Patterns, factors and elements which had been thought to be long dead - or at least buried - often prove to be as alive as ever. In Central and Eastern Europe, for example, the transition from the three great empires which came to an end in 1919 towards relatively stable states has only just begun. And in the process of coming to terms with, or pushing aside, the more recent Communist past, there is more of a tendency to look backwards than forwards. The rigorous suppression during the Soviet era of all elements of national culture and identity which could divert the gaze of the satellite states away from Moscow did nothing to improve the incomplete formation of these states. The result is that a series of secessions have occurred since the collapse of the Communist regime, which attempt to derive their identity and legitimacy from an earlier existence as more or less independent powers. The fragmentary effect has been particularly strong in Southeastern Europe since its liberation from Soviet domination and the 'imposed forgetfulness' which went with it. This fragmentation is reflected in the restoration of suppressed national traditions and a resurgence of individual group identity, which in turn has breathed new life into old border and ethnic minority issues. In the Balkans - a key theatre of contest between the great powers during the major period of state formation in the 19th and 20th centuries - and in the Caucasus, the reservoirs of tribal memory are being tapped once again, creating the potential for violent explosions. The key issue

[3] J. Berting, *Integratie en sociale verandering* (Integration and social change); in: J. Berting et al., *Historie en Integratie. Drijvende krachten achter processen van integratie en desintegratie*, Kampen, Kok Agora, 1994, p.148.

facing this part of Europe, with its great cultural variety and multitude of languages, has always been how to find or create stable political groupings, either nationally or supranationally; and that is still the case today.

Whenever the issue of 'a return of history' crops up, this raises the question: return to or of which history? To the Communist period? Or do the years thereafter also count? After all, the period from 1945 to 1990 is also a part of history. The Communist regimes have left a 40-year inheritance in the areas of social stratification, national organisation and industrialisation, with which the new governments in Central and Eastern Europe are still saddled. The lead given by Moscow has disappeared with the demise of the Soviet Union, and it is reasonable to assume that the degree of success in tackling the resultant problems will largely determine the amount of freedom given to 'rehistoricising' forces, rather than the other way round.

'A return of history' will in any event not lead to a complete rerun of old dramas. On the contrary, what we are now witnessing is a selective process: the past which returns - or is recalled - to the 'collective memory' is a past which meets the desire for certainty and identity in a world in which the familiar order has disappeared. This explains the never-ending identity issues, which frequently adopt language as a demarcation point. It also explains why it is not really a question of 'going back', but rather of old and new going hand in hand, without much realisation of mutual contradictions. A sense of 'déja vu' often accompanies contemporary conflicts of interest that focus on reinforcing the parties' place in the world. The breakaway of Slovakia, for example, was not simply a matter of achieving liberation from the Czech yoke, but was also seen as a means, after an envisaged short period of recession, of finding its own way to 'Brussels', without having to divert via Prague.

There has also been a return of historical patterns in the West. The United States, for example, now that there is no great ideological mission demanding America's daily active commitment, is once again distancing itself from Europe. However 'natural' the unity of the West may have appeared since 1945, there was never any long-term American involvement in Europe prior to the Cold War. And within Western Europe itself, now once again directly exposed to the still unsolved political problems of the East, some of the old oppositions are once again visible, albeit not as strongly as in the past. Concerns about German hegemony (including in Germany itself) are a good example of this.

The fragmentary trends are countered by integrating forces or, more precisely, by factors which result or are intended to result in a commitment to intensive cooperation between countries. There is no denying that the most important functions of government, namely the creation of prosperity and security, can no longer be fulfilled at national level now that more and more developments, particularly those resulting from technological progress, are taking on an international or even global character.[4]

The globalisation of the developed economies is leading to the creation of world markets in many sectors, with specialisations geared to those markets and large-scale mutual direct investments. In the field of defence and the defence industry, too, far-reaching mutual interdependencies have developed. Where it is possible to tackle problems effectively at all, this can only be done

4] In 1986 the Council was already pointing out that the idea of an interventionist state as an actor which could one-sidedly determine socio-economic relations and their development, was becoming further and further removed from reality. 'The nation state is also the object of developments which it can no longer influence in a one-sided way, let alone control.' *De onvoltooide Europese integratie* (The incomplete European integration); Reports to the Government no. 28, The Hague, Staatsuitgeverij, 1986.

in an international context. This explains the great rise in prominence of multinational institutions, both global and regional, in this very complex patchwork of relations. An example is the European Community, now the European Union, with its 'pooling' of national sovereignties in a single communal legal order, as a new (and still not universally understood) phenomenon. The earlier comments regarding historically based fragmentation processes obviously do not mean that these integrating forces are no longer present. On the contrary, to the extent that the ex-Communist countries have emerged from their quarantine and begun participating in the international community, these integrating forces could in time actually strengthen.

A new order in the sense of 'one Europe, whole and free' will not develop unaided, however. In spite of their reduced function, states remain the main actors on the world stage, and the present international organisations and even integrated institutions cannot fully compensate for this function loss. In many respects, the world is witnessing increasing internationalisation without concomitant disintegration of the national state. Within the European Community/European Union, for example, the national states have gone further in their socio-economic policy and their care for society than the European institutions were permitted to do.[5] The general expectation that the individual Member States would gradually move into the background in favour of the EC/EU have proved to be largely unfounded. By way of example, 30 years ago domestic spending by individual Member States took around 35% of their GNP; today this figure is well over 50%. In comparison, the spending of the EC/EU in the same period rose from 0.1% to 1.25% of the GNP of the Member States. Set alongside the national budgets, therefore, the financial - and thus acting - potential of 'Europe' has remained marginal.[6]

In the light of these figures, it would clearly be premature to speak of the 'imminent demise' of the nation state. The competition faced by national decision-making organs from the strengthening of international and supranational echelons on the one hand and increasing local and regional power on the other, does not mean that the state - and its representatives at national level - will (have to) look on in suffering silence as their ability to act is shackled under the influence of upscaling and downscaling.[7] These developments also bring new choices and opportunities. At the European level, it is the national states which will decide on monetary union and which have to achieve the required economic convergence. More generally, the issue of positive integration illustrates that national states are only prepared to transfer parts of their sovereignty to a higher authority on the basis of a 'largest common denominator'. This stubbornness need not be seen as outdated, but can be seen as a sign of resilience in a changing environment.

It would therefore seem more accurate to refrain from interpreting the present international order - characterised as it is by a reduced relevance of territorialism and a lesser need for national sovereignty[8] - in mechanical terms as a 'disappearance' of the nation state (or, in a European context, as the emergence of a European superstate). Much closer to the truth would be to see it as the emergence of a complex and flexible system with many levels of deci-

5] See: H.C. Posthumus Meyjes, *De Nederlandse buitenlandse politiek aan de grens van Terra Incognita*; (Dutch foreign policy on the brink of the unknown), in: *Een gedifferentieerd Europa*; WRR, Preliminary and Background Studies no. V89, The Hague, Sdu Uitgeverij, 1995.

6] Figures taken from the 1993 Budget Handbook of the Commission of the European Communities (Table 3) and the OECD Economic Outlook of December 1981 and June 1994.

7] See for an extensive discussion of this topic: U. Rosenthal, *Internationale en lokale kansen: de nationale staat uit de klem* (International and local opportunity: the nation state set free); *Beleid en maatschappij*, July/August 1995, no. 4.

8] F.C. Schmitter, *The European Community as an Emergent and Novel Form of Political Domination*; *Estudio/Working Paper 1991/26*, Madrid, Centro de Estudios Avanzados en Ciencias Sociales, Fundacion Juan March, 1991.

sion-making, in which subnational, national and supranational institutions, actors and interests manifest themselves in a constantly shifting hierarchical patchwork of alliances, coalitions and guises.

Achieving order through integration often demands a laborious process of opinion-forming and decision-making, which is subject to the dialectic of all integration processes: every step forward meets with opposing forces, particularly when there are so many decision-making layers and, in uncertain times, so many people seeking reassurance by marking out their own position. Seen in this way, it is no surprise that the fragmenting tendencies currently appear to have the upper hand in the interaction between fragmentation and integration after 1989/1990. The European Union post-1989 is in a position which, based on population size, productive capacity and knowledge potential, ought to increase its power in the future. However, the ability to realise such an increase in power in international relations does not appear to be increasing proportionately. Above all, achieving this demands a strengthening of the ability to act through the creation of institutions with sufficient homogeneity and cohesion to act as one where necessary. This central problem is discussed extensively in this report.

1.3 Structure of this report

This report is structured as follows. Chapter 2 deals with security and stability in Europe, discussing in more detail the new risks which have arisen following the demise of the bipolar order and the fragmentary effects of that demise.

Chapter 3 focuses on the current potential for ethnic conflicts in Central and Eastern Europe.

Chapter 4 deals with the major trends in the world economy. Within the confines of this report, the key question is to what extent the process of globalisation leads to bloc-formation with potentially fragmentary consequences for collaboration on security.

Against the backdrop of the resultant security tasks, Chapter 5 then examines what positions are currently being adopted by a number of national actors in the arena of European security and stability. Developments in the US and Russia, and in the main West European countries, are followed by a discussion of the situation in the Balkans and North Africa.

Chapter 6 describes the potential contribution of the relevant international security organisations (NATO, the UN and the OSCE) to finding a solution to the present problems.

In the context of the possible future membership of the European Union, Chapter 7 looks more closely at the situation in Central Europe and in the Balkan states which are candidates for membership of the EU.

Chapter 8 is devoted entirely to the development of the EU, focusing particular attention on the question of how integration and stability can be promoted through a strengthening of Europe's capacity to act.

Chapter 9 draws conclusions from the foregoing analysis. This chapter then concludes by listing a number of general focus areas of Dutch policy in the new context. Primarily this constitutes a sharpening of the sense of direction, rather than recommendations regarding concrete policies. It is also not the Council's intention to present a blueprint for civil service reorganisations and

budget reallocations; these can be more adequately dealt with by those directly concerned, supported by specialist advisors.

French and German translations of the summary of this report are included.

Security and stability in Europe 2

2.1 Has security improved?

The fall of the Berlin Wall, the dissolution of the Warsaw Pact, the implosion of the Soviet Union and the discrediting of Communism as a pattern of social order have drastically altered the world security situation. At first sight things appear to have improved greatly. For years the Western Alliance had to be in a constant state of readiness for a surprise attack in the heart of Europe, which could have escalated into a confrontation across a broad front and, in the most extreme eventuality, into a Third World War. The collapse of the Soviet Union has eliminated the threat of such a mass event. Even if, erring on the side of caution, defence planners continue to allow for a 'restoration scenario', in the sense that the present weakness of Russia could lead to the emergence of an aggressive, nationalistic government, they nevertheless accept that any military ambitions of such a government would for a long time be virtually incapable of pushing beyond former Soviet territory.[1] The power differential between Russia and the West is sufficiently large to prevent the former engaging in adventures outside its own territory. In any event the West, given the weakness of the Russian army (as evidenced once again recently in Chechnya) and the disappearance of Central Europe as an attacking base, would have plenty of warning and time to prepare if ever the danger of a surprise attack should rear its head once again.

The great enemy of Europe (or at least Western Europe) has disappeared, then. On the other hand, it is not possible to speak of peace. The monolithic threat of the past has been replaced by a host of local centres of tension and peripheral conflicts in Eastern and Central Europe, partly as a result of the 'historical' oppositions referred to earlier, and in Southern Europe primarily due to growing tensions within the Islamic world (Algeria). The consequences of these developments are also felt in the countries of Western Europe. In the first instance, however, they do not affect Western Europe as a whole, and certainly not the Western world as a whole. Rather, these are local crisis situations which give rise to various degrees of involvement of the Western 'security partners' depending on their geographical proximity to the conflicts, the cultural ties with the affected region, the presence of the population groups affected in their own country, the attention of the mass media, and so on.

Not surprisingly, this varying degree of involvement - or feeling of involvement - leads to fragmenting tendencies. The cohesion of an alliance is closely related to the uniformity of the threat and the degree to which all members of the Alliance perceive it as a threat. Under Article 5 of the NATO Treaty an attack on any member of NATO, from whatever quarter, is still considered as an attack on all members, and will lead to the 'appropriate measures' as prescribed by this Article. What 'appropriate' means in the new situation, however, has already become less clear. In contrast to the past, when a shared fear of the Soviet threat brought together the Atlantic Alliance and kept it together at decisive moments, the present dangers - in themselves less severe, less direct and less unambiguous - have more of an undermining effect on the unity of the Alliance. Instead of one single answer, there are many. For countries which are less involved - or not involved at all - there is a great temptation to act as a 'free rider' and withdraw from the sacrifices which a common response demands. There is also the added factor that an attack on an area covered by the NATO Treaty is not likely. The new risks are much more

1] See for a more detailed discussion of this topic: Michel Tatu, 'Russia and the World', in: *Challenges in the East*; WRR, Preliminary and Background Studies no. V90, The Hague, Sdu Uitgeverij, 1995.

diverse and involve dangers such as the spill-over of civil war-like conflicts originating outside the Treaty area's borders, proliferation of sophisticated weaponry, terrorist actions, mass refugee flows, etc.

Accordingly, the question of whether the security situation has improved or, on closer inspection, actually deteriorated, is difficult to answer. The apocalypse has been avoided. Outside Europe the disappearance of the East-West opposition has opened the way for progress in resolving conflicts which, partly because of that opposition, have simmered for decades. The new start in South Africa and the agreement between Israel and the PLO are spectacular examples of this. On the other hand, a multitude of small-scale conflict and war situations has arisen in Europe which had been suppressed until now. This raises the question of what is more dangerous: a risk which, while large in itself is (virtually) certain never to become a reality, or a multitude of smaller risks a number of which are certain to materialise - perhaps with increasing frequency? It may be that the danger will now prove to lurk in the accumulation of risks and conflicts, each of which is so limited in scope that the West pays too little attention to it. The nuclear balance, however deadly its threat, was highly controllable and was indeed controlled. Since the end of the Cold War, considerable amounts of blood have begun to flow again and places in which Western Europeans were spending their holidays just a few years ago are now being subjected to systematic destruction. In this light, it is difficult to make a conclusive judgement as to what is now 'safer'.

There is more certainty regarding the nature of the 'new threat': it is no longer the threat of a world conflagration, but rather of a - partially underground - continual smouldering which bursts into flame here and there. The danger is that the Western European states will increasingly turn inwards in the face of this situation and, with the drive of America removed, become ensnared in the uncontrollability of events outside their own borders. An apathetic and cynical attitude on the part of the political elites of Western Europe could well undermine the collective will to retain a grip on their own environment, with a possible loss of power and increasing lack of security as the ultimate result.

2.2 'Return of geography'

The risks referred to above are made more manifest by the fact that there is not - and never has been - any such thing as a common European ability to act in the field of external security. During the Cold War security was the prime concern of the transatlantic Alliance, institutionalised in the form of NATO. The relationship with the United States was the determining element in the stability of Europe. The differentiated nature of the new risks is now undermining this Alliance; the Atlantic Ocean is once again becoming wider and the ties between the allies are unavoidably loosening. The active involvement of the United States in the concerns of its European partners, and support for policies with which the Europeans attempt to deal with future crises, are already much less in evidence.

In his preliminary study for this report, Christoph Bertram points out that it is not only history which is making a comeback in the Alliance, but also, in particular, geography. While there may have been reasonable doubt in the past as to whether an attack on Hamburg in Germany or Amsterdam in the Netherlands would be thought as serious as an attack on Atlanta, Georgia, it is now certain that this is not the case. Threats are now acquiring a regional or local character; dangers are becoming a function of geographical proximity. This applies in the first place to the relationship between America and Europe, but even within Europe what country A regards as a serious threat

may be seen as little more than an irritation by country B.[2] The axiom upon which NATO has been based for so long, namely that the security of the West is indivisible, is no longer valid. At most, security is 'indivisible' in the general sense that a crisis in part of Europe will influence, or at least draw the attention of, all allies.[3]

Bertram describes the essential change in the American/European security relationship as follows:

> 'The half-century following World War II when America was the major power in Europe and saw itself, in addition to its global role, as a European power was an extraordinary period in history and one that can only be explained by exceptional circumstances. These lay not, in the first instance, in cultural ties, nor in common traditions, nor even in the high degree of political-military interaction and integration within the Atlantic Alliance or in America's confidence as the leader of the free world. All these no doubt contributed to the remarkable, remarkably long-lasting Atlantic relationship but cannot explain it fully. The explanation rather lies in the fact that America, during the four decades of Cold War, saw her own status and security challenged in Europe. She was convinced that the threat to Western Europe was a threat to herself.
>
> That threat no longer exists. Nor is there any other common danger which can continue to make the United States understand themselves as a European power. This was brought home in all brutal clarity by the Balkan conflict: in this first European war after the collapse of the Soviet Union, although deeply affecting European security and progressively undermining NATO's credibility, both the Bush and the Clinton Administration quickly concluded that it was of no vital interest to the United States. Unfortunately, the Balkan conflict is no isolated case but rather a prototype of conflicts to come - when the threat is not one of armies of tanks but of refugees crossing NATO borders, not of direct attack on its territory but of instability encroaching from its periphery, not of the world being blown up but of precedents being created for the successful use of force. The fact that the United States consistently refused to regard the Balkan War as its own problem suggests that the likelihood that it will behave differently when similar crises occur in the future is slim'.[4]

Chapter 5 looks in more detail at developments in the US. Here it will be sufficient to echo Bertram's words by stating that fragmentation within the Alliance, contrary to what is often suggested, is not simply the result of weak leadership in America; much more important here is the changed nature of the security issues since 1989/1990 and the fact that America no longer has an interest, or is no longer interested, in taking the lead in issues which it regards as being primarily European in nature. The consequences of this for European security will be clear: the United States will no longer be an automatic or semi-automatic 'player' in European security crises. It is possible that events will still arise in which the US decides to become involved, perhaps even to take initiatives. On balance, however, these will be unilateral decisions and will frequently be difficult to predict. American involvement is likely to depend not only on the demands of the international situation, but above all on domestic perceptions and the resultant pressure on the govern-

2] Christoph Bertram, 'The Future of European Security and the Franco-German Relationship'; in: *Een gedifferentieerd Europa* WRR, Preliminary and Background Studies no. V88, The Hague, Sdu Uitgeverij, 1995.

3] W.F. van Eekelen, 'Veranderende veiligheid', (Changing security), in: *Een gedifferentieerd Europa*; WRR, Preliminary and Background Studies no. V89, The Hague, Sdu Uitgeverij, 1995.

4] Christoph Bertram, op. cit.

ment. The inclination to become involved in 'historical' European conflicts is in any event slight.

American leadership will become more inconsistent and will be keen to bring in other states to share in the burden of joint enterprises. More than in the past, contributions will be demanded of countries which during the Cold War were able to abrogate their international tasks and shelter under the wing of American leadership. The allies grouped in the European Union, in particular, will find themselves having to face up to their responsibilities more frequently.

2.3 Categories of security problems

The problems facing Western (American and European) security policy now and in the future can be divided into two global categories: threats with major strategic and/or political implications on the one hand and, on the other, a much larger group of more or less acute threats and conflicts which, at least in the first instance, will be local in nature. Naturally, it is not always possible to make such a clear-cut distinction and, as stated earlier, the accumulation of local crises can ultimately result in something which constitutes a strategic threat to European stability. In spite of this, it is useful to look at these problems on the basis of this distinction.

2.3.1 Strategic problems

The most important strategic factor affecting European security, and also the greatest unknown following the collapse of the Soviet Union, is Russia. The accession of Finland has given the EU a common border with Russia for the first time. Once the envisaged membership of the countries from Central and south-eastern Europe is a fact, the EU will border Russia from North to South.

Russia will undoubtedly remain the largest military power in Europe. Given the length of the borders which it has to protect, Russia will never be in a position to reduce its armed forces as far as other European countries would like.[5] Russian defence efforts now are concentrated on the use of flexible, mobile units which can be rapidly deployed along these borders. Under the new strategic doctrine even the old stalwart of 'no first use' of nuclear weapons has been abandoned. Russia has thus become a late convert to the strategy of deterrence, probably because it offers a way of guaranteeing its security without burdening the economy with too much new defence spending. It also means that Russia will continue to be a significant nuclear power into the next century, even after implementation of the Strategic Arms Reduction Treaties with the US (START I and II).

The fact that Russia will continue to play a major role in security relations within Europe obviously does not rule out major changes in those relations. Now that Moscow is no longer regarded as an enemy the need for the West to keep large numbers of troops in a state of readiness on the borders with Central Europe, supported by arsenals of nuclear weapons to deter the numerically superior enemy, has disappeared. A 'war-winning capability' in the central sector has become superfluous, and the levels of troops and armaments have already been reduced accordingly.

On the Western side of the border, the American contingent in Germany has been reduced (provisionally?) to around 100,000 men. The Russian troops on the Eastern side of the border have withdrawn from virtually all the former

5] W.F. van Eekelen, op. cit.

Warsaw Pact countries, including the Baltic States. Those which have not been demobilised are now stationed mainly in Russia and at strategic points throughout the CIS. The last remaining former Soviet occupation troops in Germany (a force which in the GDR era was 340,000 strong) departed in 1994. Naturally, these developments have also brought a corresponding reduction in defence spending, though this reduction is not equally large everywhere.

Table 2.1 **Trends in defence spending (%) (constant price levels)**

	1985/1989 (average)	1990	1991	1992	1993	1994 (estimate)
Belgium[1]	1,4	-1,2	-1,5	-18,3	-4,3	-0,7
Canada	2,1	1,6	-7	1,1	0,6	-3,3
Germany	-0,4	4,9	-7,7	-5,1	-11	-6,1
France	1,1	0,2	0,6	-3,1	-1,3	0,4
Italy	3,1	-5,3	-1,9	1,3	0,5	1,2
Netherlands	2	-2,6	-2,7	-0,8	-7	-3,3
Norway	1,6	0,8	-3,3	8,8	-5	3,8
United Kingdom	-3,1	-0,7	0,5	-10,9	-3,4	-3
United States	2	-2,5	-13,3	6,7	-5,6	-5,8

1 Since 1992 the defence spending figures reflect the decision of the Belgian government to demilitarise the Gendarmerie.

Source: WRR, based on the NATO handbook, 1995.

Table 2.2 **Per capita defence spending in USD (1985 prices and exchange rates)**

	1985	1990	1994 (estimate)
Belgium[1]	246	240	181
Canada	300	305	251
Germany	326	326	184
France	377	382	361
Italy	163	173	173
Netherlands	268	269	227
Norway	433	457	464
United Kingdom	415	371	307
United States	1079	1048	828

1 Since 1992 the defence spending figures reflect the decision of the Belgian government to demilitarise the Gendarmerie.

Source: WRR, based on the NATO handbook, 1995.

A paradoxical development has taken place in the area of nuclear armaments since the Cold War. The nuclear stand-off between the United States and Soviet Union, which until recently shaped the security situation in Europe, has been pushed into the background. Earlier attempts at arms control have now been replaced as the INF Treaty (1987) and the START I and II Treaties (1991 and 1993) usher in an era of nuclear disarmament. At the same time however, the fragmentation of the Soviet Union has led to an increase in the number of nuclear states: Kazakhstan, Belarus and Ukraine are all countries which in principle have access to (former Soviet) nuclear weapons. This illustrates the way the nature of the nuclear problem has changed. The implications of nuclear developments for a potential war situation are no longer of primary importance. The key issue now is to combat nuclear proliferation, to ensure the implementation of signed treaties and to manage the remaining stocks of nuclear weapons, as well as nuclear installations on the territory of the former Soviet Union.

Under the INF Treaty, the US and the Soviet Union agreed to ban all mid-range nuclear weapons (with a range of between 500 and 5500 kilometres) in Europe. The START Treaties related to intercontinental nuclear weapons. START I provides for a reduction of strategic weapons to around 6,000 nuclear

warheads; if START II were to be fully implemented - something which is far from certain since the treaty has still to be ratified by Congress and the Duma - this would leave the US with 3,500 strategic nuclear warheads and reduce the Russian stockpile to 3,000. In May 1992 the US, Russia and the three new nuclear states (Kazakhstan, Belarus and Ukraine) signed a protocol to the START I Treaty in which the former Soviet Republics committed themselves to the obligations which the Soviet Union had entered into under the terms of the Treaty. Both the Treaty and the protocol have since been ratified by the states concerned - although Ukraine took until February 1994 to do so, a month after the agreement between Russia and the US in which Ukraine committed itself to a timetable for the transfer of nuclear warheads to Russia in exchange for confirmation of Ukrainian sovereignty and economic compensation.[6]

The fact that Russia still possesses many thousands of nuclear weapons, however, is not the only source - perhaps not even the primary source - of concern for the rest of the world. More dangerous - or so it seems at this moment - is the risk of proliferation, a danger made more real by the possibility that the internal administrative and political chaos in many regions of the former Soviet territory - now christened the Commonwealth of Independent States (CIS) - will get out of hand. In addition to the uncertainty which a conflict between Russia and one of its former republics, or a conflict between other CIS states, could bring, it is above all the collapse of authority and the increase in organised crime and mafia practices which give rise to worries concerning the controllability of nuclear weapons and the management of nuclear installations and fuels. Alongside the risks of further proliferation, the issue of nuclear safety caused by the 'corrosion' of ageing nuclear power stations such as Chernobyl, is a direct cause of concern.

Assuming that Russia continues to give attention to its international participation and does not opt for a 'go it alone' approach, it is not yet clear what position the former superpower will assume in the new European security structure (Chapter 5 will return to this topic). For the moment Moscow appears to be most concerned about recognition of its status as a major power without which world problems cannot be solved. Participation in a common approach is seen as more important than a substantial individual contribution. In Bosnia, for example, the Russian negotiators were mainly concerned with seeking to strike a certain balance between the treatment of Serbs, Croats and Moslems and avoiding selective indignation. If that approach was successful, they were prepared to exert pressure on the Serbs as well, sometimes with good results, sometimes with the same frustrations which face all intermediaries in the former Yugoslavia.[7]

The internal Russian debate emphasises the fact that Russia is a world power with essential interests in its neighbouring countries, particularly with regard to the ethnic Russian population groups living there. There is a discernible shift in emphasis here onto the CIS, including within the Russian bureaucracy. Deepening of the CIS with the consent of former Soviet Republics which are members of it - and where the situation is often even more chaotic than in Russia - is something against which there is no ground and no need for the West to object. This might even be a better option than continuance of the 'watershed' in Europe referred to earlier, based on a tacit recognition of the Russian sphere of influence in the former Soviet region, its 'Near Abroad'.

6] In contrast to Kazachstan and Belarus, Ukraine has still not signed the non-proliferation treaty, although it is committed to doing so under the terms of the protocol to the START I Treaty of May 1992.

7] W.F. van Eekelen, op. cit.

It would be difficult to deny Russia the right to be concerned about the stability of its own borders. It would be better, however, if this stability were established without the creation of a new dividing line in Europe, with each side having to recognise special rights for the other, *'droits de regard'*, 'Finlandisation', or whatever term is preferred for the need for prior Russian consent for certain political decisions. This should also be a focus of attention in the envisaged expansion of the European Union. Given the impossibility of allowing Russia to accede to the EU, it would seem sensible to soften the distinction between members and non-members by means of collaboration agreements which go less far than the 'Europe Agreements' (in other words, no association leading to ultimate membership). The American proposal to set up a permanent joint council between NATO and Russia is also intended to prevent Russian isolation and meet Moscow's need for status.

Although it is not entirely clear what political and military role the United States will wish to play in Europe in the future, the distinction made earlier on the basis of the scale of problems will probably help to determine its decision. Active American involvement in the problems which arise for the West as a whole from developments in Russia and the CIS could go hand in hand with a greater distance between the US and European regional and local security issues. The degree to which the US has 'invested' in the leadership of Yeltsin is a clear indication of this. American strategic interests naturally call for the maintenance of a nuclear capability to balance the Russian nuclear arsenal. In addition, the safety of nuclear installations and fuels is high on the American agenda.

2.3.2 Local crises: the example of Yugoslavia

A second, topical and multifaceted threat to stability in Europe is the threat arising from local tensions, from ethnically or politically driven separatism or from 'failed states' whose socio-economic cohesion and political governability collapse, with potentially destabilising effects such as anarchy, guerilla warfare, humanitarian disasters and large-scale migration flows. Instable situations such as these, which begin with local or regional effects, not only threaten the European Union from the east. The uprising of Islamic fundamentalists in the Mediterranean region, particularly Algeria, is currently taking on civil war proportions and creating great concern in France and other southern EU Member States. The explosive population growth and the resultant sluggish economic growth in the Maghreb countries also plays a role here.

The danger of instabilities and conflicts of this type for Western Europe lies not so much in territorial threats such as those which NATO was set up to counter;[8] the risks lie much more in spiralling oppositions in areas of tension and the resultant action-reaction patterns to which they could give rise. In this context the war in the former Yugoslavia is unfortunately not an isolated incident, but is more a harbinger of situations which could well occur more frequently in the future. The main threat in future conflicts in Europe will not come from columns of tanks, but from floods of refugees crossing the borders of NATO countries; not from direct attacks on allied territory, but from instability which is 'imported' from the peripheral regions; not from a world war, but from the setting of precedents for the successful use of aggression.[9] Wars of this nature - partly based on ancient atavism - are typical of 'modern times', in the sense that they are the product of political ambitions which are based

[8] Such a threat could ultimately emerge from the Middle East where, in spite of the current peace process, Syria and Iran are arming themselves with modern ballistic missiles which for the first time ever will bring Western Europe within range.

[9] Christoph Bertram, op. cit.

on ethnic solidarity and which were never given a chance in the bipolar Europe of old.

Even in the few short years since 1989/1990 it has become apparent that (civil) wars of this type, once they have broken out, are extremely difficult to control or end. This has led to the rediscovery of the merits of diplomacy aimed at preventing conflicts, although at the same time the increasing attention for conflict prevention is highlighting the limitations of this instrument: short-lived optimism regarding the ability of the United Nations to act effectively has foundered in the streets of Mogadishu (and Sarajevo). It is one thing to agree 'rules of the game' for guaranteeing the rights of minorities within the national state structure, as has happened in recent years, particularly within the Organisation for Security and Cooperation in Europe; it is quite another thing, however, actually to enforce these elements of an international security order when the power of persuasion fails. This demands action - the imposition of 'peace' in third countries or the restoration of law and order outside one's own country and/or treaty area - whose scope and duration are difficult to oversee and the enthusiasm for which is confined within narrow parameters. In Western Europe too, which is closely affected by these developments, the willingness to accept 'peacemaking' tasks in which fighting parties have to be 'pacified' by the credible use of force (or the threat thereof), has proved to be virtually non-existent.

While the crisis in Yugoslavia may have been inevitable, its consequences could perhaps have been controlled to some extent if there had been powerful American leadership. However, in this first European war since the collapse of the Soviet Union, a war which deeply affected the security of Europe and which progressively eroded the credibility of NATO, the successive Presidents Bush and Clinton quickly decided that there was no vital United States interest at stake. The constant refusal by the United States to accept the Balkan conflict as its own problem suggests that the US will not behave any differently in future conflicts of a similar nature.

'Yugoslavia' illustrates how difficult it is for the countries of Western Europe to act in an effective and united way without the American leadership to which they had for so long been accustomed. This clearly raises the question of solidarity within the Alliance and of the axiom that security in Europe is indivisible. Ultimately, the war in Bosnia raises the question of what place Russia will ultimately demand in the European security order. 'Yugoslavia' can in this sense be regarded as a synopsis of the challenges which will face the Western organisations, of which the Netherlands forms a part, in the coming years.

2.4 Conclusion

The collapse of the Soviet Union, and the concomitant fragmentation of the bipolar security structure which was based on the centralised and highly controllable nuclear weapons arsenals of the two superpowers, has opened up a void which is being violently filled by long-suppressed local conflicts. Precisely at the moment that coherence and convergence in Western security policy are necessary in order to create a new, secure political order, it is becoming apparent that the notion that security is 'indivisible' for the Western Alliance no longer holds true.

The future role of Russia, still the most important strategic factor in Europe, is as yet far from clear. Moreover the tasks facing NATO as the primary security organisation, but also those facing the European Union as the security organisation of the future, will be very different from in the past. The main concern is not now the threat to territorial integrity, but the control of a

broader spectrum of limited risks and the prevention or control of conflicts outside Europe's own borders. NATO and the European Union were not designed for this, and the individual nation states have so far shown only a moderate ability and willingness to adapt. The shift in emphasis which has taken place in the Western camp, with a more distant America and a more central role for Germany, make continued collaboration even more problematic.

Some of the stumbling blocks preventing effective action on the part of European states are based on practical issues (e.g. the lack of logistical and 'intelligence' capacities which only the US possesses), others are founded primarily on uncertainty and divisions over who should play which role. A crucial point here is that the European allies continue to exhibit strong differences of opinion on the desired degree of 'independence' of the US. There is still no answer to the question of whether and how the European Union can bridge these differences in order to give serious form to the development of a 'foreign policy and security identity' and a capacity to act founded upon it.

Ethnic oppositions 3

3.1 Conflict potentials

Among the 'new risks' in Europe are the ethnic conflict potentials which have emerged since 1989/1990.[1] It is important to emphasise here that not every ethnic opposition need necessarily lead to open conflict. Processes of regrouping and fragmentation appear to be connected above all to the incomplete processes of state formation in Central and Eastern Europe at the end of the last and beginning of this century. Ethnicity is a changeable factor in this context; language and religious differences, origins and nationality all play a role in the emergence of ethnic identities and the creation of ethnic groupings. The operational significance of such identities and groupings then depends on concrete situations and on the political and social forces at work within them.

Circumstances which heighten sensitivity to ethnic differences lie in the (ethnic) definition of citizenship, feelings of political powerlessness, the need for a new social identity and unease regarding the lawlessness which has emerged since the disappearance of the Communist system. On the one hand minorities can be excluded and/or driven out, while on the other hand they may take the initiative themselves in a commitment to achieving autonomy, secession or independence and irredentism ('reunification with the mother country'). An important factor here consists of the 'political entrepreneurs', who attempt through nationalist movements and parties to sustain or increase their power or the power of their own ethnic group.

In a preliminary study carried out for this report, Hagendoorn et al. draw a distinction between more than 40 ethnic groupings in Central and Eastern Europe which in theory have the potential for 'spontaneous combustion'. (Since the end of the 1980s there have already been six violent ethnic/national conflicts, and the study identifies a further six potential centres of conflict.) Whether such potential conflicts turn into actual conflicts depends on a number of factors, such as the relative homogeneity of a country and the pattern of group relationships (whether or not groups possess a degree of administrative autonomy also makes a difference here). Another important factor is whether attempts at separation are one-off affairs or form part of continuous processes of fragmentation (separations within separations). The latter substantially increases the risk of violence breaking out.

The following classification of countries based on the likelihood of ethnic conflicts is taken from the preliminary study referred to above.

1. *Conflict unlikely*. The risk of ethnic conflicts is clearly smallest in countries with a very homogeneous ethnic/national population. Countries belonging to this category are Poland (96% Poles), the Czech Republic (95% Czechs), Hungary (98% Hungarians), Albania (98% Albanians) and Armenia (93% Armenians). Hungary, Albania and Armenia, however, could well become involved in conflicts involving minority groups of their nationals in neighbouring countries. These countries are thus dependent on external conflicts.

2. *Conflict possible in theory, but unlikely*. This epithet appears to fit two types of country: a. countries which are characterised by a high degree of ethnic homogeneity (over 80%) and small minority groups (each 5% or less), which

[1] This chapter is based on Louk Hagendoorn, Karen Phalet, Roger Henke, Rian Drogendijk, *Etnische verhoudingen in Midden- en Oost-Europa* (Ethnic relations in Central and Eastern Europe); WRR, Preliminary and Background Studies no. V88, The Hague, Sdu Uitgeverij, 1995.

may or may not be territorially concentrated and may or may not border on the mother country; and b. countries with a reasonable degree of ethnic homogeneity (over 70%) and several small, scattered minorities (less than 10%). There is only one country which meets the first set of criteria, namely Slovenia (85% Slovenians, 5% Croats and 4% Serbs). Countries meeting the second set of criteria include Georgia (excluding Abkhazia, South Ossetia and Adzharia - 70% Georgians and 8% Armenians, 7% Russians and 6% Azeris) and Azerbaijan (83% Azeris, 6% Russians and 6% Armenians). Ethnic conflicts within the somewhat subdued Georgia and in Azerbaijan are unlikely (with the exception of Nagorno-Karabakh and Nakhichevan).

3. *Potential conflict surrounding a 'compact' minority.* A third category consists of countries which are relatively ethnically homogeneous (a national group accounting for more than 75% of the population), but within which a substantial ethnic minority exists (more than 5% of the population), which is concentrated in a region bordering on its mother country. Countries in this category include Lithuania (80% Lithuanians and 9% Russians), Belarus (78% Belarussians and 13% Russians), Slovakia (86% Slovaks and 11% Hungarians), Romania (89% Romanians and 7% Hungarians) Croatia (78% Croats and 12% Serbs - adjoining conquered regions of Bosnia) and Bulgaria (86% Bulgarians and 10% Turks). All these countries contain minorities which can be seen as former conquerors and can thus be regarded as a fifth column of their mother country and to which imperialist and irredentist intentions can be attributed. Differences in language, culture and religion, accompanied by restrictions on the political rights of the minorities concerned, demands for cultural autonomy or a refusal by the dominant group to grant the desired cultural autonomy, all increase the risk of (potentially triangular) violent conflicts in this category.
   In Central Europe, the problem of the substantial Hungarian minorities is potentially the most explosive issue. This is partly because the largest Hungarian minorities, which are situated in Romania (1.6 million) and Slovakia (570,000), are confronted with hostile governments and titular nationalities.

4. *Risk of separatist conflicts and irredentism.* This risk exists in countries with a moderate level of ethnic homogeneity (50-75%) and a large, concentrated ethnic minority (more than 20% of the population) located in a region adjoining its mother country. This is the case in Estonia (62% Estonians and 30% Russians), Latvia (52% Latvians and 34% Russians), Ukraine (73% Ukrainians and 22% Russians), Kazakhstan (38% Kazakhstanis and 38% Russians) and Macedonia (65% Macedonians and 21% Albanians). These are high-risk countries. If Ukraine or Kazakhstan were to split along ethnic lines this would lead to unpredictable conflicts. However, both Ukraine and Kazakhstan are careful in their dealings with the Russian minorities. The danger in these countries lies less in the attitude of the titular national group than in the risk of irredentism arising among the Russians, a risk which is reinforced by negative treatment by the titular group, by nationalism in Russia and by unfavourable discrepancies in the economic development of Ukraine and Kazakhstan compared with the Russian Federation (a relatively weak economic situation in Ukraine and Kazakhstan will increase the feelings of relative deprivation among the Russian minorities there).
   In Moldavia (64% Moldavians, 14% Ukrainians and 13% Russians), the violent conflict has already manifested itself in the form of the battle for Transdnestria, and in Croatia in the war between Croats and the separatist Serbs (12%) in Krajina. Kosovo in Serbia (66% Serbs and 17% Albanians) and Montenegro (62% Montenegrans and 14% Moslems) theoretically also belong to the category of regions of potential conflict, although the minority in these countries is smaller in percentage terms.

5. *Potential conflicts in the Russian Federation.* The Russian Federation belongs to the category of countries with a high degree of ethnic homogeneity (82% Russians), and therefore does not at first sight appear to be at risk from ethnic conflicts. In this case, however, it is the embedding structure of the Russian Federation which is the risk factor. The risk of separatist conflicts is greatest among the group of Islamic Republics in the Volga Region (Tatarstan with 49% Sunnites and Bashkortostan with 50% Sunnites) and in the Caucasus. Tatarstan and Bashkortostan already possess a high degree of independence. The treaty between the Russian Federation and Tatarstan leaves open the question of which constitution counts, however: that of Tatarstan or that of the Russian Federation. Although this could potentially lead to conflicts, the secession of Tatarstan and Bashkortostan is unlikely for geographical reasons: Russia could easily isolate the seceded republics, both economically and militarily.

   The risks in the Caucasus are greater. While the republics themselves are relatively small and can theoretically be kept under military control, there are a number of complicating factors. Most of these republics were only added to the Russian Empire at a late stage and after a long struggle in the middle of the last century; moreover, there is a general rejection of the Russians and of the former Soviet Union, particularly in view of the mass deportations of a number of Caucasian peoples by Stalin in the Second World War. The widespread possession of arms by the population in the Caucasian Mountains and the inaccessible terrain also make this an ideal site for a lengthy guerilla campaign. Finally, there is some degree of cooperation between the Islamic Caucasian peoples in the form of the Confederation of Caucasian States (formed in 1992 by Abkhazia, Adygea, Karachay-Cherkessia, Kabardino-Balkaria, North Ossetia, South Ossetia, Chechnya, Ingushetia and Dagestan).

   The risk of separation is not equally great in all republics, but is concentrated in those republics where the titular group also constitutes the numerical majority. This is only the case in Chechnya, Kabardino-Balkaria and North Ossetia. While it is true that Dagestan has a majority of 71% local ethnic groups compared with 9% Russians, this majority is ethnically highly heterogenous. In Chechnya, Kabardino-Balkaria and North Ossetia the Russians constitute 23%, 32% and 30% respectively of the population. North Ossetia is not totally Islamic, however, and has always had a Russian orientation. The problem of separatism therefore appears to be concentrated in Chechnya and Kabardino-Balkaria. The risk that the partition of Chechnya (and possibly Kabardino-Balkaria) will mark the beginning of the fragmentation of the Russian Federation is slight: The Russian Federation is too ethnically homogeneous for this. There are only three or four (depending on the method of counting used in the case of Kabardino-Balkaria) Russian republics where the titular ethnic group forms the numerical majority (Chechnya, North Ossetia, Kabardino-Balkaria and Chuvash). The first three of these are also border republics.

   One danger which has as yet not been fully appreciated is that the war in Chechnya will draw support from other Islamic republics in the Caucasus (in particular Ingushetia and Dagestan). If Dagestan, with its unprecedented ethnic diversity, were to become involved in the conflict this could act as a fuse to set alight the powder keg in the whole of the Caucasus. Another danger of the war in Chechnya is that the costs of the military effort will endanger the economic reforms and political stability in the Russian Federation, and could also lead parts of the former Soviet Union which are still strongly attached to Russia (Belarus, Georgia, Kazakhstan) to break their Russian ties even further.

3.2 Conflict-preventing factors

The observation that by no means every ethnic opposition takes on the form of an armed conflict, together with the statement that such oppositions can be 'policy-sensitive' (i.e. susceptible to - good or bad - influence) raises the question of whether a system of 'conflict-preventing factors' can be drawn up which can be taken into account when formulating policy. Hagendoorn et al. list the following factors, which could be studied further.

1. *Factors related to the characteristics and nature of the relations between ethnic groups*
   - The minority group is very small (e.g. less than 5% of the national population);
   - the minority is not geographically concentrated;
   - the minority lives in a region which is encircled by another ethnic group;
   - the minority lives in a region which does not adjoin its mother country;
   - the minority has assimilated into the majority (language and mixed marriages).

   If these factors do make conflict less likely, then the risk of violence breaking out involving the Greeks in Albania (2%) or the Gagauz minority in Moldavia (3.5%) is small, although incidents do occur. Similarly, the presence of Jews and Romanies or (in Russia) Armenians and Georgians is unlikely to lead to conflicts (as they are too widely dispersed);[2] nor will Tatarstan and Bashkortostan enter into an armed separatist conflict (both are encircled by Russia); nor will the Russians in Kyrgyzstan (22% of the population) try to separate from Kyrgyzstan (does not share a border with Russia). Finally, the cultural affinities between the Belarussians, Ukrainians and Russians (many Belarussians and Ukrainians speak Russian and the number of mixed marriages is relatively high) will deter conflicts between these groups.

2. *Political factors*
   - legal protection of the rights of minorities;
   - a policy of positive discrimination;
   - the granting of cultural and economic autonomy;
   - direct repression or military control of the minority group (an unreliable factor);
   - low level of influence of nationalist parties on the policy pursued.

   It is worth noting in this context that the legal protection of minority rights in Hungary and Ukraine is well regulated and that both these countries pursue a policy whereby minority languages and cultures are protected and encouraged. Similarly, Moldavia avoided a potential conflict with the Gagauz minority by awarding them cultural autonomy, while Tatarstan was given wide-ranging economic autonomy within the Russian Federation. The repression of the Albanians in Kosovo by the Serbs has so far prevented a violent confrontation between the two groups. Tatarstan and Bashkortostan would not find it easy to separate from the Russian Federation by violent means, because they have no army of their own and could easily be isolated by Russian troops. The participation of a nationalist party in the government, as took place under Meciár in Slovakia in 1994, does nothing to improve the relations between Slovaks and Hungarians in Slovakia.

3. *International factors*
   - intervention by international organisations;
   - non-recognition of partitions and declarations of independence;
   - economic sanctions;
   - the presence of alliances;
   - (indirect) economic aid, or the prospect of it.

[2] They may, however, be the victims of discrimination if they are seen as 'parasites'.

International factors can have a positive or negative impact. For example, the recommendations of the High Commissioner of the OSCE helped to ensure establishment in the constitution of civil rights for the national minorities in Estonia. By contrast, the rapid recognition of Slovenia and Croatia by the European Union appears to have promoted the fragmentation of Yugoslavia and the conflict in Bosnia. Non-recognition does not always have a positive impact either, however. Economic sanctions can act as a deterrent, but are frequently ineffective. The economic sanctions applied against Serbia, for example, have certainly not had a decisive effect on the war in Bosnia. On the other hand, the Russian Federation has a powerful weapon to use against Ukraine in the event of any conflict surrounding the Crimea, with its ability to shut off Ukraine's supply of energy.

The presence of alliances is important in more than one respect. If they become involved in a conflict, the power relations and the degree to which such an alliance projects its power effectively can help to prevent conflict. In Yugoslavia, however, the West has failed to do this. On the other hand, the fact that the situation has remained calm in Romania and Slovakia in recent years, in spite of the serious potential for conflict involving the Hungarian minorities, can be attributed to the restraint applied by the governments concerned because of their desire to accede to the European Union. In Hungary itself, too, the policy on minority issues has been a model of moderation in recent years, in spite of the latent potential for an aggressive nationalist posture. One thing which is clear here is that the issue of protection of minorities in Central Europe will have to be the subject of explicit attention in the imminent expansion of the EU.

Finally, a Western contribution to economic reforms in the post-Communist countries can contribute in the long term to a tempering of nationalist campaigns in Central and Eastern Europe. Economic investment, trade agreements and aid can also be linked to the creation of democratic systems and respecting of the rights of minorities. This has in fact already occurred in the Europe Agreements. Where there is a danger of ethnic conflicts the suspension of treaties,[3] investments and economic aid can be used a means of applying pressure to prevent the outbreak of conflict.

3.3 Conclusion

There is plenty of potential for ethnic conflict in Central and Eastern Europe. Not every potential conflict need become manifest, however. This chapter presents a classification of conflict situations which may enable something to be said about the *likelihood* of acute crises, and examines possible pointers for policy. In any event, an initial inventory indicates that whether conflicts become manifest or not is partly dependent on the policy pursued. Potential conflicts can be deliberately stepped up by the parties concerned, for example in the furtherance of local ambitions. The logic of this means that is should also be possible to use external stimuli to deter conflicts; for example, the desire of the Central European countries to join the European Union has undeniably had a calming effect on the way in which the major problem of Hungarian minorities is dealt with there. The question of whether further guarantees can be given in this respect will have to be a major focus of attention in the negotiations on accession.

3] The European Union used this means in 1995 as a protest against the violent interventions in Chechnya.

Economic factors 4

4.1 'Triad structure' of the world economy

The end of bipolarity has not just changed the security situation in Europe but has also brought a series of economic challenges and risks in its wake. Positive factors include the opening up of new markets in Central and Eastern Europe and the reduction in unproductive arms spending. Precisely in the economic arena, however, uncertainties have arisen that could result in fragmentation. The crisis in the Communist economies in the 1980s and the subsequent collapse of Comecon trade resulted in an unprecedented slump in economic activity in the countries concerned. That trend has only been reversed in the very recent past. The political instability generated by the economic restructuring in a series of former command economies, the growth of transfrontier organised crime and a sustained risk of substantial emigration to Western Europe are among the side-effects of the economic adjustment process.

If it is correct that many of these problems can be reduced to growing pains, the obvious course of action would be for the European Union to concentrate on the economic recovery and the further development of the former Comecon countries. This does, however, raise a number of dilemmas. In the first place an accommodation with Central Europe, leading in due course to EU membership, will result in an influx of goods produced in those countries, coupled with a simultaneous but reverse flow of productive investment. This could damage the level of economic activity in certain sectors in the present Member States. Secondly, the willingness to help on a large scale is limited: the EU is not just confronted with instability in the East. Under pressure from a number of Mediterranean Member States, greater attention also needs to be devoted to the potential and in part economically-induced flashpoints in North Africa (especially Algeria).

Apart from Europe itself, the EU is also confronted with economic tensions elsewhere. The dynamic of technology, communication and mobility has for some time now been highly conducive towards a single global market, or at least a system of 'communicating vessels' within which market forces are universally discernible. In the light of the geographical concentrations of trade and capital transactions within this market, the term 'triadisation' is more accurate than the frequently used concept of 'globalisation'. Foreign direct investments and trade flows have become concentrated in terms of both origin and destination in three core areas, namely Japan/Southeast Asia, North America and Western Europe, surrounded to some extent by peripheral nations (with, among other things, low labour costs). Outside these three core areas a process of delinking is in fact taking place, certainly as far as the destination of foreign direct investment is concerned.

The disappearance of the bipolar partitions has resulted in the further liberalisation of 'global' capital and goods flows and has contributed to 'economisation', i.e. the greater weight of economic issues in international political decision-making. The shrinking capacity to act of national governments in the field of macro-economic management is becoming increasingly plain. This has resulted in the simultaneous emergence of (in part) conflicting reactions, namely efforts to renationalise economic policy (e.g. in relation to trade) and to regionalise international economic relations, measures to obtain a grip on developments at bloc level, and the further liberalisation of the global economy in a multilateral context (e.g. the GATT).

Which pattern gets the upper hand will in general depend on the cost-benefit analysis of international economic integration made at national or regional level. National interest will increasingly be formulated in terms of the advantages and disadvantages of economic interdependence. The resultant policy preferences will find expression at regional and global level.[1] International economic relations are, consequently, becoming more politicised. The weakening of the 'conflict-inhibiting' security relationship between the United States and Western Europe can, for example, enlarge the effect of economic tensions on the mutual relations.

The question as to whether economic regionalisation will be sustained depends on a number of factors. One of the most important of these is the actual geographical distribution of goods flows and foreign direct investment. If it can be established on this basis that patterns of regional concentration are indeed gaining the upper hand, this will at least provide the material basis for a policy at regional level.

4.2 Regionalisation versus globalisation

In Western Europe, renationalisation, regionalisation and multilateralisation have alternated since the first oil crisis (1973-1974). The stagnation of growth that resulted from that crisis was initially met in the various Member States with a traditional package of domestic measures. The process of economic disintegration that ensued has since then given substance to the concept of 'Eurosclerosis'.

It rapidly became clear that Keynesian-inspired government intervention on a national basis would further aggravate the economic problems. In this regard the reverse suffered by the French socialist government after the accession of François Mitterrand (1981), with its policy of demand stimulation and large-scale nationalisation, may be regarded as a turning-point in thinking. The realisation that the inadequate capacity to act on the part of national governments laid the foundations for a new stage in European integration, in which regard the White Paper of 1985 on the completion of the internal market provided the impetus for the systematic liberalisation of market forces within the Community, in the expectation that this would result in more growth, higher employment and a strengthening of European competitiveness vis-à-vis Japan and the US.

The 'Europhoria' that followed the 'Eurosclerosis', favoured as it was by the acceleration of the world economy in the second half of the 1980s and the related explosion of transfrontier takeovers, mergers and strategic alliances, was unable to disguise the fact that although liberalisation was making good progress little was coming from the development of new policy areas at European level, as announced for example in the Single European Act. The boom in transfrontier mergers and strategic alliances exceeded the European framework. The notion of 'Fortress Europe', as advocated by some and feared by others, had been swept aside.

The most recent phase in European development has been characterised by the economic recession and the rapid succession of monetary crises in the first half of the 1990s, followed by an unexpectedly powerful recovery. At first sight this would appear to be a context within which solace may, to an even greater extent than in the 1980s, be sought in deregulation, greater labour market flexibility and far-reaching international economic liberalisation. Confidence

[1] A. Moravcsik, "Preferences and Power in the European Community: A Liberal Intergovernmentalist Approach"; *Journal of Common Market Studies*, Vol. 31, No. 4 (December 1993).

in market forces is marked and, as occurred upon the presentation of the White Paper in 1985, attention is now also drawn to the self-evident growth effects of free trade. One possible difference with the 1980s, however, is that regional and multilateral frameworks tend now to be regarded more as complementary.

Nevertheless it would be mistaken to disregard the fissiparous effects potentially associated with a 'globalising' economy. The globalisation of economic activity is, above all, the result of the complex interaction between transnational enterprises (TNEs) - which account for a large share of international trade and investment flows - and national governments, which are able to exert influence by means of trade and industry policy and macro-economic measures. At the same time it needs to be noted that the consequences of this process are unequally distributed over the various geographical areas and sectors.[2] The 'flight ahead' that international liberalisation also means can arouse all sorts of reactions in communities where the disadvantages are more readily perceived than the advantages.

As noted earlier, the extent to which trade and investment become regionalised will have affect the measure in which policy is directed towards regional, national or multilateral contexts. The material basis provided by regional economic interpenetration is one of the determining factors in the balance between fragmentary and integrative political forces. The degree of regional economic interpenetration is therefore an important indicator for the prospects for regionalisation and the potential for the multilateralisation of policy.

In order to provide insight into the geographical distribution of international trade, three approaches are possible, namely that of bloc formation, regionalisation and polarisation.[3]

- *Bloc formation* refers to the relative concentration of international trade between countries that have entered into a formal free trade agreement or other formal agreement concerning economic integration.
- *Regionalisation* refers to the relative concentration of international trade between countries that has arisen on a spontaneous, natural and in all cases informal basis, for example in response to geographical proximity.
- *Polarisation* is a special form of regionalisation, where there is relative concentration of international trade between countries at different stages of economic development. More specifically, polarisation refers to a relative concentration of trade among a group of developing countries with a group of industrialised countries in the same part of the world.

Although bloc formation might at first glance appear the logical starting point for an analysis of geographical concentration, this gives rise to a number of problems. A comparison between the EU and other regional trade agreements, for example, is problematical, since both the degree of integration and the point at which such integration commenced are unique in the case of the EU. The continuing growth in the number of Member States also hampers comparisons with other blocs.

In addition the prospects for bloc formation in the other two poles of the Triad are uncertain. The North American Free Trade Agreement (NAFTA) is still too recent in origin for the effects on trade and growth to be identified. Once again, a comparison with the far-reaching integration of the European Union

2] P. Dicken, *Global Shift. The Internationalisation of Economic Activity*; London, Chapman, 1992.

3] This distinction, as well as the analysis below on which it is based, is drawn from J. Kol, *Blocformation, Fragmentation and Stability in the World Economy*; Rotterdam, EUR, 1995.

is not really meaningful.[4] The possibility that a formal trading bloc could be forged in Southeast Asia is not particularly great at the present time. Efforts to arrive at a free trade area within ASEAN (the AFTA) are proceeding laboriously.[5] The recent declaration of intent of the 18 APEC countries to bring about a situation of free and open trade no later than the year 2020 does not alter the fact that we are dealing here with a large group of economically and geographically disparate countries with, furthermore, divergent political and cultural traditions and different trading policies and regulatory systems. Most nations in Southeast Asia have therefore for some time opted in favour of a global free trade regime rather than a regionally circumscribed agreement.

On the basis of the above considerations no regional comparison on the basis of bloc formation has been conducted, and the geographical distribution of trade flows will be examined in the analysis below from the perspectives of regionalisation and polarisation.

4.2.1 Regionalisation and polarisation of world trade

General review

Before devoting specific attention to the trends towards regionalisation and polarisation in world trade, a broad comparison is provided of the geographical distribution in 1960 and 1992 respectively. Tables 4.1 and 4.2 show the total imports and exports of eight countries and regions or country groups.[6] By showing the relevant countries/regions both as region of origin and region of destination, a comparison may be drawn between the network of trade relations in 1960 and that in 1992.

As may be seen from the comparison of the two tables, world trade has expanded enormously in these 32 years. The total volume of trade (at current prices) rose from 128 billion dollars in 1960 to 3,668 billion dollars in 1992.

Table 4.1 **Network of world trade, 1960**
(percentage distribution)

Region of origin	Region of destination								
	WE	JPN	NA	CEE	AFR	ASIA	LA	ROW	World
Western Europe	23	.	4	2	3	3	3	2	40
Japan	.	-	1	.	.	1	.	.	3
North America	7	1	5	.	.	2	3	1	20
Central/East Eur	2	.	.	6	.	1	.	.	10
Africa	3	.	.	.	.	.	.	.	4
Asia/Oceania	3	1	1	1	.	3	.	.	10
Latin America	3	.	3	.	.	.	1	.	8
Rest of World	2	.	.	.	.	.	.	.	4
World	42	3	16	10	5	11	8	4	100

Total world exports: 128 billion US dollars

Source: own calculations from UN trade data base

Note: . indicates trade flow is less than 0.5 percent of world exports

Source: J. Kol, *Blocformation, Fragmentation and Stability in the World Economy*, Rotterdam, EUR, 1995.

4] Further expansion of the NAFTA to South America does not appear feasible in the short term. Chile has, however, announced that it wants to become a member of the NAFTA 'sooner or later', apart from which Chile recently acceded to the APEC. In the words of the Chilean President, Eduardo Frei: 'The Apec includes the members of the Nafta, such as the US, Canada and Mexico. This means that Nafta is a part of the Apec at the same time.' Financial Times, 18 November 1994.

5] See J. Rüland, 'Die Gemeinschaft Südostasiatischer Staaten (ASEAN): Vom Antikommunismus zum regionalen Ordnungsfactor'; *Das Parlament*, B 13-14/95, 24 March 1995.

6] The figures in this section have been drawn from J. Kol, op. cit. For a classification of the countries and regions see the appendix at the end of this chapter.

In 1960 Western Europe accounted for 40% of world exports and 42% of world imports, followed at some distance by North America with 20% and 16% respectively. Japan had a share of 3% - less than Africa, Central and Eastern Europe, Asia (minus Japan), Latin America and the Rest of the World.

Table 4.2 **Network of world trade, 1992**
(percentage distribution)

Region of origin	Region of destination								
	WE	JPN	NA	CEE	AFR	ASIA	LA	ROW	World
Western Europe	33	1	3	1	1	3	1	3	46
Japan	2	-	3	.	.	3	.	.	9
North America	3	1	5	.	.	2	2	1	15
Central/East Eur	1	.	.	.	.	.	.	.	3
Africa	1	.	.	.	.	.	.	.	2
Asia/Oceania	3	2	4	.	.	7	.	1	17
Latin America	1	.	1	.	.	.	1	.	4
Rest of World	1	1	.	.	.	1	.	1	4
World	45	6	17	3	2	16	5	5	100

Total world exports: 3668 billion US dollars

Source: own calculations from UN trade data base

Note: . indicates trade flow is less than 0.5 percent of world exports

Source: J. Kol, op. cit.

In 1992 the Western Europe share of world imports and exports had risen slightly further to 45% and 46% respectively. The shares of North America remained virtually unchanged. The advent of Japan is reflected in a doubling of its share in world exports (now 9%); the Japanese share is now exceeded only by (the remainder of) Asia, North America and Western Europe. The share of Asia/Oceania has risen relatively sharply, while the shares of Africa, Latin America and Central and Eastern Europe fell heavily during this period.

Regionalisation

In order to examine how the interdependence between the various countries and regions has been changing, an analysis has been made on the basis of Tables 4.1 and 4.2 of the number of trade flows that could theoretically take place between the seven country groups in question and the one country (Japan). This creates 63 possible trade flows, of which seven intra-regional. In 1960, just 28 of these 63 trade flows exceeded 1% of world trade. In 1992 this number had risen no more than marginally to 31. It may therefore be concluded that the network of trading relations in the world economy did not expand significantly during this period.

If individual regions and trade flows are examined, substantial differences emerge. Western Europe had the largest number of trading relations, a figure that rose from 12 in 1960 to 14 in 1992 (with the exception of intra-West European trade). North America had nine such trading relations, thus occupying second place in the network. Third place is occupied by Asia/Oceania (with a total of eight). Japan has risen from sixth place in 1960 to fourth in 1992 (with seven trading relations of any importance).

With respect to the scale of the individual trade flows, it should be noted that the intra-West European trade is many times larger than the other trading relations in the network and has, moreover, been rising substantially, from 23% to 33% of total world trade. The trading relations within and between the Western Europe, North America and Japan amounted to 51% of world trade in 1992, 10% more than in 1960 (although this was wholly due to the aforementioned growth of intra-West European trade). The trading relations

between North America and Western Europe fell in relative terms from 11% to 6% but nevertheless remained more substantial in 1992 than those between Japan and North America (a rise from 2% to 4%) and Japan and Western Europe (from 0% to 3%). Finally it may be noted that the intra-group trade of Asia/Oceania has become the largest after Western Europe, while that of Central and Eastern Europe has completely disappeared with the collapse of Comecon.

If we examine the development of the share of trade within the five regions in total world imports and exports as an *indicator of regionalisation*, it may be noted that intra-West European trade (as a percentage of total world trade) has risen more strongly than the share of Western Europe in world imports and exports. The trade between the United States and Canada has remained stable, but the share of North America in world exports has fallen. Although Asia/Oceania has acquired a larger share in world imports and exports (7% and 5%, respectively), the increase in intra-regional trade is relatively greater (by 4 percentage points, more than a doubling). The provisional conclusion could be that regionalisation in Western Europe is significantly stronger than in the other regions, but that there has also been a growth in trading concentration in North America and Asia/Oceania, albeit to a lesser extent.

Polarisation

The picture outlined above is confirmed if we examine polarisation. A process of trade concentration is taking place in the world economy within the three core areas ('Triadisation'), at least two of which are surrounded by peripheral states.

During the period 1960-1992 the Western Europe core area has undergone a clear process of regional concentration: intra-group trade remains easily the most important and has even risen from 55% to 71% (Tables 4.3 and 4.4). The geographical distribution of the remaining trade has become more even in 1992 than in 1960, partly because trade with North America has fallen in relative terms while that with Japan has risen.

The peripheral states of Western Europe are located in Africa and Central Europe. The trading relationship with Africa is particularly asymmetrical. For Africa, Western Europe is easily the most important trading partner (despite a fall from 67% to 56%), but Africa's share in the trade of Western Europe is very small and, in fact, declining (from 8% in 1960 to 3% in 1992).

For Central and Eastern Europe, the concentration of trading relations with Western Europe has increased spectacularly, from 17% in 1960 to 54% in 1992. Conversely the share of Central and Eastern Europe in the total Western European trade flows is small (and has also fallen, from 7% in 1960 to 3% in 1992).

The trading relations of the second core area, North America, are less concentrated on the region itself than in the case of Western Europe. Furthermore, these intra-group relations remained fairly constant during the period 1960-1992. In addition the trade with Western Europe fell from 30% to 20%. The share of trade with Japan and Asia/Oceania roughly doubled, from 6% to 13% and 10% to 19% respectively. The share of North America in total world trade fell from 18% to 16%.

Table 4.3 Polarization of international trade, 1960

	percentage distribution									Total trade
	WE	JPN	NA	CEE	AFR	ASIA	LA	ROW	World	(bn $)
Western Europe	55	1	13	4	7	8	6	5	100	106
Japan	11	-	36	2	5	33	7	7	100	8
North America	30	6	30	1	2	10	18	3	100	46
Central/East Eur	17	1	1	62	2	13	2	1	100	26
Africa	67	3	8	5	6	5	1	6	100	12
Asia/Oceania	30	10	17	12	2	24	2	3	100	27
Latin America	33	3	42	2	1	2	17	1	100	20
Rest of World	49	5	15	3	6	9	1	12	100	11
World	41	3	18	10	5	11	8	4	100	256

Source: own calculations from UN trade data base

Note: total trade is represented by the sum of exports and imports

Source: J. Kol, op. cit.

Here too the peripheral states of Latin America have exhibited a marked and fairly constant concentration of trading relations on North America, namely around 40% over the years. Once again the converse trade flows are smaller and falling in relative terms, from 18% in 1960 to 11% in 1992. As far as Latin America is concerned, it is also notable that the trading relations with Western Europe are declining in importance, while those with Japan and Asia/Oceania have nearly trebled.

Table 4.4 Polarization of international trade, 1992

	percentage distribution									Total trade
	WE	JPN	NA	CEE	AFR	ASIA	LA	ROW	World	(bn $)
Western Europe	71	3	7	3	3	6	2	4	100	3349
Japan	19	-	28	1	1	38	4	8	100	549
North America	20	13	32	1	2	19	11	3	100	1185
Central/East Eur	54	3	5	18	2	10	3	6	100	196
Africa	56	4	14	2	6	8	2	8	100	154
Asia/Oceania	16	17	18	2	1	41	2	4	100	1237
Latin America	23	7	40	2	1	7	17	3	100	315
Rest of World	42	13	11	3	3	14	3	11	100	351
World	46	7	16	3	2	17	4	5	100	7335

Source: own calculations from UN trade data base

Note: total trade is represented by the sum of exports and imports

Source: J. Kol, op. cit.

In the case of the third core area - Japan - the trading relations in the period 1960-1992 have been geographically concentrated on Asia/Oceania and, to a lesser extent, on North America and (in 1992) Western Europe. Over time the share of intra-regional trade has risen slightly, from 33% to 38%, while the trade with the other two core areas has become more evenly distributed in response to a relative fall in the trade with North America (28% in 1992) and a relative increase in the trade with Western Europe (19% in 1992).

It is notable that in 1960, Asia/Oceania still had a concentration of trading relations with Western Europe, the percentage in fact being higher than the percentage share of intra-group trade. This situation had changed radically by 1992. The share of trade with Western Europe had halved, while the intra-regional trade (Japan and Asia/Oceania) rose sharply from 38% to 58%. In addition the trading relations of Asia/Oceania with Japan, Western Europe and North America remained virtually unchanged in 1992 at 17%, 16% and 18% respectively. Japan's share in world trade rose from 3% to over 7%, and that of Asia/Oceania from 10% to over 16%.

Conclusion

The following developments took place in world trade during the period 1960-1992. In Western Europe there was a process of bloc formation, with marked regionalisation. In addition the trading relations with Africa and Central and Eastern Europe have began to display polarisation, in the sense that the dependence of these two areas on Western Europe has risen. Regionalisation has also occurred, although to a lesser extent, in North America and Asia/Oceania. Polarisation is now also discernible in the relations between North America and Latin America.

4.2.2 Globalisation and localisation of production

In Japan and Asia/Oceania, intra-regional trade is growing primarily as a result of market forces; in Western Europe (and to a lesser extent North America) institutional regionalisation or bloc formation is also a factor. Nevertheless, in the case of all three core areas, a series of 'natural' factors (geographical proximity and cultural affinity) combined with a growth in intra-industry trade in response to rising wage-costs are furthering the process of regionalisation and polarisation. In the case of the East and Southeast Asian nations this need not be an irreversible process. The 'double growth' of these countries - in which intra-regional trade and capital flows are growing more rapidly than those with the rest of the world, and the latter are growing more rapidly than the total world flows - could run into barriers.[7] Divergent factors that could hold back sustained growth in the region include an inadequate infrastructure, a delay in the adaptation of - in particular - state enterprises, a continuing large government role in the financial sector, real currency appreciations and also real wage increases resulting in a decline in competitiveness, as is the case in South Korea. An uncertain factor consists of future developments in China. In addition a successful integration of the non-Asian OECD countries with their respective peripheral states could result in an economic upturn; the increased attractiveness of these export markets for Asian producers could in these circumstances result in a change in the present ratio between intra-regional and extra-regional trade. Finally, domestic factors could mean that the export orientation of certain Asian Newly Industrialising Countries could switch in favour of a greater orientation towards the domestic market. For the time being, however, the signs are that the present trend in Asian trading patterns - in which growing extra-regional trade is coupled with an even more rapidly growing intra-regional concentration - will continue in the coming years.

The transfrontier investment flows are following the Asian rather than European trading patterns with the trend towards regionalisation and polarisation. The double growth of both regionally concentrated and global investments - or the double movement of regionalisation and globalisation - appears to apply particularly to investment flows. On the one hand changes in the field of technology, communications and transport and changing production and organisation structures within transnational enterprises have been conducive to the globalisation of production processes for some time. On the other, changing corporate strategies could give rise to a greater emphasis on locally concentrated production. Much will depend in this respect on the specific sector within which individual transnational corporations operate.

With respect to the scale of foreign direct investment (FDI) in the 1980s it may be noted that, following a period of stagnation, the average annual rise since 1985 has been more than double the growth in GNP, trade and domestic

7] R.J. Langhammer, 'Regional Integration in East Asia, From Market-Driven Regionalisation to Institutionalised Regionalism?', *Weltwirtschaftliches Archiv*, Bd. 131, Heft 1, 1995.

investment (see Table 4.5). The differing growth figures for FDI and domestic investment, in particular, point to greater globalisation.

Table 4.5 **Foreign direct investment and selected economic indicators**
(Growth rates for 1980-1984 and 1985-1990) [8]

Indicator	Average annual growth rates (Percentage)	
	1980-1984	1985-1990
All countries		
DFI outflows	-3	34
Current GDP at factor cost	1	12
Gross domestic investment	-1	14
Exports	-2	13
Royalty and fees receipts	-3	22
Developed countries		
DFI outflows	-3	33
Current GDP at factor cost	2	13
Gross domestic investment	-0.1	15
Exports	-0.5	14
Royalty and fees receipts	-3	22

Source: J. Kol, op. cit.

In response to the economic recession of the early 1990s, the annual increase in FDI tapered off. This downward trend appears to have turned upwards again in 1994. The relevant growth figure is probably comparable with that in the record year of 1990.

In more general terms, the following observations may be made with respect to the development of FDI and the associated prospects in the long term[9]:

- FDI flows have risen throughout the post-war period, especially in the second half of the 1980s. The total cumulative volume of FDI rose from 68 billion dollars in 1960 to 2,100 billion dollars in 1993, an average annual growth of 11%.
- In response to this spectacular increase, the number of TNEs has also risen enormously. In the early 1990s, 37,000 enterprises were engaged in international production. Collectively they owned over 200,000 foreign subsidiaries. The fact that some 3,500 foreign subsidiaries were established during the period 1946-1961 provides an indication of the major increase in the subsequent decades.
- As a result of these developments, and especially in response to the substantial increase in FDI from 1985 onwards (an increase in the outward stock of 674 billion dollars in 1985 to 1,600 billion dollars in 1990), the sales of foreign subsidiaries exceeded the volume of exports as the main source of supply of goods and services in foreign markets. In 1993 the global sales of foreign subsidiaries amounted to 122% of world exports.
- The explosive increase in FDI has been accompanied by a changing sectoral breakdown, with greater emphasis in recent years on high-tech and service sectors. Particularly since the second half of the 1970s, a shift has been in evidence from the secondary to the tertiary sector.
- The growth and sectoral shift of FDI have also had their effect on the geographical distribution. Immediately after the Second World War, FDI was concentrated in a limited number of developed countries. To begin with the United States and Great Britain were the most important countries of origin. From 1960 onwards the share of these two countries has gradually declined and a Triad pattern has arisen over the years around the core areas of

[8] United Nations, *World Investment Directory 1992. Volume III: FForeign Direct Investment, Legal Framework and Corporate Data*, United Nations, New York, 1993.

[9] UNCTAD, *World Investment Report 1994, Transnational corporations, Employment and the Workplace*; New York and Geneva, United Nations, 1994, pp. 131-133.

Western Europe, Japan and North America.[10] At the same time, clusters of developing countries have arisen in the peripheral areas that are to a significant extent dependent for their domestic capital formation on FDI from the nearby core area. Despite this unmistakable trend towards regionalisation (and polarisation), UNCTAD correctly notes in its *World Investment Report* of 1994 that 'FDI is still more idiosyncratic and less regionally concentrated than (...) trade'.[11]

For a number of reasons, the twin movement of regionalisation and globalisation of FDI is likely to be sustained. In the first place the emerging markets in Southeast Asia, Latin America and Central and Eastern Europe will not only attract FDI from their own regions, but will remain (or become) an attractive area for investors from other regions. Secondly, various moves towards regional integration are attracting extra-regional investments, as may be seen from the explosive growth of American and in particular Japanese investment in the European Community following the decision to complete the internal market.

Finally, recent studies point to the correlation between world trade flows on the one hand and the strategy and structure of TNEs on the other. In view of the fact that roughly a third of world trade consists of intra-group trade, a change in corporate strategies will be reflected in the geographical distribution of trade. Two strategies may be distinguished: a strategy of globalisation aimed at the concentration of production at a single point, and a strategy of regionalisation of localisation of production, in which the concentration of core activities, just-in-time production and the establishment of regional distribution centres play an important part.[12] It should also be noted that the stand-alone strategy of enterprises, under which intra-group relations are confined to ownership structures and the transfer of technology and financial resources, while for the remainder the subsidiary is a (smaller) replica of the parent company, has given way more recently to strategies of simple and complex integration.[13] In principle these strategies can result in both a regional and a global concentration of production processes. Nevertheless it is clear that a strategy of complex integration, in which enterprises spread their production process geographically and locate business elements where they can obtain the best comparative advantages, provides a greater stimulus for global economic integration than do other strategies. This does, however, presuppose the continuing existence of a liberal and open multilateral trading and investment climate and that optimal use is made of information technology at comparatively low communication and transport costs.
Despite the unmistakable trend towards complex integration in certain sectors, the fissiparous effect of more regionally concentrated investment patterns must not be underestimated. In this regard geography remains an important factor. Technological innovations and liberalisation have not reduced the relevance of business establishment locations and, in a number of cases, have even made the choice in favour of local/regional concentrations more important, especially as regards the organisation and structure of TNEs. In addition governments continue to bring influence to bear. This is reflected in both the measures with which governments seek to attract enterprises and in the Trade Related Investment Measures imposed on investors, which have

[10] Although the growth in FDI has been coupled with a greater diversification of countries of origin and countries of destination, the five countries with the greatest share in world outward stock (the United States, Japan, United Kingdom, Germany and France) still accounted for roughly 67 per cent in 1992.

[11] UNCTAD, op. cit., p. 133.

[12] G. Junne et al., *Eindrapport Project Structuurverandering in Wereldhandelsstromen* (Final Report of Structural Change in World Trade Flows Project); University of Amsterdam and Ministry of Transport, Public Works and Water Management, 1993, p. 40 ff.

[13] UNCTAD, op. cit., p. 137.

a trade-diverting effect. Measures of this kind, such as local content requirements, requirements to use local substitutes for imported inputs and import or currency restrictions, have a direct effect on investment patterns (and on specific corporate strategies). Government policy therefore continues to have an effect on economic integration and fragmentation.

4.3 Strategic trade policy: an economic security dilemma

The geographical distribution of global trade and investment flows indicates the extent to which there is a material basis for integration or fragmentation. In addition much depends on the extent to which governments will seek to conduct a strategic trade policy at national or regional level.

Here, the following factors are of relevance: the extent to which a further liberalisation of the world market can make good the promise of extra economic growth; the extent to which national and regional decision-makers are able to explain away a negative shift in trade flows in terms of unfair trading practices; and the extent to which a growth-generating and competition-promoting liberalisation of the world economy can contribute to employment creation.

In broad terms there are at present four tendencies that could undermine market liberalisation at global level.[14]

- Countries or regions that successfully enlarge their share of world trade and hence constitute a threat to less successful countries could arouse suspicion that their favourable export position was due to dumping, excessively low wage levels, unacceptable labour conditions or lack of environmental legislation. If importing countries place greater emphasis on fair (instead of free) trade and start to apply all sorts of measures at bilateral level, the result will be a fragmentation of the world trading system. It is for this reason that certain experts have argued in favour of the inclusion of new (social) measures in world trade agreements (especially in the context of the World Trade Organisation (WTO)). The text of the agreement with which the Uruguay Round was concluded does not however contain any reference to social rights and only a marginal reference to sustainable development. The inclusion of a social clause was even explicitly rejected.[15]
- Greater emphasis on fair trade could result in so-called Voluntary Export Restraints, as in the case of the 'voluntary' limitation of exports of Japanese cars to the European Union. It is on account of these and other practices that it is more appropriate to refer in the current context - i.e. under the provisions as agreed in the Uruguay Round - to managed multilateralism than genuine free trade.
- In addition the emphasis on fair trade and managed trade could give rise to a strengthening of the unilateral approach towards trading relations, in which individual trading partners are punished for their behaviour in trading matters that can no longer be accepted by - and which is at variance with the interests of - the importing country. Clearly, the countries best placed to take unilateral measures of this kind are those with a large domestic market, such as the United States, or groups of countries that are already largely integrated, such as the EU. Measures taken by a single country or group of countries can of course provoke countermeasures by a different country and so spark off a chain of trade policy disputes.
- Finally, regional economic integration can in due course have a fragmentary effect to the extent that more or less coherent trading blocs switch internally to a more coordinated trade policy. A bilateral strategy, in which trade agreements form an extension of foreign policy and are less intended as a contri-

[14] J. Bhagwati, "Threats to the World Trading System"; *The World Economy*, Vol. 15, 1992, pp. 443-456.

[15] P. van Dijck and G. Faber (eds.), *Report of the Conference Challenges to the New World Trade Organisation. Regionalism, labour standards and environmental standards*; The Hague, Clingendael, 1995, p. 50 ff.

bution towards or consolidation of the multilateral free trade regime, could therefore cut across global economic integration. Furthermore, regionalisation need not by definition constitute a threat to or be at variance with a multilateral free trade regime - this will only be the case if economic liberalisation within a particular region were to be coupled with a series of protectionist measures aimed at products from other trading blocs.

Although the successful completion of the Uruguay Round did not eliminate these tendencies towards bilateralism and regionalism, it did serve to curtail their scope. The question as to whether the multilateral framework will be proof against fragmenting forces will depend in part on the question as to whether the predicted growth of the world economy will be sufficiently labour-intensive in nature, as it is beyond question that the issue of unemployment will continue to occupy a central place in the public debate concerning the advantages and disadvantages of international liberalisation and macro-economic deregulation and flexibalisation. In this regard the OECD has made a number of critical observations in its *Jobs Study* of 1994 concerning the alleged causes of the peristently high level of unemployment[16]:

- the rapid technological changes do *not* contribute significantly to the loss of employment. Faster technological innovation is accompanied by greater economic growth, so that not just living standards but also employment rise;
- imports from low-wage countries are *not* the cause of higher unemployment and do *not* result in a downward pressure on the wages of poorly educated employees in the OECD countries. Only 1.5% of the goods and services in the OECD markets come from low-wage countries. The effect of these imports on employment and wage levels is therefore no more than marginal;
- the efficiency measures taken by companies to maintain their international competitiveness and the accompanying trend towards deregulation and greater flexibility are *not* the most important cause of unemployment. The increasing competition and international trade stimulates economic growth and ultimately benefits *all* economies.[17]

On the basis of its analysis, the OECD argues for an improvement in the capacity of economies and societies in general to adapt. In particular measures should be taken to improve the flexibility of labour markets in combination with a further liberalisation of world trade. As against this vision is the attitude that tendencies towards market protection cannot be wished away in current international economic relations.[18] This is regarded as a logical outcome of unrealistic competitive foundations. In addition it would be argued from this viewpoint that the growth-generating capacity of a more liberal world trading system is not as great as its advocates claim, let alone that such growth is by definition labour-intensive in nature. Furthermore the correlation between intensified competition and growth need not necessarily mean that this effect can only be achieved by means of world market competition. Finally, the advantages of multilateral free trade do not apply to all and are not shared evenly.

The extent to which the OECD's viewpoint is followed will depend in part on the question as to whether what is economically 'good' is perceived in political reality as 'good enough'. Are for example the advantages of economies of scale and of fully liberalised trade and capital flows compatible with policies to protect economic and non-economic achievements such as those provided by the welfare state? Policy-makers in the industrialised countries furthermore

[16] *The OECD Jobs Study: Facts, Analysis, Strategies*; Paris, OECD, 1994.

[17] See also the annex "War of the Worlds. A Survey of the Global Economy"; *The Economist*, 1 October 1994.

[18] See A. van der Zwan, *Regressie en voortijdige rijpheid; ontbindingsverschijnselen van de verzorgingsstaat* (Regression and Premature Maturity: Signs of Dissolution of the Welfare State); RU Utrecht, oration, 1993.

cannot escape questions with respect to the preservation of entire areas of economic activity (including leading industries such as the aircraft and automobile industries, where turnover is already suffering from shrinking defence orders), which are also sensitive in electoral terms. Protective measures in the form of 'industrial policy' or 'strategic trade policy' cannot be viewed in isolation. Finally, there has also been an increase in openly protectionist intervention, such as the reactivation in the United States of Section Super 301 of the US Trade Act, as well as extending the concept of 'national security' in the direction of 'economic security'. The central issue in the coming years will be whether international economic relations after the Uruguay Round can continue to generate a positive sum game or degenerate into a zero sum.

The currently visible *regionalisation at bloc level* will in any case be associated with the further *politicisation* of international economic relations and an *economisation* of foreign policy and international diplomacy. Of particular importance is the impact of economic regionalisation on the stability of international relations in general and security relations in particular. For Europe and the European Union the effect of intensified economic competition on political relations with the United States is of particular importance. In the bipolar world, relations between the Western allies were marked not just by 'indivisibility' but also by the primacy of security. On both sides the parties generally abided by the unwritten law that economic disputes should as far as possible be kept out of security relations. These were separate circuits. This constraint has now been eliminated. To the extent that the United States sheds responsibilities with a view to concentrating more heavily on domestic problems and US security policy and economic policy are closely related, it may be expected that the tension between economics and security will become more perceptible in the coming years.

It would however be incorrect to attribute this perspective of heightened trading policy tensions solely to a change in attitude on the part of the United States. The attitude adopted by the European Union in the trade policy arena can also have a destabilising effect on international relations. In this regard one might liken the approach adopted by the European Union to the two faces of Janus, with economic liberalisation in the context of the completion of the internal market going hand in hand with the preservation of mercantilist principles and practices in external relations.[19] Also consistent with this is the fact that despite its generally acknowledged interest in stability in Central and Eastern Europe, the European Union has so far provided only limited support for the process of economic transformation and is opening up its steel and textile markets (agriculture remains a separate problem) with extreme slowness only.

Economic regionalisation - if translated into neo-mercantilist practices - therefore carries a double risk for the European Union. On the one hand, it could cut across post-war security *relations*, which could once again prove vitally important in the future. On the other hand, the European security *situation* could be threatened to the extent that the economic process of adjustment in surrounding peripheral states is delayed or, worse, stagnates.

4.4 Conclusion

Numerous signs suggest that the trade policy climate is hardening in both North America and Western Europe, as reflected in a series of mutual confrontations. More especially, the idea appears to have gained ground in the United States that more can be won from a situation in which business is done

[19] See M. Wolf, "Cooperation or conflict? The European Union in a liberal global economy"; *International Affairs* 71, 2 (1995), pp. 325-337.

between trading blocs on a bilateral basis. Apart from the fact that this shift towards bilateralism involves the possibility of relative or 'new' protectionism, the idea that the world can and should be divided up into blocs - in which the blocs or bloc leaders bear a large measure of responsibility in regional matters - could also lead to a decline in cohesion in terms of security policy.[20]

The tendency towards economic and political regionalism is also reflected in the series of trade agreements which the European Union has concluded in the recent past or intends including in the near future. Examples of the former are the European Economic Area and the series of so-called Europe agreements with countries in Central and Eastern Europe (involving association with the prospect of EU membership). On the agenda in the coming years, among other things, is a Mediterranean Economic Area. A free trade zone of this kind with 'neighbouring countries' in North Africa and the Middle East would go towards meeting the wishes of those Member States of the European Union that have been attaching higher priority in recent times to the problems on the southern flank. In addition the European Commission has launched a plan at the initiative of Manuel Marín to arrive at due course at a free trade zone between the EU and Mercosur (the common market linking up a number of South American countries) by means of an interregional cooperation agreement. It is noteworthy that reference was made in this context to a transatlantic free trade zone that might rival NAFTA.[21] The fact that trade agreements of this kind will become more of an extension of foreign policy than has so far been the case is, finally, clearly evident from the recently signed agreement between the EU and Turkey. A customs union is regarded as part of a strategy to consolidate Turkey's western orientation and to counter the rise of fundamentalism in Turkey. In addition the agreement is - partly in the light of the necessary ratification by the European Parliament later this year - being used as a means of exerting influence on domestic political developments in Turkey.

Of a different order is the question as to whether the trend towards polarisation (especially the very marked and assymetrical trade dependence of Central and Eastern Europe as well as Africa on Western Europe) noted in this chapter will have consequences for the policies of the European Union. If stability in Europe is in large measure dependent on developments in Central and Eastern Europe and North Africa and if at least part of the problems in these areas stems from existing differences in economic development, a greater European contribution towards these regions is the obvious course of action. This applies particularly to Central and Eastern Europe, where the provision of enhanced market access is clearly consonant with Western Europe's immediate strategic interests. In the case of Africa, where the preferential trade agreements with the Lomé countries are losing importance since the successful completion of the Uruguay Round, the enhancement of export opportunities is prompted much more by long-term interests. Here too the prospects are for an accommodating policy.

20] See E. van Lennep, quoted in *Financieel Dagblad*, 28 March 1995.

21] *El País*, 20 October 1994, p. 62.

Appendix:

Classification of countries and country groups

1. WE	Western Europe (EU-12, EFTA-6, Faeroes)
2. JPN	Japan
3. NA	North America (Canada, United States)
4. CEE	Central and Eastern Europe (Albania, Bulgaria, Hungary, East Germany [until 1990], Poland, Romania, Slovakia, Czech Republic; successor states to the Soviet Union)
5. AFR	Africa (with the exception of South Africa)
6. Asia/Oceania	South and Southeast Asia (Afghanistan, Bangladesh, Burma, Brunei, Cambodia, Hong Kong, India, Indonesia, South Korea, Laos, Macau, Malaysia, Maldives, Nepal, Pakistan, Philippines, Singapore, Sri Lanka, Taiwan, Thailand), socialist countries in Asia (China, North Korea, Mongolia, Vietnam)
7. LA	Latin America (South America, Central America)
8. ROW	Rest of the World (South Africa, Israel, West-Asia [Bahrain, Cyprus, Iran, Iraq, Jordan, Kuwait, Lebanon, Oman, Quatar, Saudi Arabia, Syria, Turkey, United Arab Emirates, Yemen], Malta, former Yugoslavia).

State actors 5

5.1 The United States [1]

The revolutions on the continent of Europe have also affected US-European relations. The ties between the US and Europe are becoming looser. How loose?

On the one hand the 'return of geography' in the Alliance can only mean that the US is less directly concerned about European problems and preoccupations: the US is no longer defended in Europe[2]! On the other hand the US's close involvement in international and hence also the European security order cannot just disappear. It should also be borne in mind that the US has not just been left as the sole country capable of deploying military power anywhere in the world but that it also remains bound up with the rest of the world in numerous ways and continues to play a dynamic and expansive role in the economic, technological, scientific and cultural fields. For this reason a substantial degree of transatlantic intertwinement will remain a permanent fact.

Two factors are likely to have a particular bearing on the nature and intensity of the US's involvement in Europe:

- *the domestic political climate in the US*. Many electors currently perceive an intense socio-economic, political and social crisis in their own country, thereby accentuating the mood of having as little to do with the rest of the world now that the Cold War is over;
- *perceptions concerning 'Europe'*. The extent to which the US continues to regard Europe as an attractive partner in economic and security matters is open to question.

These factors are examined in greater depth in the sections below.

5.1.1 Domestic crisis and foreign policy after 1990

The short-lived euphoria after the ending of the Cold War rapidly gave way in the US to a preoccupation with domestic concerns: high budget deficits, pockets of high unemployment, growing social tensions, high crime rates and a widely held perception that the political system was not working. The mood of pessimism among the American public led first to the replacement of President Bush by President Clinton, followed two years later by a seismic anti-Clinton shift in favour of the Republicans in the 1994 Congressional elections. The latter two elections are both consistent with the deep-rooted dissatisfaction with 'Washington', i.e. with the way in which the political establishment handles the interests of 'ordinary Americans'.

In popular perception many domestic problems are attributed, at least in part, to 'foreign countries'. Many Americans see the role of the US after the Second World War as that of a benevolent hegemony, under which their country was required to pull the chestnuts out of the fire as the manager of international economic and security systems.[3] This contributes to the image of the Alliance partners as profiteers. The persistent trade imbalance, especially with Japan,

[1] This section is based in part on J.A. Brouwers, *Amerika's buitenlands beleid en de ontwikkeling van de transatlantische relaties na 1990* (America's foreign policy and the development of transatlantic relations after 1990); Working Documents no. W85, The Hague, WRR, 1995.

[2] Christoph Bertram, 'The Future of European Security and the Franco-German Relationship', in: *Een gedifferentieerd Europa*; WRR, Preliminary and Background Studies no. V89, The Hague, Sdu Uitgeverij, 1995.

[3] Robert Gilpin, *The political economy of international relations*; Princeton, Princeton University Press, 1987, pp. 72-80.

provides the statistical 'proof' of this unequal sharing of the burden.[4] Many Americans accordingly regard the US as an honest, open trading nation, surrounded by devious competitors who make use of dishonest trading practices.

These perceptions mean that tackling the budget deficit and the need for domestic socio-economic reform automatically involve the placement of major aspects of foreign policy on the political agenda of reform. To a greater extent than before, the latter is determined by a more aggressive trade policy and the desire to reduce the United States' international burden. Internationalist attitudes have therefore become more adapted to domestic requirements.

This means that foreign policy is brought 'closer to home'. Regional threats, such as the problematical immigration flows from Mexico, Haiti and Cuba, demand greater political and public attention than more remote crises, such as those in Rwanda and Bosnia. The regionalisation of American policy is also evident from the initiative to establish a North American free trade zone in collaboration with Canada and Mexico and to seek closer ties with the remaining markets in the western hemisphere.

US policy is not just subject to a process of 'economisation', which has been under way for decades, intensifying after 1989/1990, but also displays evidence of growing economic nationalism. At his inauguration President Clinton said that the US would no longer make trading concessions to support the security relations between the US and its allies.[5] Since then the US has indeed adopted a harder attitude towards trade disputes. For the first time, new life was breathed into the unilateral powers under Section Super 301 of the *Trade Act,* not by Congress but by the President himself, with Japan particularly in mind. At the same time it needs to be acknowledged that these instruments are primarily used to open, not close markets, and that they remain based on the attitude that the US itself has every interest in an open international order.

Apart from the greater impact of domestic problems on foreign policy and the 'economisation' of that policy, the growing ethnic diversity of the US also plays a role. In the present political climate, with its lack of an overarching global strategy, Asian, Afro-American and Latin American elements of the population are able to exert greater influence. This can mean that the policy focus becomes more widely spread. In European eyes, the emergence of 'ethnic' politicians, linked to the economic developments especially in East Asia, promotes an orientation in the future towards more points of the compass, in particular Asia, where the potential for economic development appears much greater than in Europe.

The extent to which these European fears are justified will need to be born out in practice. US trade policy has in fact traditionally been global in nature and has always been oriented in part towards its own region (i.e. Central and South America) and to the new Asian market. Both economic facts[6] and political realities mean that Europe is unlikely to be rapidly lost to sight: the only partner of real weight in Asia - Japan - currently provides the main focus for the US's more aggressive trade policy. The biggest prize among the Asian markets - China - eluded the Americans once before and, for the present, remains little more than a dream. Although Europe's relative weight has

4] William Wallace, *The USA and Europe in the 1990s: a changing America in a transformed world order,* Report for the Commission of the European Communities, Oxford, January 1993, pp. 27-28.

5] Jeffrey E. Garten, 'Clinton's Emerging Trade Policy, Act One, Scene One', *Foreign Affairs;* summer 1993, pp. 182-183.

6] See Robin Gaster and Clyde V. Prestowitz Jr., *Shrinking the Atlantic; Europe and the American economy;* Economic Strategy Institute/North Atlantic Research Inc, June 1994.

declined in American perceptions, a susceptibility towards the attractions of the Asian markets will nevertheless remain coupled with the simultaneous development of relations with the countries of Europe (which, counting Eastern Europe, include four nuclear powers, three permanent members of the Security Council and four members of the G-7).

A final domestic factor is the reversion to the traditional manner of determining foreign policy. In the 'post-ideological' age it has become much more difficult to enlist major public support for foreign policy initiatives; the 'great enemy' and 'great cause' are no longer a source of cohesion. Traditional constants in US policy concerned with the preservation of independent room for manoeuvre are, accordingly, reasserting themselves more vigorously.

A major factor is the effectiveness of the President, who depends in part on the *perception* of his effectiveness among the members of Congress and the general public. The President may, however, be obliged to demonstrate his effectiveness in areas other than foreign policy. Domestic political problems can, for example, cripple a President's foreign policy initiatives. De Tocqueville's pessimistic view of the ability of a democracy to conduct a rational, coordinated foreign policy and then to sustain it may have been partly invalidated by the experience during the Cold War, but appears to be gaining validity again after 1989/1990.

5.1.2 Perceptions of Europe

The question as to whether the cooperation with West European allies will survive the growing frictions will depend partly on US perceptions of developments within the European Union. Can the EU shed its 'free rider' image on the other side of the ocean? Will the Americans come to rate European security contributions more highly than in the past?

The debate about the appropriate level of US forces stationed in Europe indicates the extent to which the US Congress is affected by perceptions of what Europe itself contributes. The debate also reveals the extent to which strategic US goals can be undermined by domestic political realities. In an analysis of the most recent reduction in troops in Europe, namely the cut from 150,000 to 100,000 announced by the former Defense Secretary, Les Aspin, the Congressional General Accounting Office came to the conclusion that under NATO agreements, the US was only obliged to provide elements of an army, not an entire army.[7] These kinds of conclusions are of course grist to the mill of those members of Congress who would prefer to see bases disappear in Europe rather than at home.[8]

As far as the substantive contribution is concerned, it is true that the United States has changed its attitude from one of deep-seated scepticism to concurrence, at least in principle, with the aim of a separate 'European security policy'. In the course of 1992 the American and Franco-German standpoints on the desirability of a European 'security identity' and over the role of the Eurocorps vis-à-vis NATO moved closer together, inter alia because American interest in European security issues had declined. But the final judgement about the desirability of continued cooperation within the Alliance is not of course determined by declarations but by results 'in the field'. The ineffectiveness of European intervention in Bosnia and the fact that the European states have blocked the American desire to lift the arms embargo on Bosnia has

7] *Force structure. Basis for future army forces in Europe*; Report to the Chairman, Subcommittee on military forces and personnel, Committee on armed services, House of Representatives, Washington, General Accounting Office, January 1994, pp. 32-33.

8] Paul R.S. Gebhard, *The United States and European Security*; Adelphi Paper 286, London, IISS, February 1994, pp. 59-60.

damaged Congressional support for the Alliance and the continued presence of US forces in Europe. In a letter of May 1993 to President Clinton, Republican Senators Dole and Lugar state: "[T]he inability of NATO to act effectively to stop and contain a major war on European soil is bound to raise grave doubts among both the American people and the Congress about whether the enormous investment we make in NATO is reaping sufficient benefits".[9] Similar criticisms have resulted in the fact that Clinton has come to regard the preservation of NATO's ability to act as one of the main interests of US involvement in Bosnia.[10] At the height of the transatlantic dispute about the unilateral American lifting of the arms embargo Clinton consequently brought the US position into line with that of France and Britain, contrary to the wishes of a rebellious Congress. But the new Republican majority in the Congress will not facilitate a US-European accord concerning Western policy on Bosnia.

It may be expected that the further development of US-European relations will depend particularly on the contribution that the major West European allies - within the EU or otherwise - will be willing and able to make to stability, not just regional but to a certain extent even global. In this respect the 'logical' partner in US eyes is Germany. The opening to Germany undertaken by President Bush ('partnership in leadership') is evidence of the US perception that the interests pursued in Europe by Germany are the closest to US interests. This renders Germany the most suited in US eyes to assume part of the responsibility in Europe and also to play a role side by side with the US elsewhere in the world. The US support for Germany's efforts to secure a permanent seat on the Security Council is also closely related to Washington's wishes for Germany to assume greater global responsibility.[11]

During the Gulf War Germany managed to buy off a military contribution to the intervention by transferring a substantial sum of money to Washington. This abstention on the part of Germany was justified in terms of the interpretation of the German Constitution accepted in the Bundestag. In the meantime a ruling by the *Bundesverfassungsgericht* (Federal Constitutional Court) has eliminated presumed constitutional obstacles - something which Washington can only take as an encouragement. It may therefore be expected that sooner or later the reluctance that Germany has so far displayed towards becoming a serious partner of the US in military operations outside the Treaty area - a reluctance that is of course bound up with events in Germany this century - will be genuinely put to the test. This will happen if US involvement in Europe is linked to German support for the United States, in which case it would be extremely difficult for the Germans to continue resisting US pressure.

To date, however, US pressure for the shared management of the international security order obtains a greater hearing in Paris and London than it does in Bonn. Particularly notable has been the convergence of US and French views, which has to a significant extent been due to a shift in French attitudes since late 1992, as manifested in a flexible attitude towards security issues. The view is held in both Washington and Paris that the US and France currently have an interest in the integration of Germany in the EU combined

9] A member of the House of Representatives, Barney Frank, expressed this even more clearly: "Bosnia has shown there is no real role for US troops in Europe." Quoted in: ibid, p. 61.

10] 'Now, in Bosnia, we clearly have an interest in preventing the spread of the fighting into a broader European war; in providing that NATO can still be a credible force for peace in the post-Cold War era, in this first ever involvement of NATO outside a NATO country.' Speech by President Clinton to the Naval Academy, 25 May 1994.

11] Cf. M.C. Brands and R. Havenaar, 'De centrale plaats van Duitsland in de Europese politiek'; (The central place of Germany in European politics); in: *Challenges in the East*; WRR, Preliminary Background Studies no. V90, The Hague, Sdu Uitgeverij, 1995.

with a continuing American presence in Europe.[12] The American desire to assign Germany (Europe) a greater role in security issues can in this way be more readily reconciled with the French desire for a European security identity.

The fact that the special relationship between the US and UK is subject to erosion is neither new nor particularly dramatic. As long as the British identify themselves on the one hand with the US presence in Europe but on the other turn their backs to the continent and seek to slow down the process of integration within the EU, the US need not invest heavily in the bilateral links. London primarily has importance for Washington in so far as it plays an active role in Europe.[13] Nevertheless the firmly established relationship could revive from time to time.

5.1.3 Conclusion

The role of the United States in Europe is changing. Does 'changing' mean the same as 'less important'?

Against this is the fact that the US retains major geopolitical and strategic interests in Europe and neighbouring areas. This applies in particular to the relationship with Moscow, the strategic nuclear balance, nuclear security issues, security risks such as terrorism and developments in the Middle East and the Gulf. In addition there is a long-established and highly detailed network of other relationships - not just political but also economic, financial and broad cultural links - between both sides of the Atlantic. These are integrative forces, perhaps accentuated by a growing realisation of shared interests in problem areas of a global nature (e.g. the environment, energy and population growth).[14]

It is, however, difficult to predict to what extent this wide range of shared interests and relationships will weigh in a political situation in which the US unmistakably take a tougher line vis-à-vis the Alliance partners and in which wide-ranging domestic preoccupations in the US generate a desire to hive off tasks and share responsibilities with its partners. What is clear is that the well-nigh axiomatic identification of US interests with those of the Western world is past. The domestic political climate, traditional inclinations towards aloofness and perceptions concerning Europe's willingness to put its own house in order appear for the time being to be the dominant influences in the transition to a new security order. Greater investment will therefore be required on both sides in order to ensure successful cooperation.

5.2 The Russian federation and the CIS[15]

5.2.1 Period of uncertainty

The present developments in the Russian federation need to be viewed in the

[12] Benoit d'Abeville, 'The New European and World Order: The Current French Debate'; *SAIS Review*, autumn 1993, volume 13, pp. 23-24. See also Pierre Lellouche, 'France in search of security'; *Foreign Affairs*, spring 1993, volume 72 no. 2, pp. 130-131, in which he states: "And again, France and Great Britain are incapable by themselves of balancing German power or checking Russian instability, let alone restructuring the entire European order, around a Franco-British axis. [...] European unity and strong U.S. commitment to European affairs remain perhaps more vital to French national interests in post-Cold War Europe than they were [before]."

[13] W.F. van Eekelen, 'Veranderende veiligheid' (Changing Security) in: *Een gedifferentieerd Europa*; WRR, Preliminary and Background Studies no. V89, The Hague, Sdu Uitgeverij, 1995.

[14] See however: Christoph Bertram, op. cit.

[15] This section is based in part on: Michel Tatu, 'Russia and the World', in: *Challenges in the East*; WRR, Preliminary and Background Studies no. V90, The Hague, Sdu Uitgeverij, 1995.

perspective of the revolutionary changes of the past ten years. Since 1992 Russia has been at the start of a lengthy process of transformation in which it is required simultaneously to implement political and economic reforms in a context of domestic malaise. The fact that the disintegration of a large, militarised and multinational empire such as the Soviet Union should have been accompanied by violence comes as little surprise. More notable, indeed, has been how limited the resort to violence has so far been.

The intervention in Chechnya and the political repercussions this has had in Moscow have ushered in a period of uncertainty, perhaps indicating that Russia remains in a phase of disintegration and has not yet turned the corner. Increasing political disintegration, widespread corruption and sinister links between criminal conglomerates and government agencies are coupled with a painful process of economic transformation and the return of an assertive Russian foreign policy towards neighbouring countries in the Commonwealth of Independent States (CIS) and elsewhere.

Russia was and remains a European great power. On account of its size, geographical location and the status it has built up since the Second World War as a nuclear superpower, Russia will remain an uncertain factor for an indefinite period, while events there will be one of the shaping factors in a new security order in Europe. The question is what attitude the new Russia will adopt towards the other European states. In what way will the current internal weakness of the country (at political, socio-economic and even, in comparison with the past, military level) influence Moscow's foreign policy stance?

Russian policy currently has three priorities:

- first of all the need to counter anarchy and the further disintegration of the Russian Federation;
- secondly the ambition, based on considerations of security, status and economic development, to play a decisive role among immediately surrounding countries, consisting of the CIS minus the Baltic States, with Ukraine in an exceptional position;
- thirdly the desire to continue in the direction of a free market economy. This requires cooperation with Western countries and financial organisations in order to foster the process of economic transformation in Russia, even if security and other interests are being simultaneously pursued in international forums that do not sit happily with those of the West. A particular factor in the latter regard is that a weakened and, in the perception of many Russian people, also 'humiliated' country, has a need to be taken seriously by the outside world in promoting its own interests.

5.2.2 Chances of further disintegration

The Russian political system lacks a *pluralist democratic culture*. In particular the lack of clear political movements and credible parties with a well-defined programme is damaging the democratic experiment and reducing the legitimacy of the current system in the eyes of the electorate. None of the 13 parties and blocs that emerged from the elections in December 1993 has evolved into a credible political formation. The political discourse has, consequently, become highly personalised and the struggle for power is concentrated among interest groups surrounding President Yeltsin.

Impenetrable links between mafia-style factions, elements of the still influential *Nomenclatura* in the ministries and the regions and parts of the nine security organisations that have replaced the former KGB provide the political system with features reminiscent of Czarist and Communist traditions.

The increasingly autocratic style of Yeltsin's government is another contributory factor. The result of these and other political developments could be the further disintegration of Russia and even anarchy if opposing domestic power factions resort to violence. The political neutrality of the army, which has held steady in previous crisis, might also come under threat.

The intervention in separatist Chechnya is subject to varying interpretations. On the one hand it is indicative of the increasingly opaque method of decision-making in Moscow, in which it is clear that President Yeltsin's authority rests increasingly on support from elements within the armed forces and security agencies who feel a need to restore order. Another important aspect of the Chechnyan campaign, however, is the fierce opposition that has been expressed towards it by elements of the population, the parliament and the media (who took little notice of efforts to persuade them to report on events more positively). Even leading military figures and nationalists have expressed objections. The Russians currently appear equally as disinclined as the Americans or Germans to conduct bloody interventions, even in their own 'back yard'.[16]

5.2.3 The role of the economic reforms

One of the most important factors that will affect the future development of Russia and the direction taken by its foreign policy is the outcome of the process of economic transformation. The figures on the development of the Russian economy provide a pessimistic picture: whereas former Warsaw-Pact countries have managed to turn around their negative growth figures, Russia has now suffered from a dramatic contraction of GNP for three years in a row (13% in 1994). Furthermore, the lack of effective state authority and an adequate judicial framework mean that tax receipts have fallen to very low levels, thus pushing up the government deficit. Large-scale capital injections by foreign investors have also failed to materialise. Until recently, these setbacks have in part been countered by the printing of rubles, which has of course fuelled inflation.

This sombre picture of the Russian economy does of course need to be qualified: the dramatic contraction of GNP cannot for example be viewed in isolation from the fact that whereas production figures tended to be exaggerated under the planned economy, a situation has now arisen in which they are understated. In addition contraction can in certain cases involve the necessary demise of inefficient companies, with beneficial effects for the economy in the longer term. Finally the effects should not be underestimated of the large-scale privatisation operation in Russia which, despite all its imperfections, is conducive towards the dynamism of market-oriented reforms.

What is the impact of the economic reforms on the stability of the political system in Russia? Here too the signals are conflicting. These economic developments take their toll among large groups of the Russian population, so that the economic reforms could become the most important factor behind the failure of political reform. Widespread disillusionment with economic developments has undoubtedly undermined the power-base of reformers in Moscow. But another effect of the economic reforms is at least equally as important: since those elements of the population benefiting from the market-oriented economy (i.e. the departmental and regional *Nomenclatura*, the owners of large privatised state enterprises, politicians and semi-criminal networks) are also closely bound up with the political system, they have a *direct interest in both the continuation of the reform process and the preservation of internal stability*. This provides one of the reasons why the orientation towards a free-market economy was able to take root fairly quickly in Russia.

[16] See Charles H. Fairbanks Jr., 'A tired anarchy', *The National Interest*; no. 39, spring 1995, pp. 15-25.

Economic considerations are also an important factor in foreign policy in the post-Communist era. One of the most important lessons that Gorbachev drew from the bankruptcy of the Soviet Union was that apart from military strength, a country's power, influence and status in the world was determined by economic prosperity.[17] President Yeltsin sustained this switch in geopolitical strategy and launched the liberalisation of the Russian economy. The economic reforms consequently form a building block in a new relationship with the west, which must, at least in part, be based on cooperation. But precisely on account of the widespread disillusionment among the Russian population concerning the results of these reforms - in which undue expectations concerning economic cooperation with the West also played a role - the present backlash against an unqualified pro-Western foreign policy was also able to get off the ground.[18]

5.2.4 Renewed assertiveness

The further disintegration of the present Russian political system under pressure from the domestic climate cannot be ruled out. The struggle for power between parliament and president that provisionally came to an end with the parliamentary elections in December 1993 is not yet entirely over. The vulnerability to domestic opposition will therefore continue to influence the foreign policy choices of those in power in Moscow. Even reform-mind politicians who count themselves as part of the centre are finding themselves more and more obliged to adopt highly nationalist positions in foreign policy matters. Nevertheless a reversal has occurred in the political and economic vision of Russian leaders. Even if certain groups continue to regard the West as a threat there is a broad consensus among the Russian elite that the country needs access to Western markets, Western technology and Western aid.[19]

The pro-Atlantic policy initially conducted by Yeltsin and his Foreign Minister Kozyrev, which was aimed at political and economic cooperation with the United States and Germany, has come under pressure in recent years from two developments described above: the continuing economic malaise and the partial reassertion of power by conservative institutions from Soviet times (the army, KGB successors, the military-industrial complex and the oil and gas lobbies).

Instead of the emphasis on cooperation with the West, a 'renewed assertiveness' is now in evidence in Russian foreign policy. This manifests itself most clearly in Russian policy vis-à-vis surrounding countries, i.e. the former Soviet republics united in the CIS, in respect of which Moscow clearly favours a de facto reintegration of the republics into the Russian sphere of influence. Apart from considerations of prestige this primarily involves Russian security interests, consisting of the need for stability on the southern flanks of the Russian federation. The restoration of a Russian sphere of influence in the former republics - leaving aside the Baltic republics and Ukraine - has been taking place for sometime with a mixture of political, military and economic instruments. So far this has occurred with little opposition from the West.

The question as to whether the Russian activities in the CIS form a systematic attempt to restore a Russian empire or are no more than an effort to set up a limited security zone around Russia is vitally important in evaluating the

[17] This shift in policy was highly important for the rest of Europe: it provided the basis for Gorbachev's replacement of the Brezhnev-doctrine by a doctrine of non-intervention in the Central European countries of the Warsaw Pact, without which the developments of 1989-1990 might well have taken a very different course.

[18] Hannes Adomeit, 'Russia as a "great power" in world affairs: images and reality', *International Affairs*; January 1995.

[19] Renée de Nevers, 'Russia's strategic renovation. Russian security strategies and foreign policy in the post-imperial era', *Adelphi Paper 289*; London, IISS, July 1994.

course that Russia is likely to adopt in the future: in the past the expansion of the Russian Empire has never provided room for the liberalisation of Russian society. To date, however, Russia has pursued a policy of restraint vis-à-vis the republics of greatest importance from a Western viewpoint, i.e. the Baltic states and Ukraine. Although Moscow has loftily accused the Baltic states of 'large-scale violations of human rights', virtually all Russian troops have now been withdrawn. Russia has also adopted a moderate stance towards Ukraine on such thorny issues as the separatist movement in the Crimea and the dispute over the Black Sea fleet.

The renewed assertiveness of Russian foreign policy is also reflected in developments outside the CIS. The closer relations developed with Iraq, Iran and India express the Russian desire to resume its traditional geopolitical role. The cooperation with the United States and Western Europe has, to some extent, given way to renewed mutual suspicion and the Russian determination to formulate specific Russian interests in the foreign policy field, such as those in relation to Yugoslavia. The worsened relations with the West have been manifested in particular in the protracted disagreement concerning the expansion of NATO to include a number of Central European states, which has gradually seen Moscow's initially mild reaction switch into a shrill rhetorical campaign to prevent such expansion.

5.2.5 Conclusion

Russia is at the beginning of a lengthy process of transformation, the outcome of which is not clear in advance. It is, however, already evident that the basis for cooperation between Russia and the West has been permanently broadened since the revolutionary changes in Moscow in recent years. This is an important change in the European security order, which might even survive if a more nationalist and authoritarian government were to assume power in Russia. For the first time in many years, Russian priorities now concern domestic - generally economic - problems. The foreign policy rhetoric also arises largely out of domestic political considerations, especially the desire for status and recognition. Although its size and position mean that Russia cannot be incorporated into existing Western institutions such as NATO or the European Union, the paths towards the integration of Russia in other cooperative arrangements, and hence the promotion of stability in Europe in the long term, are not closed off. This is the most important reason for policymakers in the West to accept or at least tolerate certain Russian ambitions - such as the desire for dominance in the surrounding region - for the time being and to take account of Moscow's objections towards the eastward expansion of NATO.

5.3 China

'Modernisation' has had various meanings in China since the Second World War. In the 1950, under Mao Tse-tung, 'modernisation' meant establishing society and the economy along Soviet lines. Factories, production methods and products as well as the system of political control were copied from the Soviet Union. Agriculture was collectivised. The features still remain universally visible. After Deng Xiao-peng assumed power in 1977, however, 'modernisation' took on a different meaning, namely economic decentralisation and the development of (parts of) the economy along market lines, albeit under the aegis of the Communist party. Under Mao the Chinese share of world trade had fallen below 0.5% - less than in the 1920s[20] - while over the past 12 years the share has risen again to roughly 2%. During that time the economy has

[20] Cf. Vincent Gable and Peter Ferdinand, "China as an economic giant; threat or opportunity", *International Affairs*; volume 70, no. 2, April 1994, pp. 243-262.

grown by over 10% a year. This rapid development, added to China's estimated population of 1.2 billion, makes the country an important trading nation in the eastern part of the Pacific and, potentially, a highly attractive market for Western companies. In the next century China - which, after Mao's open break with Moscow around 1960 has independently continued to develop its nuclear armaments - could become a world power.

Whether and when this will happen is, however, by no means clear. Ranged against the successes are immense demographic, economic and political problems. Despite the strict policy of population control the population is continuing to grow more rapidly than expected; every decade a further 100 million Chinese are added, or the equivalent of the population of Japan every 12 years. The demographic structure is skewed, with a large number of old people and a surplus of marriageable males. The process of decentralisation has accentuated the marked and growing contrast between the backward and poor rural areas where agriculture remains the main activity and a number of urban regions in the south. In certain rural areas the food supply remains a problem, approximately a third of the population is illiterate and agricultural unemployment, 'hidden' or otherwise, is put at 150 million. By contrast the southern coastal regions are undergoing breakneck development. In contrast to the 100 million Chinese still below the poverty line, there are already several thousand dollar millionaires. Although there are doubts about the sustainability of this 'miracle'[21], the reality has not so far been denied. At the same time it is clear that the ultra-capitalist development in these regions, where corruption from top to bottom has become an everyday occurrence, has accentuated the internal tensions in China. This may be seen from the major exodus from rural areas to the cities (despite the prohibitions and restrictions on migration), where the itinerant population is now estimated at over 50 million.[22]

Since 1989/1990 China has been the sole major power where capitalism has flourished under a Communist flag. Although Marxism remains the official ideology, it otherwise enjoys little if any adherence. The party also no longer bases its leading role on Marxist principles but derives its legitimation from the economic growth and seeks to persuade the population that the alternative to its leadership is chaos.

The question is of course what all this will mean for the future. Under an optimistic scenario, Deng's death would, in the absence of a generally accepted successor, lead to the formation of a collective leadership that managed to hold Chinese society together and guide it along more plural lines. The contrary view would hold that after the disappearance of the generation of revolutionary pioneers, the leadership will be even more sharply divided and a power struggle will arise, leading to a weakening of China's position, at least during the transitional stage, on account of major instabilities and divisions in society.

In terms of the problems being addressed by this report it is of course important what road China takes. Given the unpredictability of developments in China, however, and the limited capacity for influencing them, certainly on the part of the Netherlands but also of Europe, this does not make a great deal of difference for the policy perspectives to be developed below. Apart from efforts to expand trade relations, there is little if any scope for an independent Dutch China-policy. It is also questionable whether the European Union can do much in this respect for the time being. At any event the tasks addressed

[21] Cf. Richard Hornik, "Bursting China's Bubble", *Foreign Affairs*; May/June 1994.

[22] Ibid.

in this report will be unaffected by developments in China during the period under consideration.

5.4 Germany[23]

5.4.1 The shifting map of Europe

For no other Member State of the European union has '1989/1990' had such far-reaching consequences as for Germany. United Germany is not just currently 40% larger than France in terms of population size (now 83 million) and Gross National Product, but has also 'shifted' on the map as a result of unification. Until the collapse of Communism, the Federal Republic formed the Eastern-most part of the Western Alliance; now Germany once again forms the centre of Europe.

What is different from before is that the unification was brought about not by force of arms, as in 1871, but by negotiations and agreements between the 'two Germanies' and the four former occupying powers (2+4). These negotiations proceeded harmoniously up to the highest level. Reunification took place without nationalist passion: it was pushed through by an East German population motivated by the desire for liberty and a higher standard of living; the citizens of West Germany responded more with embarrassment or sometimes even aversion to the prospect of reunification than with passion. In this context it may be noted that Germany is now surrounded for the first time by friendly nations.

What is also different is that for nearly half a century, Germany has been a functioning democracy and has proved a reliable partner of the leading Western powers and its closest neighbours in the Atlantic Alliance and the process of European integration. This, perhaps, is the biggest difference with the past. Bonn consistently emphasises its close links with the West. These continue unchanged; the links with Washington and Paris remain undamaged. Germany continues to adopt the same stance within the EU and, so it is said, has no ambition to be 'more equal' than the other partners.

Old dilemmas are nevertheless rearing their heads again, in a different context and in a different form, but nevertheless recognisable. In the first place there is the awkwardness of Germany's size in Europe. At the time, Bismarck's Germany proved at once too large and too small: too large to fit in comfortably into the European state system, but too small to impose hegemony on the Continent. This duality has been the source of many theories concerning the inconstant nature of Germany's relations with its neighbours. After 1871, the theory runs, Germany was not only unable to find its 'natural' place in the centre of Europe but, on account of its menacing nature, was also never fully accepted by the other great powers, namely France, Britain and Russia. The question of Germany's ability to fit in, both within Europe and in the relationship with the United States, is being posed once again.

Secondly, after 40 years Germany is now once again linked up with Central and Eastern Europe - its traditional political, economic and cultural hinterland. The resultant reorientation is not free of inconsistencies. As the largest power in Central Europe, Germany automatically has a concern and even responsibility for the stability and prosperity of this region. *This is 'unsolicited', and follows from the 'nature of things'; Germany has no other choice: if the instability created by an institutional and political vacuum in Central Europe spreads to the West, the Germans will be the first to feel the consequences.* On the other hand, German influence in this region can only be effective if tole-

[23] This section is based in part on M.C. Brands and R. Havenaar, op. cit.

rated by Moscow, for which the latter will undoubtedly exact a price. As though this were not enough of a balancing act, Germany must also take care to ensure that its Eastern preoccupations do not alienate it from its Western allies, (especially) Washington and Paris.

Seen in this light it is not surprising that the notion of a weightier German role and greater room for manoeuvre on the part of Bonn since 1990 should have run into opposition. Part of official German policy consists of the denial of weight. By preference German interests are interwoven with European interests in such a way that they can legitimately be labelled 'European'. There is a marked preference for multilateralism in general and 'imbedding' in Europe in particular. Needless to say this is difficult to square with the increased room for manoeuvre - even though the latter is only limited. While in principle large states have more options than do small ones, they do not generally perceive this themselves: large states are obliged to deal more frequently with a much wider range of matters at one and the same time, they are exposed to more conflicting pressures and are less able to render themselves 'invisible' if an appeal is made to them. What then does 'room for manoeuvre' mean in practice? In German eyes their involvement with the East is imposed on them; in Western Europe Bonn is obliged to give a lead if the EU is not to become rudderless; while in the transatlantic Alliance Germany has been designated by the US as 'partner in leadership', so that - against the will of many German people - the country finds itself involved in international operations. In short, the ending of the Cold War has also finally brought to a close the 'holiday from world politics'.

The difference with the pre-1990 period may perhaps be illustrated in terms of the fact that previously the big three in the EU were in a different rank order in each policy field. This has now become more homogenised. As long as Europe is not under external pressure, the change will not be evident. If however crises should arise - such as destabilising conflicts in Central and Eastern Europe, threats from the Arab world, terrorism as well as trade wars - it will then presumably become evident that Germany has become 'more equal'. The question will then also be answered as to whether the difference in weight has become sufficiently pronounced to keep the EU partners together. Can 'hidden' de facto German leadership in a crisis create sufficient cohesion now that the US has become more distant and Moscow is no longer a source of fear?

5.4.2 Relations with Central and Western Europe

As noted, Germany is the major power in Europe for the Central European countries in historical, political, economic and cultural terms. Although they do not wish Bonn or Berlin to lay down the law, all Central European governments wish to maintain the closest possible relations with Germany, in addition to (and partly to promote) a link with 'Brussels'.

This situation could easily lead to the kind of distortion that the German government is so wary about. Great power status for Germany in all or part of Europe is not consistent with the previously outlined position of multilateralism in general and emphasis on European integration in particular, since this could easily lead to fragmentation within the EU, causing more than just political tensions. If Germany aspires to 'informal leadership' in Central Europe, Bonn's EU partners will seek even more avidly to pass on the costs of supporting those countries to the Germans. This would be unacceptable to German public opinion, which is tired enough as it is of protracted 'paymastership', and hence further dampen the ardour for 'Europe' in Germany. In this way the problem of Germany's 'too large and too small' size would find concrete expression.

In order to avert growing instability in Central Europe, Bonn is pushing through the accession to the European Union of the countries in question. As a result, the EU is becoming even more heterogeneous and is threatening to lose cohesion, with a consequent further undermining of its capacity to act. In an ever 'looser' European Union, Germany would, involuntarily, find itself even more driven to adopt a position of unilateral leadership. Germany's power would become disturbingly visible. This is an important reason behind the German initiative as set out in the CDU/CSU proposals for the formation of a 'core group', which would undertake the necessary leadership in the EU (for a more detailed discussion see the Schäuble/Lamers document, Chapter 8).
By deepening the integration, an initiating role for Bonn (soon: Berlin) in Europe can be contained within the framework of partner countries acting on the basis of clear self-interest, most notably France (for the specific Franco-German relationship see section 5.6 below). Whilst this would not resolve the problem of German 'incorporation' into Europe, it would render it a good deal more manageable.

5.4.3 Relations with Russia

Germany has specific interests in Russia, and not just because there are over one million 'ethnic Germans' living in Russia. A large-scale conflict between Russia and other states in the Russian Federation or the CIS could give rise to a flood of refugees with the potential to destabilise not just Central Europe but Germany itself. This risk has forced the administration in Bonn to seek close contact with Moscow with a view to exercising a moderating influence, in so far as this is possible. In addition security interests, such as the prevention of nuclear proliferation and the careful management of nuclear power plants, combined with economic interests (especially in the energy supply field), provide grounds for maintaining the best possible relations between Germany and Russia.

The hope that the moderate forces might retain the upper hand in Russia has so far induced the German government, like the US administration, to spare and support President Yeltsin as far as possible. The German protests against the undue use of force in Chechnya have also not deflected the German government from this course. German policy is aimed at building up a network of differentiated relations with Moscow, so that the accusation that Russia is being excluded can be countered. The more that Russia is becoming intertwined in economic and other forms of cooperation with the West, the German Ministry of Foreign Affairs argues, the greater the price that Moscow would have to pay for any resumption of an aggressive policy.

An important question concerns the way in which good relations with Moscow can be combined with the stabilisation of Central Europe by the integration of those countries into the European Union and NATO. The growing protests by the Russian administration and the accession of the Visegrad nations to the Atlantic Alliance pose Bonn with a difficult dilemma. On the one hand measures must be taken to accommodate the legitimate security requirements of the countries of Central Europe. On the other hand hopes continue to be pinned on the moderate reformers in Russia and everything possible must therefore be done to prevent their precarious position from being damaged and the influence of radical nationalist forces from being strengthened correspondingly.

The in many respects unusual position of Germany vis-à-vis Russia and the CIS means that Bonn would be faced with painful choices in the event of a major crisis. Abrupt turns, combining rivalry and cooperation, have previously occurred in Russo-German relations. In case of insufficient progress

towards political integration in the EU in the years ahead, it is not inconceivable that Germany could face the necessity of dealing more unilaterally with Russia, if necessary to the detriment of relations with other nations in Central Europe or, even, in the West.

5.4.4 Relations with the US

What applies to the EU as a whole applies in particular to Germany: the more the United States draws back, the more that various tasks will need to be taken over.

The proposition could be defended that the German role will become more prominent as the US seeks to distance itself from European affairs. This viewpoint underlies the express American desire for Bonn more openly to assume leadership in a 'disorderly' Europe. As noted, this notion of 'partner in leadership' does not really square with current German wishes and certainly with the ambitions of the German public.

The question as to whether Germany could in due course evolve into a type of 'neighbourhood policeman' in Europe for the US will depend primarily on the future course of integration in the European Union. The critical factor will be whether sufficiently homogenous and effective institutions can be formed to absorb Germany and so render one-sided accentuation of Germany's status superfluous.

5.4.5 Conclusion

Since reunification in 1990 Germany has been obliged to play a leading role in Europe. Germany has once again become the central power on the Continent. German policy is expressly aimed at avoiding 'historical errors' and sharing leadership as much as possible with a number of countries in the European Union. It cannot assert itself too strongly, as this would otherwise call forth fragmentary counterforces, but nor may it adopt too weak a stance, as this would give rise to disintegration and stability would be undermined. In the second case Europe would then find itself at the mercy of circumstances.

The German position is further complicated by the fact that special interests are at stake in both the relationship with Russia and the relations with the US. The promotion of the more moderate forces in Moscow to the best of Germany's ability is primarily necessary on account of stability in Central Europe. In addition Bonn attaches major importance to good relations with the US - while at the same time taking account of the fact that the German public wants as little involvement as possible in shared global responsibilities. For this reason too the Germans are seeking an extension of the European base.

The question as to whether Germany can continue to manage the necessary balancing act for 'covert' leadership in Europe will depend to a significant extent on its partners, especially France. In the first place the countries of Central Europe will need to be absorbed into the European Union, partly with a view to assuring stability on Germany's eastern border. In addition, differentiated integration will be unavoidable in an expanded EU if an adequate capacity to act is to be achieved. Hence the ideas coming out of Bonn for a

homogenous core group as an alternative to non-aspired one-sided German leadership.

5.5 France[24]

5.5.1 Out of the niche

During the Cold War France was a typical niche player. On the basis of the calculation that the US was obliged to continue with the deterrence of the Soviet Union out of self-interest, France exploited the space beneath the US nuclear umbrella to carve out as independent a position within NATO as it could. Opposition towards its hegemonial ally, the development of an independent nuclear force and the withdrawal from the integrated NATO structure were coupled with continuing participation in (and at crucial moments also manifest solidarity with) the Western Alliance.

The changes in 1989/1990 also ushered in a change of position for France. France's loss of its status as a great power could be concealed for a considerable period after the Second World War by means of an activist policy, especially as regards the development of the European Community, on which France managed to impose a far-reaching stamp. Particularly under President De Gaulle, the decline in economic and military power was offset by a policy dominated by French *grandeur* - while at the same time not impeding the promotion of specific national interests.

In Europe, French policy continued to pivot around reconciliation with Germany on the basis of German integration in the EEC and later EU. Even though the French economy was rapidly overshadowed by the German economy in the post-war period, the marked German desire to convert its hereditary enemy into a 'friend', coupled with the uncompleted sovereignty of the Federal Republic and the fact of German partition, provided a source of equilibrium and at times even French predominance in Franco-German relations during this period. Under these circumstances Paris was able to regard itself as the political centre of Europe. France's permanent seat on the UN Security Council and an active policy towards Africa complemented France's efforts to maintain its position in Europe during the Cold War.

The far-reaching changes in recent years have put an end to this position for France. German unification - a development that France was unable to hold back, and to which it has indeed always paid lip service - combined with the partial US withdrawal from Europe has meant that the economic and political preponderance of Germany in the Union has been increasing for all to see.

The 'attributes' of France's status as a great power are gradually losing their significance. In the new constellation the possession of nuclear weapons contributes less to the prestige of a country. By its nature, this kind of weapon is the least effective as a deterrent against the most dangerous fanatics outside Europe. The influence that France derives from its permanent membership of the Security Council is expected to diminish, either on account of an expansion in the number of permanent members or because closer political cooperation in the European Union opens up the prospect of a single European seat on the Security Council. The French are now seeking to underpin their currently still privileged position in New York by making a disproportionately large contribution to humanitarian UN campaigns in the field. France's Africa policy has also lost some of its gloss. The special links with former overseas dependencies created an economic and political sphere of influence but these

[24] The following section is based in part on S. Rozemond, *De internationale positie van Frankrijk* (The International Position of France); internal memorandum for the WRR, January 1995.

links are becoming increasingly entangled in conflicts of ethnic or religious origin. The franc zone has come adrift since the currencies originally linked to the franc were obliged collectively to devalue. Francophilia is even being driven on the defensive in France by the economic and cultural dominance of English-language audiovisual producers and distributors. In Algeria, francophilia is even engendering bloody resistance.

5.5.2 Role in the European Union

The 'return of geography' in security issues means that the priorities of the leading Member States in the EU are diverging to a greater extent. This need not, however, undermine the lynch-pin of European integration, namely the relationship between France and Germany. Even if it is accepted that the French position vis-à-vis Germany has weakened in the post-1989/1990 Europe, Paris still retains a number of trump cards from a political perspective.

The extent to which France will be able to carve out a position for itself within the Union as champion of the interests of the Mediterranean Member States remains very much open to question. With its pretention to act as spokesman for the southern states in the dialogue between Bonn and Paris, France is gradually reaping more irritation than thanks. Except where maintaining the level of subsidies from cohesion funds for southern regions is at issue, Paris's attitude is regarded as condescending, especially in Spain. Elsewhere the implication that the Federal Republic represents the northern flank in this duologue arouses resistance.
In the EU France continues to occupy a separate position as far as the role of the government in the market and the related trade policy preferences are concerned. To a greater extent than elsewhere, the economy in France has always been able to flourish within the framework of extensive government intervention. As a result of European and global agreements, however, private industry has been exposed to the workings of the free market in the space of a few decades. And not only are trade protection measures and subsidies now forbidden, but assistance on the part of the state in securing public orders from abroad has to be handled more subtly. In this respect France stands out in that the leading end-products in the export industry are precisely in those markets dominated by government procurement. This applies to public transport facilities, military equipment and telecommunications. Shrinking defence budgets as well as the reduced availability of French development aid for sucking in orders from the Third World have taken a heavy toll on the large companies. In comparison with other EU countries, smaller businesses in France are much less oriented towards foreign markets. Consistent with this is France's call for a single European industrial policy.

France's strength in the Union is primarily based on two factors. First of all there is the necessity as perceived in Bonn for continuing close cooperation between Germany and France. This ensures that France's voice will remain a highly important one in the future redirection of the European process of integration: in the run-up to Maastricht it was clearly revealed that, at decisive moments, Germany remained prepared to coordinate its own policy preferences with those of France. The deal struck at Maastricht came down to the fact that, partly with a view to tying Germany further down in Europe, France advocated the completion of Economic and Monetary Union, while in exchange Germany insisted on strict criteria for participation in EMU and greater progress towards a Political Union. Germany was not prepared to make concessions on the former point, but as far as Political Union is concerned the Maastricht Treaty does not go far towards meeting German wishes.

It may be noted that French thinking about the future shape of the Union

tends to be ambivalent. The marked French preference for intergovernmental cooperation could come into conflict with the growing perception in Paris since 1989/1990 that the Union's capacity to act needs to be strengthened, among other reasons in order to tie Germany to 'Europe'. When it came to the ratification of the Maastricht Treaty, the government was only able to secure a majority in parliament and the national referendum by breathing new life into the non-agreement of Luxembourg of 1966 on a right of veto within the Council on vital issues while at the same time holding out the prospect of political control over the European central bank. These twists and turns indicate that the strengthening of the Union advocated by France will continue to remain selective in nature.

With respect to the European Union, there is widespread consensus in France that, in the interests of legitimacy, greater emphasis needs to be placed on the Council, especially the European Council of the French head of state and heads of government. Greater use will also need to be made of framework directives, to be filled in by the national parliaments, thereby eliminating the need for wider powers for the European Parliament. In addition the number of European Commissioners needs to be reduced and it must not be possible for a blocking minority to consist just of small Member States.

The second source of French influence within the Union is the leading role that the country still plays in terms of contributions to multinational crisis management operations. In the security field Germany will remain an incomplete partner for some time, thereby providing France with the opportunity to maintain a high profile and, together with the United Kingdom, to demand a leading role. To this end the French government has developed a number of initiatives in the security field. In the first place there was the formation jointly with Germany of the Eurocorps, thereby laying a new basis for Franco-German cooperation in security matters. The Eurocorps also provided a renewed legitimacy for the stationing of French forces on German soil, while the secondment of a number of German units to Strasbourg simultaneously created a certain measure of reciprocity.[25] The ultimate decision that the Eurocorps should be at the disposal of NATO for collective defence tasks and of the WEU for other tasks indicates that France has become increasingly apprised of the desirability of a permanent US security presence in Europe. This is further supported by the fact that France has resumed its participation in meetings of the NATO Military Committee as far as peace affairs are concerned. France also appears to be aware that in the event of an explosion or implosion in Algeria, effective action would only be possible in conjunction with the US, even though the latter's willingness to intervene on the spot itself should not be overrated.[26]

Also worthy of note is the fact that Paris appears intent on building up defence cooperation across the Channel, as evidenced by the cooperation on the ground with Britain in Bosnia and the formation of a Franco-British staff for air cooperation. Finally, the Stability Pact for Central Europe launched by the former Prime Minister, Edouard Balladur, under which candidate Member States of the EU would be obliged to resolve mutual disputes, complements the French strategy of keeping as many balls in the air as it can. As long as France does not return unreservedly to multilateral integration and Germany remains hesitant about accepting commitments outside the allied security area and without a UN mandate, loose constructions of this kind are likely to remain the order of the day.

25] W.F. van Eeekelen, op. cit.

26] Ibid.

5.5.3 France and Islam

France's major involvement in the developments in Algeria indicates the extent of concern in Paris about Moslem fundamentalism. As a Mediterranean state, France itself borders the unstable Mahgreb, where fundamentalist revolutions could result in major political shifts.

The nature of the threats perceived by Paris differ. On the one hand there is the danger of increasing terrorism on French soil, in which regard the possibility that weapons of mass destruction might come into the hands of irrational revolutionary movements is hardly comforting. In addition a takeover by the Islamic Salvation Front in Algeria could - quite apart from any domino effects in neighbouring countries - generate a stream of asylum-seekers that could test the internal stability of French society.

On the other hand Paris is also concerned about the penetration or infiltration of non-violent forms of fundamentalism into French territory. More than in other countries, France has long faced the question of assimilating minorities and the need to turn them into French citizens. When it comes to Moslems, the willingness of the French to integrate immigrants may also be regarded as relatively high. Increasing expressions of fundamentalism in France could, however, disrupt the balance in society and kindle xenophobia.

With respect to the Mahgreb Paris has three objectives. In the first place it is anxious to help eliminate the seedbed of fundamentalism by bringing the countries of North Africa a measure of economic relief. Secondly, it wants to strengthen the hand of regimes in their efforts to suppress oppositional violence of fundamentalist origin. And thirdly it would like to adopt a neutral stance in order to escape terrorism.

European security organisations such as the WEU and NATO are hoping that dialogue with a number of countries on the other side of the Mediterranean will have a stabilising effect. For the remainder, the attention - including that within the European Union - is much more directed towards the stabilisation of countries in Central Europe. For a number of southern Member States in the Union, however, the 'zone of instability' extending from the Mahgreb to the Middle East is of much more immediate concern.

The European Union as such appears hitherto only only on the scene, and then to a limited extent, when it comes to economic assistance. The southern Member States have been calling for financial transfers to Algeria's neighbours. The northern countries of the Union, who would fund the lion's share of these financial transfers, argue more in favour of opening up West European markets to products from North Africa - to which competition the Mediterranean countries would be the first to be exposed. While these differences may remain bridgeable within the context of the Union, allowance must be made in the longer term for increasing North-South tensions within the EU if the feeling should gain the ascendency in the Mediterranean countries that the southern flank of Europe was being persistently disregarded in favour of the eastern flank.

5.6 Franco-German cooperation[27]

Europe is facing a whole range of strategic decisions directly affecting the Continent's security and stability. The issues in question are: the relations between the various regions of Europe and the institutional rules governing

[27] This section is partly based on Christoph Bertram, op. cit.

these relations; the relationship with a withdrawing America; and the extent to which the EU can supplement or assume America's traditional role.

It is not merely the subject matter that makes these decisions so complex. The main problem is that Europe - for the first time since World War Two - must now take strategic decisions without recourse to American leadership and mediation. Moreover, it cannot make these choices within the confines of a stable political order but must instead operate in an extremely volatile political framework, whose form will depend very largely on the results of these decisions.

In these conditions, it is likely that Franco-German relations will be even more significant: for the better, given closer cooperation; for the worse, were the relationship to sour. The collapse of the Warsaw Pact and America's withdrawal from Europe has left it with no visible alternative mix of policies around which it could construct a reasonably homogenous and convincing decision-making core structure. For more than a quarter of a century, Franco-German initiatives were the driving force behind advancing the cause of European integration, from the founding of the European Monetary System in the 1970s through to the 1991 plans for Economic and Monetary Union.[28] This political fact now assumes a new significance.

Three aspects of Franco-German cooperation will now be examined: the nature of their mutual relationship; the extent and limitations of the Franco-German capacity to act; and finally, the role that third countries can play in Franco-German cooperation.

5.6.1 The nature of the relationship

The privileged status of Franco-German relations dates from the early 1950s (the Schuman Plan). It has survived radical changes, including France's transition from Fourth to Fifth Republic and Germany's evolution from a post-War loser with only limited constitutional authority to its present status as a re-unified and fully sovereign European great power.

The special nature of the relationship is based on tradition and mutual interests.[29] A post-War tradition has developed of close contacts between the French and German élites - politicians, senior officials, leaders of commerce and industry - embedded in broader-based programmes promoting youth-exchange visits, cultural relations and so forth. Even if a dispassionate view of the warmth of these links is taken and if certain elements of the economic interdependence are less well developed than one might expect[30], the entente still has an air of permanence that is satisfying to French and Germans alike, who recognise its importance accordingly. A typical expression of this special relationship is the tradition that a newly-elected German Chancellor makes his first foreign visit to Paris, and a new French President visits Bonn in return.

The interests at stake here are power-related. In France's case, as indicated earlier, her age-old problem is co-existence with a neighbour that all too often has seemed too large, too powerful and above all too restless and rootless for it ever to be wholly trusted. France's European policy, from the Schuman Plan to the Maastricht initiatives (Economic and Monetary Union), has always been designed to tie down and integrate Germany; a policy of 'anchoring' which in essence also limits German power. By the way, this policy has always

[28] M.C. Brands, R. Havenaar, op. cit.

[29] Christoph Bertram, op. cit.

[30] Roezemond points out that France and Germany both invest more in the Dutch economy than in each other's economies.

been pursued in a spirit of enlightenment. The Federal Republic also valued French patronage, to begin with mainly as a way of gaining admittance to the community of 'decent' nations. Later, after the United States had long since become its chief ally and protector, this French resolve never again to 'leave Germany on its own' fitted in well with Bonn's own efforts to integrate within a sufficiently strong and broadly-based EEC and EU. These efforts were designed to solve Germany's problem of being simultaneously 'too big and too small' and to make *de facto* German leadership acceptable to its neighbours in Europe. In any event, France's emergence as the leader of an anti-German coalition had to be avoided at all costs.

This last point could lead to the view that Germany, recently reunified with its sovereignty restored, now needs France more than ever before. In any case, in German eyes the relationship remains uncontested, although the French may well find the new situation harder to live with. Reunified Germany now has a population 41% greater than France, while German GNP is now 39% higher than the French.[31] Although there is no alternative strategy currently available for binding Germany to an integrated Europe, such a Europe might end up as a mere front for German might with clearly reduced powers of unilateral political action - a prospect hardly likely to please the French. Even if France's commitment remains unchanged, Paris may still deal with several partners at the same time: with Germany on further European integration, but also with Italy and Spain in building a Mediterranean bloc, with the United Kingdom on joint defence projects and military technology, and with the United States in times of international crisis.[32] A similar strategy of 'bilateralism à la carte' might fit in well with the demands of the French electorate, whose views - more so than their German counterparts - have a direct bearing on France's policy towards Europe.[33]

5.6.2 Scope and limitations

Franco-German cooperation sets the course for the development of the European Union. Other Member States can put a brake on developments, but only the Franco-German partnership has the power and - until now - the durability to initiate new trends.

How far does this power extend? France and Germany certainly still differ widely in their views on 'Europe'. French attempts to retain the maximum degree of national power and its increasing preoccupation with events in Southern Europe combine uneasily with the German orientation towards Eastern Europe and German ambitions for a federal state which would give the Commission a more powerful legislative and executive role in EU affairs.

Ultimately, such differences of approach will not necessarily stand in the way of cooperation. What is essential is that each partner realises that it cannot get everything it wants out of the deal.[34] As for the future structure of the Union, German ambitions for a supranational federal system are - for the time being - blocked by the Bundestag's reluctance to transfer much of its real authority to the European Parliament. As for the Commission, not only Paris but other capitals as well are reluctant to grant it any wider powers. On the issue of an expanded Union, i.e. its ultimate size and geographical direction, for some time now Bonn has convinced Paris that expansion into Eastern

[31] Philip H. Gordon, 'Die Deutsch-Französische Partnerschaft und die Atlantische Allianz'(The Franco-German Partnership and the Atlantic Alliance), *Arbeitspapiere zur Internationalen Politik 82*; Bonn, Europa Union Verlag, 1994.

[32] According to Christoph Bertram, op. cit.

[33] M.C. Brands, R. Havenaar, op. cit.

[34] Ibid.

Europe is inevitable. As long as both sides still wish to co-operate, any remaining differences of opinion will probably be ironed out.

The main concern at present is that France and Germany both realise the urgent need to extend Europe's capacity to act into other areas besides that of economic integration. In the light of imminent strategic decisions a 'deepening' of the Union, via one or more 'core groups', is essential. This is needed not just to ensure progress, but is also to preserve the level of European integration achieved thus far and to prevent any further fragmentation occurring in a greatly expanded and - as yet - disparate Union. Only practical experience will show how much impact a 'core group' resulting from participation in the Economic and Monetary Union can also make outside the confines of the EMU, e.g. in the field of internal and external security. There may be many more such groups, maybe even one for every important policy portfolio; but in that scenario France and Germany may also want membership of all these 'cores', so that together they could remain the backbone of the EU.

This topic is discussed in greater detail in Chapters 8 and 9.

5.6.3 Role of third countries

The fixed nature of the Franco-German partnership raises the question of the role of third countries, certainly if a core group under Franco-German leadership were to call the tune within the EU. For the present it is foolish to suppose that other smaller states inside such a grouping could easily develop links with 'the inner core' - i.e. France and Germany - in any way equalling the 'privileged' mutual relationship enjoyed by these two great powers. History, instinct, preference, interests and finally the desire to mark their own position will also keep France and Germany as 'a pair apart' within a core group.

Without doubt other countries will certainly be allowed to contribute to plans initiated by the Franco-German duo. They also have the right to do so where EU internal matters are concerned, because the Union as a legal community operates on the basis of formal equality of all Member States; thus France and Germany must have the cooperation of a quorum of members for any further progress to be made. The role that other countries can play vis-à-vis France and Germany, however, remains limited - although this need not be the same as insignificant.

Thus the Netherlands as a member of the most topical core group, Economic and Monetary Union, could influence the form and content of the integration process. The French would like to see monetary integration playing a central role here, whereas the Germans mainly insist on the objective of price stability. Looking at the Dutch track record in these two areas, an Economic and Monetary Union that excludes the Netherlands would suffer a loss of credibility.[35] This may also apply to the European Political Union that Germany wishes to link to the EMU process. This French and German need or - at any rate - desire to include the Netherlands, and if possible also Belgium and Luxembourg, in the core group could give the Netherlands a seat at the negotiating table. If the Netherlands is still to have any say regarding the content and structure of the alliance, it would of course need to establish its position as early as possible. Moreover, the Netherlands' own position must not just amount to being dragged reluctantly towards a political future not of its choosing (for a more detailed treatment see Chapter 9).

[35] According to A. Szász, 'Nederland en de Economische en Monetaire Unie'(The Netherlands and Economic and Monetary Union), in: *Een gedifferentieerd Europa;* WRR, Preliminary and Background Studies no. V89, The Hague, Sdu Uitgeverij, 1995.

It has indeed been suggested that the Netherlands, trapped inside this kind of premier division, would depend more on the Franco-German double-act than it would as a member of a more broadly-based European Union. A counter-argument holds that the Netherlands had more, not less, influence in the old 'Europe of the Six' than it has now in today's 'Europe of the Twelve'. Even if this argument is too historical, in the sense that today's situation differs too much from that of the original Six for any meaningful comparisons to be made, it will on balance tip the scales in favour of the view that the Netherlands has little choice with regard to EMU. Furthermore, the Netherlands and other third countries such as Belgium and Luxembourg might very well enjoy *fewer* advantages if they failed to enter a core group.[36] They must therefore hope they can make their influence felt as core-group members.

5.7 The United Kingdom

The United Kingdom is struggling with the problem of how its traditionally strong voice in world politics can still make itself heard from an ever-diminishing power base. Recent years have seen approaches made towards France, particularly in matters of defence. In Britain the idea has inevitably sunk in that America's diminishing involvement in European affairs means that the introduction of a common European foreign and defence policy - and perhaps even a common defence structure - is no longer a purely academic exercise. Under these conditions, what kind of options would cooperation with France produce? In a number of areas, the UK finds itself in a similar position to France: both countries have a seat on the UN Security Council; both are nuclear powers; and both have similar numbers of troops available for UN operations - in which both France and Britain are ready to participate. Finally, both nations have continuing historical interests in other parts of the world. For France cooperation with Britain in defence and security matters may act as a counterweight against an ever more powerful Germany.

The recent approaches in defence matters can be seen in the closer links between the British and French armed forces - in particular between the respective air forces and the defence-related industries. There is also a common initiative to formulate proposals in preparation for the Inter-Governmental Conference (IGC) for the strengthening of the 'European defence component'. The British still hold steadfastly to the principle of unanimity regarding decisions on matters of foreign policy and defence; the French probably also side with them on this particular issue.

The extent to which Franco-British relations in this area will prosper will, however, depend only in part on the UK. The question here is how much leeway does the Franco-German alliance allow for a revival of this kind of *entente cordiale*? How far can France, or any other Continental nation, continue working with a country that still rejects - in essence - the idea of European political integration? Certain circles in Paris will also still see Britain's reluctance to turn its back on America as an obstacle to further cooperation.[37]

The UK's strongly 'anti-European' attitude is partly explained by the absence of the idea that progress towards European integration involves both economic and political reforms. At the time when many Member States joined the EEC (including Germany and the Mediterranean nations) objectives such as democratisation, stabilisation and economic restructuring were linked with

[36] According to Christoph Bertram, op. cit.

[37] 'Britain will continue in security and defence, as in other areas, to do all it can to avoid having to choose between Europe and America.' Sherard Cowper-Coles, 'From Defence to Security: British Policy in Transition', *Survival*; vol. 36, no. 1, spring 1994, pp. 142-161.

the process of political integration. In the UK European integration was and is seen as having few if any positive advantages.

There is another factor at work concerning Britain's anti-European stance: certain 'new' political and economic ideas were applied in the UK some years before the rest of the EU. This applies in particular to Britain's marked emphasis on free-market economics and its policies of mass privatisation and deregulation. Deregulation of the electricity and telecommunications sectors is a recent example. The other EU members and the Commission view these free-market policies as models. There are two angles to this last factor. On the one hand, UK politicians spreading the message of greater private-sector involvement in British life do not want to refer to Community rules and regulations. On the other hand, Britain has a definite interest in seeing that Continental economies adopt free-market rules, because this process will mean a relaxation of the conditions of entry for British companies. London's own role in the Thatcher era as a pioneer of free-market economics and deregulation might well have contributed to the fact that 'conservatives' there identify less with the European idea than for example Germany's CDU and France's UDF.
The political stagnation in the UK raises the question of its future role in European affairs. Significantly, the principle of 'variable geometry' was last discussed during the preparatory stages of the Single European Act around 1984/85. Some Member States then saw it as a way of distancing themselves from British disapproval of a further strengthening of the Union. At that time, however, the British had no intention of playing a marginal role. An important factor in this was British support for the creation of the Single Market that accorded with the priorities of the other governments and the Commission.

Today's debate on Europe's future differs in three areas from that of ten years ago.[38] First, there is no talk now of a *single* clear objective, but rather of a confusing and conflicting range of issues, many of which, such as EMU, present serious difficulties for the British government. Secondly, the Union's expansion has led to a number of radical proposals, which are far removed from the traditional Community model with its homogenous political and economic goals. The third contributory factor is the readiness in 1985 of a number of members - including the Netherlands - to make efforts to keep Britain on side within the EC. Karl Lamers' and Wolfgang Schäuble's recent proposals and Edouard Balladur's comments make it clear that this desire to have Britain in the inner core is no longer a central issue. Now the talk is of forming a core group of Member States to carry on with the task of further integration: no mention is made here of the United Kingdom.

The weaknesses in Britain's stance are now fully visible. It risks missing the boat through having achieved its own institutional proposals. The Maastricht Treaty - on Britain's initiative - has given Member States greater leeway for variable-geometry integration. Thus the UK now has a special 'opt-out' status exempting it from the terms of the Social Chapter and the EMU. This trend could accelerate after the accession of former EFTA members and future EU expansion, as advocated by the British. At first sight a Europe of core groups would satisfy British demands, if it moves towards an *à la carte* Europe and offers Britain more opportunities for partial involvement in specific policy areas. This fits in with the British view that a Union of more than 15 members can no longer advance at the same pace or intensity. This however also conceals a risk to the UK: other members - especially France, Germany and the Benelux trio - could exclude Britain and form a core group that effectively calls the shots.

[38] Helen Wallace, 'Britain out on a limb?', *Political Quarterly*, 66.1.

The present Conservative administration remains deeply divided on the position the UK should adopt towards continuing integration. This applies among other things to the EMU, where the Conservatives disagree on whether Britain should join or not. Typical of this attitude is the ease with which many argue that Britain can afford to live in 'splendid isolation.' The few positive voices on Europe merely ask that the *status quo* be preserved where it concerns the depth and range of the integration process. Labour's attitude towards Europe has changed a great deal compared with the early 1980s. Relations with Continental colleagues have greatly improved and the large Socialist bloc in the European Parliament has given a new impetus to the domestic debate about European affairs. It is expected that Labour in Opposition will continue to chart a pragmatic course supporting European integration. However, a future Labour government would not give priority to European issues but to internal problems instead. A comparison with President Clinton's launching of his own domestic reform programme springs to mind.

5.7.1 Conclusion

The United Kingdom clearly has an interest in remaining at the heart of the European integration process. For example, implementation of the EMU could intensify the process, with possible disadvantages for London in its role as a financial centre (and corresponding benefits for Frankfurt). Outside the areas of financial policy, events could also occur that do the British position no good at all. Yet financial interests do not actually dictate Britain's negative attitude towards each effort to make the EU something more than just a smartened-up free-trade bloc. It springs instead from a deep inner division over Britain's global role, which has in fact lasted since the end of World War Two. Given that a British Prime Minister would find it impossible to attract domestic support for a durable pro-European policy, London will stay on the sidelines for the time being. If Labour comes to power, things may very well remain the same.

In these circumstances, those who value close British involvement in the integration process might do worse than just to carry on without them. Once London finds itself facing a *fait accompli*, it may well try to reforge links. Until now this has at any rate been a constant factor in Britain's approach to the Continent.

5.8 The Balkans [39]

The Balkans are the region *par exellence* where uncertainty marks future relations with the EU. As Chapter 1 has established, from 1989/1990 onwards the area has very largely witnessed 'a return of history', with the renewal of ancient rivalries and the forces of fragmentation as yet more powerful than those of integration. In this respect, one may regard the crisis in the former Yugoslavia as a paradigm of just such a scenario. Elsewhere in the region as well there are dangers of historically-based territorial claims combined with socio-economic, cultural and religious differences resulting in warfare, both civil and international. Moreover, the relationship of the two arch-rivals in the Balkans - Greece and Turkey - is a continuing source of anxiety and growing irritation in the capitals of other EU and NATO members.

The major socio-economic contrasts between EU members and the Balkans - which may be described in terms of core/periphery relationships - together with the potential causes of violent confrontation in the region are reasons for

[39] The following section is partly based on P. Hassner, 'The European Union and the Balkans', in: *Challenges in the East*; WRR, Preliminary and Background Studies no. V90, The Hague, Sdu Uitgeverij, 1995.

questioning the EU's capacity for further expansion. Where do the EU's (geographical) borders lie? Also - closely allied to this - how much diversity can the EU tolerate within its borders without seriously endangering its own internal balance and stability? In the case of the successor-states of the former USSR (excluding the three Baltic States) and the North African coastal states, the answer is simple: no-one in the EU seriously contemplates full EU membership for any of these countries. As for the Balkans, the situation is far trickier. Bulgaria and Romania are as yet counted as applicants, partly as they have signed 'Europe Accords' with the EU. However their slow pace of economic and political reform makes it not only highly likely but also desirable for them to join at a later date than the 'Visegrad' nations (also see Chapter 7). As for the countries of former Yugoslavia, excepting Slovenia, no-one even dares make a forecast. This also applies to Albania. Finally, Turkey is a case apart.

Turkey's major importance to Europe is not itself in question. Factors underlining its importance include its strategic position; its potential influence in the Balkan peninsula, the Caucasus, Central Asia and the Middle East; its economic potential; the presence of a large Turkish labour-pool in north-west Europe; and the fact that Turkey is the only Islamic state to have started on the road towards a secular society, economic growth and democratic institutions. However, recent developments - in particular, Turkey's military offensive against Kurdish bases in Northern Iraq - have not only endangered the European Parliament's ratification of the EU's customs-union treaty recently signed with Turkey, but have also put the entire Turkish-EU relationship under the spotlight.

More generally - for Turkey - the following problem arises: to what extent can a nation wishing to align itself with the West, but characterised by a dualist economic structure, severe religious and political tensions, human-rights violations and a continuing threat of reversion to authoritarian rule integrate itself into a predominantly developed, urbanised and individualised European community? None of today's EU members is at present ready to risk an influx of millions of Turkish migrants seeking their economic salvation in the richer and more stable regions of the EU. This reality - together with the above characteristics - will continue to hinder future Turkish demands for full EU membership.[40] This observation does not detract from the fact that in the Balkan region Turkey is also 'the most dangerous to mishandle' nation.[41] The EU's continuing concern with issues that Turkey regards as purely internal affairs, and the further postponement or adjustment of the process of strengthening institutional links between Turkey and the EU, could play into the hands of the forces of fragmentation that exist within Turkey itself. No further argument is needed to show that developments of this type could only add to the instability of the Balkan peninsula.

Not only Turkey's position but more generally the entire Balkan situation is forcing the EU to make a communal effort to define its attitudes and strategy. In this context, it can be said that Balkan politics were - and to some extent still are - partly influenced by rivalries between West European powers (France, Germany, Great Britain and to a lesser degree Italy), which themselves were partly due to historical links with the Balkan countries. However, these rivalries are today - more so than in the past - secondary to the common goals of preserving peace and stability in the region. Thus divisions within the EU have far less influence on its complex relationship with the Balkans than

[40] This supposition is confirmed by J. Rupnik, 'Changes in Central Europe and European Integration', in: *Challenges in the East*; WRR, Preliminary and Background Studies no. V90, The Hague, Sdu Uitgeverij, 1995.

[41] P. Hassner, op. cit.

the structural differences - socio-economic, cultural and religious - that separate the European core from the Balkan societies on its periphery.

5.9 North Africa

The southern European nations, with France in the lead, see current developments in North Africa as a direct attack on their own stability.[42] Soaring population growth in the Maghreb (Morocco, Algeria, Tunisia) together with economic stagnation or even contraction could spark off mass migrations. An annual 2.5-3% population growth in Egypt and the Maghreb would mean a rise from 115 million inhabitants in 1995 to around 225 million by the year 2025. In the same period, France, Italy and Spain would show only modest growth: from around 125 million to 155 million inhabitants.[43] As noted, another worrying trend for the southern Member States, and especially for France, is the emergence of Islamic fundamentalism in this region.

For several North African states, including Algeria, the collapse of the Soviet Union meant an end to large amounts of economic aid and arms deliveries. Algeria's economic and social policies, grafted onto the Soviet model, were suddenly worthless. However, the problems inherent in a changeover from a collective economy to a free-market system, combined with depressed oil prices and continuing high population growth, have also very largely destroyed popular belief in a Western development model. One of the safety-valves for the resulting sense of frustration lies in the cultural package offered by Islamic fundamentalism.

Economic relations between the EU and North Africa, as established in accordance with the Treaty of Rome in a number of reciprocal agreements, foresaw virtually unrestricted access for North African goods to the European market, where restrictions only applied to certain categories of agricultural produce. The Single Market that started to operate from the beginning of 1993 has resulted in new non-tariff barriers for many categories of North African produce; these restrictions are linked to the new code of European industrial standards. Another development is the EU's reduced dependence on agricultural produce from the Maghreb since Spain and Portugal joined the EU. This dependence will be reduced even further when the transitional period for Spanish and Portuguese agricultural produce finally expires in 1996. At present Spain and Portugal export their goods under the so-called 'reference price system', where counter-tariffs are incorporated so as to harmonise the respective price-levels of European and North African goods. After 1996, this system will be replaced by a quota regime, where the quota level will be adjusted in line with the average levels of exports attained between 1980 and 1984 (which is much lower than today's level). For Morocco this will mean a very significant decline in the vital citrus fruit export trade; the same applies to Tunisia for olive oil exports - amongst other products. This process means that both countries now face a fundamental shift in their economic relations with the EU.[44] A worsening of their economic prospects has far-reaching consequences, because the EU is by far their most important trading partner (more than 60% of all trade). In contrast, the EU is not economically dependent on them.

It is expected that economic growth in the Maghreb states will seriously lag behind the growing numbers of unemployed. Only Libya enjoys a manpower shortage, but its demand is almost completely filled by Egyptian migrant workers. In addition, growing numbers of migrants from South Asia are

[42] See M. Blunden, 'Insecurity on Europe's Southern Flank', *Survival*, vol. 36, no. 2, summer 1994, pp. 134-148.

[43] S. Zamoun, et al., *Population et environment au Maghreb, Réseau Population et environment en Mediterranée*; Brussels, Med. Campus, European Commission, 1995, p. 16.

[44] E.G.H. Joffé, 'Relations between the Middle East and the West', *Middle East Journal*; Vol. 48, no. 2, spring 1994.

moving into the region, seriously reducing the demand for their own workers. So Europe remains the sole destination for many North African migrants. At present the EU already employs about 2.5 million (legal) North African workers. Most EU Member States have resolved not to increase this number, despite calculations that could indicate a sharp fall (approximately 30% of the potential workforce) in the year 2025 in those sectors that traditionally employ North African workers.[45]

Besides the dangers resulting from demographic changes, immigration flows and economic stagnation, certain circles now view possible military threats in the Maghreb more seriously than in previous years.[46] The arrival of ballistic missiles in the (eastern) Mediterranean could be a potential threat, which is why there are calls in France for a serious rethink of the structure of European and Atlantic security arrangements. For that matter, until now regional conflicts and rivalries have been the main reasons for the build-up of the Middle Eastern and North African arms race.

The EU is currently devoting almost all of its attention to Central and Eastern Europe, thereby possibly masking to some extent the importance of the Maghreb region. The Southern EU states have naturally had far more direct experience of Maghreb affairs than their northern and western EU colleagues, which could also have a fissiparous effect on the EU's political and economic cohesion. In due course there is expected to be growing pressure to take specific military and commercial steps to combat these demographic, economic and military threats. The 5+5 conference initiated by France (on one side the four southern EU states and Malta, on the other Algeria, Tunisia, Morocco, Libya and Mauretania), which functions as a forum for security matters, will perhaps exert pressure in this direction. In addition, economic development in the Maghreb could be promoted by establishing a Mediterranean Economic Area (free trade area) on both sides of the Mediterranean in the medium term.

45] Ibid, p. 258.

46] C. Carle, 'France, the Mediterranean and Southern European Security'; in: R. Albinoni (ed.), *Southern European Security*; London/New York, Pinter Publishers, 1992, pp. 40-51.

Security organisations 6

6.1 The North Atlantic Treaty Organisation (NATO)

In the bipolar world order NATO had two roles. It was a guaranteed deterrent to Soviet military power in Europe, mainly by 'anchoring' the American presence to an integrated military structure. It was also, under American auspices, a central forum for political consultation and policy coordination, both vis-à-vis the Soviet bloc and as regards relations among the members themselves.
Both roles were the product of the era of their birth. The collapse of the Soviet Union has now rendered obsolete the deterrent role - as it was in its original form. Collective responsibility for external security through defence indeed still remains an important element of the Alliance - certainly over the longer term - but in the light of new dangers (Chapter 2) has assumed a different meaning and is clearly a less dominant priority than before. It is now just one of many dimensions in international relations, in particular the economic.[1]

The USA performed (performs) its 'moderating' function between NATO members by virtue of its substantial and continuing contribution to common security. If this contribution is reduced, or at rate becomes more capricious and perhaps unpredictable, this can only influence transatlantic relations towards a more limited American role. This is the effect of the distance now contemplated by Washington.

It could, however, still be a long time before the effects of such a policy were fully visible. NATO can preserve important functions as long as European efforts to do more for their own security are still merely embryonic and 'Europe' still counts for little as a military power in its own right (see Chapter 8). Until now NATO has fostered a stable environment, which most European countries have regarded as comforting.[2] What remains of American involvement helps to moderate German behaviour and acts as a counterweight to Russian ambitions that could possibly destabilise Central Europe.[3] It was not for nothing that the Central European countries made NATO membership their top priority after 1990.

An alliance that is no longer based on an existential *need* as experienced by the main allies, but on policy *preferences* instead,[4] does however change its character. In this light, the recurring realisation may be symptomatic of the ambiguity of with which the requirement for mutual assistance is formulated in the NATO Treaty. Article 5 only requires the member states to take 'appropriate measures' when a NATO partner is attacked, and does not require actual military support. In a crisis a hesitant American Congress could therefore - wholly in line with the terms of the NATO Treaty - limit itself to purely symbolic action. During the Cold War no-one gave any thought to such legal niceties; a free Europe was also of vital interest to the US. Article 5 now begins to lose some of its lustre and NATO starts to look more like a traditional alliance with a less precisely-defined defence obligation.

1] Acc. to W.F. van Eekelen, 'Veranderende veiligheid' ('Changing security'), in: *Een gedifferentieerd Europa*; WRR, Preliminary and Background Studies no. V89, The Hague, Sdu Uitgeverij, 1995.

2] According to H.C. Posthumus Meyjes, 'De Nederlandse buitenlandse politiek aan de grens van Terra Incognita' (Dutch foreign policy on the brink of the unknown), in: *Een gedifferentieerd Europa*; WRR, Preliminary and Background Studies no. V89, The Hague, Sdu Uitgeverij, 1995.

3] See M.C. Brands, R. Havenaar, 'De centrale plaats van Duitsland in de Europese politiek' (Germany's central position in European politics), in: *Challenges in the East*; WRR, Preliminary and Background Studies no. V90, The Hague, Sdu Uitgeverij, 1995.

4] Cf. William J. Perry, US Defence Minister, at the *Wehrkunde Tagung*, Munich, 5 February 1995.

If during the debate about the expansion of NATO the idea takes root that the Central Europeans could join because Article 5, on close inspection, requires very little, then the baby really would be thrown out with the bathwater. Indeed the expansion process would then be easier, but at the same time a NATO enlarged in this way would - by implication - be seriously devalued.[5]

6.1.1 'Out of area' operations

As established in Chapter 2, the current threats to Western Europe's security come mainly from disorders outside its own (treaty) area. Can NATO re-assert its right of existence there?

In contrast to the Cold War era, there is no longer any controversy over the principle of 'out of area' actions, subject to the conditions listed below. While the utility and possible necessity for such action are generally acknowledged, a far-reaching change in position has also been taking place: previously the USA aspired to such actions and had to ask its unwilling European partners to help; nowadays it is the Europeans who have the greatest difficulty in getting Washington on side.

The conditions that must be fulfilled when undertaking NATO military actions 'out of area'[6] are:

- legitimacy and a mandate;
- a single politico-strategic vision shared by the Allies and a joint willingness to contribute to such actions;
- in some cases, at the very least permission from third-party countries;
- availability of suitable military capacity.

For the time being, suitable military capacity still seems to be the least of the problems. If the US takes part in a particular action, the resources of NATO's best-equipped partner are made available. If the US is not involved or merely assumes a limited role (e.g. no American ground forces), European NATO partners can balance any of their own deficiencies by obtaining extra logistical equipment and intelligence resources from the Combined Joint Task Forces system. This concept, which enables 'coalitions of the willing' to act in times of crises, is still being discussed as to the ways decisions are made and the units to which a decision would refer (especially hived-off units of HQs, but also NATO's communications system, AWACS, etc.).

The mandating and authorising of actions outside the NATO area is far more complicated. Everyone has a strong preference for a mandate from the UN Security Council. However, what happens if there is no such mandate or its terms are limited? Understandably, NATO has never wanted to depend on the Security Council for military action. One can therefore hold the view that this is still the case today: i.e. the agreement of all 16 NATO allies is sufficient to launch any such action, certainly for peace-keeping missions that have the prior approval of the parties involved.

The reality is, however, that most NATO partners do make their participation dependent on a UN mandate, with Germany in the lead.[7] Another problem is the difficulty of obtaining prior consent from warring factions in today's regional crises and wars. Such factions do not want peace; on the contrary,

5] W.F. van Eekelen, op. cit.

6] According to W.F. van Eekelen, op. cit.

7] Although the German Supreme Court has removed alleged constitutional barriers to the *Bundeswehr* taking part in NATO actions outside the NATO area, in practice such actions will not take place soon. At the spring 1995 *Wehrkunde Tagung*, Volker Rühe, the Defence Minister, spelt out the conditions under which NATO could in Germany's view undertake action under a

their sole aims are territorial expansion and the expulsion of minorities from their midst. This sort of situation requires less of the traditional peace-*keeping* approach (had the parties agreed the crisis would have been substantially defused), but rather peace-*making*, an international 'police operation' to *impose* peace by using force when needed. Mogadishu and Sarajevo have shown how easily humanitarian action can turn into humanitarian intervention, which is still hardly distinguishable from intervention proper. It is highly questionable whether many NATO allies would be willing to get involved for this purpose, apart from which the necessary prior consent of third-party countries is by no means assured. Thus Russia will in any case not permit NATO troops to enter the territory of the former Soviet Union.

Under these conditions, it would be too much to ask NATO to intervene 'out of area' in compensation for the declining interest in European defence issues. It is also doubtful whether an intercontinental large-scale defence and deterrence alliance such as NATO would be the most suited for controlling regional conflicts.

6.1.2 Security through enlargement?

Can NATO prove itself as a framework for integration within a refashioned security order? The main problem here is its relationship with Russia, which is still a major player in matters affecting European and global security.

Perhaps NATO should have admitted the Central European nations - at least the 'Visegrad Four' - back in 1990, thus presenting the world with a fait accompli at a time when Russia was in no position to react. But this did not happen. Since then, Russia has been even less willing to see NATO's easternmost borders 'rolling up' against its own; Russia's stance has made any enlargement of NATO more problematical as a result.

Under these conditions, the United States - which is extremely keen to maintain good bilateral relations and yet anything but eager to take on more responsibilities in Europe - had originally opted for a middle way, the 'Partnership for Peace' (January 1991): a form of 'association without membership', in which Russia could also participate. By postponing NATO's enlargement so far into the future and by making it so uncertain, a weakened Russia has *de facto* been awarded a *droit de regard* that was always (quite properly) denied the mighty Soviet Union. That however is one of the paradoxes of the current political landscape. Now that the Poles, Czechs and Hungarians are feeling uneasy about their own security, without however experiencing any direct or even indirect external threat to themselves, the NATO allies evidently see no insuperable difficulties in granting Russia a right to observe and discuss the Visegrad bloc's relations with NATO.

Meanwhile, mainly in Germany, but also in Washington, in the US Administration and Congress, there is now more political leeway for a debate on how and with which countries to enlarge NATO. As previously stated, the question is, however, the extent to which the terms of NATO's security guarantees in Central Europe will differ from those that applied in Western Europe. There is, for example, absolutely no plan to station American ground troops in new member states in order to carry out the traditional 'tripwire' duties.

UN mandate - raising the question as to whether action could in fact ever be launched under those conditions. According to Rühe NATO could only ever act on the UN's behalf if 'the political objectives are accepted by all the Allies to the same extent, if there is a feasible military-operational concept and NATO can deploy its resources without constraints. Cited in Van Eekelen, op. cit.

In the future a stark choice must be made as to how to ensure security and stability east of the German border. In addition to the 'security route' via NATO, other options include membership of the European Union and the Western European Union (WEU) as the EU's potential 'security arm'. The achievement of security through integrating the Visegrad bloc into the EU would give Moscow fewer headaches, especially if in the long run it could itself enjoy the economic fruits of such a union. Would this afford the Visegrad nations sufficient guarantees? If it really does go wrong, the West will have to react even without any formal security guarantees, as President Clinton has already made clear.

The coordination of European and Allied (NATO) enlargement schemes is still a matter of intense debate and represents a political and institutional challenge, as well as a source of potential transatlantic tensions. Enlargement would not necessarily benefit NATO, certainly not if this were to erode the mutual obligations imposed by Article 5 on member states. Based on a broader security doctrine that is not purely military in origin, participation and integration into European relationships might be a better way of promoting stability in Europe than the provision of security guarantees alone.

6.1.3 Conclusion

An alliance that is no longer based on a fundamental need, but on policy preferences (however compelling) instead, changes its very nature. This certainly applies where forces of fragmentation are at work on both sides of the Atlantic. NATO is not very likely to regain its traditional importance by conducting operations outside its own treaty area; opinions differ too much as to the merits of each individual case, and the nature of the operations is too diverse as well. NATO is also less suitable as an integration framework for Central and Eastern Europe; the issues are far wider than those raised by security alone.

Nevertheless, NATO still remains vitally important. First, no other organisation exists in which the United States, working as an integrated partner with its European allies, takes up a range of European security issues, particularly those that involve Russia. Secondly, NATO is the best-equipped alliance in the world. It is therefore still worth keeping NATO operating in peak condition, even though clearer limits will probably be imposed on its activities in a new security era.

6.2 The United Nations

6.2.1 The UN as security organisation

In the bipolar world order, the East-West stalemate meant that the UN could as a rule make only a marginal contribution to its own objective: the creation of international peace and security. The UN did however develop into the central forum in which new international legal standards (e.g. the Universal Declaration of Human Rights) were formulated, transnational issues were debated and the process of decolonisation took formal shape through resolutions passed by the General Assembly.

As the Security Council was frequently powerless to act during this period, the Third World countries - their numbers sharply rising - came more and more to decide the UN's agenda. In the General Assembly this led to a marked emphasis on North-South issues, such as decolonisation and the South's position on the periphery of the world economy. This trend, which peaked in 1973 with the proposals for a New International Economic Order (NIEO), went into reverse at the start of the 1980s. The failure of the NIEO, the fading

allure of the revolutionary development model in the Third World, the emergence of successful economies in Southeast Asia and the debt crisis in some important developing countries around 1982, meant a comeback for the free-market model. This was also enforced by the World Bank and the International Monetary Fund (IMF) with respect to the rescheduling of debts and conclusion of new loans.

The end of the Cold War has seen another shift in the UN's goals and direction. Can it now revive its original priorities of promoting international security? The question is what role the UN can play in today's changing conditions to enforce and reinforce the international legal order and safeguard global security. Much will depend here on the resolution shown by the Security Council in its capacity as the UN's 'core group'.

6.2.2 The 'new interventionism'

After 1989/1990, it seemed initially that a new era had dawned in which the UN could become the world's peacekeeper. This view was prompted first of all by the renewed interest displayed in the UN by important nations, most notably the United States. Under President Bush's ideas of 'a new world order', the UN was to play a key role as a legitimising agency that could grant mandates to changing coalitions of volunteer nations to act as global 'firefighters' in local hotspots. This vision was enhanced by the experience in the Gulf War.

The United States, the only remaining global power, thus saw the UN as a device for consolidating its international leadership while at the same time sharing the costs with a changing coalition of allies. Other Security Council members - such as Britain and France, for whom their permanent seats are an attribute of political power deriving from their former imperial status - also welcomed its renewed effectiveness. For Russia cooperation in the Security Council was a symbol of goodwill that would advance its goals of rapid association with Western democracies. This created a climate in which the Security Council could confirm its position as the UN's most important agency, while at the same time the less-developed countries with their vote in the General Assembly were even further marginalised.

A particularly important factor for the UN's renewed assertiveness is the new meaning given to the idea of security, e.g. in Secretary-General Boutros-Ghali's *Agenda for Peace*. The perception that threats to peace now mainly come from non-traditional security risks - the collapse of nations, mass violations of human rights, cross-border and internal mass migrations that destabilise entire regions - leads to a whole range of widely-differing peace missions, ranging from the preventive deployment of troops (Macedonia), UN mediation (South Africa), the deployment of peacekeepers as well as observers and advisors at elections (Mozambique, Cambodia, El Salvador) and humanitarian intervention (Northern Iraq, Somalia) to a mixture of traditional peacekeeping and humanitarian work (former Yugoslavia). Whereas in the past the UN spent three dollars on development aid for every dollar spent on peacekeeping, in the last few years the situation has been reversed. The UN carried out only seven peace-keeping missions during the period of almost 50 years to 1989/1990; in the five years since then it has already undertaken 13 new operations, most of which are interventions in internal conflicts.

This rapid expansion however rapidly led to a reappraisal of the situation, not just by the UN itself but also by the main suppliers of troops and money. Thus the initially rekindled optimism over the UN's role has now been replaced by a renewed awareness on the part of the major contributors that the UN can indeed play an important part in international peacekeeping, but that by its very nature this is bound to remain limited.

6.2.3 Problems with UN intervention

The problems encountered by the UN in its peacekeeping interventions differ widely. In the first place, the scope of present operations is a great problem; the UN is overloaded by a vast range of tasks and missions for which it was not in fact prepared. The sheer diversity of troops supplied, of command structures, equipment and job descriptions of the UN missions have all caused problems that the UN New York headquarters was not equipped to handle efficiently. In particular, the UN's organisation structures proved inadequate for the execution of military missions. The peace-keeping crisis centre recently opened in New York, which can now be contacted day and night by UN field commanders, is only a first step in the right direction. The scope of operations has highlighted problems regarding their funding. Certainly when there were problems in carrying out certain missions, the willingness of large contributors like the US to bear the increased costs (from $1.7 billion in 1992 to an estimated $3.6 billion in 1995) declined.

A second problem concerns the rules of engagement in peace-keeping operations. Previously peacekeeping was a precisely defined concept, in which principles such as strict impartiality and very limited use of force (only for self-defence) created a clear set of ground-rules. After 1989/1990 concepts such as peacekeeping, peace-enforcement and all kinds of intermediate sub-variants are now all intermingled, with the result that the mission's nature and objectives are often unclear or are even interpreted differently by participant nations. Moreover, the Security Council's ambitious wording of the desired objectives has sometimes led to troops under UN command getting involved in crises that proved impossible to resolve. The best such example is Somalia, where humanitarian intervention turned into a hunt for a local warlord. A similar problem occurred in Bosnia-Herzegovina; the 'safe havens' set up by the UN could not be enforced in an area where a large-scale humanitarian operation was taking place at the same time.

The crux of the problem facing UN interventionism may well be the complexity of today's intra-national conflicts. External intervention in a crisis based on a mixture of political antagonisms and the protracted socio-economic fragmentation of a country is rapidly unable to do little more than combat the symptoms (mainly through humanitarian operations).

A fourth problem lies in the legitimacy of interventions and the composition of the Security Council. Many UN members now see the Security Council as a forum under Western control, where decisions to intervene in the internal affairs of UN members are taken at will. Thus, under the terms of Chapter VII of the UN Charter, to resist a 'threat to international peace and security', actions have been launched to protect the Kurds of Northern Iraq and their human rights; similar actions in Bosnia-Herzegovina and Somalia were based on humanitarian grounds, while in Haiti the Security Council even authorised the use of force for the sake of 'restoring' democracy there. No action was, however, taken to avert the genocide in Ruanda and the Sudan. This selective and inconsistent use of intervention as an instrument of policy has aroused the suspicion in many countries' minds that the readiness to act of Security Council permanent members was not based on any objective grounds, but had something to do with their own ambitions instead.

Yet the problems - as summarised earlier - faced by the UN in its interventions pale into insignificance when compared to the a final problem: *in most of the member states concerned, public opinion is at best very reluctant actually to sacrifice the lives of their 'own' soldiers for the sake of international principles in countries where warfare is endemic.* At any event, this is how politicians perceive the issue. American public opinion for example turned against

UN intervention after the death of 18 US soldiers in Mogadishu in October 1993 and after seeing television footage of dead American troops being dragged through the city's streets. This incident led to fierce pressure for President Clinton to order an early withdrawal of troops, which is what in fact happened. The US then drew up strict guidelines for the deployment of troops in UN missions. Republican initiatives in Congress went a step further and could, if accepted, lead to a *de facto* halt to American contributions to UN peace missions.

6.2.4 The UN as intermediary

There is still no conclusive answer to the question of what role the UN can play in promoting international security. Despite the bad experiences of recent UN operations, the global agency, stripped of any overblown expectations, endowed with a suitable sense of reality and a reasonable level of ambition, is ideally qualified to carry out a range of activities. One of these is to continue the North-South dialogue, which other forums have hardly pursued, as well as acting as a pivotal organisation where international standards are established and answers are prepared to cross-border problems calling for a collective approach. A more precise description of its duties and functions would be useful.

In the area of promoting international security the UN must not aspire to acting as the world's policeman. A more suitable role is that of intermediary: in this way the UN can grant legitimacy to a coalition of nations that is ready to act against external aggression. In other crises as well, international conflicts and civil wars alike, the UN's legitimating role is extremely important - although the UN will then have to reinforce the Security Council's legitimacy (for example, by altering its composition).
The UN can perform a pivotal role in coordinating international humanitarian actions and by trying in non-violent ways to improve the situation in crisis areas. Typical tasks include preventive diplomacy; preventive deployment of UN peace-keeping troops; mediating between warring factions; helping countries to organise democratic elections; and also traditional peacekeeping where conditions permit it. As was seen for example in Cambodia, El Salvador and Mozambique, the UN can make a particularly valuable contribution in neutralising unstable situations in countries undergoing a period of transition.

UN peace-enforcement missions are, however, well beyond its true capacity to act. Consequently, there is little chance that member states would wish to provide troops for operations of this type. In theory, this could be handled by establishing a permanent intervention force, but in practice this idea has also met with little enthusiasm. Military operations against aggressors branded by the Security Council as a threat to international security could therefore be better left to coalitions of the willing, made up of countries who are ready to provide troops and other resources in a specific situation. A movement in this direction could lead to the regionalisation of UN security operations, in which subordinate bodies like the OSCE or regional collective defence alliances like NATO carry out the task on the UN's behalf.

A similar trend where regional powers validate their actions with the Security Council's approval can already be observed in current operations under the UN flag. In this way Nigeria provided most of the troops for a peace mission in Liberia while acting for the Organisation of African Unity, with the UN's approval. Other examples are the US Army's actions, aided by some allies, in Haiti, and the Russian peace missions in Georgia and Tajikistan. The latter did take not place under the UN flag but were in fact accompanied by UN observers.

6.2.5 Conclusion

Important UN tasks in the service of an international security order relate especially to legislating for and sanctioning UN actions and limited involvement in specific operational aspects. The UN can also make an indirect contribution by reforming the Security Council, and by a new presentation of the North-South dialogue within a UN context: variations in population growth rates, welfare levels and environmental legislation in the North and South could in time seriously threaten world peace. But in crises where military aggression poses an acute threat to global peace and security, the UN can only really act as an intermediary and an authorising body for actions that coalitions of the willing must undertake either with or without the help of regional security organisations. The capacity to act in facing such crises is not the primary responsibility of the UN.

6.3 Organisation for Security and Cooperation in Europe

The Final Act of the Helsinki Accords (1975) which was a result of the Conference on Security and Cooperation in Europe contains both static and dynamic elements. The static element was known as the 'first basket', i.e. the recognition by the participant states (the US, Canada and all European states excepting Albania) of existing national borders in post-war Europe. With these proposals, an old Soviet wish - first expressed by Stalin in 1952 - was indeed fulfilled, but at the same time Moscow gained very little more than what it already possessed. The limited significance of this act of Western recognition came to light 15 years later, when the collapse of the Soviet power structure also saw the breakdown of the political order which it had underpinned.

The dynamic element of the Helsinki Accords referred to the so-called 'third basket': the conditions regarding the free movement of people, information and ideas, which also led to the recognition of basic civil and political rights as an 'essential factor in the peace process'. The Final Act made human rights abuses a legitimate cause for international concern.[8] The Soviet Union paid dearly for the recognition of national borders in Europe: the principle of non-intervention in domestic affairs could no longer be maintained where there were flagrant violations of human rights. After Helsinki the West obtained a forum - the CSCE - for discussing the link between international peace and security and observance of human rights by Communist regimes. Yet the CSCE did not just offer a 'point of impact' for criticism from abroad. No less important was the fact that civil rights movements in Warsaw Pact countries now had a weapon - the Final Act - which they could use in their battles for civil rights. Looking back, it is hard to overestimate the importance of this development.

Besides its work for human rights, the CSCE's contribution to European security mainly consisted of so-called 'confidence-building measures', such as the right for NATO and the Warsaw Pact to conduct unannounced military inspections (on each other's territory). These measures again were based on the terms of the Final Act.

Since the changes of 1989/1900 the growing number of CSCE participants (now 53, with Yugoslavia's membership suspended) have mainly devoted their attention to two aspects of policy: the formulatation of rules of conduct, which also concern national minorities; and the development of diplomatic means for preventing international and/or civil conflicts. As a result of the

[8] On this topic see for example Alexis Heraclides, *Security and Cooperation in Europe: The Human Dimension, 1972-1992*; London, Frank Cass, 1993.

CSCE's early linkage of the observance of human rights with the issue of international stability, the word 'security' has assumed another meaning in this context. At a meeting in Copenhagen in June/July 1990, the participant nations not only formulated specific rights for members of national minority groups, but also stressed the importance of developing pluralist democracies and respect for human rights as basic preconditions for (international) security. Such formulas could not prevent 'ethnic cleansing' in Yugoslavia, anymore than they could halt Russia's military intervention in Chechnya. But the fact that Russia allowed a OSCE mission to observe this internal affair is nevertheless an important factor.

The CSCE, now institutionalised as the OSCE, tries to present itself as the 'diplomatic vanguard' of a wider European security order. The organisation seeks, through the work of the High Commissioner on National Minorities and numerous 'monitor missions', a preventive or placatory role in sub-regional and civil conflicts. As a pan-European body it also sets itself the task of preventive diplomacy and tries to confer legitimacy on peace missions in Central and Eastern Europe. Like so many international bodies, the OSCE must, however, accept the absence of (political) cohesion and uniformity. There is almost no talk of integrating security interests and the OSCE has little real power at its disposal to enforce a peaceful settlement if necessary. The OSCE has less real power than the UN Security Council, which can still at least make majority-vote decisions (subject to the veto of the Permanent Members). As a regional system, the OSCE has made itself subject to the Security Council's prior approval before initiating any actions.

The OSCE cannot deliver collective security, but quite possibly 'cooperative security' instead.[9] In cases where parties are prepared - in principle - to settle their differences peacefully, the OSCE may play a useful role as a mediator, in which it mainly derives its authority from rules of conduct accepted with the organisation. In all other cases, the OSCE can only register violations of these standards and point out the danger of any imminent crises.

The OSCE could also change its character after the Central European nations join the EU, particularly if this results, in the long term, in a more effective Common Foreign and Security Policy (CFSP). Such a development could result in a new pattern of blocs within Europe, with the EU and Russia each providing the internal coordination and then 'meeting', still under US supervision, within an OSCE context.[10] The same might apply to the Mediterranean region, if the Union were - as a bloc - to come face to face with the Arab world. Such a development could have an at this stage incalulable impact on the world political order.

9] Van Eekelen, op. cit.

10] According to J.P.H. Donner (rapporteur), *Europa, wat nu? (Europe, what now?)*; WRR, Preliminary and Background Studies V91, The Hague, Sdu Uitgeverij, 1995.

Central Europe 7

7.1 Security requirements

Since the 'implosion' of the Soviet Union and the break-up of the Warsaw Pact, the nations of Central Europe have lived in a security vacuum, which could best be filled by their admission to NATO. In their view forging bonds with the United States, the prestigious Cold War 'victor', would offer them the safest anchorage in a volatile region on the outer edge of the historical threat - the Russian Empire.

In response to these aspirations, admission to NATO was over-readily advocated, particularly in the US and Germany.[1] Official policy declared that Russia was no longer regarded as an enemy, yet there appeared at the same time a willingness to offer the Central European states guarantees that could only be seen as anti-Russian. When Moscow objected to such inconsistency, advocates of rapid NATO expansion beat a hasty retreat. As established previously, this created the undesirable impression that Russia had been granted a *droit de regard* over NATO's affairs.

Nevertheless Central Europe's security requirements can hardly be reduced to a purely defensive role against an external (Russian) military threat. Domestic political stability is also vital if the region is to accommodate Germany's urgent need to shift the border separating stability from chaos as far to the east of the Oder-Neisse Line as possible. Germany wants itself surrounded by 'Western' nations and indeed sees this as the best prospect for Western Europe as a whole.

From this viewpoint, military needs are neither the sole nor even the key factor in Central Europe's security dimension. Economic and political change must be the main guarantors of stability, in other words by (a) developing market economies and (b) advancing towards pluralist democracies. Mindful of this, the Central European nations attach the utmost importance to forging links with the West: to join not just NATO but Western institutions in general; and to enter the European Union and the large integrated market in particular. The required 'double transformation' from a command to a market economy and from a one-party state to a parliamentary system is closely linked to access to Western markets, grants of Western aid and credit, the IMF's and other international agencies' creditworthiness conditions, and foreign investors' assessment of the investment climate. The degree of approval for radical domestic reforms will mainly depend on whether these can be legitimated in the eyes of the peoples concerned by a genuine belief in better times ahead, probably best guaranteed by EU membership.

An additional obstacle is the fact that Central Europe does not form a single entity. The four 'Visegrad' nations - Poland, Hungary, the Czech and Slovak Republics - plus the two other candidates for EU membership, Bulgaria and Romania, all have differing historically-defined starting positions. Furthermore, traditional animosities and a high degree of mutual envy make for strained political relations. The role of ethnic conflict here has already been discussed in Chapter 3.

1] According to W.F. van Eekelen, 'Veranderende veiligheid' (Changing security), in: *Een gedifferentieerd Europa*; WRR, Preliminary and Background Studies no. V89, The Hague, Sdu Uitgeverij, 1995.

7.2 Economic transformation[2]

During the 1980s the decline of Central European command economies had already provoked a growing belief in radical economic change as the way ahead to economic recovery. When this radical shift suddenly became a reality, all the Central European nations deliberately turned westwards towards the 'affluent societies' of the West. The main reasons for this unequivocal shift were the assumedly superior Western development model and the lack of any alternative within the context of worldwide, neo-liberal economic restructuring. Another reason for this shift was the conviction that only the West was willing and able to allocate sufficient capital to support the transition to a free-market economy.

After the fall of Communism the new governments of Central Europe were faced with three tasks: macro-economic stabilisation, privatisation, and economic liberalisation at home and abroad. In theory, a choice lay here between an immediate implementation of policy - the Big Bang - or a gradualist approach. In reality, the distinctions were often less clear-cut. As the experiences of the individual economies showed, what usually happened was a mixture of sudden 'shock-therapy' measures combined with gradual change. During the transitional period events in the real world often decide the final course of action.

In *Poland* the Balcerowicz Plan - effective from 1 January 1990 - was the method chosen to initiate a programme of economic shock-therapy. A drastic budgetary and monetary policy was combined with a rigid incomes policy, comprehensive programmes for liberalising prices and imports, and the zloty's internal convertibility (which meant that Polish companies and citizens could exchange zlotys against convertible currencies virtually without restriction). Added to the opinions of international experts such as Jeffrey Sachs, the appalling state of the economy itself at the end of the 1980s, with hyperinflation and rampant debt, demanded these draconian counter-measures. In the years that followed, however, and mainly due to the influence of the social effects of this austerity package and the resulting return of ex-communists to the government by the end of 1993, there was some tidying up of the economy's rough edges (which provoked fresh antagonisms, especially between President Walesa and the government).

Hungary, in contrast, preferred a gradualist approach by continuing to build upon a tradition of economic reforms dating from the 1960s. After 1989, however, there were several occasions when an austerity package was seen as a necessary remedy for a worsening economy. More recently, the July 1994 coalition government of ex-communists (united in the Hungarian Socialist Party) and Liberals (Alliance of Free Democrats) has been plagued by continually high budget deficits, current account deficits on the balance of payments, a depreciation of the Hungarian forint, and a rising national debt which by now accounts for 70% of GDP. Despite the goal of building a 'market economy with a social safety-net', an austerity package now seems inescapable.

The Czech Republic and *Slovakia* fall between these two extremes, together with *Bulgaria* and *Romania*, where the distinction between economic shock-therapy and a gradualist approach is far less clear-cut. Relatively early on Bulgaria pushed through a package of rapid reforms; but political influences have delayed economic change (stabilisation, privatisation and liberalisation)

2] The following sections are based on O.H. Holman, Transformatieprocessen in Midden- en Oost-Europa: de internationale dimensie (Processes of change in Central and Eastern Europe: the international dimension), Working Papers no. W84, The Hague, WRR, 1995.

both in Bulgaria and Romania, placing them firmly in the rearguard of Central European economies. In Czechoslovakia from 1990 onwards reforms were a mix of radical changes and gradual adjustments, a 'minimum bang' programme. Since the split with Slovakia on 1 January 1993, the Czech Republic, partly due to a relatively favourable economic base, has energetically pursued its policy of economic change. Slovakia is not performing so well, due to political instability combined with a poor economic structure.

These experiences make it hard to recommend the appropriate course of action: shock-therapy or gradual reform. The fact that nations like Poland and Hungary with their radically differing 'lift-off' strategies still exhibit such similar patterns of development over a period of time, points to events beyond direct human control and factors of a non-economic nature influencing the process of transition from a planned economy to a free-market economy.

In 1991 five of the six nations discussed here hit economic rock-bottom. Except for Poland, which in 1990 had already faced an 11.6% drop in GNP as a direct result of the Balcerowicz Plan, negative growth figures ranged from 11.7% to 14.5% (see Table 7.1). The Czech and Slovak Republics in particular experienced a short but dramatic slide in their fortunes.

Table 7.1 **Real growth in GDP Central Europe, 1990-1995 (in %)**

	1990	1991	1992	1993	1994	1995
Bulgaria	-9,1	-11,7	-5,6	-4,2	0,0	(1,1)
Hungary	-3,5	-11,9	-4,3	-2,3	1,0	(2,5)
Poland	-11,6	-7,6	1,5	3,8	4,5	(4,0)
Romania	-5,6	-12,9	-13,6	1,0	0,0	(1,8)
Slovakia	-0,4	-14,5	-7,0	-4,1	1,0	(1,8)
Czech Rep.	-0,4	-14,2	-7,1	-0,3	3,0	(4,5)

Source: WRR, from various sources [3].

This drastic slump was mainly due to the collapse of Comecon in 1991. More especially, the drop in GDP was the result of a far greater drop in industrial output. In 1991 industrial output fell by 22.3% in the Czech Republic, 17.6% in Slovakia, 18.8% in Hungary, 11.9% in Poland, 22.4% in Bulgaria and 22.8% in Romania.

In Poland the recovery began in 1992 with a slight rise of 1.5% of GDP. The others only started to reverse their negative growth figures in 1994. It should be noted that Poland had hit rock-bottom one year earlier. As for Hungary and the Czech Republic, a sizeable proportion of economic activity was probably not included in the official figures. Allowing for the rise in unregistered output in these two countries, their economies would have already produced positive growth figures by 1993.[4] Finally, Hungary's negative growth was mainly due to an 11.8% fall in agricultural production; the same year saw a 4% rise in industrial output.[5]

An evaluation of trends in Central Europe must allow for the fact that the predicted growth rates for 1995 and 1996 - as anticipated in most forecasts - will follow on from an absolute low and were therefore to some extent only to be expected. Moreover, at issue here is the total growth in GDP: per capita GDP

3] The post-1992 data are estimates (1993) and forecasts (1994-95). Source: European Bank for Reconstruction & Development (ERBD), *Transition Report. Economic transition in Eastern Europe and the former Soviet Union*; October 1994, Chs. 10 & 11. Post-1990 data from the Czech and Slovak Republics were treated as separate entries. The figures in brackets are averages based on forecasts from PlanEcon (Washington DC), the Vienna Institute for Comparative Economic Research, OECD, UN, EU and J.P. Morgan. For 1996 forecasts, see OECD, *Economic Outlook*; No. 56, December 1994, p. 122.

4] See OECD, *Economic Outlook*; No. 56, June 1994, p. 115.

5] EBRD (1994), *Transition Report*; p. 159.

in the majority of Central European states is more than 50% below the EU average. In order to assure real economic convergence with the EU Member States, therefore, a longer period of above average growth will be necessary.[6]

If one examines all the relevant indicators (GDP growth, per capita GDP, development of the balance of payments on current account, debt position, exchange-rate stability, direct foreign investment and inflation and unemployment rates), the Central Europeans are set on a 'three-speed' course towards economic convergence.

Bulgaria and *Romania* are notable for their general economic stagnation, as expressed in lower growth rates and a higher degree of macro-economic instability. A significant indicator for the latter is the persistently high inflation rate suffered by both countries (see Table 7.2).

Table 7.2 **Inflation: Central Europe, 1990-95 (annual average)**

	1990	1991	1992	1993	1994	1995
Bulgaria	23,9	334,0	82,0	73,0	(72,0)	(44,1)
Hungary	28,9	35,0	23,0	22,5	(19,0)	(16,9)
Poland	585,8	70,3	43,0	35,3	30,0	(22,7)
Romania	5,6	92,7	1,354,0	896,0	300,0	(58,6)
Slovakia	10,8	61,1	9,9	23,2	15,0	(12,5)
Czech Rep.	10,8	56,7	11,1	20,8	10,0	(8,8)

Source: WRR, from various sources.

Poland, Hungary and *Slovakia* form a middle group. Positive gains in one or more sectors in one country are offset by gains in other sectors in the others. All three are suffering continuing high inflation, but none of them are facing a real danger of (recurring) hyperinflation.

The Czech Republic stands head and shoulders above the rest as an island of economic stability in Central Europe. A relatively high growth rate goes hand in hand with falling inflation, a budget surplus, rising exports, increased foreign direct investment, a notably stable exchange rate, and a relatively low level of national debt. If the nominal convergence criteria for Stage Three of Economic and Monetary Union - as defined in the Maastricht Treaty - were to be applied at the present time, the Czech Republic would cut quite a decent figure - certainly when compared with Portugal, Greece and even Italy.

The existence of multi-speed economic transformation in Central Europe is also evident from the private-sector share in GDP. According to estimates by the European Bank for Reconstruction and Development (EBRD) of August 1994, here as well Bulgaria and Romania are the stragglers with a 40% and 35% share respectively. In Poland, Hungary, and Slovakia, the private sector has a 55% share of GDP. The Czech Republic again tops the list at 65%.[7]

7.3 Political transformation

Political transformation in Central Europe is also a multi-speed process. A three-way split can be observed with regard to democratisation similar to that running through the process of economic transformation (although the criteria for political change are of course less hard and fast than macro-economic variables).

6] Past calculations showed that annual economic growth rates would have to exceed the EU average by 6-6.5% for per capita GDP to rise from 50% to 90% of the EU average over a 10-year period. If above-average growth were 3% higher, economic convergence based on this figure would take 20 years to achieve. From this it follows that Central Europe's recent economic growth is only the first step on the long road to genuine economic convergence with the EU Member States.

7] EBRD, op. cit., p. 10.

In addition to considerable differences within the region (see below) all these nations share a common problem: democratic consolidation will be a long-term process and the way ahead is threatened by potential fragmentation and political instability. Dahrendorf noted immediately in 1990 that it would take six months to get a consensus on a democratic constitution, and six years to see the first fruits of economic reform; but it could be at least 60 years before both the democratic constitutional order and the social framework of a free-market economy have safely taken root within the structure of a strong and healthy civil society.[8]

The essential basis of a healthy democracy is to develop independent, non-governmental bodies and institutions that are able to channel the diversity of interests of society at large and represent them at national level. After 40 years of Communist ruin, Central Europe's hallmark is the total absence of any such intermediate structures and a correspondingly low level of participation by large sections of the population. Hence a whole range of potentially fissiparous factors such as a taste for parliamentary absolutism and political fragmentation; a generally vague separation of parliamentary, governmental and presidential powers with resulting political instability; former Communist elites - the *Nomenklaturas* still wielding power over bureaucracies, state industries and parliaments; growing apathy or outright public hostility among even larger sections of the community towards the political establishment; and the emergence of mass protests, which led in recent years to massive upheavals in the political landscape.

Bulgaria and *Romania* are also the least politically advanced members of the group. One could even say they were facing a structural political impasse, which is in turn holding back the process of economic transformation.

In Bulgaria in 1990 pro-reform communists, under the banner of the Bulgarian Socialist Party, won the first elections to be held since the Revolution. New elections in October 1991 led to a minority government of the Union of Democratic Forces, followed in December 1992 by a minority administration. Finally in December 1994 the ex-Communists again won an absolute majority in the Bulgarian parliament. Factors helping to undermine the process of political change included the two biggest political parties' continuing mutual emnity and their own internal divisions; changes of government, interrupting the continuity of the reform process; and the *Nomenklatura's* continuing hold on political and economic affairs.

In *Romania* Communist Party reformers, standing as the National Salvation Front, also gained an absolute majority in the first democratic elections, which they again lost in the subsequent elections of September/October 1992 even though they still remained the largest political party. This apparent political stability is confirmed in one respect: since 1989 many features of the old Communist system have simply remained firmly in place. In addition, conflicts between and within political parties are the order of the day, President Iliescu fulfils a dubious role in the democratisation process and the appointment of two ultra-nationalist Romanian National Unity Party members to Premier Nicolae Vacaroiu's minority government is a sign on the wall. Romania's brittle transition to democratic rule is under considerable threat from friction between ultra-nationalist groups and the Hungarian ethnic minority.

The middle group, once again consisting of *Hungary*, *Poland* and *Slovakia*, is experiencing political instability, without as yet much danger of backsliding. In Hungary and Poland political circles are sharply divided on the speed of

8] R. Dahrendorf, *Reflections on the Revolution in Europe*; London, Chatto & Windus, 1990.

further economic reform. The main issue here is: how fast can state industries be privatised? In Hungary this issue has caused dissension on a number of occasions among and within the governing parties. Since the March/April 1990 elections - won by the Hungarian Democratic Forum and resulting in a coalition government led by Premier Josef Antall - the seemingly calm waters of national politics have concealed continuing disagreement over the direction and speed of economic transformation. Since the May 1994 elections, these clashes have also featured prominently in the political arena. The ex-communists, united in the Hungarian Socialist Party, gained an absolute majority, but still formed a coalition with the liberal Alliance of Free Democrats. The radical reformer Laszlo Bekesi - a man not exactly amenable to compromise - was appointed Minister of Finance. This brought him into head-on conflict with Premier Gyula Horn and led to Bekesi's resignation in January of this year. This situation, which could ultimately also endanger the present coalition, has not shed any further light on future policies. These developments would seem to justify the 'wait and see' attitude of foreign investors following the ex-communist election victory.

In Poland, after an initial period of fairly painless shock-therapy, the rapid succession of governments up to the elections of September 1993 was faced with the aftermath of this policy, which helped to fuel growing popular discontent. During the last elections the parties that had emerged from Solidarity were roundly defeated by the ex-communist Alliance of the Democratic Left and the Farmers' Party. Since then privatisation has been a constant bone of contention. The absence of a democratic constitution with a strict separation of presidential, executive and legislative powers has led to the privatisation issue degenerating into a power struggle between President Lech Walesa and the Polish government.

The election successes of ex-communist parties in Poland and Hungary appear mainly due to a growing popular discontent with the social impact of the economic reforms. In Poland and Hungary, a cut in real incomes, rising crime, and a dramatic rise in unemployment have caused living standards to fall and have led to what the Hungarian sociologist Rudolf Andorka termed a crisis of lawlessness and alienation.[9]

Table 7.3 **Unemployment in Central Europe, 1990-1995 (percentage of working population)**

	1990	1991	1992	1993	1994	1995
Bulgaria	1,5	11,1	15,3	16,4	16,0	(16,4)
Hungary	2,5	8,0	12,3	12,1	11,0	(11,3)
Poland	6,1	11,8	13,6	15,7	(16,5)	(16,8)
Romania	n.b.	3,0	8,4	10,2	(13,9)	(15,1)
Slovakia	1,5	11,8	10,4	14,4	(15,4)	(14,9)
Czech Rep.	0,8	4,1	2,6	3,5	6,0	(5,7)

Source: WRR, from various sources [10].

Opinion polls indicate that rising unemployment has created a greater wave of disillusion among Poles and Hungarians than anywhere else towards economic and political transformation. A 1993 poll in eight Central European states (the six discussed here, plus Albania and Slovenia) showed that Poles and Hungarians were by far the most dissatisfied with their lot. A majority said that things were generally better under the old Communist regimes. When asked: 'Do you find, in general, that things here are moving in the right or the wrong direction?', a mere 27% of Poles and 20% of Hungarians said 'in the

9] R. Andorka, 'Hungary: disenchantment after transition'; *The World Today*; Vol. 50, No. 12, December 1994, pp. 233-237.

10] The figures in brackets are averages based on forecasts from PlanEcon (Washington DC), the Vienna Institute for Comparative Economic Research, the OECD and the European Union.

right direction', with 56% of Poles and 67% of Hungarians taking the opposite view.[11]

The Czech Republic is also in the vanguard of political change. Since the June 1992 parliamentary elections the political system has displayed a stability unknown by Central and Eastern European standards. The coalition government led by Vaclav Klaus's Civil-Democratic Party (CDP) is not seriously threatened by internal strife, although the three smaller partners sometimes rebel against CDP dominance and the personal influence of Vaclav Klaus. They have little to fear from a weak Opposition. According to opinion polls, Klaus and his CDP enjoy an unchanged level of wide popular support.[12] Finally, the Czech Republic is still dealing with its Communist past, as expressed by a greater effort to replace the state bureaucracy and the political elite. Nevertheless, even the Czech Republic still needs plenty of time to reinforce the process of democratic change.

7.4 Accession to the EU

As suggested previously, Central Europe's security requirements do not just entail defence against an external foe. The issue here is how to use political and economic transformation to build new socio-political structures, thereby securing stability at home and abroad.

If the initial stress was on the risk of resurgent 'historic' rivalries, it was not long before the risk of potential *economic* disorder was viewed more seriously. An economic collapse of Central Europe could trigger off mass population movements, cause political chaos and whip up tension in the region. Besides membership of NATO - certainly the most effective security organisation but not designed to help build a general social framework - such a scenario implies that important security factors also point in the direction of EU membership for the Central Europeans.

When considering Central Europe's relations with the EU, there are three key issues: the liberalisation in due course of inter-regional trade; the provision of financial and technical assistance; and the prospect of EU membership.

The main instruments for the *liberalisation of trade* are the EU accords signed with Poland, Hungary and Czechoslovakia at the end of 1991. Similar accords were signed with Romania in December 1992 and Bulgaria in March 1993. They envisage preparing the way towards EU membership, including the creation in ten years' time of a free-trade area for non-agricultural products. Recent years have seen a huge rise in industrial exports from Central Europe to EU Member States. By flexibly interpreting import quotas, the EU now takes around 60-70% of Central Europe's exports.[13] The next two to three years will probably see the abolition of current steel and textile quotas. This now only leaves agricultural products as a separate case, which in all likelihood could only be regulated within the framework of general CAP reforms.

The EU plays a fairly modest role in supplying *financial* aid to Central Europe. The PHARE programme - launched in July 1989 and financed from the EU's budget - is designed to underwrite the processes of political and economic change in Central Europe. For this purpose, 500 million Ecu were allocated in 1990 which then gradually rose to about 1 billion Ecu in 1993. PHARE's indicative value for the 1995-1999 period is 7 billion Ecu. In addi-

[11] *Central and East European Barometer*, No. 3, 1993.

[12] See O. Pick, 'The Czech Republic - a Stable Transition', in: *The World Today*; Vol. 50, No. 11, November 1994, pp. 206-208.

[13] The Vienna Institute for Comparative Economic Research has recently commented on the one-sidedness of this relationship, i.e. Central Europe is too dependent on exports to the EU. *NRC-Handelsblad*; 11 February 1995.

tion to this, the European Bank for Reconstruction and Development (founded in 1991 with 10 million Ecu starting capital) was given the specific task of financing development projects. The level of funding involved indicates that the EU assistance is primarily symbolic in nature.

In recent years, the *prospects for accession* to the EU have become clearer. The European Council decided in Copenhagen in 1993 that the Central Europeans could join if they wanted and just as soon as they could satisfy the entry conditions. As confirmed at the European Council in Essen in December 1994, the negotiations will be largely bilateral in nature. This bilateral approach is partly dictated by the major differences noted above between the six candidates, in terms of both their starting-positions and the level of political and economic transformation achieved since 1989. The six Central European states may well be admitted to the EU in stages. The Europe Accords with Poland, Hungary and the Czech Republic could be transformed into full membership not long after the year 2000. Romania and Bulgaria would have to wait somewhat longer. Slovakia's own situation is complicated: its economy makes it one of the stragglers but political considerations may well put it in with the front-runners.

Such a two-stage approach would not greatly please some of the applicants. Prime Minister Klaus repeatedly makes this point when saying that Czech attempts to deal with its Communist past make it the only one to tread the true path of reform, thereby deserving earlier admittance to the EU than the others. The division would however appear to correspond with the maximum degree of selectivity that the EU is prepared to envisage in Central Europe. Both politically and institutionally, it will be difficult to avoid expansion taking place partly along group lines.

An uncertain factor in the accession of the Central European states is the extent to which this will be utilised to order the EU's internal affairs. The problems of expansion mean that some Member States appear to be calling into question the principle of financial solidarity, which has played a central role in the Community since it was founded in 1958. It is argued that under the present rules (CAP, structural funds) there is no money available to pay for any further expansion. Accordingly the advocates of a policy of 'optimal use of Community funds' link budgetary considerations to the arguments of security and stability. There is also the question of whether reforms in those policy areas of particular interest to the Central Europeans will preserve their present broad consensus in favour of joining the EU.

7.5 Conclusion

When dealing with Central Europe's internal and external security problems, external threats are not the sole or indeed the key factor. The region's main requirement is internal stability and improved relations between its Member States; these goals could be realised by integrating them into a larger political unit - the EU. This means that security guarantees - including those of NATO - must fit into a general political framework, which in this case can only mean the EU. The EU also needs to expand in order to ensure that Germany continues to recognise itself as a 'community of stability' within the process of European integration.

The Central Europeans themselves must contribute by abandoning their traditional mutual animosities. The West can exert pressure here, for example by linking any closer cooperation to the control of ethnic minority problems. The EU must at any event import as few problems as possible.

Against understandable impatience it can still be maintained that much has

been achieved over the past five years. The applicants have shown themselves - albeit at differing speeds - able to change for the better despite the near-catastrophic developments in the economic transformation process. The Europe Accords have given them a real prospect of EU membership and hence access to the markets of Western Europe. While it is still not clear how and when they will join NATO, the likelihood is that they will also be offered opportunities for integration and participation in the security field that will enhance stability in Central Europe.

The European Union 8

8.1 'Europe' as an alliance[1]

'Europe' too, is an alliance. The Schuman Plan of 1950 was to all intents and purposes about coal and steel, but resulted in lasting peace between France and Germany. The European Economic Community (1958) was concerned with economic market integration, but helped to create a system of stability and prosperity which supported the Atlantic security structure. The fact that European integration was achieved through economic unification and virtually ignored security matters (particularly after the French Assemblée Nationale had rejected the plan for a European Defence Community in 1954) was mainly due to the absence of a practical need for this. NATO - the partnership with the US - was seen as the appropriate security institution and made a European 'security dimension' superfluous. This dimension was therefore ignored, not because of any principled disagreement with the concept of the Community as such (although the integration concept of the EU could well lead to problems; see section 8.2).

European integration has made a war between the major Member States (something which has happened three times in the last 100 years) unthinkable. Partly because of this integration, the intensity of existing relations is much more important than any gains to be achieved from a purely military alliance. The traditional core of military alliances, namely the commitment that all allies would regard an attack on one of them as an attack upon itself, has become reality in the EU. The intertwining of Europe's fate has gone so far that, in the event of an attack on one Member State, the Union is in fact committed to responding as a single entity in order to protect its continued existence as a Union.[2]

One of the main results of the solidarity which has developed is that it has provided a framework within which the German dilemma of being at the same time too large and too small could be temporarily resolved, making reconciliation between Germany and its neighbours possible. If this solution has proved to be less final than was first thought, this attests more to the important latent security function which 'Europe' has fulfilled for so long than to the lack of such security functions.

Now that the transatlantic ties are indisputably becoming looser, however, this latent function is no longer enough. And anyone hoping for a continuation of the security partnership with the US cannot ignore the fact that America - both President and Congress - is urging the European NATO members in word and deed to do more themselves to safeguard the two functions - external security and internal cohesion - which to date have been fulfilled at NATO level. What is needed is a positive, albeit for the time being complementary security policy from the EU. Essentially, however, this raises the same issues as those which caused the European Defence Community to founder in the 1950s. The EU is an alliance in the sense that the fate of each Member State is linked to that of the Member States, but it is in no way an alliance in the sense that it possesses the necessary structures for collective defence or joint action outside its own Treaty area. Creating such structures would demand sufficient homogeneity and cohesion in these fields, which have traditionally been seen as the very core of national sovereignty, to facilitate joint decisions

[1] This section is based in part on Christoph Bertram, 'The Future of European Security and the Franco-German Relationship', in: *Een gedifferentieerd Europa*; WRR, Preliminary and Background Studies no. V89, The Hague, Sdu Uitgeverij, 1995.

[2] Bertram points out that the immediate and actual obligation to provide support as ensconced in the WEU Treaty is in line with the advanced stage of European integration; ibid.

and unified action - something which has largely eluded 'Europe' for the last 40 years.

8.2 Nature of the integration process

The EU is based on two fundamental concepts of integration.[3] First there is the concept of Jean Monnet, on which the European Coal and Steel Community (ECSC) was founded. According to this concept, strategic sectors are removed from the power of national states and placed under a powerful common administration (the High Authority in the ECSC) which acts as the engine of the integration process. The envisaged European Defence Community (EDC) was also based on this concept. The aim was to guarantee the security of the Member States through the formation of an organisation which, in contrast to NATO, would by its nature have a natural cohesion. All European NATO states would become members, with the exception of the United Kingdom, but including two enemies from the past, West Germany and Italy. A single integrated European supreme authority would be put in place, there would be a single European army and a single, common defence budget - objectives which today would be laughed at as being much too ambitious and unrealistic, but which after 1952 were accepted by all six governments concerned and ratified by five of the six national parliaments before being rejected in 1954 by the French Assemblée by 319 votes to 264.

The second concept, the European Economic Community (developed by Spaak and Beyen), is based on the idea of a common market and the free movement of goods, people, businesses and capital. It is a concept which does not allow for a strongly supranational administration: the dynamics of the marketplace take precedence. The system has a strong self-regulatory capacity, provided the various relevant bodies of the Community are able to prevent the Member States from bending the operation of the market to their own advantage. The main instrument for achieving this is the adaptation of national regulations to European regulations, or else the coordination of national regulations, a process which is monitored and stimulated by the European Court of Justice. Common policies are also developed (agriculture, transport), though this is often a laborious process and does not determine the dynamics of the integration process.

In its present form, the European Union is based primarily on the concept of market integration. It therefore develops little in the way of positive policy and has no powerful supranational government to initiate such policy. Decisions are taken in an atmosphere of uniformity: what applies for one applies for all. It is not the taking of decisions which is decisive, but their legal status: they are generally binding and tested by the courts. The major decisions on policy in the European Community had already been taken when the EEC Treaty was drafted, such as the abolition of duties and quantitative restrictions, the creation of the common external tariff and the principles of the Common Agricultural Policy. The necessary supplementary policy was often only established after the Court of Justice had declared national policy to be incompatible with Community Law. Where there was a need for positive policies, the EC failed to deliver for many years: transport policy, the freeing of the movement of capital and the harmonisation of economic and monetary policy as per Title II of Part 3 of the EEC Treaty.

Clearly, there are areas to which this method of decision-making lends itself and areas to which it does not. Areas where it can be applied include the removal of national obstacles to economic integration, the harmonisation of

3] J.P.H. Donner (rapp.), *Europa, wat nu?* (Europe: what now?); WRR, Preliminary and Background Studies V91, The Hague, Sdu Uitgeverij, 1995.

conditions, the setting of parameters and the promotion of a single market within those parameters. It is not however a suitable method for guaranteeing a rapid response to problem situations, intervening in crises, differentiating between different interests and between parties and for setting clear priorities: in short, for measures which go against the idea of uniformity. In the market-driven system of the EU, the European, supranational 'government', limited in powers and resources, plays a supplementary role which is characterised by rigidity and poor adaptability - as witness, for example, the endless fruitless attempts to achieve a structural reform of the Common Agricultural Policy, or the great difficulties with which a European mandate is formulated for the GATT negotiations (a mandate which then becomes virtually impossible to change).

The limitations of the EU system come to light in periods of stagnation, such as occurred several times between 1970 and 1985. In contrast to the Monnet concept, however, a solution has so far not been sought through the granting of more powers to the central administration (the Commission). Attempts to strengthen the capacity to act as a united body have instead focused primarily on improving the intergovernmental decision-making mechanisms. The extension of the scope for taking decisions in the Council of Ministers by qualified majority can also be seen as such an attempt: such decisions become binding irrespective of whether or not they are ratified by the national parliaments (with some involvement of the European Parliament as a compensation).[4]

In the Council, national governments are asked to enter into commitments for which they themselves later have to take responsibility in the national sphere, in terms of both implementation and the impact on the various sections of society. In the present situation, the judgements and choices which have to be made first take place at national level, after which the relative weight of the Member States within the Council of Ministers is often decisive. In the current decision-making and negotiation process in Brussels, obstructive Member States can attempt to secure their own interests by playing for time and exploiting their 'nuisance value' to the full. The resultant lack of ability to act on the part of the EU can be seen as the weak spot in its functioning.

If the slowness of the decision-making process on issues which required decisiveness and where priorities had to be set was already problematic in the world before 1989/1990, it is becoming increasingly unacceptable in the world since then. As indicated in earlier chapters, a combination of political, economic and technical changes has taken the EU out of its comfortable lee position. The old bipolar security order has disappeared, and the economic and social 'bubble' under which the Member States lived is steadily disappearing; the whole world has now become an open market filled with powerful competitors. The successive accessions to the EU will add to the burden of decision-making still further, however welcome those accessions may be in themselves.

As they stand, the structure and current integrational framework of the EU are incapable of offering sufficient resistance to the fragmentation and growing destructive forces resulting from these developments. In this sense there is a conflict between the concept of integration and the need to create the ability to take joint decisions and act in unison. The fact that national capitals apparently expect little in the way of decision-making within the Union in its present form is significant here. Security, notwithstanding the many and

4] The structure of the EU is such that decision-making in the Council of Ministers, although it takes place on the initiative of the Commission, and although decisions are taken with a qualified majority, nonetheless retains a strong intergovernmental character; it is a negotiation process between national entities at government level. See J.P.H. Donner (rapp.), ibid.

various interrelationships which exist in this field, remains an area of national competence, and the remaining ability of a state to act decisively is often given higher priority than laborious joint action.

In the light of the instabilities surrounding the EU, and given the imminent expansion which is set to make joint action even more difficult, another development is emerging which - to use a slightly charged wording - is moving towards *shrinkage*. All plans, proposals, loose ideas and tentative suggestions regarding integration *à la carte*, variable geometry, differentiated integration, menu structures, core and lead groups, etc., in essence come down to this: in areas outside the issue of market integration a smaller, more homogeneous group will have to take the kind of decisions of which an EU of 25 to 30 countries is not capable. The way in which the United Kingdom, France and Germany, together with the US and Russia, have found common ground in the International Contact Group on the former Yugoslavia, is indicative of this need.

Shrinkage of the number of participants in certain decisions is a first step in this approach. If this proves to be insufficient, however, flexible decision-making procedures will have to be introduced which enable targeted action to be taken. Such procedures not only deviate from the present intergovernmental decision-making processes, but also from the Community procedures with their focus on limiting the power of individual Member States to act, on the spreading of costs and on general, uniform regulations. The most important issue for the future of the EU is likely to be whether such innovations can be realised within the framework of existing Community law or whether the Spaak concept is no longer adequate; in other words, whether the EU, 40 years after the rejection of the European Defence Community, is due for a radical overhaul.

8.3 The situation after 'Maastricht'

8.3.1 European Union

The Treaty of Maastricht (1991) was an attempt to deepen European integration across a broad front in view of the imminent expansion of the EC. In its final form, the Treaty contains a number of main elements:

- a decision to enter into Economic and Monetary Union, including the creation of the institutional facilities necessary for this, as well as a timeframe;
- the introduction of a new institutional structure for the EC, which was henceforth to be known as the European Union (EU); a framework was created in which the *acquis communautaire* goes hand in hand with the setting up of institutional structures for a common foreign and security policy and for European cooperation on issues related to justice and home affairs.

Many commentators refer only to the issue of Economic and Monetary Union (EMU) as a main element, arguing that the inclusion of other policy fields in the Treaty does not represent substantive progress. While this is true in itself, it does not mean that the institutional innovations adopted in Maastricht are any less important. If the EU is accused of falling short in its ability to act because of the many fragmentary tendencies, this logically means that measures designed to improve this situation (whether successful or not) could actually be of decisive importance for the future. Another issue which deserves attention is whether and how the integrated decision-making as agreed in Maastricht and implicit in the concept of *acquis communautaire* (and which means according exclusive power to take initiatives to the Commission, with monitoring by the European Parliament and testing by the Court of Justice) can go hand in hand within a single Union structure with intergovernmental

decision-making on the second and third main elements of the Treaty (with only partial powers being given to the Commission, no monitoring at European level and no testing by the European Court of Justice), and what forms of 'cross-fertilisation' or 'infection' of the decision-making process must then be dreamed up (see 8.3.3).

8.3.2 Motives for EMU

The motives underlying the commitment to Economic and Monetary Union (EMU) are both economic and, above all, political. 'The economic arguments are so uncertain, and the likely economic and political costs of the creation of a common currency so high, that the economic benefits alone cannot be decisive'.[5]

What, then, are these highly compelling political motives? In essence, they can be traced back to the policy aims on which the two 'founding fathers' of EMU, France and Germany, have based their relations in general. As stated earlier, this has to do with the French bid to restrict German power in Europe and with German attempts to gain acceptance by its European neighbours in general, and by France in particular, of *de facto* German leadership.

France has long been a supporter of European monetary integration as a means of gaining a hold on the strongest currency, the Deutchmark. The German interest was less evident, but following German reunification and in anticipation of 'Maastricht', German attitudes changed. In Germany's eyes, EMU undoubtedly represents a deepening of European integration, which in turn is necessary for the successful integration of the German hinterland - Central Europe - into the EU. This is a high priority for Germany, based on considerations of shared responsibility and the stability of its Eastern borders. It is also a priority for Europe as a whole, both in order to ensure that Germany continues to support European integration and also from the point of view of general considerations of stability.

Naturally, the Germans realise that they (and the Dutch) will be the ones who have to make concessions in the event of monetary integration. Bonn is therefore setting strict conditions, primarily relating to the independence of the future European Central Bank and the establishment of price stability as an important objective. Since Monetary Union also demands Economic Union, or at least increasing convergence of the participating economies, the Treaty of Maastricht includes convergence criteria for participation in EMU which, at least in German and Dutch eyes, are sacrosanct.[6] How strictly these conditions will be interpreted has yet to become clear in practice.

The commitment to achieving economic convergence within a system of European Monetary Union - to avoiding excessive deficits and to the coordination of non-monetary policy - cannot be forced upon Member States. It is left

5] A. Szász, 'Nederland en de Economische en Monetaire Unie' (The Netherlands and Economic and Monetary Union), in: *Een gedifferentieerd Europa*; WRR, Preliminary and Background Studies no. V89, The Hague, Sdu Uitgeverij, 1995.

6] The Treaty stipulates that a Member State can only progress to the third phase of Economic and Monetary Union as a full member if the following convergence criteria have been met:

1. the average rate of inflation must not exceed by more than 1 1/2 percentage points that of, at most, the three best performing Member States in terms of price stability;
2. there must be no excessive deficit in the government's financial position (a planned or actual budget deficit which is no more than 3% higher than gross domestic product, and a national debt which amounts to no more than 60% of GDP);
3. nominal long-term interest rates must not exceed by more than 2 percentage points those of, at most, the three best performing Member States in terms of price stability;
4. the currency of the Member State must have participated within the normal band of the European Monetary System without severe tensions for at least two years and without devaluation on that Member State's own initiative.

to the national governments to achieve convergence; the EU lacks the ability to act on this point. It is doubtful whether there is any solution to this weak spot in 'Maastricht' other than providing the EU with strong political institutions, capable of coping with the distribution problems which could arise from the combination of a uniform monetary policy with a heterogenous economic situation and divergent policy. These political institutions will have to be stronger as the heterogeneity of the 'EMU area' increases (as it will with the imminent expansion).[7] Otherwise, a monetary policy geared to stability will come under too much pressure, with the danger that the European monetary authorities will be overly tempted to give in to that pressure. Germany, a country with traumatic memories of monetary instability and, as a result, the strongest tradition of stability since the Second World War, would not stand idly by while this happened, but would be forced to seek to dominate the Union. This would be in flagrant conflict with the commitment to veiled *de facto* leadership and would create major resistance among the other Member States. It could even bring about the collapse of a fledgling EMU.[8]

As well as promoting internal cohesion, a Europe according to this view would also have to establish stronger institutions in order to be able to exert control over its surroundings. If the EU lacks the capacity to influence external conditions, the Member States will come under pressure in various ways as a result of external developments, thus unleashing fragmentary forces. Here again there is a direct link between economic and the monetary integration on the one hand and political integration ('Political Union') on the other, the compelling nature of which is emphasized by Germany in particular.

According to the Germans, monetary integration cannot work unless a number of political parameters are in place. 'Political Union' will then be a composite of the essential conditions necessary to be able to counter effectively the destructive forces to which the EU will be exposed as a result both of internal and external effects. Chancellor Helmut Kohl has for a long time been referring to foreign and security policy alongside domestic, justice and social policy as the areas in which Europe's capacity to act must be strengthened.[9] In late 1994 Finance Minister Waigel spoke of the need for a 'reappraisal' of the second and third elements in the Maastricht Treaty, and also stressed the need to place institutional issues such as the size of the European Commission back on the agenda.[10] Precisely what sort of solution the Germans see for the shortcomings in Europe's ability to act is not entirely clear. According to

7] Szász refers to this problem-generating link between heterogeneity of the future EMU region and the (by definition) uniform monetary policy within the EMU. 'Countries with a relatively weak economy, less prosperous countries, countries which undergo a relatively sharp increase in costs (the risk of which is greatest in countries with a relatively low increase in productivity, if pay increases there are influenced by pay developments in partner countries) will all come under pressure. They will demand compensation for the consequences of a monetary policy which is geared to the majority, in the form of transfers (structural funds, etc.), or flexibility in the application of the excessive deficit procedure.' A. Szász, op. cit.

8] H. Tietmeyer, president of the German Bundesbank, had the following to say on this subject: 'After all, economic and fiscal policy remain fundamentally the province of the Member States. This raises the question, in particular, of whether the Treaty in its present form provides sufficient safeguards in the long run against imbalances between the centralised monetary policy and the decentralised decision-making powers in other policy areas. There is good reason to doubt this, at least as long as the process of clarifying the envisaged overall political structure has not been concluded. Without such clarification, the process of monetary integration faces dangers which could call into question the viability of EMU itself.' H. Tietmeyer, 'The relationship between economic, monetary and political integration'; Monetary Stability through International Cooperation, Essays in Honour of André Szász; Amsterdam, 1994.

9] 'Anyone genuinely interested in the goal of a European Union must, however, be prepared to transfer powers in other areas, such as foreign and security policy, home and legal affairs... Even in areas where all sorts of expectations have not yet been fulfilled, Political Union will soon develop its own dynamic, if only on the basis of the action timetable for the programme of work agreed at Maastricht, and not least on account of the breadth of the problems ahead.' Interview with Kohl in *Handelsblatt;* 31 December 1991.

10] In: Börsen-Zeitung, Frankfurt, 31 December 1994.

Szász, it would not be sufficient as far as EMU is concerned to appoint the Council of Ministers as the appropriate body: the ministers have a tradition of non-intervention in each other's affairs. He also considers it doubtful whether the Council can form an effective counter-party to the European Central Bank.[11] It may well be that the limits of the present level of integration are coming into view (see 8.2). In any event, strengthening the EU institutions is a definite point on the agenda for the Intergovernmental Conference (IGC) which is to review the Treaty again in 1996.

8.3.3 The Common Foreign and Security Policy

The Common Foreign and Security Policy (CFSP) is not a common policy at all, showing a lack of political collaboration which matches that of the European Political Cooperation which preceded it for 20 years. In both cases the main issue was and is the coordination of diplomatic intervention. This can be useful as a step in the direction of joint action by the Member States and the EU, but in no way replaces national decision-making.

The Common Foreign and Security Policy as enshrined in the Treaty of Maastricht offers an institutional framework for a European Foreign and Security Policy, possibly including a defence policy - which would have to be developed from scratch. It is no more than a framework, however.[12] In order to develop a true European policy in a substantive sense, there would have to be agreement on its aims, political scope (regional or extra-regional) and policy procedures. At the very best this will be a lengthy task.[13]

The formulation of a common policy (to use the language of the Treaty of Maastricht) through the CFSP thus leaves unchanged the fact that the EU as such plays virtually no role in foreign policy and security affairs. The relevant competences are exercised at three levels: first, and mainly, at the level of the sovereign states; secondly - to a small extent - at the level of the second pillar of 'Maastricht' (in the sense of the diplomatic coordination referred to earlier); and in a third, separate area, namely external trade policy, where the EU has exclusive competence (Art. 113 of the EEC Treaty). Each level develops its own activities, partly parallel with the others, partly overlapping, and partly competing. Integration of these levels is not in prospect at the moment.

The policy instruments introduced for achieving the aims of CFSP are common positions and joint actions. Examples of the latter include acting as observers at elections or supporting humanitarian aid convoys in Bosnia Herzegovina. Decisions on such matters are taken unanimously, although in the implementation phase of a joint action certain decisions may be taken by majority. Matters relating to defence are expressly excluded from this rule.

Clearly, the decision-making processes within the CFSP are unable to meet the minimum requirements in terms of strength and effectiveness which are essential for a common external policy. As already stated, these processes amount to little more than glorified diplomatic consultation and coordination. And according to the Dutch government's policy document on the Common Foreign and Security Policy, the problem of Community decision-making

[11] A. Szász, op. cit.

[12] For a detailed summary of the development of the European Union's security policy and the provisions of the Treaty of Maastricht on this subject, see M. Jopp, 'The strategic implications of European integration', *Adelphi Paper 290*; London, IISS, 1994, and A.E. Pijpers, 'De veiligheidspolitiek van de Europese Unie' (The security policy of the European Union); in: *Tussen orde en chaos. De organisatie van de veiligheid in het nieuwe Europa*; Leiden 1993, pp. 137-174.

[13] Netherlands Ministry of Foreign Affairs, *Het gemeenschappelijk Europees buitenlands, veiligheids- en defensiebeleid: naar een krachtiger extern optreden van de Europese Unie* (The common European foreign, security and defence policy: towards a more powerful external profile for the European Union); Parliamentary Proceedings, Lower House, 1994-1995, no. 24 128, no. 2, 9-10.

becoming 'infected' is already occurring: some Member States are showing a tendency in matters concerning the CFSP - i.e. intergovernmental matters - to raise subjects (such as trade issues) which in reality are covered by a different section of the Treaty of Maastricht - i.e. majority decisions taken at the proposal of the Commission.

Under the Treaty of Maastricht the Western European Union (WEU) - currently still an independent organisation - will eventually develop into the 'defence arm' of the European Union and thus in principle into the often described but never achieved European pillar of the Atlantic Alliance. Things are nowhere near that stage yet, although steps are being taken to improve the cooperation and coordination with both the EU and NATO. Measures have also been taken to enable the WEU to play an operational role in crisis management situations, peace operations and humanitarian actions, for example through the setting up of its own planning cell.[14] How the future status of the WEU will be regulated is not yet clear. The Dutch government would prefer it to be incorporated in the common foreign and security policy (i.e. WEU also becomes EU).[15] Other options include achieving European cooperation on defence by creating a separate structure for the WEU or allowing it to continue as an independent organisation.

Neither the CFSP nor the WEU currently offer much prospect of the generally supported desire and need to instil Europe with more external power to act in the new international order. The size and heterogeneity of the participants already gets in the way of such strength and competence to act. The WEU, for example, currently numbers ten members, three associate members and five observers, and this produces the usual problems associated with differences in status and heterogeneity. Expanding the EU and WEU to almost thirty members will reduce the cohesion even further, partly because of the further increase in the variety of geopolitical interests that expansion will entail. Bertram therefore argues that, rather than the WEU, the originally Franco-German 'Eurocorps' be made the core of European collaboration on security and defence.[16]

In its CFSP policy document, the Dutch government acknowledges the general feeling of dissatisfaction in Europe regarding the as yet inadequate effectiveness of the Common Foreign and Security Policy. In the government's view, this dissatisfaction could possibly be removed by a more federal approach.[17] The majority of Member States are against this, however, and it is also debatable whether federalisation would actually bring any improvement if it were to mean application of the prevailing integration concept. As stated in section 8.2 the present European institutions, with their emphasis on permanent negotiation processes, offer little basis for credible interventions. Increasing the EU's external ability to act by federal means could probably not be achieved on the basis of a concept of 'negative integration' plus harmonisation and coordination of national policy (the Spaak concept), but would instead demand positive integration: the integration of national governmental power within a single administrative body (the Monnet concept).[18] In the

[14] This planning cell has been operating at full strength since the spring of 1993 and is concerned with the development of operational plans and the formation of 'force packages' (combinations of units which, depending on the nature and scope of the operation, can be deployed jointly).

[15] Netherlands Ministry of Foreign Affairs, Het gemeenschappelijk Europees buitenlands, veiligheids- en defensiebeleid: naar een krachtiger extern optreden van de Europese Unie (The common European foreign, security and defence policy: towards a more powerful external profile for the European Union); op. cit., p. 17.

[16] Bertram, op. cit.

[17] Netherlands Ministry of Foreign Affairs, op. cit., p. 20.

[18] See J.P.H. Donner (rapp.), op. cit.

area of security, however, this would again entail something along the lines of the European Defence Community with its centralised institutions, integrated supreme authority, a single army and a common defence budget. That is something which has been off the agenda for decades now and which is not even a theoretical option for the foreseeable future.

8.3.4 'Core groups'

The expectation that the existing and proposed institutions offer no solution to the EU's inability to act effectively has concentrated minds in the search for ways to make the decision-making process more effective. One way of achieving this is to reduce the number of decision-makers. At least one such reduction has already been provided for. The Treaty of Maastricht defines very clearly the final objective of Economic and Monetary Union - a common currency - and the associated institutions - a European Central Bank - as well as the intermediate steps on the way to this final objective, as well as establishing the criteria which will have to be met for participation (8.3.2). There is no way that all Member States will be able to meet the timetable for compliance with these criteria, and EMU is therefore likely to go ahead in 1999 among a group of Member States which are able and willing to conform to these criteria. At the moment, only Luxembourg meets them. Germany, France, the Netherlands and Denmark could be said to be on the way to meeting them and will probably achieve compliance with varying degrees of additional effort. As regards Belgium, Spain and the UK, it is uncertain whether they will be able to achieve compliance even with that extra effort (this leaves aside the question of whether all these countries actually wish to be admitted to EMU: the UK, for example, does not). And there is a final group of countries - Italy, Portugal, Ireland and Greece, as well as virtually all the new members from Central and Eastern Europe - about which it can be said even now that they will not achieve compliance in time.

In spite of this diversity - for which allowance was made in Maastricht - Germany and France appear determined to achieve Monetary Union. Chapter 6 looked at the mainly (geo)political motives behind this determination. As stated there, neither countries may have any choice but to press on. Despite the clear stumbling-blocks to achieving monetary union - including doubts on the domestic political front - it is a fact that there is virtually no way back. Calling a halt to the drive towards EMU now that the step has been taken to lay this down as an objective in a Treaty and now that it has been given the mantle of the commitment and prestige of the main government leaders, could only be seen as a major blow, perhaps leading to far-reaching fragmentation, both political and financial/economic. Procrastination, so often the 'solution' in European problem situations, would bring the risk that the 'window of opportunity' would slam shut. And time is not in EMU's favour. Postponement would encourage new rounds of speculation against the weaker currencies in the ERM. Postponement would also mean that EMU would in fact be made dependent on Member States which do not yet meet the convergence requirements. Those arguing that the whole process could be slowed down would then gain in influence; the convergence criteria themselves could even be brought into question. The Union would not function better while all this was going on, as Member States focused more strongly on their own problems of adapting to the changing world economy. Postponement until 'tomorrow', therefore, would bring the risk that 'tomorrow never comes'.

If the path towards EMU is followed, but by only a limited number of countries, then the only option will indeed be 'differentiation of the integration' (a reduction in the number of participants). The debate on this issue is largely conducted on the basis of whether it is only the speed of integration or also its objective which varies between Member States, in other words whether the

issue at hand is multispeed integration or variable geometry.[19] Linked to this is the question of whether the desired deepening of the integration in fields other than monetary cooperation, i.e. in areas where decisions are taken at intergovernmental level, can be promoted through differentiated integration. For example, the countries which together enter into Economic and Monetary Union could strive to deepen their relations in other policy fields as well. Another option would be the setting up of a system of 'core groups', the composition of which would vary depending on the policy field concerned.

Both government leaders and other leading politicians in the major EU Member States have successively voiced their opinions on these issues over the last two years:

- In a speech to the French Senate on 13 October 1993, German Chancellor Helmut Kohl seemed prepared to take the path of variable geometry, starting from EMU: 'We warmly invite our European partners to cooperate in this endeavour - but *we will not permit ourselves to be deflected from carrying this union further and completing it together with those who want to take part in that process.*' (Published by the German Embassy in Paris.)
- The former French Minister Alain Lamassoure, writing in *Le Monde* on 30 May 1994, called for a 'new founding contract' for Europe, which would differentiate between common tasks and 'optional subjects'. A group of pilot countries, the 'new founders', would have to take part in all optional subjects at once. France and Germany would in any event belong to this core group.
- The former French Prime Minister Edouard Balladur painted two different future scenarios. In an interview in *Le Figaro* on 30 August 1994 he spoke of a Europe consisting of three concentric circles. Based on the concept of the internal market and of the common foreign and security policy as laid down in the Treaty of Maastricht, the first of these circles would consist of all Member States of the European Union. Towards the centre there would be a second, smaller circle of Member States who would enter into a more tightly structured relationship at monetary and military level. Leading out from the original circle would be a third, wider circle covering the whole of Europe, thus including those countries which are not members of the European Union and with which good relations should be maintained on all manner of fronts.
  Later, in an article in *Le Monde* on 30 November 1994, Balladur proposed a variation on the theme of 'variable geometry' in the sense that he now called for a system of different groups, depending on the subject at hand.
- In a speech before the European elections on 31 May 1994, the British Prime Minister John Major came out in support of 'variable geometry' as a means of achieving a 'flexible' Europe, although he later backtracked from this position in a speech on 7 September 1994 in Leiden in the sense that he rejected the idea of a single core group which would enter into all the obligations and thus be able to claim the related privilege and exclusivity.
- The Dutch government has stated that it has no objection to a multispeed approach, but: '*In general* the government feels that a 'variable geometry' should *preferably* be avoided (WRR emphasis): allowing diversification of objectives can lead to disintegration'.[20]

[19] For the sake of simplicity, this report adopts the same distinction as that used by the Dutch government in its first policy document in preparation of the 1996 IGC: Ministry of Foreign Affairs, *Uitbreiding van de Europese Unie: mogelijkheden en knelpunten;* (Expansion of the European Union: opportunities and problems), Lower House 1994-1995, 23 987, no. 2, 14. For a more detailed discussion of the distinction see: Helen Wallace, and William Wallace, *Flying together in a Larger and More Diverse European Union*, Working Documents no. W87, The Hague, WRR, 1995.

[20] Dutch Ministry of Foreign Affairs, op. cit., p. 14-15. In this document the government refers to the following assessment criteria for multitrack initiatives:

1. Differentiated integration must be compatible with the objectives of the Union Treaty.
2. Every Member State must be free to join in if that Member State is willing and able to meet the criteria for a more rapid integration.

The contribution to the debate which has so far caused the biggest storm did not come from one person, however, but from the German CDU/CSU parliamentary party. This was the call for a multispeed Europe which was set out in the document *Überlegungen zur europäischen Politik* ('Consultations on Politics in Europe'), published on 1 September 1994 and widely known as the Schäuble/Lamers document after the leader of the CDU/CSU parliamentary party who took responsibility for this document, and the document's author, the Christian Democrat Europe specialist Karl Lamers. The document makes a strong case for the setting up of a core group consisting of France, Germany and the Benelux countries, which should not only realise monetary union within the EU but also take the lead in other policy areas as well. The document calls for this approach to be regulated by Treaty at the 1996 IGC, in spite of the legal and practical problems this would entail. To this end, a structure would have to be set up whereby all Member States agree to the application of differentiated integration as a generally accepted principle.

While the CDU/CSU document does not constitute a government standpoint, it does carry the support of the majority parliamentary party in Germany and is assumed to be authorised by the Chancellor himself. This, together with the fact that the document puts names to a number of aspects which are usually glossed over, explains why it has attracted so much attention.

One striking and less commented-upon factor is that the CDU/ CSU memorandum goes a long way in a supranational and federal direction. The starting point is Monetary Union as the hard core of Political Union. This Political Union is thus seen as a precondition for economic and monetary integration and not, as is frequently assumed in Germany and also in the Netherlands, as the result of that integration. According to later treatises by Lamers, this is a reference to the fact that in the Treaty of Maastricht, Monetary Union is the most advanced supranational concept: 'It is the highest stage of integration, in which national sovereignty is transferred to a European body (....). In Maastricht we regulated the monetary aspect perfectly, but the other parts less completely', said Lamers on 16 November 1994 during a lecture in The Hague.[21] As regards institutions, the CDU/CSU memorandum argues that the Commission should in time develop into a European Government and that the Council of Ministers should become a sort of Senate. Such lines of thought, which until recently were generally accepted as objectives in the Netherlands,[22] are now open to scepticism. This may be a nod in the direction of federalism in order to sweeten the pill of a multispeed Europe. On the other hand, as Szász points out, it is striking that with regard to the European Central Bank, the issue on which Germany has made the greatest concessions because Germany will have to give up its dominant position here, the Germans proved willing to accept the greatest degree of supranationality in the Treaty of Maastricht.[23]

The geopolitical motivation for integration implies urgency, and explains why Germany is unable and unwilling to put off the process of broadening and deepening until all Member States are ready for it. The core group which is now ready to move further should, it is felt, function as the engine of further

3. Differentiated integration must not affect the legal order in the Community and must in principle not undermine the cohesion of the internal market.
4. Member States which themselves elect not to participate will not be permitted to object to the creation of a lead group so long as that group meets the above criteria.

21] *De Volkskrant* newspaper, 17 November 1994.

22] See H.C. Posthumus Meyjes, 'De Nederlandse buitenlandse politiek aan de grens van Terra Incognita' (Dutch foreign policy at the borders of *Terra Incognita*), in: *Een gedifferentieerd Europa;* WRR, Preliminary and Background Studies no. V89, The Hague, Sdu Uitgeverij, 1995.

23] A. Szász, op. cit.

progress. Speaking in The Hague, Lamers expressed the conviction '...that, if a small group of countries presses ahead with far-reaching economic and political integration, this core group could draw other countries in like a magnet. (...) Anyone trying to avoid this influence would be marginalised. Such a scenario is practically impossible.'[24]

8.3.5 Differentiated integration: a balance

Is differentiated integration an appropriate means of strengthening Europe's capacity to act? And if so, is only a difference in speed (a multispeed Europe) acceptable, or also a variation in objectives (variable geometry)? Clearly, this is not a free choice. Further integration in the European Union will either be differentiated or it will not happen. If the 'core countries' Germany and France consider it necessary to follow this path, they will do so, irrespective of how many other countries follow. The moulding of political will and opinion will take place against this 'compulsory' background.

There is no certainty in advance that the distinction drawn between multiple speeds and variable geometry will be accorded great significance. Even if accession to a core group is legally open to all Member States who are willing and able to achieve a given degree of integration, as proposed in the CDU/CSU memorandum,[25] it is possible in practice that *faits accomplis* will emerge which result in non-core group members being put at a long-term disadvantage. The tendency to deepen integration by drawing a distinction between participants and non-participants could reinforce this effect. It will be particularly difficult for the non-participants to catch up if the core group succeeds in deepening its integration across a broad front. The criteria adopted by the Dutch government, in spite of the expressed preference for a multispeed approach, also do not appear to be so distinctive that they necessarily rule out participation in a variable geometry scenario.

Is the distinction between a single central core group or a system of core groups per policy field of decisive importance? The CDU/CSU memorandum referred to earlier explicitly mentions a single core group, with a cohesive structure and institutional design which tends in a supranational direction. Seen from the perspective of the urgent need to increase the deficient capacity of Europe to act, this construction is obviously preferable. Coherence, homogeneity and therefore strength will all be enhanced by the creation of a single core group. Moreover, a system of several core groups in which, for example, six countries integrated their policy in almost all areas, 12 in half as many areas, with another 16 countries accepting only a quarter of the integration, would be an administrative nightmare, even if the European Court of Justice were ever to endorse the legality of such arrangements.[26]

Nonetheless, in their study carried out for this report Helen and William Wallace point to the possibility of several core groups.[27] According to these authors much will depend on the policy field in which differentiated integration takes place. For example, if security policy were to be taken as the starting point for the (a?) core group, then Britain, along with France, would want to play the sort of prominent role to which it does not aspire and which it does not embrace in the field of economic and monetary integration. Posthumus Meyjes, too, expresses a preference, if differentiated integration were to prove unavoidable, for a system of different core groups; alongside a core group for

[24] *De Volkskrant* newspaper, 17 November 1994.

[25] 'The core must not be sealed off but, on the contrary, open to any member that is willing and able to meet its demands.' CDU/CSU Parliamentary Party, *Überlegungen zur europäischen Politiek*; Bonn, 1994.

[26] See H. van den Broek at the NGIZ-SIB Symposium, The Hague, 24 November 1994.

[27] Helen Wallace and William Wallace, op. cit.

Economic and Monetary Union, for example, there could also be 'cores' for cooperation on defence, foreign policy, legal and police cooperation and, possibly, environmental policy.[28]

Whether or not views such as those expressed above could remain intact if a 'system of core groups' actually got under way appears questionable. The implication of equal, or at least comparable, weight for different policy fields seems difficult to marry to practical reality. Helen and William Wallace feel, probably correctly, that the choice of the policy field on which a core group is based is a question of strategic analysis rather than simply one of taste. On this basis, if the EU has any significance at all, then that significance is in the economic field. Can the strategic significance of an EMU core group, then, ever be equalled by any other 'cores' which might be set up alongside it? European integration has hardly got off the ground at all in the other policy fields referred to above and, given the limitations of intergovernmental cooperation, there is little reason for high hopes here. Put another way, an EMU core group will probably by definition be dominant. Given that dominance, and given the link between monetary and political decision-making and instruments already indicated, the EMU core group is unlikely to hold back from interventions in policy fields other than that of monetary integration.

Opinion regarding the core group idea thus appears not to depend on the various ways in which it could be given form, nor on the host of disadvantages which can be put forward in respect of any other form of cooperation. Mainly, it is a question of whether there is sufficient justification for the breaking up of the cohesion of the internal market and/or the unity of the Community. At first sight, the answer to this question can only be 'no'. The need for monetary union is based in part on the need to strengthen the internal market and the integration process, and in this light the broadest possible participation is essential. Deepening the integration between a limited number of Member States could easily lead to divisions, with those outside the core group facing the threat of removal from the EU as a whole, a danger which could increase further if virtually unavoidable conflicts between core group members and non-members arise regarding the competition-distorting effects of non-participation.

A second objection, which applies more particularly to the smaller Member States, is that, given the participation in an EMU core group which is now proposed, these smaller states could frequently be confronted on major issues with a joint Franco-German standpoint. This will be difficult to avoid in the event of a deepening whose aim is largely to strengthen Franco-German cooperation.

The reason for not rejecting the instrument of variable geometry (integration with different aims) out of hand, in spite of manifest objections, ultimately lies in the observation that national states no longer offer a sustainable basis for government administration. Without progress towards monetary union and a corresponding strengthening of Europe's capacity to act, the stability of the market integration will be in jeopardy. This is an illustration of the fact that it is no longer sufficient to proceed with what is mainly 'negative' integration, but that the Union or parts of the Union will have to intensify - and thus integrate - their policy in a number of fields in order to be able to fulfil government tasks effectively. Progressive economic and monetary integration will make the ability to take decisions and to act crucial; if the option of monetary union is chosen, this long-term interest will have to dominate, otherwise it would be better not to embark on the adventure at all. Similar reasoning could be

[28] H.C. Posthumus Meyjes, op. cit.

followed for other policy fields where intergovernmental decision-making takes place.

Seen in this light, opting for variable geometry could boil down to opting for the least disadvantageous variant, although naturally this will depend on the conditions upon which it is realised. The objections referred to pale somewhat when measured against the risk that postponement of EMU is likely to lead to abandonment of the idea and thus to a dilution of the internal market and possibly of European integration itself. Ultimately, a break in the market is a smaller risk than the disappearance of that market: if that happens, there will be nothing left at all.[29]

[29] J.P.H. Donner (rapp.), op. cit.

Conclusions and recommendations

9

9.1 Introduction

Chapter 1 of this report formulated a twofold question:

- What current structural developments will shape the international arena in the longer term (around ten years), particularly in the area of the external security of states and the stability of security structures?
- What expectations can be voiced on the basis of the above regarding the tasks which will face those responsible for policy? To what extent do these issues necessitate a review of policy focus (including Dutch policy)?

In the following paragraphs the WRR will present its answer to these questions.

9.2 Structural developments

It is not always easy to establish clearly what is structural and what is incidental; it is partly a question of the period over which events are viewed. Moreover, in this area as with many other related concept-pairs (strategic/tactical, fundamental/superficial), a great deal lies in the eye of the beholder. Subject to this reservation, the Council would venture to label the following developments as structural, in the sense that they are likely to shape international relations over the next ten years.

9.2.1 'A return of geography'

The security situation in Europe has changed permanently. The collapse of the Soviet Union has removed the immediate threat of a large-scale conflict. In concurrence with this, direct American involvement in security issues in Europe has diminished, or at least become more selective.

Most of the countries of the former Warsaw Pact have moved towards democratic and market-oriented reforms of their political and economic systems. As a result of these changes, which are obviously to be welcomed, the countries of Western Europe are now confronted with a series of unstable situations in their immediate environment. The key issue in Central and Eastern Europe is to create stable state structures based on the principles of democracy and within which there is scope for the development of a market economy. Processes which have taken many centuries to evolve in the West, and which were accompanied by many conflicts along the way, have to be realised in Central and Eastern Europe within the space of a few short years. Seen in this light, the 'peaceful' progress of the process of change in Central Europe is surprising. The conflict potentials highlighted in Chapter 3, however, are an indication that there are risks here. Other factors too, such as a lack of or very slow progress on the economic front, could pose a real threat to the political reforms. It must be realised that the transformations currently taking place have a precarious character.

An important feature of the new situation is that the immediate security interests of the Western allies are diverging in a number of ways. In addition to the residues of strategic threats from the bipolar era (relating to control and management of the nuclear arsenals and other weapons of mass destruction - areas which hold the attention of the US), as well as nuclear proliferation and security problems (also - rightly - an American preoccupation), there is now

also a plethora of more limited risks. These may range from ethnic and/or cultural conflicts to problems arising due to migrant or refugee flows, from possible terrorist actions to trade conflicts, or may concern environmental threats. Organised crime is also growing into a problem of national proportions. These risks not only arise in centres of tension in Central and Eastern Europe; instabilities in North Africa (Algeria) can also lead to dangers for (especially) Southern Europe. Since the risks affect the direct interests of different countries in different ways, the former 'indivisibility' of Western security interests is being eroded. In this sense, the Alliance is facing a 'return of geography'.

In the light of the above, it is difficult to draw any firm conclusions regarding how much 'safer' - or just the opposite - Europe has become since 1989/1990. What can be established is that the nature of the security problem will for the time being be different from that in past decades. The apocalypse, the world in flames, is no longer the primary concern. The danger now is of 'ground fires' which smoulder on, partially under ground. The risk is that the West European states, in the absence of a coordinating and stimulating American role, will either engage in (possibly conflicting) solo actions or, conversely, turn their backs on any conflicts outside their immediate field of vision and come to regard such conflicts as unavoidable. An apathetic and cynical attitude on the part of the political elites in the countries of Western Europe could undermine the collective will to take control of Europe's own environment, with loss of power and an increasingly insecure Europe as the possible ultimate result.

9.2.2 'Economisation'

Prior to 1989, the international order was governed by the political and ideological opposition between the two security blocs, East and West. Today bloc-formation, or at least moves in that direction through regionalisation, are taking place mainly, and in the first instance, on the economic front - although this cannot be seen in isolation from security issues.

Now that economic policy is no longer subordinated to security policy, but is becoming a main constituent thereof, there is an increased risk of mercantilist behaviour which could weaken the mutual solidarity of allies. Since the first oil crisis in 1973, attempts have been made at several levels to unite two virtually irreconcilable variables, namely the progressive globalisation of economic relations on the one hand and the need to deal with the social consequences of that globalisation on the other. These attempts have never been successful. Even recent successes for multilateralisation (or, more appropriately: 'managed multilateralism') such as the new GATT agreement, do not alter the fact that the benefits and drawbacks of global developments are unequally divided and cross over the borders of national states. Concrete winners and losers can be identified within all Member States of the European Union. Economic globalisation is often seen as an integrative force, but also has an equally fragmentary effect, in fostering differences between social groups, regions and states, as well as between and within economic sectors. Globalisation can even directly reinforce fragmentary forces: if the anticipated additional growth fails to materialise or does not provide sufficient employment, regionalisation develops sharp edges due to calls for neo-protectionism and economic renationalisation.

As an international trading nation, the Netherlands has a prime interest in the most open international economic relations. However, this does not apply to all Member States of the European Union to an equal degree. It must also be remembered that the lion's share of Dutch exports are regionally concentrated, focusing on Western Europe and the surrounding regions. It is there-

fore not unthinkable that the Netherlands will ultimately be forced to consent to economic regionalisation as a 'second best' option, if expansion or even maintenance of the current multilateral structure were to receive insufficient support in other parts of Europe. The realisation of Economic Monetary Union could be a step in this direction, particularly if it were to contribute to a situation whereby the ECU acquired the status of a reserve currency if the slide of the dollar continues. Such a development would of course be conditional on the European Central Bank succeeding in building up a reputation which is as solid as that of the Bundesbank or the Dutch Central Bank. The pros and cons of greater diversification by third countries of their international reserves are difficult to establish unambiguously at this stage. It does not seem likely, however, that shifts in the international monetary responsibilities could take place without having repercussions on other relations between the three leading economic players: the United States, the European Union and Japan.

9.2.3 Renationalisation

Now that the integrating effect of 'indivisible' security interests (deterring the Soviet threat) has disappeared and been replaced by the diverse effects of mainly local risks, there is a growing tendency for states to set their own priorities, in security policy and other areas. This tendency is in spite of the general observation that the most important nation-state functions - guaranteeing the security and prosperity of its citizens - can no longer be achieved at purely national level.

In spite of their loss of function, states continue to be the main actors on the world stage, surpassing the existing international organisations and even integrated institutions. While it is true that in many respects there is a trend towards further internationalisation, this does not by definition signal the demise of the national state. Individual national issues are likely to continue playing an important role, both in respect of the problems and their solutions. As regards the problems, it is not only many of the ethnic and local 'historicisation' conflicts in Central and Eastern Europe which have 'nation-state' connotations; in Western Europe, too, the problem which arose as long ago as 1871 during the formation of the German State is re-emerging, namely that Germany is both too large and too small: too small to be able to control its own surroundings, and too large to be welcomed unreservedly as a partner. The increased weight of Germany is currently not only a problem; it is also indispensable if Europe is to have an effective capacity to act in the world.

The result of renationalisation is that structures to which the Netherlands has for a long time entrusted its interests, such as NATO and the European Union, will undergo further changes. In Europe, for example, there are unmistakeable tendencies towards 'directorate-formation' by the large states.[1] Now that the number of smaller Member States in the EU has increased and is set to rise further, it is unlikely that the larger states will allow a situation to continue in which they can be outvoted by the small states. Revision of the weighting of votes in the Council of Ministers, bringing it more into line with population size, therefore seems likely. In addition, less formal criteria will obviously also have an influence on the ranking order of the Member States in the 'league table' of the EU, such as their willingness and ability to make a contribution.

[1] The setting up of the so-called 'Contact Group' for Bosnia is an example of this. Alongside the US and Russia, the Contact Group includes Germany, France and Great Britain. Italy, which in many ways is directly involved in the conflict, and the Netherlands, which supplies a relatively large proportion of troops, are excluded; for these two countries, 'a contribution without representation' applies.

If the process of renationalisation is not brought to a halt, the very future of the above institutions could even be put in jeopardy. At any event, they will offer a less protective framework for Dutch foreign policy than in the past.

9.3 Focus areas for Dutch policy

9.3.1 Introduction

In the Council's view, Dutch foreign policy in the coming years should proceed from four starting points:

1. The general orientation should focus on promoting cohesion and countering fragmentation. Stabilisation and security in Europe demand a strengthening of Europe's capacity to act. The Council believes that promoting binding elements must therefore form the basis of Dutch foreign and security policy in a broad sense. It is important to formulate an explicit orientation in this direction, since otherwise a feeling of a lack of direction will arise, giving day-to-day policy a reactive and ad hoc character. Naturally, in specific cases the content of decisions will depend on actual interests and circumstances.

2. The above implies that the Netherlands should continue to strive for the closest possible cooperation in existing international organisations, which also means that it should be prepared to contribute to necessary adjustments in the burden-sharing among States. This should support two main objectives, namely a lasting congruence between American and European security interests and the preservation of institutional arrangements which maintain 'openness' and discipline in the world economy.

3. Good bilateral relations and contacts, including with countries with which the Netherlands has hitherto had little involvement (such as the countries of Central and Eastern Europe), should be given a higher priority in an era of crumbling structures. This could help prevent future surprises on the foreign policy front.

4. Given the increasing number of uncertainties systematic contingency planning, having due regard for the interrelated nature of policy options, is desirable. Both the diversity of risks and the fact that it will not always be possible to achieve lasting coalitions could lead to a greater need for flexibility and ability to improvise in less than clear situations. Policy formulation should be geared to dealing with contingencies against the background of the commitment to cohesion.

In view of these starting points, the Council holds that it is of particular importance that the European capacity to act is strengthened, so as to fill the gaps that result from the decreased involvement of the US. This is a central issue. A complication here is that there is currently no such thing as a cohesive 'European' foreign and security policy. What is clear is the tasks which such a policy would have to fulfil: complementary to the alliance with the US, providing a more effective united response to destabilising developments, perhaps occurring mainly in south-eastern Europe and North Africa; filling the institutional vacuum in Central and Eastern Europe; and contributing to the anchoring of Germany in a wider context. In open conflict situations, it will frequently come down to a combined deployment of instruments, a combination of integration and intervention, with such intervention possibly taking the form of 'policing' actions or, in extreme cases, actual military action. Creating such a 'broad' policy as this demands common insights, as well as homogeneity and cohesion, at least among the primary states in Europe. In the longer term, the necessary cooperation could also develop into a political precedent for the development towards economic regionalisation.

The question of whether a 'core group' (or several 'core groups') within the EU would lead to improvements on this point of European ability to act will be discussed below. At this juncture the importance can be signalled of determining standpoints in good time on proposals for such constructions. It is only at the time of their formulation that any influence can be exerted at the moment of accession regarding their structure and the distribution of powers.

In conclusion, the observation from Chapter 1 can be repeated here: policy options will frequently take on the form of dilemmas over the coming years. In many cases it will be necessary to choose the least disadvantageous variant. Seen in this light, it will be sometimes be necessary to abandon tangible short-term benefits in the service of long-term interests which, seen from a policy standpoint, are of a more strategic nature.

9.3.2 Alternatives

The foregoing subsection sets out the general principles of policy. The sections below discuss how this policy can be created in practice.

In his preliminary study carried out for this report, Posthumous Meyjes lists two main characteristics of Dutch foreign policy since 1948/1949, namely the commitment to entrust its security to the United States as the leader of the free world, and in the second place the commitment to promote its foreign economic interests through international cooperation and with the aid of strong international institutions, particularly at European level. Both involved 'externalisation' of policy, transferring responsibility to institutions outside the Netherlands, though without making efforts by the Netherlands itself superfluous.

In addition to these two main patterns, Dutch policy has also always reflected a recognisable trust in global organisations, particularly the United Nations, as well as an emphasis on the application of transnational standards in the area of international law, arms control, human rights, development cooperation and, more recently, the environment.[2]

The main effect of the developments outlined in this report is the disintegration of the certainties which this 'externalisation' of policy made possible. There is no longer an 'automatic pilot': the relative certainties of the last 40 years have disappeared since 1989/1990, or have at least changed radically. This applies to the indivisibility of the security of the West, the primacy of security over economy, the presence of the American 'director' (protecting, steering, sometimes compelling), the degree to which allies were kept in their place by this situation, the 'reconciliation' of large and small in European integration, the division and control of Germany and the separation from the eastern part of Europe with its unsolved national and internal problems.

The present situation bears some comparison with that in the years 1948/1949, when the outbreak of the Cold War caused the Netherlands to exchange its orientation to the United Nations for a policy based on regionally organised structures of military security and promotion of economic interests. The main difference, however, is that the way forward is now less clear. The principle referred to earlier, namely that binding elements should be strengthened, means that the Netherlands will have to continue investing in the main institutions in which it has to date 'externalised' its policy, namely NATO and the EU, although this begs the question of what the effect of this

2] H.C. Posthumous Meyjes, 'De Nederlandse buitenlandse politiek aan de grens van Terra Incognita'(Dutch foreign policy on the brink of the unknown), in: *Een gedifferentieerd Europa;* WRR, Preliminary and Background Studies no. V89, The Hague, Sdu Uitgeverij, 1995.

will be. It is even possible that, while recognising the importance of limiting fragmentation, doubts arise in the Netherlands, too, regarding the prospects for the longer term. In any event, the disappearance of the 'automatic pilot' means that the Netherlands will be forced to adopt its own standpoint more frequently on issues where this has been virtually unnecessary in the past, such as the possibilities offered by Franco-German cooperation for the future in Europe.

Very broadly, two types of foreign policy adjustment are feasible, which at first sight appear highly divergent. In practice, however, it will frequently come down to accents in policy which will lead cumulatively to contrasts in the mainly longer term.

On the one hand, it follows logically from the preceding analysis that the Netherlands can seek to achieve the necessary strengthening of binding elements through a strengthened investment in the European Union. Before discussing this in more detail, however, it is first necessary to review whether a development in the direction of 'renewed aloofness' could fit in with the general policy orientation outlined above.

9.3.3 Aloofness

Aloofness in the 19th-century sense, when such a thing as European integration did not exist, is not an issue today. Equally, there is no question in the current situation of 'neutrality' in the face of antagonistic major powers.

Aloofness can, however, take on contemporary forms which need not by definition be far removed from (certain elements in) the political discourse. An example would be a policy which was aimed at bringing Dutch international commitments more into line with the limited ability of the Netherlands to influence the international situation, together with a renewed emphasis on a strongly human rights-based orientation under the motto 'justice before power'.

In this connection it is worth recalling that Dutch aloofness in the past was not so much a conscious choice as a consequence of failed Dutch action, of inability to enter into binding engagement, or of negative experiences with closer ties and excessive costs of commitments entered into. This aloofness was always founded in a general pragmatism. Close ties with large, much stronger neighbours do not form part of the Dutch tradition. A number of domestic factors could indicate a move in the direction of aloofness in the current situation, namely the traditional Dutch aversion to Machiavellian power games in Europe, distaste regarding the complex situations in Central and Eastern Europe and regarding 'continentalism' in general, the absence of or minor role played by the United Kingdom and the fear of Germany's acquiring too strong a position.

Factors such as these could result in the Netherlands not being able or willing to contribute to efforts to increase Europe's capacity to act through forms of differentiated integration or variable geometry (see Chapter 6). Deviation from a policy tradition which entails the leap to 'core groups', would then not be possible, except where commitments already entered into make this binding, for example in the area of monetary union. In other policy fields, The Hague would seek to adopt a low profile and, by entering into variable coalitions, would limit itself to the promotion of interests in a narrow sense.

An alternative expression of aloofness is a 'policy of open options'. Such a policy need not be 'anti-European' in its focus: it could also be aimed at countering fragmentation by maintaining a distance from constructions which do

not offer a lasting future prospect. However, a 'policy of open options' would mean that the Netherlands, in a period of major uncertainty in international developments - in which it is not clear precisely where the dangers will come from and what the appropriate remedies will be - would be adopting a 'hands-off' approach. In this sense, such a policy would have a defensive character. Assuming that European integration has for the time being reached a 'plateau' and will now remain approximately where it is - a mixed and incomplete whole encompassing a range of contradictions - further moves towards Economic and Monetary Union would be rejected as the core for further integration, as would Political Union or a stronger European 'security identity'. Such moves would involve commitments which are too far-reaching and which could in time have an opposite effect to that which is envisaged.

Seen in this light, the limitation of perspectives and the reining in of ambitions could be accompanied by an effort to increase the Dutch negotiating strength, particularly with a view to future opportunities. The Netherlands would then no longer have to focus within the European Union on consensus, and would no longer have to constantly play the role of 'faithful ally' or 'most Community-minded EU Member State', but would where necessary have to adopt a hard line and a clear stance. The strengthening of bilateral contacts with its European neighbours and a commitment to the formation of variable coalitions around concrete issues at European level would fit in with such a policy.

9.3.4 Commitment to the EU

An increased commitment by the Netherlands to the European Union is not simply 'more of the same', an extension of current policy. The far-reaching changes taking place in Europe mean that such a strengthened focus on Europe would also entail an adjustment. As indicated in earlier chapters, European integration faces a new demand since 1989/1990, namely that it create sufficient ability to act in new fields in order to deal with the problem of stability and security in Europe.

By definition, this strengthened ability to act can only be inspired by those large Member States of the EU which have already built up a considerable political power base which can be developed further. In reality there are no other candidates here apart from the Franco-German duo: all possible steps forward on this point assume a prior agreement between Bonn and Paris if they are to stand any chance of even being countenanced. This applies to the use of the increased political weight of Germany on behalf of the deepening of European integration, to the expansion of the EU by the addition of Central and Eastern European countries and to the adjustments this would require in the policy and institutional structure of the Union. The realisation of EMU and of something approaching a common foreign and security policy are also dependent on Franco-German agreement.

The ambiguities within the Franco-German cooperation were discussed earlier (section 5.6). Here we are concerned with the consequences for the Netherlands of an orientation towards a Europe in which Bonn and, to a lesser extent, Paris set the tone. There are undeniable objections to this situation. In the first place the prospect - let alone the 'permanent prospect' - of lasting Franco-German leadership is not a certainty, and there could be a danger of 'backing the wrong horse' here. Secondly, acceding to a relationship which is already half-institutionalised and in which the willingness to 'compromise' is not large will demand real sacrifices. The Netherlands will have to prove its worth, and will meet with scepticism in some areas of policy. 'Externalisation' of policy is not advisable in such a context.

Closer involvement with Franco-German cooperation will demand substantive adjustments to policy, but also perhaps to political mores. Friction on issues relating to the third section of 'Maastricht' (asylum policy, drugs policy) could affect the margins for effective cooperation. Cooperation presupposes coordination of, or at the very least information and consultation about policy. It will therefore not be possible to ignore irritation about Dutch actions, and this applies particularly for important foreign policy themes. Deepening integration will therefore also result in unavoidable changes in domestic relations. The Netherlands could of course pursue its own, out-of-step policy - coordination is not subordination. Similarly, different roles are imaginable within a single European policy which meet individual national needs - but in general the relationship between domestic preferences and foreign commitments will undergo a shift of emphasis. Deviations from the general line will normally exact a price. This not only applies to the Netherlands; for example, it is becoming increasingly difficult for Germany to submit to the strong public distaste regarding the involvement of German soldiers in actions outside its own borders. However, there is a difference in policy margins between larger and smaller countries, and that difference will still be felt within a Franco-German-led 'core group', perhaps even more clearly than at present.

In spite of these reservations, the Council believes that the choice should be for a stronger commitment to an EU under Franco-German leadership. The primary consideration here is that a cost/benefit analysis of deepened integration should be based on the objectives for the longer term. The need to deter external threats which the Netherlands is incapable of dealing with alone, preservation of the integration already achieved in Europe, the protection of large, predominantly regionally concentrated trading interests - in short, the 'insurance' nature of a more committed cooperation - are all factors which need to be taken into consideration if the pros and cons are to be weighed up in the proper context. This means that the choice faced by the Netherlands between participation in a core group under Franco-German leadership and aloofness is not a free one. It may well be that cooperation in such a 'core' Europe will demand sacrifices in areas where the national 'pain barrier' is low. However, if the risks of further fragmentation and instability within and around Europe as sketched in this report are taken seriously, there is no satisfactory alternative in the Council's view to a strengthening of Europe's ability to act. A policy of shifting coalitions will not contribute to this.

Adopting a common European approach which is able to accomplish anything - something which is necessary now that the United States has decided to reduce, or at least to be more selective, in its involvement in European (security) affairs - demands structural coordination of effort, something which can quite simply only be achieved through a deepening of European integration. As stated earlier, the path to that deepened integration runs via Bonn and Paris and it is already clear that not all 15 existing Member States will be capable of following this path, a problem set to be compounded in the near future when the membership increases to around 30. The choice which has to be made for greater differentiation does not mean that the traditional Dutch preference for 'Brussels', for supranationality and formal equivalence of Member States within the EU, will have to be abandoned for good. Under the new conditions, as discussed in the preceding chapter, the objective need for a supranational approach may well be even greater. Where it is possible, strengthening of the existing European institutions and, where useful, broadening their scope, will at any rate be in Dutch interests. If more effective cooperation in areas falling outside the scope of the institutions is currently considered a matter of some urgency, however, it is not always possible to realise first choices or to wait until Dutch views gain sufficient support among other Member States. In the Council's view, the maxim 'second best is best' certainly applies here.

The Netherlands has a direct interest in ensuring that the proposed expansion - a doubling of the number of members, an increasing variety of political cultures and levels of economic development - need not paralyse the Union. However, if the expanding EU fails to create a core with sufficient homogeneity and cohesion to be able to intervene effectively, both politically and otherwise, the result will not be a continuation of the status quo. Rather, for the large countries the only alternative to doing nothing will be the 'nation state approach', either in combination with other countries or, if necessary, alone. This could easily lead to reversion to a 'nineteenth-century' situation, with power concentrated among the larger players and, as a result, reduced attention for the smaller Member States. This would probably also mean that Germany would be forced into a leading role as a central power and would accordingly use its weight more than at present in many areas. The premise that Germany should play a central role in the European Union in order to prevent German domination in Europe forms part of the dialectic of the present situation.

The Council believes that a policy of 'open options' would ignore these realities. The risk of aloofness, even if it is not labelled as such, is that the Netherlands would be left isolated in any 'new creation'.[3] The observation, correct in itself, that the Netherlands has limited power to influence the international situation, is a poor argument for ignoring the few possibilities that there are for such influence, with the risk that this will lead to self-marginalisation. Bertram's comments regarding the position of small countries within the context of Franco-German cooperation apply here. At worst, they will not have less influence 'inside' than 'outside', and are likely in fact to have more influence 'inside'.[4]

9.3.5 Consequences for main policy lines

The preceding section argues in favour of increased commitment to Europe's capacity to act. This chapter concludes with a discussion of the consequences of this for a number of main policy lines.

Main thrust of European policy
A stronger orientation by the Netherlands to a Europe led by Germany and France increases the importance of the structure of the cooperation within that framework. It would be wrong to leave this to Bonn and Paris, but also unnecessary. Once the French and Germans are in agreement, they generally carry the day in the EU; but they are often not in agreement. Moreover, the formation of Franco-German opinion can often be influenced at an early stage by other Member States. The contribution which the Netherlands can make here will vary per policy field. In general, Dutch diplomacy will stand the best chance if it is aligned with German views. Within EMU, the Netherlands will stand on Germany's side as a matter of course regarding the (convergence) criteria for admission. Where the Treaty of Maastricht demands a political view on this the Netherlands, like Germany, is one of the 'precise nations'. In principle, there will also be a wide degree of agreement between the German and Dutch views regarding the importance of good relations with the United States and of a world trade system which is as open as possible.

3] There is a compelling comparison here with the 1950s when the Netherlands, despite clear political objections to the 'continental' character of the proposed European Coal and Steel Community and the European Economic Community, nevertheless decided to participate in view of the assumed importance of these institutions for the future.

4] 'What will be most important for countries such as Holland, Belgium or Luxembourg is the fact that their influence will be no less and probably much greater within the core group than outside it.' Christoph Bertram, 'The future of European Security and the Franco-German Relationship', in: *Een gedifferentieerd Europa;* WRR Preliminary and Background Studies no. V89, The Hague, Sdu Uitgeverij, 1995.

The extent of Dutch influence within EMU and possibly in other core groups outside it will also depend to some extent on the institutional structure. If an EMU core group were to follow the supranational proposals put forward in the 'Lamers model', this would bolster the Dutch position. It is quite possible that the intergovernmental rules will apply within the EMU core group if and as soon as issues of foreign and security policy are raised. In that case the hoped-for increase in Europe's ability to act will have to come from the leadership of the Franco-German 'core within the core' and from the smaller, more homogeneous and coherent circle of participants.

If the creation and/or legitimisation of the EMU core group depends to some extent on Dutch willingness to participate, this gives the government in The Hague a negotiating position.[5] The criteria formulated by the Dutch Minister for Foreign Affairs regarding differentiated integration offer a starting point for avoiding the creation of permanent divisions in the EU while preventing Member States which remain outside the core group from assuming a veto right on that group's progress. The temptation to try to regulate every last detail through formalised structures will, however, have to be resisted.

The urgency of the need to bolster Europe's capacity to act should also shape policy in the preparations for the 1996 Intergovernmental Conference (IGC). The Netherlands is likely to support the German government's preference for a supranational structure, but need not stick stubbornly to this ideal in isolation if the necessary majority is absent. By the same token, a pragmatic stance is required with regard to the rights of the smaller Member States of the EU with respect to issues such as the allocation of votes in the Council of Ministers, the composition of the European Commission, the presidency of the EU, and so on.[6] As stated earlier, the large Member States in a greatly expanded Union will not allow themselves to be outvoted by the small members. On the other hand, the small states need not allow themselves to be pushed into a corner. The key issue here is an acceptance of a certain degree of institutionalised inequality in order to enhance the capacity of the EU to act and thus help to prevent a situation where the large nations make deals outside the EU.

Increasing the negotiating strength

Less 'externalisation' means more attention for the national position. A policy of greater commitment to the EU could also necessitate the adoption of a 'hard line and clear stance' in negotiations. On the other hand, there is no point in gesture politics. Those who are willing and able to make a contribution will be the ones who acquire influence.

The logic of the general policy orientation proposed here is that the Netherlands will seek to intensify cooperation in Europe on the basis of its own strengths. An example is in the area of monetary policy, where the Netherlands, thanks to its relative significance in this area and its track record on price stability, has on several occasions managed to press home its views in Europe.[7] It may be that with regard to European positioning, too, it is mainly a case of a mental adjustment being required. In cases where a strong position is adopted, for example before a large government contract is awarded, there is a need to switch from a buyer's mentality more to the role

5] 'There will be no core group but only a Franco-German tandem if the Netherlands were to refuse to join or to leave after joining. This conveys upon the largest of the Benelux countries a particular bargaining power.' Christoph Bertram, op. cit.

6] Cf. Adviesraad Vrede en Veiligheid (Peace and Security Advisory Council), *Een nieuwe uitdaging, Europa 1996* (A new challenge: Europe 1996), report no. 17, The Hague, 1995.

7] For examples see A. Szász, 'Nederland en de Economische en Monetaire Unie' (The Netherlands and Economic and Monetary Union), in: *Een gedifferentieerd Europa;* WRR, Preliminary and Background Studies no. V89, The Hague, Sdu Uitgeverij, 1995.

of a partner.[8] When making investments in long-term interests, costs must be incurred before there is an opportunity to reap the benefits. For this reason, an issue such as the Dutch contributions to the EU can also not be considered in isolation, but must be seen in the context of the major material benefits which the Netherlands derives from the operation of the internal market. In the final analysis, unity of policy when acting in the European arena is an essential requirement. This should at any rate be a point for attention in the more systematic policy preparation structure proposed.

Bilateral relations

However important 'Brussels' may be and remain, the number of decision-making centres will increase in the EU of the future. The Netherlands will have to pay attention particularly to the 'preliminary phases' of European decision-making; this will demand specific contacts, both with the departments of the European Commission concerned and with the national capitals.[9] As stated earlier, bilateral relations will once again increase in importance alongside the multilateral structures. The central issue here will be timely consultation to ascertain what other Member States are thinking and doing, in order to be able to secure allies in good time and to be able to promote one's own interests.

In the context of a greater orientation towards Franco-German cooperation, primary attention will focus as a matter of course on views and developments in Bonn and Paris. The fact that differences will continue to exist within the Franco-German relationship, both in terms of interests and political culture, offers the Netherlands opportunities in its relations with Bonn in particular. One condition if the Netherlands is to be able to develop its own 'playing field' in this way is a recognition that, for Germany, cooperation with France is of a different order of importance from cooperation with the Netherlands. Quite simply, France must be involved in every German initiative relating to non-specifically German issues, simply in order to avoid the possibility of French opposition. In a positive sense, to, the support of Paris is essential for Bonn; both within and outside Europe, a Franco-German proposal often carries sufficient weight to make the chance of its acceptance considerable. Both legitimising elements and power-political factors play a role here. This primordial importance of France in all of Germany's European relations makes the idea that The Hague could in some way act as a more or less permanent arbitrator between the two large nations a rather unrealistic expectation.

On the other hand, Dutch action could have calming, legitimising or sanctioning effects which are of importance for Bonn. For example, while it is true that German dominance in monetary matters is so strong that the Netherlands can barely afford deviations from the German course, the fact that this course is pursued voluntarily and is not seen as an erosion of Dutch independence can help to make the German predominance acceptable to Member States with weaker, more vulnerable currencies. With regard to the United Kingdom in particular, where suspicions regarding German hegemonic ambitions are never far away, the way in which the Netherlands deals with its large neighbour can demonstrate that such a relationship leaves margins of freedom, whilst at the same time increasing stability. In other areas, where references to the heritage of the Third Reich are involved, support from a former 'victim country' such as the Netherlands, which in spite of everything does not feel dominated by its large eastern neighbour, can have a legitimising

8] See J. van Iersel, 'Defensie-orders: de weg naar Europa' (Defence orders: the road to Europe), in: *Europa in beweging*, vol. 20 no. 3.

9] For an extensive discussion see J.P.H. Donner (rapp.), *De gevolgen van een Europese vierde bestuurslaag;* (The consequences of a fourth European layer of administration), report from a working party of the European Movement in the Netherlands, The Hague, EBN, 1991.

effect *vis-à-vis* other countries. Finally, support for German proposals coming from a country such as the Netherlands, where it is assumed that moralism plays a large role in public policy, can sanction the actions of a Bonn which is still uncertain in a moral sense. While the importance of such 'moral approval' should not be exaggerated, a nod from the Dutch on sensitive issues, such as German participation in military actions in order to impose peace outside the NATO area, could have a useful function for the German government with regard to German public opinion. A further influential factor here is that, in contrast to the other Benelux countries, the Second World War continues to play a major role in German-Dutch relations.

Alongside Bonn and Paris, London remains an important capital, partly with a view to maintaining a certain balance in the relations. A heightened commitment by the Netherlands to the EU and increasing attention for Germany and France need not mean the abandonment of the long-standing Dutch affinity for British views, for example regarding trade policy and security policy. It remains in the interests of the Netherlands (and of Europe) to ensure that the United Kingdom remains as closely involved as possible in the integration process. On the other hand, the Netherlands should not labour under the illusion that the British are likely within the foreseeable future to adopt a cooperative and active stance on further European integration. British reservations on this point are based not on self-interest but on internal divisions. Given these divisions, the best way for the Netherlands to increase the chance of British participation may well be to assure the British that EMU/EPU will assuredly happen, preferably with the British alongside, but if necessary without them.[10] Whether a change of government in London would lead to a more active, less 'foot-dragging' role remains to be seen. There may prove to be a large gap between what Labour promises in opposition and what an actual Labour government would be able to do.

The Benelux countries have been said to reflect in microcosm the difficulties of European unification. This view may in time prove to be outdated, if an effective central leadership were to be realised in the European Union, something which is ruled out in the Benelux for historical and linguistic reasons. Partly as a consequence of this, a true 'Benelux bloc' has frequently failed to materialise as a reality. Nevertheless, it would make sense to make better use of the Benelux, among other things in the further shaping of Europe at institutional level, where the interests of the three countries concerned coincide strongly. The fact that Belgium and Luxembourg frequently operate more easily and more effectively within the European cooperative framework, and that the Netherlands could learn useful lessons here, is something which has been stated on several occasions.

The Netherlands has traditionally had little attention for or affinity with developments in Central and Eastern Europe, and prior to 1989/1990 was also largely isolated from events there. As a result there is too little realisation of the way in which the future of the Union is at stake particularly in that part of Europe: stable or unstable, rich versus poor, or a Europe in which prosperity is distributed more evenly? Similarly, there is too little recognition that both sides have something to gain from closer relations, particularly in the longer term: accession of the Central European candidates to the EU will not merely contribute to stability there, but will also increase the mass and weight of the Union on the world stage, both politically and economically. For the Netherlands, bilateral relations with future Member States of the EU, or 'threshold Member States', could therefore be both economically interesting and, in a broader framework, politically important. Here again, however, it will be necessary to make investments before these benefits can be enjoyed.

[10] A. Szász, op. cit.

One plus point here is that the Netherlands offers an interesting alternative partner to Central European States as an alternative or an addition to Germany. As a highly developed economy, the Netherlands can in many respects offer the same facilities as Germany, without raising fears of subsequent domination.

Trade and development policy

A structural approach to the economic development of Central and Eastern Europe demands before anything else a further opening up of Western European markets, including in 'sensitive' areas such as textile products and steel. This is a trade policy issue at EU level, and is an area where the Netherlands should be pressing for an open policy. Of particular importance is that the populations of the Central and Eastern European States concerned should see the prospect of an improvement in their own material well-being. For the Member States of the EU themselves, such a liberalisation of trade, and the resultant shift in trade flows, would unavoidably lead - in the short term - to the effects of globalisation which were discussed in Chapter 4, namely the creation of comparative disadvantages for certain sectors of industry. Leaving aside the hoped-for economic benefits in the longer term, this is the price which the Western European economies will have to pay, both from the perspective of solidarity and of (enlightened) self-interest. The reform of the Common Agricultural Policy - a necessary development in any event - should also be seen in this light.

In addition, Western European states will have to make a more specific development effort in Central and Eastern Europe. The European contribution to the rebuilding of the severely damaged economies there has to date come mainly from Germany, whose share exceeds that of all other Member States of the EU together. While a large German contribution is of itself reasonable, such a one-sided division of the burden is unhealthy in the longer term, both for the recipient countries and for public support in Germany, as well as for relations within the EU. As regards the contribution by other Member States to the development of Eastern and Central Europe, it would appear unrealistic to think in terms of major capital injections in the coming years. More likely is a limited increase in the available financial resources, possibly partly as a result of the rerouting of development funds to Central and Eastern Europe.

Dutch development policy needs to take account of the changed circumstances in Europe and the need to promote stability and security. This points towards an effort in the countries of south-eastern Europe, where a host of potential conflict areas are also economically underdeveloped. Available resources should preferably be used on a targeted project basis, so that the effectiveness of spending can be closely monitored. By adopting a focused development strategy in south-eastern Europe, the Netherlands will be helping to shape a policy aimed at preventing conflicts. A strategy such as this is also necessary in order to lend credibility to Dutch calls for other EU Member States to do more for Eastern Europe. It should be remembered here that Dutch development policy, which is based on solid principles and still enjoys relatively broad support, is something which can be projected internationally as an asset. This could serve as an example to others and thus raise the profile of the Netherlands in Europe.

A reorientation of Dutch policy in this area could also lead to a review of the development effort in North Africa. Given the at least partially economic background to the worrying developments in the Maghreb region (particularly Algeria), considerations of peace and security could force an increased effort here, too.

Defence policy

It has been stated in this report that American involvement in European security will continue to be crucial in the future for the stability and security of the continent. At the same time, however, it has been observed that this American involvement is becoming more selective and will focus in the future mainly on strategic threats, generally involving Russia. Against this background, the European Union faces the need to adopt greater responsibility for security affairs, particularly in the case of local conflicts.

In the potential flashpoints in Central and Eastern Europe, military intervention may be unavoidable as a last resort. To the extent that the international community is involved here, however, preference will be given to a preventive policy employing a range of instruments. Only when these efforts have completely foundered can 'policing' and possible military intervention be considered.

In order to support a more effective European contribution to security matters, and to help prevent further fragmentation of the solidarity between existing allies, the Netherlands needs to maintain its readiness to deploy military personnel in peacekeeping and crisis-management operations which may vary widely in character. A Dutch contribution to such operations, particularly in conflicts which directly affect the security interests of an ally, could form an important link in the concrete shaping of a foreign policy which is geared to strengthening binding elements and increasing Europe's capacity to act.

Given the problems which have been encountered during various peace operations and the variable success of such operations in recent years, the initial enthusiasm for them could cool off - particularly if there were to be Dutch victims. Nonetheless, if a European defence identity becomes a more concrete reality, a Dutch contribution to interventions within such a framework will be indispensable. Given Germany's marked reluctance to engage in military actions outside its own borders, it could also be important that the Netherlands, together with other Member States, plays a 'pulling' role to help overcome German resistance. Ultimately, closer cooperation with France would have to be sought here. Cooperation with the United Kingdom has the advantage that it could help to compensate, at least in this field, for British reticence regarding cooperation on European integration.

9.4 Conclusion

The Council has concerned itself in this report with the main outlines of changing international relations and the position of the Netherlands therein. In addition to the fragmentary forces, integrative developments have also come to light. Traditional certainties have been undermined, however, and protective structures have disappeared. This confronts Dutch foreign policy with a number of dilemmas. The Council concludes that opting for a policy of variable coalitions and a certain degree of aloofness, while feasible, is not the best choice given the prospect of European developments in general and of Dutch interests in particular. Consequently, the Council opts for a general orientation to the promotion of cohesion and the countering of fragmentation. This can only be achieved by increasing the capacity of the European Union to act, particularly in order to deal with problems of stability and security in Europe where America is no longer providing leadership. Thus the prospect of integration can be offered to Germany. A strengthened commitment to the EU will mean that Dutch policy will be developed mainly in the context of being a European partner. Foreign consequences of domestic preferences will have to be taken into account more seriously. More than in the past, attention will have to be given to the interrelationship between internationally 'sensitive'

policy fields. This will demand a number of sacrifices, but the Council believes that this is the best way for the Netherlands to equip itself to conduct policy in a changing international arena.

Résumé

Après la chute du mur de Berlin, l'Europe se trouve placée dans un nouveau champ de forces politiques. La bipolarisation existant auparavant a cédé la place à un ensemble incertain de relations entre États, les crises ayant désormais plus souvent un caractère local en premier ressort. C'est surtout dans le domaine de la sécurité des États qu'apparaissent des changements. La première impression prévalant après la chute des régimes communistes en Europe centrale et orientale, à savoir que la situation en matière de sécurité en serait fortement améliorée, ne s'est révélée qu'en partie vraie. La menace d'un conflit apocalyptique n'est en effet plus le premier souci; à la place, une multitude de risques différenciés sont apparus, qui sont beaucoup plus difficiles à maîtriser et qui mettent à l'épreuve la coopération au sein de l'alliance atlantique.

Après 1990, on a assisté à un "retour de l'Histoire" en Europe. Des conflits dont on supposait qu'ils avaient été désamorcés depuis longtemps, ou tout au moins qu'ils avaient perdu leur virulence, ont ressurgi avec acuité. Cela vaut surtout pour les antagonismes ethniques et culturels, comme il en existe tant en Europe centrale et orientale. Parallèlement, on assiste aussi à un "retour de la géographie". Le caractère essentiellement local des conflits et le fait que l'implication directe des alliés européens varie fortement lors des crises manifestes – contrairement à ce qui se passait dans la situation antérieure de menace monolithique – conduisent à ce que la sécurité de l'Occident ne peut plus être considérée comme un tout "indivisible".

Les forces de fragmentation qui découlent de ces développements peuvent être encore renforcées par la régionalisation et la polarisation économiques. Les tendances en ce sens au sein de l'organisation du commerce mondial sont indéniables. Du fait notamment que les problèmes économiques deviennent de plus en plus importants dans la politique internationale, la régionalisation peut affaiblir la cohésion de l'Occident dans d'autres domaines, comme celui de la sécurité.

Regain de nationalisme
Les développements esquissés ci-dessus se reflètent notamment dans la position des différents États. Bien que l'interdépendance dans le domaine de la sécurité et de l'économie soit désormais telle que les États indépendants ne peuvent pas promouvoir leurs intérêts tout seuls, et encore moins les défendre, les États n'en restent pas moins les principaux acteurs de la politique internationale. Actuellement, les tendances au retour à un certain nationalisme sont indéniables. Ici aussi, les structures historiques profondes réapparaissent. Ainsi, le regroupement des pays en Europe centrale et orientale se fait de façon reconnaissable selon les lignes de fracture des trois grands empires disparus en 1919 (la monarchie des Habsbourg, l'Empire du tsar russe et l'Empire ottoman). En Occident, les États-Unis se retirent des affaires de sécurité qu'ils considèrent désormais comme des affaires purement européennes. L'Allemagne surtout, maintenant la principale puissance en Europe, est à nouveau confrontée au problème apparu après l'unification sous Bismarck, en 1871, à savoir que l'Allemagne est à la fois trop petite pour être acceptée par les pays voisins comme puissance hégémonique et trop grande pour être accueillie sans réserve comme partenaire. D'un côté, le processus d'intégration européen s'en trouve encore alourdi, de l'autre, le poids supplémentaire de l'Allemagne est nécessaire pour donner davantage d'effet à l'action communautaire dans le monde.

Organisations de sécurité

Les importants déplacements d'accent dans le champ de force international ont tout naturellement aussi des conséquences pour les organisations de sécurité existantes. La principale d'entre elles, l'OTAN, a toujours eu une double fonction: d'une part, garantir la sécurité de l'Occident, d'autre part, offrir une plate-forme pour la coordination, sous la direction américaine, des relations entre alliés occidentaux, à partir du primat de la sécurité. L'effondrement du Pacte de Varsovie, par lequel la notion de sécurité est en fait devenue moins prioritaire, a rendu ces deux fonctions caduques. En tant qu'organisation suprarégionale, l'OTAN n'est pas bien armée pour faire face aux conflits de petite échelle et/ou de nature diffuse qui éclatent hors du territoire des parties au Traité. La fonction de coordination est surtout affaiblie du fait que les États-Unis se concentrent désormais, au sein de l'OTAN, surtout sur les problèmes stratégiques (notamment les questions nucléaires), auxquels il faut apporter une solution en relation avec la Russie, et du fait que, parallèlement, ils se concentrent davantage sur leurs problèmes intérieurs.

Ce qui précède n'implique pas que l'OTAN disparaîtra, mais cela suppose par contre que l'organisation jouera un rôle moins prééminent qu'auparavant, lorsque la sécurité en Europe recevait encore toute l'attention des États-Unis. Les autres organisations existantes ne pourront combler le vide ainsi créé que de façon limitée. Les Nations Unies peuvent jouer un rôle important en apportant leur légitimation à des actions déployées par certains pays pour le maintien de la paix. L'Organisation pour la Sécurité et la Coopération en Europe (OSCE) peut essayer d'empêcher des conflits de se déclarer par la diplomatie préventive. Mais ces deux organisations ne disposent pas du pouvoir exécutif pour, si nécessaire, donner force à leurs interventions.
L'Union de l'Europe Occidentale (UEO) a certes été choisie pour devenir l'instrument de la coopération en matière de sécurité et, à terme, en matière de défense dans l'Union Européenne, mais elle est encore loin du but. Les progrès de l'UEO dépendent entièrement de la mesure dans laquelle les principaux États membres souhaitent concrétiser leur intention de collaborer en matière de défense. De façon plus générale, des progrès ne sont possibles dans ces domaines que si la coopération entre les principaux États participants se développe de façon suffisamment homogène et cohérente pour générer la capacité d'action nécessaire à des interventions efficaces.

Europe centrale et orientale

On peut faire la distinction en Europe centrale et orientale entre la Russie et les États se trouvant dans sa sphère d'influence (le territoire de l'ex-Union soviétique moins les États baltes), les États d'Europe centrale et orientale qui sont candidats à l'adhésion à l'Union Européenne et enfin les autres États de l'Europe du Sud-Est. Bien que ces trois groupes soient loin d'être homogènes, ils sont considérés jusqu'à un certain point comme une entité.

La Russie, de par sa taille et sa position, ne peut pas être insérée dans les cadres de coopération occidentale existants. Mais elle n'est plus l'ennemi. Si la Russie constitue une menace pour la sécurité en Europe, cela est probablement dû non à sa force, mais plutôt à son instabilité et à sa faiblesse, combinées au fait qu'elle reste une grande puissance du point de vue de l'étendue du pays et de l'armement. Le risque qu'elle représente réside surtout dans le caractère incontrôlable des phénomènes d'éclatement, dont les conséquences se répercutent jusqu'en Europe de l'Ouest. La politique occidentale vise à lutter autant que possible contre ces tendances en accordant un soutien au président Eltsine et à sa politique de réformes. Toutefois, compte tenu de la nature et de l'importance des problèmes économiques et politiques en Russie, on ne peut pas s'attendre à des succès rapides. Les États-Unis et les autres pays occidentaux semblent disposés à accorder à la Russie le statut de grande

puissance dans leur politique étrangère et de sécurité. Cela conduit aussi à l'acceptation tacite de la sphère d'influence russe susmentionnée.

La majeure partie des pays d'Europe centrale et sud-orientale qui ont été pendant quarante ans sous la domination de l'Union soviétique cherchent actuellement, en premier lieu, la sécurité au sein de l'OTAN et ensuite la prospérité au sein de l'Union Européenne. Rien n'a encore été arrêté concernant la date de leur adhésion. À l'heure actuelle, la perspective d'adhésion à l'UE de quatre États d'Europe centrale, les pays de Visegrad, est ce qu'il y a de plus concret. Les accords d'association existants pourraient être convertis en statuts de membres après l'an 2000. D'un côté, les membres ouest-européens de l'UE ont eux-mêmes un intérêt politique à lutter contre les facteurs d'instabilité au cœur de l'Europe. La poursuite de l'élargissement, cette fois à un certain nombre d'États d'Europe centrale, augmentera le poids de l'UE sur la scène internationale. D'un autre côté, il est à prévoir que du fait de ces adhésions, l'UE changera encore plus de nature. L'homogénéité et la cohésion risquent de devenir encore plus problématiques.

Union Européenne
Si l'UE veut pouvoir contribuer activement à donner forme à une future structure de sécurité en Europe, elle devra avoir suffisamment de prise économique et politique sur son environnement immédiat, ce qui n'est pas le cas à présent. Avec les prochains élargissements, l'UE risque de perdre encore plus de sa capacité d'action.

La question de savoir quel est le bon ordre, à savoir d'abord l'élargissement du nombre de membres ou d'abord l'approfondissement de l'intégration, a été résolue par la mise en route simultanée des deux processus. On peut s'attendre à ce que l'UE compte près de trente États membres, à un moment donné après l'an 2000. Le Traité de Maastricht (1991) prévoit une avancée qualitative de l'approfondissement de l'intégration par la réalisation de l'Union Economique et Monétaire (UEM). L'UEM pourrait débuter en 1999 avec la minorité d'États membres qui rempliront alors les critères de convergence économique. De plus, le Traité de Maastricht a doté l'UE de structures institutionnelles, les piliers, au sein desquels la prise de décision intégrée concernant l'acquis communautaire (premier pilier) va de pair avec la prise de décision au niveau intergouvernemental concernant la politique étrangère et de sécurité commune (deuxième pilier) ainsi que des questions dans le domaine de la justice et des affaires intérieures (troisième pilier).

Pour remédier au déficit dans la capacité d'action de l'UE, différentes propositions ont été faites pour une intégration différenciée. La proposition qui a le plus retenu l'attention provient du groupe parlementaire de la CDU/CSU à l'Assemblée fédérale allemande. D'après cette proposition, les participants à l'UEM devraient former un "noyau dur" à partir de la coopération franco-allemande, qui soit suffisamment homogène et cohérent pour intégrer la prise de décision également dans tous les autres domaines. Il s'agit ici aussi bien d'ancrer solidement l'Allemagne dans le processus d'intégration européenne que de rendre l'UE plus apte à agir. Dans cette vision allemande, les Pays-Bas font expressément partie du noyau dur.

Orientation de la politique néerlandaise
L'analyse donnée précédemment, dans les grandes lignes, des développements internationaux en général et des développements dans le domaine de la sécurité (au sens large) en particulier a un certain nombre de conséquences pour les Pays-Bas. Le Conseil Scientifique pour la Politique Gouvernementale cite les quatre principes suivants, sur lesquels la politique étrangère et de sécurité devrait s'appuyer dans les années à venir:

1. L'orientation générale doit être la suivante: la politique doit être axée sur la promotion de la cohésion et la lutte contre la fragmentation.
2. Les Pays-Bas doivent s'efforcer d'obtenir une coopération aussi solide que possible dans les organisations internationales existantes, ce qui implique également d'être disposé à contribuer à des ajustements indispensables dans la répartition des charges. Il s'agit ici de réaliser deux objectifs, à savoir, premièrement, que l'intérêt des Américains en matière de sécurité continue le plus possible à correspondre à celui des Européens et, deuxièmement, que les structures institutionnelles soient maintenues pour garantir "l'ouverture" et la discipline dans l'économie mondiale.
3. De bonnes relations bilatérales et de bon contacts bilatéraux, également avec les pays dont les Pays-Bas s'occupaient peu jusqu'ici (ce qui est le cas pour les pays d'Europe centrale et sud-orientale), doivent bénéficier d'une attention accrue.
4. Il est souhaitable de préparer systématiquement plusieurs options politiques en envisageant leurs interdépendances.

À la lumière de ces principes, il est surtout nécessaire, de l'avis du Conseil, que la capacité d'action politique européenne soit renforcée, pour pouvoir remédier aux lacunes qui résultent de la distance plus grande des États-Unis par rapport à l'Europe. Cela est un point central.

Politique communautaire
Ce qui précède implique, d'après l'avis du Conseil, qu'il faut davantage s'engager pour l'Union Européenne. Les Pays-Bas devraient par conséquent contribuer à des formes d'intégration différenciée/ géométrie variable, dont l'Allemagne et la France assureraient la direction. Il est également concevable d'envisager de se limiter à un objectif général, à savoir empêcher l'effritement de l'intégration réalisée, tout en maintenant le plus d'options possibles ouvertes. Mais cela reviendrait à une politique défensive qui, en cas d'approfondissement de l'intégration, présenterait des similitudes avec une politique de neutralité.

Si l'on opte pour une action renforcée en faveur de l'UE, un certain nombre d'éléments sont décisifs en plus de l'orientation générale sur la promotion de la cohésion et la lutte contre la fragmentation; il s'agit de la nécessité d'écarter les menaces exogènes que les Pays-Bas ne peuvent pas écarter tout seuls, le maintien de l'acquis communautaire et la protection des intérêts commerciaux, la plupart du temps concentrés au niveau régional, c'est-à-dire en bref le caractère "d'assurance" procuré par une coopération plus contraignante. Un autre argument important est que si un noyau suffisamment homogène et cohérent faisait défaut dans l'UE qui va s'élargissant, le statu quo ne pourrait pas durer. Des tendances telles que celles apparues au XIX^{e} siècle dans la politique étrangère pourraient se manifester, avec une "détérioration des règles du jeu" et en conséquence moins d'attention pour les petits États membres. Cela signifiera probablement que l'Allemagne sera forcée de jouer le rôle de puissance centrale et que par conséquent elle s'imposera (ou devra s'imposer) plus fortement que cela n'est souhaité de façon générale. Enfin, le Conseil considère que les petits pays n'auront pas moins d'influence au sein de la coopération franco-allemande qu'ils n'en ont à l'extérieur de l'UE, et qu'ils en auront éventuellement davantage.

Si la réalisation d'un noyau dur pour l'UEM dépend entre autres des Pays-Bas, cela met La Haye en position de négocier. Les critères que le ministre des Affaires étrangères a formulés dans son rapport sur l'élargissement de l'UE offrent, de l'avis du Conseil, un point de départ pour, d'une part, éviter des lignes de partage permanentes au sein de l'UE et, d'autre part, empêcher les États membres qui ne feront pas partie du noyau dur d'avoir un droit de veto sur l'évolution de l'UEM. Il faudra résister à la tentation de vouloir obtenir

tout le possible en prenant des engagements formels. Pour la préparation de la Conférence intergouvernementale de 1996 également, la promotion des éléments contraignants et l'ambition de rendre l'UE plus apte à agir doivent guider la politique. Les Pays-Bas peuvent, avec l'Allemagne, œuvrer dans le sens supranational, mais ils ne devraient pas être les derniers à rester attachés à cette idée si elle n'est pas soutenue par la majorité. Une attitude pragmatique est souhaitable à l'égard des droits des petits pays membres de l'UE – en ce qui concerne le poids des voix au Conseil des ministres, la composition de la Commission européenne, la présidence de l'UE, etc.

La logique de l'orientation politique exposée ici implique que les Pays-Bas essaieront de faire ressortir davantage leur position en Europe en collaborant sur la base de leurs points forts. Renforcer l'orientation sur l'intégration européenne nécessite peut-être surtout un changement d'orientation, à savoir investir dans les intérêts à long terme, en sachant qu'il faut d'abord investir avant de pouvoir récolter des bénéfices.

Un choix tel que celui préconisé ici impliquerait pour la politique commerciale et la politique de développement une attention accrue pour les tâches en Europe centrale et orientale. Une contribution néerlandaise au développement devrait dans ce contexte être surtout axée sur les zones de conflits dans l'Europe du Sud-Est. En ce qui concerne la politique de défense, les Pays-Bas doivent être disposés à fournir d'autres contributions, en coopération avec les partenaires européens, aux opérations de maintien de la paix, dans des conditions qui peuvent être très variables.

Zusammenfassung

Europa befindet sich - nach dem Fall der Berliner Mauer - in einem anderen politischen Kräftefeld als zuvor. An die Stelle der bipolaren Ordnung ist ein labiles Gefüge zwischenstaatlicher Beziehungen getreten, und Krisen haben häufiger zunächst lokalen Charakter. Vor allem auf dem Gebiet der Sicherheit vollziehen sich weitreichende Veränderungen. Die anfängliche Erwartung, daß sich nach dem Zusammenbruch der kommunistischen Regime in Mittel- und Osteuropa die Sicherheitslage stark verbessern würde, hat sich nur zum Teil erfüllt. Zwar ist die Gefahr eines apokalyptischen Konflikts tatsächlich nicht mehr akut, statt dessen haben wir es jetzt aber mit einer Vielzahl unterschiedlichster Risiken zu tun, die sich in der Regel viel schwerer bewältigen lassen und die die Zusammenarbeit im Bündnis auf die Probe stellen.

Nach 1990 ist die Geschichte nach Europa "zurückgekehrt". Konflikte, von denen man angenommen hat, sie wären längst überwunden oder zumindest doch entschärft, erweisen sich als noch immer hochaktuell. Dies gilt besonders für ethnische und kulturelle Gegensätze, von denen es in Mittel- und Osteuropa so viele gibt. Darüber hinaus erleben wir eine "Rückkehr der Geographie". Vor allem der örtliche Charakter von Konfliktherden und die Tatsache, daß - anders als bei der monolithischen Bedrohung von früher - der Grad des Interesses der westlichen Bündnispartner für manifeste Konflikte stark divergieren kann, führen dazu, daß die Sicherheit des Westens nicht länger als "unteilbar" betrachtet werden kann.

Die fragmentierenden Kräfte, die aufgrund all dieser Entwicklungen entstehen, können durch wirtschaftliche Regionalisierung und Polarisierung noch verstärkt werden. Tendenzen in dieser Richtung innerhalb des Welthandelssystems sind nicht zu übersehen. Unter anderem weil wirtschaftliche Fragen in der internationalen Politik immer wichtiger werden, kann eine Regionalisierung die Kohäsion des Westens in anderen Politikbereichen, wie dem der Sicherheit, untergraben.

Renationalisierung
Die oben skizzierte Entwicklung kommt auch in der Stellung der Nationalstaaten zum Ausdruck. Auch wenn aufgrund der Interdependenzen auf dem Gebiet der Sicherheit und der Wirtschaft die Nationalstaaten ihre Interessen heute nicht mehr allein vertreten, geschweige denn wahren können, sind die Staaten noch immer die wichtigsten Akteure der Weltpolitik. In der heutigen Zeit sind Tendenzen einer gewissen "Renationalisierung" unverkennbar. Auch hier gilt, daß historische Grundmuster wieder sichtbar werden. So kommen bei der Neugruppierung, die in Mittel- und Osteuropa stattfindet, wieder die Bruchlinien zwischen den drei großen Reichen zum Vorschein, die 1919 untergegangen sind (das Habsburger-Reich, das Russische Zarenreich und das Ottomanische Reich). Im Westen ziehen sich die Vereinigten Staaten aus den Sicherheitsangelegenheiten, die sie als innereuropäische Angelegenheiten betrachten, zurück. Vor allem wird Deutschland, nunmehr die zentrale Macht in Europa, erneut mit dem Problem konfrontiert, das schon nach der ersten Vereinigung unter Bismarck 1871 existierte: Deutschland ist zugleich zu klein und zu groß - zu klein, um von seiner Umgebung als Hegemonialmacht anerkannt zu werden, und zu groß, um ohne Vorbehalt als Partner akzeptiert zu werden. Einerseits wird der europäische Integrationsprozeß hierdurch zusätzlich belastet. Andererseits wird das größere Gewicht Deutschlands benötigt, um Europa in der Welt mehr Geltung zu verschaffen.

Sicherheitsstrukturen
Die bedeutenden Verschiebungen im internationalen Kräftefeld haben selbstverständlich auch Auswirkungen auf die bestehenden Sicherheitsorganisationen. Die wichtigste, die NATO, hatte immer eine Doppelfunktion: Sie gewährleistete einerseits die Sicherheit des Westens, andererseits war sie - unter amerikanischer Führung - ein Forum für die Koordinierung der Beziehungen zwischen den westlichen Bündnispartnern mit Schwerpunkt auf dem Aspekt der Sicherheit. Die Auflösung des Warschauer Pakts, durch die die Sicherheitsfrage faktisch an Bedeutung verloren hat, stellt beide Funktionen in Frage. Als überregionale Organisation ist die NATO kaum darauf eingerichtet, in kleinere, relativ diffuse Konflikte außerhalb des eigenen Vertragsgebietes einzugreifen. Die koordinierende Funktion ist vor allem dadurch in den Hintergrund getreten, daß die Vereinigten Staaten sich jetzt innerhalb der NATO auf strategische Probleme (insbesondere nukleare Fragen) im Verhältnis zu Rußland konzentrieren und zudem ihren Blick nach innen, auf die eigenen Probleme richten.

Dies alles bedeutet nicht, daß die NATO verschwinden wird, wohl aber, daß ihre Rolle nicht mehr so prominent sein wird wie früher, als der Sicherheit in Europa noch die ungeteilte Aufmerksamkeit der Vereinigten Staaten galt. Andere bestehende Organisationen werden die Lücken, die hierdurch entstehen, nur in begrenztem Maße schließen können. Die Vereinten Nationen können wichtig sein, wenn es darum geht, den Aktionen bestimmter Länder zur Bewahrung des Friedens Legitimität zu verschaffen. Die Organisation für Sicherheit und Zusammenarbeit in Europa kann versuchen, das Manifestwerden von Konflikten durch präventive Diplomatie zu verhindern. Beide Organisationen verfügen jedoch nicht über Instrumente, mit denen sie die Ausführung von Beschlüssen notfalls erzwingen können.
Die Westeuropäische Union soll zwar zu einem Instrument der Zusammenarbeit auf dem Gebiet der Sicherheit und schließlich auch der Verteidigung innerhalb der Europäischen Union fortentwickelt werden, aber bis dahin ist es noch ein langer Weg. Die weitere Entwicklung der WEU hängt ganz davon ab, in welchem Maße die wichtigsten Mitgliedstaaten dieser geplanten Zusammenarbeit Gestalt verleihen wollen. Ganz allgemein gilt, daß ein Fortschritt auf diesen Politikfeldern nur dann möglich ist, wenn die wichtigsten der beteiligten Staaten in ihrer Zusammenarbeit genügend Homogenität und Kohäsion schaffen, damit sie die Handlungsfähigkeit haben, die sie für effiziente Interventionen benötigen.

Mittel- und Osteuropa
Mittel- und Osteuropa läßt sich in folgende Ländergruppen einteilen: Rußland und die Staaten im russischen Einflußbereich (das Gebiet der früheren Sowjetunion außer den baltischen Staaten), die mittel- und südosteuropäischen Staaten, die der Europäischen Union beitreten wollen, und die übrigen Staaten in Südosteuropa. Auch wenn diese Gruppen alles andere als homogen sind, werden sie aufgrund des ähnlichen Umfeldes bis zu einem gewissen Grad doch wie eine Einheit behandelt.

Rußland läßt sich wegen seiner Größe und seiner Stellung nicht in die bestehenden westlichen Kooperationsstrukturen einbinden. Es ist aber auch kein Feind mehr. Wenn Rußland eine Bedrohung für die Sicherheit in Europa darstellt, so vermutlich nicht wegen seiner Stärke, sondern eher dadurch, daß es von seiner Ausdehnung und seiner Bewaffnung her noch immer eine große Macht ist, die gleichzeitig aber von Instabilität und Schwäche gekennzeichnet ist. Das größte Risiko liegt in Auflösungserscheinungen, die nicht länger unter Kontrolle gehalten werden können und deren Auswirkungen Westeuropa zu spüren bekommt. Die Politik des Westens zielt darauf ab, einer solchen Entwicklung durch Unterstützung President Jelzins und seiner Reformpolitik soweit wie möglich entgegenzuwirken. Angesichts der Art und des

Umfangs der wirtschaftlichen und politischen Probleme in Rußland sind dort aber keine schnellen Erfolge zu erwarten. In der Außen- und Sicherheitspolitik scheinen die Vereinigten Staaten und die übrigen westlichen Länder bereit zu sein, Rußland den Status einer Großmacht einzuräumen. Und so wird denn auch die erwähnte russische Einflußsphäre stillschweigend hingenommen.

Die meisten der mittel- und südosteuropäischen Länder, die 40 Jahre lang von der Sowjetunion beherrscht wurden, suchen jetzt primär Sicherheit in der NATO und Wohlstand in der EU. Wie die verschiedenen Beitritte synchronisiert werden sollen, steht noch nicht fest. Am konkretesten ist bisher die Aussicht auf den Beitritt von vier mitteleuropäischen Staaten, der sog. Visegrád-Länder, zur EU. Die bestehende Assoziierung könnte nach der Jahrhundertwende in eine Mitgliedschaft übergehen. Einerseits haben die westeuropäischen EU-Mitgliedstaaten hieran selbst ein politisches Interesse, weil so Instabilitäten im Herzen Europas entgegengewirkt werden kann. Auch wird die EU durch die neuerliche Erweiterung, nunmehr um eine Reihe mitteleuropäischer Staaten, auf der Weltbühne mehr Gewicht bekommen. Andererseits ist abzusehen, daß sich der Charakter der EU durch diese Beitritte weiter verändern wird. Voraussichtlich werden Homogenität und Kohäsion danach noch schwerer zu gewährleisten sein.

Die Europäische Union
Will die EU eine künftige europäische Sicherheitsordnung mitgestalten können, so wird sie politisch und wirtschaftlich genügend Einfluß auf die eigene Umgebung haben müssen. Das ist aber schon jetzt nicht der Fall. Nach den neuen Erweiterungen droht die EU noch weiter an Handlungsfähigkeit einzubüßen.
Die Frage nach der richtigen Reihenfolge - erst Erweiterung der Union oder erst Vertiefung der Integration - wurde beantwortet, indem beide Prozesse in Gang gesetzt worden sind. Einige Zeit nach dem Jahr 2000 wird die Union voraussichtlich auf rund 30 Staaten angewachsen sein. Im Vertrag von Maastricht (1991) ist, was die Vertiefung der Integration anbelangt, mit der geplanten Schaffung der Wirtschafts- und Währungsunion ein qualitativer Sprung nach vorn vorgesehen. Die WWU könnte 1999 in einer Minderheit von Mitgliedstaaten eingeführt werden, die dann die wirtschaftlichen Konvergenzkriterien erfüllen. Außerdem wurde mit Maastricht eine institutionelle Säulenstruktur geschaffen, in der eine integrierte Beschlußfassung in bezug auf den gemeinschaftlichen Besitzstand (erste Säule) mit intergouvernementaler Beschlußfassung über die Gemeinsame Außen- und Sicherheitspolitik (zweite Säule) sowie in den Bereichen Justiz und Inneres (dritte Säule) kombiniert wird.

Es wurden verschiedene Vorschläge unterbreitet, nach denen das Problem der mangelnden europäischen Handlungsfähigkeit durch Differenzierungen bei der Integration gelöst werden soll. Am meisten Aufsehen erregte hier der Vorschlag der CDU/CSU-Fraktion im Deutschen Bundestag. Danach sollten die Staaten, in denen die WWU in Kraft tritt, auf der Grundlage der deutsch-französischen Zusammenarbeit eine "Kerngruppe" bilden, die ausreichend homogen und kohärent ist, um auch in allen anderen Politikbereichen die Beschlußfassung zu integrieren. Dahinter steht die Absicht, einerseits Deutschland fest in den europäischen Integrationsprozeß einzubinden und andererseits die EU handlungsfähiger zu machen. Die Niederlande gehören nach diesem deutschen Konzept ausdrücklich zu der Kerngruppe.

Ausrichtung der niederländischen Politik
Die hier vorgenommene Analyse der Grundzüge internationaler Entwicklungen im allgemeinen und der Entwicklungen auf dem Gebiet der Sicherheit (im weiteren Sinne) im besonderen hat eine Reihe von Konsequenzen für die

Niederlande. Der Beirat nennt die folgenden vier Ausgangspunkte, auf denen die Außen- und Sicherheitspolitik in den kommenden Jahren beruhen sollte:

1. Allgemein sollte die Politik darauf ausgerichtet sein, die Kohärenz zu fördern und Fragmentierungen entgegenzuwirken.
2. Die Niederlande sollten eine möglichst enge Zusammenarbeit in den bestehenden internationalen Organisationen anstreben, was auch die Bereitschaft beinhaltet, an erforderlichen Anpassungen bei der Lastenverteilung mitzuwirken. Inhaltlich geht es dabei um zwei Hauptziele: daß sich nämlich die amerikanischen und die europäischen Sicherheitsinteressen auch künftig soweit wie möglich decken und daß die institutionellen Einrichtungen, die "Offenheit" und Disziplin in der Weltwirtschaft gewährleisten, beibehalten werden.
3. Guten bilateralen Beziehungen und Kontakten, auch zu Ländern, mit denen die Niederlande bisher nur wenig zu tun hatten (was bei den mittel- und südosteuropäischen Ländern der Fall ist), muß mehr Beachtung geschenkt werden.
4. Eine systematische Vorbereitung politischer Optionen unter Berücksichtigung ihrer Wechselbeziehungen ist wünschenswert.

In Anbetracht dieser Ausgangspunkte ist es nach Auffassung des Beirats vor allem notwendig, die politische Handlungsfähigkeit Europas zu stärken, damit die Lücken geschlossen werden können, die durch die größere Distanz der Vereinigten Staaten entstanden sind. Dies ist ein zentraler Punkt.

Europapolitik

Aufgrund des Vorstehenden hält der Beirat eine stärkere Ausrichtung auf die Europäische Union für angezeigt. Die Niederlande müßten demnach an Formen differenzierter Integration bzw. variabler Geometrie mitwirken, die notwendigerweise unter der Führung Deutschlands und Frankreichs verwirklicht würden. Die Beschränkung auf ein allgemeines Streben, den erreichten Integrationsstand zu halten, ansonsten aber möglichst viele Optionen offenzuhalten, ist an sich auch denkbar. Aber dies wäre letztlich eine defensive Politik, die im Hinblick auf eine Vertiefung der Integration einer Politik der Absonderung gleichkäme.

Ausschlaggebend bei der Entscheidung für eine verstärkte Ausrichtung auf die EU sind außer der allgemeinen Orientierung auf die Förderung der Kohärenz und die Verhinderung von Fragmentierungen die Notwendigkeit, exogene Bedrohungen abzuwenden, die die Niederlande nicht allein abwenden können, der Wunsch nach Bewahrung des gemeinschaftlichen Besitzstandes, der Schutz bedeutender, großenteils regional konzentrierter Handelsinteressen, kurzum der "Versicherungscharakter" einer verbindlicheren Zusammenarbeit. Ein wichtiges Argument ist außerdem, daß in einer sich erweiternden EU ohne einen Kern mit ausreichender Homogenität und Kohäsion der Status quo nicht fortdauern würde. In der Außenpolitik könnten dann leicht wieder die Verhältnisse des 19. Jahrhunderts eintreten: das Spiel würde härter, und die kleineren Mitgliedstaaten erhielten von vornherein weniger Beachtung. Auch würde dies vermutlich bedeuten, daß Deutschland in die Hauptrolle der zentralen Macht gedrängt würde und sich dementsprechend mehr Geltung verschaffen würde (und müßte), als dies allgemein erwünscht ist. Eine letzte Erwägung des Beirats ist die, daß die kleineren Länder innerhalb einer auf der deutsch-französischen Zuammenarbeit basierenden Kerngruppe nicht weniger, sondern eher mehr Einfluß haben werden als außerhalb eines solchen Rahmens.

Wenn das Zustandekommen einer WWU-Kerngruppe mit von den Niederlanden abhängt, so kann Den Haag auch Einfluß auf den Weg dorthin nehmen. Die Kriterien, die der Minister für Auswärtige Angelegenheiten in seinem Bericht über die Erweiterung der EU formuliert hat, bieten nach Auffassung des Beirats eine Grundlage, auf der es möglich ist, einerseits das

Entstehen fester Trennungslinien in der EU zu verhindern und andererseits Mitgliedstaaten, die der eventuellen Kerngruppe nicht angehören, ein Vetorecht in bezug auf deren Fortentwicklung zu verwehren. Der Versuchung, hier mit formellen Festlegungen das Äußerste herausholen zu wollen, muß allerdings widerstanden werden. Auch bei der Vorbereitung der für 1996 geplanten Regierungskonferenz müssen die Förderung verbindlicher Elemente und das Streben, die EU handlungsfähiger zu machen, Leitmotive der Politik sein. Die Niederlande können (zusammen mit Deutschland) in supranationaler Richtung voranschreiten, sollten aber nicht hartnäckig an einem solchen Kurs festhalten, wenn sich hierfür keine Mehrheit finden läßt. Hinsichtlich der Rechte der kleineren Mitgliedstaaten der EU - was die Stimmengewichtung im Ministerrat, die Zusammensetzung der Europäischen Kommission, den EU-Vorsitz u.dgl. angeht - empfiehlt sich eine pragmatische Haltung.

Es liegt in der Logik der hier skizzierten politischen Orientierung, daß die Niederlande ihr Profil in Europa vor allem dadurch zu schärfen versuchen, daß sie sich bei der Zusammenarbeit auf ihre starken Seiten konzentrieren. Die vielleicht wichtigste Veränderung, die mit einer verstärkten Ausrichtung auf die europäische Integration einhergehen muß, ist eine Umorientierung auf Investitionen in langfristige Interessen, auch wenn die Kosten zunächst höher ausfallen sollten als der Nutzen.

Die hier befürwortete Option würde für die Handels- und die Entwicklungspolitik bedeuten, daß Aufgaben in Mittel- und Osteuropa mehr Aufmerksamkeit gewidmet wird. Ein niederländischer Entwicklungsbeitrag müßte sich in diesem Rahmen vor allem auf Konfliktgebiete in Südosteuropa konzentrieren. Für die Verteidigungspolitik gilt, daß die Niederlande darauf vorbereitet sein müssen, in Zusammenarbeit mit ihren europäischen Partnern weitere Beiträge zu Friedensoperationen unter womöglich sehr unterschiedlichen Bedingungen zu leisten.

The Council has published the following Reports to the Government

First term of office

1 Europese Unie (European Union), 1974.

2 Structuur van de Nederlandse economie (Structure of the Netherlands Economy), 1974.

3 Energiebeleid op langere termijn (Long-term Energy Policy), 1974. Reports 1 to 3 are published in one volume.

4 Milieubeleid (Environment Policy), 1974.

5 Bevolkingsprognoses (Population Forecasts), 1974.

6 De organisatie van het openbaar bestuur (The Organization of Public Administration), 1975.

7 Buitenlandse invloeden op Nederland: Internationale migratie (Foreign Influence on the Netherlands: International Migration), 1976.

8 Buitenlandse invloeden op Nederland: Beschikbaarheid van wetenschappelijke en technische kennis (Foreign Influcence on the Netherlands: Availability of Scientific and Technical Knowledge), 1976.

9 Commentaar op de Discussienota Sectorraden Wetenschapsbeleid (Comments on the discussion Paper on Sectoral Council of Science Policy), 1976.

10 Commentaar op de nota Contouren van een toekomstig onderwijsbestel (Comments on the White Paper on the Contours of the Future Education System), 1976.

11 Overzicht externe adviesorganen van de centrale overheid (Survey of External Advisory Bodies of the Central Government), 1976.

12 Externe adviesorganen van de centrale overheid, beschrijving, ontwikkelingen, aanbevelingen (External Advisory Bodies of the Central Government: Description, Developments, Recommendations), 1977.

13 'Maken wij er werk van?' Verkenningen omtrent de verhouding tussen actieven en niet-actieven ('Do we make Work our Business?' An Exploratory Study of the Relations between Economically Active and Inactive Persons), 1977.

14 Overzicht interne adviesorganen van de centrale overheid (Survey of Internal Advisory Bodies of the Central Government), 1977.

15 De komende vijfentwintig jaar, een toekomstverkenning voor Nederland (The Next Twenty-Five Years: a Survey of Future Developments in the Netherlands), 1977.

16 Over sociale ongelijkheid, een beleidsgerichte probleemverkenning (On Social Inequality: a Police-oriented Study), 1977.

Second term of office

17 Etnische minderheden – A. Rapport aan de Regering; B. Naar een algemeen etnisch minderhedenbeleid? (Ethnic minorities – A. Report to the Government; B. Towards on Overall Ethnic Minorities Policy?), 1979.

18 Plaats en toekomst van de Nederlandse industrie (Industry in the Netherlands: its Place and Future), 1980.

19 Beleidsgerichte toekomstverkenning: deel 1. Een poging tot uitlokking (A Policy-oriented Survey of the Future: Part 1. An Attempt to Challenge), 1980.

20 Democratie en geweld – Probleemanalyse naar aanleiding van de gebeurtenissen in Amsterdam op 30 april 1980 (Democracy and Violence – an Analysis of Problems in Connection with the Events in Amsterdam on April 30, 1980), 1980.

21 Vernieuwing in het arbeidsbestel (Prospects for Reforming the Labour System), 1981.

22 Herwaardering van welzijnsbeleid (A Reappraisal of Welfare Policy), 1982.

23 Onder invloed van Duitsland. Een onderzoek naar gevoeligheid en kwetsbaarheid in de betrekkingen tussen Nederland en de Bondsrepubliek (The German Factor, A Survey of Sensitivity and Vulnerability in the Relationship between the Netherlands and the Federal Republic), 1982.

24 Samenhangend mediabeleid (A Coherent Media Policy), 1982.

Third term of office

25 Beleidsgerichte toekomstverkenning: deel 2; Een verruiming van perspectief (A Policy-oriented Survey of the Future: Part 2: Towards a Broader Perspective), 1983.

26 Waarborgen voor zekerheid; een nieuw stelsel van sociale zekerheid in hoofdlijnen (Safeguarding Social Security), 1985.

27 Basisvorming in het onderwijs (Basic Eduaction), 1986.

28 De onvoltooide Europese integratie (The Unfinished European Integration), 1986.

29 Ruimte voor groei (Scope for Growth), 1987.

30 Op maat van het midden- en kleinbedrijf (Tailoring Policy to the Needs of the Small and Medium-sized Business), 1987.

31 Cultuur zonder grenzen (Culture and Diplomacy), 1987.

32 De financiering van de Europese Gemeenschap (Financing the European Community), 1987.

33 Activerend arbeidsmarktbeleid (An Active Labour Market Policy), 1987.

34 Overheid en toekomstonderzoek (Government and Future Research), 1988.

Fourth term of office

35 Rechtshandhaving (Law Enforcement), 1989.

36 Allochtonenbeleid (Immigrant Policy), 1989.

37 Van de stad en de rand (Institutions and Cities; the Dutch Experience), 1990.

38 Een werkend perspectief (Work in Perspective), 1990.

39 Technologie en overheid (Technology and Policy), 1991.

40 De onderwijsverzorging in de toekomst (Educational Support in the Future), 1991.

41 Milieubeleid; strategie, instrumenten en handhaafbaarheid, (Environment Policy: Strategy, Instruments and Enforcement), 1992.

42 Grond voor keuzen; vier perspectieven voor de landelijke gebieden in de Europese Gemeenschap (Ground for Choices), 1992.

43 Ouderen voor Ouderen; demografische ontwikkelingen en beleid (Demographic Developments and Policy), 1993.

Fifth Term of office

44 Duurzame risico's: een blijvend gegeven (Sustained Risks: a Lasting Phenomenon), 1994.

45 Belang en beleid; naar een verantwoorde uitvoering van de werknemersverzekeringen (Interest and Policy; to a Responsible Implementation of Employee Insurances), 1994.

46 Besluiten over grote projecten (Decision-making on Complex Projects), 1994.

47 Hoger onderwijs in fasen (Higher Education in Stages), 1995.

48 Stabiliteit en veiligheid in Europa; het veranderende krachtenveld voor het buitenlands beleid (Stability and Security in Europe), 1995.

Reports nos. 13, 15, 17, 18, 28, 31, 32, 42, 44 and 48 have been translated into English; English summaries are available of Reports nos. 16, 18, 19, 20, 25, 26, 27, 29, 30, 33, 34, 37, 38, 41 and 47; Report no 23 has been translated into German. Of Report no. 42 a German and a Spanish Summary is available, as well as a full French translation.

The Council has published the following Preliminary and background studies (in Dutch)

First term of office

V1 W.A.W. van Walstijn, Kansen op onderwijs; een literatuurstudie over ongelijkheid in het Nederlandse onderwijs (Educational Opportunities: a Literature Study of Inequality in the Netherlands Educational System) (1975)

V2 I.J. Schoonenboom en H.M. In 't Veld-Langeveld, De emancipatie van de vrouw (Women's Emancipation) (1976)

V3 G.R. Muster, Van dubbeltjes en kwartjes, een literatuurstudie over ongelijkheid in de Nederlandse inkomstenverdeling (Dimes and Quarters: a Literature Study on Inequality in the Distribution of Income in the Netherlands) (1976)

V4 J.A.M. van Weezel a.o., De verdeling en de waardering van arbeid (The Distribution and Appreciation of Work) (1976)

V5 A.Ch.M. Rijnen a.o., Adviseren aan de overheid (Advising the Government) (1977)

V6 Verslag Eerste Raadsperiode 1972-1977 (Report on the First Term of Office) (1972-1977)*

Second term of office

V7 J.J.C. Voorhoeve, Internationale Macht en Interne Autonomie International Power and Internal Autonomy) (1978)

V8 W.M. de Jong, Techniek en wetenschap als basis voor industriële innovatie – Verslag van een reeks van interviews (Technology and Science as a base for Industrial Innovation) (1978)

V9 R. Gerritse, Instituut voor Onderzoek van Oveheidsuitgaven: De publieke sector: ontwikkeling en waardevorming – Een vooronderzoek (The Public Sector: Development and Valuation) (1979)

V10 Vakgroep Planning en Beleid/Sociologisch Instituut Rijksuniversiteit Utrecht: Konsumptieverandering in maatschappelijk perspectief (Shifts in Consumption in a Social Perspective) (1979)

V11 R. Penninx, Naar een algemeen etnisch minderhedenbeleid? Opgenomen in rapport nr. 17 (Towards an Overall Ethnic Minorities Policy? Attached to Report nr. 17) (1979)

V12 De quartaire sector – Maatschappelijke behoeften en werkgelegenheid – Verslag van een werkconferentie (The Quarternary Sector: Societal Requirements and Employment Opportunities) (1979)

V13 W. Driehuis en P.J. van den Noord, Produktie, werkgelegenheid en sectorstructuur in Nederland 1960-1985 (Output, Employment and the Structure of Production in the Netherlands, 1960-1985) Modelstudie bij het rapport Plaats en toekomst van de Nederlandse industrie (1980)

V14 S.K. Kuipers, J. Muysken, D.J. van den Berg en A.H. van Zon, Sectorstructuur en economische groei: een eenvoudig groeimodel met zes sectoren van de Nederlandse economie in de periode na de tweede wereldoorlog (The structure of Production and Economic Growth: a Simple Six-Sector Growth Model of the Dutch Economy in the Post-War Period) Modelstudie bij het rapport Plants en toekomst van de Nederlandse industrie (1980)

V15 F. Muller, P.J.J. Lesuis en N.M. Boxhoorn, Een multisectormodel voor de Nederlandse economie in 23 bedrijfstakken (A Multi-Sector Model of the Dutch Economy Divided into 23 Branches of Industry).F. Muller, Veranderingen in de sectorstructuur van de Nederlandse economie 1950-1990 (Shifts in the Structure of Production in the Dutch Economy 1950-1990). Modelstudie bij het rapport Plaats en toekomst van de Nederlandse industrie (1980)

V16 A.B.T.M. van Schaik, Arbeidsplaatsen, bezettingsgraad en werkgelegenheid in dertien bedrijfstakken (Jobs, Capacity, Utilization and Employment Opportunities in Thirteen Branches of Industry) Modelstudie bij het rapport Plaats en toekomst van de Nederlandse industrie (1980)

V17 A.J. Basoski, A. Budd, A. Kalff, L.B.M. Mennes, F. Racké en J.C. Ramaer, Exportbeleid en sectorstructuurbeleid (Export Policy and Structural Policies) Pre-adviezen bij het rapport Plaats en toekomst van de Nederlandse industrie (1980)

* Also available in English

V18 J.J. van Duijn, M.J. Eleman, C.A. de Feyter, C. Inja, H.W. de Jong, M.L. Mogendorff en P. VerLoren van Themaat, Sectorstructuurbeleid: mogelijkheden en beperkingen (Structural Policies: Prospects and Limitations) Pre-adviezen bij het rapport Plaats en toekomst van de Nederlandse industrie (1980)

V19 C.P.A. Bartels, Regio's aan het werk: ontwikkelingen in de ruimtelijke spreiding van economische activiteiten in Nederland (Putting Regions to Work: Trends in the Regional Distribution of Economic Activity in the Netherlands) Studie bij het rapport Plaats en toekomst van de Nederlandse industrie (1980)

V20 M.Th. Brouwer, W. Driehuis, K.A. Koekoek, J. Kol, L.B.M. Mennes, P.J. van den Noord, D. Sinke, K. Vijlbrief en J.C. van Ours, Raming van de finale bestedingen en enkele andere grootheden in Nederland in 1985 (Estimate of the Final Expenditure and some other Data in the Netherlands in 1985) Technische nota's bij het rapport Plaats en toekomst van de Nederlandse industrie (1980)

V21 J.A.H. Bron, Arbeidsaanbod-projecties 1980-2000 (Projections of the Labour Supply 1980-2000) (1980)

V22 A. Faludi, R.J. in 't Veld, I.Th.M. Snellen en P. Thoenes, Benaderingen van planning; vier preadviezen over beleidsvorming in het openbaar bestuur (Approaches to Planning) (1980)

V23 Beleid en toekomst (Government Policy and the Future), report of a symposium on the report Beleidsgerichte toekomstverkenning deel I (Policy-Oriented Survey of the Future, Part I) (1981)

V24 L.J. van den Bosch, G. van Enckevort, Ria Jaarsma, D.B.P. Kallen, P.N. Karstanje, K.B. Koster, Educatie en welzijn (Education and Welfare) (1981)

V25 J.C. van Ours, D. Hamersma, G. Hupkes, P.H. Admiraal, Consumptiebeleid voor de werkgelegenheid (Consumption Policy for Employment) Background reports to the report Vernieuwingen in het Arbeidsbestel (Prospects for Reforming the Labour System) (1982)

V26 J.C. van Ours, C. Molenaar, J..A.M. Heijke, De wisselwerking tussen schaarsteverhoudingen en beloningsstructuur (The interaction between Relative Scarcities and the Remuneration Structure) Background reports tot the report Vernieuwingen in het Arbeidsbestel (Prospects for Reforming the Labour System) (1982)

V27 A.A. van Duijn, W.H.C. Kerkhoff, L.U. de Sitter, Ch.j. de Wolff, F. Sturmans, Kwaliteit van de arbeid (The Quality of Work) Background reports to the report Vernieuwingen in het Arbeidsbestel (Prospects for Reforming the Labour System) (1982)

V28 J.G. Lambooy, P.C.M. Huigsloot en R.E. van de Landgraaf, Greep op de stad? Een institutionele visie op stedelijke ontwikkeling en de beïnvloedbaarheid daarvan (Getting Cities under Control? An Institutional Approach to Urban Development and its Controllability) (1982)

V29 J.C. Hess, F. Wielenga, Duitsland in de Nederlandse pers – altijd een probleem? Drie dagbladen over de Bondsrepubliek 1969-1980 (Germany in the Dutch Press: Always a Problem? Reporting by three newspapers on West Germany, 1969-1980) (1982)

V30 C.W.A.M. van Paridon, E.K. Greup, A. Ketting, De handelsbetrekkingen tussen Nederland en de Bondsrepubliek Duitsland (The Trading Relationship between the Netherlands and the Federal Republic of Germany) (1982)

V31 W.A. Smit, G.W.M. Tiemessen, R. Geerts: Ahaus, Lingen en Kalker; Duitse nucleaire installaties en de gevolgen voor Nederland (Ahaus, Lingen and Kalkar: German Nuclear Facilities and their Implications for the Netherlands) (1983)

V32 J.H. von Eije: Geldstromen en inkomstenverdeling in de verzorgingsstaat (Money Flows and the Distribution of Income in the Welfare State) (1982)

V33 Verslag Tweede Raadsperiode 1978-1982 (Report on the Second Term of Office 1978-1982)*

V34 P. den Hoed, W.G.M. Salet en H. van der Sluijs: Planning als onderneming (Planning as a Form of Action) (1983)

* Also available in English

V35 H.F. Munneke e.a.: Organen en rechtspersonen rondom de centrale overheid (Administative Bodies on the Periphery of Central Government); two volumes (1983)

V36 M.C. Brands, H.J.G. Beunders, H.H. Selier: Denkend aan Duitsland; een essay over moderne Duitse geschiedenis en enige hoofdstukken over de Nederlands-Duitse betrekkingen in de jaren zeventig (Thinking about Germany; An Essay on Modern German History, with some Chapters on Dutch-German Relations in the Seventies) (1983)

V37 L.G. Gerrichhauzen: Woningcorporaties; Een beleidsanalyse (Housing Corporations: A Policy Analysis) (1983)

V38 J. Kassies, Notities over een heroriëntatie van het kunstbeleid (Notes on a Reorientation of Policy on the Arts) (1983)

V39 Leo Jansen, Sociocratische tendenties in West-Europa (Sociocratic trends in Western Europe) (1983)

The Council commissioned a number of experts to carry out preliminary studies for the report 'A Coherent Media Policy'. The following studies were published in a separate series entitled 'Media Policy Background and Preliminary Studies' (in Dutch):

M1 J.M. de Meij: Overheid en uitingsvrijheid (The Government and Freedom of Speech) (1982)

M2 E.H. Hollander: Kleinschalige massacommunicatie; locale omroepvormen in West-Europa (Small-scale Mass Communications: Local Broadcasting Forms in Western Europe) (1982)

M3 L.J. Heinsman/Nederlandse Omroep Stichting: De kulturele betekennis van de instroom van buitenlandse televisieprogramma's in Nederland – Een literatuurstudie (The Cultural Significance of the Inflow of Foreign Television Programmes in the Netherlands – A Survey of the Literature) (1982)

M4 L.P.H. Schoonderwoerd, W.P. Knulst/Sociaal en Cultureel Planbureau: Mediagebruik bij verruiming van het aanbod (Media Use and a Wider Media Range) (1982)

M5 N. Boerma, J.J. van Cuilenburg, E. Diemer, J.J. Oostenbrink, J. van Putten: De omroep: wet en beleid; een juridisch-politicologische evaluatie van de Omroepwet (Broadcasting – Legislation and Government Policy: A Legal and Political Evaluation of the Broadcasting Act) (1982)

M6 Intomart B.V.: Etherpiraten in Nederland (Radio Pirates in the Netherlands) (1982)

M7 P.J. Kalff/Instituut voor Grafische Techniek TNO: Nieuwe technieken voor productie en distributie van dagbladen en tijdschriften (New Techniques for the Production and Distribution of Newspapers and Magazines) (1982)

M8 J.J. van Cuilenburg, D. McQuail: Media en pluriformiteit; een beoordeling van de stand van zaken (The Media and Diversity: An Assessment of the State of Affairs) (1982)

M9 K.J. Alsem, M.A. Boorman, G.J. van Helden, J.C. Hoekstra, P.S.H. Leeflang, H.H.M. Visser: De aanbodsstructuur van de periodiek verschijnende pers in Nederland (The Supply Structure of Regular Press Publications in the Netherlands) (1982)

M10 W.P. Knulst/Sociaal en Cultureel Planbureau: Mediabeleid en cultuurbeleid; Een studie over de samenhang tussen de twee beleidsvelden (Media Policy and Cultural Policy: A Study of the Interrelationship between the two Fields of Policy) (1982)

M11 A.P. Bolle: Het gebruik van glasvezelkabel in lokale telecommunicatienetten (The Use of Fibre Optic Cable in Local Telecommmunications Networks) (1982)

M12 P. te Nuyl: Structuur en ontwikkeling van vraag en aanbod op de markt voor televisieprodukties (The Structure and Development of Demand and Supply in the Market for Television Productions) (1982)

M13 P.J.M. Wilms/Instituut voor Onderzoek van Overheidsuitgaven: Horen, zien en betalen; een inventariserende studie naar de toekomstige kosten en bekostigingen van de omroep (Listening, Viewing and Paying: An Inventory Study of the Future Cost and Funding of Broadcasting) (1982)

M14 W.M. de Jong: Informatietechniek in beweging, consequenties en mogelijkheden voor Nederland (Information Technology in Flux: Consequences and Possibilities for the Netherlands) (1982)

M15 J.C. van Ours: Mediaconsumptie; een analyse van het verleden, een verkenning van de toekomst (Media Consumption: An Analysis of the Past and Survey of the Future) (1982)

M16 J.G. Stappers, A.D. Reijnders, W.A.J. Möller: De werking van massamedia; een overzicht van inzichten (The operation of Mass Media: A Survey of the State of Understanding) (1983)

M17 F.J. Schrijver: De invoering van kabeltelevisie in Nederland (The Introduction of Cable in the Netherlands) (1983)

Third term of office

V40 G.J. van Driel, C. van Ravenzwaaij, J. Spronk en F.R. Veeneklaas: grenzen en mogelijkheden van het economisch stelsel in Nederland (Limits and Potentials of the Economic System in the Netherlands) (1983)

V41 Adviesorganen in de politieke besluitvorming (Advisory Bodies in the Political Decision-Making Process); Report of a symposium by A.Th. van Delden and J. Kooiman (1983)

V42 E.W. van Luijk, R.J. de Bruijn: Vrijwilligerswerk tussen betaald en onbetaald werk; een verkennende studie op basis van een enquête (Volunteering between Paid and Unpaid work; an Exploratory Study Based on a Survey) (1984)

V43 Planning en beleid (Planning and Policy); Report of a Symposium on the Study Planning as a Form of Action (1984)

V44 W.J. van der Weijden, H. van der Wal, H.J. de Graaf, N.A. van Brussel, W.J. ter Keurs: Bouwstenen voor een geïntegreerde landbouw (Towards an Integrated Agriculture) (1984)*

V45 J.F. Vos, P. de Koning, S. Blom: Onderwijs op de tweesprong; over de inrichting van basisvorming in de eerste fase van het voortgezet onderwijs (The organization of the Core Curriculum in the First Stage of Secondary Education) (1985)

V46 G. Meester, D. Strijker: Het Europese landbouwbeleid voorbij de scheidslijn van zelfvoorziening (The European Agricultural Policy Beyond the Point of Self-Sufficiency) (1985)

V47 J. Pelkmans: De interne EG-markt voor industriële produkten (The Internal EC-Market for Industrial Products) (1985)*

V48 J.J. Feenstra, K.J.M. Mortelmans: Gedifferentieerde integratie en Gemeenschapsrecht: institutioneel- en materieelrechtelijke aspecten (Differentiated Integration and Community Law: Institutional and Substantive Aspects) (1985)

V49 T.H.A. van der Voort, M. Beishuizen: Massamedia en basisvorming (Mass Media and the Core Curriculum) (1986)

V50 C.A. Adriaansens, H. Priemus: Marges van volkshuisvestingsbeleid (Margins of Housing Policy) (1986)

V51 E.F.L. Smeets, Th.J.N.N. Buis: Leraren over de eerste fase van het voortgezet onderwijs (Teachers' Opinions in the First Stage of Secondary Education) (1986)

V52 J. Moonen: Toepassing van computersystemen in het onderwijs (The Use of Computer Systems in Education) (1986)

V53 A.L. Heinink, H. Riddersma: Basisvorming in het buitenland (An International Comparison of Core Curricula) (1986)

V54 A.L. Heinink, H. Riddersma: Basisvorming in het buitenland (An International Comparison of Cor Curricula) (1986)

V55 Europese integratie in beweging (European Integration in Motion) Verslag van een conferentie, gehouden op 16 mei 1986 (1986)

V56 C. de Klein, J. Collaris: Sociale ziektekostenverzekeringen in Europees perspectief (National Health Insurance in a European Perspective) (1987)

* Also available in English

V57 R.M.A. Jansweijer: Private leefvormen, publieke gevolgen (Private Households, Public Consequences) (1987)

V58 De ongelijke verdeling van gezondheid (The Unequal Distribution of Health) Verslag van een conferentie op 16-17 maart 1987 (1987)

V59 W.G.M. Salet: Ordening en sturing in het volkshuisvestingebeleid (Regulation and Management of Housing Policy) (1987)

V60 H.G. Eijgenhuijsen, J. Koelewijn, H. Visser: Investeringen en de financiële infrastructuur (Investments and the Financial Infrastructure) (1987)

V61 H. van der Sluijs: Ordening en sturing in de ouderenzorg (Regulation and Management of Care for the Eldery) (1980)

V62 Verslag Derde Raadsperiode 1983-1987 (Report on the Third Term of Office) (1983-1987)*

Fourth term of office

V63 Milieu en groei (Environmental Control and Growth) Verslag van een studiedag op 11februari 1988 (1988)

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