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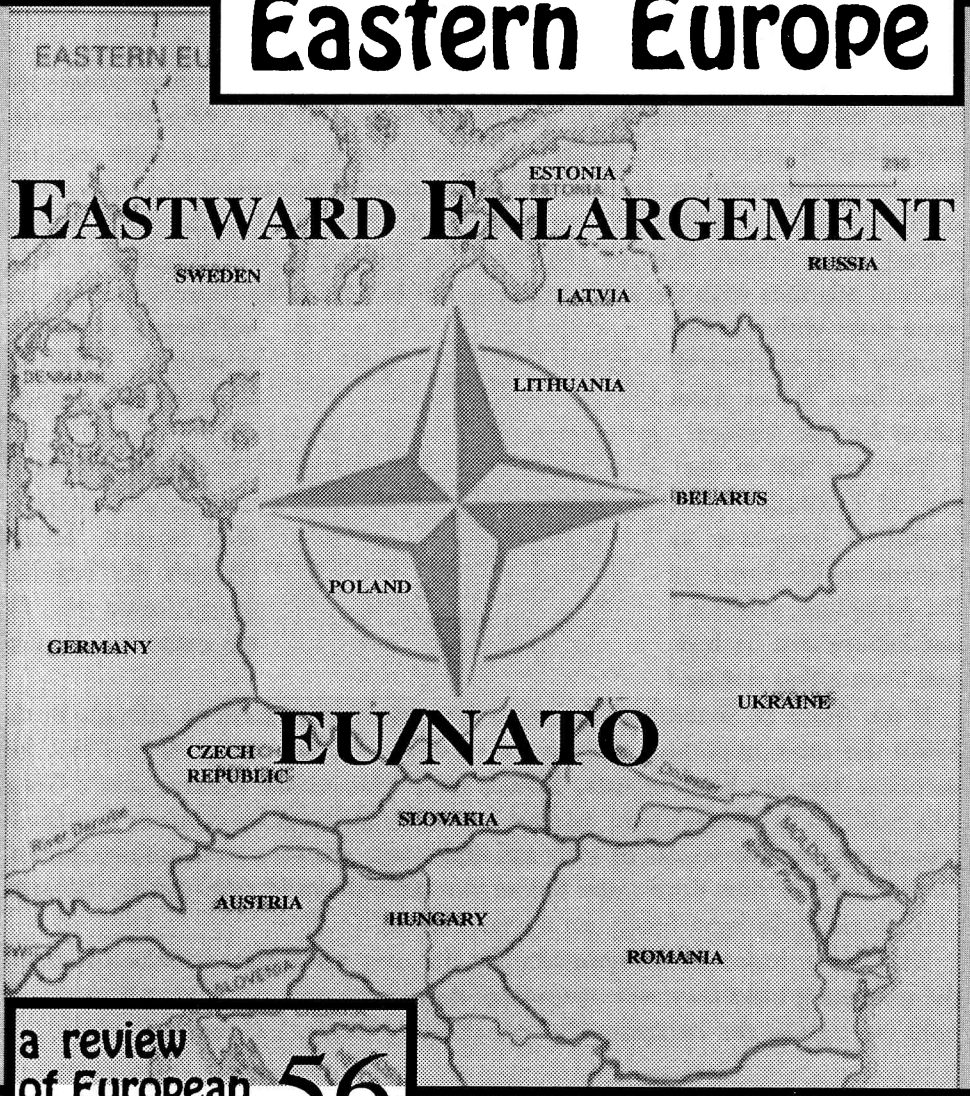

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The European Left and EU Enlargement

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Peter Gowan

The Dynamics of European Enlargement

The end of the Cold War is itself now coming to an end, as Europe enters a new phase marked by the redivision of the continent. This is the real significance of the NATO enlargement and the likely significance of the next moves of the EU in the long saga of what is called EU eastward enlargement.

This may seem a perverse view of the processes that will be launched by the NATO Madrid Summit in July 1997 and the EU Commission's documents which are due to be issued in the autumn. After all, the continent has already been divided between those inside the EU and NATO since 1989 and those outside. And are not the decisions this year going to produce a less divided, more inclusive result? As far as NATO is concerned, this will be true only in an arithmetical and not a political sense, because the main political meaning of NATO enlargement lies not in Poland's inclusion, but above all in Russia's exclusion.

In the case of the EU, the break between the hopes of 1989 and the emerging realities has been more gradual, but the result is turning out to be the same: the European political economy is being fragmented once again, in ways that are different in character from those that existed during the Cold War but which, for a number of countries, are likely to be just as deep. We will attempt, briefly, to analyse the character, causes and consequences of the emergent divisions.

I. NATO's Expansion and the Exclusion of Russia

The populations of the former Soviet Bloc were assured after 1989 that once they became market economies and democracies the division of Europe would be overcome and they would be included in 'the West' and in 'Europe'. NATO officials touring the former USSR and East Central Europe assured audiences that European peace and security were now 'indivisible' and that all Europeans were now 'in the same boat'. Provided all the states became 'market economies and 'democracies' everybody would be included.

The seeds of this liberal order were supposed to be contained within the womb of the NATO alliance itself: the internal democratic systems and the shared liberal and democratic values of the Western states. If this was the case, then there was every reason to hope that the transformation of the former Soviet Bloc into liberal democracies would generate a similar harmony of shared values across the whole of the continent thus making real collective security based on common observance of shared norms and rules a reality. Such were the declaratory principles of the NATO powers during the 1990s. And, indeed, such are their declared principles today.

Of course, peace and security depend upon more than the design of security and political institutions. They rest on economic and social preconditions: without prosperity and/or economic development, such values and institutions can come under strain, if not collapse. This was the point at which the role of the EU and the other institutions of the West's political economy raised great hopes in Central and Eastern Europe. As in the case of Western Europe after the war, the CEECs now hoped that they would be offered a development-oriented insertion in the international division of labour and the latter would soon be anchored in their accession to the EC/EU.

NATO enlargement: the official theory

The US administration and NATO are presenting NATO's enlargement as a continuation of Bush's vision of a Europe 'whole and free'. This official theory advances a number of interlinked propositions:

1. NATO is no longer about defending territorial space, it is mainly today about defending and promoting certain values and norms, rather like the

Council of Europe. There are two key norms: democracy and the market. States in Europe which achieve these norms can hope to join the main organisation which defends them. "Although Nato has not yet specified formal criteria for admitting members from the former Warsaw Pact, it is no secret that countries judged to have made the most progress in democratic and economic reforms will be favoured...."[1] Because NATO is norm-guarding it may expand further and further into Eastern and South Eastern Europe so long as the states concerned themselves pull themselves up to these norms. Thus, NATO wants to be an all-inclusive body and whether it will be depends upon the local states, not upon NATO.

2. NATO is internally a genuinely collective body in deliberation and in action. And whereas the OSCE is inevitably weak because of its unanimity rule and its lack of forces, NATO does not suffer from these weaknesses.

3. NATO is purely defensive and does not seek to weaken any external state. Therefore, the hostility of Russia towards enlargement is entirely groundless.

We will examine each of these points in turn:

1. The claim that NATO's membership basis is democratic norms does not square with the behaviour of one of its key members, Turkey, in its war with the Kurds and in its systematic use of torture internally. It also does not square with the attitudes of the US government (and the British government) to the one really serious violation of democratic norms outside the Yugoslav theatre: Albanian President Berisha's gross fraud in the 1996 elections. The US on that occasion replaced democratic norm with power politics: Berisha was supported because he (superficially) served US interests. Thirdly, why are the Baltic States not being included? The countries that are being included are such an obvious geopolitical package between Germany and Russia (Poland, the Czech Republic and Hungary) that the norm-centred explanation stretches credibility to breaking point. And if Romania, Slovakia and Bulgaria, as well as Russia and Ukraine are members of the Council of Europe, why does the expansion not include them as well? On close inspection the idea of the primacy of democratic norm crumbles.

2.If the OSCE lacks military force, it could be provided with some. Therefore this is not an insuperable problem. The decision rule about unanimity would be a more serious problem, but for a single snag: NATO

is supposed to have exactly the same decision rule. In reality, of course, NATO is not a genuinely collective security body in the sense of having clear, respected rules for making decisions about action. It is dominated by the USA, not by unanimity.

3. The argument that Russia is not threatened by NATO's incorporation of Poland is disingenuous. Russia will be excluded from legitimate involvement in deliberation among the main Euro-Atlantic states over the major problems of Central and Western Europe. The American government is offering Russia consultation, but leading European NATO states know from their own experience that even they have often been presented with fait accomplis by their American allies.

This exclusion of Russia is made a thousand times more powerful by the fact that it is not simply an exclusion from a political institution. Today NATO has three times the military strength of Russia and the rest of the CIS combined. With Poland and the other CEECs joining, NATO's factor of predominance will be four to one. Thus NATO expansion into Poland is a massive assertion of military power on Russian borders.

NATO enlargement: the unofficial justification

The media way of handling the expansion, at least in the UK, is to claim that the Russian government privately is far less concerned about enlargement than in claims in public. Anyone who talks to Russian officials or to non-governmental political figures in Russia knows that this is simply not true. The fashionable private explanation among West European diplomats as to what is going on with enlargement is to play it down by using a variant on Disraeli's remark about the causes of the British Empire: it was done in a fit of collective absence of mind on the part of the American administration: Clinton stumbled into it without much thought in his Detroit speech in October;[2] or he was after the Polish vote in the mid-West; or whatever. By implication, we should not take it too seriously. These kinds of explanations cannot be taken seriously, not least because they express unwarranted contempt for the American policy-making system.

Credible explanations for NATO enlargement are:

1. Russia's Weakness: First, the NATO expansion into Poland has nothing to do with current or medium-term threats to Polish security. It has nothing to do, for example, with potential Russian threats to Poland,

never mind to the Czech Republic or Hungary. No such threats remotely exist. Furthermore, if Russia had possessed the capacity to threaten Poland, there would almost certainly have been no NATO expansion into Poland. The reason why NATO has not expanded into the Baltic States is precisely because there could, in future, be conflicts between Russia and these states, conflicts which Russia could easily win.

The conclusion is inescapable, that the first and main basis for the move into Poland is not a Russian threat but Russia's current extreme weakness. Because of the catastrophic social and economic collapse inside Russia and the fact that its state has, for the moment, being captured by a clan of gangster capitalists around the West's protégé Boris Yeltsin, the Russian state is in no position at present to resist enlargement. This Russian weakness will almost certainly be temporary. We must assume the Russian economy and state will revive. It could easily grow ten-fold stronger in resource terms than it is today. NATO is thus exploiting a 'window of opportunity' that will not stay open for very long. It is a case, therefore, of establishing a fait accompli against Russia swiftly. The expansion into Poland is about expanding the sphere of influence of the USA within the context of a revival of power politics in Europe. America is 'filling the power vacuum' in Central Europe which has been created by the Soviet collapse and Russian involution. This points us towards the reasons why the United States has been opposing the construction of a genuinely pan-European and authentically collective security order in Europe.

2. US opposition to norm-based collective security: Both the Bush and Clinton administrations have consistently opposed such conceptions for the obvious reason that they would undermine its single-power dominance over decisions and operations within NATO. To strengthen the OSCE would have reduced US power to that of being only 'primus inter pares' in European affairs. But during the Cold War, the US had been more than first among equals: it had dominated and controlled the high politics of Western Europe. A European collective security regime would have required the US to have accepted a loss of direct institutional control, through NATO, of the destiny of Europe.

Worse, under a collective security order, the West European states could have developed their own security identity independently of the

USA. The WEU could have replaced NATO as the primary locus of strategic policy-making and as the primary nexus of military forces amongst West European states. NATO could, at best, have become a meeting place only between two centres of strategy and two organisations of force - one American, one West European. And the West Europeans could have insisted that US actions in Europe conform strictly to rules laid down in a strengthened OSCE and in other such collective security fora. And if Russia had been included, there would have been three power poles within pan-European Security - the USA, a unifying Western Europe (around France and Germany) and Russia - raising the distinct possibility of the USA finding itself as one against two.

3. Forward from Bosnia: The expansion of NATO today is conceivable only against the background of Washington's successful rebuilding of its authority over the West European states over the last six years. The first step in this US effort was, of course, ensuring that Germany was unified within NATO. The US reconstruction of NATO ascendancy in Europe then passed through the Bosnian conflict.

With Germany's success in pushing the EC states to recognise Slovenia and Croatia at the end of 1991, the US, which had been against such recognition, found itself threatened with being marginalised in the major political conflict in Europe: that over the crisis of the Yugoslav state. In late January 1992, therefore, the Bush administration launched its campaign for an independent Bosnian state. As Susan Woodward explains, in this drive for an independent Bosnian state, the US was "...concerned that Germany was 'getting out ahead of the US' (according to Deputy Secretary of State Eagleburger) and that it had lost any leverage on the Yugoslav situation after the EC's December decision..."[3]

As the West European states pointed out at the time, an attempt to create an independent, unified Bosnian state would lead to war. The war that did result became the basis for a reassertion of NATO as the primary instrument of force in European politics and an even more decisive assertion of US dominance in Europe through its ascendancy over the entire management of the Bosnian war.

4. A US wedge between Germany and Russia: Beyond these matters of current institutional design for Europe's security order, there are deeper

questions of geopolitical strategy into the twenty-first century for the USA. As the NSC document leaked in early 1992 made clear, the American government is preoccupied by its long-term position in Eurasia, which in turn governs its capacity to exercise 'world leadership'. The great danger here for the USA is that Germany becomes the hegemonic power in Western and Central Europe and then establishes a condominium with Russia over the bulk of the Eurasian land mass. To prevent that happening, US political ascendancy in the territory between Germany and Russia becomes pivotal. Via NATO expansion into Poland (as well as via US companies acquiring a strong presence in Poland), US influence in that key country can be secured.

*5. **The drang nach Kiev:*** For American policy planners, Poland is only one part of the necessary geopolitical wedge between Germany and Russia. In many ways, Ukraine is an even more important prize. A combined Polish-Ukrainian corridor under US leadership will decisively split 'Europe' from Russia, exclude Russia also from the Balkans, go a long way towards securing the Black Sea for the USA, linking up with America's Turkish bastion, and providing a very important base for the 'Great Game' for the energy and mineral resources of the Caspian and the Asian Republics of the former USSR.

Of course, to move NATO into Ukraine today would cause an explosive confrontation with Moscow. For this reason, US policy towards Ukraine under President Clinton has been marked by considerable subtlety. Following Bush's notorious 'Chicken Kiev' speech in the Ukrainian capital in 1991, when he attacked 'unrealistic nationalism' at a time when the US was worried about the consequences of Soviet collapse, Clinton joined a partnership with Moscow to ensure that Kiev became non-nuclear. What was not noticed by Russian politicians was that if Ukraine had decided to maintained its nuclear status, it could have done so in the medium term only by means of rebuilding its security relationship with Moscow. Thus, Ukraine's abandonment of nuclear weapons freed it from such future dependence. Kiev is now the recipient of the third largest amount of US aid and Washington has been vigorously seeking to strengthen Ukraine's mass media integrity and to strengthen military co-operation under the umbrella of the Partnership for Peace, notably through joint exercises and through strengthening military co-

operation with Poland. The IMF has been unusually flexible in its approach to Ukraine's socio-economic problems.

Washington now feels confident that it has a strong policy understanding with the Ukrainian government whereby the latter insists to Moscow on its right to co-operate with the West through the PfP and on its freedom from any security pact with Moscow. After initially expressing strong reservations about NATO's expansion into Poland and stressing its own 'neutralist' posture, Kiev has evolved towards supporting NATO expansion and, at the end of 1996, President Kuchma went further, indicating that in a very distant future Ukraine might itself eventually seek to become a NATO member. This motive for NATO expansion into Poland, as a means of projecting US influence into Ukraine, was signalled by Polish President Kwasniewski. Speaking in London at the Royal Institute of International Affairs, he said: "We are confident that Poland's accession to Nato will lead to a projection of stability and security into areas stretching beyond our eastern frontier."[4] This can only refer to the goal of pulling Ukraine from a security link with Russia.

In short, NATO's expansion into Poland marks the return of power politics to Europe in place of the project of an inclusive and collective new security order. The relationship between liberal universalism and power politics turns out not be dichotomous: it acquires the complementarity of means and ends: liberal universalism is the rhetorical means towards US power politics ends.

6. The new Russian threat: There is an obvious criticism that could be levelled against this analysis of US power-maximisation interests in NATO expansion. This is that it overemphasises what might be called the traditional 'realist' way of looking at international politics: it exaggerates the military-strategic elements of power over the political-economy elements. Along this line of argument, the key way in which the American state assures its global dominance is today less through its military capacity than through the imposition of its global political economy regime on states. In other words, American ascendancy is assured through reorganising the internal structures of states to allow their penetration by American capitalist companies and through requiring these states to maintain their viability through competition on world markets

in which US capital predominates.

All this is true in general: for the US in its relations with most states, military power is a reserve power, not the first means of influence. But it is not possible in the Russian case, because Russia is different: it has such vast energy and raw material resources that, even with a gangster capitalist elite on an almost Zairian scale of sybaritic corruption, it has not the slightest difficulty in maintaining a healthy trade surplus and in keeping Western capital at bay. And it can do all this without being integrated into the WTO. Moreover, it can offer both energy security and, at least in the medium term, significant credit support to governments looking for alternatives to the IMF. Its big capitals can also already move into other states and establish themselves as influential politico-economic rivals to Western MNCs, especially in the crucial energy sector.

During the Cold War, this Russian economic capacity did not constitute a serious challenge because of the ideological divide against Communism. But with the Communist collapse, Russia's potential structural power in the energy sector and the expansionist capacities of its capitals constitutes a new kind of threat to US dominance over the international political economy. Since 1991 the American administration, its MNCs and the IMF have been involved in a complex double operation to influence developments in Russia. On the one hand, there was the real possibility that the Gaidar government would actually open Russia's economic assets to US buyers. If US capital had been able to buy up Russia's oil and gas resources as well as the bulk of Russia's other mineral resources we would not have seen any NATO expansion into Poland excluding Russia. Washington would have adopted a 'Russia first' policy. But the Gaidar-Burbulis drive collapsed, despite the West's successful promotion of the idea of a coup d'etat by Yeltsin against the Constitution in August 1993. The US then found itself backing Chernomyrdin-style Russian corporate capitalism against the Communist challenge. In this cleavage, Washington had to back Yeltsin-Chernomyrdin, but the latter was at the same time a potential challenge to the US drive for a 'globalised' capitalism in which all states would have to comply with market institutions designed to favour US MNCs. Thus as soon as Yeltsin had managed to beat off the Communists, the Clinton administration moved forward with a NATO expansion which will have the effect of containing the expansion of Russian capital abroad.

The likely consequences of NATO expansion

The first and major consequence will be that Russia will become a dissatisfied power and future Russian leaderships will tend to become a focus for all kinds of oppositional political forces within the NATO zone. If Russian economic and political strength revives in the context of a continuation of current economic and political trends within 'NATO Europe', the result will be that the new NATO order will come under strain. At the same time, if the US and the main West European powers can convince European elites that various conflicts and tensions, particularly in CEECs, are Russian-fostered, then some kind of new political 'Cold War' could re-emerge, particularly if a revived Russia had a dictatorial form of government and/or is developing new pan-Slavist themes (of if Communist leadership were to return in Moscow.)

Secondly, the states in South Eastern and Eastern Europe excluded from NATO will become a field of rivalry and conflict between Russia and the NATO powers (especially the US). This rivalry has already become intense in Bulgaria and Ukraine and in the latter country it is likely to become fiercer. Those who say Russia should not engage in these rivalries but should concentrate upon its domestic problems are simply engaged in the power discourse of Cold War victory. The quest for economic strength cannot be divorced from the quest for political influence, above all in Russia's case, where a close relationship with Ukraine and the Caspian and Asian Republics can bring the new Russian *capitals very handsome rewards.*

Despite its current weakness, Russia has some capacities to strike back at the US and NATO in the coming years. Russia could threaten Poland by stuffing Kaliningrad or Belarus with tactical nuclear weapons;[5] it could repudiate the CFE; scrap its START commitments;[6] engage in wrecking tactics in the UN; turn the Baltic states into hostages; turn nasty on the Black Sea Fleet; turn its base on the Dneistr into a threat to Moldova; embark upon a more activist policy to destabilise Ukraine or seek to expand its influence in the Balkans. None of this may seriously threaten the security of Western Europe and it might even strengthen the currently very ragged cohesion of the Atlantic alliance and US leadership in Western Europe. But it could cause misery for hundreds of millions of people in Eastern Europe and the former Soviet Union.

The other excluded states such as Slovakia, Romanian, and

Bulgaria will fear a new local assertiveness from the included and will be forced to devote more of their extremely meagre resources to military budgets. Thus already overstretched budgets and poverty-stricken populations will be strained even further. This may apply to both Romania and Slovakia in relation to Hungary. On the other hand, if Romanian is included in NATO, the potential for irredentist projects on the part of a Romanian government towards both Moldova and Ukraine (over North Bukhovina) may create a new zone of tension.

At the same time, those countries included within NATO can hope for an expansion of inward investment from Western MNCs seeking cheap labour for assembly plants on their Western borders for re-export to Western Europe. They can hope that such an investment influx will improve their generally dire trade balances and thus help them to maintain economic growth (or, in Hungary's case, start significant growth). While Mexican wages along its border with the USA are about 45 per cent of equivalent US wages, the Visegrad countries' wages are less than 10 per cent those of Germany. The result could be a further economic differentiation between the Visegrad countries and those excluded from NATO. In addition, NATO's inclusion of Visegrad states can encourage the EU to slow down is already glacial movement towards taking these states into membership. The belief in Warsaw that NATO membership will speed up Poland's accession to the EU is almost certainly an illusion.

NATO leaders hope that they can manage the tensions and potential security threats deriving from NATO expansion by pinning responsibility for a state being excluded from NATO on that state's internal characteristics: its inadequate 'market economy' or 'democracy'. Insofar as this message is convincing to the electorates of the excluded countries, local voters will blame their own state elites rather than the Western powers for their exclusion from the Western club of rich states. The politicians who have been demanding sacrifice after sacrifice in order to 'enter Europe' will not be discredited and will be able to call for one more big round of sacrifice to ensure eventual entry into the promised West.

II. The Contradictions of EU enlargement

After the collapse of 1989, the EC states sought to push the issue of future inclusion of the CEECs off the European political agenda. Since the justifying ideology of the EU is that of European political unification, and since the EU's definition of Europe has always included the CEECs, the EC 12 could not explicitly repudiate eventual unification with the CEECs.[7] They, therefore, adopted the posture of saying that, before there was any question of eventual membership, the CEECs had to become Western-style 'democratic market economies' through a great institutional transformation. Political leaders in the CEECs then subtly re-interpreted this EU posture, claiming to their populations that once they had become market democracies they would be able to join the EU. During the last seven years a particular path towards becoming a capitalist market democracy of a particular type has been trodden by the CEECs. The path has involved the fragmentation of their previous regional economic ties (the Comecon region) and a deep slump as well as an institutional engineering to globalise their economies - in other words to gear them to the interests of Western transnational capital.

Two main outcomes have been achieved. First, they have become (in their overwhelming majority) liberal democracies with largely globalised state and economic structures. This lays the basis for their being formally qualified for EU membership. They can therefore turn to the EU and say: we have done what you told us to do in 1989, so let us into the EU.

But the second outcome has been that the institutional engineering to bring the CEEC's structures into convergence with the EU's institutional orders has simultaneously made these countries poorer in GDP per capita terms - only Poland has statistically returned even to its 1989 levels of GDP per capita, while the EU have moved on in GDP per capita terms since 1989. One of the reasons for this impoverishment has been the pronouncedly mercantilist trade policies of the EU towards all these countries during the 1990s.

This outcome presents the EU with a particularly tricky difficulty because of its stance towards the accession of new members. That stance is to require the new member to accept the EU's 'acquis communautaires' - all the policies, institutional arrangements and laws of the EU as it

exists at the time of the accession. In other words, the EU requires institutional and policy congruence. Most of the CEECs are only too ready to accept the 'acquis'. They are currently busy re-writing their laws in line with those of the EC. But because the CEECs are poor, the EU itself does not want to extend the existing 'acquis'. To transfer the acquis to the new members would cost the EU financial and political prices that the EU's member states are not prepared to pay.

Therefore, the EU is placed in an acutely difficult political dilemma. The globalisation of the institutions of the CEECs has been enormously beneficial for EU capitals. Germany now exports more to the CEECs than it exports to the USA. EU multinational companies are making handsome profits from FDI as well as from speculating in CEEC debt and from playing the CEEC's small but lucrative stock markets (those of Russia, Hungary and Poland were the most profitable of all 'emerging market' stock markets in 1996) . The status quo is perfect for EU business. But the EU is not prepared to pay the costs of accession. It cannot tell the truth: that the CEECs cannot join because they are too poor. But being poor is not a legitimate reason for exclusion. This dilemma then pushes the EU towards manoeuvring with disingenuous tactics for postponing enlargement, but these manoeuvres is turn threaten to destabilise the political systems of the CEECs. We will briefly survey the ways in which these current contradictions in EU policy have unfolded during the 1990s.

The missed development opportunity

In 1989, the US was in no position to launch a development strategy for the states of CEE because the cupboard was, so to speak, bare in the US Treasury. Grappling with enormous payments and budget deficits, and with a very large bill to pick up as a result of the collapse of US housing finance institutions, the United States lacked the financial resources to use positive economic incentives to influence the reorganisation of the ECE states. When Bush visited Poland in the summer of 1989 he faced ridicule from Lech Walesa when he was able to offer only $200 million - the Polish authorities had been hoping for at least $2 billion. If a Marshall Plan-style development strategy for the region had been adopted, the US government's weakness would have been exposed and Germany and the West Europeans would have taken the lead. As in the field of

Europe's high politics, so in the area of Europe's political economy, the immediate aftermath of the collapse of 1989 left the US in danger of marginalisation.

In this context, influential voices were raised in Western Europe, particularly in Germany and France, for a development-oriented framework for the reorganisation and economic integration of the CEECs. One such development strategy for East Central and Eastern Europe was advanced by the Deutsche Bank president, Herrhausen, in the autumn of 1989. Herrhausen, who was close to Chancellor Kohl, argued for a major investment effort into the region while allowing it to preserve effective trade protection for its domestic industries. The plan would have allowed the turn towards capitalism in countries like Poland to have proceeded in conditions of economic revival rather than slump and it would have been carried out in co-operation with the Soviet Union. But Herrhausen was assassinated at the end of November 1989 and his plan was dropped.[8]

A similarly growth-oriented plan was proposed by French President Mitterrand's adviser, Jacques Attali. This would have involved a major public development bank with the resources and mandate for large scale public and private infrastructure investments across the CEECs, including the USSR. The plan was championed by the French government and the bank - the EBRD - was actually created, but its role and mandate were emasculated by the Bush administration, with the result that it became little more than an adjunct to the operations of the Western private sector in the region: it was banned from playing a large role in public infrastructure investment; it was instructed to operate like a private sector bank, on strictly commercial lines, while at the same time it was banned from taking on investment projects which Western private sector operators took on. It was, therefore, little wonder that Attali, as the Bank's president, was hard put to find viable and acceptable projects to invest in during the slump of the early 1990s, before he was bounced out of the bank by claims on the part of British and American banking circles that he had been living too lavishly and spending too much money on the Bank's London headquarters.

This was the background to the West's turn towards the Baker Plan approach to the reorganisation and integration of the CEECs. The US lacked the public credit resources to take the lead itself. Germany, working with the other West European states, would have had ample

resources to offer a Marshall Plan style development project. But the West European states were far too divided amongst themselves to stage such an operation: the Attali plan was in many respects promoted as a rival bid to the Herrhausen scheme and the American administration had little difficulty in manoeuvring to divide the West Europeans and de-gut the idea of using the EBRD as a real development lever. And once Chancellor Kohl realised that most of his partners within the EC were set upon trying to slow German unification down to a standstill, the final blow was struck against an expansionary approach to the CEECs: Kohl opted for what was in effect an Anschluss and thereby diverted the credit capacities of the Federal Republic (and of much of Western Europe during the early 1990s) to its eastern Länder for the duration of the decade.

Thus did the CEECs end up in the hands of the IMF and World Bank. This was the ideal solution for the United States because it controls the IMF and the World Bank and it could therefore mobilise resources other than its own but under its control. Furthermore the IMF approach requires slumps rather than growth as the favoured context for restructuring since the slump provides powerful pressures on key economic actors and it destroys the social power of labour in economic life. And finally, the IMF programme for reorganising political economies is precisely geared to shaping the social, institutional and economic orders of the states concerned in ways that maximise the opportunities for US forms of financial and manufacturing conglomerates.

American statecraft for a new division of labour

Thus, by default, the G7 decision at the Paris summit of 1989 to give the IMF the lead for handling the heavily indebted Polish and Hungarian economies laid the basis for the US approach to completely dominate the integration of the CEECs. The US launched its agenda by making the Polish Balcerowicz Plan the flagship for its operations throughout the region. The US Secretary of State, James Baker, was able to apply his own Baker Plan, launched with such stunning effect in 1985 upon Latin America's indebted economies,[9] to the former Soviet Bloc.

The huge academic industry on systemic transformation in the CEECs treats Baker Plans as if they have their origins mainly in economic theory or in some autonomous processes in global economic and technological life. In fact, of course, the Baker Plans emerged from the

defeat of the containment liberalism of the 1960s and the defeat of figures like Robert McNamara by the rollback politics of the Reaganite right in the 1980s. The opportunity to launch the rollback against the countries of the South came with the debt crunch of 1982. By 1985 James Baker, Reagan's treasury secretary, was ready to unveil his Baker Plan for the Third World at the Seoul IMF conference that year.

The goal of Baker Plan restructuring has been to transform the states and political economies of the South in two main respects:
(1) to replace a national industrial strategy for development through import substitution and the development of the internal market with a strategy based upon Western MNC direct investment and exports from the target country to the world market.
(2) to replace a state-centred financial and industrial system within the country with private financial markets, ownership of economic assets in the hands of private capital, deregulated labour markets, and a strong role for Western FDI and portfolio investment.

These two goals can be encapsulated in the term 'globalisation'. The result does not, of course, preclude growth. But it makes the local political economy immediately and persistently dependent on 'global' market forces, in other words, on decisions and developments within the core states. The changes have involved a radical restructuring of the social and political structures of non-core states. In some, there have been political breakdowns (notably in Africa), in others the state has survived via gangster capitalism (Colombia, Bolivia), while others have been able to carry through the socio-political transition (Chile, Argentina). But these have, nevertheless, faced other menacing consequences: the pauperisation of large parts of the population; a continuing inability to free themselves from debt, requiring constant state intervention from the IMF; and chronic vulnerability to financial crises and breakdowns in domestic banking and financial systems.

As Robert Chote recently explained in the *Financial Times*:

> At least two-thirds of the IMF's 181 member countries have suffered banking crises since 1980. In developing and transition economies, the cost of resolving these crises has approached $250bn (£160bn) in total - absorbing between 10 and 20 per cent of a year's national income in the cases of Venezuela, Bulgaria, Mexico and Hungary. Banking crises inflict considerable damage

> on the economies in which they take place. One reason is that bank credit has grown rapidly in many emerging markets, relative to the size of their economies. Often these banks hold considerable stocks of domestic financial assets, operate the payments system and provide liquidity to security markets. So when crises strike they can cripple economic activity, choke off credit and place severe strains on interest rate and budgetary policies (*FT*, 11 Dec 1996).

With the collapse of state socialism in Central and Eastern Europe, the Baker Plan approach was transferred from Latin America to the eastern part of Europe with similar results. One state in the region was unable to cope with the transition involved in Baker Plan re-engineering: Yugoslavia. It therefore collapsed.[11] Other states have developed as gangster capitalism - the pattern in Russia and Ukraine. And many states have been struck by catastrophic financial system breakdowns - currently Bulgaria, and earlier Lithuania.

The Western powers have required the countries of Central and Eastern Europe to pass through the purgatory of Baker Plan structural transformation as a precondition for membership of the EU. A number of these countries have come through this travail and have returned to growth - notably Poland and the Czech Republic, along with Slovakia and Romanian. (Hungary has so far had little real growth following its catastrophic slump in the early 1990s). But it remains to be seen whether this growth in the strongest survivors will remain sustainable. The key current bottleneck is a chronic and serious trade deficit. As the *Financial Times* reported at the end of last year, "A rising tide of red ink is splashing over the foreign trade accounts of central Europe" and there is "a looming balance of payments crunch" and this is "already sparking warnings from central bankers and finance ministers that 1997 will require fiscal and monetary tightening to reduce domestic demand, slow the growth in imports and free resources for export.".[12] The Czech trade deficit in 1996 amounted to 7 per cent of GDP.

The source of these payments problems is not cyclical, but structural. On the one hand, imports are not only of investment goods but of consumption goods for the new propertied classes, flowing in especially from Germany which now exports more to the CEECs than it exports to the USA, according to the Bundesbank.[13] Exports from the Czech Republic and Poland are now concentrated in low value-added

sub-contracting for West European companies, based on cheap labour costs:

> Many western companies are shifting labour intensive product lines to take advantage of much lower labour costs just over their eastern border. The problem is that the resulting exports often consist of made-up clothes or engineering sub-assemblies made from previously imported cloth or components. This means that higher exports are dependent on previous imports, and labour is the only real net value added.[14]

Furthermore, some $4bn of Poland's 'exports' in 1996 took the form of cross-border shopping by East Germans: not a sound basis for sustained export growth.

The specific activities of the EU in the trade field have only exacerbated the tendencies towards a general downward restructuring of the CEECs to low value added, labour intensive operations through strongly mercantilist trade policies. The one significant EU programme of aid to the countries of the region, the PHARE programme, seems to have been predominantly geared towards assisting Western economic operators to acquire assets and markets within the CEECs, with PHARE funds going less to the 'recipient states' than to Western firms.

Direct mercantilism has included the following:

1. export credits and export credit guarantees. These are, in effect, state aids to exporting companies though they are presented by EU member states as aid to the exporters' target country.
2. agricultural export subsidies for CAP exports. These have enabled agricultural dumping in both ECE and ESEE, enabling EU agribusiness to capture markets from local producers. 'Humanitarian aid' from the EU in the form of cheap or free agricultural products often acts as an initial destabiliser of markets for local producers in ECE and ESEE.
3. protection of EU producer sectors through non-tariff barriers: price setting agreements (eg steel), the CAP, textiles barriers, voluntary export restrictions etc.

Indirect mercantilism, however, has included:

1. market design rules of a 'free market' sort which favour EU oligopolies able to benefit from large positive externalities: eg much stronger (state supplied) regional infrastructures and access to much cheaper credit, while compensating state aid on the weaker side is banned by single-market

competition rules.
2. imposition of common rules on state aids without equal resources for such aids. Thus, within the EU itself, 79 per cent of the actual resources devoted by states to aiding industry were allocated by the FRG, France, Italy and the UK.
3. imposition of common rules in one field while denying common rules in linked fields: eg granting rights of establishment of enterprises in the EU on the part of ECE enterprises but not granting free movement of labour and thus in effect making rights of establishment null.
4. imposing free market rules in conditions where Western economic operators can dominate market outcomes. This seems to operate in some stock markets in ECE. The big Western companies can determine price fluctuations and rig the markets.
5. rules of origin. These are major ways in which West European businesses (and US MNCs operating in the EU) are given protection in ECE against entry by Russian or Asian MNCs.
6. powerful general trade protection instruments, especially anti-dumping instruments which can be used widely against cheaper ECE and ESEE products.

The EU from one dividing line to another

The unprecedented destruction of economic assets in the CEEC region and the downward restructuring of these economies does not in any way make it difficult for these states to meet the criteria of the 'acquis communautaires'(**Table 1** shows the transition costs in GDP per capita terms). They will be more than happy, for example, to adhere to the structural funds, to the CAP, to free movement of labour. These would all greatly benefit them. And since their export industries are increasingly 'globalised' by being inserted into the internal division of labour of MNCs, while their trade protection regimes have already been largely dismantled, they find it fairly easy to change their laws and economic institutions to meet the broad requirements of the single market.

Table 1
Comparison of GDP Per Capita 1989 and 1992(US$)

	CFSR	Hungary	Poland	Austria	Spain
1989	9048	7029	5257	17,528	12,493
1992	2460	3000	1960	23,491	14,706

Source: Daniel Gros and Andrej Gonciarz: *A Note on the Trade potential of Central and Eastern Europe.*

But all these pluses for the CEECs in terms of ease of entry are also precisely the reasons why the EU member states are overwhelmingly hostile to extending the acquis to the CEECs. To do so would cost the EU very large financial transfers. It would also enable, via the free movement of labour, large numbers of poverty stricken workers from depressed regions of Poland to travel into Germany in search of work. This problem would be exacerbated by the EU-encouraged efforts of the Polish government to organise a big shake-out of labour in Polish agriculture before accession.

There are, of course, also major problems of restructuring the EU's decision-making institutions for an EU of 20 members, but these problems are already acute with or without enlargement: the EU is today scarcely capable of claiming to have a cohesive, democratic decision-making structure with or without the adhesion of the CEECs. Against this background, the CEEC governments and political elites are seriously concerned about the real orientation of the EU member states in relation to eastward enlargement. The record so far is far from encouraging.

EU commitments and tactics

It was only in the summer of 1993 that the EC gave even a highly qualified commitment, at the Copenhagen Council, to the eventual integration of the CEECs into the European Union. The December 1994 Essen Council did not make the commitment more definite but did initiate a Structured Dialogue between the EU and the CEEC states with Europe Agreements with the EU. It also asked the Commission to produce a White Book indicating the tasks which the CEECs had to accomplish in order to bring their laws and institutions into line with the EU single market. The

PHARE grant aid programme was also redirected towards assisting the CEECs to prepare for accession. And at the 1995 Dublin Council, the EU decided to instruct the Commission to prepare documents on the issues involved in deciding on eastward enlargement. We can expect these documents to appear in the autumn of 1997. A final aspect of these developments has been the so-called Stability Pact, launched by the Balladur Government in France to ensure that the CEECs sort out all their ethnic and interstate problems through legally binding treaties, in order to ensure that such problems will not be an obstacle both to European stability and to enlargement.

All aspects of this train of events are shot through with ambivalence and evasions. By far the biggest evasion lies in the fact that none of the steps taken so far has addressed the central problems of real preparation for enlargement, namely, altering the existing acquis - in other words *reforming the EU in order to make it capable of absorbing the CEECs*. All such matters have been postponed and the impression has been spread that the chief problems of enlargement lie within the CEECs, in their institutional structures and processes in particular.

The Structured Dialogue has been a dispiriting experience for the CEEC governments because it has lacked significant substance. The EU member states have been supposed to maintain a common discipline in the discussions and the whole process has been almost entirely formal. It has combined a photo-opportunity for CEEC heads of government to present an impression to domestic opinion that they are being included, but nothing much more. The White Book is often presented wrongly as harmonising the CEECs with the acquis in order to bring them to readiness for full membership.[15] Yet the White Book could equally validly be read as it has been by French commentators: as about harmonisation only with the single market, as part of the construction, laid down in the Europe Agreements, of a free trade zone.

But it is the combination of all these 'positive steps' with the omission of EU restructuring which raises the most concern among CEEC experts. This combination suggests an obvious tactical option on the part of the EU for delay and division. This option would consist of declaring that unfortunately the CEECs, or at least the bulk of them, are not quite ready for EU membership because of their failure to live up to West European standards of democracy and markets. The real basis would

be the clause in the Copenhagen Council decisions: "The Union's capacity to absorb new members, while maintaining the momentum of European integration, is also an important consideration..."

There are indications that such an approach is exactly what is being prepared by the Commission. If this is the case, the continent is in for a dispiriting and hypocritical exercise with potentially destabilising consequences. The real criterion for choosing the countries which will be in the 'fast' track for membership will be neither democratic stability nor economic strength, but the criterion of Western geopolitical interests, above all the need to consolidate the incorporation of the states constituting the eastern flanks of Germany and Austria.

The double division of Europe

The divisions accompanying NATO expansion and those attending the EU's differentiations between applicants will re-enforce each other in dangerous ways. NATO enlargement will take place before that of the EU. Contrary to the views of politicians in Poland or Hungary, these countries' entry into NATO will not speed up their entry into the EU, but may enable the EU member states to delay it. At the same time, the tendency amongst states excluded from NATO could be to increase insecurities and rivalries, not only in the former Soviet Union but also in the Balkans, thus risking the diversion of budgetary resources to military spending, imposing further strains on their crisis-ridden economies. The EU signal that some of the associated states can forget accession in the near future will exacerbate internal political strains, making them a greater investment risk and raising their costs of borrowing on international financial markets.

Those countries which are offered eventual membership of the EU will probably not join the Union for at least another seven years. And even for them, the prospect of gaining the full current acquis can be ruled out. The only question will be whether the systems of transfers will be reformed on the basis of some principle of equity across both new members and old, or whether the arrangements for the new Eastern members will be obviously those for a second class status of membership, as recent Commission report suggested.[16]

Conclusion: the need for shock therapy

The intellectual key to finding ways to reverse the drift towards a new era of division and conflict in Europe lies in turning current problem-definitions around 180 degrees. The current problem-solving agendas in Europe all have one thing in common: all the problems, threats, instabilities and policy disasters are held to reside in the East. Work towards a solution can begin when we recognise that the main sources of the main problems in fact lie in the West. Amongst the latter, two are fundamental and interlinked: the first is an unsustainable model of capital growth; the second is an unviable model of international political management.

The currently fashionable model for capital growth is that of globalisation. It is unsustainable because it is economically inefficient on a gigantic scale and it is a systematic breeder of systemic crises. The fact that it also currently generates enormous fortunes for very small social groups both in the West and in the East only makes it more dangerous because more difficult to change.

At present this system is staggering from one local blow-out to another, avoiding a systemic collapse through frantic and ceaseless state intervention by the G7 states via the IMF. This chaotic financial context is linked to deep sources of stagnation in the West's industrial structures. The lack of profitable outlets for productive investment feeds the global speculative bubble. It also threatens fierce industrial wars between the main Western states as the semi-monopolies of each state try to grab market shares from their rivals. To prevent such conflicts, the Western states seek through globalisation to grab extra market shares for their main companies in the East and the South. They also try to open new regions of capital growth within their own economies via privatisations and attempts to turn welfare systems into zones of capital growth for the private financial markets. Across all these activities the common theme is pauperising ever larger groups of the world's population. The weakest regions bear the brunt of the misery.

Despite conventional assertions that globalisation is a deeply organic process which cannot be tampered with, it is best understood as a policy of the Western states which can be amended or indeed reversed. The EU could, in principle, decide to integrate all the CEECs into its structures on the basis of making major modifications to its single-market

regime to accommodate the new entrants. The modifications would not involve large financial transfers, but would involve allowing the CEECs to adopt a development strategy that would require West European MNCs to forego profitable opportunities in the region, that would require some restructuring in some sectors within the EU15, and that would also require a new recognition of the role of public bodies and of the labour movement in development.

This, however, brings us to the crippling political logjam within the West. With the Single Market programme and the Maastricht Treaty, the EU has enabled massive gains for the big businesses of member states and turned its own institutional structures into a diaphragm blocking significant political influence by other social groups. By far the largest democratic deficits today in Europe lie not in, say Bulgaria or Slovakia, but in the institutional structures of the EU. Moreover, this EU decision-making structure also blocks even mainstream policy planning with a long-range definition of EU collective interests. The German government has wanted just such a longer-term definition of interests by the French, but other governments have been largely dedicated to blocking such a larger view because Germany would grow stronger as a result. West European policy-making systems are thus largely gridlocked: the only forms of collective action on which the West European states can swiftly unite are those where they have a common interest in exporting problems abroad by engaging in collective mercantilism against weaker actors in the international political economy.

Gridlock within the EU forms the basis for the return of American leadership in Western Europe as a supposed 'pouvoir neutre' above the petty, provincial squabbles over an essentially trivial agenda at, for example, the current EU IGC. But the US lacks the capacity for positive leadership in European affairs. The most that it is capable of is a dead hand of control: its main concern beyond that is to ensure that if anything is done in Europe, the Europeans should foot the bill.

As the EU states stumble towards a monetary union which simply exacerbates all the social and inter-state tensions in Western Europe, the likelihood of breakdowns and ruptures reminiscent of the inter-war years mounts. These logjams will unfortunately be unblocked only when Western Europe's political and social elites are faced with an exogenous shock which pushes them towards therapeutic reform. The best kind of

such shock, leading to therapy, would be a social movement by the working peoples of Europe to demand a New Deal. The worst would be a blow-out in the globalised financial system leading to explosive tensions within the Western state system. ●

Notes

1. Adrian Bridge:" Nato chief tours states fighting to join alliance", *Independent*, 15 April 1996.
2. Clinton's Detroit speech marks the definitive American commitment to rapid NATO expansion.
3. Susan L. Woodward, *Balkan Tragedy, Chaos and Dissolution after the Cod War* (The Brookings Institution, Washington DC,1995), pages 196-197.
4. Quoted in the *Independent*, 25 October 1996. Kwasniewski was speaking at Chatham House.
5. Russian Defence Minister, Igor Rodionov has warned that Nato's enlargement might force Russia to target nuclear missiles on countries joining the Atlantic alliance. See the *Independent*, 30 November, 1996. Belarus President Lukashenko warned that Belarus might want to keep the nuclear weapons still on its territory of Poland joined NATO. See the *Independent*, 14 November 1996.
6. Lebed, while still Yeltsin's security chief, warned of a change in Russia's attitude towards arms control treaties at his meeting with NATO leaders in Brussels in October. See *Independent*, 8 October 1996.
7. And the British government wanted to include every possible state including Russia in order to fragment the political cohesion of the EC.
8. He was assassinated just before he was due to unveil his plan in New York. The assassination was blamed on the Red Army Fraktion but it was an extremely sophisticated high tech. Bombing that could have been done only by professionals. A senior official in the German Foreign Office was also assassinated at this time. See *Der Spiegel*, No.49, 4 December 1989.
9. In 1985 Baker had been US Treasury Secretary under Ronald Reagan. The Baker Plan was announced by Baker at the Seoul IMF conference that year.
10. Robert Chote: " Banking on a catastrophe: Guidelines may help prevent fresh disasters in emerging markets" *Financial Times*, 21 October 1996.
11. See Susan Woodward, op. cit. for a pioneering account of this collapse.
12. Anthony Robinson, *Financial Times*, 11 December 1996.
13. Ibid.
14. Ibid.
15. This claim is made in Heather Grabbe and Kirsty Hughes: *Eastward Enlargement of the European Union* (RIIA,1997).
16. A Commission report produced in the Spring of 1996 suggested that the CEECs should be denied CAP funding when their join, while acknowledging that this would not be easy to justify publicly. See Caroline Southey: " New EU members may face aid cuts", *Financial Times*, 4 March 1996.

Michael Newman

The PES and EU Enlargement to the East

The Party of European Socialists has not yet arrived at a clear strategy on enlargement. It is at 'pre-policy' stage in which it is analysing the issues seriously in full awareness both of the difficulty of the problems and of their potential divisiveness amongst the member parties. But no major decisions have been taken. Given the nature of the PES, this is not at all surprising and the first section therefore provides a context for the discussion of enlargement by examining some key features of the transnational party. In the section following, I summarise the evolution of the stance taken by the PES with regard to East-Central Europe since 1989, and then go on to consider the major issues which are currently being scrutinised by the Party.

The nature and limitations of the PES

In formal terms, the PES was established in November 1992. However, this was really little more than a change in name from the Confederation of the Socialist Parties (CSPEC) which had existed since April 1974, and which had itself been preceded by regular Congresses of Socialist Parties of the European Community.[1] The current membership and structure are shown on the attached appendix. But what is the PES? It calls itself a Party, but it is evident that it lacks many of the principal conventional attributes of parties - individual members, an ability to seek power, and a means through which government personnel are

selected. Thus commentators on transnational parties have been divided in their evaluations of their importance. Many (the 'sceptics') have been highly cautious, suggesting that transnational programmes and statements have had little more than declaratory value and have been irrelevant for action-guiding purposes.[2] Others (the 'transnationalists') are more optimistic, arguing that parties are forced to develop deeper interactions with like-minded parties elsewhere as the EU becomes a more significant actor and the powers of the nation-state are diminished.[3] The literature on transnational co-operation between the Socialist, Social Democratic and Labour Parties reflects a similar division between sceptics and transnationalists. Thus while some analysts would endorse the conclusions of a study in the 1970s which effectively argued that the parties always professed enthusiasm for socialist internationalism in theory and ignored any such commitments in practice, many now take transnational cooperation far more seriously. This is partly on the assumption that socialist goals can no longer be achieved within a single country and that such co-operation is essential for the establishment and implementation of reforming policies.[4] This is not the place to examine the merits of this debate in any depth, but my own conclusions - which are, a kind of compromise between the two - do have relevance in relation to an examination of the enlargement issue.[5]

The 'transnationalists', I believe, are on strong ground in suggesting that some significant changes have occurred in recent years. First, the development of the integration process itself has vastly increased the range of policy areas in which the EU has a role, and this has necessitated far greater interaction between domestic political forces and their counterparts in other member states. Those who wish to exercise a serious influence over policy-making in these spheres must therefore now become involved in transnational activity, and the organisational enhancement of the PES reflects this. Secondly, the weakening of national economic autonomy has made it crucial for socialist parties to seek strategic cooperation at EU level, and this has been reflected in recent developments. Indeed it seems clear that attempts to agree a common economic strategy - broadly defined - has been the most important area in joint policy-making within the PES. The 1993 Larsson report on the 'European Employment Initiative' (agreed by the leaders and subsequently published in an amended form as 'Put Europe to Work') represented a

far fuller strategy document than any previous declarations, and work is currently going on to attempt to reconcile employment, environmental sustainability, and monetary policy. Thirdly, the crisis in West European Social Democracy has meant that the parties now have more interest in learning from one another and that they tend to converge more closely in their values and aspirations. Viewed more negatively, this means that the demise of Communist Parties and the ideological and electoral crisis of the Left have meant that the PES is now almost the only 'show in town', and is inevitably the strongest institutional framework currently available to influence the European agenda. Finally, the growing importance of the European Parliament, first through direct elections and subsequently through its legislative role, has stimulated more partisan activity by the party groups. With their access to funds and staffing, and under increasingly professional political leadership, the Socialist Group has therefore acted as an important pressure group to promote transnational cooperation within the PES as a whole. These developments seem likely to endure.

Yet there are also some strong arguments in favour of the 'sceptics'. First, as noted above, there are important divisions between the member parties and between domestic politicians and MEPs. Transnational co-operation therefore sometimes involves circumventing the differences or papering over them with rather bland formulae. But this is hardly a substitute for substantive agreement. Secondly, the development of the PES depended upon building the party leaders into the system and ensuring that they played the key decision-making role. Thus it is the twice yearly leaders' meetings which are really the primary focus of activity, in the same way that the meetings of the European Council have this role in the EU. And the leaders have so far ensured that the PES Congress is made up of delegates nominated by themselves, and that the party has no individual members. But this leadership dominance does not necessarily contribute to the development of a transnational party. Indeed , as one of the 'sceptics' argues, enhancing the role of national party leaders in a context of intergovernmentalism within the EU may be more of a hindrance than an incentive to the development of Europarties.[6] This is still more evident when the parties are in government. Thus, for example, socialist members of the European Council, including Mitterrand and Gonzales, agreed the Maastricht treaty in December 1991

although it contradicted the statements on economic policy and the EMU issued by the socialist leaders just before the European Council Summit. Subsequently, the member parties generally rallied to the Treaty so as to distance themselves from the right-wing forces which opposed it. While this is understandable, it also implies that they could be 'bounced' into policies by socialist leaders in government even when these departed substantially from the positions that had been formulated over time within the PES. Thirdly, issues which have importance in the national arena, either because of their role in 'high policy' or because of their salience for electorates or powerful interests, will normally supersede the demands of transnational party cooperation.

If the PES therefore represents a significant step forward in transnational organisation and policy-making, it is still operating in a context in which political consciousness and activity is primarily focused on, and within, states, and in which policy co-ordination - when it takes place - is determined by a relatively small group of party elites.

From these general conclusions, there are three points which have particular relevance for the question of enlargement. First, as noted above, the general crisis of the Left has led to an ideological convergence amongst the PES parties in favour of a 'centrist' position in which more traditional forms of socialism have been marginalised. Gone are the days - for better or worse - when the British Labour Party, for example, was isolated in the Socialist Group, advocating non-co-operation with the EC as a 'capitalist club'. 'New Labour' is in harmony with the predominant trend in Western Europe. It would therefore be unlikely that, on the enlargement issue, the PES position would diverge radically from that taken by other EU institutions. The differences between the parties on the issue are therefore more likely to reflection differences in their national situations than ideological conflicts. But, secondly, both within the PES as a whole and within the parliamentary group, the approach is to build as much consensus as possible. Following from earlier, often bitter experiences, the tendency is to try to avoid the most contentious and difficult issues and to concentrate on the matters that unite the parties. But enlargement is both extremely difficult and potentially also highly divisive. Since both the PES and the leaders of the Parliamentary Group want to present a united front, they will postpone taking a distinctive stance for as long as possible. But this again means that we should not

expect a very rapid evolution of a specific PES policy on the issue. Let us now consider what line it has taken in the past, and the stage that has currently been reached.

The PES and East-Central Europe

When the Soviet bloc collapsed in East-Central Europe, the socialist parties (then still in CSPEC) had shared in the general Western jubilation and called for various forms of aid, but did not suggest Eastern enlargement of the EU. Indeed they were very cautious about fraternal relations with the Socialist parties in East Central Europe. Thus at the end of January 1992 CSPEC held a four day 'dialogue' with these parties, sponsored jointly with the US National Institute for International Affairs and the European Studies Centre of the Institute for East/West Studies. Conference workshops discussed the principal issues relating to 'party democracy', but progress towards formally including these parties in the work of CSPEC was limited by West European suspicion about the links between them and the old regime, and the reluctance of the most progressive forces in ECE to be associated with a 'socialist' organisation.[7] Socialist MEPs also shared the general concern of the EP that widening could dilute deepening. The 1992 report on the issue, prepared by the Socialist, Klaus Hänsch thus stated that the EP:

> does not believe that it is possible or necessary for all the nations of Europe...to be gathered together at some future point into a union; points out further that decisions on enlargements of the Union also depend on future political, geopolitical and economic developments in Europe and on the internal development of the European Union.[8]

Finally, it is notable that the so-called 'Den Haag Declaration' on 'Europe: Our Common Future', passed at the First Congress of the PES in November 1992, while calling for enlargement to include the EFTA countries that wished to join, simply coupled East-Central Europe with the Mediterranean Basin, urging that new arrangements were necessary to promote economic and social development in both areas.

The Copenhagen meeting of the European Council in June 1993 finally put Eastern enlargement on the agenda, offering the prospect of accession, on specific conditions, to the countries which had signed the

European Association Agreements. However, the structural relationship had clearly been established much earlier. This is not the place to elaborate on the detail of the Europe Agreements, but it is evident that they were designed to ensure the transition of the associated countries into capitalist economies without offering any guarantee that this would lead to membership of the EU.The agreements therefore specified, in considerable detail, the requirements for the associated countries, and established the Association Council, Association Committee, and Association Parliamentary Committee to oversee the arrangements. They also paved the way to integration into the single market through a programme for the eradication of all quantitative and qualitative restrictions and the introduction or modification of legislation to align existing legal systems with EU law. Apart from the possible prospect of membership, the palliatives to soften the impact of these requirements were the PHARE and TACIS programmes, and the agreement by the EU to remove its own trade barriers.However, the EU has continued to maintain restrictions on agriculture, textiles and metals and, while the trade patterns of the CEEC states have been completely re-oriented towards the EU, the latter has a favourable balance with the applicants.

Peter Gowan has subjected all these arrangements to trenchant analysis and criticism and has concluded that the West has used its economic power to restructure the system in ECE in its own interests, and that the relationship is best described by the term 'imperialism'.[9] Whether or not this is an appropriate characterisation of the arrangements, it seems clear that, from 1989 onwards, the EU (and, of course, the USA) were imposing enormous pressures on the associated states to transform their economic, social and political structures. It might therefore be expected that CSPEC/PES would have criticised such arrangements as 'unfair' before the Copenhagen Council meeting began the process of formulating the conditions for membership. But it does not seem to have done so. In general, it accepted that the Association Agreements, coupled with the PHARE and TACIS programmes, simply meant that the associated countries were offered trade benefits, support with economic and democratic reconstruction, co-operation in a large number of fields, and the prospect of eventual membership. Perhaps this simply confirms the point, made in the last section, that the PES would not be expected to differ radically from the EU consensus.

The conditions established at Copenhagen in June 1993 were really a codification of the existing assumptions. Candidates for membership were therefore to meet the following conditions:
- stability of institutions guaranteeing the rule of law, human rights and respect for and protection of minorities;
- a functioning market economy;
- capacity to cope with competitive pressures and market forces within the EU;
- ability to take on the obligations of membership, including adherence to the aims of political, economic and monetary union.

In addition, the Council made it clear that membership would be possible only for states that met the general condition of possessing a democratic system of government (although the criteria remain undefined), and agreed that the Union's capacity to absorb new members was also an important consideration.

The PES itself did not express any disagreement with these conditions but, while welcoming the Copenhagen Council's decision to offer the prospect of accession to the countries which had signed the European Association Agreements, the European Parliament (presumably without dissent from the parliamentary group of the PES) continued to express concerns that enlargement must not be at the expense of reforming decision-making within the EU.[10] Indeed it is difficult to see any real difference between the PES as a whole and the governments, and this remained the same a year later when the European Council defined the pre-accession strategy at Essen in December 1994. This was to be implemented through a structured relationship - a multiannual framework for strengthened dialogue and consultations, with Heads of State and Government, Ministers responsible and Joint Parliamentary Committees, each meeting at least once a year. And the essential element in the strategy was the progressive preparation of the CEECs for integration through a phased adoption of the Union's internal market supported by co-operation on: development of infrastructure; trans-European networks; intra-regional co-operation; environment; CFSP and judicial and home affairs; culture, education and training.[11]

The PES leaders covered broadly similar ground, but stressed the need for the IGC to create the conditions, including essential institutional reforms, that would enable the Union to enlarge. They also called for a

reformed multi-annual PHARE programme, EU assistance to enable those countries that wished to join to achieve the economic conditions that would permit their entry, and the extension of co-operation with other ECE states. But they were as insistent as the governments that the ECE countries must show a willingness to accept the 'acquis communautaire'[12]

By the time the EU Heads of Government met a year later at Madrid the issue of enlargement was moving up the agenda. The Council now called for the intensification of the pre-accession strategy in order to create the conditions for the gradual, harmonious integration of the CEEC states, 'particularly through the development of the market economy, the adjustment of their administrative structures and the creation of a stable economic and monetary environment'. It also called upon the Commission to take its evaluation of the effects of enlargement on Community policies further, particularly with regard to agricultural and structural policies, and asked it to expedite the preparation of its opinions on the applications made so that they could be forwarded as soon as possible after the conclusion of the IGC. The Commission was also instructed to embark upon the preparation of a composite paper on enlargement, and to undertake a detailed analysis of the EU's financing system in order to submit, immediately after the conclusion of the IGC, a communication on the future financial framework of the Union after 31 December 1999, having regard to the prospect of enlargement. Finally, the Council also undertook a commitment to take the necessary decisions for launching the accession negotiations at the earliest opportunity following the conclusion of the IGC.

At this stage the PES leaders confined themselves to a rather anodyne pronouncement that enlargement would require preparations on both sides. It reiterated the familiar point that the EU would have to reform its structures, institutions and decision-making processes - thus maintaining the commitment to a thorough-going revision of Maastricht at the IGC - and continued:

> On the other hand, the applicant countries must continue their efforts towards economic and political reform, as well as their efforts to make their legislation compatible with EU law, a process in which the European Union should offer as much assistance as possible. Enlargement will have to be preceded by a clear definition of the 'acquis communautaire' to be accepted by new

member states.[13]

This hardly distinguished the PES position from that of the Council, but it was becoming clear that it would be impossible to postpone a clearer definition of the stance to be adopted for much longer. Apart from the fact that a provisional - if unspecific - time-table for negotiations had now been published, there were other influences at work both from the EP and the Party organisation.

The original Europe Agreements had established an Association Parliamentary Committee, drawn from the EP and the CEEC national parliaments, which had the right to be informed regarding implementation of the agreements, and to make recommendations to the Association Council. This led to the creation of Joint Parliamentary Committees, which brought about extensive horizontal contacts with MPs in the applicant states, and the Essen European Council's decision in December 1994 to establish a 'structured dialogue' between the EU and the CEECs strengthened these inter-parliamentary discussions, and no doubt increased the EP's understanding of the issues. At the same time its existing committees were beginning to analyse the problems in more depth, culminating in the extensive discussions around the Oostlander Report in April 1996. The Socialist Group's participation in the EP's increasing activities on the issue has forced the PES as a whole to pay more attention to it. At the same time, the PES is also now under some pressure from its sister parties in East Central Europe. In December 1994, the Socialist International meeting in Budapest, issued a declaration stating that:

> What Europe will become tomorrow, in fact, depends to a large extent on what happens in the next few years in Central and Eastern Europe. And if democracy, progress, rights and solidarity are to be achieved in these countries, it will depend on us and on our ability to restore credibility and faith in the values of socialism by gathering around them the hopes and consensus of millions of men and women.[14]

This may not have amounted to any more than emotional pressure on West European parties to do something, but the 'structured dialogue' with the CEECs had its counterpart in inter-party relations when socialist parties from the Czech Republic, Hungary, Poland, Slovakia and Slovenia became observer members of the PES. In March 1996 the PES leaders

met with the leaders of these parties and exchanged views on transition periods, the prospects for an association agreement with Slovenia (subsequently agreed), the financial consequences of enlargement, and participation in the TENS.[15] The observer parties have also been given a standing invitation to meetings of the PES working party on the IGC and enlargement, and this obviously provides them with more opportunities to cajole the West European parties.

During 1996 there was thus certainly been an intensification of PES interest in enlargement to the East. Some of the leaders are now prepared to express strongly supportive statements. Dick Spring told a meeting of the PES Parliamentary Group in Helsinki in September 1996 that there were three preliminary points to make about enlargement:

> First, the phase of enlargement upon which we are embarking will virtually transform the Union from a region to a continent. This will finally give us the right to call the Union 'Europe'. We should reflect on the historic, political, cultural and emotional aspects of such a development. We have a real opportunity to give meaning to the Treaty objective of creating an ever closer union among the peoples of Europe.
>
> Second, this fundamental consideration must give us a clear determination that the enlarged Union will be much more than a mere free trade area. Enlargement must have a genuine political and social dimension, bringing together the peoples of nearly thirty European states in a union capable of meeting the needs of their peoples for economic progress, personal development and genuine security.
>
> Third, and most important, the enlarged European Union must become a focus for peace, not alone in our continent and with our neighbours, notably Russia, but around the world. Our concept of security must flow from the texts of the Helsinki Final Act and the European Convention on Human Rights and our provisions for security must be directed to conflict resolution, peace-keeping and disarmament.[16]

In late October, meeting in Budapest, the leaders of the PES parties and PES observer parties issued a further declaration supporting enlargement as 'a political necessity and a historic opportunity for

Europe'. And they also warned:

> Without proper preparation enlargement might lead to a multi-speed Union and one that is no more than a free-trade area. That is not our Europe. Therefore, the applicant states have to prepare for accession and the European Union has to adapt its poicies and working methods to allow enlargement to take place.[17]

But even if such declarations imply support for enlargement and a specific vision of Europe, they hardly amount to policy in relation to all the complex issues involved. At present these are being addressed, particularly in two working parties, with a degree of overlapping membership: a Parliamentary Group working party, chaired by Magdalene Hoff, and a PES working party on the IGC and Enlargement, chaired by Antonio Vitorino. As suggested earlier, I would regard the present position as one of 'pre-policy formation', with some sustained anlaysis and discussions, but few definite conclusions or decisions.Many of the PES analyses of the problems are very much 'mainstream' positions. However, there are some specific concerns, which I will now deal with.

The Social Model and the Environment

First, there is considerable anxiety about the future of 'the social model'. One of the most detailed sources on this is a 'Fact File' prepared by the Forward Planning Unit in the PES Group Secretariat in July 1996. Whereas the analysis of most the issues is dispassionate, the paper's position on this is much more categorical. Arguing that 'the defence and reinforcement of the social character of the European social model is at the heart of the PES and the Group', it suggests that enlargement is likely to be a defining moment in the evolution of that social model. On the one hand enlargement represents a challenge to cohesion because of the gulf in living standards between the CEECs and the existing MS; on the other hand unless the CEECs conform to EU social policy, enlargement might introduce further strains into the EU labour market, with the risk of downward pressure on employment, wages and working conditions in existing Member States. The paper thus concludes that the CEECs will need: well-developed structures and procedures for social dialogue; modern social security and health systems; trade unions; labour market agencies; training systems; a guarantee of equal opportunities; adequate

statistical services; labour inspection and law enforcement; means of combatting discrimination, poverty and social exclusion.[18]

Others in the PES are also particularly concerned about the situation of women in ECE since the downfall of the socialist system and believe that their role should be given specific attention in the process of enlargement, especially in regard to: women's participation in decision-making; women's economic and social situation and their social exclusion; social security systems, including child care, health service and job security; the need to combat of trafficking in women and other crimes.

In general, there is thus concern that the EU's social policy is developed in the framework of the enlargement debate, while there is also awareness of the difficulties of asking too much of new members. This emphasis on the importance of maintaining the 'social model' is hardly surprising. First, it is deeply embedded in the labour tradition of seeking to protect existing gains against under-cutting by low cost, low wage competitors. Secondly, social policy in Western Europe is under threat in any case, particularly as a result of the impact of neo-liberalism. Thirdly, having accepted the Single Market and the EMU, the defence of the 'social model' is one of the major aspirations and defining characteristics of the PES.

Rather similar considerations apply to environmental policy, but it is recognised that most of the CEECs are far behind the EU in this area, and that a transition period will be needed. During this stage, the PES would envisage the use of the PHARE and TACIS programmes to support the new members to reach minimum standards.

Freedom of movement, immigration, asylum, human rights

The PES has been alarmed by the rise of racism in Europe, and by the restrictive, secretive and non-accountable nature of the third pillar (Justice and Home Affairs) of the EU. Although the record of some of the member parties on such issues is hardly blameless, the PES has expressed specific concerns about this aspect of enlargement. These arise because the EU Justice and Home Affairs Ministers and internal security authorities now hold regular meetings with their counterparts in the applicant countries so as to ensure that the CEECs adopt all of the restrictive measures that the Council is introducing for the EU countries. The paper prepared by

the Forward Planning Unit of the PES Group Secretariat argues that this policy poses real problems and 'the EU and applicants will need to develop new credible and humanitarian approaches to these issues, if they are not to develop into an authoritarian, undemocratic greater 'fortress Europe'.[19]

More generally, the PES is concerned about the issues of human and minority rights and democracy and is critical of the Commission's White Paper on the integration of the CEECs into the internal market for failing to include any criteria on these matters. It believes that the PHARE programme should pay more attention to improving democracy and human rights, and considers that the applicants should be left in no doubt about the need to establish systems which meet democratic criteria. It also supports the suggestion being considered in the IGC that the EU should be able to suspend certain rights of any member state ceasing to be democratic or persistently failing to respect human rights.

Security

The PES is currently attempting to define its own security policy, which is a highly contentious matter between the member parties. (The Labour Party, for example, remains Atlanticist, with a refusal to entertain proposals which could weaken NATO or lead to any dilution of the national veto in foreign policy-making, while several of the other parties are far more critical of the US and favour enhancing the EU's competence in this area). Working parties of both the Parliamentary Group and the PES are actively considering future policy in these areas, but agreement has not yet been reached. While it is evident that enlargement and security are closely related, it is difficult for the PES to reach agreement on the security issues involved in Eastern enlargement, while the whole area of the CFSP is so problematic.

There certainly is some concern in the PES (though there are no doubt important differences of emphasis) that EU enlargement should not lead to new tensions with Russia, and a working party is actively involved in attempting to define a new security policy, based on peace-making concepts fully involving Russia which would also allay any fears in Moldova, Belarus and Ukraine. But there is probably support for the general (though vague) notion of following a three-fold approach of reforming and enlarging NATO, while simultaneously seeking to improve

relations with Russia. Yet this also raises the problematic issue of the EU's own relationship with NATO and, while some of the PES parties believe that enlargement makes it still more important to consider the future security policy of the EU, others are more inclined to support a continuation of the existing arrangements.

The Institutions

The future of EU institutions is also a potentially divisive question within the PES, with the parliamentary group generally closer to a 'federalist' stance than the domestic parties. Such divergences were 'papered over' in the statements about the IGC in late 1995, although it was evident that the Labour Party's declaration 'The Future of the European Union', was far more strident in its support for inter-governmentalism than the PES leaders' statement, 'Bringing the Union into Balance'. Nevertheless, the general PES position has been that enlargement should provide an additional impetus for the EU to change its institutional organisation, in relation to the size of the EP and the Commission and the extent of unanimous decision-making in the Council. However, it is much easier for the PES members to agree on the more general need for greater transparency and the reduction of the gap between 'Brussels' and the people than to specify the exact nature of institutional reform. The parties are all united against any attempt (particularly by the British Conservative government) to resist institutional reform at the IGC in the hope that enlargement will then dilute the EU into a mere free trade area. But they have not defined a detailed programme of reform.

The *Acquis Communautaire*

The PES obviously faces an acute dilemma on the key question of the extent to which the applicants must conform with the requirements for existing members. It is clear that many of these are mainly concerned with equalising the conditions for competitive capitalism, and that it will be extremely difficult for the CEECs to reach the level specified. As parties of the Left, the PES members might therefore be expected to be critical of the economic acquis. However, two other factors need to be considered. First, as already noted, the PES is not a radical-left formation. Secondly, the member parties are themselves operating in countries in which such conditions obtain and may fear that concessions for the CEECs

in this respect would provide advantages for potential competitors. Such contradictions explain the limited divergences between the PES position and the stance adopted by the Council and the Commission. Certainly, the PES sometimes raises questions as to how far the CEECs need to go in the transition to the open market and how much state involvement in the economy should be tolerated. Similarly, it has some anxieties about the operation of the PHARE programme and has sometimes been critical of EU protectionism, calling for better market access for the CEECs states. However, the definitions of the major problems by the PES and the Parliamentary group are very close to those set out by the Council and the Commission: that is, that marketisation of the economies is necessary, that legal systems need to be transformed so that EU law can be implemented and, more generally, that the CEECs must accept the acquis communautaire . And the PES is also committed to the view that, while negotiations may begin with all at the same time, there is no need for the applicants to enter at the same time. The implication is also that transition periods should be limited in number and in time.

Financing enlargement

The PES is aware that the most intractable issues are the budget, the CAP, and the structural funds, and that enlargement is impracticable without fundamental reforms in these areas. But this is where the 'crunch' comes, for it is quite obvious that the member parties (like the governments) have completely divergent interests with respect to these problems. The Labour Party, for example, would obviously be delighted if serious negotiations over enlargement demonstrated that the CAP needed to drastically changed - or even scrapped. But it is equally evident that others, including the French Socialist Party and Irish Labour Party, would resist any such proposal. Similarly, while parties in some of the richer countries might accept the re-routing of substantial regional and cohesion funds from the current beneficiaries to East-Central Europe, the Portuguese, Greek and Spanish parties could not countenance such a decision.

The PES wants to avoid a situation in which only some countries or regions have to pay the bill for enlargement (those which receive the most from the structural and agricultural funds and those which contribute the most to the budget), and it wants to maintain 'cohesion'. But it will

face enormous difficulties if it tries to break through this impasse. In theory, perhaps, a massive redistribution of resources could take place so that enlargement could benefit the working-classes of the whole continent - or at least ensure that they did not bear the costs. However, it is safe to predict that, in practice, each party will try to defend its own potential supporters and the interests based within its own state.

Enlargement poses so many difficult and potentially divisive problems for the PES that it is unlikely to try to define its policies in any detail until the very last moment. While this may be understandable, it also involves the danger that its strategy will, in practice, be determined by those who control EU policies - the most powerful economic and political forces in the advanced capitalist countries. If the PES really wishes to offer an alternative it must transcend the immediate interests of its member parties and attempt to consider the long-term needs of the peoples of Europe. Enlargement is not therefore simply a matter of resolving practical problems: it raises issues about the very nature of contemporary European Social Democracy and its transnational organisation. ●

Appendix: The PES - Basic Information

1. MEMBER PARTIES

Full members

BELGIUM	Parti Socialiste/Socialistische Partij
DENMARK	Socialdemokratiet
GERMANY	Socialdemokratische Partei Deutschlands
CYPRUS	Ethnikki Demokratiki Enosi Kyprou
GREECE	Panellinio Sosialistiko Kinima (PASOK)
IRELAND	The Labour Party
SPAIN	Partido Socialista Obrero Espanol (PSOE)
FRANCE	Parti Socialiste
UK	The Labour Party
ITALY	Partito Democratico della Sinistra
	Socialisti Italiani
	Partito Socialista Democratico Italiano.
LUXEMBOURG	Parti Ouvrier Socialiste Luxembourgeois
	Letzeburger Socialistesch Arbechterpartei
NETHERLANDS	Partij van de Arbeid
NORWAY	Det Norske Arbeiderparti

N. IRELAND	Social Democratic and Labour Party
AUSTRIA	Soczialdemokratische Partei Osterreichs
PORTUGAL	Partido Socialista
SWEDEN	Sveriges Socialdemokratiska Arbetareparti
FINLAND	Suomen Sosialidemokrataatinen Puolue

Associated parties

SWITZERLAND	Sozialdemokratische Partei der Schweiz/ Parti Socialiste Suisse
ICELAND	Social Democratic Party of Iceland

Observer parties

CZECH REPUBLIC	Czech Social Democratic Party
HUNGARY	Hungarian Socialist Party
POLAND	Socjdemokracji Rzeczypospolitej Polskiej
SLOVAKIA	Strana Demokratickej Lavice (Party of the Democratic Left) Socialnodemokraticka Strana Slovenska (Social Democratic Party of Slovakia)
SLOVENIA	United List of Social Democrats
ISRAEL	Israel Labour Party Mapam (United Workers' Party of Israel)
MALTA	Malta Labour Party
TURKEY	Republican People's Party
SAN MARINO	Partito Socialista Sammarinese

Associations and organisations
European Community Organisation of Socialist Youth (ECOSY)
Union des Elus locaux et r,gionaux socialistes d'Europe

2. STRUCTURE
The Party of European Socialists consists of:
-Full Members
-Parliamentary Group of the PES
-Associate Parties
-Observer Parties
-Socialist and social-democratic associations and organisations.

The **Congress** is (in theory) the supreme body and meets every two years and is made up of delegates from every member party, the associated parties and observers. It also holds an extraordinary congress a few months before the elections to the European Parliament.

Delegates with voting rights
- 15 delegates each from Germany, France, Italy and the UK
- 12 delegates from Spain
- 7 delegates each from Belgium, the Netherlands, Portugal, Greece and Austria
- 6 delegates from Sweden
- 5 delegates each from Denmark, Finland, Ireland and Norway
- 3 delegates from Luxembourg.
- An additional number of delegates from each full member party, numerically equal to one half of its members belonging to the Parliamentary Group of the PES, rounded upwards.
- Those members of the Bureau of the Party with voting rights.

Other Delegates
- Bureau members without the right to vote
- Members of the Parliamentary Group of the PES
- 4 representatives of each associate party
- 3 representatives of each observer party
- 2 representatives of each recognised socialist association or organisation
- Representatives of parties and organisations belonging to the Socialist International.

The **Leaders' Conference** meets to attempt to adopt a common position for all major EU meetings. It consists of:
- The President and Vice Presidents of the PES
- The Leaders of the full member parties
- The Leader of the Parliamentary Group of the PES
- The President of the Socialist International

The **Bureau** meets about four times a year and sets the activities and political direction of the PES between Congresses.

Members with full rights:
- the President;
- two representatives of each full member party
- two members of the Bureau of the Parliamentary Group of the PES
- A representative of the PES Women's Standing Committee.

Members without voting rights:
- one representative of each associate and observer party
- the Socialist members of the European Commission
- the members of the Bureau of the Parliamentary Group of the PES
- a representative appointed by the Socialist International
- the President of the European Parliament and the President-in-Office of the Council, the President of the Committee of Regions and the Chair of the Parliamentary Assembly of the Council of Europe when these posts are held by PES members.
- the President of the PES Group of the Committee of Regions

- the President of the Socialist Group of the WEU
- the President of the Socialist Group of the Parliamentary Assembly of the Council of Europe
- a representative of each socialist and social-democratic association or organisation recognised by the Party.

The **Secretariat** executes the decisions of the Party by assisting the President, particularly by preparing and organising meetings, contacting the affiliated parties, handling relations with the press, and distributing documents.

3 CURRENT REPRESENTATION

In the **European Parliament**

The **Parliamentary Group of the PES** has 217 members (out of the total of 626) and is the largest political group in the EP and the only one to have elected members from each Member State.

The current number of **MEP**s from each country is as follows:
UK (63), Germany (40), Spain (21), Italy (18), France (16), Greece (10), Portugal (10), Austria (8), Netherlands (8), Sweden (7), Belgium (6), Finland (4), Denmark (3), Luxembourg (2), Ireland (1).

In the **Commission**
9 Commissioners (out of 21) are associated with the PES: Ritt Bjerregaard (Denmark), Edith Cresson (France) , Anita Gradin (Sweden), Neil Kinnock (UK), Erkki Antero Liikanen (Finland), Manuel Marin (Spain), Christos Papoutsis (Greece), Karel Van Miert (Belgium), Monika Wulf-Mathies (Austria)

In the **Council**
PES parties are in government in 11 of the Member States, but not in any of the bigger countries: Austria, Belgium, Denmark, Finland, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Sweden.

OFFICERS

President	Rudolf Scharping (SPD - Germany)
Secretary General	Jean-Fran‡ois Vallin (PS - France)
Leader of the Parliamentary Group:	Pauline Green (LP-UK)
Secretary General of the Parliamentary Group	Joan Cornet Prat (PSOE-Spain)

Notes

1. For an excellent concise history see, *A History of the PES, A Contribution,* by Simon Hix, edited by Peter Brown-Pappamikail, *PES Research Series* No.1, Brussels, 1995, p.24
2. For a recent sceptical analysis, see Luciano Bardi, 'Transnational Party Federations, European Parliamentary Party Groups, and the Building of Europarties' in Richard

S. Katz and Peter Mair (eds.), Sage, 1994. For a particularly forceful sceptical argument about an earlier phase of transnational socialist cooperation, see James May, 'Co-operation Between Socialist Parties' in William E. Paterson and Alistair H. Thomas, *Social Democratic Parties in Western Europe,* Croom Helm, 1977

3. Fulviò Attinà, 'Parties, Party Systems and Democracy in the European Union', *The International Spectator*, 27, No. 3, July-September 1992; Robert Ladrech, 'Social Democratic Parties and EC Integration: Transnational party responses to Europe 1992', *European Journal of Political Research*, 24, 1993; Robert Ladrech, 'Problems and Prospects for Party Politics at the European Level: Socialist Transnational Party Development', paper presented at the UACES Research Conference, University of Birmingham, September 1995.

4. Peter Brown-Pappamikail, 'Social Democratic cooperation in a Wider Europe: An insider's view of the Party of European Socialists'; Pascal Delwit, *Les Partis Socialistes et L'Intégration Europeénne*, Editions de L'Université de Bruxelles, 1995.

5. See Michael Newman, *The Party of European Socialists*, *European Dossier* 41, University of North London, 1996.

6. Bardi, p.361

7. Hix, p. 22

8. European Parliament Document, A3-0189/92, adopted 10 Jan 1993, quoted in 'The Next Enlargement: A Fact File', produced by the Forward Planning Unit, PES Group Secretariat, July 1996. (Hereafter cited as 'Fact File'). This paper is an extremely important source on current PES thinking and I am grateful to Derek Reed of the Forward Planning Unit for allowing me to use it.

9. Peter Gowan, 'Neo-liberal strategy for Eastern Europe', *New Left Review,* November-December 1995; see also *EU Policy towards the and the Visegrad States*, *European Dossier* no. 26, UNL, 1996.

10. Indeed this has continued to be an EP pre-occupation, even though its latest and most detailed resolution, on the Oostlander Report in April of this year, emphasises the historical importance of enlargement in terms of the peaceful and democratic development of the continent and the gains that can be expected for both old and new Member States. A4-0101/96, quoted in 'Fact File'.

11. Summary from 'Fact File', op. cit.

12. Essen Party Leaders' Summit Meeting: 'Final Declaration', Essen 7-8 December 1994

13. 'Bringing the European Union into Balance', 'Declaration of the Conference of PES Leaders', Madrid, 14 December 1995.

14. Socialist International declaration on 'Central and Eastern Europe', adopted in Budapest, 2/3 December 1994.

15. 'PES Activities and Priorities, 1996-97' Report by Rudolf Scharping, President of the Party of European Socialists, Brussels, March 1996.

16. Address by Dick Spring on 'EU Enlargement - Challenge and Opportunity for Europe' to the PES Parliamentary Group at Helsinki, 12 September 1996.

17. 'Budapest Declaration', 28 October 1996.

18. 'Fact File', op. cit.

19. 'Fact File', op.cit.

Mary Brennan

NATO Expansion

It would seem to an impartial observer that the end of the Cold War would bring a new security structure in Europe based on the concept of collective security and using the structures of the Organisation for Co-operation and Security in Europe (OSCE) to provide a framework for its work. In 1991, Chancellor Helmut Kohl declared that the task was "to create within the CSCE framework. as a matter of priority, a pan-European security architecture as envisaged in the Charter of Paris".[1] It is significant that the Charter of Paris re-iterated many of the important themes of the Helsinki agreements, which played such a key role in developing the concept of security. In other words, security came to be seen at that time not only in military terms but also in terms of social, political, economic and legal human rights.

In 1992, it would still have been possible to extend the role of the CSCE and create a regional co-operative security system but, unfortunately, this was resisted by the US. The US wanted a continuing role for NATO and the retention of interlocking transatlantic and European institutions.[2] In Europe following the end of the Cold War, the interests and existence of NATO were given a higher priority by the Western nations than the creation of a co-operative security system. At the end of the Cold War , the Warsaw Treaty Pact was abandoned but NATO is now intent on expanding its membership and if possible increasing the amount of resources in each country at its disposal. This has serious implications for the creation of co-operative security and the future role of the UN.

A poorly resourced, fragmented CSCE structure resulted from this approach. The failure to adequately fund and develop the OSCE was a major

factor in the serious problems which faced the UN in its intervention in Yugoslavia. The OSCE provided a framework in which comprehensive shared security could have emerged. The Partnership for Peace programme (PfP) could have been used to develop a doctrine of comprehensive security. However, these opportunities have been rejected by most Western powers. The apparatus of the Cold War remains in place and now threatens peace in Europe by its refusal to relinquish a posture of challenge, confrontation and expansion. The peace movement of Europe cannot ignore this dangerous situation.

A European Defence Identity

At the end of the Cold War , the US had become a major debtor nation, while Germany had become a major creditor nation. This increased the power or Germany either directly because it was a major creditor, or because it had a more important role in such institutions as the IMF. It is therefore no coincidence that some West European powers then began to argue for a European Defence Identity (EDI) on the grounds that the first pillar, the US, was crumbling under the weight of political and financial pressures. It was argued that this could be achieved either within NATO or by strengthening the European Union. In this debate the influence of Germany, now a major economic power, has been central As General Luigi of Italy has said: " Germany is more influential than ever, after, or because of re-unification, tending to guide NATO and European security choices in a direction that will emphasise its own role."[3]

The West European Union (WEU) was restructured in the late 1980s into a framework designed to reinforce a European Defence Identity. This was to be achieved by implementing measures to create a Common Foreign and Security Policy of the European Union (CFSP) and by strengthening the European pillar of the NATO alliance. WEU's first action was de-mining the Persian Gulf in 1988, significantly, an out of area operation. The French also used the WEU to establish the Franco-German European Corps. Later an amphibious force was created by the WEU with British and Dutch involvement, an airborne force with British and French involvement, and a naval force using French, Italian and Spanish units.[4]

It was not until Maastricht in 1991 that it was agreed that under Article 5 of the Treaty, there would be provision made for a Common Foreign and Security policy in Europe. This is likely to have the effect of strengthening the role of the WEU and the ten countries who are full members of the organisation. Incidentally, it will also enable Germany to obtain indirect access to a defence

identity which was forbidden it by the treaty concluded at the end of the Second World War. The exact framework for the EDI is still in the process of being agreed and, although France and Germany initially may have wished to create a force only accountable to the EU, the resistance of the British and others means that NATO will still play a key role.

Germany's commitment to NATO improved, however, when the US showed significant support for German interests during the Bosnian crisis.[5] The decision to recognise Slovenia was one of the factors which precipitated the crisis in Yugoslavia and the EU had only agreed to this policy after substantial German pressure. Germany will undoubtedly play a more leading role in other conflict scenarios, whether in Europe or in other areas such as the Middle East and possibly the CIS.

European defence, as envisaged, will not be under the control of the European parliament. The proposal is for a European Commissioner for Defence,[6] an approach that will decrease the democratic control of the military and increase secrecy and covert activities. Ironically, at the same time, countries participating in Partnership for Peace programmes are being urged to keep their military under democratic control.

The Euro-Bomb and the Non-Proliferation Treaty

Immediately following the end of the Cold War , some strategists considered that Russia and the United States could broker co-operative security between them. If this kind of relationship were to persist, some military analysts in the West thought, there would be no need for European nuclear weapons such as Trident.[7] However, this entirely ignored the aspirations of some EU states, particularly the political right in France and Germany, to develop an independent nuclear capacity controlled by the EU while maintaining co-operation with NATO. France, supported by Germany, has used the WEU as a means of establishing a satellite intelligence capability independent of the US. France has now re-joined NATO's nuclear planning group and, in NATO's communiqué of December 1995, it was announced that steps would be undertaken to integrate the sub-strategic capability of the United Kingdom's Trident submarines, as well as those of the French force. Howeverm placing nuclear weapons at the disposal of the EU would appear to be counter to the Non-Proliferation Agreement signed in May 1995. Some analysts maintain that Germany refused to sign the NPT unless the treaty made provision for a nuclearised European Union.[8]

There is no doubt that there are plans by some to develop a

European nuclear capability which could operate as an intermediate nuclear force and replace those weapons eliminated by the INF treaty. However, requests to remove Trident from British control and put it at the disposal of the EU were resisted by the British Conservative government (officially on the grounds of the NPT). Trident would mean that European security would continue to be linked to United States technology, manufacture and strategy. In 1994 French President Mitterrand and the UK Prime Minister Major agreed, at a joint press conference, that: "Nuclear deterrence is at the base of European Security. A European security policy without nuclear deterrence would be a feeble policy indeed".[9] The air launch cruise missile (ALCM) which is being developed by the French is a significant development and there are plans for a Euro-missile system. At present, in Western Europe as a whole, priority has been given to the development and production of the Euro-fighter, but this may be only the first stage in the development of an independent nuclear capacity.

It offers some encouragement that Ireland, Finland, Sweden and Austria have formally opposed the nuclear weapons paragraph of the WEU Common Concept, adopted in November 1991. These countries are not full members of WEU but, in the face of this opposition, the use of nuclear deterrence may be restricted to NATO rather than extended to the WEU. At present, it is calculated that there are 500 French and 276 British nuclear weapons. Furthermore, the French are developing submarine ballistic weapons. However, none of these proposals would be so threatening to peace if they were not linked to the proposed programme of NATO expansion.

The expansion of NATO

Strategic planners in NATO realised that, unless it expanded to the East, NATO would be overtaken by the emerging European structure.[10] In 1990, therefore, NATO invited the countries of Central and Eastern Europe to establish diplomatic liaison, which was followed by the establishment of the North Atlantic Co-operation Council (NAC) in December 1991. Some strategists in the US suggested that the countries of Central Europe, which had been promised early entry to the EU, should be offered associate status in NATO, but this was rejected by the Germans on the grounds that either a state has reciprocal obligations or it does not, and this position was supported by Warren Christopher, the US Secretary of State (*Guardian*, 21 March 1994). Furthermore, the German government felt that too much emphasis was being place on relationships with Russia and not enough on

'security' in Central Europe, its sphere of interest. They were supported in this by Cold War hawks such as Henry Kissinger and Zbignew Brzezinski.[11] A compromise was achieved when the Partnership for Peace programme was agreed with the states of Central Europe and the CIS. By December 1994, twenty-three countries had joined the scheme.

Foster, a senior British military analyst, summed up the general European view among the military when he wrote:

> NATO's enlargement is not only a matter of general agreement in principle among its members but an existential challenge for its very survival in all but name, the West has a duty to make this as palatable to Moscow as it is reasonably able.

He also argues that it was the Europeans and not the US who were primarily interested in NATO expansion (in December 1994, NATO agreed that all members would be full members).[12]

But it *wasn't* the Europeans who were pushing NATO enlargement. It was Madeline Albright, the recently appointed US Secretary of State, who stated in an article in the *Economist* (January 1997) that the "Clinton administration had no higher priority than NATO enlargement". Furthermore, in February 1997, she also firmly rejected attempts by the French to give greater control of NATO to the Europeans, including control of the Southern Command, as well as a proposal for a five nation summit on NATO expansion which would include Russia (*Guardian,* 18 Feb 1997). There is good reason to believe that US policy is based on reviving confrontation with Russia and using the ensuing instability as a means of weakening Europe both politically and economically.

Nuclear weapons in Eastern Europe?

Vaclav Havel in 1985, in an attempt to impress the European peace movement, put his signature to a joint declaration with Jiri Dienstbier, Karel Freund and others, which stated: "We regard the following step as the first and important one: No missiles in Europe from the Atlantic to the Urals."[13] Nevertheless, Solana, the Secretary General of NATO is reported to have said in the Czech Republic in April that new members must be prepared to accept nuclear weapons in principle. As a result, the Czech government now proposes to change the constitution of the country to allow nuclear weapons to be based there even though, according to recent opinion polls, a majority are unlikely to back such a policy.[14]

This NATO policy was partially retracted in May 1996 in Athens, when

Mr Solana stated that there were no plans to change the current deployment. President Clinton, when in St Petersburg, gave a guarantee that no American nuclear weapons would be located in Eastern Europe (*Guardian*, 20 April 1996). However, significantly, this may imply that European weapons could be located there. The Poles appear to be willing to accept foreign troops but are probably not agreeable to the idea of nuclear weapons being stationed in their country (*Guardian*, 19 Sept 1996). A growing movement organised by IPPNW, and supported by various European peace organisations, is recommending that Central Europe should be a nuclear weapon free zone, under the auspices of the UN and monitored by the OSCE. It is interesting to note that General Joulivan, the supreme allied commander of NATO, assured the Ukrainians recently that nuclear weapons would not be located in Eastern Europe and Chancellor Helmut Kohl has said the same.[15] However, NATO consistently refuses to allow such a commitment to be included in any treaty.

All three Baltic states wish to join NATO as full members. This would mean that nuclear weapons and/or foreign troops could be stationed there at some time in the future. This is highly controversial and, according to most security strategists, would increase the likelihood of major conflict.[16] Latvia's foreign minister, Valdas Birkavs, has said that Russia could not claim the right to veto Latvian membership. The Baltic states have already signed agreements about possible future EU membership and, like the Visegrad states, are also seeking entry to NATO.[17] Soldiers from the Baltic battalion are already working with Nordic soldiers in Bosnia.[18] There are also plans for a 60,000 strong Baltic corps of NATO.

Choices and costs - which way for Europe?

Europe , therefore, has to make a choice about supporting the expansion of NATO. It is also faced with the economic sacrifices which have been set as a standard to achieve monetary union quickly, with all the disruption that such a course is causing to employment and social programmes throughout Europe. Could it be that the economic sacrifices being demanded are being used to promote the militarisation of Europe? France has made substantial cuts in her defence budget in order to achieve economic integration and access to the single currency system. However she is also restructuring her armed forces so that she can more readily comply with an integrated defence system. Germany, in spite of its major economic problems with re-unification, has increased its military budget slightly over the past three years. What is highly significant is that, although spending by NATO

countries did fall between 1986-1993 by about a third, Jacques Santer, the Chair of the European Commission, in an article in the *NATO Review*, has stated categorically that the peace dividend is a mirage and that increased spending on defence is necessary because the United States is withdrawing troops and resources from Europe.[19]

European states are developing co-operation and co-ordination in the field of arms procurement. Major mergers have occurred or are scheduled between French, British and German defence firms (*Guardian* 14 May 1996). Britain alone has ordered over 200 Euro-fighters, costing 76 million pounds each i.e. over 15 billion pounds, and there are plans to develop a Euro-missile system. The WEU has created the West European Armaments Group and there is also a Franco-German proposal for a common defence and procurement agency which would be independent of the US.[20] Clearly, some people think that there is a lot of money to be made from arming Europe. Markets outside Europe are used in order to reduce the costs of research and development and provide the arms firms with a secure base. At present, in the UK, the government underwrites arms exports and this has risen from 6 per cent to 48 per cent of all deals.[21] These deals are made with governments that are infamous for their poor records on human rights but this trade ensures that the UK's contribution to NATO remains intact. There is no doubt that the expansion of NATO eastwards would be regarded as a very profitable venture by such arms traders and by those in Western government who support their activities

Any expansion of NATO to the East could lead Europe into a new arms race with Russia, debilitating to both. The costs of NATO expansion, according to Alexander Lebed, would be about $250 billion.[22] This economic burden would have a number of consequences. Firstly, it is likely to retard the integration of Europe, leading to an inner core, an outer perimeter and a militarised zone of influence. With less money for economic restructuring, it would make the integration of East European states into the EU much more difficult. Secondly, such a burden would certainly undermine any EU challenge to US hegemony, putting at risk European access to Russian and Central Asian oil, gas and mineral resources.[23] If defence spending were to rise substantially in Western Europe, full admission of countries like Poland to the EU is likely to be deferred. Contrary to Warren Christopher's assertions, a buffer zone would have been created, but ironically it would be a militarised buffer zone. This strategy of NATO expansion is, therefore, not in the economic interests of Europe at all, whether East or West. The question must be asked, have the US government also estimated the costs that this policy

would entail and the retarding effect this would have on European integration.? Are the Europeans in East and West alike being trapped into a new arms race? If so, who will benefit?

The expansion of NATO has other implications. Firstly, the pressure to make these countries completely available for any contingency is forcing some, e.g. the Czech Republic, to change their constitutions to remove any impediment to militarisation and nuclearisation. Karl Mueller, the American military strategist, has suggested that the East European states should form an alignment balance similar to that created by the Nordic countries during the Cold War, when pressure from one side was followed by compensatory moves towards the other.[24] However, such freedom of manoeuvre would be impossible if the countries of Eastern Europe accepted the constraints of full NATO membership.

With respect to the Baltic states, it would be preferable if these states were given shared security guarantees, tied to the full implementation of human rights as envisaged in the Helsinki agreements. Some of these rights at the moment are being denied to the Russian and other minority populations.

Russian reaction to NATO's proposals

President Yeltsin's oppressive war in Chechnya has understandably alarmed the states of Central Europe and the Baltic, although the West as a whole has been markedly reticent in condemning his activities. Russia has even been admitted to the Council of Europe, in spite of its record on human rights. In this context, it is interesting that Russia and Ukraine held joint military exercises in Ukraine during the Russian presidential elections (*Interfax*, 3 June 1996), although , at the same time, Secretary Solana of NATO was telling the Russian people that NATO and Russia had a common responsibility for security and stability in Europe.

Russia does not object to admission of the Central European states into the EU and their inclusion on the Partnership for Peace programme, but there has been a storm of protest about the plans for NATO enlargement.[25] Many Russians feel, quite rightly, that this is a betrayal of the agreements negotiated by Gorbachev and that a new militarised line is being drawn across Europe. Russian archive material records James Baker, the then US Secretary of State, giving the following pledge: "We understand that, not only for the Soviet Union but also for other European states, it is important to have the guarantees that the United States would keep its [military] presence within the framework of NATO in Germany." The following day, German Chancellor Helmut Kohl said: " We consider that NATO must not expand the sphere of its actions" (*Guardian*, 15 Feb 1997).

However, Russians objections and the historical record have so far had no effect. Warren Christopher, and later Madeline Albright, have both made it clear that Russian objections would not delay NATO expansion (*Guardian*, 21 Feb 1997).

The President of Belarus has recently stated that, if Poland were given nuclear weapons, Belarus would reverse its agreements, keep those stationed there, and refuse to give them to Russia.[26] There is also a discussion in Russia about whether nuclear weapons should be stationed in Kaliningrad (*Guardian*, 23 May 1996). The irony is that Russia is about to adopt NATO's military doctrine of first use of nuclear weapons, following the reductions in conventional weapons effected by the CFT, because Russia now estimates that NATO has a threefold superiority in conventional forces (*Guardian* 20 Feb 1997). This change in military doctrine, of course, is potentially very dangerous. Furthermore, General Valeriy Demintiyev has threatened that Russia will create a new operational-tactical deterrent force integrated into the reserve force of the Commander in Chief. It would include missiles and a strike air force using highly accurate weapons.[27] The position is summed up by the Chair of the Russian Federation Council, Y Stroyev, as follows:

> the unjustifiable approach of NATO's military machine to the borders of Russia ...which questions the prospects for an effective system of European security, undermines confidence and makes us take retaliatory steps.

A similar view was also expressed in a communiqué from the CIS meeting of defence ministers.[28] The communiqué was not signed by Ukraine, which now is the third largest recipient of US aid in the world.

Other NATO developments have also alienated the Russians:

- Northern Norway is now involved in NATO activities and there are plans to start a Baltic corps of 60,000 men with branches in Germany, Denmark and Poland, committed to action if Russia has a conflict with the Baltics. This the Russians regard as a direct provocation;[29]
- Turkey's covert support of the Chechens, in order to disrupt the transport of oil and thereby ensure its participation in the development of the oil reserves of the Caspian sea, as well as its decision to double its defence spending to modernise its forces (*Guardian*, 10 Oct 1996);
- The pressure exerted by the US and Germany, via the NATO missions, on those former states of the CIS with oil reserves, combined with American promises to fund peace keeping forces;

● The domination of British and American interests in the oil of the Caspian sea. This specific threat is one which concerns some more than the expansion of NATO and is probably a major factor in speeding up the re-integration of many of the former states of the USSR.[30]

At the present time, Russia is incapable of posing a serious military threat to Europe. Its industrial output has fallen between 50-60 per cent since 1990 and its agricultural production by about a third. Tax collection has fallen to 60 per cent of the target and the proportion of state revenue available for expenditure is only 70 per cent. The Russian economy has been restructured to provide cheap energy for the West. However, this means that many countries in Western Europe, in particular Germany, are ever more dependent on Russian gas. At the same time President Yeltsin has undermined democracy, not only by his attack on parliament but by re-establishing the system of voluntary informers.[31] Moreover, although Boris Yeltsin won the presidential elections in July 1996 using Western money, he is plagued by illness and there are serious doubts about the validity of the election process and the role of the media. There must be serious doubts that 82 per cent of the army voted for Yeltsin.[32] A bitter internal struggle is now being waged by his potential successors, which may result in political fragmentation of the Russian Federation and/or the emergence of the military as a dominant political force.

It is a reflection of the economic situation that Russia's defence spending is now estimated by Western analysts to be only 45 per cent in real terms of the amount spent in 1992 (*Guardian*, 10 Oct 1996). The £12 billion which is allocated to the armed services in the draft budget would only meet a third of the military's needs, according to the Defence Minister, Igor Rodionov. Retired general, Alexander Lebed, the recently dismissed Secretary of the Security Council, has suggested a possibility of mutiny and a recent survey in *Nezavisimaya Gazeta* has found that a quarter would be willing to take part in direct protest actions if living standards got worse.

Looking after the West's energy supplies

If Russia poses little threat at the moment, why are these policies being pursued? One suggestion is that, having gained access to Russia's natural resources on their terms, the NATO countries are setting in place a military framework which would ensure their continuing control. But NATO expansion, the Euro-bomb, and increased military are questionable methods of ensuring access to the energy

resources of western Siberia. Confronted with this level of Western hostility, alternative markets for Russian energy resources could be created in, for example, China. Indeed, following the death of Deng Xiaoping, the new Chinese leadership stated that a fruitful alliance between Russia and China was one of their main strategic objectives.

In 1992, after the Gulf war, the strategic concept of NATO was changed in order, it was said. to deal with crisis management outside the Alliance area. A recent study by NATO's Senior Defence Group on Proliferation was endorsed by the Alliance ministers in June 1996.[33] It asserts that in 1993, twenty-five countries had access to nuclear, biological and chemical weapons and that half of these had operational ballistic missiles; a substantial number must be in the CIS. The Group, which was led by the US, UK and France, estimated that a strategy to combat this situation would require NATO forces to operate beyond NATO's borders. By deploying troops in Bosnia, Germany has broken through the out-of-area embargo and is likely in future to join such operations, unless it is stopped by German public opinion.

This has to seen in conjunction with the decision to create a combined joint task force to work with the WEU and the UN. General Joulivan, Supreme Allied Commander of NATO, has stated that there is now a rapid reaction force and ACE troops of a force up to ten divisions (*Guardian*, 3 March 1996). Furthermore, NATO's military planning for peace support envisages not only conflict prevention, peace making and peace keeping, but also peace enforcement by military. These developments are an implicit threat to the CIS.

Conclusion

There seems little doubt that one of NATO's main objectives is to preserve access to energy resources for the West, and to do this it is willing to expand eastwards and also develop out of area strategies and doctrines. It may even be willing to return to high risk nuclear confrontation. Europe's weakness is that it allows itself to be dominated by the agenda of the right wing in the WEU states. It is also being drawn into a situation where it could be forced to spend large sums on the military, to the detriment of its long term integration. Furthermore, and tragically, the opportunity to build a comprehensive security system based on OSCE is being squandered because the interests of the military and the military-industrial complex are being allowed to dictate the overall long term strategy.

It seems that those forces which are attempting to re-invent the Cold War for their own minority interests are not being resisted by European

governments. Indeed, it seems that, in many instances, the underlying strategy is not even recognised by the governments of Europe. However, there are serious constraints on NATO and other existing security structures. Most Europeans are unwilling to be drawn into conflicts, ethnic or otherwise. In this, the German people are no exception and there is no majority support for the aggressive policies of the present German defence ministry amongst the German population (*Guardian*, 9 May 1996). In no country in Western Europe do the majority of the people wish to see the Cold War re-invented. Indeed, at a recent meeting of the OSCE parliamentary assembly, in July 1996, it was agreed that a security model should be "promoting the creation of Zones Free of Nuclear Weapons in the OSCE region as a necessary and important component of a new all-European security system"

It is still possible for a co-operative security system to evolve in Europe. This depends on sufficient resources being made available to such a structure. It is dependent also on a commitment by European states to reject strategies and policies which would undermine confidence, increase tension, emphasise military solutions to the detriment of other courses, promote arms sales, adopt aggressive military doctrines and reduce accountability to the peoples of Europe and their parliaments.

Possible actions by the international peace movement

1. IPPNW is co-ordinating an international campaign for a nuclear weapons free zone in East and Central Europe, guaranteed by the OSCE and the UN, and it should be supported in this as a matter of urgency.
2. NATO will publicise its conclusions on expansion at its meeting in Madrid in the summer of 1997 Before then, all individual peace movements should lobby their governments to try to halt these proposals. The contribution of the Central Europeans is crucial
3. The value of co-operative security should be explored by individual peace movements, committing themselves to an open debate on these issues, including such things as day schools, broadcasts, publications and other similar ventures. If at all possible, national movements should attend the meetings of the OSCE for parliamentarians
4. Briefings should be prepared by the appropriate national movements for MPs and MEPs on these matters, recommending a nuclear free EU, a nuclear free weapons zone in Central Europe, and a comprehensive security system based on OSCE. The help of friendly MPs and MEPs should be sought by individual national movements and international organisations

5. Campaigns against the arms trade, expenditure and out of area actions should remain a priority.
6. Peace movements should highlight the adverse role of NATO and the central position of the US. Monitoring of the activities of NATO should be more intensive.
7. Wherever possible international action by European peace movements should involve as wide a membership of individual movements as possible. ●

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Catherine Samary

The Politics of Budgetary Issues : the CAP and Structural Funds

The Rome Treaty claimed to reinforce the unity of the Community through a process of "harmonisation" of its members' development. In spite of the dominance of market criteria, agriculture was to be excluded from the GATT rules and there was to be aid for the underdeveloped parts of the Community : a certain "homogeneity" was considered a pre-condition for market efficiency.

In the context of growth and efficient national budget policies, the European Social Fund (ESF), introduced in 1960, played a very marginal role. In fact, during the whole period of growth up to 1973, the main common instrument of intervention was the Common Agricultural Policy (CAP), introduced in 1958. But the long-term decline of growth in the 1970s, successive enlargements, and the laws of the market led to a sharpening conflict between harmonisation and the now dominant monetarist criteria of "convergence". Eastward enlargement of the EU can only increase such conflicts.

Structural Funds: harmonisation or austerity?

The crises of the 1970s and the first enlargement to include the United Kingdom, Ireland and Denmark (1973) increased the gap between the most and the least developed regions in the Community. In an attempt to reduce this gap, a European Regional Development Fund (ERDF) was introduced in 1975. The enlargement to Greece (1981), Spain and Portugal (1986) led to a new reform of the Structural

Funds in 1988. It was decided to double its resources between 1987 and 1992.

Five priorities were redefined:

(1) in favour of less developed regions (22 per cent of the EU) - i.e. those having an income per capita less than 25 per cent of the Union average; (2) restructuring of declining regions (16 per cent of the EU) - i.e. those with a higher-than-average rate of unemployment;

(3) and (4) concerned different aspects of unemployment;

(5) rural development linked with the CAP.

Following the Maastricht Treaty (February 1992), the decision was taken in to establish a Cohesion Fund (CF) to facilitate the participation of the less developed countries of the European Union (defined as having a GDP less than 90 per cent of the EU average) in the project of Economic and Monetary Union (EMU) : Spain, Portugal, Ireland and Greece were eligible for this program. In fact these four countries were only able to benefit from a temporary fund because of difficulties in establishing the Cohesion Fund. In 1993 it was decided to increase the total amount of resources in the Structural Funds to 141 billions ECU for the period 1994-99, representing one-third of the EU budget and twice the amount available between 1989 and 1993 (74 billions ECU). About 74 per cent of those resources were to be devoted to regional development policy (which after 1993 included the East German Länder). In 1995 the EU12 became a EU15 with the enlargement to Sweden, Finland and Austria.

In 1995 the common budget represented 2.4 per cent of all EU Member's public budget - as against 1.7 per cent in 1988. But the goal was not achieved : in regional development, unemployment, productivity and infrastructures, the differences had not been fundamentally reduced - and it is precisely these factors that play the main role beneath the differences in monetary criteria (inflation, debt, public deficit). Therefore, to take the latest monetary criteria and not their economic basis (level of development, productivity, employment) as criteria of "convergence" will make it more difficult for the less developed part of the Union to catch up with the others.

The crisis in the EMS in 1992-93, the deep recession in 1993, as well as the cost of German unification have dramatically changed the situation in the EU. The Maastricht convergence criteria are not aimed at a real harmonisation of economies but at the exclusion of those countries that do not conform to monetarist criteria. The fear of being outside the walls of the better-off European "fortress" is pushing all countries towards austerity and deflation, a situation which, in reality,

is creating greater inequalities among the European regions. The logic of this development is also to decrease the European budget. Germany has paid a high price for unification (and through an increasing rate of interest has made other European countries pay a high price as well) and is no longer prepared to finance the catching up of other members.

In fact, the CAP and the Structural Funds are increasingly being confronted by the logic of market competition and of the Maastricht criteria - a logic of budget austerity. For the first time in the history of the Community, the growth of the EU budget for 1997, as decided by the European Parliament last October, will be close to zero (0.7 per cent). Even this very limited growth was too much for the Council of Ministers, which proposed last July to make cuts in every part of that budget: 1 billion ECU less for the CAP, another billion ECU less for the Regional Development Fund, 550 millions ECU less for other different common internal and foreign policies.

This says a lot about what could be expected with an eastward enlargement of the EU which, according to different evaluations, could double the common budget if the current rules are simply extended to the new members - the most developed part of the EU will simply refuse to pay the costs of an enlargement to Central and East European Countries (CEECs). They were reluctant to pay the extra costs for the Southern European new members in 1986.

Many analysts - especially but not only those of a neo-Keynesian orientation - argue that monetary integration, combined with market laws, will increase the development gap between the regions and eventually lead to a social explosion and the failure of the Union. In such analysis it is often stressed that, compared with the United States, the enlarged Union will be much more heterogeneous and will have nothing comparable to the US federal budget.

Eastward enlargement and structural funds

A study made for the delegation of the French Senate to the EU1 has estimated the resources which would have been allocated to the CEECs in 1995, if they had been members of the EU and if the ongoing rules for eligibility had been applied to them as had been applied to "the Four" (Portugal, Spain, Ireland and Greece). The conclusions were as follows, for two variants :

- If only the Visegrad Countries (Hungary, Poland, Czech and Slovak Republics) had become Members, they would have received, on the basis of their situation in 1995, 27.5 billions ECU, compared with 25 billions ECU per year to allocated to "the Four". The budget of the Structural Funds would have been more than

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doubled.

- If Bulgaria and Rumania (already associate members) had also become full members that year (1995), the Structural Fund resources for the CEECs would have had to jump to 44 billion ECU.

The study then looks at (1) the ratio of direct foreign investments (DFI) to GDP in 1995 and (2) the ratio of potential resources coming from the Structural Fund (SF) to the GDP for each of the five countries. The facts are summarised in the following Table:

DFI and Structural Funds as % of GDP

	DFI	**SF**
	as % of GDP	*as % of GDP*
Hungary	13	15
Czech Republic	9.7	18
Poland	5	28
Bulgaria	5.5	50
Romania	4.9	50

The comparable SF figures for the "four" are: Spain (1.3), Greece (4.2), Ireland (2.6) and Portugal (3.2). In spite of such high a proportion of external resources as a proportion of GDP in CEECs, the study reports that it is still would fall far short of the estimated needs for external financing in the various "catching up" scenarios. According to different sources, this would be between 60 and 300 billion ECU per year. The amount of German public resources transferred to the new eastern Länder, according to that study, make up more than 50 per cent of eastern German GDP.

The report estimates that the cost of the extension of Structural Funds to the CEECs would be less than 0.4 per cent of the GDP of the 15-member EU (far less than the amounts involved in the Marshall Plan). Another estimate in the same study, based on econometrics and on an assumption about future GDPs (an average of 4,900 dollars per capita. for all the CEECs) and about average unemployment (12.5 per cent) for the year 1999, gives a figure close to the present expenditure on Ireland (about 200 ECU per inhabitant). The Structural Funds would then represent about 0.2 per cent of the GDP of a 15-member EU

(less than one-fifth of the Marshall plan from the point of view of the creditors) - an average of 5 per cent of GDP in the CEECs.

The assumptions about development between 1996 and 1999 are very uncertain; some estimates suggest that, in spite of eventual stable growth (which seems unrealistic), the rate of unemployment will be much higher because the restructuring of large enterprises is far from complete, even in the most "advanced" countries such as the Czech Republic. The main controversial issues (not dealt with in the French study) are: (1) whether foreign investment will increase; (2) the effect on trade.

We can draw some lessons from existing trends in trade and capital flows between CEECs and the EU as well as from other experiences of integration of less developed region into a market-oriented union (for instance, the integration of Mexico into NAFTA, or even of the ex-GDR into the Federal Republic):

(a) CEECs have a real comparative advantage with respect to wages : the gap with France, for instance, is 1 to 10. But the CEECs will suffer disadvantages from insufficient or bad infrastructure, low productivity, ownership relations that are still very unstable and a very high attractiveness of Western products for consumers.

(b) The dominant trends in capital flows are subcontracting from transnational firms and speculative holdings.

(c) As far as CEEC trade is concerned, in spite of a real reorientation of exports towards the EU, which is now their main trading partner, imports are growing much faster everywhere. EU protection measures against "sensitive products" (precisely those that CEECs export), as well as anti-dumping measures (which have already been used, especially in those branches where the CEECs have some advantages[2]) can only increase CEEC trade deficits. The result is that enlargement will bring more benefits for the EU than for the CEECs.

Enlargement to the Visegrad countries could in fact double the ongoing budget of the Structural Funds. Even if that is far from sufficient for a catching-up strategy, and even though it would be a very small proportion of the GDP of the 15-member EU, there is no doubt that it is still too much within the logic of Maastricht.

The alternative are then presented as follows (for instance in the quoted study): either

(a) change the criteria of eligibility, but then be confronted with a veto from the South European member states if it means they would be no longer eligible for the Funds, or

(b) decide not to integrate the CEECs as long as the costs were too high - which

would be politically controversial and which would mean a very long and uncertain period of enlargement, with a different timing for each CEEC, or
(c) decide to integrate them but not to give them the same rights enjoyed by other members - which is inconsistent and extremely problematic.

Of course other choices are possible - if the existing EU and its enlargement were to pursue other goals, for instance, giving priority to convergence of living standards and quality of life.

The CAP: from European self-nutritional priorities to the conquest of world markets

The Common Agricultural Policy has expressed, in the past, the main if not the only form of real common politics in the building of the Economic European Community - later the European Union. As an interventionist policy not respecting world market prices, and putting as a priority nutritional self-sufficiency and independence, it became a victim of its own success: the European Community became one of the dominant exporters of agricultural products in the 1970s. And while its mechanisms continued to stimulate exports and production, quotas and measures to reduce supply were increasingly introduced and surplus sold as "aid" at very low prices to Third World countries. That contributed, in these Third World countries, to destroying their traditional agriculture. It exerted strong pressure on these countries to change nutritional habits, making them increasingly dependant on imports from the West.

In the pursuit of these policies, the EU entered into hard competition with the United States, in the context of the crisis of the 1970s and reduced world demand. The huge US trade deficit increased during the period of the strong dollar between 1980 and 1985. That led the US government to launch a "liberal" offensive through the Uruguay Round. The decision to put agriculture on the agenda of the GATT, while refusing any "real negotiations" with countries of the Third World, was an important turning point and a new feature of "globalised" capitalism. The negotiations partially concluded in Marrakech are to be reopened in 1999. It is no longer national governments but the WTO which is to control the trade of agricultural products in the future.

The increasing budgetary cost of European price subsidies to agriculture, at a time when agricultural world prices were collapsing, facilitated US pressures against the CAP. The 1992 reform is probably the first stage of a radical turn in European agriculture policy: the new direction is to adapt prices to their world level, to reduce subsidies, and to transform the logic and purpose of subsidies.

Within the framework of this liberal (US) logic, subsidies and any measures aimed at a reduction in supply are to disappear. The Agricultural Trade Advisory Council in the US (a consultative body of 40 private firms) put pressure on Clinton for the radical suppression of any protectionist barriers in the so-called "developing world". Such pressure also led to the recent decision to bring back to production 20 million hectares of land which were left fallow for ecological reasons in the framework of the Conservation Reserve Programme.

So the existing CAP, confronted with the American offensive and with new negotiations in 1999, is still in a transitional phase. The export capacities of the EU are increasingly portrayed as a positive factor, providing for the satisfaction of needs elsewhere. Since this is a result of increasing productivity, it is seen as providing a strong argument for accepting a free market in that field. But agriculture is not uniform everywhere - we can even speak of a two-tier agriculture in countries like France. The question is both social (small farms and family property as opposed to agro-industrial capitalist firms), physical (the amount of land needed to produce potatoes and other vegetables is not the same as for corn) and ethical (whether in the case of cattle or fruit, the goal of increasing profit through export can lead to choices of production techniques (fertilisers, feed, etc.) that conflict with environmental and human criteria for better health).

The analysis and the demands made in France by the Small Farmers' Confederation[3] are worthy of attention. They express identical points of views to those expressed by Kevin Watkins of Oxfam[4]. These different analyses stress the possibility of a convergence between different struggles:

- those of the Third World against poverty, for more distribution of good land to small farmers, and against the destruction of traditional production abilities in food-crops as the best answer to starvation and malnutrition. This means opposing the domination of agriculture by the two super-powers (European and American) and by their agro-industrial firms, opposing the false claim that markets can solve the problem of starvation;
- those who defend a concept of international solidarity against starvation and poverty which is quite different from so called "aid". This would require a real world conference aiming at establishing criteria and mechanisms for the regulation of prices, exchange, and assistance. It would also mean priority to a new "double green" revolution in Third World countries, combining traditional know-how and adequate technology, public subsidies for water infrastructures, agronomic education, and so on.
- those fighting against the productivist logic so destructive of health and the

environment.

The Confédération Paysanne in France estimates that compensatory payments of the CAP do not oppose the logic of increasing concentration of production. It argues in favour of different criteria for the distribution of those structural funds according to a new definition of public priorities.

The CAP must be reformed. But the choice is not to be reduced to a false alternative between defending the CAP or accepting the American concept of a free market in agriculture. Criteria of efficiency in agriculture have to be elaborated from a left point of view, taking in account different experiences and social needs. Some guidelines do exist: the right for each people to self-nutritional sufficiency in basic needs; environmental criteria; human know-how (and not the market) as the central factor in judging the appropriate form and size of property, the appropriate technology, as well as the need for the protection of nature and of health.

CAP and eastward enlargement

In general, the CEECs, subject since 1989 to the logic of the market and privatisation, have become poorer and even sometimes more agricultural than they were before 1989. The question of agricultural policy is, of course, a very sensitive one for them: in general their agricultural prices are lower than those of the EU. Price changes would effect not only the income of producers but also of consumers, in countries where the share of food in the average family budget is much higher than in the EU. On the whole, present common prices would increase poverty in the CEECs.

As far as compensation is concerned, the analysis produced by the last bulletin of the European Commission,[5] *The Cap and Enlargement: Economic Effects of Compensatory Payments*, should be quoted here, even if it "does not necessarily reflect the opinion of the Commission" (Foreword): "To apply common policies in unequal circumstances (economic, structural, social, etc.) may well produce different - not common - results. Differentiation may therefore be a way to pursue a common goal in a wider Union."

The main conclusions of the analysis are as follows :

There are several good reasons *not to provide* these payments
(1) farmers in the CEECs would not experience any price cuts upon entry.
(2) though the cash value of the transfer may give an initial economic boost to certain rural areas, the payment will be expected to increase the price of agricultural land and may thus hamper structural development of farms

and rural development as a whole;
(3) according to macroeconomic modelling in the case of Poland, farmers would be already better off relative to other citizens following EU accession (higher price scenario: negative effect of substantial increases in food prices for consumers)
4) distribution of the payments to the land user may in the end benefit mainly landowners - of whom a major proportion are urban dwellers;
5) not only the ownership structure, but also the organisation of the holdings is radically different in the EU and most CEECs. Most farm production takes place in large co-operatives of several thousand hectares and profits are shared between owners and workers in various ways. The transfers to such big "industrial farm units" will be considerable and with unknown implications for rural development;
6) Even if the payments may have certain positive effects on the agricultural sector, *it should be investigated whether greater benefits could not be obtained more efficiently with targeted instruments. Structural measures seem more appropriate to create the condition for improving the economy (...) and to shorten the time it will take for the economy to catch up with the EU.* [my emphasis]

These conclusions fit with some of my own arguments, i.e. the need to reject false alternatives: either the existing CAP or the liberal logic of suppression of Structural Funds and budgetary policy. It is convincing politically to look for consistent but new criteria, both for the existing "rich EU" and for new members. In reality those who benefit 80 per cent from the agricultural funds in the EU are the rich productivist farmers. What is the rationality in maintaining this aspect of the CAP ? Further discussion is needed.

Conclusion: the need for an alternative budget policy

For those who believe in a type of neo-Keynesian or social-democratic use of the future Euro, but also for all those who consider a single currency as premature and counterproductive but who look for another European Union, there should be no doubt about the need for an increased budget policy - not only in support of effective demand, but for redistribution of labour-time and wealth, reduction of inequalities, satisfaction of basic and collective needs, regional development, and environmental policy.

Here is where we can also find alternative criteria of "convergence" to the monetarist ones, and grounds for an open policy of co-operation and solidarity

between the South and the East. From a left point of view, the question of the market should be discussed in terms of its capacity to solve a given question. A left point of view on such an issue should take into account social and ethical priorities at the world level: the end of poverty, starvation and malnutrition, and protection of the environment. The market and the most productive agriculture in the developed world, in the USA and EU, are not able to solve those problems by export and productivist policies. Third World countries had no say whatever during the Uruguay round and the negotiations ended in a deal giving the two big powers control over the rules in the sharing of the market, while it is huge imports from their economies that are destroying the conditions for survivals for increasing sectors of the world population.

But the debate also goes beyond this. In discussing eastward enlargement, the left should carefully analyse the reason why so many small farmers (especially in Central Europe) have expressed their attachment to forms of co-operatives. Do we have to impose a universal model, or should we not learn from different experiences, listen to different voices, and dream of something new ? Finally, experiences of weak or failed unions need to be further analysed - NAFTA and the Mexican crisis, the weaknesses of the Italian and Belgian federal systems, as well as the collapse of the Yugoslav and the Soviet systems.

Transparency, permitting control and public debates on alternative choices and priorities; regular balance-sheets on implementation of those choices; "subsidiarity" criteria to discover the right level of efficient decision-making - all of these measures are certainly essential. But, at a profounder level, what will give efficacy to another concept of European integration is social and political mobilisations for common projects.●

Notes

1. Sandrine Cazes, Bruno Coquet, Jacky Fayolle, Jacques le Cacheux et Frédéric Lerais, "Elargir l'Union Européenne aux Pays de l'Europe Centrale et Orientale", *Revue de l'OFCE* no. 57, April 1996,
2. See Peter Gowan, "Neo-Liberal Theory and Practise for Eastern Europe", *New Left Review* no. 213, 1995.
3. The Confédération Paysanne present itself as Union for a peasant agriculture and in defense of its workers. It publishes a monthly magazine called *Campagnes Solidaires*, 17 place de l'Argonne, 75019 Paris
4. His article in *The Guardian* just before the world Summit on Food in Rome from 15 to 17 November, was reproduced in *Courrier International* no. 315 (14-20 November 1996)
5. *European Economy Reports and Studies* No. 2, 1996

László Andor

EU Enlargement and the Hungarian Left

"What belongs together should grow together" was the philosophy of Willy Brandt and many others about abolishing the division between the East and West Germany. This was also applied to the relationship between Western and Eastern Europe. Cold War division was seen as artificial, if not a crime against history, thus what was to come was a natural merger of the two parts of the continent. In reality, however, "back to normality" has not been the philosophy of the transformation, and it does not seem so for the rest of the century either. Paraphrasing Brandt: what does not really belong together is being hammered together. Not just within the already existing EU (by further deepening i.e. EMU) but also between West and East.

In contemporary Hungary, the main political agent of this exercise is the Hungarian Socialist Party, which is far the most important political party of the left. Consequently, the European policy of left-wing political forces in Hungary must be studied through the Hungarian Socialist Party. That is why this paper begins with an introduction of that party, and the policy of the coalition they lead. Following that, we will briefly mention the European policies of some other left-wing parties, and draw some conclusions about the general European discourse in Hungary.

The Hungarian Socialist Party

The Hungarian Socialist Party (HSP) was formed in October 1989. From that point, the national government stopped being the government of the party, though most of the ministers had been members of the Hungarian Socialist Workers´ Party (HSWP), and had joined the new HSP. They considered themselves a provisional government of experts that was to lead the country to the first post-Communist multi-party general election. The HSP did not inherit the full membership of the HSWP. New membership cards were issued for those who wanted to join. The number of HSP members went to about 30,000 very quickly, but remained at that level for a long time. This is about 4 per cent of previous HSWP membership, but there are a number of HSP members who had never belonged to the HSWP.

In the elections of 1990, the Hungarian Socialist Party won 10.9 per cent of the popular vote and won 33 seats in the 386 member parliament. Soon after, the long-time "reformer" and party president, Rezsö Nyers, was replaced by the former foreign minister, Gyula Horn. His task was to build up the domestic and international credibility of the party, secure survival in an hostile environment, and make it a viable political force that would in the future be capable of forming a government. In 1990, not many expected that that would happen at the very next general election.

At the parliamentary elections of May 1994, the HSP won 33 per cent of the popular vote. One month later, they formed a coalition with the liberal Alliance of Free Democrats. Half a year later they also formed a coalition to run the capital city, Budapest, although in the city government the AFD maintained a relative majority. The speaker of the national parliament is a Socialist (Zoltán Gál) and the president of the republic is a Free Democrat (Árpád Göncz).

For many observers the coalition between "ex-Communists" and their "ex-opposition" was a surprise. These judgements, often mixed with fear, usually lack a detailed knowledge of the sociological composition of the party. As *The Economist* (The east goes west, 16 November 1996 p.37) explains, "ex-communists are themselves a pretty mixed bunch. Some of them are happy to pursue economic ideas that would make Margaret Thatcher smile. Others still hanker after five-year central plans." In fact, in the HSP there are not many who lean to central

planning, and those inspired by Margaret Thatcher would make her not just smile but perhaps even blush.

According to the same article, "most ex-communists in government have become genuine social democrats, often to the right of Labour-type parties in Western Europe: the Polish and Hungarian ex-communists are such prototypes". The mainstream of these parties, however, should not necessarily been identified with the right of contemporary Western social democracy. Eastern and Western social democrats, ex-Communists or not, share the common feature that, since the late 1970s, they lack any clear ideological orientation, and they are prepared to experiment with all different policies, including those borrowed from right-wing political forces.

The European policy of the socialist-liberal coalition

In the Hungarian Parliament, the only party that has anything to do with the left is the Hungarian Socialist Party. Despite having 54 per cent of the seats since May 1994, they govern in a coalition with the Alliance of Free Democrats. Since September 1996, the HSP has been a full member of the Socialist International, although the AFD has also been an associated member ("observer") in the SI for six years.

In the coalition government, the foreign ministry has been led by a Socialist cabinet minister (László Kovács) and a Free Democrat junior minister (István Szent-Iványi). With respect to European policy, the government continued the course of the previous - right of centre - coalition, i.e. preparations for full membership in the EU. The previous government signed an Association Agreement with the EC in 1991, and submitted an application for membership in March 1994.

Continuity in this area mirrors what is called a "six-party agreement on foreign policy" in Hungarian politics. The three pillars of the consensus are

(1) the so-called "Euro-Atlantic" integration;

(2) "good neighbour" relations; and

(3) the promotion of the interests of minority Hungarians abroad.

The unity around these pillars was shaken recently, when opposition parties accused the government of suppressing the third principle for the sake of the first, following the signing of the so-called basic treaty between Hungary and Romania by prime minister Gyula Horn. Some

opposition parties have also started to criticise the EU-policy of the government for lack of selectivity and transparency.

Beyond negotiating with EU bodies, Hungarian diplomacy makes great efforts to persuade West European national governments to make announcements about their support for Hungary´s accession. Messrs Horn and Kovács spend much of their time flying between London and Athens, Stockholm and Rome, in order to have a photo opportunity with leading EU politicians, confirming the necessity of our entry in the first round of enlargement, the negotiations for which should start right after the end of the Inter-Governmental Conference.

With all due respect to the efforts of our national leaders, their games include a good deal of risk-taking and bluff. During a visit to Portugal, for instance, Horn announced that it was now only the rate of inflation which would prevent Hungary from meeting all the criteria for joining the EU. Finance minister Péter Medgyessy has been quoted as saying that Hungary would meet the Maastricht criteria by the turn of the century. (In an open policy debate of the HSP parliamentary group, however, the author was advised by the Prime Minister and faction leader Imre Szekeres that nobody expects Hungary to meet the Maastricht criteria.)

When living standards decline for most of the population and corruption cases undermine domestic support for the ruling parties, progress reports about European integration appear as a source of legitimacy for government policies. "Europe" has been elevated to a position of ultimate authority from which the policies of reform and transition, including all austerity measures, can be derived, in everything from agriculture to banking. The junior minister responsible for the preparation of Hungary's EU integration, Ferenc Somogyi, has already complained publicly that all the different austerity measures should not be justified in the name of European integration. It may well happen that the people will link the concept of Europe to meaningless social and economic sacrifices, and the whole process could become unpopular, even eventually voted against in the referendum.

An official party document of the HSP, produced two years after forming the coalition with the Free Democrats, reports on the work of Mr. Somogyi and his colleagues: "The elements of outstanding significance in the foreign political activities of the Hungarian Socialist

Party, and the government that it leads, were the development of contacts with the European Union, with NATO and its member states, and the improvement of Hungary´s relations with neighbouring countries. The Government has identified joining the European Union as the most important instrument of social and economic development. Thanks to its efforts, the most important achievement of the past two years was that Hungary has got much closer to Euro-Atlantic organisations. The economy, the legal system, public administration, education and public opinion are being geared for accession. During the second half of the governmental cycle, there is a realistic chance that the European Union will begin negotiations about the conditions of joining, with Hungary as one of the first countries. At the same time it should be made clear for the entire society that the European Union is not led by emotional but by economic considerations, which means hard conditions of competition.

Hungary´s relationship with its neighbours can be regarded, by and large, as settled. Bilateral relations have been developing dynamically during the past two years. With the exception of Yugoslavia, treaties or basic treaties have been signed with all of our neighbours. After the completion of the war waged on the territory of the former Yugoslavia, possibilities will also open up for us to normalise our relations with Yugoslavia as well. This policy significantly contributes to the security of the region and hence to that of the entire Europe." (in. *The Hungarian Socialist Party*, an official introduction issued by the HSP International Secretariat, Budapest, 1996)

Since 1994, HSP policy has been determined by the coalition government. Foreign policy, including EU accession, is not generally discussed within the Socialist Party. The Left Platform inside the party, which is not represented in the cabinet, criticises the government's NATO-policy openly, but lacks the information and the experience to develop a sophisticated policy on European integration. They tend to criticise the economic policy of the government on a moral basis, which is still very far from developing a feasible alternative.

Other left parties

Among the extra-parliamentary left parties, the Workers´ Party, which also came out of the former Communist Party (HSWP), has been an arch-opponent of NATO membership and an ardent critic of the European

Union. They do not strictly oppose EU-accession, which would be against common sense in Hungary, but they suggest that it is very unlikely to happen because the EU plays a selfish game with the former socialist countries, since their liberal ideology is just a cover for promoting the interests of multinational capital. Their leaders have been impressed by the Chinese reforms, as well as by the Zyuganov-campaign in the Russian elections during the summer of 1996 and, as a result of their own transformation, they tend to promote a national capitalist alternative instead of an alternative to capitalism.

Popular support for the HSWP/Workers´ Party remained between 3 and 4 per cent in both 1990 and 1994. In the meantime, they have gone through various splits, and they are still suffering from internal divisions. Since they identify so much with the past, i.e. with the Kádárist regime of 1956-1989, they can hardly remain a viable party, even in the towns and constituencies where they preserved some considerable support, mainly in the North of the country and in some workers´ districts of Budapest. They are very unlikely to influence the politics of EU-integration and, despite an impressive campaign for signatures, their anti-NATO propaganda also had controversial results, pushing some hesitant minds into the pro-NATO camp.

The Social-Democratic Party of Hungary was the party that belonged to the Socialist International originally, although recently it was relegated to observer status as a consequence of internal splits and scandals. On various issues of economic and social policy, they position themselves to the left of HSP, while on the European question they echo the conventional slogans of West European social democracy. Like the Workers´ Party, the SDPH is mainly composed of elderly people, unprepared to catch-up with developments in the Western half of the continent.

The Green Alternative (GA) can also be considered a left-of-centre party. They are the only political party in Hungary that says no to EU-accession and the whole idea of federalism. Their critique is strongly linked to and feeds on the Western environmentalist opposition to the EU, rejecting centralisation as well as trans-continental networks and other grand projects. Despite honourable efforts, the GA has virtually no influence in Hungarian politics.

The Euro-discourse of the Hungarian parties

According to the leading neo-conservative philosopher, Gáspár Miklós Tamás, an

> unchallengable dogma of contemporary East European publicity is that the post-communist new democracies must sign up to NATO and EU. This is not a bad dogma, especially until we get access. Till then hope keeps us from Turkish-Greek types of stupidities, which is a clear gain. Sometimes one has the impression that the Westerners had better lengthen this process. As a professor, I know how polite the students are while they look forward to the exams, sometimes they even wash their hair. It is a joy to see how much the European carrot improves the manner of some of our neighbours. If it goes on like this, here and there the authorised bashing of Protestants and gays will be ended, and even the post-KGB will recess for a while.
> However, East-European public opinion does not have the slightest idea about what the European Union is (apart from some banal debates about agricultural subsidies), while every half-baked head preaches about the non-existing ´European norms´." (Gáspár Miklós Tamás, "Az európázás kétes gyönyörei", *Magyar Narancs* 10 October, 1996)

There is, indeed, a substantial idealist layer who talk about Europe as the promised land that we will reach very soon. Others, on the other hand, interpret the enlargement process within the framework of a realist power game. The story of late 1996 has been that decisions about EU and NATO enlargement would be made simultaneously, and very few of the former socialist countries (perhaps the Czech Republic and Slovenia) could be taken into both, the three Baltics could be taken into EU, and Poland and Hungary would be invited to join NATO. Thus German and American influence in East-Central Europe would be delicately balanced out.

Official statements on both sides of the continent suggest that the ten associated countries (the ones with so-called Europe-Agreements, i.e. the Visegrad four (Czech Republic, Slovakia, Poland, and Hungary), the Baltic three (Lithuania, Latvia and Estonia), Romania, Bulgaria and Slovenia will become members of the EU. There is, on the other hand,

no definite idea anywhere about the likely time of joining. No matter whether one, four or ten, if they become members, it will be a new type of integration in the history of EEC/EC/EU.

Hitherto enlargements were characterised by two main features:
(1) The organisation admitted net contributors to the budget of the Community (Northern enlargements with the exception of Ireland);
(2) They admitted countries where political stabilisation was required because of the Cold War situation, but it was not possible without economic integration (southern enlargements).

None of those criteria apply any more (or, at the moment) for the Central and East European Countries (CEECs). The main hope of the applicants is to become net recipients from the EU budget, but such transfers are not encouraged by the threat of a rival social system or any kind of revolution.

Furthermore, various countries or country groups have special reservations against newcomers. Present net recipients (Greece, Spain, Portugal etc.) can object to the integration of new members lacking sufficient resources for development. Agricultural exporters (France, Denmark etc.) can still obstruct the adoption of potential rivals like Hungary or Bulgaria. The Atlantic great powers of the EU (the UK and France) may not be happy to see the strengthening of German hegemony through the integration of her former Lebensraum. Northern members could even veto the incorporation of the Visegrad four or CEFTA considering it as a betrayal of the Baltic States.

All these objections and reservations could be forgotten, or treated just as bargaining items, when the final pact is elaborated, if the members together appreciate the two main advantages of enlargement, namely, that it could enlarge the internal markets of the union and could help restore the competitiveness of West-European capital against Japan and the USA. Increased social dumping, generated by economies with one tenth of the German wage level, can exercise a strong downward pressure on real wages in Western Europe. If, however, applicants give these advantages to Western investors and producers before membership, and without guarantees for eventual entry, their leverage to persuade EU members to integrate them will approach zero.

It is also important to analyse what the relationship between the EU agenda and possible enlargement would be. This problem was

addressed recently by Malcolm Rifkind, British foreign secretary, in a speech delivered in Zürich in September 1996. Apart from expressing the old British concern over EMU, saying that it would divide the continent instead of uniting it, contrary to the vision of the founding fathers, he also mentioned that eastward enlargement would just deepen this division, since the associated countries are still, and will remain for a long time, not ready for full membership.

Some West-European politicians and citizens tend to warn Easterners about the risks of membership, but without much effect. EU-propaganda has been so overwhelming, that it is hard to comprehend why public opinion in recently joined countries does not display a greater enthusiasm for the advantages of EU-membership. "Let us have their problems" is a common answer in the CEECs, even among highly educated academics, and it is not easy to explain why "their" problems would be much greater in our case.

The picture is even more complex because of the fact that foreign policy in the CEECs considers EU and NATO integration as two sides of the same coin. Policy makers and PR experts in foreign affairs have developed the phrase "Euro-Atlantic integration", as if there were a natural transition towards the two blocks (having left behind the double membership in CMEA and the Warsaw Pact). It is not self-evident why there should be a consensus within the political elites about the double integration, but it does exist. Furthermore, it is an unconditional support for the idea of membership in most cases. According to opinion polls, nations that won their independence a few years ago would be more than happy to abandon their currencies, foreign ministries and other national institutions. Among politicians, this EUphoria, pretended or not, can be seen as an expression of loyalty to the Western powers, the lack of which would immediately shake the sympathy and assistance coming from Western governments and private sources. Among non-politicians, EUphoria can be explained by the lack of information about the costs and benefits of potential membership.

A rather small number of experts have examined the relationship between development and security policies. Interestingly enough, this group includes Dr. Otto von Habsburg, a former crown prince of Hungary, now president of the Pan-European Movement, who declared in a recent article that "our main task is to reach full membership for Hungary within

the European Union". Surprisingly for some, he added, that "this is first of all a security community, and just secondly an economic order." ("Nõ a fa, avagy bizalom a jövõben", *Népszabadság* 6 September, 1996) Dr. Habsburg does have a point. In the post-war period, the main instrument of security within Western Europe was not NATO, but, indeed, economic integration. The first steps were made by establishing the Payments Union (EPU, 1950) and the Coal and Steel Community (ECSC, 1951). Both were created following the initiative and guidance of the US, and developed into the EEC after the Treaty of Rome (1957).

NATO was not established to settle inter-state disputes among the members but to counter external military threat. Nevertheless, this did not happen without an intimate connection between the economy and security. In order to establish NATO in 1949, the USA had to promote economic reconstruction in Western Europe. It would be incorrect to assume that the framers of the Marshall-plan had the foundation of a military bloc in mind when they were elaborating the finances of post-war reconstruction. It can not be doubted, however, that without the multifunctional aid project Western Europe would not have been able to create a viable military organisation in the late 1940s. When NATO was enlarged towards the South, incorporation into the EC was a guarantee that the newcomers (Greece, Spain and Portugal) would bear the burden of military reconstruction. Turkey has been an eternal exception from that rule, although she was provided with astronomic amounts of credit from the IMF and the World Bank. This can be interpreted as a consequence of the fact that the US did not want to share control over this country of great geo-strategic importance even with its West-European allies.

In the light of these considerations, while we link the issues of economy and security, we also have to look critically at the different elements of the Euro-Atlantic package. What is the rationale in planting nuclear missiles in Eastern Europe, an idea now enthusiastically accepted by many "peace" advocates of the 1980s? Perhaps NATO enlargement should be avoided altogether or, if it happens, it should not take place without fully integrating the countries concerned into the EU. If security is interpreted as a basis for economic development (á la Dr. Habsburg), it should not only involve national security but social security as well. It is not wrong at all to assume that there is an organic link between

integration in the economic and security fields, but both concepts must be used in the broadest possible sense. If security structures are developed only in the military field between states, their function can only be to preserve social injustice and insecurity within these states.

Deepening and enlargement of EU in the 1990s seem to have a common purpose. They are attacking, albeit on different fronts, the established institutions of redistribution. Deepening, i.e. EMU, has outlawed Keynesianism at the level of the nation state and forced governments to cut back welfare spending in a ruthless way. Enlargement, on the other hand, serves to prevent the federal level from compensating the recipients of transfers against the loss of national redistribution. It is simply impossible to incorporate three or four ECE countries without changing the redistribution principles (structural and agricultural policies), since otherwise the mechanism would require a substantial increase in financial contributions to the EU budget which would be strongly resisted by various EU members. In fact, some members, for example the UK, have supported enlargement because it provides another argument for reforming CAP and regional development policies.

The Thatcherisation of Europe, launched by the Maastricht Treaty, does not end at the eastern borders of the Union, although beyond that it has mainly been pursued by non-Europeans, i.e. the IMF and the World Bank. A main benefit of EU enlargement would be that it would get these two off our back. Transition under their command has taken the same path as structural adjustment in various Third World countries in the 1980s, a path that was strongly criticised by a number of progressive economists, including Cornia, Stewart et al., arguing for structural adjustment with a human face. These institutions were discredited by the end of the 1980s, but the post-Communist world offers them a new frontier.

In countries with one third of the population below the poverty line, excessive welfare spending is being blamed for stagnation by IMF/ World Bank economists and their acolytes. In a Budapest lecture in November 1995, sponsored by George Soros´s Central European University (CEU), Harvard Professor Jeffrey Sachs called the attention of the audience to the fact that the proportion of the population over the age of 60 was only about 5 per cent in rapidly growing South-East Asia, while it is about 20 per cent in the CEECs. He suggested that an

improvement on this front would be a major pre-condition of achieving sustainable convergent economic growth (6-7 per cent a year). He did not specify the policy implications, although other departments of the CEU have become leading advocates of legalised euthanasia.

The Hungarian government has introduced payment for dental treatment and people behind in their electricity bills can be legally cut off by the supplier companies, now in foreign private hands in Hungary. These measures mainly affect pensioners, whose latest semi-annual pension rise by parliament was half a per cent, when inflation runs at more than 20 per cent annually. These economists, without any legal training or justification, have announced death sentence for millions of sick and elderly in Eastern Europe. If we look at the number of victims, the transition process, in the form of structural adjustment, is without exaggeration comparable to the Endlösung of the 1940s. All this is legitimised by the promise that all survivors will be citizens of a united Europe.

World Bank policies in the CEECs have been underwritten by the EU with the considerations explained above. Thus, all questions about a human-faced enlargement boil down to one: can Western Europe find a way to compete with the US and Japan other than pressing down wage levels and abolishing the welfare state?●

David Holland

The Polish Left and EU Enlargement

In common with the rest of Europe, the Polish political spectrum has shifted markedly to the right in the sixteen years since the birth of the Solidarity trade union movement in Gdansk. The specific expression of this tendency in Poland was facilitated through the smashing of the mass movement by martial law. This left a clandestine opposition network, financed by the West, most especially the United States, through which the ideas of the free market right were energetically and successfully promoted.

In 1981 the proponents of Solidarity's programme, the 'Self Managing Republic', advocated the democratisation of Polish society through far-reaching powers for workers' self management organisations in the work-places, and confronted reform Communists, already committed to far-reaching marketisation, within the framework of parametric planning and regulation in the social interest.

The former Communists have now won power through elections, holding the presidency and constituting the largest group in parliament and senate. Solidarity is the focus of an avowedly right wing anti-Communist electoral bloc and the rather weak former social democratic

left of Solidarity is grouped in a number of currents: the left of the Freedom Union (UW), the Union of Labour (UP) and the Polish Socialist Party (PPS).

The Polish political scene remains polarised between the post-Communist and post-Solidarity camps. Each camp has its own left and right. Whilst this situation is a transitional one, it would still be difficult for a formation from the Solidarity 'family' to bloc with the former Communists without undergoing a serious split. On the post-Communist side, leading representatives of the new capitalist class, drawn from the old nomenklatura, retain their traditional loyalties and associations, not least against the threat of a punitive anti-Communist purge probing the past actions of former Communists.

The **Social Democracy of the Republic of Poland** (SdRP) is the successor organisation of the post-war Polish Communist party (the Polish United Workers' Party or PZPR). However, the SdRP is a qualitatively new organisation. Of the 2 million members belonging to the PZPR at the point of its dissolution, only 20,000 joined the new organisation on its foundation on 20 January 1990. Membership currently stands at 60,000.[1] The SdRP was admitted to the Socialist International as a full member at the recent (1996) New York Congress. The SdRP is much the largest of the formations claiming a social democratic identity and currently leads a coalition government, through its alliance of kindred organisations, such as the OPZZ trade union federation, in the Democratic Left Alliance (SLD), in a somewhat fractious partnership with the Peasants' Party (PSL). It is pro-market and liberal in economics and supports early entry by Poland to NATO and the European Union.

SdRP has been criticised from the left by UP and PPS as pursuing a liberal line in social affairs which is practically indistinguishable from the 'Solidarity' administrations which preceded it. To some extent this criticism can be turned upon its head, by observing that none of the governments in office since 1989, including the most ideologically conservative, the Olszewski administration, has made a serious attempt to dismantle the Polish welfare state. Unemployment pay and pensions have remained relatively generous and entirely state funded. The comprehensive character of health and education have been maintained, although mired in deep financial crisis.

SdRP policy is for a labour code which incorporates a minimum wage, minimum holiday entitlements, maximum working hours, and employment protection. State financed social security payments are to be supplemented by compulsory and voluntary tiers of individual contributions.[2] Government policy aims at a modest reduction in unemployment, currently running at about 15 per cent.

The **Union of Labour** (UP) is an organisation grouping predominantly ex-Solidarity social democratic forces. It was established in June 1992, drawing from a variety of earlier groupings, including Labour Solidarity, the Social Democratic Movement, the Polish Socialist Party, the Social Democratic Union and the 8th July Movement. It performed well in the 1993 parliamentary elections, especially benefiting from a high profile campaign against restrictions on abortion rights. "Accepting the transformation of the centrally managed economy to a market economy, it is struggling for an equitable distribution of the social costs of reform."[3] It is also strongly pro-European Union and pro-NATO and has observer status at the Socialist International. UP calls for the European Social Charter to be incorporated into the new Polish Constitution and for a package of employment rights, including statutory rights to join trade unions and for them to be recognised for negotiations by employers.[4] It regards the present position of trade unions as too weak, asserts that the right to strike must be defended and the right to solidarity strikes asserted.

UP is a strongly secular party and strongly supports full rights for national minorities and opposes discrimination on grounds of sexual orientation. It supports a marital type legal package for lesbians and gays. It also supports measures to outlaw wage discrimination against women.

UP calls for a more progressive scale of taxation and is strongly in support of workers' share-holdings, workers' participation schemes in management and workers' co-operatives. Its programme observes that two thirds of Polish society are materially worse off as a result of the transformation of the economy, nearly three million Poles are unemployed and half a million homeless. It calls for a national programme to combat unemployment, to prevent unnecessary closures and boost job creation through skills and training.

On agriculture, it recognises the need for continued protection of

the agricultural market from foreign competition and measures to boost farmers' incomes. Protection measures it says will have to be considered in close relation to the protection and support given to West European agriculture.[5]

There is a certain schizophrenia in UP's programme between its categorical commitment to the imperatives of the market - it's programme intones the familiar mantra 'there is no alternative' [6] and its commitments to the trade unions and enhanced social rights. As a PPS spokesman, commenting on the UP programme, points out, it is as if the conclusions of the UK Labour Party's debate on Clause Four of its constitution had been written into UP's aims at the outset, with the same ambivalence as to whether its identity was to be liberal or social democratic.[7]

The **Polish Socialist Party**, the historic pre-war social democracy, was re-established in Poland in 1987, but underwent a series of splits, which have left it on the margins of mainstream politics. It has three parliamentary representatives, elected on the SLD list in 1993 and has adopted the most leftist stance on privatisation and social matters. It is in favour of entry to the European Union and NATO.

Electoral Strength

'Partially free' elections were held in the summer of 1989 as a result of the Round Table Agreement between government and opposition forces. This election was designed to produce a built-in Communist majority, with a degree of power sharing with the opposition. (In the lower house (Sejm), 37.6 per cent of the deputies were Communists, 22.4 per cent former Communist allies, and 35 per cent from Solidarity). All the seats open to contest were taken by Solidarity candidates, as were 99 out of 100 seats in the Senate. A Solidarity led government took power as a result of defections from previously docile Communist satellite organisations. Open ideological differentiation in the Solidarity camp began in 1990, when Walesa unleashed his 'war at the top', leading up to his successful presidential campaign against SLD candidate Cimoszewicz, now Prime Minister, who took only 9 per cent of the vote.

The October 1991 parliamentary elections involved 69 competing political parties, of which 29 were elected to parliament. Despite the political fragmentation which ensued, the 'shock therapy' programme of

transition to a market economy, the 'Balcerowicz Plan', was unflinchingly implemented .

Largely because of popular reaction to the social costs of shock therapy, the left made substantial advances in the September 1993 parliamentary elections. The SLD and PSL received twice as many votes as at the last election, whilst the Union of Labour tripled its vote (standing as Labour Solidarity). The results are shown below with 1991 results in brackets:

More than 30 per cent of the votes cast were for right wing groups which did not pass the threshold for parliamentary representation. An alliance around Walesa and Solidarity is striving for a common front in the next parliamentary elections due in 1997 and is currently scoring well in opinion polls. The victorious SLD candidate in the 1995 presidential elections, Aleksander Kwasniewski, took 51.72 per cent of the vote in the second round run off against Lech Walesa.

Attitudes to EU and NATO enlargement

Echoes of traditional suspicion of the EU and NATO in both the SLD and its Peasant coalition partners could still be heard before the 1993 parliamentary elections.[9] The PSL spoke of "restrictions on the sovereignty of the country" and the SLD referred to "dependence on the West" and "subjecting the country to its dictates." [10] These reservations have now substantially disappeared and been replaced by a reliance on positive references from the West as strengthening the economic and political credibility of the government at home, so that the SLD Prime Minister, Wlodzimierz Cimoszewicz, could claim in his inaugural address to the Sejm in February 1996 that his government represented a national consensus in foreign policy:

> Among the most important accomplishments of recent years is the shaping of national consensus around Poland's most important tasks, including complete sovereignty in foreign policy. Governments change, prime ministers and foreign ministers come and go, but the main directions, priorities and goals of Polish policy remain unchanged.[11]

Opinion polls forecasting the likely outcome of parliamentary elections in the autumn of 1997 currently indicate that a change of

government is on the cards, as the right wing bloc formed around Solidarity is consistently polling more strongly than the SLD. The fragmentation of the Polish right which led to its under-representation in the current Sejm has been substantially overcome, but the entry into government of these forces is unlikely to substantially alter Polish attitudes to the European Union and NATO.

In the Peasants' Party, undertones of chauvinism persist together with suspicions that 'foreign salons' exert excessive influence and that Western cultural values threaten Catholic Poland.[12] These reflect not only ideological conservatism but also the parlous position of Polish small farmers and the continuing obstacles confronting access to EU markets for Polish agricultural products. Reservations expressed by the European Commission about any extension of CAP subsidies to the third of the Polish population that still lives on the land have also been widely reported in Poland. The formal position of the Party is, however, committed to the consensus on the EU and NATO.

This broad national consensus on Polish raison d'etat is undoubtedly driven first and foremost by security considerations, underpinned by a powerful sense of Poland's identity as a European culture, linked to Western Europe through the Church and shared pluralistic values, striving to mark out a stable position in the European comity of nations. There is an urgent anxiety to lock Poland into an international framework, which will guarantee the permanence of democratic institutions and safeguard the country from external threat. Thus Dariusz Rosati, the Polish Foreign Minister speaking to the Sejm, declared: "We regard participation in the European Union not only as a guarantee of our economic development and progress in civilisation, but also as the consolidation of our democratic state."[13] Or to quote the Union of Labour leader Ryszard Bugaj, contrasting the narrower calculations of economic costs and benefits underpinning the debate on EU membership in Austria or Sweden with the choices faced in central Europe:

> In the case of the central European countries, this is chiefly a choice between belonging to a stable world, to a world of stable cultural models, which correspond closely to our own aspirations, which for us provide guarantees of belonging to a world to which

> we have always wanted to belong, but to which in our history we have only belonged briefly.[14]

Economic motivations are therefore not at all dominant in the Polish debate. Whilst there is some feeling that a poor neighbour will inevitably benefit from joining a rich persons' club, there is a widespread acknowledgement that not only has the hoped-for Marshall Plan for Central Europe conspicuously failed to materialise, but that the European Union benefited more than the Central European countries from trade in the period after the end of the Cold War and that this situation is likely to continue.[15] Jam tomorrow in the form of 'improvements in competitiveness and productivity' must make acceptable the likelihood of further losses in trading relations today.

It is possible to find reservations on the terms of accession in the debate within Polish social democracy, but they are muted and of a secondary character. For example Ryszard Bugaj:

> I am aware of statements by Polish politicians, who say: certainly, we will give up on matters of agricultural policy and the funds connected with them, we will give up even on the issue of structural and cohesion funds and how they are to be distributed...I don't believe we can say this.[16]

A more forthright view from Polish analysts however is as follows:

> In spite of the domination of the economic factor, Poland considers the EU (...) as an organism which first and foremost has political tasks, because it stabilises the place of its members in Europe (...) and represents a guarantee that there will be no return to totalitarianism.[17]

One of the contributors to the paper cited above, Henryk Szlajfer, puts the issue in a striking and perceptive way in his introduction to a Union of Labour conference in April 1996, specifically devoted to the issue of EU enlargement, by observing that the domestic credibility of any government in Poland is largely dependent on its success in developing close links with the European Union. The relationship with the EU is the most important legitimating factor for the transition to a market economy and Western style institutions. This is particularly true

for the post-Communist politicians predominating in the present Polish government. This illustrates clearly the political dependence of Poland, by far the largest and most important Central European state, on Western interests.

According to survey evidence, the large majorities across the whole of Central Europe for membership of the European Union and of NATO are greatest in Poland, reaching 93 per cent and 92 per cent in favour on each issue.[18] The majority in favour of NATO membership is of fairly recent origin. Reportedly, in 1992 only one third of the public supported NATO membership, with one third favouring neutrality. It may be presumed that growing anxiety about political instability in Russia, Belarus and the Ukraine has fuelled support for seeking Western military guarantees. By January 1996 support had grown to 72 per cent (CBOS),[19] with Eurobarometer later in the year finding the figures in the 90 percentiles first quoted.

There may be some weakening in these massive majorities when the concrete meaning of such defence commitments are spelled out. In July 1996 CBOS found that 58 per cent of Poles believe that NATO membership should be delayed until "their country's economic situation improves to allow for the cost" if big outlays are required immediately to modernise the armed forces. Further, in April 1996, only 49 per cent said they would vote 'yes' in a referendum if foreign troops were to be stationed in Poland and only 12 per cent would favour NATO membership if nuclear weapons were to be stationed on Polish territory.[20] Since the Congressional Budget Office has estimated the costs of NATO enlargement as between £20bn. and £35bn over 10-15 years, these elements may acquire greater significance.[21]

Leading representatives of the governing SLD have made it clear that they are committed to Poland being in the first wave of NATO expansion and that they absolutely reject any Russian veto on this process. For the Union of Labour, Ryszard Bugaj has pointed out that, far from agreeing that Russian preoccupation with internal affairs provides a reason for postponing decisions about NATO expansion, it is precisely in these circumstances that the project should be advanced.[22] Whilst to a Western observer this may seem a dangerously adventurist attitude, in Poland it is self evident that the establishment of Polish independence is only possible when one (or as in 1918 when modern Poland reappeared on

the map, both) of its powerful neighbours are unusually enfeebled. An uneasy relationship with the pro-Russian authorities in Belarus and a commitment to the independence of the Ukraine as "one of the essential guarantees of Poland's security and of European stability", by the present Polish government is dictated by similar concerns.[23] Those who will feel that the attitudes sketched above in Polish public opinion at large and in the social democratic parties in particular do not represent any distinctive leftist approach, should note the feelings of disappointment, tinged with bitterness, in Central Europe, at the absence of historic or strategic vision on the part of both the European Union and the Western left in its dealings with the challenge posed by the new situation in the region.

In the Union of Labour conference referred to above, a particularly sharp retort was reserved for a Party of European Socialists (PES) document, which criticised in passing the "neo-conservative Anglo-American models" employed in the societies in transition. Such face-saving critical comments have not, it was pointed out, been reflected in the distinctly passive practice of Western social democratic parties, which made no attempt to offer alternative models for the transition and scarcely offer any coherent alternative now to the free-market and Atlanticist model for the reconstruction of Europe put forward by the right.

From the Polish point of view, accession to NATO and membership of the European Union are different aspects of the same process. There is a real sense in which this is true. Nevertheless, NATO is a military alliance including the Americans. The European Union is primarily economic and social in its focus and includes neutral countries, such as Austria, Finland and Ireland, whilst excluding the Americans. From the stand-point of the Western left, it must be regarded as deeply unfortunate that NATO expansion seems likely to go ahead much more quickly than European Union enlargement. Whilst "it would be a catastrophe for both Poland and the European Union"[24] if the country were to enter the European Union today, without achieving minimum levels of development and institutional change, it must surely be preferable if social and economic integration precede the elaboration of security structures.

This was indeed the order of events in the rather successful reconstruction of Western Europe undertaken in the immediate post-war period. This would make possible the emergence of a European identity

in collective security as well as a regional economic bloc and without the destabilising and dangerous aspects of extending the NATO alliance's frontiers eastwards, leaving some countries excluded and Russia deeply antagonistic.

Those who are concerned that support for rapid EU expansion by the British Conservatives is motivated by a desire to smash the social content of the European Union in a larger, looser association in which it will not be possible to sustain existing social standards in EU member states, should note that there is a strong aspiration in Central Europe, which is by no means confined to social democratic circles, for a 'deeper' Union of social rights.

This is potential common ground on which we should link hands with East European social democrats in developing a programme for Europe, which will make possible their countries' progressive economic and social integration and the development of a European social model, which contrasts with the goals of American free market liberalism and develops social rights and guarantees for all our people. To a British observer, news that Polish health workers are in uproar against the consequences of sustained under-funding, or that international and domestic pundits are demanding 'reform' of the burdensome pension system and cuts in unemployment benefit, will be painfully familiar. If the leaderships of the existing PES parties are muted in their response to these challenges, it is scarcely surprising that their would-be imitators in Central Europe are similarly disorientated. This situation will only change as and when the European left recovers the confidence to project a distinctive strategic vision of the future of the continent.●

Notes

1. *Biuletyn Informacyjny SdRP*, no. 1, 1995
2. *Biuletyn Informacyjny SdRP*, no. 2, 1995
3. *Informator Unia Pracy*, p.2
4. "U progu XXI wieku - program Unii Pracy", in *Przeglad Spoleczny* 1995, pp. 25-26
5. ibid. p.30
6. ibid. p.19
7. Cezary Mizejewski, ibid. p.71
8. Table from European Parliament, Delegation for Relations with Poland,

"Information Note on the elections in Poland" , 6 October 1993, DOC EN\CM\234|234835
9. Attention here is deliberately focused on the Polish perspective and not on the formidable institutional and other issues surrounding enlargement confronting the European Union.
10. *Rzeczpospolita*, 15 April 1996, p1-2, cited by Henryk Szlajfer ("Perspektywa rozszerzenia Unii Europejskiej a procesy transformacji w Europie Srokowej") in *Przeglad Spoleczny*, no. 3, 1996, p. 5.
11. Address by Mr Wlodzimierz Cimoszewicz Prime Minister of the Republic of Poland before the Diet, Warsaw, Poland, 14 February 1996, downloaded from Republic of Poland website.
12. *Gazeta Wyborcza*, 27 May 1996, p.3 ("PSL w opozycji").
13. Exposé by Mr Dariusz Rosati, Minister for Foreign Affairs of the Republic of Poland, Diet of the Republic of Poland, Warsaw, 9 May 1996. Poland website.
14. *Przeglad Spoleczny*, No 3, 1996, p.71
15. D. Moisi, M. Metes, "Europe's Map, Compass and Horizon", *Foreign Affairs*, no. 1, 1995, p.28 in Henryk Szlajfer ("Perspektywa ...") p. 15.
16. ibid. p. 71
17. A. Ananicz, P. Grudzinski, A. Olechowski, J. Onyszkiewicz, K. Skubiszewski, H. Szlajfer, *Report Poland NATO*, published by the Centre for International Relations and Euro Atlantic Association, Warsaw, 1995, cited in Henryk Szlajfer ("Perspektywa...") p.16.
18. Eurobarometer, CEEB, No.6
19. "Poland's Integration with NATO", CBOS, Warsaw, April 1996
20. *Financial Times*, 16 July 1996 ("Poles may balk at NATO costs")
21. *Financial Times*, 20 August 1996 ("Defending Europe under the new NATO order"). The Euro Atlantic Alliance, by contrast, estimates costs to Poland of integration with NATO at $1.5bn. over 15 years and this estimate has provided ammunition for Polish politicians seeking to minimise the difficulties ahead.
22. *Przeglad Spoleczny*,, op.cit.
23. Rosati op. cit. p.9
24. Szlajfer op. cit.

Gus Fagan

The German PDS and EU Expansion

In the European Union a consistent representation of Left policy is indispensable for effective resistance to democratic and social decline, militarism, the destruction of the environment, racism and Euro-chauvinism.

PDS, Peace and International Policy Working Group

Party profile

The Party of Democratic Socialism (PDS) was formed in the then GDR in December 1989 as the successor party of the Socialist Unity Party (SED). It is today the third strongest party in the five east German states (Saxony, Brandenburg, Mecklenburg-Vorpommern, Saxony-Anhalt, Thüringen), the territory of the old GDR. Politically the PDS sees itself as a socialist party to the left of the German Social Democracy (SPD).

Electoral support for the PDS in the five eastern states is around 20-25 per cent, in a number of states only marginally behind the SPD. Its share of seats in the five state parliaments in the east can be seen in Table 1. In four of the five states there is a left majority (SPD + PDS). Although SPD party leaders in some of the eastern states favour closer ties, even coalition, with the PDS, this is rejected by the federal SPD leadership. In Saxony-Anhalt a SPD-Green minority coalition is "tolerated" by the PDS. In elections to the Berlin Senate (city government) in October 1995, the PDS won 14.6 per cent, ahead of the Greens (13.2 per cent) but behind the SPD (23.6 per cent). Greens and PDS together had more support than the SPD which, in the period before the election,

Table 1

Distribution of seats in the state parliaments of eastern Germany

State	*CDU*	*SPD*	*PDS*	*Greens*
Mecklenburg-Vorpommern	30	23	18	
Saxony-Anhalt	37	36	21	5
Brandenburg	18	52	18	
Thüringen	42	29	17	
Saxony	77	22	21	

had been in a grand-coalition with the CDU. In what was previously East Berlin, the PDS won the majority in 34 of the 36 constituencies, with 36.4 per cent of the popular vote (2.1 per cent in West Berlin). (*PDS Pressedienst*, Oct 95) In local government in the east, there are over 6,000 PDS councillors and 150 towns have elected a PDS mayor.

Although a strong regional party in the east, competing with the SPD, the PDS has failed to make a breakthrough in the states of western Germany (best result: 2.5 per cent in Bremen in May 1995). In the federal elections of 1994, the PDS won only 4.4 per cent nationally (0.3 per cent in the west), but, as a result of having won majorities in four constituencies in the east, it re-entered the federal parliament in Bonn with 30 MPs (up from 17). In the European elections in 1994, the party won 20.6 per cent of the popular vote in the east. It has no MPs in the European Parliament, to which it sends an observer.

Membership figures also reflect the east-west divide. The PDS has 114,940 members, of whom 112,552 are in the east, 2,388 in the west (*Die Woche*, 5.6.96). Its social composition is as follows (per cent):

workers	26
white collar workers	47
academics	17
independent/self-employed	23

The PDS's general political profile since entering parliament in 1990 has been one that clearly sets it off as a left socialist party: in parliament it defended the right to abortion, opposed sending troops to Yugoslavia, and opposed restrictions on the right of asylum.

Party-political strategies

Since 1989, the basic strategy of the PDS has been to develop itself as an all-German party to the left of the SPD. It offered close co-operation with the west German left, going into the elections of 1990 and 1994 as part of a "Linke Liste/PDS" open to non-PDS members. For instance, one of its candidates in 1994 was a prominent west German Trotskyist, Winfried Wolf, who subsequently became an MP in Bonn. This strategy of westward expansion, however, had very little success in terms of members or electoral support. There was no major regroupment of the German left (non-SPD) around the PDS and there was no significant left inside the SPD that it could attract. Electorally it was able to poll little more that the old DKP (German Communist Party in West Germany) had achieved in the pre-89 period.

This has led to increasing support among some leading PDS members for an alternative strategy - the PDS as a *regional* mass party (*Volkspartei*) on the model of the Bavarian CSU. This policy was most clearly stated and defended in what has since become known as the "Letter from Saxony" (*Brief aus Sachsen*) in May 1996, signed by the party leader in Dresden, Christine Ostrowski. She argued that the westward expansion strategy was a complete failure, that the link with the West German left was a hindrance to increasing support in the east, that the party should aim to develop the support of the east German middle class and small-business community, and that it should drop some of its more left-wing positions. The PDS, the paper suggested, "should not be 'to the left of' but simply 'different from' the SPD" (Behrend 1996).

European policy

The PDS shares the general pro-European consensus of Germany's mainstream parties, including the SPD, and, from the beginning, supported a policy of European integration; its Party Programme (adopted in February 1990) declared its goal to be "a de-militarised united Europe". However, it opposed Maastricht and was the only party in the German

parliament to vote against the Maastricht Treaty (*Pressedienst*, Feb 96). It calls for a re-negotiation of the Treaty.

The **Maastricht Treaty** is rejected for a number of reasons, the basic ones being:

- the economic and currency unions agreed at Maastricht were not complemented by a "social union". Monetary stability was made the determining yardstick, while social and ecological aspects were ignored. The PDS is not in principle opposed to a single European currency but regards the present concept as anti-social and undemocratic. Monetary union should be "at the end of a process during which there have been economic, ecological and social adaptation processes" (Gysi, *Pressedienst*, Jan 1996). Its introduction should be decided by a referendum.
- the convergence criteria do not include employment criteria. The full employment goal should be written into the Treaty.
- EU member states should have a contractual obligation to retain attained levels of national social standards and to raise them in future. Maastricht causes massive social cut-backs.
- the Treaty promotes a militarisation of the European Union (more below). ("Declaration on IGC", 1996)
- the democratic deficit is particularly evident in the limited role of the European Parliament and the absence of decentralised democratic forums of decision making. The PDS calls for EU parliamentary control over foreign and security policy, the legal system, internal affairs and monetary policy. The party also calls for a referendum to legitimise the EU democratically.

As concrete steps for the **democratisation of the EU**, the PDS proposes:

- the inclusion in the Treaty of enforceable human and civil rights;
- reinforcement of the powers of the European Parliament, in particular, equal rights with the Council in determining policy and the right to initiate legislation;
- reinforcement of the role of the regions, in particular, election of members to the Council of the Regions and equal right to the Council of the Regions in the determination of policy;
- obligation of EU institutions to inform the public;

- referendums to decide the future pattern of the EU ("Declaration on IGC" 1996)

The transfer of sovereignty over many issues from national governments to the Council is a diminution of democracy. It is a transfer of power from legislative to executive bodies and contradicts the concept of a law-based constitutional state (*Rechtsstaatlichkeit*) (Modrow 1993). This loss of power from national legislatures can onbly have the effect of arousing national sentiment and, in the long term, create an obstacle to European integration.

EU expansion eastwards

The PDS critique of EU expansion eastwards is based partly on their experience of the rapid annexation of the GDR and its negative social and economic consequences. The party is, in principle, in favour of an extension of the EU to the east. It opposes what is described as a "crash course" approach to enlargement and argues for a longer-term transitional period with agreed rules that take into account the specificities of each country and its economic and social traditions. The Association Agreements do not do this. (Modrow 1993). It opposes, in particular, the fact that EU strategy dictates to the eastern countries conditions which amount to adaptation to the West, to its laws and structures. EU membership should not be bound to the precondition that all EU regulations must be unconditionally binding. A differentiated approach is required in which the historically specific developments and traditions in these countries can be maintained. This would apply in particular to the Western insistence on "free market competition". The party also opposes the linkage of EU membership with NATO and WEU eastward expansion (*Pressedienst*, Jan 96).

The PDS proposes:

- a programme of support for the countries of Eastern Europe, the goal of which would be to help these countries find crisis solutions that are appropriate to the special conditions that exist there and to help bring about economic stability;
- emphasis on industrial development, employment, social standards; all of this to be a precondition for monetary union.

The PDS is also critical of the German government's pro-expansion strategy, seeing in this merely Germany's desire to strengthen and expand its political and economic supremacy in Europe.The party also rejects the "joint foreign and security policy" of the EU which envisages an expansion of NATO and WEU eastwards because this defence component of the EU contributes to a militarisation of the EU. All-European integration calls for a "new security logic".

Alternative security policy

The PDS proposes :

- the concept of Common Foreign and Security Policy at the IGC should be changed with the objective of inscribing the exclusively civilian character of the EU. All stipulations in the Treaties which amount to a militarisation of the EU should be abolished, especially the concept of a "common defence identity" and the notion of the WEU as the "European pillar of NATO". The Eurocorps should be transformed into a civil aid corps and the construction of the Eurofighter should be halted ("Declaration on IGC", 1996).
- NATO should be dissolved. PDS security and disarmament proposals to the German parliament in 1996 included the following on the dissolution of NATO:

> Therefore the PDS does not regard NATO as a suitable instrument for a new political peace order in Europe. NATO can not and will not embrace and represent Europe as a whole. It will divide the continent for a long time and block an all-European peace architecture. Therefore we demand its disbanding in conjunction with the creation of an all-European security order. An extension of NATO to the river Bug would split Europe again... Special arrangements with Russia would not make a difference... The PDS rejects the eastward expansion of NATO (*Pressedienst*, Sept 1996).

- The OSCE should become the basis for an all-European security and co-operation system.
- The PDS also calls for the abolition of conscription in Germany, a ban on arms exports, the withdrawal of all tactical US nuclear weapons, including all sea- and air-borne ones, from Europe, removal of all ABC

weapons from German territory, and an amendment to the constitution that prohibits the production, storage or use of nuclear, biological or chemical weapons.

On **social policy**, one of the key PDS demands is that EU member states should have a contractual obligation to maintain existing social standards. Monetary union should be complemented by a social and ecological union. The Social Chapter should be supplemented by further social rights and become a legislative document leading to a joint EU social policy, the goal of which would be to bring all members to the existing highest level. As mentioned above, the PDS proposes that the full-employment goal be written into the Treaty.

The PDS called on the IGC to establish an **ecological union**, to be inscribed in the Treaty, which would involve the harmonisation of ecological standards at the highest current levels, legislation prohibiting environmental dumping (accompanied by taxation and penal sanctions), effective promotion of energy conservation, and disengagement from the EURATOM Treaty.

On **immigration and asylum** policy, the PDS opposed the decision to establish Europol, the Schengen Agreement, and the existing harmonisation of asylum and refugee policies. It considered these tantamount to the establishment of a "fortress Europe". On this issue too a renegotiation of the Treaty is necessary. In particular, the PDS demands the abolition of all measures barring the entry of people in distress at the borders of the EU and for the democratic, egalitarian and humane integration of all immigrants admitted ("Statement on the Maastricht Treaty" 1994; *Pressedienst*, Sept 1996).●

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Vladimir Shimanovich

The Political Crisis in Belarus

When the Soviet Union fell apart, some new democratic trends emerged, others democratic elements disappeared. One major change was the introduction of the institution of the presidency. On 15 March 1994, after two and a half years of discussion, the Belarus Supreme Soviet adopted a new constitution. This document had been discussed in work collectives and educational institutions. Its main authors, all known to the public, took as their basis the various internationally recognised democratic norms: the Declaration of Human Rights, the principles of division of powers, of elected government, judiciary independence, etc.

The constitution also provided for a presidency. Until then, power was divided among the Council of Ministers, the Supreme Soviet and the judiciary, although, to be honest, an independent judiciary did not exist then and still does not exist. Elections to the presidency were held in 1994. The Federation of Trade Unions supported V. Kebych, then

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Chairman of the Council of Ministers. But our union's position was, and still is, that Belarus does not need a presidency. In our opinion, history shows a tendency for presidencies to lead to usurpation of power. We support a parliamentary republic.

The Lukashenko dictatorship

Besides Kebych, there were three other candidates: Shushkevich, speaker of the Supreme Soviet, Novikov, head of the Communist Party, and Alekasnadr Lukashenko, director of a state farm and deputy to the Supreme Soviet, where he presided over the Commission for the Struggle against Corruption. Lukashenko was really an unknown quantity. People voted not so much for him as against the outgoing government. Lukashenko had made himself a certain political reputation on the basis of an anti-corruption report, which, however, did not deal with government corruption.

His basic electoral promise was to "get the factories going." And they have been "going" ever since. When he was elected, twelve per cent of the enterprises were not functioning; today about forty per cent are not working. Meanwhile, the workers are getting paid.

Lukashenko also ran on the basis of the quality of his future cabinet, which included well-known legal experts, economists, etc. He advertised it as a team of young, energetic pragmatists. But they all resigned in the first half year, leaving Lukashenko with the officials who had served under Kebych. He has also appointed a series of people with whom he had worked in his native Shklovsk district of the Mogilev region. Thus, the director of a savings bank in Shklovsk district became director of our biggest state bank. The man who heads his economic administration, which today presides over all state property, is the former economist of his old state farm. It is said that Belarus is being run by a "Shklovsk district-Mogilev region clan."

Another electoral promise was to guarantee equal rights before the law, freedom of the press, and so forth. It took Lukashenko exactly six months to forget that promise. He simply began to ignore the law, or rather, he distinguishes "good" laws, that should be applied, from "bad" ones, that should be ignored. He states this publicly. The Constitutional Court has ruled eighteen of his decrees unconstitutional. For example, he forbade a strike in the Minsk metro last summer, fired the strike leaders

and dissolved the union.

Another decree automatically terminated the employment of people reaching pension age. Again the Constitutional Court ruled it illegal, so the President slightly modified it to allow for a further two-year contract, but without automatic right of renewal. That, too, is unconstitutional. Another illegal decree ended elections to local governments. Lukashenko appoints the entire local executive.

He also appoints all judges, but this is legal, an error in the constitution, which, however, guarantees judicial independence. The constitution provides for the division of powers, but in practice all power is concentrated in the President's hands.

It is worth noting that of the eleven people Lukashenko recommended to sit on the Constitutional Court, ten were confirmed. These are essentially people he chose. But as soon as the court knocked down one of his decrees, he declared it a bastion of the opposition and issued an order to all level of the executive to be guided exclusively by his own decrees and he threatened to punish anyone who did not.

The threat of dictatorship and the loss of civil rights is real. We have political prisoners, political trials; people have asked for political refuge in Russia, Bulgaria, the U.S. People are beaten and arrested during demonstrations and some are held for several months. There have been closed trials. Last April's demonstration in Minsk ended at four p.m., but the police were still grabbing people at random off the street at midnight, searching them, fabricating confessions. They arrested a couple of visiting Ukrainians walking in the street and sentenced them to prison. As a lawyer, I can confirm that the courts are a joke.

He controls the means of mass communications, not the papers directly, but the printing presses. As a result, all non-state, free newspapers and journals are either printed illegally or else outside the country. He controls the state radio and television. We have only one Belarussian channel, and it carries only the government's point of view. Neither the Speaker of Parliament, nor party nor trade-union leaders have access to the electronic media.

Lukashenko has organised a show around our relations with Russia. Last March, after he signed an agreement on closer relations with Russia, certain nationalist forces organised a demonstration, which was violently dispersed. He launched a campaign of political terror

against the participants of that demonstration. He has introduced a similar atmosphere into our educational institutions, where teachers are afraid to criticise the government. He appoints the deans of the institutions of higher education. He appointed a man who had already been dismissed under the Communists for plagiarism to head the State University, a man that students had hooted out of the classroom for incompetence. But that man is loyal to Lukashenko. Teachers who promote the Belarussian language and culture have been persecuted. Belarussian-language schools are being closed. Lukashenko is more Russophile than Yeltsin and he even stated publicly that he would consider running for President of Russia, were it nor for the fact that he was born in Belarus.

Lukashenko initiated a referendum on amendments to the constitution. In practice, he is proposing a new constitution. That can legally be done only by referendum. Moreover, only the Supreme Soviet can initiate referendums.

These are a few high points of his amendments: The President could adopt laws on his own. His term in office would be extended at least two years to 2001. He could forbid strikes. He could appoint a third of the deputies to a new upper house of Parliament, as well as all judges of the Supreme Court and the Supreme Economic Court, as well as all lower judges and a majority of judges of the Constitutional Court. So he would create a fourth branch of government, the presidency, that dominates all others. More precisely, there would be only one branch of government, the presidency. Another amendment would outlaw organisations that "fan social animosity". It is not hard to imagine this being used to shut down unions.

The opposition

All more-or-less important parties, unions, social organisations and movements from all sides of the political spectrum have united against the President. Seven parties issued an appeal to the population opposing Lukashenko's dictatorial practices and intentions. They created a Round Table of representatives of twenty parties and social movements, including human rights organisations and "alternative" trade unions. It includes liberals, social democrats, the Party of Labour (closely linked to our Association of Industrial Unions, which includes the auto and radio-electronics workers, the two most progressive unions in the country. This

association is not an alternative to the Federation of Trade Unions of Belarus but an independent structure whose members remains in the federation.), the Communist Party, the Agrarians, the Women's party (linked to the Federation of Trade Unions), the unions, as well as the Belarussian Popular Front and the "new" trade unions.

These "new" unions are members of the Confederation of Labour, which is close to the liberal-nationalist Belarussian Popular Front, though of late they have been leaning more to the left. In reality, the Soligorsk Miners' Union is the only one among them that really functions. As for the Popular Front, it is not opposed so much to relations with Russia as to our unilateral dependence on Russia. From an economic point of view, it would be crazy to demand that we isolate ourselves from Russia, since we lack natural resources and we have were essentially a big assembly plant in the former Soviet Union. Besides, we are linked by blood and family ties that cannot be broken.

No one expected to see the signatures of the Communist Party and the Belarussian Popular Front on the same document. But if the CP leadership is in opposition to Lukashenko, the same cannot be said for the rank and file. I will return to the question of Lukashenko's popular support presently. The Round Table invited Lukashenko to work out a compromise. The political polarisation is even splitting families. The Round Table offered a conciliation commission with the participation of all interested parties.

Our union held a big conference of its activists, not just full-timers but also ordinary workers from the shops. The conference expressed its indignation at the actions of the President. Our hostility to the President developed gradually, but the last straw was his refusal to sign an amendment to the Labour Code that would have made payment of wages top priority for enterprises. His decree makes payment of taxes a priority, with wages at the bottom of the list. Last May our union initiated a petition campaign to have the Supreme Soviet review the question. We collected the required 50,000 signatures, and the Supreme Soviet adopted the law we wanted. According to the constitution, the President has ten days to sign the law or to send it back, but he did neither, and so the law is supposedly in force. But the executive authorities are guided exclusively only by Lukashenko's decrees.

Popular support

Now, about his popular support, which polls put at around sixty per cent. His support is among the unpoliticised and politically illiterate part of the population. He is a very talented populist speaker and controls the media.

He adeptly plays on the population's disenchantment with market reform and nostalgia for the economic security of the Soviet system, which is especially strong in rural areas, small towns, where there are no big plants, among pensioners and veterans, and among a certain part of the urban working class that longs for a strong leader. For instance, he has reintroduced Soviet-era textbooks in the schools. But more concretely, food prices in Belarus are still relatively low. Unlike Russian cities, where shops are stocked mostly with imported food, our shops sell mostly locally produced products, especially milk and meat products. Unlike Russia, our television advertises Belarussian goods, not imported goods. In our cities, workers do not have the Russian problem of wage debt, through it is quite serious in the villages. Our plants are working at sixty per cent of capacity, significantly higher than in Russia. There have been relatively few layoffs so far in our sector - mainly because of union resistance but also because the government is not pressuring the administration. Privatisation has basically been suspended.

These policies appeal to a large part of the population. The IMF and World Bank do not like Lukashenko because he is not applying "shock therapy." But all this "socialism" is demagogic. Sooner or later, the balloon with burst. The social rights of the old system are fast being eroded. In August and September 1995, Lukashenko issued seven decrees that abolished the legal norms governing student stipends, old-age pensions, pensions for invalids and victims of Chernobyl, and a series of other groups.

The majority of our union members are solidly behind the leadership. As a union leader and teacher, I often speak with workers from our big plants - the Tractor, Motor, Truck, and Trailer factories - and I can personally vouch for that. The same is true of the Radio-Electronics Workers' Union and other industrial unions. The students also oppose Lukashenko and have been quite active in demonstrations. In part, they are reacting on a nationalist basis, though theirs is not the naked kind of nationalism one can find in the Ukraine.

Lukashenko set his referendum for 7 November 1996. The Supreme Soviet responded by setting the date at 24 November and adding three constitutional amendment proposals of its own. Those amendments also in essence amount to a new constitution, one without a presidency and that restores elected local self-government. At least people would have a positive alternative.

Lukashenko did not accept the Supreme Soviet's decision and he summoned an "All-Belarussian Popular Assembly" of 6,000 "delegates" for 19 October. The delegates were supposedly to be elected, but, in fact, seventy per cent were employees of the presidential apparatus from different levels. Trade unions were not allowed to elect delegates, only "work collectives." It was an attempt to find a substitute to the Supreme Soviet that will rubber stamp his referendum proposal.

It is all too reminiscent of Yeltsin's "constitutional assembly", his abolishing of the local soviets and appointment of local administrations, his use of referendums preceded by "social" decrees designed to win popular support.

In response to Lukashenko's "All-Belarussian Popular Assembly", the Round Table decided to hold an alternative meeting of all oppositional and democratic forces the day before in the Palace of Culture of the Trade-Union Federation. We wanted to show the population, and especially the participants of the "Popular Assembly," that there is opposition to Lukashenko's plans. We wanted to greet Lukashenko's "Popular Assembly" with a massive demonstration in Minsk on the Square of the Paris Commune, with people also bussed in from the provinces. We expected between one and two hundred thousand.

In preparation for this, Lukashenko brought in tactical police forces from the provinces. He does not trust Minsk police. It is worth noting that there are three and a half times more internal security forces in Belarus than army soldiers and that the wages of police and internal forces are two and half times higher than those of soldiers. A university teacher today earns 800,000 rubles a month; an industrial worker can earn about a million; but a rank-and-file policemen makes four million.

Post-script by David Mandel

Fifty thousand people took part in the union-organised demonstration in Minsk on October 17, 1996. The meeting of democratic forces held on October 18 with representatives of all oppositional organisations and movements, as well as a number of well-known intellectuals, adopted an appeal to the citizen of Belarus to support legality and the movement to remove Lukashenko from office. Lukashenko's "Popular Assembly" on 18 October 1996, as expected, gave him nearly unanimous support. Of some 5000 "deputies", only eleven, mainly union people, opposed him (those who voted "against" were asked to stand) with 44 abstentions. However, the referendum was moved from 7 to 14 November, the date set by the Supreme Soviet. This symbolic concession was partly motivated Lukashenko's failure to obtain Moscow's approval for any resolution of the conflict that involved violence.

On 4 November, the Constitutional Court ruled that the referendum would have only an "advisory character". But on 6 November Lukashenko issued a decree declaring the referendum legally binding, stating that the court's ruling went against the "public will". On 9 November, he fired the president of the Central Electoral Commission who opposed the referendum as "legal idiocy" and said he would not validate its results. This was followed by the resignations of the prime minister and the minister of labour. On 13 November, Lukashenko returned to Russia, this time to seek support in the (essentially powerless) Duma, where he stressed his desire for speedy unification of the two Slav neighbours, evoked Soviet honour, Orthodox spirituality and the strategic threat posed by the West. He was warmly greeted by many of the Communist deputies and Zhirinovsky's people, while Yavlinsky's liberals (relatively more independent vis—vis the Russian government that the liberals of the "party of power") walked out. It was a speech calculated to appeal to Russian nationalists, who like Lukashenko for his pro-Russia, anti-NATO stance.

According to a Russian-brokered compromise on the eve, the referendum was not to have any legal standing, but the Supreme Soviet would agree to a constitutional commission in which half the members would be Lukashenko appointees. When this failed to win the needed two thirds vote in parliament, Lukashenko again declared the referendum

binding, and the Supreme Soviet began impeachment proceedings.

According to Lukashenko, 84 per cent of eligible voters participated in the referendum, with 70.5 per cent approving his amendments. The opposition alleged major electoral fraud and illegality. Among other things, the government encouraged early voting, before the draft constitution had been published; the government itself printed the ballots, and their number is not known; funding for the referendum came from unknown sources, not the Central Electoral Commission; and, finally, the government controls the media.

Following the referendum, Lukashenko set up a new parliament with 110 of the old deputies who acknowledged the official results. Privately, several admitted that they had succumbed to pressure, in particular, the threat of dismissal from their jobs of family members. The new body voted to dissolve the Supreme Soviet. Five of the eleven members of the Constitutional Court resigned "for health reasons", as did the prosecutor-general. Elections to a new upper house of the legislature, with deputies from the regions and Minsk, took place on 28 December 1996. These deputies are elected by local soviets, but all candidates needed prior approval by Lukashenko. In any case, the new constitution reduces the parliament to advisory status, as in Russia.

The basic criteria of Lukashenko's new appointments has been loyalty to himself. The speaker of the new parliament is A. Malofeev, a former member of the Soviet Politburo and secretary of the Central Committee of the CPSU. According to the head of the Autoworkers' Union, there is a convergence of the presidential coup with the revanche of the die-hard Stalinists. The active opposition, on the other hand, remains a rather strange coalition of trade unionists, democratic Communists, social democrats, and liberal (pro-Western) nationalists. So far, it has kept a low profile. Fifty to sixty deputies of the old Supreme Soviet who refuse to recognise the new regime continue to meet periodically.

The opposition is supported by Western governments. This contrasts with their approval of Yeltsin's coup in October 1993. The difference, of course, is that Yeltsin supports shock therapy and a policy of de facto subordination of Russia to the G-7 on major questions, whereas Lukashenko, so far at least, rejects neo-liberal "restructuring", supports integration of Belarus' with Russia and Russia's half-hearted attempts to resist NATO expansion. ●

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