



ELIZABETH POND

THE REBIRTH OF EUROPE

REVISED AND UPDATED

ELIZABETH POND

*The Rebirth
of Europe*

Revised edition

BROOKINGS INSTITUTION PRESS
Washington, D.C.

ABOUT BROOKINGS

The Brookings Institution is a private nonprofit organization devoted to research, education, and publication on important issues of domestic and foreign policy. Its principal purpose is to bring knowledge to bear on current and emerging policy problems. The Institution maintains a position of neutrality on issues of public policy. Interpretations or conclusions in Brookings publications should be understood to be solely those of the authors.

Copyright © 1999 (paperback 2000)

THE BROOKINGS INSTITUTION

1775 Massachusetts Avenue, N.W., Washington, D.C. 20036

www.brookings.edu

All rights reserved

Library of Congress Cataloging-in-Publication data

Pond, Elizabeth.

The rebirth of Europe / Elizabeth Pond.—Rev. ed.

p. cm.

Includes bibliographical references and index.

ISBN 0-8157-7157-6 (paper : alk. paper)

1. European Union. 2. Europe—Politics and government—1945–
3. Europe—Economic integration. 4. Europe—Foreign relations—1945–
5. World politics—1945– I. Title.

JN30 .P66 2000

327'.094—dc21

00-057206

First softcover edition, August 2000

9 8 7 6 5 4 3 2 1

The paper used in this publication meets minimum requirements of the American National Standard for Information Sciences—Permanence of Paper for Printed Library Materials: ANSI Z39.48-1984.

Typeset in Sabon

Composition by Cynthia Stock

Silver Spring, Maryland

Printed by R. R. Donnelley and Sons

Harrisonburg, Virginia

Acknowledgments

This book benefited greatly from suggestions by J. D. Bindenagel, Robert Cooper, Hans-Joachim Falenski, Catherine Kelleher, Michael Mertes, Virginia Nordin, Hans-Friedrich von Ploetz, Wilhelm Schönfelder, Peggy Simpson, Elisabeth Wendt, Cynthia Whitehead, Robert Zoellick, and Brookings reviewers, as well as from a seminar at the Brookings Institution in March 1998 on my initial concept. Any failure to meet the high standards these readers set is my own. Financial support came from the John D. and Catherine T. MacArthur Foundation in a research and writing grant (1991–93); from the Woodrow Wilson International Center for Scholars, where I was a Fellow in 1994–95; and from the German Marshall Fund of the United States (1998).

Permission to use substantial portions of my essays in the following magazines is gratefully acknowledged: “Letter from Bonn: Visions of the European Dream,” *Washington Quarterly*, vol. 20, no. 3 (Summer 1997), pp. 53–72, ©1997 by the Center for Strategic and International Studies (CSIS) and the Massachusetts Institute of Technology; “Kosovo: Catalyst for Europe,” *Washington Quarterly*, vol. 22, no. 4 (Autumn 1999), pp. 77–92, © 1999 by the Center for Strategic and International Studies (CSIS) and the Massachusetts Institute of Technology; “Letter from Kiev: Crisis, 1997 Style,” *Washington Quarterly*, vol. 20, no. 4 (Autumn 1997), pp. 79–87, ©1997 by the Center for Strategic and International Studies (CSIS) and the Massachusetts Institute of Technology; “Miracle on the Vistula,” *Washington Quarterly*, vol. 21, no. 3 (Summer 1998), pp. 209–30, ©1998 by the Center for Strategic and International Studies (CSIS) and the Massachusetts Institute of Technology; and “The Escape from History,” *World Link*,

January/February 1998, pp. 64–68. *World Link* is the magazine of the World Economic Forum.

I am also most appreciative of the editorial guidance I received from Nancy Davidson and Deborah Styles.

To Mary Vance Trent

Glossary of Abbreviations and Terms

acquis communautaire—the 80,000 pages of laws and regulations already adopted by the EU that every new entrant must endorse
Amsterdam Treaty of 1997—follow-on agreement to the Maastricht Treaty of the European Union

Baltic Sea Region Accord—agreement signed in 1998 for cooperation between Poland, Denmark, Sweden, Kaliningrad, Latvia, and Lithuania

Benelux—Belgium, Netherlands, and Luxembourg

Bundesbank—the powerful German central bank that the ECB is modeled on

CAP—EU's common agricultural policy

CEFTA—Central European Free Trade Agreement; grouping of Poland, Hungary, Czech Republic, Romania, Bulgaria, Slovakia, and Slovenia that aims to remove all tariffs in trade between them by 2002 as a step toward EU membership

CEI—Central European Initiative, an informal group of 16 countries, including Italy, Austria, Ukraine, Belarus, Moldova, and all the central European and Balkan countries except Serbia

CFE—treaty limiting conventional forces in Europe, signed in 1990 and subsequently modified

CFSP—EU common foreign and security policy

CIS—Commonwealth of Independent States, the Russian-led grouping of former Soviet states, excluding the Baltics

- CJTF—Combined Joint Task Force, or European forces that would borrow NATO assets for operations to be run without direct American participation
- CNAD—Conference of National Armaments Directors of NATO countries
- Contact Group—the steering committee for dealing with Yugoslavia set up in 1994; members are the United States, Russia, France, Germany, Britain, and Italy
- Council of Europe—organization to promote and certify observation of democratic norms and human rights in Europe (not to be confused with the EU's European Council)
- Council of Ministers—see European Council
- Coreper—Committee of Permanent Representatives of EU heads of government (and state, in the case of France) that do the bulk of the European Council's work between summits
- Coreu—Correspondant Européen (communications system linking EU foreign ministries)
- CSCE—Conference on Security and Cooperation in Europe based on the 1975 Helsinki Agreement (after 1995, OSCE)
- DG—Directorate General, division in the European Commission corresponding to a national cabinet ministry
- EAPC—Euro-Atlantic Partnership Council that brings together ambassadors from NATO members and from the Partnership for Peace countries
- EBRD—European Bank for Reconstruction and Development to help Central and East European economies
- EC—European Communities (or European Community); after 1993, European Union
- ECB—European Central Bank
- ECJ—European Court of Justice
- Ecofin—Council of Economic and Finance Ministers
- EEA—European Economic Area, establishing the same rules for, initially, the EC and EFTA countries
- EEC—European Economic Community (later just EC)
- EFTA—European Free Trade Association between Western European nations not in the EEC; merged (except for Switzerland) with the EC to form the European Economic Area in 1992; after Sweden, Finland, and Austria left to join the EU in 1995, EFTA consisted of Iceland, Liechtenstein, Norway, and Switzerland
- EIB—European Investment Bank, set up in 1958 to provide long-term development financing in Europe

- EMI—European Monetary Institute (forerunner of the ECB)
- EMU—European Economic and Monetary Union
- EPC—European Political Cooperation, the more modest forerunner of CFSP agreed on in 1969
- ESDI—European Security and Defense Identity—the hardest part of the CFSP goal to achieve; to be realized in cooperation with NATO
- EU—European Union, the 1993 successor to the EC
- Euratom—European Atomic Energy Community
- Eurocorps—multilateral European force (with troops from France, Germany, Belgium, Spain, and Luxembourg)
- Eurogroup—European group within NATO from 1968 on
- Euroland/Eurozone/euro-11—the eleven EU members that are members of EMU (Austria, Benelux, Finland, France, Germany, Ireland, Italy, Portugal, Spain)
- European Agreements—agreements between the EU and candidates that are promised eventual membership
- European Commission—EU president, with the collegium of twenty commissioners and the administrative bureaucracy under them
- European Council—summits of EU heads of government (and state, in the case of France), meeting at least twice annually; supplemented by Council of Ministers' meetings of EU ministers in a single competence, such as foreign or interior ministers
- European Parliament—Strasbourg-based parliament of directly elected deputies from all EU member countries
- E-15—all EU members before eastern enlargement (as distinct from the eleven members of EMU)
- G-3—the informal inner grouping of the United States, Germany, and Japan on financial and economic policy
- G-7—Group of seven leading industrial democracies—the United States, Canada, Germany, France, Britain, Italy, and Japan (plus the EU president)—that meet in annual summits
- G-8—see P-8
- G-10—(actually 11) G-7 plus Belgium, the Netherlands, Sweden, and Switzerland; these finance ministers meet informally at the fringes of IMF or World Bank meetings
- G-20—established in 1999, after Asian financial crashes, to avert future crises, convenes finance ministers and central bankers from the G-7 and key emerging economies in Asia, Africa, and Latin America, along with EU, IMF, and World Bank representatives
- G-24—Group of twenty-four states that joined forces in 1989 to support economic and democratic reforms in Eastern Europe; the fif-

- teen EU members plus Iceland, Norway, Switzerland, Turkey, Australia, New Zealand, Japan, the United States, and Canada
- GATT—General Agreement on Tariffs and Trade (succeeded in 1995 by the WTO)
- GDP—gross domestic product
- IEPG—Independent European Program Group of all European NATO members except Iceland; aims at cooperation in arms procurement
- IFOR—Implementation Force (UN-mandated, NATO-led peacekeepers in Bosnia from December 1995)
- IMF—International Monetary Fund
- NAC—North Atlantic Council of ambassadors permanently stationed at NATO headquarters in Brussels
- NACC—North Atlantic Cooperation Council
- NAFTA—North American Free Trade Area
- NATO—North Atlantic Treaty Organization
- NGO—nongovernmental organization
- OCCAR—the joint arms cooperation structure for defense procurement, set up by Britain, France, Germany, and Italy in 1996
- OECD—Organization for Economic Cooperation and Development; grew out of the cooperative administration of the Marshall Plan; current members are all west European market democracies, including Iceland, Turkey, the Czech Republic, Hungary, and Poland, plus the United States, Canada, Mexico, Japan, South Korea, Australia, and New Zealand
- OSCE—Organization for Security and Cooperation in Europe; (before 1995, CSCE)
- P-8—“political 8,” the G-7 nations plus Russia
- PfP —NATO’s Partnership for Peace with nonmembers of the alliance
- PHARE—Poland and Hungary: Aid for the Restructuring of Economies (later extended to aid other central European states too)
- QUAD—group of United States, EU, Canada, and Japan in GATT and WTO
- Rome Treaty—the 1957 founding treaty of the EEC
- Schengen Agreements—1985 and subsequent agreements between the inner EU core to scrap border controls; implemented so far (partially) by Germany, France, Benelux, Spain, Portugal, Austria, Italy, and Greece
- SFOR—Stabilization Force in Bosnia (succeeded IFOR at the end of 1996)

- SHAPE—Supreme Headquarters Allied Powers Europe, in Mons, Belgium
- Single European Act—the amendment to the Rome Treaty adopted in 1986 that led to the single market of 1992
- TACIS—EU technical assistance for Soviet successor states
- TEU (Maastricht) Treaty on European Union, 1992
- Trevi—EU police cooperation on terrorism, radicalism, extremism, and internal violence
- Troika—Until 1999, the steering team of the states holding the previous, current, and next European Council presidency; now the state holding the current presidency (and, by invitation, its successor) plus the European Commission and the High Representative of the European Council for common foreign and security policy
- UNMIK—UN administration mission in Kosovo
- UNPROFOR—UN Protection Force in Croatia and Bosnia, 1992–95
- Visegrad states—Poland, Hungary, and Czechoslovakia (later the two states of the Czech Republic and Slovakia)
- WEU—Western European Union, the European-only security alliance that predated NATO in the Brussels Treaty of 1948 but has no troops or military structure; now being folded into the EU
- World Bank—bank to “reduce poverty and improve living standards by promoting sustainable growth and investments in people,” in the bank’s self description; cooperates closely with European Commission, EBRD, and the EIB in supporting accession to the EU by central European countries
- WTO—World Trade Organization (succeeded GATT in 1995)

Contents

	<i>Glossary of Abbreviations and Terms</i>	xi
	<i>Foreword</i>	1
1	<i>Images of Europe:</i>	
	<i>Skeptics versus Skeptical Optimists</i>	6
	Escape from History	10
	Europe's Miracles	14
	American Skepticism	17
	Birth Pangs and Birth	19
2	<i>Prologue: The Fall of the Wall</i>	24
	The French-German Tandem	29
	The EC and the Single Market	31
3	<i>Prologue: Maastricht</i>	39
	The Maastricht Conference	44
	The Maastricht Hangover, 1992-93	50
4	<i>Present at the Second Creation: NATO</i>	55
	The U.S. Engagement	55
	Bosnia	59
	Poland and Enlargement	64
	Ukraine and Other Neighbors	71
	NATO-EU Synergy	76
5	<i>Present at the Second Creation:</i>	
	<i>The EU and European Monetary Union</i>	81
	Crisis, 1994	81
	Multispeed Europe, 1994-96	83
	EMU as an Engine	92
	Deepening and Widening, 1996-97	98

6	<i>Present at the Rebirth:</i>	
	<i>Poland and Central Europe</i>	105
	Extraordinary Politics	106
	The Turnaround	110
	Ordinary Politics	113
	Catholics and Jews	118
	NATO and the European Union	126
7	<i>Absent at the Rebirth:</i>	
	<i>The Eastern Slavs</i>	136
	Time of Troubles	136
	The Chasm between the Poles and the Eastern Slavs	139
	The Ukrainian Example	142
	The Death of Reform	147
	How Far East Will the West Go?	153
8	<i>Commencement de Siècle:</i>	
	<i>EU "Domestic" Evolution</i>	154
	EMU	159
	Germany, France, and Britain	167
	Widening and Deepening	173
9	<i>Union 2000:</i>	
	<i>Kosovo and Transatlantic Coopetition</i>	178
	The "Revolution in Military Affairs"	
	and U.S. Leadership	181
	European Security and Defense Identity	185
	Common Foreign and Security Policy	191
	The New American Connection	194
	EMU	200
	Economy and Trade	205
	Coopetition	211
10	<i>Epilogue</i>	214
	<i>Notes</i>	218
	<i>Suggestions for Further Reading</i>	273
	<i>Interviews</i>	286
	<i>Index</i>	303

Foreword

Europe matters. It mattered enough for the United States to sacrifice half a million men and women in World Wars I and II. It mattered enough for American forces to stay on the old continent for half a century thereafter to keep the cold war cold.

Now, at this beginning of a new millennium, Europe still matters. Its spreading zone of peace and prosperity is, at the least, a bastion against spillover from the new Russian turmoil or, at the most, a conveyor of some of its own stability to the former superpower and continuing nuclear power to its east.

Its \$8 trillion output matches that of the United States. In our globalized era, it absorbs more U.S. overseas investment than any other region. Reciprocally, Europe contributes the most foreign investment to the United States as a whole and to virtually every single state. Europe's economic clout will only grow as the European Monetary Union makes the continent's corporate structure more like America's. In all probability the euro will shortly equal the dollar as a reserve currency. For the first time Europe's equity markets will grow to rival America's. As more investment then flows to Europe and less to the United States, the world's biggest debtor will have to find new ways to fund its record trade deficits.

Politically, too, Europe is experimenting in ways that should interest us. A congenitally war-prone continent has, with our help, turned into one of the safest and most humane places on earth—and is now reinventing itself. It is pioneering a postnational, postmodern “pooling of sovereignty” that is supplanting the nation-state system of the past three centuries. The European Union is not and probably never will be a united federation, but it is already far more than a loose

confederation. It is asserting, in Americanesque fashion, that history is not destiny. It is renouncing the hereditary enmity between French and Germans. It is rejecting the repeated crushing of Poles between aggressive Russians and aggressive Germans and is inviting Warsaw—after a thousand years of Polish striving—to join the Western family. In a leap of faith, it is converting the mark, the franc, and the guilder—e pluribus unum—into one euro. It is, after a justly pessimistic century, importing America’s optimistic sense of possibility.

Europe’s transformation will challenge us economically and psychologically. The world’s sole superpower is not yet prepared for the shock to come.

This book is one attempt to begin the preparation necessary for our new century. Its genesis goes back a decade, to a summer day in 1987.

I had already lived in Europe for some years. But like every other American reporter, I avoided covering the boring European Community as much as possible. If I visited the European capital of Brussels at all, it was only to look into the hot (and now forgotten) issue of theater nuclear missiles. Then, at the height of a stagnation in the EC that had earned the nickname “Eurosclerosis,” I attended an omnibus conference in a Bavarian castle.

One of the first speakers was a University of Virginia professor who described in gripping detail the birth of the American Constitution two centuries earlier. The convention of Benjamin Franklin, James Madison, and their friends and foes audaciously exceeded its mandate. It struck unhappy compromises between small and large states; it wrestled with issues of how to control commerce; in the end it turned a failed confederation into an enduring federation. Many states were suspicious of the resulting document, fearing loss of their powers. In a cliffhanger roll call, the New York legislature approved ratification by one vote. Until the last minute, what Americans now accept as the bedrock of their nation was touch and go.

The next speaker was a pollster for the European Community, who analyzed public opinion about European integration. To the surprise of everyone around the table, his results showed a large majority—ranging up to percentiles in the 60s—in all EC member countries except Britain and Denmark in favor of more integration. Specific issues were still controversial, of course—clashes of interest between the small and large states, the precise control of commerce, and confederal competence. But the basic desire for more joint European governance was constant.

The juxtaposition was electrifying. It was as if a cartoon light bulb went on over the heads of all the participants. The eccentric thought coursed around the room: *Maybe we are not as far away from a united Europe as we all assume.*

From that day on I tracked the European Community. I watched as the goal of forming a real single European market by 1992 took hold. I saw the business community begin to make investment decisions as if this union would actually come to pass. And of course I stared transfixed as the Berlin Wall fell and Chancellor Helmut Kohl vowed that German unification must lead to European unification.

Kohl's correlation was not coincidental. Once it became clear that West and East Germany would merge, "the German question" again reared its head. How could the old, sometimes terrifying Teutonic energies be channeled into constructive rather than destructive uses as Germany became overnight one-third larger than the other big European nations of Britain, France, and Italy? How could this third rise of Germany in a century avoid being as disastrous as the first and second times, with the carnage of World War I and the Holocaust?

Kohl's answer was to embed Germany so thoroughly in a European structure that it could never again dream of national solutions. In the chancellor's words, the integration of Europe must be made "irreversible" before another generation came to power that would not personally remember the horror of World War II and would therefore see less urgency in the pan-European enterprise. The result, he said, borrowing Thomas Mann's phrase, must be a European Germany, and not a German Europe.

This compulsion explained Kohl's drive for European political union and then, as political union foundered, for a monetary union that would itself impel further integration. It also explained Bonn's determination to get Poland into the EU so that Germany would no longer be the frontline to the east, but would be totally surrounded by allies.

This inner dynamic is poorly understood by Americans. European integration has repeatedly been dismissed in the United States; observers have often let the manifest difficulties of each step toward greater union blind them to the fact that the steps were actually being taken. Since a major cause of the American failure of perception seems to have been a disproportionate focus on Britain (which has consistently opposed EC "deepening" to any political or economic integration beyond a simple free-trade zone) and on France (which for years opposed EC "widening" to Germany's backyard in central Europe),

this book aims to compensate. It tells the story of the past decade from the point of view of the main movers of “deepening” and “widening,” Germany and Poland.

Here, then, is the thesis of this book.

On the eve of the twenty-first century, a miracle occurred. Europe was reborn.

For the first time since 1648, nation-states became convinced that they had more to gain than to lose by surrendering fundamental attributes of sovereignty to a supranational body. For the longest period since the Middle Ages, Europeans suddenly realized, they have enjoyed continuous peace. For the first time since the Age of Exploration (or at least since the nineteenth-century belief in inevitable progress), they have recovered a sense of purpose.

On a bloody continent, in which every other generation has gone to war as far back as folk memory extends, every one of these impulses was astonishing. For three centuries the idealists, the ambitious, and the defeated of Europe had fled to the New World to escape the old, to outwit pogroms and poverty, habit and hierarchy. America, not Europe, was where one could get a second chance, could begin anew, could homestead land, worship according to conscience, invent telephones and mail-order houses and a new identity. Europeans loved the cowboy and, later, the on-the-road biker. They might find Americans naive or shallow, but they envied American exuberance. America was the land of promise.

Europe, by contrast, was the land of the Thirty Years' War, the Napoleonic wars, the potato famine, inherited social status, slaughter in the trenches of World War I, genocide in World War II, the despair of Nietzsche and of Kafka.

There was no sudden inversion of this dismal self-image. There were, rather, a tectonic shift as the cold war ended and, in parallel, a series of incremental pragmatic advances that accrued to metamorphosis.

In this context the tale is less a whodunit than a howdunit. Kohl, with the assistance of EC president Jacques Delors and French president François Mitterrand, was the obvious protagonist. But just how did the German chancellor get a population that was two-thirds opposed to European Monetary Union to give up its cherished deutsche mark? How did the project of EMU survive the worst recession since the 1930s? How did Kohl get reelected in 1994 on the heels of that recession before being dumped by voters in 1998 and turned into a